



DATE: July 28, 2025

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: Form A - Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer

Filing Contact(s)

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Initial Filing Exhibit(s)

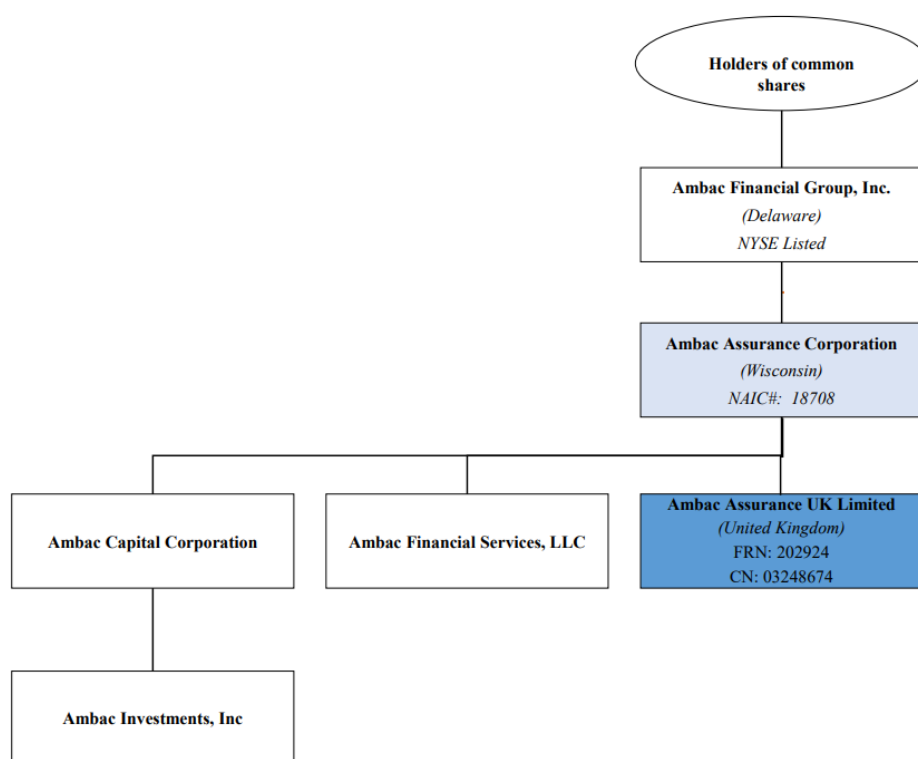
<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	Transmittal Letter
Ex. 2	Form A Filing
Ex. 3	Stock Purchase Agreement
Ex. 4	Abbreviated Pre-Closing Organization Chart of the Applicants
Ex. 5	Pre-Closing Organization Chart of the Domestic Insurer
Ex. 6	Directors and Executive Officers of the Applicants
Ex. 7	Abbreviated Post-Closing Organization Chart of the Applicants and the Domestic Insurer
Ex. 8	Executive Officers and Directors of the Entity Applicants
Ex. 9	Proposed Executive Officers and Directors of the Domestic Insurer
Ex. 10	Equity Commitment Letter

- Ex. 11 Audited Annual Financial Statements and Annual Reports of Brookfield Oaktree Holdings, LLC in Form 10K filed with the SEC for the 2019, 2020, 2021, 2022, and 2023 Fiscal Years
- Ex. 12 Unaudited Quarterly Financial Statements and Annual Reports of Brookfield Oaktree Holdings, LLC in Form 10Q filed with the SEC for the Fiscal Quarter Ending March 31, 2024
- Ex. 13 Competitive Impact Statement
- Ex. 14 Form AA – Consents to Jurisdiction
- Ex. 15 Biographical Affidavits
- Ex. 16 Plan of Operations of the Domestic Insurer
- Ex. 17 Financial Projections of the Domestic Insurer
- Ex. 18 Statements of Net Worth for the Years 2022 and 2023 with Respect to Howard Marks, Bruce Karsh, and Sheldon Stone

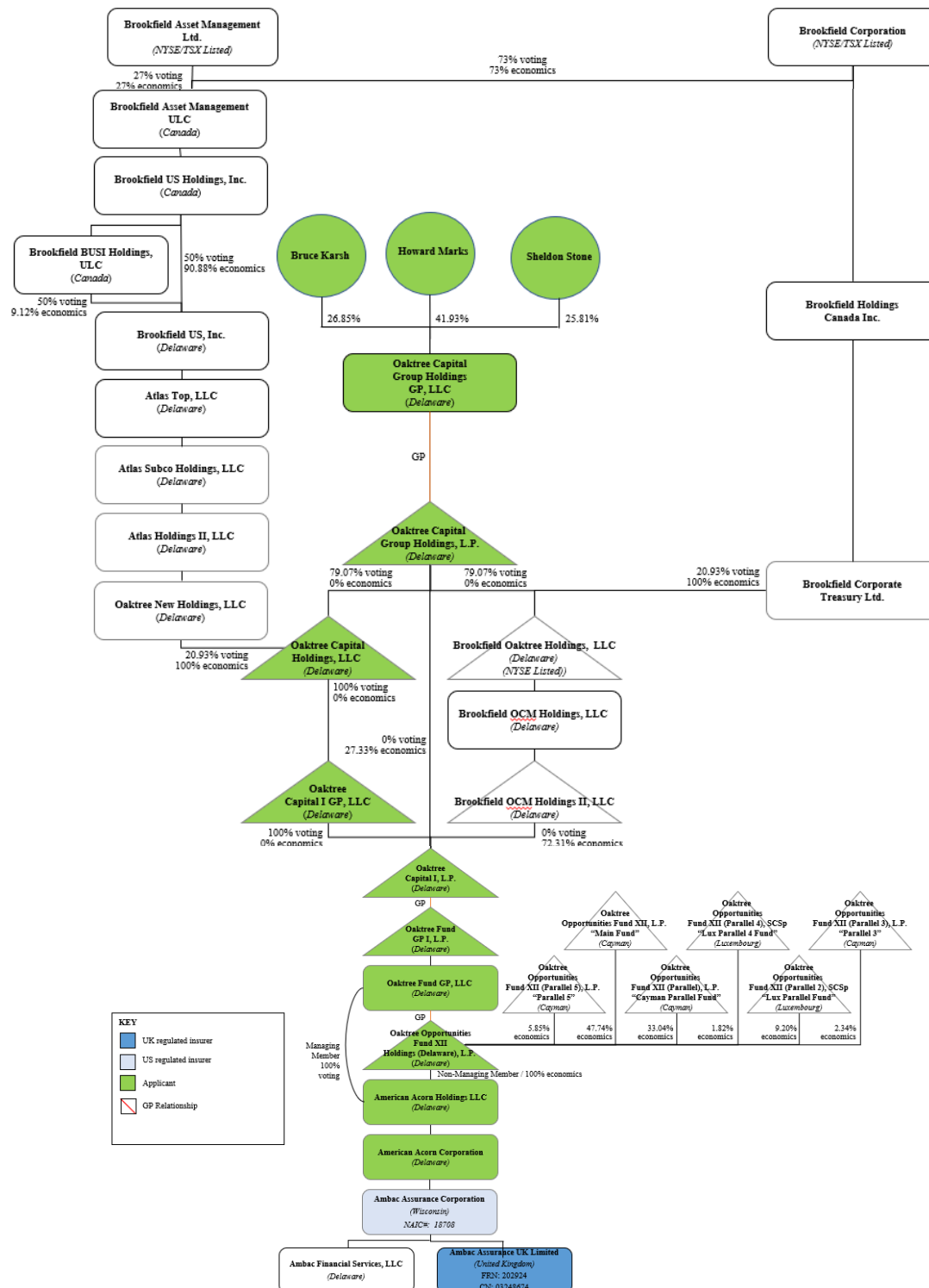
Executive Summary

On June 28, 2024, Zachary Bemis, transaction counsel, submitted a Form A filing, in the matter of the acquisition of control of Ambac Assurance Corporation (Ambac, the “Domestic Insurer”), by American Acorn Corporation (American Acorn), American Acorn Holdings LLC, Oaktree Opportunities Fund XII Holdings (Delaware), L.P., Oaktree Fund GP, LLC, Oaktree Fund GP I, LP, Oaktree Capital I GP, LLC, Oaktree Capital Holdings, LLC, Oaktree Capital Group Holdings, LP, Oaktree Capital Group Holdings GP, LLC, Bruce Karsh, Howard Marks, and Sheldon Stone (together the “Applicants”). Pursuant to a stock purchase agreement between Ambac Financial Group, Inc. (AFG), Ambac’s direct parent company, and American Acorn, all issued and outstanding shares of Ambac will be sold to American Acorn for \$420,000,000, subject to adjustment as described in the purchase agreement. At the same time, AFG will issue to American Acorn a warrant for a number of shares of common stock, par value \$0.01, representing 9.9% of the fully diluted shares of AFG common stock as of March 31, 2024.

Organizational Chart Before Proposed Transaction:



Note: The above organizational chart after the proposed transaction was abbreviated by the Applicants to those entities in the chain of control above the Domestic Insurer.



Identity and Background of the Domestic Insurer(s)

Identity of the Domestic Insurer(s):

Ambac Assurance Corporation

c/o DeWitt Ross & Stevens SC
2 E Mifflin Street
Suite 600
Madison, WI 53703
United States

Background of the Domestic Insurer(s):

Ambac Assurance Corporation

Ambac Assurance Corporation is a Wisconsin-domiciled insurer authorized to transact surety and financial guaranty insurance. The company has operated as a financial guaranty insurer, and its principal business was the guaranty of timely payment of principal and periodic interest when due on credit obligations. It has not written any new business since early 2008.

Identity and Background of the Applicant(s)
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Identity of the Applicant(s):

American Acorn Corporation

American Acorn Holdings LLC

Oaktree Opportunities Fund XII Holdings (Delaware), L.P.

Oaktree Fund GP, LLC

Oaktree Fund GP I, LP

Oaktree Capital I, LP

Oaktree Capital I GP, LLC

Oaktree Capital Holdings, LLC

Oaktree Capital Group Holdings, LP

Oaktree Capital Group Holdings GP, LLC

Bruce Karsh

Howard Marks

Sheldon Stone

c/o Oaktree Capital Management, L.P.
333 S. Grand Ave., 28th Floor
Los Angeles, CA 90071

Background of the Applicant(s):

American Acorn Corporation

A Delaware corporation that will directly and wholly own the Domestic Insurer.

American Acorn Holdings LLC

A Delaware limited liability company that owns 100% of American Acorn.

Oaktree Opportunities Fund XII Holdings (Delaware), L.P.

A Delaware limited partnership and its general partner is Oaktree Fund GP, LLC.

Oaktree Fund GP, LLC

A Delaware limited liability company and its managing member is Oaktree Fund GP I, L.P. Oaktree Fund GP, LLC is Oaktree Opportunities Fund XII Holdings (Delaware), L.P.'s general partner.

Oaktree Fund GP I, L.P.

A Delaware limited partnership and its general partner is Oaktree Capital I, L.P. Oaktree Fund GP I, L.P. is Oaktree Fund GP, LLC's managing member.

Oaktree Capital I, L.P.

A Delaware limited partnership and its general partner is Oaktree Capital I GP, LLC. Oaktree Capital I, L.P. is Oaktree Fund GP I, L.P.'s general partner.

Oaktree Capital I GP, LLC

A Delaware limited liability company and its sole managing member is Oaktree Capital Holdings, LLC. Oaktree Capital I GP, LLC will be Oaktree Capital I, L.P.'s general partner.

Oaktree Capital Holdings, LLC

A Delaware limited liability company and is Oaktree Capital I GP, LLC's sole managing member. Oaktree Capital Holdings, LLC has issued and outstanding two classes of voting units -- "Class A Units" and "Class B Units." The Class A Units are divided into an equal number of Class A1 Units, Class A2 Units, Class A3 Units, Class A4 Units and Class A5 Units. The Class A1 Units and Class B Units are the only units entitled to vote.

100% of the Class A1 Voting Units, which possess 20.93% of the total voting power of all units entitled to vote, are owned by Oaktree New Holdings LLC. Although Oaktree New Holdings, LLC is statutorily presumed to "control" Oaktree Capital Holdings, LLC because its ownership equals or exceeds the 10% threshold in Wis. Stat. § 600.03(13), Oaktree New Holdings, LLC will not possess actual control of the Domestic Insurer and, accordingly, concurrently herewith, has filed a Disclaimer of Affiliation with respect to its ownership interests in Oaktree Capital Holdings, LLC pursuant to Section 40.03(8) of the Wisconsin Administrative Code.

100% of the Class B Units, which possess 79.07% of the total voting power of all units entitled to vote, are owned by Oaktree Capital Group Holdings, LP, a Delaware limited partnership.

Oaktree Capital Group Holdings, L.P.

A Delaware limited partnership and its general partner is Oaktree Capital Group Holdings GP, LLC. Oaktree Capital Group Holdings, L.P. owns all of Oaktree Capital Holdings, LLC's Class B Units.

Oaktree Capital Group Holdings GP, LLC

A Delaware limited liability company, owned and managed by members of the executive committee as follows:

Howard Marks
Bruce Karsh
Sheldon Stone
John Frank

Bruce Karsh

Oaktree's Co-Chairman and one of the firm's co-founders. He also is Chief Investment Officer and serves as portfolio manager for Oaktree's Global Opportunities, Value Opportunities and Global Credit strategies. Prior to co-founding Oaktree, Mr. Karsh was a managing director of TCW Asset Management Company, and the portfolio manager of the Special Credits Funds from 1988 until 1995. Prior to joining TCW, Mr. Karsh worked as Assistant to the Chairman of SunAmerica, Inc. Prior to that, he was an attorney with the law firm of O'Melveny & Myers. Before working at O'Melveny & Myers, Mr. Karsh clerked for the Honorable Anthony M. Kennedy, then of the U.S. Court of Appeals for the Ninth Circuit and retired Associate Justice of the U.S. Supreme Court. Mr. Karsh holds an A.B. degree in economics summa cum laude from Duke University, where he was elected to Phi Beta Kappa. He went on to earn a J.D. from the University of Virginia School of Law, where he served as Notes Editor of the Virginia Law

Review and was a member of the Order of the Coif. Mr. Karsh serves on the boards of a number of privately held companies. He is a member of the investment committee of the Broad Foundations. Mr. Karsh is Trustee Emeritus of Duke University, having served as Trustee from 2003 to 2015, and as Chairman of the Board of DUMAC, LLC, the entity that managed Duke's endowment, from 2005 to 2014.

Howard Marks

Co-Chairman of Oaktree and one of the firm's co-founders. Prior to the founding of Oaktree in 1995, Mr. Marks led the groups at The TCW Group, Inc. that were responsible for investments in distressed debt, high yield bonds, and convertible securities. He was also Chief Investment Officer for Domestic Fixed Income at TCW. Previously, Mr. Marks was with Citicorp Investment Management for 16 years, where from 1978 to 1985 he was Vice President and senior portfolio manager in charge of convertible and high yield securities. Between 1969 and 1978, he was an equity research analyst and, subsequently, Citicorp's Director of Research. Mr. Marks holds a B.S.Ec. degree cum laude from the Wharton School of the University of Pennsylvania with a major in finance and an M.B.A. in accounting and marketing from the Booth School of Business of the University of Chicago, where he received the George Hay Brown Prize. He is a CFA charter holder. Mr. Marks is an Emeritus Trustee and member of the Investment Committee at the Metropolitan Museum of Art. He is a member of the Investment Committee of the Royal Drawing School and is Professor of Practice at King's Business School (both in London). He serves on the Shanghai International Financial Advisory Council and the Advisory Board of Duke Kunshan University. He is an Emeritus Trustee of the University of Pennsylvania, where from 2000 to 2010 he chaired the Investment Board.

Sheldon Stone

The head of Oaktree's High Yield Bond area. In this capacity, he serves as a co-portfolio manager of Oaktree's U.S. High Yield Bond and Global High Yield Bond strategies. Mr. Stone, a co-founding member of Oaktree in 1995, established TCW's High Yield Bond department with Howard Marks in 1985 and ran the department for ten years. Prior to joining TCW, Mr. Stone worked with Mr. Marks at Citibank for two years where he performed credit analysis and managed high yield bond portfolios. From 1978 to 1983, Mr. Stone worked at The Prudential Insurance Company where he was a director of corporate finance, managing a fixed income portfolio exceeding \$1 billion. Mr. Stone holds a B.A. degree from Bowdoin College and an M.B.A. in accounting and finance from Columbia University. Mr. Stone serves as a Trustee of Colonial Williamsburg Foundation, an Adjunct Professor at the University of Southern California and serves on the investment committee of Bowdoin College.

Executive Officers and Directors of Oaktree Capital Group Holdings, GP LLC

<u>Name</u>	<u>Title</u>
Howard Marks*	Executive Committee Member and Co-Chairman
Bruce Karsh*	Executive Committee Member, Co-Chairman, and Chief Investment Officer
Robert O'Leary*	Co-Chief Executive Officer
Armen Panossian*	Co-Chief Executive Officer
John Frank*	Executive Committee Member and Vice Chairman
Sheldon Stone*	Executive Committee Member and Principal
Daniel Levin*	Chief Financial Officer
Todd Molz*	Chief Operating Officer
Richard Ting*	General Counsel, Managing Director, and Secretary

Executive Officers and Directors of Oaktree Capital Group Holdings, LP

<u>Name</u>	<u>Title</u>
None	

Executive Officers and Directors of Oaktree Capital Holdings, LLC

<u>Name</u>	<u>Title</u>
Howard Marks*	Director and Co-Chairman
Bruce Karsh*	Director, Co-Chairman, and Chief Investment Officer
John Frank*	Director and Vice Chairman
Sheldon Stone*	Director and Principal
Robert O'Leary*	Director and Co-Chief Executive Officer
Armen Panossian*	Director and Co-Chief Executive Officer
Daniel Levin*	Chief Financial Officer
Todd Molz*	Director and Chief Operating Officer
Richard Ting*	General Counsel, Managing Director, and Secretary

Executive Officers and Directors of Oaktree Capital I GP LLC

<u>Name</u>	<u>Title</u>
Howard Marks*	Co-Chairman
Bruce Karsh*	Co-Chairman, and Chief Investment Officer
Robert O'Leary*	Co-Chief Executive Officer
Armen Panossian*	Co-Chief Executive Officer
John Frank*	Vice Chairman
Sheldon Stone*	Principal
Daniel Levin*	Chief Financial Officer
Todd Molz*	Director and Chief Operating Officer
Richard Ting*	General Counsel, Managing Director, and Secretary

Executive Officers and Directors of Oaktree Capital I LP

<u>Name</u>	<u>Title</u>
Howard Marks*	Co-Chairman
Bruce Karsh*	Co-Chairman, and Chief Investment Officer
Robert O'Leary*	Co-Chief Executive Officer
Armen Panossian*	Co-Chief Executive Officer
John Frank*	Vice Chairman
Sheldon Stone*	Principal
Daniel Levin*	Chief Financial Officer
Todd Molz*	Director and Chief Operating Officer
Richard Ting*	General Counsel, Managing Director, and Secretary

Executive Officers and Directors of Oaktree Capital I, LP

<u>Name</u>	<u>Title</u>
None	

Executive Officers and Directors of Oaktree Fund GP I, LP

<u>Name</u>	<u>Title</u>
None	

Executive Officers and Directors of Oaktree Fund GP, LLC

<u>Name</u>	<u>Title</u>
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None

Executive Officers and Directors of Oaktree Opportunities Fund XII Holdings (Delaware), L.P.

<u>Name</u>	<u>Title</u>
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Greg Share	President
Patrick C. George*	Vice President and Secretary

Executive Officers and Directors of American Acorn Holdings LLC

<u>Name</u>	<u>Title</u>
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None

Executive Officers and Directors of American Acorn Corporation

<u>Name</u>	<u>Title</u>
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Greg Share	President
Patrick C. George*	Vice President, Secretary, and Director

Proposed Executive Officers and Directors of Ambac

<u>Name</u>	<u>Title</u>
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Melvin Carlisle*	Director
Patrick C. George*	Director
Jordan Mikes*	Director
Greg Share*	Director
Yadin Rozov*	Chief Executive Officer and Director
David Barranco*	President and Chief Risk Officer
Robert Eisman*	Chief Financial Officer, Treasurer, and Controller
David Abramowitz*	Secretary and General Counsel

Note: * following an individual's name indicates that the biographical affidavit was provided for the individual and there are no outstanding significant concerns after OCI review.

Nature, Source, and Consideration
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As stated in the Form A, the acquisition of control will occur pursuant to the stock purchase agreement dated as of June 4, 2024, by and between American Acorn and AFG, and as amended on July 3, 2025. AFG currently directly owns all of the issued and outstanding share of the common stock, par value \$2.50 per share, of Ambac. As of December 31, 2023, there were 32,800,000 shares of common stock issued and outstanding. AFG will sell all of the shares of common stock to American Acorn for a purchase price equal to \$420,000,000, subject to an adjustment as further discussed in the stock purchase agreement. Additionally, as of the closing date, AFG will issue to American Acorn a warrant, for a number of shares of common stock of AFG, with a par value of \$0.01 and representing 9.9% of AFG's fully diluted shares. The purchase price will be paid in through funds held by Oaktree Opportunities Fund XII Holdings (Delaware), L.P. No debt will be used by the Applicants to finance the proposed acquisition.

The Applicants state in the Form A that there has not been any recent purchase of any voting securities in the Domestic Insurer in the past 12 months and there have been no other recommendations to purchase voting shares in the past 12 months.

Applicants Future Plans

As described by the Applicants in the Form A filing, and due to the unique nature of the Domestic Insurer, there are no plans to significantly change the operations of Ambac. The Applicants intend that the existing affiliate agreements will be terminated as of the closing date and that new affiliate agreements will be entered. Senior executives who manage day to day operations will remain largely the same, with the addition of new directs from Oaktree. The Applicants have no plans to declare an extraordinary dividend, liquidate the Domestic Insurers, sell the Domestic Insurers assets, or merge it with any person or to make any other material changes in the Domestic Insurers' business operations, corporate structure, or management.

Financial Highlights

Highlighted Financial Data:

The financial statements of the entities review by OCI are confidential. OCI reviews this financial information as part of the Form A review process

Financial Projections of the Domestic Insurer(s):

Ambac

The financial projections of the Domestic Insurer(s) are confidential. OCI reviews these projections as part of the Form A review process.

611.72 (3) Standard

Wisconsin Statute s. 611.72(3)(am) creates a five-part test for the Commissioner to use when evaluating the merger or acquisition of a domestic stock insurance company. It reads, in relevant part:

(am) The commissioner shall approve the plan if the commissioner finds...that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

1. After the change of control, the domestic stock insurance corporation or any domestic stock insurance corporation controlled by the insurance holding corporation would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;
2. The effect of the merger or other acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in this state;
3. The financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic stock insurance corporation or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders;
4. The plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, merge it with any person or make any other material change in its business or corporate

structure or management, are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest; and

5. The competence and integrity of those persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the corporation and of the public to permit the merger or acquisition of control.

These five requirements are analyzed below.

s. 611.72(3)(am)1: After reviewing the documents provided by the Applicant in their Form A filing, OCI Staff believes that the Applicant is able to satisfy s. 611.72(3)(am)1. In reaching this decision, OCI staff has relied heavily on the proposed business plan and financial projections.

s. 611.72(3)(am)2: OCI's determined that a Form E analysis was not necessary. OCI's examination of the potential competitive effects concluded that approving the acquisition would not violate the competitive standards set forth in s. Ins 40.025(4), Wis. Adm. Code.

s. 611.72(3)(am)3: Paragraph three requires that the financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic insurance corporation or its parent insurance corporation, or prejudice the interest of its Wisconsin policyholders. After reviewing the documents provided by the Applicants, the concern that affiliated non-insurance operations would jeopardize the financial condition is deemed minimal. OCI, however, will monitor compliance with s. 611.72(3)(am)3, Wis. Stat., going forward.

s. 611.72(3)(am)4: Paragraph four requires that the post-transaction plans to change the business structure be "fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest." The Form A filing notes that the Applicants have no current plans or proposals to declare any extraordinary dividend, to liquidate the Domestic Insurer, or to sell the assets of the Domestic Insurer. Additional review of the filing by OCI staff do not indicate any significant changes to the operation of the Domestic Insurer. Compliance with s. 611.72(3)(am)4, Wis. Stat., is expected.

s. 611.72(3)(am)5: Paragraph 5 requires that OCI review the Biographical Affidavits of the proposed officers and directors of the Applicants. This review did not raise significant concerns.

Recommendation

The Acquisition of Control in the above-referenced Form A filing will not violate the law or be contrary to the interests of the insureds, and it does not meet any of the disqualifying criteria outlined in s. 611.72 (3), Wis. Stat. Therefore, the transaction should be approved.