



Project Finance, U.S. and Canada

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First Vice President

Overview of Ambac

- Leading global provider of financial guarantees and complementary financial services
- Founded the financial guarantee industry in 1971
- Rated triple-A by Moody's, Standard & Poor's, and Fitch
- A financial insurance policy is an irrevocable and unconditional guarantee to make timely payments of scheduled principal and interest to bondholders in the event of an issuer default

Benefits of Ambac Insurance

- Bonds are rated AAA
- Reduces total financing costs
 - Lowers interest rate on bonds
 - Broadens investor base
- Insurance premium takes a portion of the savings
- Simplifies bringing complex financings to the marketplace

Ambac is active in PPP Globally

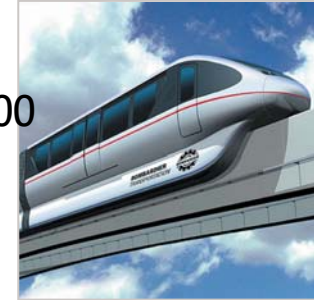
- Offices in New York, Sydney, London and Milan
- Transportation Projects globally
 - Ambac has insured toll roads in
 - US
 - Chile
 - Australia
 - Shadow tolls in UK
- International PPP projects
 - Desalination
 - Power projects
 - UK PFI market

Key issues for insurability

- Regional and national importance
- Government involvement or support
- Essential infrastructure with demonstrated need
- Investment grade ratings
- The right private sector partners
 - Committed
 - Experienced
 - Creditworthy
 - “Skin in the game”
- Withstands severe stress tests

Ambac's Transportation Projects

- **The State of Nevada, Dept of Business and Industry**
Las Vegas Monorail Project Revenue Bonds, 1st Tier Series 2000
\$442 million



- **Northwest Parkway Public Highway Authority**
Senior Lien Revenue Bonds, Series 2001-A/D
\$182 million



- **Texas Turnpike Authority**
Central Texas Turnpike System
First Tier Revenue Bonds, Series 2002-A/B
\$1.3 billion

- **Orange County Transportation Authority**
SR-91 Toll Road Revenue Refunding Bonds, Series 2003-A/B
\$195 million



Credit considerations for PPP

- Private sector involvement is generally credit neutral
 - Depends on the parties involved
 - Credible cash flow projections are key
 - Project must be protected against corporate bankruptcy
- Public and private partners should understand each other's long-term plans
- Private sector sponsors should have ongoing interest in the operations
 - Ongoing vested interest in success of project
 - Transactions to cash out private sponsors have been difficult to complete
- Natural tension between insurer and sponsor on use of cash flow
 - Insurer wants cash to be applied to debt
 - Sponsor wants cash to be paid out as return on investment
 - Public sector much more willing to leave cash in the structure

More credit considerations for PPPs

- Initial public sector support is crucial for transportation projects
 - Building public support
 - Right of way acquisition
 - Control of barriers to competition
- Ongoing public sector interest and oversight is important
 - Public entities tend to have longer lives
 - Public interest goes beyond profit
 - Ongoing support for interconnections as travel patterns change over time
- Bullet maturities inject uncertainty but are used abroad
 - Ambac will consider bullet maturities
 - Requires additional coverage for added risk