

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**ORDER GRANTING THE ASSURED REINSURERS' MOTION FOR A  
PARTIAL STAY PENDING APPEAL**

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This matter came before the Court on the motion by Assured Guaranty Re Ltd. (“AG Re”) and Assured Guaranty Corp. (“Assured Guaranty” and, together with AG Re, the “Assured Reinsurers”) for a partial stay of this Court’s June 14, 2011 order (the “Order”) during the pendency of the Assured Reinsurers’ appeal. Based upon the arguments of the parties and the briefs and other written materials on file in these proceedings, it is hereby ORDERED as follows:

1. The Assured Reinsurers’ Motion for a Partial Stay Pending Appeal is GRANTED.
2. Pursuant to Wis. Stat. § 808.07(2), the Order is hereby stayed insofar as it requires the Assured Reinsurers to pay Ambac, in cash, their proportionate share of surplus notes delivered to holders of policies allocated to the Segregated Account.
3. The Order shall remain so stayed during the pendency of the Assured Reinsurers’ appeal provided that the following conditions are met:
  - Within 7 days after entry of this order, the Assured Reinsurers each shall open an interest-bearing escrow account in which to deposit the cash representing their proportionate share of surplus notes

delivered to holders of policies allocated to the Segregated Account, as such amounts would be payable to Ambac under the Order.

- At the same time the Assured Reinsurers open the escrow account, Assured Guaranty shall deposit \$200,000 into the account, which represents Assured Guaranty's proportionate share of surplus notes delivered to the holder and beneficiaries of Segregated Account Policy number AB0632BE.
- While an appeal is pending, if the Segregated Account resolves other obligations with a payment of surplus notes, the Assured Reinsurers shall deposit their proportionate share of the principal value of these notes into the escrow account as those amounts come due under the Order and the Assured Reinsurers' contracts with Ambac.
- The escrowed funds shall be invested in a money market fund (or funds), at the parties' direction.

4. If the Assured Reinsurers ultimately do not prevail in their appeal, the escrow account, including any accrued interest or earnings, will be paid to Ambac. If the Assured Reinsurers ultimately are successful on appeal, the escrow account, including any accrued interest or earnings, will revert to the Assured Reinsurers.

5. If the Assured Reinsurers fail to meet the conditions set forth in paragraph 3 above, this stay on enforcement of the Order will be lifted.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

BY THE COURT:

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Honorable William D. Johnston  
Lafayette County Circuit Court Judge  
Presiding by Judicial Appointment