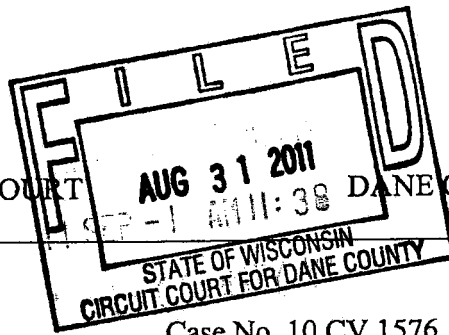


STATE OF WISCONSIN

CIRCUIT COURT



AB

DANE COUNTY

In the Matter of the Rehabilitation of:
Segregated Account of Ambac Assurance Corporation

Case No. 10 CV 1576

ORDER CONFIRMING PROCEDURES FOR RESOLVING CLAIMS THROUGH ALTERNATIVE RESOLUTIONS INCLUDING SYNTHETIC COMMUTATIONS

Based on the Motion to Confirm Procedures for Resolving Claims Through Alternative Resolutions Including Synthetic Commutations filed by the Commissioner of Insurance for the State of Wisconsin, as Rehabilitator (the "Rehabilitator") of the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), and the pleadings, motions, briefs and exhibits on file in this case, as well as oral argument, this Court finds that the procedures for resolving claims through Alternative Resolutions (as defined below) as set forth in Section 3.06 of the Plan of Rehabilitation confirmed by order of this Court dated January 24, 2011 (the "Plan") are, as refined by this Order, reasonable and necessary to promote the equitable and orderly rehabilitation of the Segregated Account, a Wisconsin-domiciled insurer under Wis. Stat. § 611.24(3)(e). The Court further finds that the procedures relate to, and are necessary for, the regulation of the business of insurance as part of this proceeding and are authorized by Chapter 645 of the Wisconsin Statutes.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Rehabilitator's Motion to Confirm Procedures for Resolving Claims Through Alternative Resolutions Including Synthetic Commutations is GRANTED, and the following orders are hereby ENTERED:

1. Until the Plan of Rehabilitation (the "Plan"), as may be modified by subsequent order of this Court, becomes effective, the Rehabilitator may continue to resolve any right to payment from the Segregated Account, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, equitable, legal, secured, or unsecured, and regardless of when such right arises (a "Claim") through the arrangement, negotiation, effectuation and execution of an amendment, restructuring, refinancing, purchase, repurchase, termination, settlement, commutation, tender, synthetic commutation or tear-up, or any similar transaction that results in the extinguishment or reduction of the Segregated Account's liability, in respect of, as applicable, (i) all or part of any financial guaranty insurance policy(ies), surety bond(s) or other similar guarantee(s) allocated to the Segregated Account pursuant to the Plan of Operation (a "Policy" or "Policies"), (ii) all or part of the underlying obligation or obligations insured by such Policy or Policies or (iii) the underlying instrument, contract or arrangement, if any, giving rise to such Claim (each, as applicable, an "Alternative Resolution"), subject to the following requirements:

(a) each Alternative Resolution must not violate the law and must be equitable to the interests of persons holding a Claim or Claims under a Policy, including the named beneficiary of such Policy, generally, as the Rehabilitator may determine in his sole and absolute discretion; and

(b) the Rehabilitator shall obtain the approval of this Court prior to effectuating any Alternative Resolution that involves the payment of cash by the Segregated Account in excess of \$10 million.

2. The portion of the Policy obligations of Ambac Assurance Corporation and the Segregated Account which are the subject of an effective and consummated agreement or other

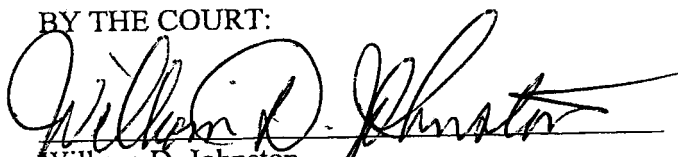
arrangement to settle such Policy obligations through a synthetic commutation structure are fully and completely terminated and released, and any debt owed by Ambac Assurance Corporation and/or the Segregated Account under such Policy in respect of the insured securities subject to such settlement is extinguished, and any such beneficial holder shall, in respect of such insured securities, have no further rights against Ambac Assurance Corporation or the Segregated Account under or with respect to such Policy. For purposes of this Order, "synthetic commutation structure" means any transaction or series of transactions pursuant to which settling beneficial holders of underlying securities (principal and interest payments under which are insured by a Policy) deposit, or cause to be deposited, such securities in a trust or similar vehicle (hereinafter referred to as the "commutation trust"), and in exchange, such settling beneficial holders (or their designees) are issued interests in the commutation trust representing a right to certain proceeds which flow to the deposited security other than proceeds from the Policy, and receive certain agreed-upon consideration, and Ambac Assurance Corporation (or the Segregated Account) is issued interests in the commutation trust representing a right to all proceeds from claims payments made under the Policy in respect of the securities deposited in the commutation trust.

Dated this 31st day of August, 2011.

CC: To All Counsel
on the attached
List

} 9/2/11
JP

BY THE COURT:


William D. Johnston
Lafayette County Circuit Court Judge,
Presiding by Judicial Assignment Order

CC: SERVICE LIST in Dane County Case # 10-CV-1576

| | |
|------------------------|-------------------------------|
| Alazraki, Marcia D | Munson, Jr. Earl |
| Bailey, Kristine | Muth, R. Timothy |
| Bane, Mark I. | Olejniak, Andrew J. |
| Bartzen, James E. | Nowicki, Bryan K. |
| Bensky, Anne M | Padnos, Todd L. |
| Bensky, Lawrence | Parrett, Noreen J. |
| Benson, Paul E. | Polakowski, Jessica L |
| Bentley, Philip | Primps, William G. |
| Bloomgarden, Craig S. | Reinthal, Richard W. |
| Callan, Laura E. | Ricardo, Henry J. |
| Canton, Amy | Riches, Jonathan Lee (pro se) |
| Christensen, Dale C. | Roberts, Lynn |
| Cisar, David I. | Rosenthal, John M. |
| Crocker, Randall D. | Saffitz, Emily L. |
| Davidson, Andrew K. | Schlicht, Jane C. |
| Franke, John | Simon, John B. |
| Friedman, James A. | Stolper, Daniel W. |
| Gaughan, Anthony J. | Stroebel, Christopher J. |
| Goodchild III, John C. | Trostle, Patrick J. |
| Greenwald, David M. | Van Sicklen, Michael B. |
| Hopper, Thomas R. | Van Tol, Peter |
| Houghton, Leah M. | Walsh, David G. |
| Ivanick, Peter A. | Weed, Michael C. |
| Jacquemot, Susan | Weiss, Allison H. |
| Johnson, Michael E. | Welsch, Thomas J. |
| Kern, Melissa A. | Klugman, Steven |
| Killoran, Grant C. | Whitmer, Steven T. |
| Lipps, Jeffrey A. | Williamson, Brady C. |
| Lovern, Susan E. | Wisniewski, Kevin A. |
| Lucey, Paul A. | Zeavin, Robert A. |
| Lynch, Matthew R. | Honorable William D. Johnston |
| Lyons, Gregory W. | Owen, James C. |
| McNeil, Kathleen G. | DeVore, Andrew G. |
| Martin, D. Ross | Carter, Rodney |
| Mitchell, Greg E. | Dama, Michelle L. |
| Moenick, Nathan L. | Smith, Ann Ustad |
| | Ermatinger Hanan, Beth |
| | Brody, Michael |
| | Schott, Donald K. |
| | Splitek, Matthew J. |
| | Morgan, Stephen L. |