

CIRCUIT COURT

2010 MAY 14 PM 2:32

DANE COUNTY, WI

Case No. 10 CV 1576

In the Matter of the Rehabilitation of:

Segregated Account of
Ambac Assurance Corporation

**RMBS POLICYHOLDERS' NOTICE OF MOTION
AND MOTION TO INTERVENE**

TO:

*Sean Dilweg, Commission of
Insurance of the State of Wisconsin*
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and

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PLEASE TAKE NOTICE that Aurelius Capital Management, LP, Fir Tree, Inc., King Street Capital, L.P., King Street Capital Master Fund, Ltd., Monarch Alternative Capital LP, and Stonehill Capital Management LLC (collectively, the "RMBS Policyholders"), in their capacity as owners of or managers of funds that own residential mortgage-backed securities ("RMBS") and other indebtedness insured by Ambac Assurance Corporation ("AAC"), by their attorneys, Reinhart Boerner Van Deuren s.c., at 2:00 p.m. Central Standard Time on May 25, 2010, at the Lafayette County Courthouse, 626 Main St., Darlington, WI 53530, will move and do hereby move the Court to enter an order allowing them to intervene in the above-titled proceeding pursuant to Section 803.09 Wis. Stats., and in support thereof states as follows:

1. On April 30, 2010, the RMBS Policyholders filed their Emergency Motion to Modify Order for Temporary Injunctive Relief and Motion Seeking Expedited Relief (the "Motion").

2. As set forth in the Motion, the RMBS Policyholders have an interest relating to the property and transactions that are the subject of this matter, and the disposition of the issues involved in this matter may impair or impede the RMBS Policyholders' ability to protect that interest.

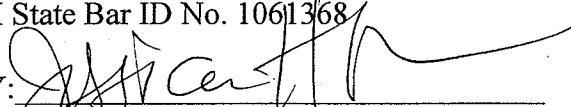
3. The RMBS Policyholders do not believe that their formal intervention in this proceeding is required—paragraph 12 of the Court's March 24, 2010 Order for Temporary Injunctive Relief permits "any interested party" to seek "modification or dissolution of part or all of [the] Order." However, to the extent that this Court deems it necessary for the RMBS Policyholders to intervene in this action to participate in discovery, to obtain any of the relief requested in the Motion, or to pursue any additional relief relating to the Segregated Account, the Injunction Order, and/or the rehabilitation plan (which has yet to be proposed), the RMBS Policyholders respectfully request that the Court enter an order permitting them to intervene in this matter.

4. The RMBS Policyholders reserve their right to file a brief in reply to any brief filed in opposition to this motion.

Dated this 14 day of May, 2010.

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