
In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**APPLICATION FOR APPROVAL OF ENGAGEMENT OF
FINANCIAL GUARANTY ADVISORS, LLC**

The Commissioner of Insurance for the State of Wisconsin, as the court appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation (the “Segregated Account”), hereby submits the following Application for Approval of Engagement of Certain Professionals. The basis for this Application is as follows:

1. In accordance with Wis. Stat. § 645.33(3), which encourages the Rehabilitator to “consult with and obtain formal or informal advice and aid of insurance experts,” the Order for Rehabilitation authorizes the Rehabilitator and the Special Deputy Commissioner for the Segregated Account “to negotiate and enter into additional contracts for professional services, providing for reasonable compensation and expenses, for such further attorneys, accountants, financial advisors, experts, and contractors as they deem necessary to effectuate the rehabilitation of the Segregated Account.” (Dkt. 11, ¶ 8.)

2. The Rehabilitator has reached an agreement to engage Financial Guaranty Advisors, LLC (“FGA”) to provide further consulting services for the Segregated Account. FGA’s services will include analysis of the Segregated Account and the General Account of Ambac, development of recommended strategic plans for relationships between the two accounts and between the General Account and its affiliates, making recommendations for organizational changes, and providing recommendations, analysis, and reports concerning regulatory

compliance, investment management, litigation management, and management of finances. FGA may subcontract with Varadero Capital, L.P., J.C. Flowers & Co. LLC, Enstar Group Limited, and their respective affiliated entities to perform some or part of these services, at no additional cost to the Segregated Account.

3. FGA's services will include substantial direct services from its Chief Executive Officer, John J. Oros. Mr. Oros has significant and substantial experience working with distressed companies in the financial industry and expertise in the types of complex investments insured by the Segregated Account. Mr. Oros presently serves as the Executive Chairman of Enstar Group Limited and the Managing Director of J.C. Flowers & Co. In those capacities, Mr. Oros has been actively involved in the assessment, strategic analysis, and restructuring of large financial institutions. Prior to accepting these positions, Mr. Oros was an investment banker in the Financial Institutions Group of Goldman, Sachs & Co., serving as a General Partner for the final 14 of his 20 years with that firm.

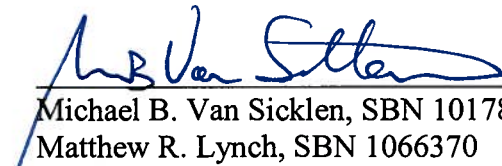
4. The Rehabilitator believes that FGA and Mr. Oros are exceptionally well-qualified to provide consulting for the Segregated Account, and the fees and expenses are reasonable and necessary.

For the foregoing reasons, the Court should approve the Application. A proposed order is attached.

Dated this 17th day of August, 2010.

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In the Matter of the Rehabilitation of:

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Segregated Account of Ambac Assurance Corporation

**ORDER APPROVING ENGAGEMENT OF
FINANCIAL GUARANTY ADVISORS, LLC**

This matter came before this Court on the Application of the Wisconsin Commissioner of Insurance, as appointed Rehabilitator for the Segregated Account of Ambac Assurance Corporation, for Approval of Engagement of Financial Guaranty Advisors, LLC, dated August 17, 2010. In accordance with Wis. Stat. § 645.33(3) and the Order for Rehabilitation dated March 24, 2010, and for other good cause,

IT IS HEREBY ORDERED that the Application for Approval of Engagement of Financial Guaranty Advisors, LLC, dated August 17, 2010, is approved.

Dated: _____ 2010

BY THE COURT

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