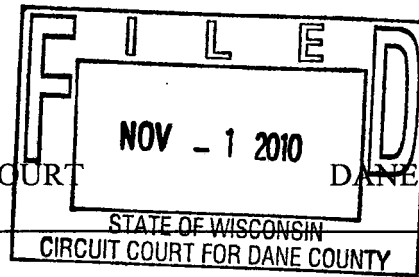


STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY



In the Matter of the Rehabilitation of:

Case No. 10-CV-1576

JP

Segregated Account of Ambac Assurance Corporation

ORDER CORRECTING DECISION ON MOTIONS CHALLENGING THE LEGALITY OF THE ESTABLISHMENT AND STRUCTURE OF THE SEGREGATED ACCOUNT; THE CHALLENGES TO THE TEMPORARY INJUNCTION CONCERNING THE EXERCISE OF CONTROL RIGHTS, WITHHOLDING OF PREMIUMS AND OTHER OBJECTIONS; AND MOTIONS TO FORMALLY INTERVENE AS PARTIES TO THIS REHABILITATION ACTION

The Court corrects and hereby modifies its Decision on Motions Challenging the Legality of the Establishment and Structure of the Segregated Account; the Challenges to the Temporary Injunction Concerning the Exercise of Control Rights, Withholding of Premiums and Other Objections; and Motions to Formally Intervene as Parties to this Rehabilitation Action (the "Decision"), issued on October 26, 2010 in the above-captioned proceedings, as follows:

1. Page 10 of the Decision is hereby corrected to substitute the phrase "98 percent" for the phrase "80 percent."
2. A corrected version of page 10 of the Decision, attached to this Order, shall be substituted for the original page 10 of the Decision in the record.

Dated this 29th day of October, 2010.

BY THE COURT:

A handwritten signature in cursive script that reads "William D. Johnston".

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

payment of Claims would cause Ambac's assets to fall below \$100,000,000.00, which is less than two percent of Ambac's claim paying assets. The net effect of this is that the Segregated Account is capitalized at 98 percent of Ambac's current assets despite having liabilities of less than 1000 of Ambac's 15,000 insurance policies. The OCI has exercised reasonable discretion in requiring the Segregated Account policyholders have access to virtually all of the resources available to pay their claims prior to the allocation of their policies to the Segregated Account. Under Wis. Stats. Sec. 611.24, the Segregated Account is to have an adequate share of the corporation's capital and surplus. No legal basis in this matter has been shown on which to require additional capitalization of the Segregated Account.

Challenges are made by movants to the injunction Paragraphs 6, 9, and 7, that the injunction generally creates and grants the Rehabilitator excessive authority. Wis. Stats. Sec. 645.05(1)(k) does empower the OCI to seek injunction relief against any threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of policyholders, creditors, or shareholders or the administration of the proceeding, and creates a broad array of injunctive relief in a rehabilitation action such as this. The Commissioner of Insurance is charged under Wis. Stats. Sec. 601.15 to act within the public interest, and its decisions are to be granted considerable deference by the Court. See Wis. Stats. Sec. 227.57(10).

The amendment movants seek of Paragraph 6 and 9 of the injunction order, the RMBS institutional trustees, would have the effect of lessening the value of the insurer's assets and prejudice the rights of policyholders and certainly would interfere with the administration of the proceeding within the contemplation and meaning of Wis. Stats. Sec. 645.05(1).

The Rehabilitator's ability to carry out his statutory duties, to manage the business of the insurer, to protect the insured's interests as well as the interests of the creditors and

cc: To All Parties

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.	Weymouth, Daniel A. (pro se)
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.	
Lyons, Gregory W.	Honorable William D. Johnston
McNeil, Kathleen G.	
Martin, D. Ross	Owen, James C.
Mitchell, Greg E.	Simpson, Patrick J. (pro se)
Moenicke, Nathan L.	
Morgan, Stephen L	