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November 11, 2010

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CLIENT/MATTER NUMBER
092281-0101

Honorable William D. Johnston
Lafayette County Circuit Court
Lafayette County Courthouse
626 Main Street
Post Office Box 40
Darlington, WI 53530-0040

Re: *In the Matter of the Rehabilitation of Segregated Account of
Ambac Assurance Corporation; Dane County Circuit Court
Case No. 10 CV 1576*

Order Regarding the RMBS Funds' Motion for Information
Sharing Order, or in the Alternative for Limited Discovery, and
to Intervene to the Extent Necessary

Dear Judge Johnston:

I am writing on behalf of the Rehabilitator to follow up on the issues before you at the court hearing last Friday, November 5, 2010, in regard to the RMBS Funds' above-referenced motion.

There was a disagreement at that time between the Rehabilitator and the RMBS Funds as to whether the Court should enter the form of the proposed order the RMBS Funds submitted or the alternative form of the order proposed by the Rehabilitator. The Court took the matter under advisement and indicated that it would await further submissions from the parties before ruling. Counsel for the Rehabilitator and RMBS Funds subsequently conferred in an effort to reach an agreement on a form of the order to jointly propose.

I am pleased to report that we were able to compromise on an agreed form of order to recommend to you, a copy of which is enclosed for your consideration. I am authorized to represent that counsel for the RMBS Funds, Mr. Greenwald, joins me in recommending entry of the enclosed form of order if it otherwise meets with the Court's approval. The RMBS Funds asked me to note that, by agreeing to the form of the enclosed order, they are not waiving their right to disagree with, or appeal, the Court's decision.

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Thank you for your attention to this matter.

Very truly yours,

FOLEY & LARDNER LLP

A handwritten signature in blue ink, appearing to read "Michael B. Van Sicklen".

Michael B. Van Sicklen

Enclosure

cc: David Greenwald (with enclosures, via email and first-class mail)
Bryan Nowicki (with enclosures, via email and first-class mail)
Daniel Stolper (with enclosure, via email)
Henry Ricardo (with enclosure, via email)
All Counsel of Record (with enclosure, via email)
Jody Baux, Ambac Clerk (with enclosure, via first-class mail)

In the Matter of the Rehabilitation of:

Case No. 10-CV-1576

Segregated Account of Ambac Assurance Corporation

ORDER REGARDING THE RMBS FUNDS' MOTION FOR INFORMATION SHARING ORDER, OR IN THE ALTERNATIVE FOR LIMITED DISCOVERY, AND TO INTERVENE TO THE EXTENT NECESSARY

This matter came before the Court on the motion (the "Motion") of 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 Movants") requesting that this Court direct the Office of the Commissioner of Insurance ("OCI") and Ambac Assurance Corporation ("Ambac") to establish an electronic data room, or otherwise order the Rehabilitator, Ambac Assurance Corporation, and the Office of the Commissioner of Insurance to produce various categories of documents relating to financial analyses, projections, and other data pertaining to the financial condition of Ambac. The Motion was filed on July 16, 2010, before the Rehabilitator had presented a plan of rehabilitation for the Segregated Account of Ambac (the "Segregated Account"). On July 17, 2010, this Court issued a memorandum advising the movants that the Motion would be taken up after a plan of rehabilitation had been filed.

The Rehabilitator thereafter filed the Plan of Rehabilitation for the Segregated Account on October 8, 2010, which was accompanied by an extensive Disclosure Statement detailing relevant financial information and projections for Ambac and the Segregated Account. At a scheduling conference for proceedings on the Rehabilitator's Motion for Confirmation of

the Plan of Rehabilitation, the RMBS Movants renewed the Motion. The matter came before the Court again on November 5, 2010.

Based upon the briefs, other materials and affidavits on file, oral argument presented, and for other good cause, the Court finds as follows:

1. The RMBS Movants have not made a sufficient factual showing to support their most recent request for intervention. The Court reserves adjudication of the related issue of the RMBS Movants' legal capacity to raise such motions.

2. The RMBS Movants' request for an order directing OCI and Ambac to produce or otherwise make available the documents sought in their discovery requests is denied, for the reasons stated by this Court and counsel for the Rehabilitator in the October 14 scheduling conference in these proceedings and in the Court's prior orders regarding discovery. The Court further notes that the request is unduly burdensome considering the scope of the materials sought and issues pertaining to the confidentiality of third-party financial data, and it would be unlikely to lead to additional probative evidence that has not already been made available through the Disclosure Statement, other materials on file in this proceeding, and publicly available documents, including those documents made available on the Rehabilitator's Web site for these proceedings.

Dated this _____ day of November, 2010.

BY THE COURT:

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