

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IN THE MATTER OF THE REHABILITATION OF
THE SEGREGATED ACCOUNT OF
AMBAC ASSURANCE CORPORATION

Case No. 10-cv-778

**DECLARATION OF MICHAEL B. VAN SICKLEN
IN SUPPORT OF MOTION FOR REMAND**

I, Michael B. Van Sicklen, declare as follows:

1. I am a partner at Foley & Lardner LLP. I am the lead attorney representing the Wisconsin Office of the Commissioner of Insurance (“OCI”) and the Commissioner, as Rehabilitator (the “Rehabilitator”) of the Segregated Account (the “Segregated Account”) of Ambac Assurance Corporation (“Ambac”) in the Rehabilitation of the Segregated Account, Dane County Circuit Court Case No. 2010-CV-1576 (the “State Proceedings”), which the United States Internal Revenue Service (“IRS”) removed to this Court on November 8, 2010. I have personal knowledge of the matters stated herein.

2. Attached are true and correct copies of the following documents¹:

¹ Each of the attached documents other than Exhibits S and T are part of the record in the State Proceedings and are available (posted in reverse chronological order) on the public Web site established in accordance with the state court’s order in this proceeding, <http://ambacpolicyholders.com/court-filings>. Because various orders in the State Proceedings are on appeal and the record relevant to those interlocutory appeals was transmitted to the Wisconsin Court of Appeals prior to the IRS’s removal, this Court might not possess the earlier portions of record from the State Proceedings. All substantive filings in the state court proceeding are available on Web site.

- Exhibit A (“Verified Petition”) – Verified Petition for Rehabilitation, filed March 24, 2010 (without attachments).
- Exhibit B – Request by OCI for Immediate Case Assignment, filed March 24, 2010 (without attachments).
- Exhibit C – Motion for Approval of Form of Notice, filed March 24, 2010.
- Exhibit D (“First-Day Injunction”) – Order for Temporary Injunctive Relief, entered March 24, 2010.
- Exhibit E – Order Approving Form of Notice, entered March 24, 2010.
- Exhibit F (“First Peterson Aff.”) – First Affidavit of Roger A. Peterson, Director of OCI’s Bureau of Financial Analysis and Examinations, filed May 20, 2010.
- Exhibit G (“Findings & Conclusions”) – Findings of Fact and Conclusions of Law Regarding Motions of Certain RMBS Policyholders and Certain LVM Bondholders, entered May 27, 2010.
- Exhibit H – Notices of Appeal of May 27, 2010 Order, filed by certain RMBS holders (May 28, 2010), certain LVM bondholders (June 1, 2010), and Freddie Mac (June 10, 2010).
- Exhibit I (“7/16/10 Order”) – Order Denying Motions of Wells Fargo Bank and Certain LVM Bondholders, entered July 16, 2010.
- Exhibit J – Notices of Appeal of July 16, 2010 Order filed by certain LVM bondholders (August 2, 2010) and Wells Fargo (August 6, 2010).
- Exhibit K – Notice of Filing of Plan of Rehabilitation
- Exhibit L (“10/26/10 Order”) – Order 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 Intervene as Parties to this Rehabilitation Action, entered October 26, 2010 (as corrected by Order of November 1, 2010).
- Exhibit M – Notices of Appeal of October 26, 2010 Order, filed by Depfa Bank (November 5, 2010), One State Street, LLC

(November 9, 2010), and Access to Loans for Learning Student Loan Corporation and Lloyds TSB Bank (November 12, 2010),

- Exhibit N (“Notice”) – Notice of Amendment to Plan of Operation for the Segregated Account, filed November 8, 2010.
- Exhibit O (“Nov. 8 Motion”) – Motion for Temporary Supplemental Injunctive Relief, filed November 8, 2010.
- Exhibit P (“Nov. 8 Aff.”) – Affidavit of Sean Dilweg, Wisconsin Commissioner of Insurance, filed November 8, 2010.
- Exhibit Q (“11/8/10 Hearing Tr.”) – Transcript of November 8, 2010 Hearing Regarding Motion for Temporary Supplemental Injunctive Relief.
- Exhibit R (“Supplemental Injunction”) – Order for Temporary Supplemental Injunctive Relief, entered November 8, 2010.
- Exhibit S (“Wallis Aff.”) – Affidavit of David W. Wallis, President and CEO of Ambac Financial Group, Inc., *In re Ambac Financial Group, Inc.*, No. 10-15973 (Adversary Proceeding No. 10-04210-SCC), United States Bankruptcy Court for the Southern District of New York, filed November 8, 2010 (with Exhibit B; without other exhibits).
- Exhibit T (“Bankruptcy Hearing Tr.”) – Excerpts from Transcript of November 9, 2010 Hearing on Temporary Restraining Order and Preliminary Injunction, *In re Ambac Financial Group, Inc.*, No. 10-15973 (Adversary Proceeding No. 10-04210-SCC), United States Bankruptcy Court for the Southern District of New York (pages 1-12).
- Exhibit U (“11/15/10 Hearing Tr.”) – Excerpts from Condensed Transcript of November 15, 2010 Hearing Regarding Confirmation of Plan of Rehabilitation (pages 1-4, 141-56, and 169-72).
- Exhibit V (“11/16/10 Hearing Tr.”) – Excerpts from Condensed Transcript of November 16, 2010 Hearing Regarding Confirmation of Plan of Rehabilitation (pages 1-4, 33-36, 69-72, 117-20, 149-84, and 189-200).
- Exhibit W (“11/17/10 Hearing Tr.”) – Excerpts from Condensed Transcript of November 17, 2010 Hearing Regarding Confirmation of Plan of Rehabilitation (pages 1-4, 89-92, 125-28, 141-44, and 157-60).

- Exhibit X (“11/19/10 Hearing Tr.”) – Excerpts from Condensed Transcript of November 19, 2010 Hearing Regarding Confirmation of Plan of Rehabilitation (pages 1-4 and 49-52).
- Exhibit Y (“Proposed Order Confirming Plan”) – Proposed Decision and Final Order Confirming the Rehabilitator’s Plan of Rehabilitation, With Findings of Fact and Conclusions of Law, filed November 29, 2010.
- Exhibit Z (“11/30/10 Hearing Tr.”) – Excerpts from Condensed Transcript of November 30, 2010 Hearing Regarding Confirmation of Plan of Rehabilitation (pages 1, 99-100, and 223).

3. At present, there are several motions and requests for approval ready for filing in the State Proceedings relating to the administration and management of the rehabilitation. These filings relate to motions for approval (with supporting affidavits) of certain policy commutations and amendments, briefs related to pending motions regarding the confirmation hearing record, and a motion to amend the terms of engagement for a Segregated Account professional. I anticipate that there will continue to be additional matters pertaining to amendments or commutations as to which we normally would apply to the State Rehabilitation Court for approvals. Until there is a determination as to the appropriate forum for continuing the rehabilitation, it seems inappropriate to burden this Court with filings regarding the ongoing administration of the rehabilitation proceeding.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 17th day of December,
2010.

/s/ Michael B. Van Sicklen
Michael B. Van Sicklen