

COPY

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

ORDER

2011 APR 27 AM 11:05
CIRCUIT COURT
DANE COUNTY, WI

This matter came before the Court for hearing on the Rehabilitator's motion (the "Motion") for approval of the terms and conditions of the written settlement agreement with certain of the LVM Bondholders (the "Settlement Agreement"). The Rehabilitator's Motion was supported by the Fifth Affidavit of Roger A. Peterson, Special Deputy Commissioner for this Rehabilitation. The Motion came before the Court on proper advance written notice for hearing in open court. Appearances were noted on the record. All parties-in-interest were afforded the opportunity to appear and be heard on the fairness of the Settlement Agreement without any improper impediments.


Counsel for the Rehabilitator has advised the Court that, if the Court approves the Settlement Agreement, its approval will constitute the basis for the issuance of the surplus notes and/or trust certificates under the Settlement Agreement without registration under the Securities Act, in reliance on the exemption from registration provided by Securities Act Section 3(a)(10).

NOW, THEREFORE, for good cause shown, it is hereby Ordered that the Rehabilitator's Motion to approve the Settlement Agreement is granted, and the Rehabilitator and the Segregated Account are authorized to proceed in accordance with the terms and conditions set forth in the Settlement Agreement. The Court finds that the terms and conditions of the issuance of surplus notes and/or trust certificates to LVM Bondholders contemplated by

the settlement agreement will be procedurally and substantively fair to the recipients of such securities. Notwithstanding the preceding sentence, this approval Order does not address the merits of any issues being litigated by any party involved in the court action commenced by the LVM trustee referenced in paragraphs 7 and 8 of the Rehabilitator's Motion for approval (the "LVM Trustee Action"). In the event that the LVM Trustee Action results in an order which authorizes the full Commutation described in the Settlement Agreement, and the full Commutation is effected on the terms authorized, then the Segregated Account and Ambac Assurance Corporation shall have no further liability under the policies described in the Settlement Agreement.

Dated this 21st day of April, 2011.

BY THE COURT:



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