
In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**NOTICE OF MOTION AND THE ASSURED REINSURERS' MOTION FOR A
PARTIAL STAY PENDING APPEAL**

To: Office of the Commissioner of Insurance
Commissioner Theodore K. Nickel
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Ambac Assurance Corporation
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All Counsel of Record

PLEASE TAKE NOTICE that Assured Guaranty Re Ltd. ("AG Re") and Assured Guaranty Corp. ("Assured Guaranty" and, together with AG Re, the "Assured Reinsurers"), by their attorneys Quarles & Brady LLP, move the Court for an order under Wis. Stat. § 808.07(2) partially staying enforcement of its June 14, 2011, order (the "Order") during the pendency of the Assured Reinsurers' appeal from the Order. The Assured Reinsurers seek to stay the Order insofar as it requires the Assured Reinsurers to

pay Ambac Assurance Corporation (“Ambac”), in cash, for the Assured Reinsurers’ proportionate share of the principal value of surplus notes delivered to holders of policies allocated to the Segregated Account. The Assured Reinsurers request that the Court enter this partial stay of the Order on the following conditions:

- The Assured Reinsurers will each open an interest-bearing escrow account in which to deposit the cash representing their proportionate share of surplus notes delivered to holders of policies allocated to the Segregated Account, as such amounts would be payable to Ambac under the Order.
- At the same time the Assured Reinsurers open the escrow account, Assured Guaranty will deposit \$200,000 into the account, which represents Assured Guaranty’s proportionate share of surplus notes delivered to the holder and beneficiaries of Segregated Account Policy number AB0632BE.
- While an appeal is pending, if the Segregated Account resolves other obligations with a payment of surplus notes, the Assured Reinsurers will deposit their proportionate share of the principal value of these notes into the escrow account as those amounts come due under the Order and the Assured Reinsurers’ contracts with Ambac.
- The escrow agent will invest all escrowed funds in a money market fund (or funds), at the parties’ direction.
- If the Assured Reinsurers ultimately do not prevail in their appeal, the escrow account will be paid to Ambac. In lieu of pre- or post-judgment interest, Ambac also will retain any interest or earnings on the escrow account’s assets. If the Assured Reinsurers ultimately are successful on appeal, the escrow account (including any accrued interest or earnings) will revert to the Assured Reinsurers.

This motion will be heard at a time and place to be determined by the Court and is supported by the Assured Reinsurers’ Brief in Support of Their Motion for a Partial Stay Pending Appeal and the Affidavit of Josephine K. Benkers, both of which are being filed along with this motion.

Dated this 3rd day of August, 2011.

QUARLES & BRADY LLP

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Assured Guaranty Corp.

Note: Assured Guaranty Re Ltd. appears
without waiving its objection to personal
jurisdiction.