
In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

NOTICE OF SUPPLEMENT TO MANAGEMENT SERVICES AGREEMENT

PLEASE TAKE NOTICE that the Office of the Wisconsin Commissioner of Insurance, as the court appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), has supplemented the Management Services Agreement between the Segregated Account and Ambac Assurance Corporation ("Ambac"), as management services provider (attached to the Verified Petition at Tab 1, Ex. A), in the manner and to the extent described herein and in the attached Affidavit of the Rehabilitator's Special Deputy, Kimberly A. Shaul. This Notice follows up on the Rehabilitator's report on the management of the rehabilitation at the June 4, 2010 status conference, in order to keep the Court, policyholders, and the public informed regarding the management of the Segregated Account, the extent of delegation of various management duties, and the provision of services by the Rehabilitator.

Pursuant to Wis. Stat. § 645.33(2), the Rehabilitator has "all the powers of the officers and managers [of the insurer], whose authority shall be suspended, except as they are redelegated by the rehabilitator." The Management Services Agreement outlines the scope of the redelegation and the general framework for the relationship between the Rehabilitator and Ambac in regard to management of the Segregated Account. (Shaul Aff. ¶ 2.) In order to make it more useful for routine governance, both the Rehabilitator and Ambac recognized the desirability of further refining the agreement to fill gaps and to address the day-to-day division of tasks and exercise of authority. (*Id.*) To that end, the Rehabilitator and Ambac have

collaborated to reach additional understandings regarding Ambac's role as management services provider for, and under the control of, the Rehabilitator and OCI. (*Id.* ¶¶ 3-4.)

First, as noted at the June 4 hearing, the Rehabilitator developed Guidelines of Authority under the Management Services Agreement with Ambac. (Shaul Aff. ¶ 3.) The Guidelines lay out procedures, tasks, and the need for, and level of the approvals needed from OCI for various types of actions. (*See id.* & Ex. 1.)

Second, in July of this year, OCI and Ambac conferred and agreed regarding certain principles that will guide their relationship under the Management Services Agreement. (Shaul Aff. ¶ 4.) Those principles primarily relate to establishing and maintaining objectives consistent with Chapter 645 in the provision of management services for the Rehabilitator, the accountability of Ambac as management services provider to meet those objectives, and development of strategies in furtherance of these purposes. (*Id.*)

The understandings described in this Notice and the Shaul Affidavit do not supersede or amend the Management Services Agreement attached to the Verified Petition in this matter. (Shaul Aff. ¶ 5.) They are intended and viewed by the Rehabilitator to be complementary refinements and clarifications regarding the provision of services by Ambac to the Rehabilitator under the Management Services Agreement. (*Id.*)

Dated this 19th day of August, 2010.

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By:


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*Attorneys for Petitioner Sean Dilweg,
Commissioner of Insurance of the State of
Wisconsin*

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

AFFIDAVIT OF KIMBERLY A. SHAUL

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

Kimberly A. Shaul, being first duly sworn on oath, states as follows:

1. I am the Deputy Commissioner of the Wisconsin Office of the Commissioner of Insurance (“OCI”) and was appointed Special Deputy Rehabilitator by Order of this Court on March 24, 2010, to oversee the rehabilitation of the Segregated Account of Ambac Assurance Corporation (the “Segregated Account”). I have personal knowledge of the facts stated herein.

2. As outlined in the Management Services Agreement attached to the Verified Petition in this matter (at Tab 1, Exhibit B), Ambac Assurance Corporation (“Ambac”) serves as the management services provider for the Segregated Account. The Management Services Agreement establishes the general framework for the relationship between OCI and Ambac in regard to management of the Segregated Account. To make it more useful for day-to-day operations OCI and Ambac recognized the desirability of further refining the agreement to fill gaps and address the day-to-day division of tasks and the dividing lines of authority.

3. To that end, OCI and Ambac collaborated to establish Guidelines of Authority under the Management Services Agreement. Those Guidelines lay out procedures,

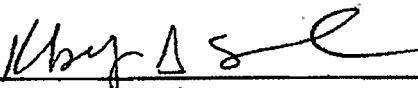
tasks, and the need for and level of approval from OCI for certain actions. The Guidelines were discussed with this Court at the June 4, 2010 hearing on administrative matters. A true and correct copy of the Guidelines is attached as **EXHIBIT 1**.

4. In July of this year, OCI and Ambac discussed further refinements to the Management Services Agreement in anticipation of the filing of the Rehabilitator's plan of rehabilitation. OCI and Ambac ultimately agreed that the Management Services Agreement should continue, and should be guided by the following principles, among others:

- The Rehabilitator has full authority over all issues affecting the Segregated Account. All services provided to the Rehabilitator by Ambac and its outside advisors shall be consistent with the objectives of maximizing the protection and recoveries of policyholders in the Segregated Account.
- Ambac will assist OCI in the development and execution of operating strategies within the Segregated Account, including de-risking through restructurings, bond purchases, commutations, or other actions; loss mitigation; remediation litigation; and the exercise of control rights. Ambac will report plans and progress and obtain prior approval in accordance with the Guidelines, and will be held accountable for producing results consistent with the Rehabilitator's goals.
- Ambac's responsibilities as management services provider will include the implementation and execution of strategies for de-risking, loss mitigation, and remediation following approval of those strategies by OCI, develop and mark its progress against written remediation plans, be held accountable for the evaluation and execution of operating strategies from all sources, and continue to vet portfolio decisions and set standards to address recurring issues, including amendments, consents, and waivers. OCI retains full authority to approve or veto recommended strategies and/or their implementation, and may terminate, change, or limit any aspect of the Management Services Agreement in accordance with the terms of that contract. Finally, to promote efficiency, designated "teams" of specific OCI and Ambac staff and advisors were established to take advantage of particular areas of expertise. These teams focus on particular areas of the business and/or particularly challenging aspects of the rehabilitation such as, by way of example, the investment portfolio, RMBS servicing, student loans, reinsurance, swap sureties, leveraged leases, CDO/CLO exposures, RMBS portfolio risk management and loss mitigation, and RMBS remediation litigation.

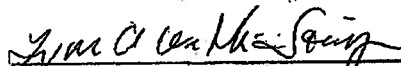
5. The refinements and understandings noted in paragraphs 3 and 4 above and in Exhibit 1 to this Affidavit do not supersede or amend the Management Services Agreement attached to the Verified Petition in this matter. They are intended and viewed by the Rehabilitator to be complementary refinements and clarifications regarding the provision of services by Ambac to the Rehabilitator under the Management Services Agreement.

Dated this 17th day of August, 2010.



Kimberly A. Shaul

Subscribed and sworn to before me
this 17th day of August, 2010.



Notary Public, State of Wisconsin
My commission: Is permanent

EXHIBIT 1

Guidelines of Authority under the Management Services Agreement

Dated as of May 3, 2010

Pursuant to the Management Services Agreement between Ambac Assurance Corporation ("AAC") and the Segregated Account of Ambac Assurance Company (the "Segregated Account"), dated as of March 24, 2010, AAC has been retained to provide administrative and management services for the Segregated Account on behalf of the Rehabilitator of the Segregated Account and the Special Deputy Commissioner designated by the Rehabilitator to rehabilitate the Segregated Account (the "SDC"). This document is intended to serve as a guideline of AAC's authority with respect to activities and transactions that are handled by AAC under the Management Services Agreement.

1. Authority Under the Management Services Agreement

AAC has been granted broad authority to administer and manage matters related to liabilities allocated to the Segregated Account. This authority is derived from the following sources: (i) Article I of the Management Services Agreement, (ii) Article III of the Plan of Operation for the Segregated Account, (iii) Paragraph 6 of the Order for Rehabilitation, dated March 24, 2010, and (iv) the SDC's statutory authority under s. 645.33(2), Wis. Stat., to re-delegate powers to officers and managers of the Segregated Account. Given this broad authority, it is expected that most transactions and activities handled by AAC related to the Segregated Account and arising in the ordinary course of business will not require prior consent from the SDC or approval from the Rehabilitation Court. The attached exhibits identify various activities and transactions that fall within this broad level of authority.

There are certain limited activities and transactions, however, that will require prior consent from the SDC or approval from the rehabilitation court, as identified in the following exhibits. Please refer to the attached exhibits for specific business activities and transactions in the following areas:

- Exhibit A – Insurance Portfolio Credits
- Exhibit B – Management Services
- Exhibit C – Other General Business Activities

Given the complexity of matters related to liabilities allocated to the Segregated Account, this document is not intended to address every scenario that AAC will encounter in performing its duties under the Management Services Agreement. Similarly, certain activities and transactions will fall into "gray areas" that do not easily fit into the general categories described in the attached exhibits. In these situations, the SDC will rely on AAC to exercise its discretion and judgment in determining whether an activity or transaction requires prior consent or approval.

AAC is strongly encouraged to keep the SDC timely informed of all material developments and activities involving the Segregated Account, regardless of whether rising to the level of triggering formal consent or approval. To this end, both parties will work to maintain an open

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line of communication with respect to the operation of the Segregated Account, especially while communication protocols and reporting systems remain under development. It is expected that the SDC will be informed of, and/or be invited to participate in, discussions involving certain transactions and activities involving the Segregated Account as noted in Exhibits A-C.

Going forward, every risk management decision memo prepared by AAC addressing matters related to liabilities allocated to the Segregated Account will incorporate the form attached hereto as Exhibit E which will serve to document any SDC notice and consent requirements applicable to such exposure. All other consents granted by the SDC (*i.e.*, those consents for which there is no corresponding risk management decision memo) will be issued in the form attached hereto as Exhibit F unless otherwise determined by the SDC.

2. Pre-Authorization for Certain Activities and Transactions

In accordance with Section 645.33(2), Wis. Stat., paragraph 6 of the Order for Rehabilitation issued by the Rehabilitation Court, and paragraph 15 of the Order for Temporary Injunctive Relief issued by the Rehabilitation Court, as applicable, the SDC, on behalf of the rehabilitator, hereby grants consent to AAC to engage in, or effectuate, those activities and transactions described in Exhibit A, Items I.A-E and Items II.A-B, Exhibit B, Item 4, and Exhibit C, Item 1 (collectively, the "Pre-Authorized Transactions"). This consent authorizes AAC and any applicable transaction party to enter into and effectuate Pre-Authorized Transactions, whether prior to or after the date hereof (which actions may, in the absence of the SDC's consent and authorization provided herein, be enjoined or restrained by the Order for Temporary Injunctive Relief, dated March 24, 2010). The SDC affirms that any Pre-Authorized Transaction entered into pursuant to such authorization shall be deemed approved and consented to by the rehabilitator of the Segregated Account. This consent constitutes solely a consent, authorization and deemed approval, but not a directive to AAC to consummate any actions covered by this consent.

Attached as Exhibit D is a form consent letter that may be presented to transaction parties or other interested persons if necessary to confirm or evidence AAC's blanket authority to engage in or enter into Pre-Authorized Transactions. If requested by transaction parties or otherwise deemed necessary, a written consent from the SDC that is specific to the particular transaction may be requested by AAC and will be issued in the form attached hereto as Exhibit F.

3. Actions Requiring Prior Written Consent of SDC or Rehabilitation Court

In limited circumstances, certain transactions or activities performed by AAC on behalf of the Segregated Account (excluding Pre-Authorized Transactions) will require SDC consent or court approval. In these situations, AAC should submit a written request to the SDC containing sufficient information and documentation to enable the SDC to fully evaluate such request. In addition, AAC shall provide the SDC with any additional reports, documents or information as may be reasonably requested by the SDC to evaluate any consent requests received from AAC.

If a transaction requires approval by the Rehabilitation Court, then the SDC, with assistance from AAC, will prepare and file all necessary motions and other documentation with the Rehabilitation Court and pursue all necessary court approvals. The SDC will respond to all

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consent requests on a timely basis, taking into consideration any time-sensitive deadlines disclosed by AAC. If AAC contemplates entering into a group or series of related transactions in respect of Segregated Account liabilities which, when taken together, would exceed any threshold limits set forth herein, AAC should consult with the SDC to determine whether such transactions require any type of prior consent or approval.

If there are any material modifications to any transaction previously consented to or approved by the SDC or rehabilitation court, such modifications must be presented to the SDC for further review and/or approval.

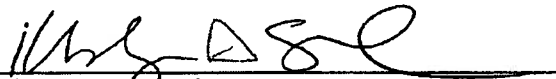
4. Modification, Suspension or Termination of Authority

The SDC may, at any time and at the SDC's sole discretion, modify, amend, suspend or terminate AAC's authority set forth herein with respect to the Segregated Account upon delivery of written notice to AAC.

5. Relation to Other Documents

Nothing in this document or the attached exhibits is intended to amend, modify or supersede any term, condition, or requirement imposed by (i) the Plan of Operation governing the Segregated Account or any agreement entered into in connection therewith, including, but not limited to, the Management Services Agreement and Cooperation Agreement, (ii) the Order for Rehabilitation and the Order for Temporary Injunctive Relief, each dated March 24, 2010, or any subsequent order entered by the rehabilitation court for the Segregated Account (the "Rehabilitation Court"), (iii) any plan of rehabilitation or amendment thereto subsequently approved by the Rehabilitation Court, or (iv) any applicable law.

IN WITNESS WHEREOF, these Guidelines of Authority have been signed and authorized by the Special Deputy Commissioner of the Segregated Account of Ambac Assurance Company as of this 3rd day of May, 2010.



Kimberly A. Shaul, J.D.
Special Deputy Commissioner
Segregated Account of Ambac Assurance Corporation
State of Wisconsin
Office of the Insurance Commissioner

May 3, 2010

EXHIBIT A

Insurance Portfolio Credits¹

I. Performing (Class D)			
Action/Transaction	Minimum Signature Requirements by AAC²	SDC Information Requirements	SDC Consent Requirements
A. Surveillance Review, BBB or higher	2 (portfolio risk analyst, portfolio risk manager)	Not required	Deemed approved pursuant to Section 2 of the Guidelines of Authority.
B. Surveillance Review, BBB- or lower	3 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager)	Not required	Deemed approved pursuant to Section 2 of the Guidelines of Authority.
C. Surveillance Review, rating change to or from Below Investment Grade	5 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head)	Inform after the fact	Deemed approved pursuant to Section 2 of the Guidelines of Authority.
D. Non-material amendment, waiver, or consent ("AWC")	2 (portfolio risk analyst, portfolio risk manager)	Not required	Deemed approved pursuant to Section 2 of the Guidelines of Authority.
E. Material AWC³ below \$1,000,000	5 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head)	Inform after the fact	Deemed approved pursuant to Section 2 of the Guidelines of Authority. Subject to weekly reporting.
F. Material AWC at or over \$1,000,000	6 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head, CRO or deputy CRO)	Inform and invite to participate prior to binding Segregated Account	Prior written consent required by the SDC. Subject to weekly reporting.

¹ Includes surveillance, credit analysis, loss projections, loss mitigation, remediation and commutations.

² AAC signatures will change as necessary to reflect any organizational changes under consideration or implemented in the future.

³ "Material AWC" means an AWC, including any commutation or tear-up, with out-of-pocket costs to AAC/Segregated Account regarding Segregated Account liabilities (i.e., payments or forgone premium).

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II. Stressed (Survey List, Adversely Classified IA-V)			
Action/Transaction	Minimum Signature Requirements by AAC	SDC Information Requirements	SDC Consent Requirements
A. Surveillance Review, including surveillance/remediation plan, work-out/litigation strategies, hiring of outside advisors, rating/class changes, and/or change of lead responsibility for the credit	5 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head)	Inform and invite to participate prior to binding Segregated Account	Deemed approved pursuant to Section 2 of the Guidelines of Authority. Subject to weekly reporting.
B. Surveillance Review/ Material AWC below \$1 million	6 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head, CRO or deputy CRO)	Inform and invite to participate prior to binding Segregated Account	Deemed approved pursuant to Section 2 of the Guidelines of Authority. Subject to weekly reporting
C. Surveillance Review/ Material AWC at or over \$1 million	7 (portfolio risk analyst, portfolio risk manager, senior portfolio risk manager, CRM member, CRM head, CRO or deputy CRO, CEO)	Inform and invite to participate prior to binding Segregated Account	Prior written consent required by the SDC. Subject to weekly reporting.

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EXHIBIT B

Management Services

The services addressed below will be subject to any cost-sharing agreement to be entered into between AAC and the Segregated Account. Furthermore, nothing contained in this Exhibit B is intended to diminish or effect the powers and duties given to AAC pursuant to the Management Services Agreement.

Any activity described below that results in an external cost, expense or obligation to AAC or the Segregated Account, in each case attributable solely to the portion of such cost, expense or obligation allocated to the Segregated Account, that is less than or equal to \$5,000,000 is deemed approved pursuant to the SDC's consent set forth in Section 2 of the Guidelines of Authority. If such external cost, expense or obligation exceeds \$5,000,000, then AAC shall obtain prior written consent from the SDC prior to incurring such cost, expense or obligation on behalf of the Segregated Account.

<i>Action/Transaction⁴</i>	<i>Minimum Signature Requirements by AAC</i>	<i>Inform/Invite SDC</i>	<i>SDC Consent Requirements</i>
1. Information Technology			
2. Credit Exposure Management ⁵			
3. Treasury Services			
4. Accounting, Finance and Regulatory Services			
<ul style="list-style-type: none"> • Preparation and signature of stand-alone statutory statements for the Segregated Account 			Authority is granted to AAC, in its capacity as manager, to sign all stand-alone statutory statements prepared for the Segregated Account
5. Taxation			
6. Management Information			

⁴ It is anticipated that this chart will be filled in and/or supplemented on a periodic as deemed necessary or appropriate by the SDC.

⁵ This area is managed in part by Risk Management and Finance.

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7. Internal Audit Services			
8. Business Continuity			

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EXHIBIT C

Other General Business Activities

NOTE: This exhibit applies only to those business activities of the Segregated Account that are not specifically addressed elsewhere in Exhibits A-B. Nothing in this Exhibit C, including the consent and approval requirements listed below, is intended to apply to activities or transactions disclosed on Exhibits A-B covering specific business areas and activities.

Activity/Transaction	Inform/Invite SDC	Consent/Approval Requirements
1. Any services, outsourcing, or professional advisor agreement or other activity or arrangement involving the delivery of goods or services to the Segregated Account (but excluding services covered in Exhibit A or Exhibit B) if the annual costs, compensation, fees or disbursements payable by or on behalf of the Segregated Account for such goods and services do not exceed, or are not expected to exceed, \$5,000,000 in the aggregate.		Deemed approved pursuant to Section 2 of the Guidelines of Authority. Subject to weekly reporting.
2. Any services, outsourcing, or professional advisor agreement or other activity or arrangement involving the delivery of goods or services to the Segregated Account (but excluding services covered in Exhibit A or Exhibit B) if the annual costs, compensation, fees or disbursements payable by or on behalf of the Segregated Account for such goods and services exceed or are expected to exceed \$5,000,000 in the aggregate.		Prior written consent required by the SDC.
3. Any material power of attorney granted on behalf of the Segregated Account other than in the ordinary course of business.		Prior written consent required by the SDC.
4. Any termination, cancellation, commutation, or material modification or amendment to any ceded or assumed reinsurance agreement, contract, certificate, or treaty.		Prior written consent required by the SDC.
5. Any employment agreement or employment contract with, or the hiring of any employee directly by, the Segregated Account.		Prior written consent required by the SDC.
6. Any transaction that results in the creation, incurrence or assumption of any lien of any nature in, to or against any assets or properties, if any, allocated to the Segregated Account.		Prior written consent required by the SDC.
7. Any transaction involving the sale, transfer, pledge, exchange, lease, license, abandonment or disposal of any assets or property, if any, allocated to the Segregated Account other than in the ordinary course of business and excluding any sale, transfer or exchange of assets pursuant to the management of the investment portfolio in the ordinary course of business.		Prior written consent required by the SDC.
8. The closing of any bank accounts opened in the name of the Segregated Account.		Prior written consent required by the SDC.
9. Any transaction which requires court approval pursuant to any		Prior approval from the

May 3, 2010

subsequent order entered by the Rehabilitation Court involving the Segregated Account or AAC, the Plan of Rehabilitation, or any amendment to any of the foregoing (which transactions will be subsequently described and addressed in this chart as appropriate).		rehabilitation court.
10. Any transaction which lends money to any person or incurs, increases, renews, extends or guarantees any indebtedness for borrowed money, however evidenced (but excluding any guarantees involving financial guaranty policies allocated to the Segregated Account, which are addressed in Exhibit A).		Prior approval from the rehabilitation court.
11. Any transaction, including any transaction described in Exhibits A-B, that the SDC determines, at the SDC's sole discretion, should be subject to review and approval by the Rehabilitation Court.		Prior approval from the rehabilitation court.

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EXHIBIT D

See Attached Pre-Authorization Consent Letter

**Kimberly A. Shaul, Special Deputy Commissioner
Segregated Account of Ambac Assurance Corporation
125 S. Webster Street
Madison, WI 53703**

May 3, 2010

**Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004**

**Segregated Account of Ambac Assurance
Corporation
One State Street Plaza
New York, NY 10004**

Re: In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation, Case No. 10 CV 1576 pending in the Circuit Court, State of Wisconsin, Dane County (the "Rehabilitation Court"); Pre-Authorization for Ambac Assurance Company to Engage in Certain Activities and Transactions on behalf of the Segregated Account

To Whom It May Concern:

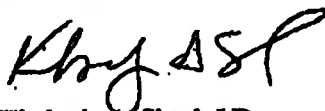
This letter serves to confirm the binding authority of Ambac Assurance Corporation ("AAC"), as manager for the Segregated Account of Ambac Assurance Corporation, in Rehabilitation (the "Segregated Account"), to engage in the following transactions and activities on behalf of the Segregated Account (collectively, "Pre-Authorized Transactions"):

- Any amendment, waiver or consent, including any commutation, policy termination, transaction termination and/or tear-up, involving liabilities allocated to the Segregated Account that results in out-of-pocket costs to AAC or the Segregated Account (either in the form of payment or foregone premium) in an amount less than \$1,000,000.

This letter further confirms, and serves as evidence of, the consent granted by the Special Deputy Rehabilitator of the Segregated Account (the "SDC") authorizing AAC, any applicable counterparty and any other party to the relevant transaction to enter into and effectuate any Pre-Authorized Transaction, in accordance with Section 645.33(2), Wisconsin Statutes, paragraph 6 of the Order of Rehabilitation issued by the Rehabilitation Court, and paragraph 15 of the Order for Temporary Injunctive Relief issued by the Rehabilitation Court, as applicable. Furthermore, the SDC affirms that any Pre-Authorized Transaction entered into pursuant to such authorization shall be deemed approved and consented to by the rehabilitator of the Segregated Account.

No further consents or approvals are required from the SDC or Rehabilitation Court for AAC, any counterparty and any other party to the relevant transaction to enter into or effectuate a Pre-Authorized Transaction.

Sincerely,



Kimberly A. Shaul, J.D.
Special Deputy Commissioner
Segregated Account of Ambac Assurance Corporation
State of Wisconsin
Office of the Insurance Commissioner

May 3, 2010

EXHIBIT E

Approval Form to be Added to All Segregated Account Risk Management Decision Memos

Additional Approval Requirements for Segregated Account Exposures

Credit Name:

Par Rating:

Credit Classification:

Rehabilitator requirement	App. A Category	Check one:	Rehabilitator initials or signature	Comments
None required			NA	
Inform (after the fact)			NA	
Invite/inform			Initials:	
Approval required (before the fact)			Signature:	

May 3, 2010

EXHIBIT F

Form Consent Letter

[Note: The following consent letter will be used to document the SDC's consent for any transaction other than Pre-Authorized Transactions or transactions covered by a consent issued by the SDC in the form of Exhibit E and attached to risk management decision memos. This form will also be used if any transaction party requires confirmation of authorization of AAC's authority to proceed with a specific transaction.]

[SPECIAL SDC LETTERHEAD]

[Insert Date]

[Insert name/address]

Re: In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation, Case No. 10 CV 1576 pending in the Circuit Court, State of Wisconsin, Dane County (the "Rehabilitation Court"); Authorization to Proceed with [Amendment/Waiver/Consent/Termination/Commutation]

Dear [_____]:

Ambac Assurance Corporation ("AAC") is hereby authorized, as manager for the Segregated Account of Ambac Assurance Corporation, in Rehabilitation (the "Segregated Account"), to act on behalf of the Segregated Account to implement the [insert description of amendment, waiver, consent, termination, commutation or other action as applicable] (the "Transaction").

In accordance with Section 645.33(2), Wisconsin Statutes, paragraph 6 of the Order of Rehabilitation issued by the Rehabilitation Court, and paragraph 15 of the Order for Temporary Injunctive Relief issued by the Rehabilitation Court, as applicable, the Special Deputy Commissioner, on behalf of the Rehabilitator, hereby consents to the actions to be taken by AAC, [insert names of relevant transaction parties] pursuant to the Transaction (which actions may, in the absence of the Rehabilitator's consent and authorization, be enjoined or restrained by the Order for Temporary Injunctive Relief). No further consents or approval are required from the Special Deputy Commissioner or Rehabilitation Court for AAC, [insert names of relevant transaction parties] to enter into or effectuate the Transaction. This letter constitutes solely a consent and authorization, but not a directive to AAC, to consummate the Transaction.

Authority is hereby delegated to the following officers of AAC to execute all documentation in connection with the Transaction on behalf of the Segregated Account: [_____].

May 3, 2010

Pursuant to paragraph 5 of the Order of Rehabilitation, the undersigned Special Deputy Commissioner has the authority to execute and deliver this letter.

Sincerely,

**Kimberly A. Shaul, J.D.
Special Deputy Commissioner
Segregated Account of Ambac Assurance Corporation
State of Wisconsin
Office of the Insurance Commissioner**