

In the Matter of the Rehabilitation of:

Case No. 10-CV-1576

Segregated Account of Ambac Assurance Corporation

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**STATEMENT OF CERTAIN POLICYHOLDERS CONCERNING DISCLOSURE  
NEEDED IN CONNECTION WITH THE PLAN APPROVAL PROCESS**

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The undersigned policyholders<sup>1</sup> submit this statement concerning the disclosure of information needed by the parties in connection with the approval of the Plan of Rehabilitation (the “Plan”) and accompanying disclosure statement (the “Disclosure Statement”) filed by the Commissioner of Insurance of Wisconsin (the “Commissioner”) as the court-appointed rehabilitator of the segregated account of Ambac Assurance Corporation (the “Segregated Account”) on October 8, 2010.

**STATEMENT**

Since the filing of the Plan, the major policyholder constituencies have reviewed and discussed its terms. All constituencies – including the major holders of RMBS, student loan and public finance policies – agree that it is critical to the success of this rehabilitation that Ambac and OCI promptly make available to all policyholders the basic information they need to evaluate the terms of any plan of rehabilitation, including information concerning the obligations and the claims paying resources of both the Segregated Account and the General Account. The

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<sup>1</sup> The undersigned policyholders consist of (i) Access to Loans for Learning Student Loan Corporation (“ALL Student Loan”); (ii) Lloyds TSB Bank plc; (iii) Depfa Bank, plc; (iv) the Federal Home Loan Mortgage Corporation; (v) Wells Fargo Bank, National Association, in its capacity as trustee for the LVM Bonds (the “LVM Bonds Trustee”); and (vi) Eaton Vance Management, Nuveen Asset Management, Restoration Capital Management LLC and Stone Lion Capital Partners L.P. (the “LVM Bondholders”).

information that Ambac and OCI have disclosed to date does not enable policyholders and their legal and financial advisors to evaluate the Plan. Fundamental considerations of Due Process – and, more generally, of basic fairness – require that Ambac and OCI disclose information adequate to this end.

Moreover, the absence of available information has made it impossible, to date, for the major constituencies to meaningfully discuss a global resolution to these proceedings, including the matters pending on appeal. The disclosure of basic information will make it possible for such global discussions to occur. In the absence of such discussions, this case will continue on a litigation track through many years of appeals.

Indeed, the Court has already ruled, in its July 19, 2010 memorandum order, that the appropriate time to for discovery to be taken in this case is after a plan of rehabilitation has been filed. That time has now arrived.

We therefore request that the Court adopt a Plan approval process that begins with the provision of basic financial information to all policyholders. We understand that all of the other major policyholder constituencies in this case will join in this request. Specifically, we understand that all of the major constituencies will agree to furnish to the Court, by the end of next week, a single collective list of the documents and information required from Ambac and OCI in order to properly evaluate the Plan. The parties will work with Ambac and OCI to devise an efficient process for the provision of this information (*e.g.*, the use of an electronic data room, as opposed to physical production) designed to minimize the costs and burdens involved.

Finally, we ask that the Court defer the setting of any further schedule for the Plan approval process, including any schedule for discovery and the filing of Plan objections, until after Ambac and OCI have furnished the requested information to the parties. The parties

believe that it will be appropriate, at that time, to schedule a Plan approval hearing and to set a more specific schedule of deadlines leading up to that hearing. Before the necessary information has been furnished, it would be premature to set any such schedule.

October 14, 2010

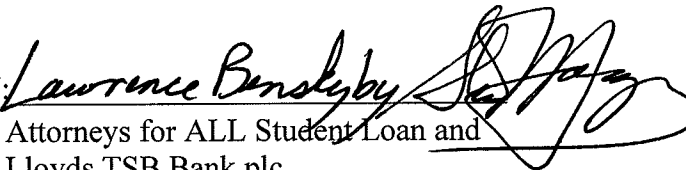
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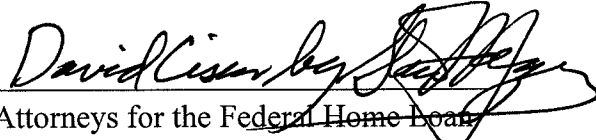
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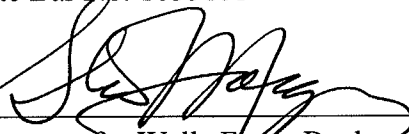
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