

November 23, 2011

VIA HAND DELIVERYJody Baux
Ambac Clerk, Dane County Circuit Court
Dane County Courthouse
215 South Hamilton Street
Madison, Wisconsin 53703Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation*; Dane County Circuit Court Case No. 10 CV 1576

Dear Ms. Baux:

Enclosed for filing are the following two motions by the Rehabilitator:

1. Notice of Rehabilitator's Motion and Motion for Approval of Stipulated Agreement with Assured Guaranty Corp. and Assured Guaranty Re Ltd.; and
2. Notice of Motion and Rehabilitator's Motion to Approve Commutation of Policy No. AB1107BE (the "AAArdvark XS Policy").

A proposed form of order accompanies each of the two motions.

Please note that we set both motions for hearing on December 12 at 1:30 p.m. consistent with the dates we had previously secured from Loretta in the Lafayette County Circuit Court Clerk's office. We also included the standard language you had requested regarding the telephone link. Note that, consistent with past practice, we are serving the enclosed documents by copy of this cover letter on counsel for all parties-in-interest electronically.

Finally, please note that the potential hearing time we had tentatively reserved through Loretta for December 1, 2011 will no longer be necessary; that time may be released for other uses by the Court.

Thank you for your attention to this matter and best wishes for the Thanksgiving holiday.

Very truly yours,
FOLEY & LARDNER LLP
Michael B. Van Sicklen

Enclosures

cc: Honorable William D. Johnston (with enclosures, via first-class mail)
All Counsel of Record (with enclosures, via email)

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**NOTICE OF REHABILITATOR'S MOTION AND MOTION FOR
APPROVAL OF STIPULATED AGREEMENT WITH
ASSURED GUARANTY CORP. AND ASSURED GUARANTY RE LTD.**

**By the Commissioner of Insurance of the State of Wisconsin,
as Rehabilitator of the Segregated Account of Ambac Assurance Corporation**

NOTICE OF MOTION

TO: All Interested Parties

PLEASE TAKE NOTICE that the Court has scheduled a hearing on the Rehabilitator's Motion for Approval of Stipulated Agreement With Assured Guaranty Corp. and Assured Guaranty Re Ltd. The hearing will take place on Monday, December 12, 2011, commencing at 1:30 p.m., and shall proceed in the courtroom for the Lafayette County Circuit Court in Darlington, Wisconsin, the Honorable William J. Johnston, presiding by judicial designation.

PLEASE TAKE FURTHER NOTICE that any interested parties may appear telephonically pursuant to the Court's standard tele-court procedure. Any parties interested in appearing telephonically should make the appropriate arrangements in advance of the hearing by calling 800-924-5680.

PLEASE ALSO TAKE FURTHER NOTICE that any objections to the relief requested in this Motion by the Rehabilitator should be in writing, and filed and served by no later than noon on Friday, December 9, 2011.

MOTION

TO: The Honorable William D. Johnston, Presiding by Judicial Designation
Lafayette County Circuit Court

The Wisconsin Commissioner of Insurance, as the court-appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation, hereby moves the Court for approval of the attached agreement (the "Agreement") by and between Assured Guaranty Corp., Assured Guaranty Re Ltd., Ambac Assurance Corporation, and the Segregated Account of Ambac Assurance Corporation, by the Rehabilitator. Good cause exists for the requested approval for the following reasons:

1. As detailed more fully in the Agreement, Ambac and the Segregated Account, on the one hand, and Assured Guaranty Corp. and Assured Guaranty Re Ltd. (collectively "Assured"), on the other hand, have differences of opinion about issues pertaining to the policies of ceded reinsurance described in the Agreement. Assured has appealed this Court's June 14, 2011 Decision and Order in regard to certain of those issues. The Assured appeal is pending before the Wisconsin Court of Appeals and has been fully briefed.

2. The purpose of the Agreement is to guide the parties' conduct regarding the policies of reinsurance referenced in the Agreement during pendency of Assured's above-referenced appeal, and thereafter, in a manner which minimizes, or, hopefully, eliminates the need for the parties to resort to this Court, or any other tribunal, to resolve disputes or provide other guidance regarding the issues addressed in the Agreement.

3. The Rehabilitator submits that approval of the Agreement is in the best interest of the rehabilitation and all policyholders and creditors of the Segregated

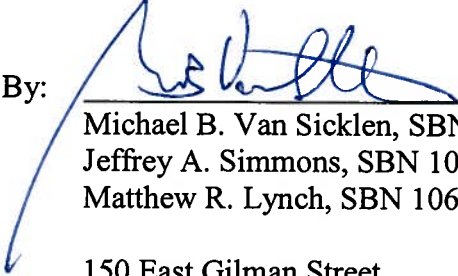
Account in that it avoids litigation and the attendant costs, delays and uncertainties of outcome of litigation.

WHEREFORE, the Rehabilitator requests that the Court approve the Agreement and authorize and direct the parties to the Agreement to proceed in accordance therewith.

Dated this 23rd day of November, 2011.

FOLEY & LARDNER LLP

By:



Michael B. Van Sicklen, SBN 1017827
Jeffrey A. Simmons, SBN 1031984
Matthew R. Lynch, SBN 1066370

150 East Gilman Street
Post Office Box 1497
Madison, Wisconsin 53701
Telephone: (608) 257-5035
Facsimile: (608) 258-4258

*Attorneys for Commissioner of Insurance of
the State of Wisconsin, as Rehabilitator of the
Segregated Account of Ambac Assurance
Corporation*

AGREEMENT

This agreement (this "Agreement"), dated as of [11/23], 2011, is entered into by, between and among Ambac Assurance Corporation ("Ambac"), Assured Guaranty Corp. ("AGC"), Assured Guaranty Re Ltd. ("AG Re") and the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), by its court-appointed Rehabilitator (the "Rehabilitator").

WHEREAS, Ambac and AGC are parties to the Second Amended and Restated Surplus Share Reinsurance Agreement dated as of April 1, 2002 (as the same may be amended or modified from time to time, the "Surplus Share Agreement"), under which AGC agreed to reinsure a portion of certain insurance policies issued by Ambac.

WHEREAS, Ambac, Ambac Assurance UK Limited and AG Re are parties to that certain Facultative Reinsurance Agreement, dated as of November 24, 2004 (as the same may be amended or modified from time to time, the "Facultative Agreement") under which AG Re agreed to reinsure a portion of certain insurance policies issued by Ambac.

WHEREAS, on or about March 24, 2010, Ambac allocated certain contracts, liabilities and insurance policies, including some policies that are reinsured by AGC pursuant to the Surplus Share Agreement and AG Re pursuant to the Facultative Agreement, to the Segregated Account, and the Rehabilitator commenced a rehabilitation proceeding (the "Rehabilitation Proceeding") in the Circuit Court for Dane County, Wisconsin (the "Rehabilitation Court") with respect to the Segregated Account.

WHEREAS, pursuant to (i) the Plan of Rehabilitation confirmed by the Rehabilitation Court by final order dated January 24, 2011 (the "Plan") and (ii) certain commutation agreements pertaining to policies allocated to the Segregated Account, the Segregated Account has paid or will pay cash and has delivered or will deliver surplus notes issued by the Segregated Account (the "Surplus Notes").

WHEREAS, Ambac, the Segregated Account and the Rehabilitator, on the one hand, and AGC and AG Re, on the other hand, disagree as to whether AGC and AG Re are obligated to pay cash for obligations discharged with Surplus Notes, until (and to the extent to which) such Surplus Notes are paid by the Segregated Account with cash, and also disagree as to whether Ambac is obligated to arbitrate these issues (the "Surplus Notes Dispute").

WHEREAS, by order entered on June 14, 2011, the Rehabilitation Court ruled in favor of Ambac, the Segregated Account and the Rehabilitator and against AGC and AG Re on the issues involved in the Surplus Notes Dispute.

WHEREAS, AGC and AG Re have appealed the Rehabilitation Court's June 14, 2011 order on the Surplus Notes Dispute to the Wisconsin Court of Appeals (the "Appeal").

WHEREAS, since March 2010 Ambac and the Segregated Account have received from holders of policies reinsured by AGC and AG Re which have been allocated to the Segregated Account notices or other information about claims for losses that have not been paid by Ambac or by the Segregated Account ("Loss Claims"), and Ambac has treated those Loss Claims as losses under the Surplus Share Agreement and Facultative Agreement, and offset AGC's and AG Re's proportional share of such losses under the Surplus Share Agreement and Facultative Agreement against amounts otherwise due by Ambac to AGC or AG Re under the Surplus Share Agreement or Facultative Agreement.

WHEREAS, Ambac, the Segregated Account and the Rehabilitator, on the one hand, and AGC and AG Re, on the other hand, disagree as to whether Ambac's treatment of Loss Claims in regard to AGC and AG Re is proper under the Surplus Share Agreement and Facultative Agreement and disagree as to whether Ambac is obligated to arbitrate the issue (the "Loss Claims Dispute").

WHEREAS, on August 31, 2011, the Rehabilitation Court entered an Order granting the Rehabilitator's Motion to Confirm Procedures for Resolving Claims Through Alternative Resolutions Including Synthetic Commutations (the "Synthetic Commutation Order").

WHEREAS, the parties desire to have their current and potential disputes resolved efficiently and without unnecessary repetition of arguments.

NOW, THEREFORE, in consideration of the mutual agreements set forth below, and for good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties agree as follows:

A. The Surplus Notes Dispute and Loss Claims Dispute

1. Resolution of Common Issues. To the extent that issues arising in the Appeal are explicitly and conclusively decided by the highest level of appellate court to which the Surplus Notes Dispute is taken, said final determinations shall be binding on AGC, AG Re, Ambac, the Segregated Account and the Rehabilitator in regard to the same issue arising again in the context of any commutations effected consistent with the Synthetic Commutation Order, or in regard to the Loss Claims Dispute. The parties hereto understand and agree that an appellate court decision in regard to the Appeal pertaining to the application of the insolvency clause in the Surplus Share Agreement or Facultative Agreement may not be applicable or controlling should the General Account of Ambac become the subject of a delinquency proceeding under Wis. Stat. Chapter 645, or should the structure of the Plan of Rehabilitation be amended or superseded by a subsequent plan structure which differs in any material manner from the form of the Plan confirmed by the Rehabilitation Court by final order dated January 24, 2011 with respect to the nature or use of Surplus Notes. During the pendency of the Appeal and any subsequent appeals, each of AGC, AG Re, Ambac, the Segregated Account and the Rehabilitator agree to toll any applicable statute of limitations with respect to claims arising out of or related to the Surplus Notes Dispute or the Loss Claims Dispute.

2. Withdrawal of Motion. Regardless of any difference of opinion between the parties to this Agreement as to whether AGC's and AG Re's motion for relief pending the Appeal of the Surplus Notes Dispute is already moot, AGC and AG Re shall notify the Rehabilitation Court that said motion is formally withdrawn.

3. Loss Claims. Until such time as the Plan, or any subsequent version thereof, becomes effective, Ambac and the Segregated Account, upon request, shall provide AGC and AG Re with reasonable access (consistent with the Reinsurance Guidelines referenced below) to information about, and documentation with respect to, the Loss Claims. Each of AGC and AG Re agrees to make reasonable efforts to review said information and documentation on an ongoing basis as such Loss Claims arise each month and shall promptly notify Ambac and the Segregated Account in regard to any objections AGC or AG Re may have to such claims or any assertion of defenses it believes it may have to such Loss Claims, and the parties to this Agreement shall confer and try to consensually resolve any such concerns, objections or defenses AGC or AG Re may have about any Loss Claims without waiting until the Plan becomes effective. The parties' agreement herein shall not alter AGC's or AG Re's rights and obligations to object to, or to assert defenses to, claims consistent with the process and deadlines required by the Plan (as it may be amended or modified) and the Reinsurance Guidelines discussed below.

B. Synthetic Commutations

4. Payments by AGC and AG Re. If the Segregated Account enters into a synthetic commutation as described in the Synthetic Commutation Order or a substantially similar transaction (each, a "Synthetic Commutation"), unless (a) AGC or AG Re objects to such Synthetic Commutation and such objection is upheld by the Rehabilitation Court (or is upheld by final order on appeal) or (b) AGC or AG Re objects to the amount of the payment requested in respect of a Synthetic Commutation and such objection is upheld by the Rehabilitation Court (or is upheld by final order on appeal), AGC or AG Re, as applicable, shall pay in cash to Ambac, AGC's or AG Re's, as applicable, proportional share under the Surplus Share Agreement or Facultative Agreement, as applicable, of the commutation consideration provided by Ambac (or by the Segregated Account) in respect of such Synthetic Commutation, whether such consideration consists of cash, surplus notes, other payment obligations, or a combination thereof (a "Synthetic Commutation Reinsurance Payment"), within thirty (30) days of the request by Ambac for payment, or final order of the appeal court, or within any period shorter than thirty (30) days, if specified by either the Surplus Share Agreement, the Facultative Agreement, or the Reinsurance Guidelines, as the case may be. If it is determined by final order on the Appeal that the Rehabilitation Court's determination in its June 14, 2011 order that it had the proper jurisdiction and authority to determine the issues before it in regard to the Surplus Notes Dispute was erroneous and should have been determined, as AGC and AG Re asserted, pursuant to arbitration, and said issues are subsequently arbitrated to a final court-confirmed arbitration award, AGC's or AG Re's, as applicable, payment obligations, if any, shall comply with said award.

5. Release. Subject to the other terms and limitations of this Agreement, upon receipt of a Synthetic Commutation Reinsurance Payment from AGC or AG Re, Ambac, the Segregated Account and the Rehabilitator acknowledge and agree that, to the same extent that the Synthetic Commutation releases and discharges Ambac, the Rehabilitator or the Segregated Account from debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages, claims and liabilities which Ambac, the Rehabilitator and/or the Segregated Account has or ever had or ever shall have arising out of the portion of the Policy (as that term is defined in the Surplus Share Agreement or Facultative Agreement, as applicable) that was the subject of such Synthetic Commutation, AGC or AG Re, as applicable, shall be released and discharged to the same extent from those same debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages, claims and liabilities (the "Release"). If any portion of a Synthetic Commutation is overturned on appeal and the liability of the Segregated Account or Ambac to the commuting party under the Policy is re-imposed, or if there is an award of monetary relief in favor of AGC or AG Re as discussed below in paragraph 7, then this Release shall be voided as to the corresponding liability of AGC under the Surplus Share Agreement or AG Re under the Facultative Agreement, as applicable.

6. Application of Reinsurance Guidelines. Ambac, the Segregated Account, the Rehabilitator, AGC and AG Re acknowledge and agree that Section 8 of the guidelines attached hereto as Annex A (as the same may be amended or modified) shall apply to any proposed Synthetic Commutation in respect of any Policy (as that term is defined in the Surplus Share Agreement or Facultative Agreement, as applicable) or portion thereof.

C. General

7. Award of Monetary Relief. If there is a final determination, whether by a binding agreement among the parties to that dispute, by a judgment or order by a court that is no longer subject to appellate review or by an arbitration award that is no longer subject to judicial review (a "Final Determination") in either the Surplus Notes Dispute, the Loss Claims Dispute or in connection with a Synthetic Commutation, in each case, the parties to this Agreement shall promptly comply with that Final Determination. If the Final Determination is in favor of AGC or AG Re and awards to AGC or AG Re any monetary relief (including relief in respect of the \$200,000 payment made by AGC to Ambac for the Northstar commutation made on August 5, 2011) directing the return of monies paid by AGC or AG Re, then (a) the General Account and the Segregated Account of Ambac, and any of their successors, shall be jointly and severally liable to AGC or AG Re, as applicable, for the return of such monies, and (b) the claim to enforce such liability shall be either, in AGC's or AG Re's sole discretion, (I) (x) an Administrative Claim as defined in the Plan, (y) its equivalent first priority claim under any successor plan or (z) a claim under Wis. Stat. § 645.68(1) if Ambac or the Segregated Account is subject to a liquidation proceeding under Wis. Stat. § 645.42 and/or (II) a direct claim against the General Account of Ambac. This provision shall not be construed to suggest that Ambac, the Segregated Account and the Rehabilitator believe that the Rehabilitation Court is not the appropriate forum for deciding these disputes with AGC and AG Re.

8. Reservation of Rights. Except as expressly provided herein, the parties reserve all rights or defenses they may have, at law or in equity, (a) under the Surplus Share Agreement, Facultative Agreement or otherwise, in respect of Synthetic Commutations, the Loss Claims Dispute, the Surplus Notes Dispute or otherwise, including, but not limited to, any rights or defenses in respect of whether AGC or AG Re is obligated to pay to Ambac or to the Segregated Account under the Surplus Share Agreement or Facultative Agreement, cash in an amount equal to the principal amount of any Surplus Notes delivered in connection with any claim payment, commutation, Synthetic Commutation or otherwise or (b) in respect of whether the Rehabilitation Court can properly exercise personal jurisdiction over AG Re.

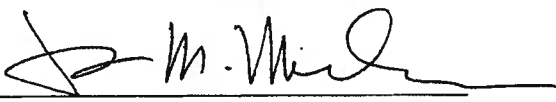
9. Non-assignment; binding on successors. Neither this Agreement nor any right, benefit or interest under this Agreement may be assigned by any party without the written consent of all other parties. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assignees.

10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin, without regard to any principles of conflicts of law thereof that are not mandatorily applicable by law and would permit or require the application of the laws of another jurisdiction.

11. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic mail transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

ASSURED GUARANTY CORP.

By: 
Name: JAMES MICENER
Title: GENERAL COUNSEL

ASSURED GUARANTY RE LTD.

By: _____
Name: _____
Title: _____

AMBAC ASSURANCE CORPORATION

By: _____
Name: _____
Title: _____

THE SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION,
by the WISCONSIN COMMISSIONER OF INSURANCE,
as its Court-Appointed REHABILITATOR

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hercto have caused this Agreement to be duly executed as of the date first written above.

ASSURED GUARANTY CORP.

By: _____
Name: _____
Title: _____

ASSURED GUARANTY RE I.LTD.

By: Kevin M. Pearson
Name: KEVIN M PEARSON
Title: RESIDENT

AMBAC ASSURANCE CORPORATION

By: _____
Name: _____
Title: _____

THE SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION,
by the WISCONSIN COMMISSIONER OF INSURANCE,
as its Court-Appointed REHABILITATOR

By: Roger A Peterson
Name: Roger A Peterson
Title: Special Deputy Commissioner

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.


ASSURED GUARANTY CORP.

By: _____
Name: _____
Title: _____

ASSURED GUARANTY RE LTD.

By: _____
Name: _____
Title: _____

AMBAC ASSURANCE CORPORATION

By:  _____
Name: Stephen M. Ksenak
Title: Senior Managing Director and General Counsel

THE SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION,
by the WISCONSIN COMMISSIONER OF INSURANCE,
as its Court-Appointed REHABILITATOR

By: _____
Name: _____
Title: _____

ANNEX A

REINSURANCE GUIDELINES

**GUIDELINES
UNDER PLAN OF REHABILITATION
(Ceded Reinsurance)**

Dated as of March 17, 2011

The Commissioner of Insurance of the State of Wisconsin,
as the Court-appointed Rehabilitator of the
Segregated Account of Ambac Assurance Corporation

To preserve the value of reinsurance in respect of certain policies allocated to the Segregated Account and in recognition of certain requirements imposed by the reinsurance contracts to which AAC is a party as a ceding company, the Rehabilitator hereby issues the following guidelines and directions pursuant to Section 3.02 of the Plan to the Management Services Provider, AAC and each entity providing reinsurance in respect of policies allocated to the Segregated Account¹:

1. As Management Services Provider, AAC will continue to handle the processing of claims in respect of policies allocated to the Segregated Account.
2. Under the Plan, the Segregated Account will pay Policy Claims once per month on the 20th of the month (or if such day is not a Business Day, on the next Business Day) (i.e., the Payment Date) if certain requirements are satisfied. Determinations as to which Policy Claims will be paid on the Payment Date in a given month will be made by the 15th (or if such day is not a Business Day, on the next Business Day) of such month (i.e., the Determination Date).
3. No Pending Policy Claim shall be eligible to be considered a Permitted Claim on a given Payment Date unless the Proof of Policy Claim Form and other required documentation was received by the Management Services Provider on or prior to 5:00 p.m. on the last Business Day of the month preceding the month in which such Payment Date occurs.
4. The Management Services Provider, on behalf of the Rehabilitator, shall notify reinsurers of Pending Claims relating to Policies for which they provide reinsurance by sending reinsurers copies of Proof of Policy Claim Forms relating to such Policies, and any supporting documentation delivered with such Proof of Policy Claim Forms, promptly following its receipt thereof. The Management Services Provider shall use reasonable best efforts to so deliver each such Proof of Policy Claim Form (and supporting documentation, if any) within one Business Day of its validation of the underlying Policy Claim and, in any event (and whether or not such Policy Claim has

¹ Capitalized terms used herein shall have the meanings ascribed thereto in the Plan of Rehabilitation for the Segregated Account of Ambac Assurance Corporation, as approved by the Circuit Court of Dane County, Wisconsin on January 24, 2011.

been validated), by the later of (a) the last Business Day of the month in which it was received and (b) the Business Day next following the date on which it was received. The Management Services Provider shall deliver such Proof of Policy Claim Forms (and supporting documentation, if any) via email unless a reinsurer requests another method of delivery.

5. Reinsurers shall be permitted to investigate such Pending Claims and interpose defenses as permitted by the applicable reinsurance contracts and in accordance with the procedures described in these Guidelines.
6. If, having been notified of a Pending Policy Claim as provided in paragraph 4 above, a reinsurer notifies the Management Services Provider, in the manner provided in paragraph 10 below, on or prior to 5:00 p.m. on the 10th day of the month (or if such day is not a Business Day, on the next Business Day) following the month in which such Claim was submitted, that such reinsurer intends to interpose a defense in respect of such Claim, then the following guidelines shall apply:
 - a) The reinsurer and the Management Services Provider shall discuss the merits of such defense and share with one another all relevant information related to such defense and the subject Claim.
 - b) If the reinsurer and the Management Services Provider agree that such defense will be asserted in response to all or any part of the subject Claim, then the Management Services Provider or the Rehabilitator shall determine that the subject Claim (or portion thereof, as applicable) is a Disputed Claim. The Rehabilitator or Management Services Provider shall provide such reinsurer with a copy of its Objection promptly following the provision of such Objection to the relevant Holder. The Rehabilitator or Management Services Provider shall provide such reinsurer with a copy of any response of such Holder to such Objection promptly following its receipt thereof. The reinsurer may interpose a defense in any adjudication of such Disputed Claim.
 - c) If the reinsurer and the Management Services Provider agree that no defense should be asserted in response to the subject Claim, or if following an Objection to the subject Claim and subsequent response to such Objection by the relevant Holder as contemplated by clause b) above, the reinsurer and the Management Services Provider agree that the subject Claim should be a Permitted Claim, then the Management Services Provider and the Rehabilitator may determine the subject Claim to be a Permitted Claim.
 - d) If the reinsurer desires to interpose a defense in response to all or any part of the subject Claim contrary to the position of the Management Services Provider and the Rehabilitator (including following an Objection to the subject Claim

and subsequent response to such Objection by the relevant Holder as contemplated by clause b) above), then upon the request of the reinsurer, the Rehabilitator shall file a motion requesting the Court to adjudicate whether the subject Claim (or portion thereof, as applicable) is a Permitted Claim.

- e) The reinsurer shall be permitted to interpose defenses to the subject Claim in connection with such adjudication of the subject Claim by the Court. The Rehabilitator may oppose such defense in support of the payment of such Claim.
 - f) Such Claim shall remain a Pending Claim until it is determined to be a Disputed Claim, a Permitted Claim or a Disallowed Claim as contemplated, or following the proceedings contemplated, in clause b), c), d) or e) above.
 - g) With respect to such Claim, the reinsurer will be prohibited from raising the same defenses in any subsequent collection action brought by the Rehabilitator, Management Services Provider or AAC against the reinsurer for nonpayment of reinsurance in respect of such Claim.
7. If a reinsurer is notified of a Pending Claim as provided in paragraph 4 above, then any failure by such reinsurer to notify the Management Services Provider that it intends to interpose a defense to a Pending Claim, by 5:00 p.m. on the 10th day (or if such day is not a Business Day, on the next Business Day) of the month in which such Claim is determined to be a Permitted Claim and paid shall constitute a waiver by such reinsurer of its rights under the insolvency clause of any applicable reinsurance contract to further investigate, or to interpose a defense available to AAC, the Segregated Account or the Rehabilitator with respect to, such Claim. Such waiver shall not apply to any other right to inspect records or to raise defenses available to the reinsurer under the applicable reinsurance contract or law.
8. If the Rehabilitator intends to implement any Alternative Resolution of a Claim or potential Claim relating to a Policy for which there is in-force reinsurance, and such Alternative Resolution would involve a possible liability on the part of any reinsurer, then the following guidelines shall apply:
- a) The Rehabilitator or the Management Services Provider (on behalf of the Rehabilitator) shall provide written notice to such reinsurer that it is considering such Alternative Resolution at least 15 days prior to the implementation thereof (the "Alternative Resolution Notice").
 - b) The reinsurer shall be permitted to investigate such Claim or potential Claim and shall be provided with all relevant information relating to the proposed Alternative Resolution, subject to appropriate confidentiality undertakings. If

the applicable reinsurance contract(s) include a right to interpose defenses, the reinsurer shall have the opportunity to interpose defenses in accordance with the procedures set forth in these Guidelines.

- c) If a reinsurer notifies the Rehabilitator and the Management Services Provider, in the manner provided in paragraph 10 below, within 10 days of the date of the Alternative Resolution Notice that such reinsurer intends to interpose a defense in respect of such Claim or potential Claim, then the Rehabilitator and the Management Services Provider shall negotiate promptly with the reinsurer to reach a resolution of its objections to the Alternative Resolution of such Claim. If a timely resolution is not reached, the dispute shall be submitted to the Court for resolution.
 - d) Any failure by a reinsurer to notify the Rehabilitator and the Management Services Provider within 10 days of the date of the Alternative Resolution Notice (or if such day is not a Business Day, on the next Business Day) that it intends to interpose a defense to a Claim or potential Claim with respect to which the Rehabilitator intends to implement an Alternative Resolution shall constitute a waiver by such reinsurer of its rights under the insolvency clause of any applicable reinsurance contract to further investigate, or to interpose a defense available to AAC, the Segregated Account or the Rehabilitator with respect to, such Claim or potential Claim or the Alternative Resolution thereof. Such waiver shall not apply to any other right to inspect records or to raise defenses available to the reinsurer under the applicable reinsurance contract or law.
9. These Guidelines are intended to supplement the Plan; provided, however, that (a) in the event of any conflict between the terms of these Guidelines and the terms of the Plan, the terms of the Plan shall govern; (b) in the event of any direct conflict between the terms of these Guidelines, on the one hand, and applicable law or the terms of any reinsurance contract, on the other hand, applicable law or the terms of such reinsurance contract, as applicable, shall govern; (c) the failure on the part of a Person to adhere strictly to these Guidelines shall not excuse another Person from performing the obligations required to be performed by it under a reinsurance contract so long as such failure would not be expected to materially harm or prejudice the Person by whom such adherence is sought; and (d) these Guidelines may be supplemented, modified or withdrawn by the Rehabilitator at any time or from time to time in the Rehabilitator's sole discretion after 15 Business Days have elapsed since the delivery of notice by the Rehabilitator or the Management Services Provider of such supplement, modification or withdrawal to affected reinsurers, and during such period of 15 Business Days each reinsurer shall have the opportunity to comment on any such supplement, modification or withdrawal.

10. All notices provided under these Guidelines shall be effective if delivered in writing by email to (a) in the case of a reinsurer, such authorized representatives of such reinsurer as shall be specified in writing to the Management Services Provider from time to time, and (b) in the case of the Rehabilitator or the Management Services Provider, Reinsurance_Communication@ambac.com or to such other authorized representatives of the Management Services Provider as the Management Services Provider shall specify in writing to reinsurers from time to time. Additionally, notifications provided by reinsurers pursuant to paragraph 6 or 8 hereof shall be in the form attached hereto as Exhibit A and shall be emailed to claimsprocessing@ambac.com.
11. By no later than March 31, 2011, each reinsurer shall submit to the Management Services Provider the email address(es) of its authorized representative(s) who are to receive notices as described in paragraph 10 above.
12. All dates, times and day counts referred to in these Guidelines or in the Plan shall be understood to refer to such dates, times and day counts in New York.

By: 

Theodore K. Nickel, Rehabilitator

Exhibit A

Form of Notification of Intent to Interpose Defense

Date: [_____]

**Ambac Assurance Corporation,
as Management Services Provider of
the Segregated Account of Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004**

Attention: Claims Processing
Email: claimsprocessing@ambac.com
Facsimile: (212) 208-3404

With copies to:

- Reinsurance_Communication@ambac.com
- Manager, Securities Settlements
Email: OpsGroup@Ambac.com
Facsimile: (212) 208-3507
- General Counsel
Facsimile: (212) 208-3384

Reference Policy Number: [_____]

The undersigned is in receipt of a Proof of Policy Claim Form dated _____ with respect to the above-referenced Policy, a copy of which is attached hereto. The undersigned hereby notifies Ambac Assurance Corporation, as Management Services Provider for the Segregated Account of Ambac Assurance Corporation, that the undersigned intends to interpose a defense in respect of the Claim identified in such Proof of Policy Claim Form for the following reason(s):

[_____]

By _____
Name:
Title:

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**ORDER GRANTING REHABILITATOR'S MOTION FOR
APPROVAL OF STIPULATED AGREEMENT WITH
ASSURED GUARANTY CORP. AND ASSURED GUARANTY RE LTD.**

This matter came before the Court for hearing on the Rehabilitator's Notice of Motion and Motion to Approve the Stipulated Agreement with Assured Guaranty Corp. and Assured Guaranty Re Ltd. The motion came before the Court on proper advance written notice in open court. Appearances were noted on the record. All parties-in-interest were afforded the opportunity to appear and be heard on the motion.

The Court having considered the representations contained in the Rehabilitator's motion and the additional information provided at the hearing, it is hereby **ORDERED** that the Rehabilitator's Motion for Approval of the Stipulation Agreement with Assured Guaranty Corp. and Assured Guaranty Re Ltd. is **GRANTED**, and the Rehabilitator and other parties to that Agreement are hereby authorized and directed to proceed in accordance with the terms and conditions set forth in the Agreement.

Dated this ____ day of December, 2011.

BY THE COURT:

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

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**NOTICE OF MOTION AND REHABILITATOR'S
MOTION TO APPROVE COMMUTATION OF POLICY NO. AB1107BE
(The "AAardvark XS Policy")**

**By the Commissioner of Insurance of the State of Wisconsin,
as Rehabilitator of the Segregated Account of Ambac Assurance Corporation**

NOTICE OF MOTION

TO: All Interested Parties

PLEASE TAKE NOTICE that the Court has scheduled a hearing on the motion described below. That hearing will be on Monday, December 12, 2011, commencing at 1:30 p.m., and shall proceed in the courtroom for the Lafayette County Circuit Court in Darlington, Wisconsin, the Honorable William D. Johnston, presiding by judicial designation.

PLEASE TAKE FURTHER NOTICE that any interested parties may appear telephonically pursuant to the Court's standard tele-court procedure. Any parties interested in appearing telephonically should make the appropriate arrangements in advance of the hearing by calling 800-924-5680.

PLEASE ALSO TAKE FURTHER NOTICE that any objections to the relief requested in the motion by the Rehabilitator should be filed and served by no later than noon (Central Time) on Friday, December 9, 2011.

MOTION

By this motion, the Commissioner of Insurance of the State of Wisconsin, as court-appointed rehabilitator (the “Rehabilitator”) of the Segregated Account (the “Segregated Account”) of Ambac Assurance Corporation (“Ambac”), seeks the Court’s approval of the commutation of Financial Guaranty Policy No. AB1107BE (the “AAardvark XS Policy”), which insures the AAardvark XS Funding Limited program (the “AAardvark XS Program”). The liabilities of Ambac under the AAardvark XS Policy were allocated to the Segregated Account on March 24, 2010.

In support of this motion, the Rehabilitator states as follows:

1. The background facts relating to Ambac, its deterioration, the decision to create and allocate impaired policies to the Segregated Account, and the rehabilitation of the Segregated Account are set forth in this Court’s May 27, 2010 Findings of Fact and Conclusions of Law, and in the January 24, 2011 Plan Confirmation Order, which are incorporated here by reference.
2. The present motion is similar to the motion (the “AAardvark IV Motion”) approved by the Court on October 13, 2011 relating to the AAardvark IV Policy. Like that earlier motion, the current motion seeks approval of the commutation and full termination of a policy insuring multiple underlying securities. The AAardvark IV Motion related to a policy that insured 28 underlying securities. The current motion relates to a different policy that insures four other securities: two residential mortgage-backed securities, one commercial asset-backed security, and one student loan-backed security. The AAardvark XS Policy guarantees payment of current shortfalls of interest and ultimate payment of principal for all four securities in the AAardvark XS Program.

3. The securities insured by the AAardvark XS Policy were initially purchased by AAardvark XS Funding Limited, with Harbourview Asset Management Corporation as investment advisor and OppenheimerFunds, Inc. as administrative agent. The securities were initially funded through a Fortis Bank sponsored vehicle with the exposure currently being held by Royal Park Investments (“Royal Park”). As of October 31, 2011, the total gross par outstanding for the four securities was \$225,578,961.

4. Ambac and the Segregated Account have negotiated a Termination and Release Agreement (the “Agreement”) with Royal Park and other parties, pursuant to which Ambac and the Segregated Account will be fully and completely released from their obligations under the AAardvark XS Policy in exchange for a cash payment to Royal Park in the amount of \$12.75 million. The Agreement does not call for the issuance of any surplus notes. The Agreement will become effective upon approval of this motion by the Court and the satisfaction of other closing conditions. A true and correct copy of the Agreement is attached as Exhibit A, and the terms and conditions therein are incorporated here by reference.

5. The Agreement’s commutation price of \$12.75 million represents 22.1% of the Rehabilitator’s estimate of the total projected claims under the AAardvark XS Policy assuming a straight average of base case and stress case projected claim estimates (discounted to present value). The Rehabilitator believes that this percentage is less than non-settling policyholders in the Segregated Account will receive by way of the present value of their projected ultimate recoveries under either the 25% cash/75% surplus note structure provided by the current Plan of Rehabilitation approved by this Court or any of the amended plan structures presently being considered by the Rehabilitator.

6. In addition to the financially favorable structure of the Agreement, the Rehabilitator believes that the Agreement is in the best interests of non-settling policyholders, creditors, the public and the Segregated Account generally for the following reasons:

- The residential mortgage-backed securities in the AAardvark XS Program are subject to high performance volatility, which creates a risk of higher than projected claims in the future. Commuting the AAardvark XS Policy now for a fixed price eliminates that risk.
- Because of the various types of securities included in the AAardvark XS Program and its high complexity, it consumes a disproportionately large amount of Ambac's and the Segregated Account's monitoring and surveillance resources. The Agreement will allow the Rehabilitator to devote those resources to other important tasks.

7. By Order dated August 31, 2011, this Court confirmed the procedures to be followed by the Rehabilitator for resolving claims through alternative resolutions. Because the Agreement pertaining to the AAardvark XS Policy contemplates payment of cash by the Segregated Account in excess of the \$10 million cut-off specified in paragraph 1(b) of the Court's August 31, 2011 Order, the Rehabilitator is bringing this proposed alternative resolution to the Court for approval.


8. Time is of the essence in obtaining approval of the Agreement. Under the terms of the Agreement, the other parties may refuse to consummate the transaction if it is not approved by this Court on or before Wednesday December 23, 2011. Therefore, the Rehabilitator respectfully requests that the Court approve this commutation.

WHEREFORE, for all of the reasons stated above, the Rehabilitator respectfully requests that the Court grant the Rehabilitator approval to proceed to close and consummate the Agreement and commute AAardvark IV Policy, Ambac Policy No. AB1107BE.

Dated this 23rd day of November, 2011.

FOLEY & LARDNER LLP

By:



Michael B. Van Sicklen, SBN 1017827
Jeffrey A. Simmons, SBN 1031984
Matthew R. Lynch, SBN 1066370

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*Attorneys for the Commissioner of Insurance
of the State of Wisconsin as Rehabilitator of
the Segregated Account of Ambac Assurance
Corporation*

EXHIBIT A

TERMINATION AND RELEASE AGREEMENT

This **TERMINATION AND RELEASE AGREEMENT** (this "Agreement"), dated as of November 22, 2011, is by and among (i) **AMBAC ASSURANCE CORPORATION** ("Ambac"), individually and in its capacity as management services provider for the Segregated Account, (ii) the **SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION** (the "Segregated Account"), (iii) **THE BANK OF NEW YORK MELLON** (formerly known as The Bank of New York), as Collateral Agent (in such capacity, the "Collateral Agent"), as Securities Intermediary (in such capacity, the "Securities Intermediary"), as Custodian (in such capacity, the "Custodian") and as Issuing and Paying Agent (in such capacity, the "Issuing and Paying Agent" and, together with the Collateral Agent, the "Agents") and (iv) **ROYAL PARK INVESTMENTS SA/NV** ("RPI" or the "VFN Purchaser"), a limited liability company organized under the laws of Belgium, as VFN Purchaser under the Note Purchase Agreement (as defined below). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Administration Agreement (as defined below).

WHEREAS, pursuant to that certain Note Purchase Agreement, dated as of May 4, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Note Purchase Agreement"), by and between AAardvark XS Funding Limited (the "Company") and Scaldis Capital Limited, as Conduit Purchaser and initial VFN Purchaser, the Company, from time to time, issued the Variable Funding Notes;

WHEREAS, RPI is the successor-in-interest to Scaldis Capital Limited's rights as VFN Purchaser under the Note Purchase Agreement;

WHEREAS, the Company and the Issuing and Paying Agent entered into that certain Issuing and Paying Agency Agreement, dated as of May 4, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Issuing and Paying Agency Agreement");

WHEREAS, the Company and OppenheimerFunds, Inc., as administrative agent (in such capacity, the "Administrative Agent") are parties to that certain Administration Agreement, dated as of May 4, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Administration Agreement");

WHEREAS, Ambac, the Administrative Agent, Harbourview Asset Management Corporation, as Investment Advisor (the "Investment Advisor"), the Company, the Collateral Agent, and the Issuing and Paying Agent entered into that certain Insurance Agreement, dated as of August 10, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Insurance Agreement"), pursuant to which Ambac issued to the Collateral Agent, for the benefit of the VFN Purchaser, the Financial Guaranty Policy No. AB1107BE (as amended, restated, supplemented or otherwise modified through the date hereof, the "Policy");

WHEREAS, in a letter to the Collateral Agent, dated April 14, 2011, Ambac demanded the prompt return of payments (the "Disputed Payments") made by Ambac under the Policy totaling \$9,772,762.25 of principal losses in respect of the Lehman XS 2007-14H (CUSIP

52525LAC4) Covered Security (as defined in the Policy) on the ground that such payments were neither due nor owing under the terms of the Policy (the “Disputed Payment Claims”);

WHEREAS, the liabilities of Ambac under the Policy were allocated to the Segregated Account pursuant to Wisconsin Statute §611.24(2) and the Segregated Account was placed in rehabilitation proceedings pursuant to that certain Order for Rehabilitation issued by the Circuit Court of Dane County, Wisconsin (the “Wisconsin Court”) in each case on March 24, 2010 (the “Segregated Account Proceeding”); and

WHEREAS, the parties hereto desire to (i) terminate and cancel the Policy and release Ambac from all obligations thereunder, (ii) resolve the parties’ dispute concerning the Disputed Payment Claims and (iii) enter into the mutual releases provided for herein (the transactions contemplated in preceding clauses (i), (ii) and (iii) collectively referred to as the “Ambac Termination Transactions”), in each case on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Effectiveness. Subject to Section 17 hereof, the Ambac Termination Transactions shall become effective when, and only when, each of the following conditions has been satisfied (the date on which this Agreement and the Ambac Termination Transactions become effective is referred to herein as the “Effective Date”):

(a) Ambac and the Segregated Account shall have received a copy of this Agreement duly executed by each other party hereto;

(b) The original Policy shall have been surrendered to Ambac for cancellation (which may be received by Dewey & LeBoeuf LLP on Ambac’s behalf);

(c) Ambac shall have received payment of the Accrued Premium and Expenses (as defined in Section 3, below), payable by wire transfer of U.S. Dollars to be received by no later than 4:00 p.m., New York time, on the Effective Date, in immediately available funds, to the following account:

Credit Bank: The Bank of New York Mellon
One Wall Street, NY
ABA#: 021000018
For Credit To: Ambac Assurance Corporation Premium A/C
Account#: 8900642181
Re: AAARDVARK XS, Financial Guaranty Policy No. AB1107BE
Attn: Joseph Sievers (212) 208-3277

(d) The Segregated Account shall have paid to the Collateral Agent, as the Insured Party under the Policy for the benefit of the VFN Purchaser, \$12,750,000 (the “Cash Consideration”), payable by wire transfer of U.S. Dollars to be received by no later than 4:00

p.m., New York time, on the Effective Date, in immediately available funds, to the following account:

Bank of New York Mellon
ABA 021 000 018
GLA 211-705
A/C 627795
Ref: AAARDVARK XS Principal Account

(e) The Special Deputy Commissioner of the Segregated Account of Ambac Assurance Corporation, Office of the Insurance Commissioner of the State of Wisconsin, shall have delivered a letter to RPI and the other parties hereto confirming the binding authority of Ambac, as management services provider for the Segregated Account in rehabilitation, to enter into this Agreement and consenting, subject to the termination of the Policy (upon the approval of the Wisconsin Court), to the termination of Ambac's capacity as "Controlling Party" with respect to the Transaction Documents and the Insurance Documents; and

(f) The Wisconsin Court shall have entered an order in the Segregated Account Proceeding authorizing the Segregated Account to enter into this Agreement.

(g) Seward & Kissel LLP ("Seward") shall have received payment of its reasonable fees and expenses incurred on or prior to the Effective Date in connection with this Agreement, the fulfillment of the Instructions (as defined in Section 2(d) below), and the transactions contemplated hereby. On or prior to the Effective Date, Seward shall provide an invoice to Ambac and RPI identifying the total fees and expenses payable to it hereunder.

2. Agents' Direction and Indemnity.

(a) The Agents, as hereby directed by the VFN Purchaser, and on behalf of, and with the consent of, the VFN Purchaser, hereby irrevocably direct Ambac, as management services provider for the Segregated Account, to pay the Cash Consideration to the Collateral Agent (on behalf of the VFN Purchaser), in accordance with Section 1(d) hereof. The Agents and the VFN Purchaser confirm and agree that payment of the Cash Consideration by the Segregated Account to the Collateral Agent, as instructed pursuant to the preceding sentence, shall constitute consideration to the VFN Purchaser for the Ambac Termination Transactions, and shall constitute full satisfaction by the Segregated Account of the conditions described in Section 1(d). Each of the VFN Purchaser and each Agent hereby acknowledges and agrees to such payment instructions.

(b) The Collateral Agent is hereby further directed by the VFN Purchaser and the Collateral Agent hereby agrees to deliver the Policy to Ambac for cancellation (which may be delivered to and received by Dewey & LeBoeuf LLP on Ambac's behalf).

(c) The Agents are hereby further directed by the VFN Purchaser and the Agents hereby agree to remit to the VFN Purchaser the Cash Consideration to be applied as described in Section 7 below and pursuant to the wire transfer instructions on file with

the Agents (or such other wire transfer instructions notified to the Agents by the VFN Purchaser in writing at least two (2) Business Days prior to the Effective Date).

(d) The VFN Purchaser (the "Indemnifying Party") hereby agrees to indemnify, defend and hold the Agents (in each of their capacities under the Transaction Documents) and each of their directors, officers, agents and employees (each Agent and each such other person being an "Indemnified Person") harmless from and against, without limitation, any and all losses, liabilities, judgments, claims, causes of actions, obligations, damages, penalties, suits, taxes, fees, costs and expenses (including without limitation its reasonable fees and expenses and the reasonable fees, expenses and disbursements of legal counsel, and the costs of enforcing this Agreement against the VFN Purchaser) (collectively referred to herein as "Losses") incurred or suffered by an Indemnified Person, in any way, directly or indirectly arising out of, related to, or connected with the compliance by an Indemnified Person with this Agreement or the instructions contained herein, and in any other instruction or direction from the VFN Purchaser provided in writing to an Agent in connection with the transactions contemplated hereby (the "Instructions"), or the taking or not taking of action in accordance with this Agreement, or the enforcement of the indemnity contained herein, including, without limitation, any claim, cause of action, litigation, proceeding, action or investigation (whether civil, criminal or administrative and whether brought in tort, contract or otherwise and whether such Indemnified Person is a party to such litigation, proceeding or investigation) by any person, in any way directly or indirectly, arising out of, related to, or connected with, the Instructions or the other matters contemplated by this Agreement, including without limitation: (i) any claim, cause of action, litigation, proceeding, action or investigation (whether civil, criminal or administrative and whether sounding in tort, contract or otherwise and whether such Indemnified Person is a party to such litigation, proceeding or investigation) in any way directly or indirectly, arising out of, related to, or connected with, the taking by an Agent or any other Indemnified Person of action in accordance with the Instructions, and (ii) Losses resulting from, arising out of or in any manner connected with, directly or indirectly, (a) a determination that an Agent or any other Indemnified Person breached its or their duties under any of the Transaction Documents as a result of relying upon and complying with the Instructions, and/or (b) the enforcement of this Agreement; provided, however, that the foregoing indemnity (the "Indemnity") shall not be applicable to any Losses suffered or incurred by an Indemnified Person as a result of an Indemnified Person's bad faith, gross negligence or willful misconduct as determined by a court of competent jurisdiction that is binding on such Indemnified Person, is final, and is not subject to review on appeal.

The Indemnity authorized herein shall be in addition to any other remedies, relief or indemnification available to each Indemnified Person. The rights and remedies conferred hereunder shall be cumulative and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of additional rights or remedies or the subsequent exercise of such right or remedy. The Agents (in each of their capacities under the Transaction Documents) shall be afforded the same rights, protections, indemnities and immunities which they are afforded under the Transaction Documents as if such rights, protections, indemnities and immunities were set forth herein.

As promptly as reasonably practicable after receipt by an Indemnified Person hereunder of notice of the commencement of any action, such Indemnified Person will, if a claim in respect

thereof is to be made against the Indemnifying Party hereunder, notify the Indemnifying Party of the commencement thereof; but the omission so to notify the Indemnifying Party will not relieve it from any liability that the Indemnifying Party may have to any Indemnified Person hereunder except to the extent that the Indemnifying Party has been materially prejudiced by such failure; provided, however, that the failure to so notify the Indemnifying Party shall not relieve it from any liability that the Indemnifying Party may have to any Indemnified Person otherwise than under this Agreement. In case any such action is brought against any Indemnified Person, and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein, and, to the extent that the Indemnifying Party may elect, by written notice delivered to the Indemnified Person promptly after receiving the aforesaid notice of the commencement of an action from such Indemnified Person, to assume (at its own expense) the defense thereof, with counsel satisfactory to such Indemnified Person (which counsel may be counsel to the Indemnifying Party), the Indemnifying Party shall not be liable for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof unless (i) the Indemnifying Party shall have agreed in writing to the continuing participation of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Person and representation of both parties by the same counsel would, in the opinion of such counsel, be inappropriate due to the actual or potential differing interests between them. If the Indemnifying Party assumes the defense of any proceeding, it shall be entitled to settle such proceeding with the written consent of the Indemnified Person, which will not be unreasonably delayed or, if such settlement provides for an unconditional release of the Indemnified Person in connection with all matters relating to the proceeding which have been asserted against the Indemnified Person in such proceeding by the other parties to such settlement, which release does not include an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party, without the written consent of the Indemnified Person.

3. Accrued Premium and Expenses. Ambac hereby confirms that (i) the aggregate costs and expenses (not including premium) accrued and unpaid through the date hereof is \$0 and (ii) premium shall accrue, with respect to each of the Covered Securities, for the period from the most recent Security Payment Date for such Covered Security until and including the Effective Date, in each case in accordance with the Insurance Agreement in an amount to be identified by Ambac on or before the Effective Date (the amounts described in clauses (i) and (ii) hereof, collectively, the “Accrued Premium and Expenses”).

4. Termination of the Policy; Other Covenants.

(a) As of the Effective Date, for value received, each of Ambac (individually and in its capacity as management services provider for the Segregated Account) and the Segregated Account, on its own behalf and on behalf of each of its respective subsidiaries and affiliates and all of their respective predecessors, successors and assigns (each of the foregoing, an “Insurer Party”, and, collectively, the “Insurer Parties”) hereby agrees, acknowledges and confirms that, subject to Section 4(c) hereunder, (i) the Policy shall be terminated, cancelled, commuted in full, and of no further force and effect, and no provision of the Policy shall survive such termination, cancellation and commutation and (ii) no Insurer Party shall be the “Controlling Party” or the “Insurer” under the Transaction Documents.

(b) As of the Effective Date, for value received, each of the Collateral Agent, the Securities Intermediary, the Custodian, the Issuing and Paying Agent, and RPI, on behalf of themselves and each of their respective subsidiaries and affiliates and all of their respective predecessors, successors and assigns (each of the foregoing, a “Non-Insurer Party”), hereby acknowledges, agrees and confirms that, subject to Section 4(c) hereunder, (i) the Policy shall be terminated, cancelled, commuted in full, and of no further force and effect, and no provision of the Policy shall survive such termination, cancellation and commutation, (ii) no Insurer Party shall be the “Insurer” or the “Controlling Party” under the Transaction Documents, and the Collateral Agent, acting on behalf of and at the written direction of the Majority VFN Purchaser, shall be the “Controlling Party” under the Transaction Documents, (iii) none of the Office of the Commissioner of Insurance of the State of Wisconsin, whether as Rehabilitator of the Segregated Account or otherwise (“OCI”), Ambac (individually and in its capacity as management services provider for the Segregated Account, as the Controlling Party, as the Insurer, or otherwise), or any other Insurer Party, nor any of their respective past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers, shall have any liabilities or obligations under or with respect to the Policy, the Insurance Agreement or any other Transaction Document, including, without limitation, the terms of the Policy relating in any respect to Covered Losses and Avoided Payments (as each are defined in the Policy), (iv) all claims or Notices for Payment submitted to Ambac or the Segregated Account under or in connection with the Policy on behalf of any Non-Insurer Party shall be deemed withdrawn and discharged in their entirety, and (v) no Non-Insurer Party nor any other Person shall have any right to make any claims or submit Notices for Payment under or with respect to the Policy or any right to receive payments thereunder. Each Non-Insurer Party agrees not to assert or represent in any court, tribunal, governmental authority, arbitration, legal or equitable proceeding, or any other forum or for any purpose that OCI, Ambac (individually and in its capacity as management services provider for the Segregated Account, as the Controlling Party, as the Insurer, or otherwise) or any other Insurer Party or any of their respective past or present officers, directors, employees, attorneys, agents, partners, shareholders or managers, has any liabilities or obligations to the Administrative Agent, the Investment Advisor, or any other Person with respect to or under the Policy, the Insurance Agreement or any other Transaction Document, including, without limitation, with respect to Covered Losses and Avoided Payments (as each are defined in the Policy).

(c) For the avoidance of doubt, it is understood and agreed that from and after the Effective Date, Ambac shall not be entitled and hereby waives its rights to (i) be paid Premium pursuant to Section 3.03(a) of the Insurance Agreement, (ii) reimbursement pursuant to Section 3.03(b) of the Insurance Agreement, (iii) reimbursement pursuant to Section 3.05(a) of the Insurance Agreement, (iv) rights of subrogation pursuant to Section 4.06 of the Insurance Agreement on account of the Cash Consideration paid nor any other consideration provided by Ambac pursuant to this Agreement, nor (v) reimbursement pursuant to the Transaction Documents nor the Insurance Documents for the Disputed Payments. In addition, from and after the Effective Date, Ambac shall not be entitled to (x) reimbursement from the Company pursuant to any of clauses (b), (c), or (d) of Section 3.05 of the Insurance Agreement nor (y) indemnification by the Company pursuant to Section 3.07 of the Insurance Agreement. Notwithstanding the foregoing, nothing in this Section 4(c) shall affect any claims for

reimbursement, indemnification, or otherwise, that Ambac may have against the Administrative Agent or the Investment Advisor.

(d) Each of the parties hereto hereby agrees that any requirement of notice of termination or delivery of any document required in connection with the termination of the Policy is hereby waived by each party entitled to such notice or document.

(e) Subject to the occurrence of the Effective Date, the VFN Purchaser hereby directs the Collateral Agent, and the Collateral Agent hereby agrees, (i) not to make any claim, nor submit any Notices for Payment, under the Policy and (ii) in the event that, notwithstanding the termination of the Policy and the releases provided herein, Ambac is for any reason required to make a payment under the Policy, upon receipt of such payment on or after the Effective Date, to promptly transfer such payment to Ambac pursuant to payment instructions to be provided by Ambac. In the event that Ambac is required to pay a claim under the Policy, upon a VFN Purchaser's receipt of all, or any portion, of such payment on or after the Effective Date, such VFN Purchaser shall promptly transfer the amount received to Ambac pursuant to payment instructions to be provided by Ambac.

5. Releases of Claims.

(a) Effective as of the Effective Date, for value received and subject to Section 5(d) hereunder, each Non-Insurer Party fully and forever, absolutely, irrevocably and unconditionally releases, withdraws, waives and discharges, and covenants not to sue for, any and all Claims (as defined below) of every kind and character whatsoever, which such Non-Insurer Party may ever have had, now has, or can, shall or may have against any Insurer Party, OCI, or any of their respective past or present officers, directors, employees, attorneys, agents, partners, shareholders or managers, by reason of any act, omission, occurrence, misrepresentation, cause, claim, counterclaim, cross-claim, right, matter or other basis of liability founded either in tort or contract or otherwise, howsoever and at any time created, evidenced, arising or incurred, whether known or unknown, in connection with the Covered Securities (as defined in the Policy), the Policy, any other Transaction Document or any of the transactions contemplated therein or thereby, including, without limitation, any action or inaction of any Insurer Party, whether in its capacity as the "Insurer," the "Controlling Party" or otherwise. For the avoidance of doubt, (i) this release shall not apply to any rights any Non-Insurer Party may have under any Excluded Policy and (ii) the Covered Securities subject to this release include each of the securities listed on Schedule I hereto. As used herein, "Excluded Policy" means a policy (other than the Policy) issued by Ambac.

(b) Effective as of the Effective Date, for value received and subject to Section 5(d) hereunder, each Insurer Party, fully and forever, absolutely, irrevocably and unconditionally releases, withdraws, waives and discharges, and covenants not to sue for, any and all Claims of every kind and character whatsoever, which such Insurer Party may ever have had, now has, or can, shall or may have against any Non-Insurer Party or any of their past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers, by reason of any act, omission, occurrence, misrepresentation, cause, claim, counterclaim, cross-claim, right, matter or other basis of liability founded either in tort or contract or otherwise, howsoever and at any time created, evidenced, arising or incurred, whether known or unknown,

in connection with the Covered Securities, the Policy, any other Transaction Document or any of the transactions contemplated therein or thereby. For the avoidance of doubt, the Claims released pursuant to this clause shall include, but not be limited to, the Disputed Payment Claims.

(c) For purposes of this Agreement, “Claims” means any claims, counterclaims, liens, demands, damages, punitive damages, losses, offsets, obligations, actions, causes of action, proceedings, remedies, sums of money, judgments, costs, expenses or any other liabilities (including fees and expenses of legal counsel, consultants and other advisors and costs of investigations), of any nature whatsoever, including, but not limited to claims based on breach of fiduciary duty or other legal duty, legal fault, negligence, negligent misrepresentation, fraud, offense, quasi-offense, ratification, promissory estoppel, breach of the implied covenant of good faith and fair dealing, any securities law or any other theory.

(d) Notwithstanding anything in this Agreement to the contrary, it is explicitly agreed and understood that the Insurer Parties and the Non-Insurer Parties are not releasing, acquitting, discharging or waiving, or covenanting not to sue for, any Claim of any nature whatsoever that such party may ever have had, now has or can, shall or may have (i) by reason of any breach or violation of, or failure to comply with, any obligations under, issued under or incurred pursuant to, or actions required by, this Agreement (including, without limitation, by virtue of any representation or warranty given herein being false at the time it was given), (ii) against the Administrative Agent or the Investment Advisor, or (iii) in the case of the Non-Insurer Parties, against the Company.

(e) Effective from and after the Effective Date, (i) no Non-Insurer Party shall represent, warrant or otherwise state, or cause or permit any of their agents or other representatives to represent, warrant or otherwise state, that the Policy is or shall continue to be in effect or that any Insurer Party shall have any liability in respect of the Policy, the Insurance Agreement or any other Transaction Document; (ii) the VFN Purchaser shall indemnify and hold harmless each Insurer Party and each of their respective past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers from and against any and all Claims of any nature arising as a result of a breach by the VFN Purchaser of the foregoing clause 5(e)(i); (iii) as a condition precedent to its sale, assignment, pledge, or other transfer of any Variable Funding Note, RPI shall notify each purchaser, assignee, pledgee or transferee thereof that the Policy has been terminated and has no further force and effect (it being agreed that affixing the legend set forth in Exhibit B hereto to the face of the applicable Variable Funding Note shall satisfy the forgoing notification requirement), (iv) the Issuing and Paying Agent agrees that each new Variable Funding Note issued in replacement of an existing Variable Funding Note shall contain on the face thereof the legend set forth in Exhibit B, and (v) the VFN Purchaser shall indemnify and hold harmless each Insurer Party and each of their respective past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers from and against any and all Claims of any nature arising as a result of claims submitted to Ambac or the Segregated Account under or in connection with the Policy on or after the Effective Date, in each case as a result of express representations, warranties and/or statements made by the VFN Purchaser, actions taken by the VFN Purchaser or any omission of the VFN Purchaser that is prejudicial in any respect to Ambac or the Segregated Account.

(f) From and after the Effective Date, (i) each party hereto hereby covenants not to sue or institute any legal action or proceeding seeking to contest the validity, effectiveness or enforceability of this Agreement (including the releases provided herein by the Insurer Parties and the Non-Insurer Parties), (ii) each Non-Insurer Party covenants not to sue or institute any legal action or proceeding against any Insurer Party, OCI, or any of their past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers, seeking damages or other judicial relief arising from the Transaction Documents or the transactions contemplated thereby and (iii) subject to Section 5(d) hereof, Ambac and the Segregated Account covenant not to sue or institute any legal action or proceeding against any Non-Insurer Party, or any of their past and present officers, directors, employees, attorneys, agents, partners, shareholders and managers, seeking damages or other judicial relief arising from the Transaction Documents or the transactions contemplated thereby; provided, however, that nothing contained herein shall prohibit any party hereto from suing or instituting any legal action or proceeding (A) to enforce this Agreement or any of the covenants, agreements, undertakings and indemnities contained herein or contemplated hereby, (B) against the Administrative Agent or the Investment Advisor, or (C) in the case of the Non-Insurer Parties, against the Company.

(g) Each Non-Insurer Party hereby agrees that it is not entitled to any refund or reimbursement of any Premium paid in respect of the Policy or any other payment or consideration from Ambac or the Segregated Account as a result of the termination and cancellation of the Policy other than the Cash Consideration.

6. Representations and Warranties of all Parties. As of the date hereof and as of the Effective Date, each of the following parties represents and warrants as follows:

(a) Each party hereto represents and warrants as to itself that, subject to the satisfaction of the conditions specified in Section 1(e) hereof, (i) it has the power and authority and is duly authorized to execute and deliver this Agreement, (ii) this Agreement has been duly executed and delivered and constitutes its legal and binding obligation, enforceable against it in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)), (iii) the execution, delivery and performance by it of this Agreement does not and will not require any consent or approval from any governmental authority, equity owner or any other Person that has not been obtained, granted or procured, and is in full force and effect as of the date hereof, and (iv) this Agreement does not violate (A) any provision of such party's charter or governing documents or (B) any law, judgment, order, injunction or decree applicable to such party.

(b) The VFN Purchaser hereby represents and warrants that (i) it has not assigned, sold, pledged or otherwise transferred, in whole or in part, any of its rights, title or interest in, to or under the Variable Funding Notes, the Policy (including, without limitation, any Covered Loss or Avoided Payments) or any other Transaction Document and (ii) no other Person has any beneficial interest therein.

(c) RPI hereby represents and warrants that RPI is the only VFN Purchaser and owns all of the Variable Funding Notes under the Note Purchase Agreement.

(d) The Issuing and Paying Agent hereby represents and warrants that (i) the register it maintains pursuant to Section 5(y) of the Issuing and Paying Agency Agreement reflects that RPI is the only holder of the Variable Funding Notes, (ii) to its knowledge, RPI is the only VFN Purchaser and owns all of the Variable Funding Notes under the Note Purchase Agreement, (iii) it has not assigned, sold, pledged or otherwise transferred, in whole or in part, its rights, title or interest, or the rights or interests of RPI in, to or under the Policy, (iv) to its knowledge, no Person other than RPI claims a beneficial interest in the Variable Funding Notes nor in the Policy, and (v) no Claims that are the subject of, or related to, Section 5(a) of this Agreement have been assigned or transferred by the Issuing and Paying Agent to or, to its knowledge, reside in any other Person or entity, whether by agreement or operation of law or otherwise, including, without limitation, through an assignment or transfer pursuant to any right or claim of subrogation.

(e) Each Non-Insurer Party hereby represents and warrants that the Covered Securities set forth on Schedule I hereto are the only securities subject to the Policy.

(f) The VFN Purchaser hereby represents and warrants that no Claims that are the subject of, or related to, Section 5(a) of this Agreement have been assigned or transferred by the VFN Purchaser to or, to its knowledge, reside in any other Person or entity, whether by agreement or operation of law or otherwise, including, without limitation, through an assignment or transfer pursuant to any right or claim of subrogation.

7. Application of Cash Consideration. The parties hereto agree that, notwithstanding anything to the contrary contained in the Policy, the books and records of the Issuing and Paying Agent shall reflect that the Cash Consideration shall be deposited in the Principal Account and applied pursuant to Sections 5.2(b)(v) and 5.3(b) of the Security Agreement, respectively. For purposes of clarification, such application has been determined on a basis consistent with the Policy, which states that it is for the benefit of the VFN Purchaser.

8. Notice of Termination; Cessation of Premiums and Reimbursements. Upon the Effective Date, the VFN Purchaser and Ambac shall provide joint written notice to the Company, the Administrative Agent, and the Investment Advisor, in the form attached as Exhibit A hereto, that (i) the Policy has been terminated, cancelled, commuted in full, and is of no further force and effect, (ii) all claims of the VFN Purchaser, the Agents, the Securities Intermediary or the Custodian or Notices for Payment submitted to Ambac or the Segregated Account under or in connection with the Policy shall be deemed withdrawn and discharged in their entirety (iii) upon termination of the Policy, the Collateral Agent, acting on behalf of and at the written direction from time to time of the Majority VFN Purchaser, became the “Controlling Party” under the Transaction Documents, and (iv) Ambac has waived any rights it may have to (A) be paid Premium pursuant to Section 3.03(a) of the Insurance Agreement, (B) reimbursement pursuant to Section 3.03(b) of the Insurance Agreement, (C) reimbursement pursuant to Section 3.05(a) of the Insurance Agreement, (D) subrogation pursuant to Section 4.06 of the Insurance Agreement on account of the Cash Consideration paid or any other consideration provided by Ambac pursuant to this Agreement, and (E) Ambac shall not be entitled to (x) reimbursement from the Company pursuant to any of clauses (b), (c), or (d) of Section 3.05 of the Insurance Agreement nor (y) indemnification by the Company pursuant to Section 3.07 of the Insurance Agreement, *provided* that the termination of the Policy shall not affect any claims for reimbursement,

indemnification, or otherwise that Ambac may have against the Administrative Agent or the Investment Advisor.

9. Confidentiality. Subject to any obligation to file this Agreement with the Wisconsin Court, each of the parties hereto shall maintain and shall cause each of its officers, directors, employees, advisors and other representatives (collectively, its “Representatives”) to maintain the confidentiality of this Agreement and its substance herein, except that each such party and its Representatives may disclose such information (i) to any governmental, judicial or regulatory authorities or agencies with authority over such party (and their advisors), (ii) to the extent required by applicable law, rule, regulation, court or governmental order or process, (iii) in connection with any action to enforce this Agreement or any provision of this Agreement, (iv) to the extent such information shall be in the public domain without breach by any party of its obligations hereunder, (v) to its auditors, advisors and/or agents (including, without limitation, attorneys and accountants), (vi) in the case of the VFN Purchaser, each assignee or potential assignee of the VFN Purchaser’s Variable Funding Notes, provided that such assignee or potential assignee agree to be bound by a confidentiality provision containing substantially similar terms to those set forth in this Section 9, and (vii) in the case of Ambac, (A) to a reinsurer of Ambac prior to the date hereof or (B) to a reinsurer of Ambac on or after the date hereof to the extent such disclosure is necessary for Ambac to obtain payment under its reinsurance agreements and such reinsurer is subject to confidentiality restrictions prohibiting it from disclosing such information to third parties, subject to customary exceptions.

10. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Wisconsin applicable to contracts to be performed entirely within such jurisdiction. In the event that there is a dispute between or among the parties arising under this Agreement, the parties (i) agree that the exclusive forum to seek remedy or assert any claims shall be the Circuit Court of the State of Wisconsin located in the County of Dane and (ii) hereby expressly submit to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waive any claim of lack of personal jurisdiction and improper venue and any claim that such courts are an inconvenient forum. Each party hereby irrevocably consents to the service of process of any of the aforementioned court in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the address of the parties set forth in Section 6.02 of the Insurance Agreement, such service to become effective ten (10) days after such mailing.

11. Waiver of Trial by Jury. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of the parties hereto in the negotiation, performance or enforcement in respect of any of the foregoing.

12. Counterparts; Facsimile. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Execution and delivery of this

Agreement by delivery of facsimile or other electronic signatures shall have the same force and effect as delivery of manual signatures hereon.

13. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

14. Further Assurances. Each party hereto covenants in favor of the other parties hereto, upon specific written request by any party hereto, to execute and deliver all instruments and documents, give all notices, make all endorsements and take all other actions as may be reasonably necessary or desirable to give full force and effect to the provisions of this Agreement.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. No party hereto may assign or transfer any of its rights and/or obligations hereunder without the prior written consent of the other parties hereto.

16. Amendments. This Agreement may not be amended, supplemented or modified and no provision of this Agreement may be waived, in any manner other than by an agreement in writing signed by all of the parties to this Agreement. For the avoidance of doubt, the Ambac Termination Transactions Deadline (as defined in Section 17 below) may be extended by written agreement of Ambac, the Segregated Account, and the VFN Purchaser and shall not require the written agreement of any other party.

17. Limitation. The Effective Date shall in no event be later than December 23, 2011 (or such later date as is mutually agreed to in writing by Ambac, the Segregated Account, and the VFN Purchaser), and the failure of such Effective Date to occur by such date (the "Ambac Termination Transactions Deadline") in accordance with this Agreement shall render this Agreement null and void *ab initio* and of no force and effect. In the event that Ambac, the Segregated Account, and the VFN Purchaser agree to extend the Ambac Termination Transactions Deadline beyond December 23, 2011, they shall provide prompt written notice of such extended date to the Collateral Agent.

18. Notices. All notices provided hereunder shall be in writing via mail, overnight courier service, facsimile or electronic communication and shall be deemed given upon actual receipt by the intended recipient or three Business Days after mailing if mailed by certified mail, postage prepaid (i) if to Ambac or the Segregated Account, addressed to Ambac Assurance Corporation, One State Street Plaza, New York, NY 10004, Attention: General Counsel, or by phone at (212) 668-0340, or by electronic mail to Commutation_Notifications@ambac.com, (ii) if to the Issuing and Paying Agent, Collateral Agent, Securities Intermediary or Custodian, addressed to The Bank of New York Mellon, 101 Barclay St. 4E, New York, NY 10286, Attn: Andrew Taylor, Fax: 212-815-2020 or by phone at (Phone No. 212-512-2943), or by electronic mail to Andrew.J.Taylor@bnymellon.com and QSRNYadmin@bnymellon.com and (iii) if to RPI, at the addresses set forth on the signature page to this Agreement.

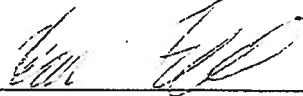
19. No Third Party Beneficiaries. Save as provided in Sections 4, 5, and 6 hereof, nothing in this Agreement is intended or shall be construed to create or give to any persons other than the Parties hereto any rights by reason of this Agreement.

20. Entire Agreement. This Agreement is intended by the parties hereto as a final and complete expression of their agreement and understanding in respect of and related to the subject matter contained herein. This Agreement supersedes all prior agreements and understandings, written or oral, between the parties with respect of and related to such subject matter.

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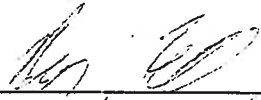
IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by their officers thereunto duly authorized on the date first above written.

AMBAC ASSURANCE CORPORATION

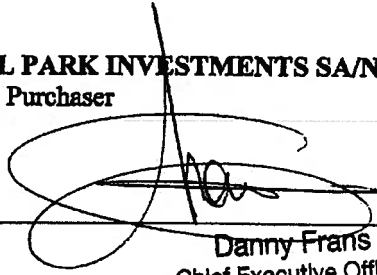
By: 
Name: *Brian Keit*
Title: *Managing Director*

SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION

By: Ambac Assurance Corporation, as
Management Services Provider

By: 
Name: *Brian Keit*
Title: *Managing Director*

**ROYAL PARK INVESTMENTS SA/NV,
as VFN Purchaser**

By: 
Name: **Danny Frans**
Title: **Chief Executive Officer
Royal Park Investments sa/nv**

Addresses for Notices:

**Van Orleystraat 15
1000 Brussels
Belgium**

**Phone: +32 2 221 03 41
E-mail: danny.frans@royalparkinvestments**

and

**Nicolas Borreman
Phone: +32 2 221 03 49
E-mail:
nicolas.borreman@royalparkinvestments.com**

and

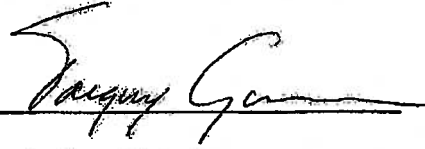
**Koen Weemaes
Phone: +32 2 221 03 46
E-mail: koen.weemaes@royalparkinvestments.com**

and

**General contact e-mail:
info@royalparkinvestments.com**

**THE BANK OF NEW YORK MELLON,
as Issuing and Paying Agent, Collateral Agent,
Securities Intermediary, and Custodian**

By: _____



Name:

Title:

**TORGNY GUNNARSON
VICE PRESIDENT**

Schedule I

Covered Securities

#	Issuer	CUSIP	POLICY #	Description	AA Ardvardk XS Acquisition Date
1	Lehman XS Trust Series 2007-14H	52525LAC4	AB1107BE1	Lehman XS Trust Series 2007-14H, Class A3	8/16/2007
2	Deutsche Alt-A Sec. Inc. Mortgage Loan 2007-RS1	25152DAD6	AB1107BE	Deutsche Alt-A Securities Inc. Mortgage Loan 2007-RS1, A3	9/6/2007
3	Eagle Building Trust	269441AB7	AB1107BE	Eagle Building Trust, Class A, Series 2004-1	8/31/2007
4	SLM Private Student Loan Trust	78443CAB0	AB1107BE	SLM Private Student Loan Trust 2002-A	8/17/2007

EXHIBIT A

Form of Notice of Termination of Policy and Cessation of Premiums/Reimbursements

Date: _____

**BY OVERNIGHT MAIL, FACSIMILE
AND ELECTRONIC MAIL**

To: AAardvark XS Funding Limited
P.O. Box 908GT, Walker House
Mary Street, George Town
Grand Cayman, Cayman Islands
Attention: Walkers SPV Limited
Fax: (345) 945-4757

OppenheimerFunds, Inc.
2 World Financial Center
225 Liberty Street
11th Floor
New York, NY 10281
Fax: (212) 323-4071

AAardvark XS Funding Limited
Walker House
87 Mary Street, George Town
Grand Cayman KY1-9002, Cayman Islands
Attention: Walkers SPV Limited

Mr. Jeffrey Baumgartner
Oppenheimer Funds, Inc.
6803 South Tucson Way
Centennial, CO 80112
www.oppenheimerfunds.com

AAardvark XS Funding Limited
Attn: Stuart Smillie
Fax: (441) 534-5044

Oppenheimer Funds
Kathleen Schmitz
2 World Financial Center
225 Liberty Street
New York, NY 10281-1008

OppenheimerFunds, Inc.
2 World Financial Center
225 Liberty Street
11th Floor
New York, NY 10281-1008
Attn: Legal Department
Fax: (212) 323-0200

HarborView Asset Management
Corporation
c/o OppenheimerFunds, Inc.
Two World Financial Center
225 Liberty Street, 11th Floor
New York, NY 10281-1008
Attention: Legal Department
Fax: (212) 323-0200

Oppenheimer Funds
William Jaume
2 World Financial Center
225 Liberty Street
11 Floor
New York, NY 10281-1008

HarbourView Asset
Management Corporation
Two World Financial Center
225 Liberty Street, 11th Floor
New York, NY 10281
Attention: Liz McCormack,
Vice President

Re: Notice of Termination of Financial Guaranty Insurance Policy No. AB1107BE

Reference is made to (i) that certain Issuing and Paying Agency Agreement (the “Issuing and Paying Agency Agreement”), dated as of May 4, 2007 between AAARDVARK XS Funding Limited (the “Company”) and The Bank of New York Mellon (formerly known as The Bank of New York) (“BNYM”), as Issuing and Paying Agent, (ii) that certain Financial Guaranty Insurance Policy No. AB1107BE (the “Policy”) issued by Ambac Assurance Corporation (“Ambac”) to BNYM, as Collateral Agent under the Issuing and Paying Agency Agreement for the benefit of the VFN Purchaser, and (iii) that certain Insurance Agreement, dated as of August 10, 2007, among Ambac, OppenheimerFunds, Inc., as Administrative Agent (the “Administrative Agent”), Harbourview Asset Management Corporation, as Investment Advisor (the “Investment Advisor”), the Company and BNYM (the “Insurance Agreement”). Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in the Insurance Agreement.

PLEASE TAKE NOTICE that:

- (i) the Policy has been terminated, cancelled, commuted in full, and is of no further force and effect as of [_____] (the “Termination Date”);
- (ii) all claims of the VFN Purchaser, the Collateral Agent, the Issuing and Paying Agent, the Securities Intermediary or the Custodian or Notices for Payment submitted to Ambac or the Segregated Account under or in connection with the Policy shall be deemed withdrawn and discharged in their entirety;
- (iii) upon the Termination Date, the Collateral Agent, acting on behalf of and at the written direction of the Majority VFN Purchaser, became the “Controlling Party” under the Transaction Documents;
- (iv) Ambac has waived any rights it may have to (A) be paid Premium accruing for the period on or after the Termination Date pursuant to Section 3.03(a) of the Insurance Agreement, (B) reimbursement pursuant to Section 3.03(b) of the Insurance Agreement, (C) reimbursement pursuant to Section 3.05(a) of the Insurance Agreement, (D) subrogation pursuant to Section 4.06 of the Insurance Agreement on account of the cash consideration paid or any other consideration provided by Ambac in consideration of termination of the Policy, and (E) reimbursement pursuant to the Transaction Documents, the Policy, the Insurance Agreement and any fee agreement or other agreement entered into by the Company and Ambac in connection therewith for the payments made by Ambac under the Policy totaling \$9,772,762.25 of principal losses in respect of Lehman XS 2007-14H (CUSIP 52525LAC4) Covered Security (as defined in the Policy). Ambac shall not be entitled to (x) reimbursement from the Company pursuant to any of clauses (b), (c), or (d) of Section 3.05 of the Insurance Agreement nor (y) indemnification by the Company pursuant to Section 3.07 of

the Insurance Agreement, *provided* that the termination of the Policy shall not affect any claims for reimbursement, indemnification, or otherwise that Ambac may have against the Administrative Agent or the Investment Advisor.

None of the above shall affect any of the rights or claims the VFN Purchaser may have under the Transaction Documents other than the Policy and the Insurance Agreement as defined in this Notice of Termination.

IN WITNESS WHEREOF, the undersigned have caused this Notice of Termination to be duly executed and delivered by their respective officers hereunto duly authorized, as of the date and year first above written.

AMBAC ASSURANCE CORPORATION,

By: _____

Name:

Title:

ROYAL PARK INVESTMENTS SA/NV,
as VFN Purchaser

By: _____
Name:
Title:

cc:

The Bank of New York Mellon
QSR Management, Ltd.
101 Barclay St., 4th Floor East
New York, NY 10286
Attention: Andrew Taylor
Fax: (212) 815-2943

EXHIBIT B

Form of Legend to Appear on Face of Variable Funding Note

THIS NOTE IS SUBJECT TO THE TERMS OF THE TERMINATION AND RELEASE AGREEMENT (“TERMINATION AND RELEASE AGREEMENT”) DATED AS OF NOVEMBER 22, 2011 AMONG (I) AMBAC ASSURANCE CORPORATION (“AMBAC”), INDIVIDUALLY AND IN ITS CAPACITY AS MANAGEMENT SERVICES PROVIDER FOR THE SEGREGATED ACCOUNT, (II) THE SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION (THE “SEGREGATED ACCOUNT”), (III) THE BANK OF NEW YORK MELLON (SUCCESSOR IN INTEREST TO JPMORGAN CHASE BANK, N.A.), AS COLLATERAL AGENT, AS SECURITIES INTERMEDIARY, AS CUSTODIAN AND AS ISSUING AND PAYING AGENT (IN SUCH CAPACITY, THE “ISSUING AND PAYING AGENT”), AND (IV) ROYAL PARK INVESTMENTS SA/NV (“RPI” OR THE “VFN PURCHASER”).

PURSUANT TO THE TERMS OF THE TERMINATION AND RELEASE AGREEMENT, THE FINANCIAL GUARANTY POLICY NO. AB1107BE (AS AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED THROUGH THE DATE HEREOF, THE “POLICY”) ISSUED BY AMBAC HAS BEEN TERMINATED, CANCELLED AND COMMUTED IN FULL, AND IS OF NO FURTHER FORCE AND EFFECT, AND NO PROVISION OF THE POLICY HAS SURVIVED SUCH TERMINATION, CANCELLATION AND COMMUTATION. UPON ACCEPTANCE OF THIS NOTE (WHETHER BY TRANSFER, EXCHANGE, OR OTHERWISE), THE HOLDER OF THIS NOTE SHALL BE DEEMED TO ACKNOWLEDGE THAT NO PERSON (INCLUDING, WITHOUT LIMITATION, THE ISSUING AND PAYING AGENT, THE VFN PURCHASER OR ANY OF THEIR ASSIGNEES OR SUCCESSORS) SHALL HAVE ANY RIGHT TO MAKE ANY CLAIMS UNDER OR WITH RESPECT TO THE POLICY OR ANY RIGHT TO RECEIVE PAYMENTS THEREUNDER.

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**ORDER GRANTING REHABILITATOR'S MOTION FOR APPROVAL TO
COMMUTE POLICY NO. AB1107BE (the "AAardvark XS Policy")**

This matter came before the Court for hearing on the Rehabilitator's Motion (the "Motion") To Approve Commutation Of Policy No. AB1029BE (the "AAardvark XS Policy"). The Motion seeks the Court's approval of a commutation pursuant to a Termination and Release Agreement (the "Agreement") with certain counterparty banks and other parties described in the Motion. 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 Motion.

The Court having considered the representations contained in the Rehabilitator's Motion and the information provided at the hearing, it is hereby **ORDERED** that the Rehabilitator's Motion To Approve Commutation Of Policy No. AB1029BE is **GRANTED** and the Rehabilitator and the Segregated Account are authorized to proceed in accordance with the terms and conditions set forth in the Agreement.

Dated this ____ day of December, 2011.

BY THE COURT:

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