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STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY

In the Matter of the Rehabilitation of:

2010 MAY -5 AM 10:15

Segregated Account of Ambac Assurance Corporation

DANE COUNTY, WI Case No. 10-CV-1576

**NOTICE OF MOTION AND EMERGENCY MOTION FILED BY CERTAIN
LVM BONDHOLDERS TO ENJOIN CONSUMMATION OF THE PROPOSED
SETTLEMENT BETWEEN AMBAC AND CERTAIN CDS COUNTERPARTIES**

TO:

*Sean Dilweg, Commissioner of
Insurance of the State of Wisconsin
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PLEASE TAKE NOTICE that Eaton Vance Management, Nuveen Asset Management, Restoration Capital Management LLC, and Stone Lion Capital Partners L.P. (collectively, the “LVM Bondholders”), in their capacity as beneficial owners of a majority of the outstanding Las Vegas Monorail Project Revenue Bonds insured by Ambac Assurance Corporation (“Ambac”), by their attorneys, Parrett & O’Connell, LLP and Kramer Levin Naftalis & Frankel LLP, at a time and place to be set by the Court, will move and do hereby move the Court on an emergency basis for an Order:

FOR EMERGENCY RELIEF:

1. Pending the Court’s hearing on this emergency motion, immediately restraining and enjoining consummation of the proposed settlement (the “CDS Settlement”) between Ambac and a group of unidentified banks in connection with Ambac’s obligations under guaranties of credit default swap agreements (the “CDS Guaranties”) entered into by Ambac Credit Products, LLC;

2. Scheduling an emergency hearing at the soonest possible date to rule upon the relief requested herein;

FOR EXPEDITED RELIEF:

3. Directing the Insurance Commissioner of the State of Wisconsin, Sean Dilweg, as the rehabilitator of the Segregated Account of Ambac, to submit the proposed CDS Settlement to the Court for review and approval, and restraining and enjoining consummation of that settlement unless and until it is approved by the Court;

4. Alternatively, modifying the Order for Temporary Injunctive Relief dated March 24, 2010, to prohibit consummation of the proposed CDS Settlement unless and until it is approved by the Court;

5. If the Court deems it necessary, authorizing the LVM Bondholders' intervention as of right in these proceedings;

6. Granting expedited discovery concerning the proposed CDS Settlement, including the priority that (absent the settlement) would be given to the CDS Guaranties under Wis. Stat. § 645.68; and

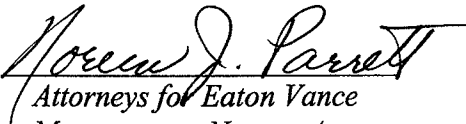
7. Granting such other and further relief as is just and proper.

The grounds for this motion are set forth in the attached Brief in Support of Emergency Motion to Enjoin Consummation of the Proposed Settlement Between Ambac and Certain CDS Counterparties, dated May 4, 2010, and the accompanying Affidavit of Noreen J. Parrett and the exhibits annexed thereto.

Dated this 4th day of May, 2010.

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