
In the Matter of the Rehabilitation of:

Case No.

Segregated Account of Ambac Assurance Corporation

**NOTICE OF REHABILITATION OF SEGREGATED ACCOUNT OF
AMBAC ASSURANCE CORPORATION**

TO: All Interested Parties

NOTICE

PLEASE TAKE NOTICE that the Circuit Court for Dane County, the Honorable William D. Johnston presiding in this matter by judicial assignment order, has granted the Petition of Sean Dilweg, Commissioner of Insurance of the State of Wisconsin (the "Commissioner") to place a segregated account of Ambac Assurance Corporation (the "Segregated Account") into Court-supervised rehabilitation in the above-captioned proceeding.

PLEASE TAKE FURTHER NOTICE that the Court entered the attached or enclosed Orders, and that such Orders are currently in effect.

To facilitate the orderly and efficient conduct of this matter, PLEASE TAKE FURTHER NOTICE of the following:

1. This proceeding concerns the rehabilitation of the Segregated Account. Policies that have been allocated to the Segregated Account are listed in Exhibit A to the Plan of Operation for the Segregated Account of Ambac Assurance Corporation, which is attached to the Commissioner's Verified Petition at Tab 1. The Plan of Operation and its exhibits, including the list of allocated policies, will be posted on the official Web site for this proceeding, <http://ambacpolicyholders.com>. Orders, filings, briefing and hearing schedules, deadlines, and

other developments in the case relevant to policyholders and counterparties of the Segregated Account will be posted promptly on that site.

2. Any policyholders and counterparties who lack regular access to either the Internet or a computer printer may receive filings and orders by mail in lieu of visiting the official Web site by so verifying in writing and mailing a request for "hard copy" service to:

Heidi Ernst
Foley & Lardner LLP
P.O. Box 1497
Madison, WI 53701-1497

3. By order of the Dane County Circuit Court, this rehabilitation proceeding has been assigned to the Honorable William D. Johnston, Lafayette County Circuit Court Judge. All future filings and correspondence to the Court, supported by any materials the filing party wishes the Court to consider, should be sent in the original for filing to the Dane County Clerk of Court, 215 South Hamilton Street, Madison, WI 53703, with a courtesy copy to Judge Johnston, Lafayette County Courthouse, 626 Main Street, Darlington, Wisconsin 53530, and served upon the Commissioner, through his attorneys, Michael B. Van Sicklen and Matthew R. Lynch, Foley & Lardner LLP, P.O. Box 1497, Madison, WI 53701-1497.

4. For any discrete litigation in this matter between the Commissioner and Ambac, or between the Commissioner and a single interested party or a reasonably small and identifiable number of parties, the Commissioner will provide copies of any notices, papers, or pleadings it files addressing that particular dispute to the adverse party or parties involved (or their legal counsel) in accordance with the requirements of the Wisconsin Rules of Civil Procedure.

5. If the Court determines that further briefing or oral argument is necessary with regard to any filings or the attached Orders, it will set a schedule for responsive brief(s) and/or hearing(s). Please note that any motions to dissolve or modify the temporary injunctive relief

granted in the Order for Temporary Injunctive Relief must be received in writing within 90 days (ending the first Court business day at least 90 calendar days after entry of the Order). At the expiration of the 90-day period, if any such motions to dissolve or modify the injunctive relief have been filed, the Court will set a responsive briefing schedule and a hearing date to argue the merits of any dispute pertaining to the nature, scope, or duration of the injunctive relief.

6. All agreements between policyholders or counterparties and Ambac or its subsidiaries remain in force. As specified in the enclosed injunction order, premiums owed with respect to policies allocated to the Segregated Account must still be paid in the ordinary course pursuant to their terms during the pendency of this rehabilitation proceeding.

7. As established by the Order for Temporary Injunctive Relief, those parties holding policies or other agreements that have been allocated to the Segregated Account are barred from exercising early termination rights or change-of-control rights with respect to the allocated policies or other agreements. This includes the assertion of “market quotation” or “mark-to-market” damages or efforts to assert control rights, including the liquidation of collateral without the Commissioner’s prior consent.

8. All persons and entities are further barred from initiating or prosecuting any lawsuits, proceedings, or claims related to this rehabilitation against the Segregated Account or the Commissioner if such lawsuits, proceedings, or claims are brought or pending outside of this proceeding.

9. Policy claims should be made in the ordinary course. There is a temporary freeze on payment of such claims while the Commissioner finalizes the rehabilitation plan and brings it before the Court for approval, after which time such claims shall be administered consistent with the terms of the Court-approved plan.


10. Given the complexity of the policies at issue and the accompanying complexity of the requested injunctive relief, and to avoid confusion, the Commissioner will arrange for a procedure by which Interested Parties may make fact-related inquiries regarding the policies, the proceedings, the Segregated Account and its operations, or other matters. The official Web site for this proceeding will post further information regarding this procedure for inquiries once it is established.

Dated this 24th day of March, 2010.

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