

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

---

|                              |   |                         |
|------------------------------|---|-------------------------|
| In re                        | ) |                         |
|                              | ) | Chapter 11              |
|                              | ) |                         |
| AMBAC FINANCIAL GROUP, INC., | ) | Case No. 10-15973 (SCC) |
|                              | ) |                         |
|                              | ) |                         |
|                              | ) |                         |
| Debtor.                      | ) |                         |

---

**ORDER AUTHORIZING THE RETENTION OF  
TOGUT, SEGAL & SEGAL LLP AS CONFLICTS  
COUNSEL TO DEBTOR AND DEBTOR IN POSSESSION**

Upon the application (the “Application”)<sup>2</sup> of the above-captioned debtor and debtor in possession (the “Debtor”) in the above-referenced chapter 11 case for an order authorizing the Debtor to employ and retain Togut, Segal & Segal LLP (the “Togut Firm”) as counsel for the Debtor effective as of November 10, 2010, all as more fully set forth in the Application; and the Court having subject matter jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided, and no other or further notice need be provided; and the relief requested in the Application being in the best interests of the Debtor and its estate and creditors; and the Court having reviewed the Application, the Togut Declaration, and having heard the statements in

---

<sup>2</sup> Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Application

support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Application and the Togut Declaration, and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and the Court being satisfied based on the representations made in the Application and the Togut Declaration that the Togut Firm is disinterested as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and after due deliberation and sufficient cause appearing therefore,

**IT IS HERBY ORDERED THAT:**

1. To the extent set forth in this Order, the Application is hereby granted.
2. The Debtor is authorized pursuant to section 327(a) of the Bankruptcy Code to employ and retain the Togut Firm as its conflicts counsel on the matters for which Dewey & LeBoeuf LLP (“D&L”) or the Debtor’s other counsel (together with D&L, “Counsel”) cannot handle because such matters involve their respective client[s] (the “Counsel’s Client”) and present a conflict of interest.
3. As soon as any matter in this case creates a conflict of interest for Counsel with respect to any Counsel’s Client, Counsel, in addition to any duty it has under applicable statute or rule concerning conflict matters, shall have the duty to notify in writing (with email constituting an acceptable mode of writing) the Official Committee of Unsecured Creditors (the “OCC”) and the Togut Firm of that fact so that the Togut Firm may promptly advise the Debtor as it involves such Counsel’s Client. The Togut Firm shall not act on the Debtor’s behalf on any such matter unless and until such notice has been received by the OCC.

4. If the Debtor is adverse to any Counsel's Client, the Togut Firm, and not Counsel, shall represent the Debtor in such matter.

5. The Togut Firm will file fee applications for interim and final allowance of compensation and reimbursement of expenses pursuant to the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.

6. The Togut Firm shall be compensated in accordance with the standards and procedures set forth in sections 330 and 331 of the Bankruptcy Code and all applicable Bankruptcy Rules, Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York, guidelines promulgated by the Office of the United States Trustee, and further orders of this Court.

7. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

8. Notwithstanding the possible applicability of Bankruptcy Rules 6604(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

DATED: New York, New York  
December \_\_, 2010

---

HONORABLE SHELLY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE