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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	
RESIDENTIAL CAPITAL, LLC, <i>et al.</i>	:	Case No. 12-12020 (MG)
	:	
Debtors.	:	Jointly Administered
	:	
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**STATEMENT AND RESERVATION OF RIGHTS OF AMBAC
ASSURANCE CORPORATION AND THE SEGREGATED ACCOUNT
OF AMBAC ASSURANCE CORPORATION IN RESPONSE TO DEBTORS’
MOTION FOR AN ORDER UNDER BANKRUPTCY CODE SECTIONS 105(a)
AND 363(b) AUTHORIZING THE DEBTORS TO ENTER INTO AND PERFORM
UNDER A PLAN SUPPORT AGREEMENT WITH ALLY FINANCIAL INC., THE
CREDITORS’ COMMITTEE AND CERTAIN CONSENTING CLAIMANTS**

Ambac Assurance Corporation (“Ambac Assurance”) and the Segregated Account
of Ambac Assurance Corporation (“Segregated Account” and, collectively with Ambac Assur-
ance, “Ambac”) respectfully submit this statement and reservation of rights (“Statement”) with
respect to the Debtors’ Motion for an Order Under Bankruptcy Code Sections 105(a) and 363(b)
Authorizing the Debtors to Enter Into and Perform Under a Plan Support Agreement with Ally
Financial Inc., the Creditors’ Committee, and Certain Consenting Claimants dated May 23, 2013,
Dkt. No. 3814 (“Motion”).

1. Ambac Assurance is a financial guaranty insurance company, a “monoline,” organized under the laws of the State of Wisconsin with its principal place of business at One State Street Plaza, New York, New York.

2. The Segregated Account is a segregated account that was established on March 24, 2010 pursuant to Wis. Stat. § 611.24, with the approval of the Office of the Commissioner of Insurance of the State of Wisconsin (“Commissioner”). Upon the Verified Petition of the Commissioner, the Circuit Court for Dane County, Wisconsin placed the Segregated Account into statutory rehabilitation under Wis. Stat. §§ 645.31 and 645.32 on March 24, 2010. Pursuant to Wis. Stat. § 611.24(3)(e), the Segregated Account is a separate Wisconsin insurer with the legal capacity and authority to sue in its own name and right.

3. The Debtors obtained numerous insurance policies from Ambac Assurance. As a result, Ambac has a variety of rights and remedies against the Debtors under the applicable transaction documents. Ambac, like other monoline insurers, has asserted claims against the Debtors for, *inter alia*, fraud, breach of contract, indemnity, reimbursement and damages in connection with certain transactions, arising under the applicable transaction documents or applicable law.

4. The Plan Support Agreement (as defined in the Motion) portends a consensual plan of reorganization that would resolve many of the most significant claims against the Debtors, including those of monoline insurers. Ambac was not invited to participate, nor did it request to participate, in the mediation that led to the Plan Support Agreement. But Ambac applauds the efforts of the Plan Mediator and the Supporting Parties (each as defined in the Motion) who did. Despite a daunting task, they appear to have made considerable progress towards resolution of these bankruptcy cases.

5. At this time, Ambac is not a Consenting Claimant (as defined in the Motion) and has not otherwise agreed to be bound by the Plan Support Agreement or to support the plan of reorganization it envisions. The terms of the Plan Support Agreement (and its related exhibits, supplements and annexes) do not address the treatment of Ambac's claims with enough specificity to permit Ambac to determine whether the contemplated plan will satisfy the requirements of Section 1129 of the Bankruptcy Code with respect to Ambac. Ambac is currently engaged in discussions with certain of the Consenting Claimants in an effort to agree on the terms pursuant to which Ambac would become a Consenting Claimant and give its full support to the plan. Ambac is optimistic that such terms can and will be agreed to in the near term.

6. Ambac reserves all rights with respect to the plan of reorganization contemplated by the Plan Support Agreement, including the right to object to the proposed plan and any related disclosure statement on any proper grounds at the appropriate time. Ambac also reserves the right to supplement this Statement and to appear and be heard at the hearing to consider approval of the Plan Support Agreement.

Dated: New York, New York
June 19, 2013

Respectfully submitted,

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