

Research Update:

Ambac Assurance Corp. Ratings Revised To 'R' Following Regulatory Directive

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Rating Action

On March 25, 2010, Standard & Poor's Ratings Services revised its counterparty credit, financial strength, and financial enhancement ratings on Ambac Assurance Corp. (Ambac) to 'R' from 'CC'.

Rationale

We took this action following a directive by the Commissioner of Insurance of the State of Wisconsin to Ambac to establish a segregated account for certain insured exposure, primarily policies related to credit derivatives, residential mortgage-backed securities, and other structured finance transactions. It is our understanding that a plan for rehabilitation of the segregated account calls for cessation of claim payments on this exposure.

It is our view that the regulatory directive with respect to the segregated account indicates a level of regulatory intervention at Ambac that is consistent with an 'R' rating. We believe that such a move will lead to concern that it favors one class of policyholders over another.

Related Criteria And Research

- Standard & Poor's Ratings Definitions, Feb. 15, 2010.

Ratings List

Downgraded; CreditWatch/Outlook Action

	To	From
Ambac Assurance Corp.		
Counterparty Credit Rating		
Local Currency	R/--	CC/Developing/--
Financial Enhancement Rating		
Local Currency	R/--	CC/Developing/--
Financial Strength Rating		
Local Currency	R/--	CC/Developing/--

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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