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March 21, 2011

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**VIA FACSIMILE**

Honorable William D. Johnston  
Lafayette County Circuit Court  
Lafayette County Courthouse  
626 Main Street  
Post Office Box 40  
Darlington, Wisconsin 53530-0040

Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation, Case No. 10 CV 1576 (Dane County Circuit Court)*

**Rehabilitator's Motion to Approve Settlement with One State Street, LLC**

Dear Judge Johnston:

On March 3, 2011, we filed, served and posted on the website a Notice of Hearing, Motion for Approval and proposed form of Order regarding the Rehabilitator's Motion to Approve Settlement with One State Street, LLC. The Notice referenced the hearing set by the Court for this Thursday, March 24, 2011, at 9:00 a.m. The Notice also specified that any objections to the motion needed to be filed and served by no later than last Friday, March 18, 2011, and indicated that:

If no objections are timely filed and served, the Rehabilitator also reserves the right to ask the Court to cancel the hearing and enter the proposed form of order granting the Rehabilitator's motion for approval.

\*For your convenience, we have enclosed another copy of that Notice of Hearing and proposed form of Order.

No objection has been filed or served, and no party has contacted the Rehabilitator's undersigned counsel to request any extension of the deadline or to indicate any intention to object or to attend the hearing. Accordingly, I am writing to request that the Court cancel the hearing and enter the proposed form of Order granting the Rehabilitator's motion for approval of the settlement. If that approach is acceptable to the Court, please have one of your clerks fax back a signed copy of the Order and we will immediately serve notice to all parties of record that the hearing is canceled and post that notice on the website. Of course, if the Court has any questions about the motion of its own or for any other reason wishes for the hearing to remain on the calendar, please have your clerk so advise the undersigned so we can so inform all other parties.



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Honorable William D. Johnston  
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Thank you for your attention to this matter.

Very truly yours,

FOLEY & LARDNER LLP

  
Michael B. Van Sicklen

Enclosures

cc: Counsel of Record (via email with enclosures)  
Jody Baux, Dane County Assistant Clerk (via first-class mail with enclosures)

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**NOTICE OF HEARING ON REHABILITATOR'S MOTION TO APPROVE  
SETTLEMENT WITH ONE STATE STREET, LLC**

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TO: All Interested Parties

PLEASE TAKE NOTICE that a hearing on the above-referenced motion of the Commissioner of Insurance of the State of Wisconsin, as Court-appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation, to approve a settlement with One State Street has been scheduled by the Court for Thursday, March 24, 2011 at 9:00-10:30 a.m., before the Honorable William D. Johnston, presiding by judicial appointment. The hearing will take place in the main courtroom of the Lafayette County Courthouse, located at 626 Main Street, Darlington, Wisconsin. The hearing will be conducted in open court and will be open to the public and to all parties-in-interest.

PLEASE TAKE FURTHER NOTICE that any objections to approval of the Rehabilitator's motion should be filed and served by no later than the close of business on Friday, March 18, 2011. Any such objection should specify the basis for the objection. If any such objections are filed, the Rehabilitator reserves the right to elicit testimony at the hearing or submit further materials at or before the hearing in support of the motion. If no objections are timely filed and served, the Rehabilitator also reserves the right to ask the Court to cancel the hearing and enter the proposed form of order granting the Rehabilitator's motion for approval.

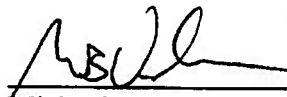
The motion and other documents pertaining to it have all been posted on the court-approved website for this proceeding, <http://ambacpolicyholders.com>. Consistent with Paragraph 2 of the Court's March 24, 2010 Order Regarding Form of Notice, the website serves as the official, court-approved means for effecting notice of all filings, orders, notices and hearings. Any policyholders and counterparties who lack regular access to either the Internet or a computer printer may receive a mailed hard copy of the motion or any other document posted on the website by mailing a request for "hard copy" service to:

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

Dated this 3rd day of March, 2011.

FOLEY & LARDNER LLP

By:

  
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*Attorneys for Commissioner of Insurance of the  
State of Wisconsin, as Rehabilitator of the  
Segregated Account of Ambac Assurance  
Corporation*

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**ORDER APPROVING REHABILITATOR'S MOTION FOR APPROVAL TO  
PROCEED WITH SETTLEMENT AGREEMENT  
WITH ONE STATE STREET, LLC**

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This matter came before the Court on the Rehabilitator's motion seeking approval to proceed with the terms of a written settlement agreement with One State Street, LLC (the "Settlement Agreement").

For good cause shown, the Rehabilitator's motion for approval to proceed with the Settlement Agreement is hereby approved. The Court hereby authorizes the Rehabilitator and the Segregated Account to proceed to close and consummate the Settlement Agreement on the terms and conditions set forth in the Settlement Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

BY THE COURT:

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Honorable William D. Johnston  
Lafayette County Circuit Court Judge  
Presiding by Judicial Appointment