

October 28, 2014

VIA HAND DELIVERY

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Ms. Celia Zeinert
Ambac Clerk, Dane County Circuit Court
Dane County Courthouse
215 South Hamilton Street
Madison, Wisconsin 53703

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

Dear Ms. Zeinert:

Enclosed for filing in the above-referenced insurer rehabilitation proceeding are the Commissioner's Application for Approval of Engagement of Certain Professionals and proposed Order Approving the Engagement of Certain Professionals.

We have served these documents on all parties-in-interest on the service list via email and posted copies on the court-approved website. Thank you for your attention to this matter.

Very truly yours,

FOLEY & LARDNER LLP



Jeffrey A. Simmons

Enclosures

cc: Honorable William D. Johnston (with enclosures, via facsimile)
All Counsel of Record (with enclosures, via email)

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**APPLICATION FOR APPROVAL OF ENGAGEMENT OF
CERTAIN PROFESSIONALS**

The Wisconsin Commissioner of Insurance, as the court-appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), hereby submits the following Application for Approval of Engagement of Certain Professionals. The basis for this Application is as follows:

1. The Rehabilitator submits this Application pursuant to paragraph 8 of the Court's March 24, 2010 Order for Rehabilitation, which authorizes the Rehabilitator and Special Deputy Commissioner for the Segregated Account "to negotiate and enter into additional contracts for professional services, providing for reasonable compensation and expenses, for such further attorneys, accountants, financial advisors, experts, and contractors as they deem necessary to effectuate the rehabilitation of the Segregated Account." (Dkt. 11, ¶ 8.)

2. The Segregated Account and Ambac Assurance Corporation ("Ambac") are jointly prosecuting several lawsuits against issuers of residential mortgage-backed securities ("RMBS"). In all of those lawsuits, the Segregated Account and Ambac have been represented by the law firm of Patterson, Belknap, Webb & Tyler, LLP ("Patterson"). In some of those lawsuits, the Segregated Account is also represented by Foley & Lardner LLP ("Foley").

3. Ambac and the Segregated Account anticipate there being certain matters relating to RMBS litigation in which both Foley and Patterson will have conflicts of interest that prevent

them from providing representation. Ambac has retained the law firm of Wollmuth, Maher & Deutsch LLP (“Wollmuth”) to represent it in the event of such conflicts. The Wollmuth firm has informed the Rehabilitator and Ambac that it has extensive experience representing and counseling financial institutions on a variety of issues arising from the economic crisis that began in 2007, including numerous representations relating to mortgage-backed securities. Additional information about the Wollmuth firm can be found at the firm’s website, www.wmd-law.com.

4. The Rehabilitator seeks permission to retain the Wollmuth firm to represent the Segregated Account in those limited instances in which both the Foley and Patterson firms have conflicts of interest. In those limited instances, the Wollmuth firm will be representing both the Segregated Account and Ambac, which will be more cost-effective than having the Segregated Account retain a second law firm for the same litigation. All fees and costs associated with the retention of the Wollmuth firm would be paid directly by Ambac.

5. In the process of preparing this request for approval, the Rehabilitator found that it had not sought approval for the engagement of the Patterson firm and for the law firm of Coyne, Schultz, Becker & Bauer, S.C. The Rehabilitator regrets this oversight and seeks to confirm those engagements now.

6. The Patterson firm has represented Ambac in RMBS litigation since before the commencement of this Rehabilitation. After the Rehabilitation began and the RMBS litigation claims were allocated to the Segregated Account, Patterson has also represented the Segregated Account in those litigations. Patterson is one of the most experienced law firms in the country in the field of RMBS litigation. The Rehabilitator has been very satisfied with Patterson’s

representation in the RMBS litigations matters thus far. All fees and costs for Patterson's services are paid directly by Ambac. Additional information about Patterson is available at the firm's website, www.pbwt.com.

7. The Rehabilitator has retained the law firm of Coyne, Schultz, Becker & Bauer, S.C. ("Coyne, Schultz") to represent the Rehabilitator in these Rehabilitation proceedings in those matters in which Foley has a conflict of interest. The primary attorneys at Coyne, Schultz who are representing the Rehabilitator are Bill Bauer and Karen Gallagher, both of whom are partners at that firm. Mr. Bauer and Ms. Gallagher are both experienced trial lawyers who have many years of experience appearing in Wisconsin state courts. Mr. Bauer and Ms. Gallagher appeared before the Court at a hearing on September 12, 2012 in connection with the Rehabilitator's August 17, 2012 Motion to Confirm and Declare the Scope of the Relief Issued Under this Court's Prior Order for Injunctive Relief. The Rehabilitator has been very satisfied with Coyne, Schultz's representation in this matter. Additional information about the Coyne, Schultz firm and Mr. Bauer and Ms. Gallagher is available at the firm's website, www.cnsbb.com.

For the foregoing reasons, the Court should approve the Application. A proposed order is attached.

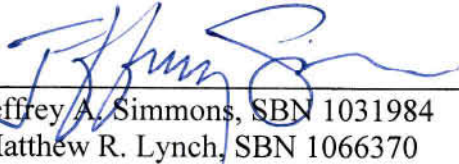
Dated this 28th day of October, 2014.

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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

**ORDER APPROVING THE ENGAGEMENT OF
CERTAIN PROFESSIONALS**

This matter came before this Court on the Application of the Wisconsin Commissioner of Insurance, as the court-appointed Rehabilitator of the Segregated Account of Ambac Assurance Corporation, for Approval of the Engagement of Certain Professionals, dated October 28, 2014.

IT IS HEREBY ORDERED that the Application for Approval of the Engagement of Certain Professionals, dated October 28, 2014, is approved. The Rehabilitator is hereby authorized to engage the law firm of Wollmuth, Maher & Deutsch LLP, and to continue with the engagements of the law firms of Patterson, Belknap, Webb & Tyler, LLP, and Coyne, Schultz, Becker & Bauer, S.C., as described in the Rehabilitator's Application.

Dated: _____, 2014

BY THE COURT

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