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January 7, 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)*

Dear Judge Johnston:

Thank you for your December 15, 2010 letter. Certain parties-in-interest in the Rehabilitation Proceeding have asked that I write to apprise you of the status of the matter. Briefing on the cross motions by the IRS and the Commissioner regarding the injunction and the Commissioner's motion to remand the entire proceeding back to state court will be completed today, with oral argument scheduled for Wednesday, January 12, 2011. We will write you promptly upon receiving the federal district court's decision with whatever recommendation about next steps is appropriate in light of that decision.

Very truly yours,

FOLEY & LARDNER LLP



Michael B. Van Sicklen

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