

November 11, 2011

HAND DELIVEREDWRITER'S DIRECT LINE
608.258.4206
mvansicklen@foley.com EMAILJody Baux
Ambac Clerk, Dane County Circuit Court
Dane County Courthouse
215 South Hamilton Street
Madison, Wisconsin 53703Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac
Assurance Corporation; Dane County Circuit Court Case No. 10 CV 1576*

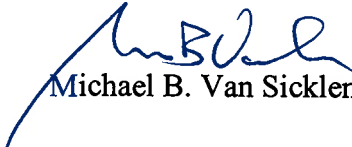
Dear Ms. Baux:

Enclosed for filing are the following two documents pertinent to the Rehabilitator's motions set for hearing in this matter on November 17, 2011 commencing at 1:30 p.m.: Rehabilitator's Supplement to October 28, 2011 Motion for Approval of the Partial Synthetic Commutation Pertaining to the Fortress Investment Group; and Proposed Form of Order Pertaining to the Rehabilitator's two motions set for hearing on November 17, 2011.

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

Very truly yours,

FOLEY & LARDNER LLP


Michael B. Van Sicklen

Enclosure

cc: Honorable William D. Johnston (with enclosures, via first-class mail)
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

**REHABILITATOR'S SUPPLEMENT TO OCTOBER 28, 2011 MOTION FOR
APPROVAL OF THE PARTIAL SYNTHETIC COMMUTATION
PERTAINING TO THE FORTRESS INVESTMENT GROUP**

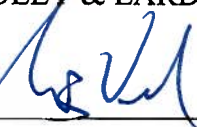
Subsequent to the filing of the Rehabilitator's October 28, 2011 Motion for Approval of the Two Partial Synthetic Commutations Pertaining to Policy Nos. AB1114BE, AB1115BE, AB0676BE and AB0900BE, the Fortress Investment Group ("Fortress"), one of the two counterparties involved in the synthetic commutation motions, advised the Rehabilitator and its management services provider of the existence of an inadvertent error that the Rehabilitator and Fortress agreed should be corrected. That correction is described below. The Rehabilitator submits that the correction is technical in nature and does not effect a material change in the motions before the Court set for hearing on November 17, 2011.

Fortress and the Rehabilitator agree that Fortress's position in NCSLT 2007-4, A2A4 should be reduced by \$1.9 million, which results in a commutation cost reduction of \$200,000. Based on this agreed correction, the Rehabilitator's motion for approval dated October 28, 2011 should be changed on page 2, paragraph 3, to reflect that the percentage would go down from 27.69% to 27.52%. Similarly, in the Rehabilitator's related motion to present evidence *in camera*, the percentage indicated at page 3, paragraph 5, would increase from 72% to 72.48%. The agreements attached as Exhibits B, C, E and F to the Rehabilitator's October 28, 2011 Motion for Approval of the Synthetic Commutations are being modified accordingly.

Dated this 11th day of November, 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

ORDER

This matter came before the Court for a hearing on the Rehabilitator's Motion for Approval of Two Partial Synthetic Commutations of Policy Nos. AB1114BE, AB1115BE, AB0676BE, and AB0900BE, and the Rehabilitator's Motion to Present *In Camera* Evidence Regarding Pricing of Two Partial Synthetic Commutations (collectively, the "Motions"). The Motions came before the Court on proper advance written notice for hearing in open court. Appearances were noted on the record. All parties-in-interest were afforded the opportunity to appear and be heard on the Motion.

The Court having considered the Rehabilitator's Motions and the information provided at the hearing in open court and *in camera*, it is hereby **ORDERED** as follows:

- 1) The Rehabilitator's Motion to Present *In Camera* Evidence Regarding Pricing of Two Partial Synthetic Commutations is **GRANTED**.
- 2) The Clerk of Court shall maintain **UNDER SEAL** all evidence presented to the Court *in camera* during the hearing.
- 3) The Rehabilitator's Motion for Approval of Two Partial Synthetic Commutations of Policy Nos. AB1114BE, AB1115BE, AB0676BE, and AB0900BE is **GRANTED**.

4) The Rehabilitator and the Segregated Account may take all actions necessary to carry out the two partial synthetic commutations of Policy Nos. AB1114BE, AB1115BE, AB0676BE, and AB0900BE, as described in the Rehabilitator's motion and supporting documents.

Dated this ____ day of _____, 2011.

BY THE COURT:

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