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**Gary T. Holtzer**

BY HAND

April 16, 2013

The Honorable Doris Ling-Cohan, J.S.C.  
IAS Part 36  
Supreme Court of the State of New York, County of New York  
60 Centre Street  
New York, NY 10007

Re: *In the Matter of the Rehabilitation of Financial Guaranty Insurance Company*  
Index No. 401265/2012; Motion Sequence No. 004

Dear Justice Ling-Cohan:

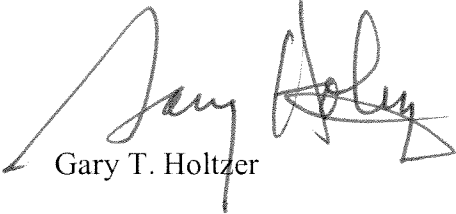
As you are aware, we represent Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, in his capacity as the court-appointed rehabilitator (the “**Rehabilitator**”) of Financial Guaranty Insurance Company (“**FGIC**”). In accordance with our prior letter, dated April 12, 2013, we are writing to advise the Court that today we filed an Affirmation seeking approval of a termination agreement and deed of release to be entered into by and among FGIC, Childrens Health Partnership Holdings Pty Ltd (“**CHP Holdings**”), and certain related parties, which agreements resolve the objections raised by CHP Holdings (on behalf of itself and certain related parties referred to as the “**Obligors**”) to the Rehabilitator’s proposed plan of rehabilitation for FGIC. The Rehabilitator respectfully requests that the Court expedite consideration of the Affirmation so that the parties may quickly consummate the transactions contemplated thereby, and the Rehabilitator notes that the Court’s consideration of the relief requested therein is not contingent upon other submissions or decisions of the Court.

Pursuant to the terms of the termination agreement, CHP Holdings’ plan objections will be deemed withdrawn upon the earlier of (i) entry by the Court of an order approving the termination agreement and (ii) one business day prior to the commencement of the hearing to consider approval of the plan. The termination agreement provides, however, that if this Court denies the Rehabilitator’s motion for approval of the termination agreement, if FGIC withdraws the Affirmation, or if this Court’s order approving the termination agreement is overturned on appeal, CHP Holdings’ plan objections (only insofar as they relate to the treatment of the Obligors under the plan) and (to the extent applicable) the Rehabilitator’s filings in support of the plan shall be reinstated solely for the purpose of resolving the treatment of the Obligors under the plan (and not for purposes of considering approval of the plan as a whole), to be addressed at a further hearing.

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Based on the foregoing, as of the withdrawal of the CHP Holdings' objections, the remaining objections to be argued at the plan approval hearing (currently scheduled to take place on April 30, 2013) will include those filed by the Jefferson County sewer warrant holders, CQS ABS Master Fund Ltd., and Aurelius Capital Management, LP. We will continue to advise the Court of any updates in this regard.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Holtzer", with a stylized flourish at the end.

Gary T. Holtzer

cc: All counsel of record (by email)