

July 6, 2010

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mvansicklen@foley.com EMAILHonorable William D. Johnston  
Lafayette County Circuit Court  
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626 Main Street  
Post Office Box 40  
Darlington, Wisconsin 53530-0040Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation*, Case No. 10CV1576 (Dane County Circuit Court)

Dear Judge Johnston:

Tuesday, June 22, 2010, was the deadline set in the Court's initial order regarding injunctive relief by which any party-in-interest was required to file any challenge pertaining to that order. The following entities ("Movants") filed various sets of motion papers on June 22, 2010:

- Depfa Bank, plc;
- Wells Fargo Bank, N.A., solely in its capacity as trustee for certain RMBS certificateholders;
- Bank of America, N.A., solely in its capacity as trustee for certain RMBS certificateholders;
- PNC Bank, N.A.;
- One State Street, LLC;
- Deutsche Bank National Trust Company, solely in its capacity as trustee, and Deutsche Bank Trust Company Americas, solely in its capacity as trustee;
- U.S. Bank National Association, solely in its capacity as trustee for certain securitization trusts;
- Access to Loans for Learning Student Loan Corporation & Lloyds TSB Bank plc;
- The Bank of New York Mellon; and
- KnowledgeWorks Foundation and the Treasurer of the State of Ohio.



FOLEY & LARDNER LLP

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The Movants' lawyers are identified on the attached service list. Consistent with the discussion with the Court at the June 23rd hearing, I have spoken with the Wisconsin and/or national counsel for each of the above-referenced Movants to develop the type of orderly schedule for briefing and hearings expected by the Court and Rehabilitator in this matter.

Enclosed is a proposed form of Scheduling Order on briefing and hearings that reflects my effort to implement what appears to be a broad-based consensus on an appropriate process. The hearing dates are calendared with the Dane County and Lafayette County Clerks. I apologize in advance if the schedule and hearing dates pose any sort of scheduling complication for any individual lawyer for one of the Movants. Given the significant constraints on available hearing dates with the court and the tremendous number of counsel and parties involved, it is difficult to avoid every possible scheduling complication for all counsel.

Many of the counsel I contacted on scheduling these motions opposed trying to proceed on separate briefing and hearing schedules as to each Movant. Accordingly, the proposed Scheduling Order groups the issues in the June 22<sup>nd</sup> motions into two categories. By copy of this letter, I invite any lawyer or party to contact me about any confusion they may have regarding the allocation of issues. I would be happy to work with them to try to clarify which issues will be argued at which of the two hearings so the hearings run smoothly. The grouping of issues appears to be logical to the Rehabilitator and seemed acceptable to the counsel with whom I had specific discussions in that regard, but, again, I invite any movant to contact me for any clarification they feel necessary in that regard.

Consistent with the Court's prior practice and the procedures outlined by you at the end of the June 4<sup>th</sup> hearing, the Scheduling Order assigns letters starting with "B" for each of the June 22<sup>nd</sup> Movants' sets of motion papers. The Court indicated at that hearing that the procedure for assigning such lettered designations to new motions or other special proceedings in the rehabilitation proceeding is to facilitate the orderly handling of service and special proceedings about discrete issues and decisions within the larger ongoing rehabilitation proceeding. We assigned the letters starting with "B" to each of the June 22<sup>nd</sup> Movants based on the order in which they are posted on the Court-approved Ambac Policyholders website. There is no other significance to the order in which the lettered designations were assigned. Lettered designation "A" was assigned by you at the June 4<sup>th</sup> hearing to the HSBC interpleader. Motions filed prior to the June 4<sup>th</sup> hearing have not yet been assigned their own lettered designations, but we would be happy to work with the Court in effectuating that if you think it would be appropriate for the sake of consistency.

Finally, I note that the PNC Bank motion was not submitted with a brief and may require an adjustment as to the briefing schedule. We will work with its counsel if there is a need to clarify the schedule as to that one motion.



FOLEY & LARDNER LLP

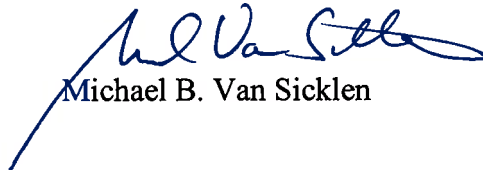
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By copy of this letter, I invite any counsel which has any concerns or objections to the approach laid out in the proposed Order to contact the undersigned to try to resolve those issues without needlessly bothering the Court. If they object to proceeding as indicated in the enclosed form of proposed Order, and we are not able to promptly resolve that concern consensually in the next several days, it shall be their responsibility to contact the Court to vary the proposed schedule.

Absent prior-filed objection, I suggest that the Court enter the Scheduling Order at the Hearing scheduled to take place on July 9, 2010 in regard to the earlier-filed Wells Fargo Bank/LVM bondholder motions.

Very truly yours,

FOLEY & LARDNER LLP



Michael B. Van Sicklen

Enclosures

cc: Counsel of Record, including those on the enclosed Contact List (with enclosures, via email)  
Jody Baux, Dane County Clerk (with enclosures, via first-class mail)

## INJUNCTION CONTACT LIST

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In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**ORDER SETTING SCHEDULE FOR BRIEFING AND HEARINGS  
FOR MOTIONS FILED ON OR ABOUT JUNE 22, 2010 PERTAINING TO THE  
COURT'S PRIOR ORDER ON INJUNCTIVE RELIEF AND RELATED MATTERS**

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Tuesday, June 22, 2010, was the deadline set in this Court's March 24, 2010

Order regarding injunctive relief by which any party-in-interest was required to file any challenges pertaining to that order for injunctive relief. The following entities ("Movants") filed various sets of motion papers on June 22, 2010:

- Depfa Bank, plc;
- Wells Fargo Bank, N.A., solely in its capacity as trustee for certain RMBS certificateholders;
- Bank of America, N.A., solely in its capacity as trustee for certain RMBS certificateholders;
- PNC Bank, N.A.;
- One State Street, LLC;
- Deutsche Bank National Trust Company, solely in its capacity as trustee, and Deutsche Bank Trust Company Americas, solely in its capacity as trustee;
- U.S. Bank National Association, solely in its capacity as trustee for certain securitization trusts;
- Access to Loans for Learning Student Loan Corporation & Lloyds TSB Bank plc;
- The Bank of New York Mellon; and
- KnowledgeWorks Foundation and the Treasurer of the State of Ohio.

THE COURT HEREBY ORDERS THAT THE FOLLOWING SCHEDULE BE FOLLOWED FOR BRIEFING AND HEARINGS IN REGARD TO THE MOTIONS FILED BY THE ABOVE-REFERENCED MOVANTS:

**I. RESPONSE SUBMISSIONS**

All briefs, affidavits or other submissions in opposition to the above-referenced Movants' motions shall be filed on or before the close of business on Tuesday, August 17, 2010.

**II. REPLY BRIEFS**

All reply briefs by Movants shall be filed on or before the close of business on Wednesday, September 1, 2010.

\*Note that all written submissions shall be filed with the Clerk for the Dane County Circuit Court, with courtesy copies provided to Judge Johnston at the Lafayette County Courthouse (via mail, fax or hand delivery).

**III. HEARINGS**

**A. September 9, 2010 Hearing Commencing at 1:30 p.m. on All Non-Policy-Specific "Common Issues"**

This hearing shall address all non-policy-specific "common" issues raised in any of the submissions by any of the Movants pertaining to the Court's March 24, 2010 injunction order, including challenges as to the scope or duration of the injunctive relief, specific provisions of the injunction order or the authority of the Court to issue such relief; issues raised by any of the Movants pertaining to the appropriateness, lawfulness or constitutionality of the Segregated Account; motions seeking intervention or discovery; and any other issue not specified below to be addressed at the September 13, 2010 hearing.

**B. September 13, 2010 Hearing Commencing at 1:30 p.m.**

This hearing shall pertain to the following motions dealing with specific issues pertaining to the allocation of a liability or policy to the Segregated Account or a specific contract disagreement pertaining to servicing or a commercial real estate lease.

- One State Street, LLC – This Movant’s contention that the disputed contingent liability regarding the New York commercial real estate office lease was improperly allocated to the Segregated Account, including all issues raised by this Movant pertaining to the lease.
- Access to Loans for Learning Student Loan Corporation & Lloyds TSB Bank plc – Movants’ policy-specific allegations regarding allocation of a particular policy or policies to the Segregated Account (as opposed to more generalized allegations noted above about the injunction or the lawfulness of the Segregated Account).
- KnowledgeWorks Foundation and the Treasurer of the State of Ohio – Movants’ policy-specific allegations regarding the allocation or possible future allocation of those particular policies to the Segregated Account (as opposed to more generalized allegations noted above about the injunction or the lawfulness of the Segregated Account).
- PNC Bank’s contentions regarding termination of its servicing contract – (as opposed to more generalized allegations noted above about the injunction or the lawfulness of the Segregated Account).

Note that both hearings shall commence at 1:30 p.m. before the William D.

Johnston in his courtroom in the Lafayette County Courthouse in Darlington, Wisconsin, and that the Court has blocked out the entire afternoon for each hearing.

**IV. CASE TRACKING LETTER DESIGNATIONS**

As to the motions filed on or about June 22, 2010, the Court has assigned a lettered designation, by entity, at the end of the case number to identify proceedings pertaining to the sets of motions filed by each entity. The Court previously indicated the reasons for such designations at the June 4, 2010 hearing. These designations should be used in the briefs and any other further submissions pertaining to Movants’ motions. Because HSBC’s interpleader is

already designated “Case No. 10 CV 1576-A,” the motions by each Movant below start with the letter “B.” There is no significance to the order of the letters; they reflect the order in which each Movants’ motions were posted on the court-approved website for this rehabilitation proceeding.

- 10 CV 1576-B Depfa Bank, plc
- 10 CV 1576-C Wells Fargo Bank, N.A., solely in its capacity as trustee for certain RMBS certificateholders
- 10 CV 1576-D Bank of America, N.A., solely in its capacity as trustee for certain RMBS certificateholders
- 10 CV 1576-E PNC Bank, N.A.
- 10 CV 1576-F One State Street, LLC
- 10 CV 1576-G Deutsche Bank National Trust Company, solely in its capacity as trustee, and Deutsche Bank Trust Company Americas, solely in its capacity as trustee
- 10 CV 1576-H U.S. Bank National Association, solely in its capacity as trustee for certain securitization trusts
- 10 CV 1576-I Access to Loans for Learning Student Loan Corporation & Lloyds TSB Bank plc
- 10 CV 1576-J The Bank of New York Mellon
- 10 CV 1576-K KnowledgeWorks Foundation and the Treasurer of the State of Ohio

Dated: \_\_\_\_\_

BY THE COURT

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