

**Frost
Brown Todd**^{LLC}
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

VIA FACSIMILE

July 8, 2010

Honorable William D. Johnston
Lafayette County Circuit Court
Lafayette County Courthouse
626 Main Street
Darlington, Wisconsin 53530-0040

Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation*
Case No. 10-CV-1576

Dear Judge Johnston:

I am writing on behalf of KnowledgeWorks Foundation, an Ohio non-profit corporation (“KnowledgeWorks Foundation”), as the administrator of the Ohio education loan program (the “Ohio Centric Loan Program”), in conjunction with the Treasurer of the State of Ohio on behalf of the State of Ohio.

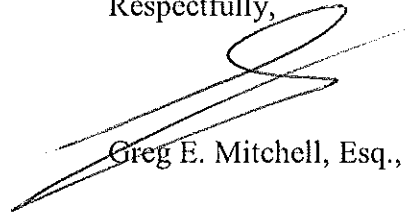
On July 9, 2010, this Court is scheduled to hear the Wells Fargo Bank, National Association Motion to Modify Temporary Injunction and to Intervene and Las Vegas Monorail Project Revenue Bonds’ Motion Challenging Allocation of LVM Bond Policy to the Segregated Account (collectively the “Scheduled Motions”). On July 2, 2010 KnowledgeWorks Foundation and the Treasurer filed an Emergency Motion and Notice of Motion to Postpone the July 9, 2010 Hearing, or in the Alternative, Withhold Ruling; and Establish Case Schedule on Pending Motions (the “Emergency Motion”). In light of the foregoing, we hereby tender two (2) Proposed Orders for your review and consideration in ruling upon the Emergency Motion(s). As requested in the Emergency Motions, both Orders call for the establishment of a case schedule to rule upon the modifications or dissolutions sought by the Interested Parties to the Order for Temporary Injunctive Relief. Please note that another Interested Party, All Student Loan and Lloyds TSB Bank PLC has also filed an Emergency Motion to Postpone the July 9, 2010 Hearing, or in the Alternative, Withhold Ruling; and Establish Case Schedule on Pending Motions, and has joined in the Proposed Orders

Honorable William D. Johnston
July 8, 2010
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I am also writing in connection with the proposed Scheduling Order submitted by counsel for the Rehabilitator. In this regard, we have a number of exceptions to the proposed Order and therefore, are tendering our proposed revisions for your review and consideration. We would appreciate the opportunity to address this issue before the Court during the July 9, 2010 hearing.

We appreciate your attention to these matters.

Respectfully,

A handwritten signature in black ink, appearing to read "Greg E. Mitchell". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Greg E. Mitchell, Esq., admitted *pro hac vice*

cc: Parties listed on the attached Service List (w/Encl.)
Jody Baux, Dane County Clerk (w/Encl.)
Jeff Lipps, Esq. (w/Encl.)
Joel Sechler, Esq. (w/Encl.)
Lawrence Bensky, Esq. (w/Encl.)
James Owen, Esq. (w/Encl.)

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CERTIFICATE OF SERVICE

This is to certify that on the 8th day of July, 2010, true and accurate copies of the foregoing were served as indicated below:

Via electronic mail to: David G. Walsh, Michael B. Van Sicklen, Matthew R. Lynch, Kevin G. Fitzgerald and Andrew A. Oberdeck

David G. Walsh
Michael B. Van Sicklen
Matthew R. Lynch
Foley & Lardner LLP
150 East Gilman Street
Madison, WI 53701
dwalsh@foley.com
mvansicklen@foley.com
mlynch@foley.com

and

Kevin G. Fitzgerald
Andrew A. Oberdeck
Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Kfitzgerald@foley.com
aoberdeck@foley.com

Sean Dilweg, Commission of Insurance of the State of Wisconsin

Via electronic mail to: William G. Primps

William G. Primps
Emily L. Saffitz
Allison H. Weiss
Peter A. Ivanick
Lynn Roberts
Dewey & Leboeuf LLP
1301 Avenue of the Americas
New York, NY 10019
wprimps@dl.com

Via electronic mail to: Daniel W. Stolper

Daniel W. Stolper
Stafford Rosenbaum LLP
222 W. Washington Avenue, Suite 900
P.O. Box 1784
Madison, WI 53701-1784
dstolper@staffordlaw.com

Ambac Assurance Corporation

Via electronic mail to: Stephen L. Morgan, Brittany S. Ogden, Steven T. Whitmer and Kevin A. Wisniewski

Stephen L. Morgan
Brittany S. Ogden
Murphy Desmond S.C.
33 East Main Street, Suite 500
Madison, WI 53703
smorgan@murphydesmond.com
bogden@murphydesmond.com

and

Steven T. Whitmer
Kevin A. Wisniewski
Locke Lord Bissel & Liddell LLP
111 South Wacker Drive
Chicago, IL 60606
swhitmer@lockelord.com
kwisniewski@lockelord.com

Wells Fargo Bank, National Association, in its Capacity (Trustee of the Bondholders)

Ambac Assurance Corporation

Via electronic mail to: R. Timothy Muth, Bryan K. Nowicki, Jessica H. Polakowski, David M. Greenwald, John B. Simon, Michael T. Brody, Erinn L. Wehrman, Patrick J. Trostle and Mark Lightner

R. Timothy Muth,
Bryan K. Nowicki
Jessica Hutson Polakowski
Reinhart Boerner Van Deuren S.C.
22 East Mifflin Street, Suite 600
Madison, WI 53703
tmuth@reinhartlaw.com
bnowicki@reinhartlaw.com
jpolakowski@reinhartlaw.com

and

David M. Greenwald
John B. Simon
Michael T. Brody
Erinn L. Wehrman
Jenner & Block, LLP
353 North Clark Street
Chicago, IL 60654
dgreenwald@jenner.com
jsimon@jenner.com
mbrody@jenner.com
ewehrman@jenner.com

and

Patrick J. Trostle
Mark Lightner
Jenner & Block, LLP
919 Third Avenue, 37th Floor
New York, NY 10022
ptrostle@jenner.com
milightner@jenner.com

*Aurelius Capital Management, LP,
Fir Tree, Inc., King Street Capital, L.P., King
Street Capital Master Fund, Ltd., Monarch
Alternative Capital LP, Stonehill Capital
Management LLC (RMBS Policyholders)*

Via electronic mail to: Michael C. Weed,
Thomas J. Welsh, Andrew K. Davidson, Seth E.
Dizard, Grant C. Killoran and Gregory J. Lyons

Michael C. Weed
Thomas J. Welsh
Andrew K. Davidson
Orrick, Herrington & Sutcliffe LLC
400 Capitol Mall, Suite 3000
Sacramento, CA 95814-4497
mweed@orrick.com
tomwelsh@orrick.com
adavidson@orrick.com

and

Seth E. Dizard
Grant C. Killoran
Gregory J. Lyons
O'Neil, Cannon, Hallman, DeJong &
Laing S.C.
111 East Wisconsin Avenue, Suite 1400
Milwaukee, WI 53202
Seth.dizard@wilaw.com
Grant.killoran@wilaw.com
Greg.lyons@wilaw.com

Depfa Bank PLC

Via electronic mail to: Noreen Parrett, Connie L.
O'Connell, Philip Bentley, Amy Caton and Susan
Jacquemot

Noreen J. Parrett
Connie L. O'Connell
Parrett & O'Connell, LLP
10 East Doty Street, Suite 621
Madison, WI 53703
nparrett@parrettoconnell.com
coconnell@parrettoconnell.com

and

Via electronic mail to: Laura E. Callen, Dale C. Christensen, Jr., and Thomas Ross Hooper

Laura E. Callen
Solheim Billing & Grimmer, S.C.
P.O. Box 1644
Madison, WI 53701-1644
lcallen@sbglaw.com

and

Dale C. Christensen, Jr.
Thomas Ross Hooper
Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004
christensen@sewkis.com
hooper@sewkis.com

Bank of New York Mellon

Via electronic mail to: Paul E. Benson, Paul A. Lucey, Nathan L. Moenck, John M. Rosenthal, Kristine Bailey, Leah M. Houghton

Paul E. Benson
Paul A. Lucey
Nathan L. Moenck
Michael Best & Friedrich LLP
100 E. Wisconsin Avenue, Suite 3300
Milwaukee, WI 53202
pebenson@michaelbest.com
palucey@michaelbest.com
nlmoenck@michaelbest.com

and

John M. Rosenthal
Kristine Bailey
Morgan, Lewis & Bockius LLP
One Market Street
Spear Street Tower
San Francisco, CA 94105
jrosenthal@morganlewis.com
kbailey@morganlewis.com

Philip Bentley
Amy Caton
Susan Jacquemot
Kramer Levin Naftalis & Frankel, LLP
1177 Avenue of the Americas
New York, NY 10036
pbentley@kramerlevin.com
acaton@kramerlevin.com
sjacquemot@kramerlevin.com

Eaton Vance Management, Nuveen Asset Management, Restoration Capital Management, LLC, and Stone Lion Capital Partners (LVM Bondholders)

Via electronic mail to: Randall D. Crocker, Susan E. Lovern, Christopher J. Stroebel and Pieter Van Tol

Randall D. Crocker
Susan E. Lovern
Christopher J. Stroebel
Von Briesen & Roper S.C.
411 East Wisconsin Avenue, Suite 700
Milwaukee, WI 53202
rcrocker@vonbrisen.com
slovern@vonbriesen.com
estroebel@vonbriesen.com

and

Pieter Van Tol
Hogan Lovells US LLP
975 Third Avenue
New York, NY 10022
Pieter.vantol@hoganlovells.com

HSBC Bank USA National Association

Via electronic mail to: James A. Friedman, Brady Williamson, Anthony G. Gaughan, Michael P. Carroll, Donald S. Bernstein and Avi Gesser

and

Leah M. Houghton
Morgan, Lewis & Bockius LLP
225 Franklin Street, 16th Floor
Boston, MA 02110-4104
lhoughton@morganlewis.com

*Deutsche Bank National Trust Company, as
Trustee, and Deutsche Bank Trust Company
Americas, as Trustee Americas, Solely in its
Capacity as Trustee*

Via electronic mail to: David I. Cisar, Susan E.
Lovern, Christopher J. Stroebel, Craig S.
Bloomgarden, and Marcia D. Alzraki

David I. Cisar
Susan E. Lovern
Von Briesen & Roper, S.C.
411 E. Wisconsin Avenue
Milwaukee, WI 53202
dcisar@vonbriesen.com
slovern@vonbriesen.com

and

Christopher J. Stroebel
Von Briesen & Roper S.C.
Three South Pinkney Street, Suite 1000
Madison, WI 53703
cstroebel@vonbriesen.com

and

Craig S. Bloomgarden
Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064
cbloomgarden@manatt.com

and

James A. Friedman
Brady Williamson
Anthony G. Gaughan
Godfrey & Kahn, S.C.
P.O. Box 2719
Madison, WI 53701-2719
jfriedman@gklaw.com
bwilliamson@gklaw.com
agaughan@gklaw.com

and

Michael P. Carroll
Donald S. Bernstein
Avi Gesser
Davis Polk & Wardwell, LLP
450 Lexington Avenue
New York, NY 10017
Donald.bernstein@davispolk.com
Michael.carroll@davispolk.com
Avi.gesser@davispolk.com

The Bank Insureds

Via electronic mail to: Jane C. Schlicht,
Michael Johnson, William B. Macurda and
Cele Ogawa

Jane C. Schlicht
Cook & Franke, S.C.
660 East Mason Street
Milwaukee, WI 53202
schlicht@cf-law.com

and

Michael E. Johnson
William B. Macurda
Cele Ogawa
Alston & Bird LLP
90 Park Avenue
New York, NY 10016
Michael.johnson@alston.com
Bill.macurda@alston.com
Cele.ogawa@alston.com

Marcia D. Alazraki
Manatt, Phelps & Phillips, LLP
7 Times Square
New York, NY 10036
malazraki@manatt.com

Federal Home Loan Mortgage

Via electronic mail to: John Franke

John Franke
Gass Weber Mullins LLC
309 N. Water Street, Suite 700
Milwaukee, WI 53202
franke@gasswebermullins.com

PNC Bank

Via electronic mail to: Earl M. Munson and
James E. Bartzen

Earl H. Munson
James E. Bartzen
Boardman, Suhr, Curry & Field LLP
One South Pinckney St., 4th Floor
P.O. Box 927
Madison, WI 53701
jbartzen@boardmanlawfirm.com
emunson@boardmanlawfirm.com

*Counsel for Assured Guaranty Corporation
and Goldman Sachs & Co., Inc.*

Via electronic mail to: Lawrence Bensky and
James C. Owen

Lawrence Bensky
Law Office of Lawrence Bensky, LLC
10 East Doty Street, Suite 800
Madison, WI 53703
lbensky@benskylaw.com

*Wells Fargo Bank, N.A., in its Capacity as
Trustee for Certain RMBS Certificate Holders*

Via electronic mail to: Anne M. Bensky

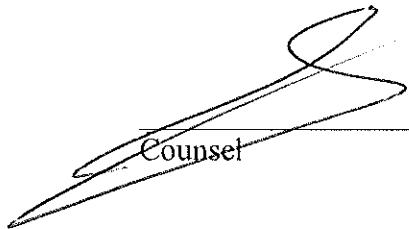
Anne M. Bensky
Kathleen G. McNeil
Garvey McNeil & Associates, S.C.
One Odana Court
Madison, WI 53719
andie@gmmattorneys.com

Counsel for One State Street LLC

and

James C. Owen
McCarthy, Leonard & Kaemmerer, L.C.
400 S. Woods Mill Road
Chesterfield, MO 63017
jowen@mlklaw.com

*Counsel for ALL Student Loan and Lloyds TSB
Bank plc*



Counsel

In the Matter of the Rehabilitation of:
Segregated Account of Ambac Assurance Corporation

Case No. 10 CV 1576

**ORDER ON EMERGENCY MOTION
POSTPONING JULY 9, 2010 HEARING**

This matter having come before the Court on the Emergency Motion of KnowledgeWorks Foundation and the Treasurer of the State of Ohio to Postpone the July 9, 2010 Hearing or in the Alternative, Withhold Ruling; and Establish Case Schedule on Pending Motions (the "Emergency Motion"), this Court finds the following:

1. On July 9, 2010, this Court is scheduled to hear the Wells Fargo Bank, National Association Motion to Modify Temporary Injunction and to Intervene and Las Vegas Monorail Project Revenue Bonds' Motion Challenging Allocation of LVM Bond Policy to the Segregated Account (collectively the "Scheduled Motions").

2. The Scheduled Motions were set for hearing by this Court prior to the June 22, 2010, deadline established by the Order for Temporary Injunctive Relief.

3. The June 22, 2010 deadline has now passed and several Interested Parties have asked to be heard and/or intervene in accordance with the provisions of the Order for Temporary Injunctive Relief ("Petitions for Intervention"). The Court has not yet ruled on those Petitions for Intervention.

The Court having reviewed the Emergency Motion, heard arguments of counsel, and being otherwise sufficiently advised,

IT IS HEREBY ORDERED THAT:

1. Petitions for Intervention should be resolved prior to substantial litigation on important issues affecting the due process rights of Interested Parties. In order to uniformly and comprehensively consider the Motions of the Interested Parties and to forestall any potential prejudice and/or inconsistent rulings, findings of fact, and/or conclusions of law, the July 9, 2010, hearing on the Scheduled Motions is hereby POSTPONED.

2. In the interest of judicial economy and efficiency, this Court will establish an appropriate case schedule to rule upon all modifications or dissolutions sought by the Interested Parties to the Order for Temporary Injunctive Relief.

3. The hearing on the Scheduled Motions will be rescheduled in accordance with the case schedule to be established by this Court. Such rescheduling affords all Interested Parties a full and fair opportunity to substantively participate in the rehabilitation proceeding and to be heard as to common issues.

DATED: _____

BY THE COURT

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

TENDERED BY:

Melissa A. Kern, Esq.
WI State Bar No. 1070188
FROST BROWN TODD LLC
1103 Boundary Road
Middleton, Wisconsin 53562
Telephone: (608) 692-5071
Telecopy: (513) 651-6981
E-Mail: MKern@fbtlaw.com



Greg E. Mitchell, Esq., admitted *pro hac vice*
KY State Bar No. 82785
PA State Bar No. 50456
FROST BROWN TODD LLC
2800 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Telephone: (859) 231-0000
Telecopy: (859) 231-0011
E-Mail: GMitchell@fbtlaw.com

COUNSEL FOR KNOWLEDGEWORKS FOUNDATION,
AS THE ADMINISTRATOR OF THE OHIO CENTRIC
STUDENT LOAN PROGRAM

Jeffrey A. Lipps, Esq., admitted *pro hac vice*
OH State Bar No. 0005541
CARPENTER LIPPS & LELAND LLP
280 Plaza Suite 1300
280 North High Street
Columbus, Ohio 43215
Telephone: (614) 365-4100
Telecopy: (614) 365-9145
E-Mail: Lipps@carpenterlipps.com

COUNSEL FOR THE TREASURER OF THE STATE OF
OHIO ON BEHALF OF THE STATE OF OHIO

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**ORDER ON EMERGENCY MOTION
LIMITING RULING ON JULY 9, 2010 HEARING**

This matter having come before the Court on the Emergency Motion of KnowledgeWorks Foundation and the Treasurer of the State of Ohio to Postpone the July 9, 2010 Hearing or in the Alternative, Withhold Ruling; and Establish Case Schedule on Pending Motions (the “Emergency Motion”), this Court finds the following:

1. On July 9, 2010, this Court is scheduled to hear the Wells Fargo Bank, National Association (“Wells Fargo”) Motion to Modify Temporary Injunction and to Intervene and Las Vegas Monorail Project Revenue Bonds’ (“LVM Bondholders”) Motion Challenging Allocation of LVM Bond Policy to the Segregated Account (collectively the “Scheduled Motions”).

2. The Scheduled Motions were set for hearing by this Court prior to the June 22, 2010, deadline established by the Order for Temporary Injunctive Relief.

3. The June 22, 2010 deadline has now passed and several Interested Parties have asked to be heard and/or intervene in accordance with the provisions of the Order for Temporary Injunctive Relief (“Petitions for Intervention”). The Court has not yet ruled on those Petitions for Intervention.

The Court having reviewed the Emergency Motion, heard arguments of counsel, and being otherwise sufficiently advised,

IT IS HEREBY ORDERED THAT:

1. This Court has decided to conduct the July 9, 2010 hearing on the Scheduled Motions.

2. However, Petitions for Intervention should be resolved prior to substantial litigation on important issues affecting the due process rights of Interested Parties. Accordingly, in order to uniformly and comprehensively consider the Motions of the Interested Parties and to forestall any potential prejudice and/or inconsistent rulings, findings of fact, and/or conclusions of law, any Order issued on the Scheduled Motions will pertain only to the following discrete issues: (1) whether the allocation of the LVM Bond Policy to the Segregated Account was unlawful; and/or (2) whether this Court will permit the intervention of the LVM Bondholders (and Wells Fargo as trustee) and the taking of limited discovery on the specific issues presented in the Scheduled Motions. The narrow scope of such an Order will not otherwise prejudice the issues raised by the Interested Parties in their various pleadings filed in accordance with Order for Temporary Injunction.

2. In the interest of judicial economy and efficiency, this Court will establish an appropriate case schedule to rule upon all modifications or dissolutions sought by the Interested Parties to the Order for Temporary Injunctive Relief. Such a case schedule will provide all Interested Parties with a full and fair opportunity to substantively participate in the rehabilitation proceeding and to be heard as to common issues.

DATED: _____

BY THE COURT

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

TENDERED BY:

Melissa A. Kern, Esq.
WI State Bar No. 1070188
FROST BROWN TODD LLC
1103 Boundary Road
Middleton, Wisconsin 53562
Telephone: (608) 692-5071
Telecopy: (513) 651-6981
E-Mail: MKern@fbtlaw.com



Greg E. Mitchell, Esq., admitted *pro hac vice*
KY State Bar No. 82785
PA State Bar No. 50456
FROST BROWN TODD LLC
2800 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Telephone: (859) 231-0000
Telecopy: (859) 231-0011
E-Mail: GMitchell@fbtlaw.com

COUNSEL FOR KNOWLEDGEWORKS FOUNDATION,
AS THE ADMINISTRATOR OF THE OHIO CENTRIC
STUDENT LOAN PROGRAM

Jeffrey A. Lipps, Esq., admitted *pro hac vice*
OH State Bar No. 0005541
CARPENTER LIPPS & LELAND LLP
280 Plaza Suite 1300
280 North High Street
Columbus, Ohio 43215
Telephone: (614) 365-4100
Telecopy: (614) 365-9145
E-Mail: Lipps@carpenterlipps.com

COUNSEL FOR THE TREASURER OF THE STATE OF
OHIO ON BEHALF OF THE STATE OF OHIO

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**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**

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 THE CONDUCT OF THE HEARINGS IN REGARD TO THE MOTIONS FILED BY THE ABOVE-REFERENCED MOVANTS:

I. MOTIONS TO INTERVIENE/PARTICIPATE

In light of the position taken by the Rehabilitator in its July 6, 2010 letter, Movants believe the intervention issue can be resolved through an agreed order. Movants and Rehabilitator are to confer and submit an agreed order on or before July 15, 2010.

If no agreement on an order is reached, the Respondents shall file all briefs, affidavits, evidence or other submissions in opposition to the above referenced Movants' Motion to Intervene and/or Participate as "Interested Parties" (pursuant to paragraph 12 of the Order for Temporary Injunctive Relief) on or before the close of business on July 21, 2010. Such briefs affidavits, evidence or other submissions in opposition shall be limited to the issue of Movants' Intervention and/or Participation and will not address other issues raised in the Movants' June 22, 2010 Motions. All reply briefs, evidence or other submissions in support of Movants' Motion to Intervene and/or Participate shall be filed on or before the close of business on July 26, 2010.

A hearing on the preliminary issue of intervention shall be held on July __, 2010 (the "Preliminary Hearing").

II. DISCOVERY

Any requested discovery including, for example, depositions, written discovery, and issuance of subpoenas, shall be served on or before July 19, 2010. Any objections to such discovery shall be filed on or before July 26, 2010.

III. PRELIMINARY HEARING

As noted above, the Court will schedule a Preliminary Hearing for _____, __, 2010 at ___:___ a.m. to consider the following:

- The above-referenced Movants' Motion to Intervene and/or Participate;
- All discovery request and any objections thereto;
- The organization and conduct of the hearings set forth in Paragraph VI below; including proposed witness and documentary evidence; and
- Any other issues brought before the Court.

IV. RESPONSE SUBMISSIONS

All briefs, affidavits, evidence or other submissions in opposition to the above-referenced Movants' motions shall be filed on or before the close of business on August 2, 2010.

V. REPLY BRIEFS

All reply briefs, affidavits, evidence or other submissions in support of Movants' motion shall be filed on or before the close of business on August 16 , 2010.

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

VI. HEARINGS

A. August ____, 2010 Hearing Commencing at ___:___ a.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 and 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; and any other issue not specified below to be addressed at the September __, 2010 hearing.

B. October __, 2010 Hearing Commencing at __:__ a.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 and 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 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 of the lawfulness of the Segregated Account).

Note that both hearings shall commence at __:__ a.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.

VII. 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' motion 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

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**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**

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~~THE CONDUCT OF THE HEARINGS IN REGARD TO THE MOTIONS FILED BY THE ABOVE-REFERENCED MOVANTS:

I. MOTIONS TO INTERVIENE/PARTICIPATE

In light of the position taken by the Rehabilitator in its July 6, 2010 letter, Movants believe the intervention issue can be resolved through an agreed order. Movants and Rehabilitator are to confer and submit an agreed order on or before July 15, 2010.

If no agreement on an order is reached, the Respondents shall file all briefs, affidavits, evidence or other submissions in opposition to the above referenced Movants' Motion to Intervene and/or Participate as "Interested Parties" (pursuant to paragraph 12 of the Order for Temporary Injunctive Relief) on or before the close of business on July 21, 2010. Such briefs affidavits, evidence or other submissions in opposition shall be limited to the issue of Movants' Intervention and/or Participation and will not address other issues raised in the Movants' June 22, 2010 Motions. All reply briefs, evidence or other submissions in support of Movants' Motion to Intervene and/or Participate shall be filed on or before the close of business on July 26, 2010.

A hearing on the preliminary issue of intervention shall be held on July ____, 2010 (the "Preliminary Hearing").

II. DISCOVERY

Any requested discovery including, for example, depositions, written discovery, and issuance of subpoenas, shall be served on or before July 19, 2010. Any objections to such discovery shall be filed on or before July 26, 2010.

III. PRELIMINARY HEARING

As noted above, the Court will schedule a Preliminary Hearing for _____, 2010 at _____: _____ a.m. to consider the following:

- The above-referenced Movants' Motion to Intervene and/or Participate;
- All discovery request and any objections thereto;
- The organization and conduct of the hearings set forth in Paragraph VI below; including proposed witness and documentary evidence; and
- Any other issues brought before the Court.

IV. ~~I~~-RESPONSE SUBMISSIONS

All briefs, affidavits, evidence 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~~, 2, 2010.

V. ~~H~~-REPLY BRIEFS

All reply briefs ~~by~~, affidavits, evidence or other submissions in support of Movants' motion shall be filed on or before the close of business on ~~Wednesday, September~~ ~~1~~, August 16, 2010.

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

VI. ~~II~~-HEARINGS

- A. ~~September 9~~, August _____, 2010 Hearing Commencing at ~~1:30 p~~ _____: _____ a.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 and 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, October~~, 2010 Hearing Commencing at 1:30 p. : a.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 and 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 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 of the lawfulness of the Segregated Account).

Note that both hearings shall commence at 1:30 p. a.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.

VII. ~~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' motion 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

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