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FACSIMILE TRANSMISSION

DATE: July 6, 2010

To:

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Honorable William D. Johnston	(608) 776-4845	(608) 776-4811

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LOCATION: MAD-8

RE: *In the Matter of the Rehabilitation of the Segregated Account of Ambac Assurance Corporation, Dane County Case No. 10-CV-1576*

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July 6, 2010

Honorable William D. Johnston
Lafayette County Circuit Court
626 Main Street
P.O. Box 40
Darlington, WI 53530-0040

Re: In the Matter of the Rehabilitation of the Segregated Account of Ambac Assurance Corporation, Dane County Case No. 10 CV 1576

Dear Judge Johnston:

I write on behalf of Deutsche Bank National Trust Company, Deutsche Bank Trust Company Americas, and U.S. Bank National Association (collectively, the "Trustees"), each acting solely in its capacity as trustee for certain residential mortgage-backed securities, other asset-backed securities, collateralized loan obligation and/or collateralized debt obligation trusts insured by Ambac Assurance Corporation and/or its affiliates ("Ambac") in connection with the above-referenced case.

As you are aware, this Friday, July 9, 2010, oral argument is scheduled on the motion (hereinafter, the "VM Bondholders' Motion") filed by certain holders of Las Vegas Monorail Project Revenue Bonds (the "VM Bondholders") supported by an insurance policy (the "VM Bond Policy") issued by Ambac. Wells Fargo Bank, National Association ("Wells Fargo as trustee"), in its capacity as trustee for the benefit and protection of the LVM Bondholders, has joined in the LVM Bondholders' Motion, and partially withdrawn its April 5, 2010 Motion to Modify Temporary Injunction and to Intervene at the direction of the LVM Bondholders under the terms of their Indenture. Accordingly, both the motions of the LVM Bondholders and of Wells Fargo as trustee are scheduled to be heard by the Court on July 9, 2010.

The LVM Bondholders' Motion challenges the allocation of the LVM Bond Policy to the Segregated Account under Wisconsin Statute § 611.24 as well as the Equal Protection Clause of the U.S. and Wisconsin Constitutions. Their motion expressly does not challenge either the creation and/or approval of the Segregated Account or the adequacy of its capitalization. Moreover, Wells Fargo as trustee has withdrawn its argument on these issues, maintaining only

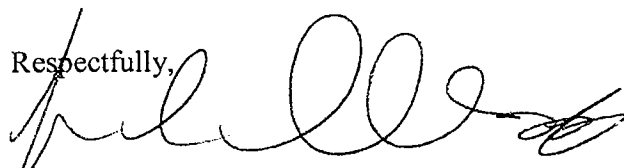
Honorable Judge William D. Johnston
July 6, 2010
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that portion of its brief commensurate with the LVM Bondholders' equal protection position. Accordingly, the LVM Bondholders (and Wells Fargo as trustee) seek a narrow order from the Court: (1) declaring that the allocation of the LVM Bond Policy to the Segregated Account was unlawful; and (2) authorizing their intervention and taking of limited discovery related to the specific issues presented in their motion.

Despite the narrow nature of the LVM Bondholders' Motion, the Commissioner of Insurance ("OCI"), in its brief and proposed order, improperly raises and seeks to dispose of any and all objections to the creation, approval and capitalization of the Segregated Account. These issues are expressly outside the scope of the LVM Bondholders' Motion and therefore are not properly before the Court on July 9.

Importantly, although the LVM Bondholders and Wells Fargo as trustee have determined for their own strategic reasons not to challenge the creation, approval, and capitalization of the Segregated Account, the Trustees' June 22, 2010 motions to intervene and to modify the Court's March 24, 2010 temporary injunction challenge *each* of these aspects of the Segregated Account. The Trustees are in discussions with OCI's counsel regarding a proposed briefing and hearing schedule for their June 22, 2010 motions, but it is clear that the briefing will not be ready for argument before this Friday.

Accordingly, by this correspondence, the Trustees respectfully request that the Court limit the scope of the July 9, 2010 hearing to the discrete issues presented in the LVM Bondholders' Motion and defer any ruling on the separate matters raised in the Trustees' pending motions to intervene and modify the Court's March 24, 2010 Order for Temporary Injunctive Relief until they are fully briefed and heard.

Respectfully,


John C Goodchild, III, admitted *pro hac vice*

cc: All counsel of record

In the Matter of the Rehabilitation of:

SEGREGATED ACCOUNT OF
AMBAC ASSURANCE CORPORATION

Case No. 10 CV 1576

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, Frances M. Wiley, being first duly sworn on oath, depose and state that on July 6, 2010, I caused a true and correct copy of the following:

July 6, 2010 Letter to Honorable William D. Johnston from John C. Goodchild, III, counsel for Deutsche Bank National Trust Company, Deutsche Bank Trust Company Americas, and U.S. Bank National Association (collectively, the Trustees);

to be served by Fax or Email as noted below, upon the following:

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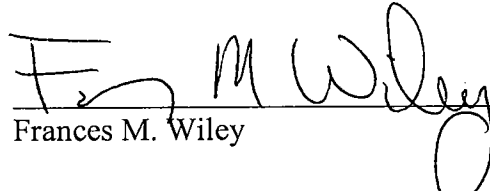
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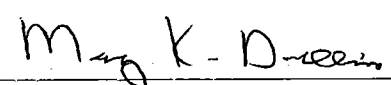
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Dated this 6th day of July, 2010.



Frances M. Wiley

Subscribed and sworn to before me
this 6th day of July, 2010.



Notary Public, Dane County, Wisconsin
My Commission: 5-19-2013

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