

July 16, 2010

Honorable William D. Johnston
Lafayette County Courthouse
626 Main Street
P.O. Box 40
Darlington, WI 53530

Re: *In the Matter of the Rehabilitation of Segregated Account
of Ambac Assurance Corp.*, Case No. 2010-CV-1576

Dear Judge Johnston:

I am one of the lawyers for Access to Loans for Learning Student Loan Corporation (“ALL Student Loan”) and Lloyds TSB Bank plc (“Lloyd’s Bank”) in this case. This letter addresses the form of the order you issue on the motion of the LVM Bondholders and the related motion of Wells Fargo (together, the “LVM motions”) that you heard on July 9, 2010.

ALL Student Loan and Lloyd’s Bank are not parties to the LVM motions and have not taken a position on the merits of the motions. We are, however, concerned about the possible prejudicial effects of the Court’s resolution of the LVM motions on the motion that we filed on June 22, 2010 (Court Record No. 235), which is currently scheduled for hearings on September 9 and 13, 2010. In particular, the proposed order denying the LVM motions submitted by the Commissioner of Insurance (“OCI”) includes a provision (numbered paragraph 1) that potentially prejudices ALL Student Loan and Lloyd’s Bank, but which is completely unnecessary for resolution of the LVM motions.

Numbered paragraph 1 of the OCI proposed order asks the Court to reaffirm findings of fact and conclusions of law included in a previous order on a different motion, but which were not at issue in the LVM motions heard on July 9th. Those findings and conclusions address issues raised in the ALL Student Loan and Lloyd’s Bank motion to be heard in September. For example, we contend in our motion and supporting brief that the formation of the Segregated Account violated the law by, among other things, being inadequately capitalized. The OCI proposed order on the LVM motions unnecessarily addresses that issue and, accordingly, potentially prejudices the opportunity of ALL Student Loan and Lloyd’s Bank to be heard on their motion before the Court decides the issues raised by the motion.

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For these reasons, and for the reasons stated in my brief argument during the July 9th hearing, and in our Emergency Motion (Record No. 278) (incorporating the Emergency Motion of KnowledgeWorks Foundation and the Treasurer of the State of Ohio (Record No. 279)), we respectfully request that you enter an order on the LVM motions that does not include numbered paragraph 1 of the OCI proposed order.

Counsel for KnowledgeWorks Foundation and the Ohio Treasurer have asked me to inform you that they agree with the position stated in this letter. Thank you very much for your consideration of our position.

Very truly yours,

/s/

Lawrence Bensky

cc: Carlo Esqueda
Attached Service List