

COYNE, SCHULTZ, BECKER & BAUER, S.C.

ATTORNEYS AT LAW

August 20, 2012

Ms. Diane M. Fremgen, Clerk
Wisconsin Court of Appeals
110 East Main Street, Suite 215
Madison, WI 53703

Re: In the Matter of the Rehabilitation of the Segregated
Account of Ambac Assurance Corporation
Appeal No. 2012AP1332LV

Dear Ms. Fremgen:

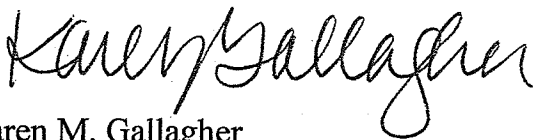
Enclosed for filing are five copies of the Joint Response of Ambac Assurance Corporation and The Office of the Commissioner of Insurance and Commissioner Theodore K. Nickel to Fannie Mae's Motion to Extend or Stay Briefing.

By copy of this letter all parties of record are receiving the Joint Response by e-mail. Counsel of record for Fannie Mae are also being served with a copy of the Joint Response by first-class mail.

Thank you.

Sincerely,

COYNE, SCHULTZ, BECKER & BAUER, S.C.



Karen M. Gallagher

KMG:ne
Enclosures

cc: Attorney Rodney W. Carter (w/enclosures, via e-mail and first-class mail)
Attorney David M. Schlecker (w/enclosures, via e-mail and first-class mail)
Attorney Daniel Stolper (with enclosures, via e-mail and first-class mail)
Honorable William D. Johnston (w/enclosures via first-class mail)
Other Counsel of Record (with enclosures, via e-mail only)

BRUCE A. SCHULTZ
WILLIAM F. BAUER
STEPHEN O. MURRAY
AMY F. SCHOLL
ERIK H. MONSON
CLIFFORD JOE CAVITT
KAREN M. GALLAGHER
BARBARA M. OLIVAS
VINCENT J. SCIPOR

OF COUNSEL
CATHERINE M. MCGINN

TODD A. BECKER
(1958-2010)
FRANK M. COYNE
(1919-2007)
EUGENE O. GEHL
(1923-2002)

RECEIVED

AUG 20 2012

CLERK OF COURT OF APPEALS
OF WISCONSIN

COURT OF APPEALS OF WISCONSIN
DISTRICT IV
Appeal No. 2012AP1332-LV
Dane County Case No. 2010CV1576

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

Ted Nickel and Office of the Commissioner of Insurance,

Petitioners- Respondents,

Ambac Assurance Corporation,

Interested Party-Respondent,

v.

Federal National Mortgage Association (Fannie Mae),

Interested Party-Petitioner-Appellant,

Wells Fargo Bank/Trustee of Bondholders, Aurelius Capital Management LP, Fir Tree Inc., King Street Capital Management LP, Monarch Alternative Capital LP, Stonehill Capital Management LLC, RMBS Policyholders, Eaton Vance Management, Nuveen Asset Management, Restoration Capital Management LLC, Stone Lion Capital Partners LP, LVM Bondholders, The Bank of New York Mellon, Federal Home Loan Mortgage Company (Freddie Mac), Wells Fargo Bank/Trustee of RMBS Certificate Holders, HSBC Bank, USA, National Association, Deutsche Bank National Trust Company, Deutsche Bank Trust Company Americas, US Bank National Association, Bank Insureds, Bank of America NA, Depfa Bank, PLC, Assured Guaranty Corporation and Goldman Sachs & Co., Inc., Knowledgeworks Foundation and Treasurer of the State of Ohio, One State Street LLC, PNC Bank, NA, All Student Loan and Lloyds TSB Bank PLC, Customer Asset Protection Company, Wilmington Trust Company and Wilmington Trust FSB, GCM Opportunity Fund LP, Glenview Capital Partners LP, Glenview Institutional Partners LP, Glenview Capital Masters Fund Ltd., Glenview Capital Opportunity Fund LP, and Glenview Offshore Opportunity Master Fund Ltd.,

Interested Parties.

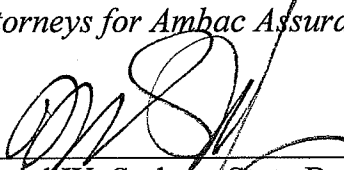
**JOINT RESPONSE OF AMBAC ASSURANCE CORPORATION
AND THE OFFICE OF THE COMMISSIONER OF INSURANCE
AND COMMISSIONER THEODORE K. NICKEL TO
FANNIE MAE'S MOTION TO EXTEND OR STAY BRIEFING**

Ambac Assurance Corporation ("Ambac") and the Office of the Commissioner of Insurance and Commissioner Theodore K. Nickel as Rehabilitator of the Segregated Account of Ambac Assurance Corporation (together "OCI") have no objection to the motion of Federal National Mortgage Association ("Fannie Mae") to extend or stay the briefing schedule under Wis. Stat. § 809.19 respecting Fannie Mae's purported appeal as of right, and take the position that under Wis. Stat. § 809.14 (3)(a) their Motions to Dismiss Fannie Mae's Notice of Appeal have the effect of staying briefing as to the merits of the appeal.

Further it is Ambac's and OCI's position that Fannie Mae's Petition for Leave to Appeal and its direct Notice of Appeal are defective for all of the reasons previously briefed in appeal number 2012AP1332-LV; specifically because Fannie Mae lacks standing, fails to meet the criteria for an interlocutory appeal, and because the Surplus Notes Order was not a final order allowing an appeal as of right.

Dated this 20th day of August, 2012.

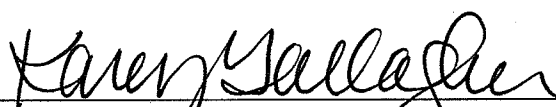
STAFFORD ROSENBAUM LLP
Attorneys for Ambac Assurance Corporation



Daniel W. Stolper, State Bar Number 1016462
Barbara A. Neider, State Bar Number 1006157
222 West Washington Avenue, Suite 900
P.O. Box 1784
Madison, WI 53701-1784
Telephone: (608) 256-0226

Dated this 20th day of August, 2012.

COYNE, SCHULTZ, BECKER & BAUER, S.C.
*Attorneys for The Office of the Commissioner of Insurance
and Commissioner Theodore K. Nickel, as the Court-
Appointed Rehabilitator of the Segregated Account of
Ambac Assurance Corporation*



William F. Bauer, State Bar No. 1007676
Karen M. Gallagher, State Bar No. 1023834
150 East Gilman Street, Suite 1000
Madison, Wisconsin 53703
Telephone: (608) 255-1388
Facsimile: (608) 255-8592

CERTIFICATE OF FILING AND SERVICE

I hereby certify that 5 copies of this Joint Response were hand-delivered to the Clerk of the Court of Appeals on August 20, 2012.

I further certify that three copies of this Joint Response were served via first class mail to each of the following:

Attorney Rodney W. Carter
Attorney Steven W. Laabs
Davis & Kuelthau, S.C.
300 North Corporate Drive, Suite 150
Brookfield, WI 53045

Attorney David M. Schlecker
Reed Smith LLP
599 Lexington Avenue
New York, NY 10022

Attorney Daniel Stolper
Attorney Barbara Neider
Stafford Rosenbaum, LLP
Post Office Box 1784
Madison, WI 53701

Honorable William D. Johnston
LaFayette County Courthouse
Post Office Box 40
Darlington, WI 53530-0040

As per agreement of counsel, electronic copies were served upon the

following:

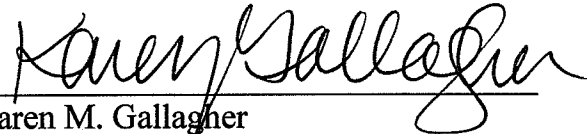
jfreedman@sidley.com;
mvansicklen@foley.com;
dwalsh@foley.com;
jsimmons@foley.com;
mlynch@foley.com;
kfitzgerald@foley.com;
aoberdeck@foley.com;
smorgan@murphydesmond.com;
bogden@murphydesmond.com;
swhitmer@lockelord.com;
jyoung@lockelord.com;
kwisniewski@lockelord.com;
bnowicki@reinhardt.com;
tmuth@reinhardt.com;
jpolakowski@reinhardt.com;
jsimon@jenner.com;
dgreenwald@jenner.com;
mbrody@jenner.com;
aolejnik@jenner.com;
ewehrman@jenner.com;
ptrostle@jenner.com;
nparrett@parrettoconnell.com;
pbentley@kramerlevin.com;
acaton@kramerlevin.com;
sjacquemot@kramerlevin.com;
jschlicht@hinshawlaw.com;
michael.johnson@alston.com;
bill.macurda@alston.com;
cele.ogawa@alston.com;
drew.peterson@alston.com;
cbloomgarden@manatt.com;
slovern@vonbriesen.com;

dcisar@vonbriesen.com;
cstroebel@vonbriesen.com;
tarmstro@vonbriesen.com;
pieter.vantol@hoganlovells.com;
malazraki@manatt.com;
lcallan@sbglaw.com;
jfriedman@gklaw.com;
bwilliamson@gklaw.com;
Donald.bernstein@davispolk.com;
Michael.carroll@davispolk.com;
pebenson@michaelbest.com;
palucey@michaelbest.com;
nlmoenck@michaelbest.com;
jrosenthal@morganlewis.com;
kbailey@morganlewis.com;
lhoughton@morganlewis.com;
grant.killoran@wilaw.com;
seth.dizard@wilaw.com;
greg.lyons@wilaw.com;
mweed@orrick.com;
tomwelsh@orrick.com;
adavidson@orrick.com;
lbensky@bensskylaw.com;
franke@gasswebermullins.com;
hanan@gasswebermullins.com;
jowen@mlklaw.com;
mkern@fbtlaw.com;
gmitchell@fbtlaw.com;
lipps@carpenterlipps.com;
sechler@carpenterlipps.com;
brian.cox@alston.com;
coconnell@parrettoconnell.com

Christensen@sewkis.com
hooper@sewkis.com
jgoodchild@morganlewis.com
rcrocker@vonbriesen.com
pdlaun@jonesday.com
rcarter@dkattorneys.com
slaabs@dkattorneys.com
dschlecker@reedsmith.com
barnold@whdlaw.com
tpyper@whdlaw.com
cbuchko@whdlaw.com
ausmith@michaelbest.com
mldama@michaelbest.com
hilarie.e.snyder@usdoj.gov
greg.everts@quarles.com
JMWalker@duanemorris.com
JWSpear@duanemorris.com

KMArgentieri@duanemorris.com
Anthony.t.sheehan@usdoj.gov
Robert.w.metzler@usdoj.gov
Robert.j.kovacev@usdoj.gov
Gilbert.s.rothenberg@usdoj.gov
ricedc@doj.state.wi.us
Richard.Humphrey@usdoj.gov
don.schott@quarles.com
Josephine.benkers@quarles.com
matthew.splitek@quarles.com
sklugman@debevoise.com
sfarber@debevoise.com
aho@morganlewis.com
llubinsky@axley.com
jschuster@axley.com
jsiev@reedsmith.com
jachilles@reedsmith.com

Dated this 20th day of August, 2012.



Karen M. Gallagher
State Bar No. 1023834
Coyne, Schultz, Becker & Bauer, S.C.
150 East Gilman Street, Suite 1000
Madison, WI 53703

*Attorneys for Respondents Office of the
Commissioner of Insurance and
Commissioner Theodore K. Nickel, as
court-appointed Rehabilitator of the
Segregated Account of
Ambac Assurance Corporation*