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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
)	
FGIC CORPORATION, ¹)	
)	Case No. 10-14215 (___)
Debtor.)	
)	

**DEBTOR'S MOTION FOR ENTRY OF AN ORDER
(A) APPROVING THE ADEQUACY OF THE DISCLOSURE
STATEMENT, (B) FIXING DATES AND DEADLINES RELATING
TO CONFIRMATION OF THE PLAN, (C) APPROVING CERTAIN
PROCEDURES FOR SOLICITING AND TABULATING THE VOTES ON, AND
FOR OBJECTING TO, THE PLAN AND (D) APPROVING THE MANNER AND
FORM OF THE VARIOUS NOTICES AND DOCUMENTS RELATING THERETO**

FGIC Corporation, as the debtor and debtor in possession in the above-captioned chapter 11 case ("FGIC Corp." or "Debtor"), files this motion (the "Motion") seeking entry of an order,

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

substantially in the form attached hereto as **Exhibit A** (the “Solicitation Procedures Order”), approving the Debtor’s disclosure statement and granting related relief. In support of the Motion, the Debtor respectfully states as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are sections 502, 1125 and 1126 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 3001, 3017, 3018 and 3020 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rules 3018-1 and 3020-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Bankruptcy Rules”).

Relief Requested

4. By this Motion, the Debtor seeks entry of the Solicitation Procedures Order: (a) approving the *Disclosure Statement for the Chapter 11 Plan of Reorganization of FGIC Corporation* (the “Disclosure Statement”); (b) establishing the record date (the “Record Date”) for determining, among other things, the holders of claims and interests entitled to vote on the Debtor’s chapter 11 plan of reorganization (the “Plan”); (c) approving the procedures for solicitation of votes to accept or reject the Plan (the “Solicitation Procedures”); (d) establishing procedures for voting on the Plan (the “Voting and Tabulation Procedures”); and (e) scheduling a hearing and establishing notice and objection procedures for confirmation of the Plan.

5. The Debtor also proposes the following Plan confirmation schedule:

Event/Deadline	Date
Disclosure Statement Hearing:	9/16/2010
Record Date:	9/16/2010
Solicitation Deadline:	9/23/2010
Deadline to Publish Confirmation Hearing Notice:	9/23/2010
Voting Resolution Event Deadline:	10/11/2010
Plan Supplement Filing Date:	10/14/2010
Voting Deadline:	10/18/2010
Plan Objection Deadline:	10/21/2010
Voting Report Deadline:	10/21/2010
Deadline to Reply to Confirmation Objections:	10/27/2010
Confirmation Hearing:	10/28/2010

Background

6. On the date hereof (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

7. As more fully described in the *Declaration of John S. Dubel Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First Day Motions* (the “Dubel Declaration”), FGIC Corp.’s key assets are its approximately \$11.5 million in cash on hand and its 100% equity ownership in non-debtor Financial Guaranty Insurance Company (“FGIC,” and together with FGIC Corp. and its other non-debtor affiliates, the “FGIC Group”)—a monoline financial guaranty insurance company organized under the

laws of the State of New York and regulated in accordance with the New York Insurance Law (the “NY Insurance Law”). Since 1983, FGIC has been a pioneer in the financial guaranty insurance industry by, among other things, being the first company to insure variable rate municipal bonds and leading the development of insurance products covering home equity loans.

8. Beginning in 2007, the U.S. housing market experienced an unprecedented downturn that was directly followed by significant decline of the U.S. credit markets. Given FGIC’s exposure to collateralized debt obligations of asset-backed securities and residential mortgage-backed securities, it incurred significant losses as a result. Indeed, in 2006, prior to the upheaval in the credit markets, FGIC reported surplus to policy holders of approximately \$1.131 billion. Yet, as of March 31, 2010, FGIC maintained a surplus to policy holders of approximately negative \$1.640 billion, far below the \$65 million threshold level permitted under the NY Insurance Law. As a result of these losses, FGIC stopped paying dividends to FGIC Corp. in January 2008.

9. To remediate its balance sheet and restore its surplus to policy holders to the minimum level of \$65 million required by the NY Insurance Law, FGIC, in consultation with its primary regulator, the New York State Insurance Department (the “NYID”), implemented an aggressive surplus restoration plan (the “Surplus Restoration Plan”), which is more fully described in the Dubel Declaration.

10. In conjunction with the Surplus Restoration Plan, FGIC Corp. developed its Plan, pursuant to which FGIC Corp.’s unsecured creditors, which include holders of outstanding debt under FGIC Corp.’s prepetition revolving credit facility and holders of FGIC Corp.’s 6% Senior Notes due 2034, will receive distributions of cash and common stock in reorganized FGIC Corp. on account of their claims. Existing equity interests will be cancelled pursuant to the Plan.

FGIC Corp. intends to move swiftly through this case to maximize recoveries to unsecured creditors.

The Plan

11. In accordance with section 1126 of the Bankruptcy Code, the Plan contemplates classifying holders of claims and interests into certain classes of claims and interests for all purposes, including with respect to voting on the Plan, as follows:

Class	Claim	Status	Voting
1	Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
2	Secured Tax Claims	Unimpaired	No (presumed to accept)
3	Other Secured Claims	Unimpaired	No (presumed to accept)
4	Intercompany Claims	Unimpaired	No (presumed to accept)
5	Convenience Claims	Unimpaired	No (presumed to accept)
6	General Unsecured Claims	Impaired	Yes
7	Equity Interests	Impaired	No (deemed to reject)
8	Section 510(b) Claims	Impaired	No (deemed to reject)

12. The Debtor proposes to solicit votes from holders of claims in class 6. The Debtor does not intend to solicit votes from holders of claims in classes 1, 2, 3, 4 and 5 because such classes are unimpaired under the Plan and are conclusively presumed to have accepted the Plan. Further, the Debtor does not intend to solicit votes from holders of claims and interests in classes 7 and 8 because such classes are impaired and shall receive no distribution under the Plan and are, therefore, deemed to have rejected the Plan.

13. Given the small number of FGIC Corp.'s creditors, the distributions contemplated under the Plan, prepetition discussions with key stakeholders and the lack of need for any operational restructuring, FGIC Corp. hopes to minimize the costs of administration of this case

(thereby maximizing distributions to stakeholders) by moving swiftly toward confirmation of the Plan. Accordingly, the Debtor requests that the Court approve the Plan confirmation schedule set forth above.

Basis for Relief

I. Approval of the Disclosure Statement

14. The Debtor seeks to commence solicitation of votes to accept or reject the Plan. Pursuant to section 1125 of the Bankruptcy Code, the proponent of a proposed chapter 11 plan may not solicit votes on a plan unless such plan and “a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information” are transmitted to those persons whose votes are being solicited. Accordingly, the Debtor requests that the Court approve the Disclosure Statement as providing “adequate information” to holders of impaired claims and interests entitled to vote on the plan. Section 1125(a)(1) of the Bankruptcy Code defines “adequate information” as follows:

[Information] of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan.

11 U.S.C. § 1125(a)(1). Accordingly, a disclosure statement must, as a whole and as far as is reasonably practicable, provide sufficient information to permit an “informed judgment” by creditors and interest holders, if applicable, to vote on a plan of reorganization. *See Momentum Mfg. Corp. v Emp. Creditors Comm. (In re Momentum Mfg. Corp.)*, 25 F.3d 1132, 1136 (2d Cir. 1994); *Ionosphere Clubs, Inc. v. Shugrue (In re Ionosphere Clubs, Inc.)*, 179 B.R. 24, 29 (Bankr. S.D.N.Y. 1995) (adequacy of a disclosure statement “is to be determined on a case-specific basis

under a flexible standard that can promote the chapter 11 policy of fair settlement through a negotiation process between informed interested parties”) (internal citation omitted).

15. The need to assess adequacy of information practically and flexibly is also underscored in the legislative history of section 1125 of the Bankruptcy Code:

Precisely what constitutes adequate information in any particular instance will develop on a case-by-case basis. Courts will take a practical approach as to what is necessary under the circumstances of each case, such as the cost of preparation of the statements [and] the need for relative speed in solicitation and confirmation In reorganization cases, there is frequently great uncertainty. Therefore the need for flexibility is greatest.

H.R. Rep. No. 95-595, at 409 (1977), *reprinted in* 1990 U.S.C.C.A.N. 5963, 6365.

16. Courts are vested with wide discretion to determine whether a disclosure statement contains “adequate information” within the meaning of section 1125(a) of the Bankruptcy Code. *See Kirk v. Texaco, Inc.*, 82 B.R. 678, 682 (S.D.N.Y. 1988) (“The legislative history could hardly be more clear in granting broad discretion to bankruptcy judges under § 1125(a)”); *PC Liquidation Corp. v. PC Liquidation Corp. (In re PC Liquidation Corp.)*, 383 B.R. 856, 865 (E.D.N.Y. 2008) (“[W]hat constitutes ‘adequate information’ in any particular situation is determined on a case-by-case basis with the determination being largely within the discretion of the bankruptcy court.”) (internal citations omitted). This grant of discretion is intended to permit courts to tailor the disclosures made in connection with the solicitation of votes on a plan of reorganization so as to facilitate the effective reorganization of debtors in a broad range of businesses and circumstances. *See Texaco*, 82 B.R. at 682 (stating that bankruptcy judges have a clear congressional mandate to exercise “broad discretion in their supervision of corporate reorganizations”). Accordingly, the determination of whether a disclosure statement contains adequate information must be made on a case-by-case basis,

focusing on the unique facts and circumstances of each case. *See In re Phoenix Petroleum Co.*, 278 B.R. 385, 393 (Bankr. E.D. Pa. 2001).

17. Case law under section 1125 of the Bankruptcy Code has produced a list of topics that a court may consider when exercising its discretion to determine whether a disclosure statement contains adequate information. Disclosure regarding all such topics, however, is not necessary in every case. *See In re U.S. Brass Corp.*, 194 B.R. 420, 424 (Bankr. E.D. Tex. 1996).

Such topics include:

- the events which led to the filing of a bankruptcy petition;
- the relationship of the debtor with its affiliates;
- a description of the available assets and their value;
- the anticipated future of the company;
- the source of information stated in the disclosure statement;
- the present condition of the debtor while in chapter 11;
- claims asserted against the debtor;
- the estimated return to creditors under a chapter 7 liquidation;
- the future management of the debtor;
- the chapter 11 plan or a summary thereof;
- financial information, valuations and projections relevant to the creditors' decision to accept or reject the chapter 11 plan;
- information relevant to the risks posed to creditors under the plan;
- the actual or projected realizable value from recovery of preferential or otherwise voidable transfers;
- litigation likely to arise in a nonbankruptcy context; and
- tax attributes of the debtor.

See id. at 424–25; *In re Scioto Valley Mortg. Co.*, 88 B.R. 168, 170-71 (Bankr. S.D. Ohio 1988) (listing the factors courts have considered in determining the adequacy of information provided in a disclosure statement); *In re Metrocraft Pub. Services, Inc.*, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (same).

18. Here, the Disclosure Statement contains the pertinent information necessary for holders of eligible claims to make an informed decision regarding whether to vote to accept or reject the Plan, including, among other things, information relating to:

- voting on the Plan;
- obtaining documents relating to the Plan, such as the Plan Supplement;²
- the corporate history, current corporate structure, businesses and operations of the Debtor and its non-debtor affiliates, its prepetition indebtedness and the events leading up to this chapter 11 case;
- the key events in this chapter 11 case;
- the Plan, including, among other things:
 - o the general basis for, and structure of, the Plan;
 - o the classification and treatment of claims and interests;
 - o certain means for implementation of the Plan;
 - o estimated recoveries under the Plan;
 - o post-effective date corporate existence;
 - o preservation of certain rights of action;
 - o treatment of contracts and leases;
 - o distributions on account of allowed claims;

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Disclosure Statement.

- o resolution of contingent, unliquidated or disputed claims;
- o settlement, release, injunction and related provisions; and
- o modification, revocation or withdrawal of the Plan;
- statutory requirements to confirm the Plan, the conditions for consummation of the Plan and alternatives thereto;
- certain risk factors relating to confirming the Plan;
- certain U.S. federal income tax consequences of the Plan; and
- the Debtor’s recommendation for parties entitled to vote on the Plan.

19. In light of the foregoing, the Debtor respectfully submits that the Disclosure Statement complies with all of the requirements of section 1125 of the Bankruptcy Code and addresses the information set forth above in a manner that provides holders of claims entitled to vote to accept or reject the Plan with adequate information within the meaning of section 1125 of the Bankruptcy Code. Furthermore, the Debtor requests that the Court authorize it to adopt non-material amendments to the Disclosure Statement and related documents and appendices before distributing solicitation materials (the “Solicitation Packages”) in accordance with the Solicitation Procedures Order. If so permitted, the Debtor will file copies of modified pages marked to reflect any changes from a prior version.

II. Fixing the Record Date

20. Bankruptcy Rule 3017(d) provides that, for the purposes of soliciting votes in connection with the confirmation of a plan, “creditors and equity security holders shall include holders of stocks, bonds, debentures, notes and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing.” Fed. R. Bankr. P. 3017(d). Bankruptcy Rule 3018(a) contains a similar provision regarding determination of the record date for voting purposes.

21. The Debtor requests that the Court exercise its authority under Bankruptcy Rules 3017(d) and 3018(a) to establish **4:00 p.m. prevailing Eastern Time on September 16, 2010** as the Record Date for determining: (a) the holders of claims entitled to receive a Solicitation Package; (b) the holders of claims entitled to vote to accept or reject the Plan; and (c) whether claims have been properly transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the holder of such claim. To ensure there is no confusion as a result of claims trading activity, the Debtor requests that the Court order that the proper holder of a scheduled claim be determined by reference to the claims register maintained by The Garden City Group, Inc. (the “Notice and Claims Agent”)³ as may be modified by notices of transfers filed and reflected on the Court’s official docket (ECF), available at <https://ecf.nysb.uscourts.gov>, as of the Record Date.

III. Approval of the Solicitation Procedures

22. The Debtor proposes the following Solicitation Procedures, including, among other things, the use of the proposed ballots (the “Ballots”) and Solicitation Packages.

A. Notice and Claims Agent Duties

23. To the extent not already authorized by the Court, the Debtor requests that the Notice and Claims agent be authorized to assist the Debtor in, among other things, (a) mailing the Solicitation Packages, including the Confirmation Hearing Notice, to holders of claims and the brokers, banks, dealers, trust companies, agents or other nominees (the “Nominees”) identified by the Notice and Claims Agent as entities through which beneficial holders of the

³ For more information concerning the retention of the Notice and Claims Agent, see the *Debtor’s Application for Entry of an Order Authorizing the Employment and Retention of the Garden City Group, Inc. as Notice and Claims Agent*, filed contemporaneously herewith.

Debtor's 6% Senior Notes due 2034 (the "Senior Notes") in class 6 hold their claims as of the Record Date, (b) distributing master ballots (the "Master Ballots") to Nominees and the administrative agent for the Debtor's prepetition revolving credit facility (the "Administrative Agent"), (c) receiving and tabulating Ballots⁴ and (d) responding to inquiries from creditors and equity holders relating to the solicitation process, the Ballots and matters related thereto.

24. The Debtor requests that the Court direct that Nominees and the Administrative Agent shall cooperate with the Notice and Claims Agent to ensure the Solicitation Packages are distributed promptly to holders of class 6 claims. The Debtor also seeks authority to reimburse Nominees and the Administrative Agent for their reasonable and customary out-of-pocket expenses incurred in performing the tasks described above upon written request (subject to the Court's retaining jurisdiction to resolve any disputes regarding any request for reimbursement).

25. The Debtor further requests that the Court direct that Ballots not received by the Notice and Claims Agent by the Voting Deadline (as defined herein) will be deemed null and void and will not be counted for purposes of determining whether the Plan has been accepted or rejected.

B. Form of Ballots

26. In accordance with Bankruptcy Rule 3018(c), the Debtor prepared the Ballots, in substantially the forms annexed as Exhibits 1-A, 1-B, 1-C, 1-D and 1-E to **Exhibit A**, for holders of claims in class 6, which is the only class the Debtor expects will be entitled to vote on the Plan.⁵ Bankruptcy Rule 3018(c) provides, in relevant part, that "[a]n acceptance or rejection

⁴ All references to Ballots contained herein shall include the Master Ballots unless otherwise noted.

⁵ The appropriate Ballots will be distributed to holders of general unsecured claims against the Debtor, holders of the Debtor's Senior Notes, Nominees for holders of the Senior Notes, lenders under the Debtor's prepetition
(Continued...)

shall be in writing, identify the plan or plans accepted or rejected, be signed by the creditor or equity security holder or an authorized agent, and conform to the appropriate Official Form.” Although the proposed forms of Ballots comply with Bankruptcy Rule 3018(c) and are based substantially on Official Form No. 14, the Debtor modified the Ballots to address the particular circumstances of this chapter 11 case and include certain additional information that is relevant and appropriate for claims within the class entitled to vote on the Plan, including detailed instructions regarding how to vote on the Plan.

27. All Ballots will be accompanied by first-class, postage prepaid return envelopes pre-addressed to the Notice and Claims Agent. The Ballots may be returned to the Notice and Claims Agent by first-class, postage prepaid mail in the pre-addressed return envelope provided with each Ballot or by overnight delivery at the claimholder’s expense.

**C. Contents of Solicitation Packages
and Procedures for Distribution Thereof**

28. Bankruptcy Rule 3017(d) sets forth the materials that must be provided to holders of claims and equity interests for the purpose of soliciting their votes upon approval of a disclosure statement and provides as follows:

Upon approval of a disclosure statement,—except to the extent that the court orders otherwise with respect to one or more unimpaired classes of creditors or equity secured holders—the debtor in possession, trustee, proponent of the plan, or clerk as the court orders, shall mail to all creditors and equity security holders, and in a chapter 11 reorganization case shall transmit to the United States trustee,

- (1) the plan or a court-approved summary of the plan;

revolving credit facility (the “Prepetition Credit Facility”) and the Administrative Agent. No other classes are entitled to vote to accept or reject the Plan because they are either unimpaired and, therefore, conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code, or are not entitled to receive or retain any property under the Plan, and, therefore, deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

- (2) the disclosure statement approved by the court;
- (3) notice of the time within which acceptances and rejections of such plan may be filed; and
- (4) any other information as the court may direct, including any court opinion approving the disclosure statement or a court-approved summary of the opinion.

In addition, notice of the time fixed for filing objections and the hearing on confirmation shall be mailed to all creditors and equity security holders in accordance with Rule 2002(b), and a form of ballot conforming to the appropriate Official Form shall be mailed to creditors and equity security holders entitled to vote on the plan.

Fed. R. Bankr. P. 3017(d).

29. To comply with Bankruptcy Rule 3017(d), the Debtor proposes that on or before **September 23, 2010** (such date, the “Solicitation Deadline”), the Debtor will cause the Notice and Claims Agent to distribute by first-class, postage prepaid mail a Solicitation Package containing a copy of the following, where applicable:

- (a) the Confirmation Hearing Notice, substantially in the form annexed as Exhibit 2 to Exhibit A (sent to all creditors in the creditor matrix maintained by the Notice and Claims Agent);
- (b) either:
 - (i) the appropriate Ballot and voting instructions for the class in which the creditor is entitled to vote together with a pre-addressed, postage pre-paid return envelope; or
 - (ii) in lieu of a Ballot, (A) a Notice of Non-Voting Status to Holders of Unimpaired Claims (as defined below), (B) a Notice of Non-Voting Status to Holders of Impaired Claims (as defined below), (C) a Notice of Disputed Claim Status (as defined below) and/or (D) a Contract/Lease Party Notice (as defined below);

- (c) a CD-ROM containing the Disclosure Statement and all exhibits thereto, including the Plan and the Solicitation Procedures Order (without exhibits);⁶ and
- (d) such other materials as the Court may direct.

30. The Debtor proposes to cause the Solicitation Packages to be served upon the following creditors, interest holders and other persons: (a) entities on the Master Service List and Rule 2002 List;⁷ (b) all creditors holding scheduled claims; (c) all creditors with filed proofs of claims; and (d) all non-debtor parties to the Debtor's executory contracts and unexpired leases.

31. As indicated above, the Debtor proposes to distribute the Disclosure Statement and all exhibits thereto, including the Plan and the Solicitation Procedures Order (without exhibits) in CD-ROM format. Such CD-ROM distribution will translate into significant monetary savings to the Debtor's estate. Similar procedures have been approved in numerous other chapter 11 cases in this District. *See, e.g., In re The Reader's Digest Ass'n, Inc.*, No. 09-23529 (Bankr. S.D.N.Y. Nov. 30, 2009); *In re Mark IV Industries, Inc.*, No. 09-12795 (Bankr. S.D.N.Y. Jul. 30, 2009); *In re Calpine Corp.*, No. 05-60200 (Bankr. S.D.N.Y. Sept. 26, 2007); *In re Northwest Airlines Corp.*, No. 05-17930 (Bankr. S.D.N.Y. Mar. 30, 2007); *In re Delta Air Lines, Inc.*, No. 05-17923 (Bankr. S.D.N.Y. Feb. 7, 2007); *In re Adelpia Commc'ns Corp.*, No. 02-41729 (Bankr. S.D.N.Y. Oct. 17, 2006).

⁶ Ballots, notices provided in lieu of Ballots, the Confirmation Hearing Notice and the Debtor's cover letter, if any, will be provided only in paper format.

⁷ The Master Service List and Rule 2002 List are defined in the *Debtor's Motion for Entry of an Order Establishing Certain Notice, Case Management and Administrative Procedures*, filed contemporaneously herewith.

32. In addition, any party who receives materials in CD-ROM format may contact the Notice and Claims Agent and request paper copies of such materials (which will be provided at the Debtor's expense) by (a) emailing FGICInfo@gardencitygroup.com, (b) calling 1-800-327-3667 and/or (c) writing to: The Garden City Group, Inc., Attn.: FGIC Corp., 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. Parties in interest can also obtain such materials and any other pleadings filed in the Debtor's chapter 11 case (for a fee) via PACER at <https://ecf.nysb.uscourts.gov>.

33. Claims and interests in classes 1, 2, 3, 4 and 5 are unimpaired and therefore, holders of claims in these classes are conclusively presumed to accept the Plan. *See* 11 U.S.C. § 1126(f). In addition, holders of claims and equity interests in classes 7 and 8 will not receive or retain any interest or property under the Plan, and therefore, are deemed to reject the Plan. *See* 11 U.S.C. § 1126(g).

34. Bankruptcy Rule 3017(d) provides, in relevant part, as follows:

If the court orders that the disclosure statement and the plan or a summary of the plan shall not be mailed to any unimpaired class, notice that the class is designated in the plan as unimpaired and notice of the name and address of the person from whom the plan or summary of the plan and disclosure statement may be obtained upon request and at the plan proponent's expense, shall be mailed to members of the unimpaired class together with the notice of the time fixed for filing objections to and the hearing on confirmation.

Fed. R. Bankr. P. 3017(d).

35. The Debtor proposes to send holders of claims and equity interests not entitled to vote on the Plan (a) a Confirmation Hearing Notice and (b) an appropriate notice of their non-voting status as follows:

- (a) Unimpaired Claims – Conclusively Presumed to Accept: Claims in classes 1, 2, 3, 4 and 5 are unimpaired under the Plan, and therefore, holders of such claims are conclusively presumed to accept the Plan. As such, holders of such claims will receive in

their Solicitation Package, in lieu of a Ballot, a notice of unimpaired creditor status, substantially in the form annexed as Exhibit 3-A to Exhibit A (the “Notice of Non-Voting Status to Holders of Unimpaired Claims”).

- (b) Impaired Claims and Equity Interests – Deemed to Reject: Holders of equity interests in classes 7 and 8 will not receive any distribution under the Plan, and therefore, are deemed to reject the Plan. As such, holders of equity interests will receive in their Solicitation Package, in lieu of a Ballot, a notice of non-voting status, substantially in the form annexed as Exhibit 3-B to Exhibit A (the “Notice of Non-Voting Status to Holders of Impaired Claims”).
- (c) Disputed Claims: For holders of claims that are the subject of a pending objection as of the Record Date, the Debtor proposes to distribute to such claimants a Solicitation Package which contains, in lieu of a Ballot, a notice of disputed claim status, substantially in the form annexed as Exhibit 3-C to Exhibit A (the “Notice of Disputed Claim Status”). This notice will inform such claimants that their claims have been identified as disputed and notify such claimants that, absent compliance with the procedures for temporary allowance of their claims for voting purposes, they are precluded from voting on the Plan.
- (d) Contract and Lease Counterparties: To ensure that counterparties to executory contracts and unexpired leases receive notice of assumption or rejection of their contract or lease pursuant to the Plan and the means by which such parties may vote on, or file an objection to, the Plan, the Debtor will provide such parties with a notice, substantially in the form annexed as Exhibit 4 to Exhibit A (the “Contract/Lease Party Notice”).

36. Each of the foregoing notices will provide, among other things: (a) notice of the filing of the Disclosure Statement and the Plan; (b) notice of the Court’s approval of the Disclosure Statement; (c) information regarding the Confirmation Hearing; (d) detailed instructions for filing objections to confirmation of the Plan; (e) instructions as to how any claimant may obtain paper copies of the Disclosure Statement (including the Plan, the Solicitation Procedures Order and the other exhibits thereto); and (f) a disclosure regarding the settlement, release, exculpation and injunction language set forth in the Plan.

37. The Debtor respectfully submits that mailing a Confirmation Hearing Notice and the appropriate notice of non-voting status to holders of claims and interests deemed by the Debtor as not entitled to vote to accept or reject the Plan satisfies the requirements of Bankruptcy Rule 3017(d).

38. The Debtor proposes that no Solicitation Packages or other notices need be transmitted to (a) holders of claims that have already been paid in full or that are authorized to be paid in full in the ordinary course of business pursuant to orders entered by this Court or (b) any person to whom the Debtor mails a Disclosure Statement Hearing Notice and such notice is returned as “undeliverable.” The Debtor believes it would be costly and wasteful to distribute Solicitation Packages to the same addresses to which undeliverable Disclosure Statement Hearing Notices are distributed. Therefore, the Debtor seeks the Court’s approval of a departure from strict compliance with the requirements of Bankruptcy Rule 3017(d), excusing the Debtor from distributing Solicitation Packages to those entities listed at such addresses unless the Debtor is provided with accurate addresses for such entities prior to the Solicitation Deadline.

IV. Establishing Procedures for Voting on the Plan

39. The Debtor respectfully requests that the Court approve the Voting and Tabulation Procedures described herein, which are consistent with section 1126(c) of the Bankruptcy Code and Bankruptcy Rule 3018(a).

A. Establishing the Voting Deadline for Receipt of Ballots

40. Bankruptcy Rule 3017(c) provides that, on or before approval of a disclosure statement, the court must fix a time within which the holders of claims and equity interests may vote to accept or reject a plan. *See* Fed R. Bankr. P. 3017(c).

41. The Debtor requests that the Court establish **4:00 p.m. prevailing Eastern Time on October 18, 2010**, as the deadline by which all Ballots casting votes on the Plan must be

actually received by the Notice and Claims Agent (the “Voting Deadline”). For votes to be counted, the Debtor further requests that the Court require that all holders of claims entitled to vote on the Plan properly complete, execute and return their Ballots by (a) first class mail, (b) overnight courier or (c) hand delivery so that they are **actually received** by the Notice and Claims Agent on or before the Voting Deadline.⁸

B. Establishing Claim Amounts for Voting Purposes

42. The Debtor respectfully requests that the Court approve the hierarchy set forth below for establishing claim amounts for voting purposes. Section 1126(c) of the Bankruptcy Code provides:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected the plan.

11 U.S.C. § 1126(c). Further, Bankruptcy Rule 3018(a) provides that the “court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan.” Fed. R. Bankr. P. 3018(a).

43. The Debtor proposes the following hierarchy for determining the amount of the claim associated with each vote transmitted on a properly-executed, timely received Ballot:

- (a) the amount of the Claim settled and/or agreed upon by the Debtor, as reflected in a court pleading, stipulation, agreement or other document filed with the Court, in an order of the Court or in a document executed by the Debtor pursuant to authority granted by the Court;

⁸ The method of delivery of Ballots to be sent from each holder of a claim or interest to the Notice and Claims Agent is at the election and risk of each holder and will be deemed made only when the original executed Ballot is **actually received** by the Notice and Claims Agent.

- (b) the amount of the Claim determined through a Voting Resolution Event (as defined below) in accordance with the resolution procedures proposed herein;
- (c) the amount of the Claim listed in a timely-filed proof of claim as not contingent, not unliquidated and not disputed (except for any amounts asserted on account of interest accrued after the Petition Date); *provided*, that, to the extent any person or entity has timely filed a proof of claim reflecting a claim that is partially unliquidated and partially liquidated, only the liquidated portion of the claim shall determine the amount of the claim for voting purposes, subject to the holder's right to file a Rule 3018(a) Motion (as defined below);
- (d) the amount of the claim listed in the Debtor's schedules of assets and liabilities (the "Schedules") as not contingent, not unliquidated and not disputed as of the Record Date; and
- (e) the amount of any claim scheduled as contingent, unliquidated or disputed for which the bar date has not yet passed and as to which a proof of claim has not been filed, shall be counted in the amount of \$1.00 (solely for the purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code), subject to the holder's right to file a Rule 3018(a) Motion.

44. The Debtor requests that the Court direct that the amount of the claim established by the foregoing hierarchy shall control for voting purposes only and shall not constitute the allowed amount of any claim or interest, and the Debtor reserves the right to object to (a) the amount of any claim set forth for voting purposes on a Ballot, (b) the amount otherwise agreed to by the Debtor and the applicable claimant or (c) an amount ordered by the Court. Furthermore, the Debtor reserves the right to object to any proof of claim on any grounds or amend and/or supplement its Schedules.

C. Temporary Allowance of Claims for Voting Purposes Only

45. The Debtor further requests that the Court approve the procedures detailed in this section for the temporary allowance of claims for voting purposes only. Pursuant to section 1126(a) of the Bankruptcy Code, only "holder[s] of claim[s] or interest[s] allowed under section

502 . . . may accept or reject a plan.” 11 U.S.C. § 1126(a). Under section 502(a) of the Bankruptcy Code, “[a] claim or interest, proof of which is filed under section 501 . . . is deemed allowed, unless a party in interest . . . objects.” 11 U.S.C § 502(a). Accordingly, except as set forth below, holders of claims and interests for which an objection is pending as of the Record Date are not entitled to vote on the Plan.

46. Bankruptcy Rule 3018(a) provides, in relevant part, that a court, after notice and hearing, may temporarily allow a claim or interest for which an objection is pending at the time when plan votes are solicited so that holders may vote such claims or interests at a temporarily allowed amount. Fed. R. Bankr. P. 3018(a). In light of Bankruptcy Rule 3018(a), the Debtor proposes that holders of claims subject to pending objections as of the Record Date shall not be allowed to vote on the Plan unless one of the following shall have occurred with respect to such claim (each, a “Voting Resolution Event”) **on or prior to 4:00 prevailing Eastern Time on October 11, 2010** (the “Voting Resolution Event Deadline”):

- (a) Mutual Agreement. A stipulation or other agreement is executed between the holder of such claim and the Debtor allowing the holder of such claim to vote such claim in an agreed upon amount.
- (b) Bankruptcy Rule 3018(a) Order. A creditor files with the Bankruptcy Court a motion seeking temporary allowance of its claim for voting purposes in an amount other than set forth in the Schedules pursuant to Bankruptcy Rule 3018(a) (a “Rule 3018(a) Motion”) on or before the Voting Resolution Event Deadline that is approved by the Court after notice and a hearing.
 - (i) The Debtor requests that the Court direct that Rule 3018(a) Motions must: (A) be made in writing; (B) comply with the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules; (C) set forth the name of the party asserting the Rule 3018(a) Motion; (D) state with particularity the legal and factual bases for the Rule 3018(a) Motion; (E) be set for hearing at the Confirmation Hearing; and (F) be served by personal service, overnight delivery, first class mail or facsimile so as to be

actually received by the Notice Parties (as defined below) no later than the Voting Resolution Event Deadline.

(ii) The Debtor further requests that, in the event that the Debtor and such party are unable to resolve any issues raised by the Rule 3018(a) Motion prior to the Confirmation Hearing: (A) the Debtor may object to the Rule 3018(a) Motion at the Confirmation Hearing (without filing a written objection); (B) the Notice and Claims Agent shall inform the Court at or prior to the Confirmation Hearing whether including such provisional Ballot would affect the outcome of the voting to accept or reject the Plan in the relevant class in which the provisional Ballot was cast; and (C) the Court shall then determine whether the provisional Ballot should be counted as a vote on the Plan. Such procedures will help to ensure an efficient and accurate tabulation of Ballots by the Confirmation Hearing.

(c) Other Order of the Court. The Court otherwise orders the allowance of such claim for purposes of voting to accept or reject the Plan.

47. The Debtor proposes to provide any party that is permitted to provisionally vote its claim on account of the timely occurrence of a Voting Resolution Event with an appropriate Ballot and a pre-addressed, postage pre-paid envelope within two business days of the occurrence of such Voting Resolution event. Such parties must then return a duly-completed, properly-exercised Ballot to the Notice and Claims Agent on or before the Voting Deadline (unless the Debtor extends the deadline in its sole discretion to facilitate a reasonable opportunity for such creditor to vote upon the Plan). This will afford parties voting provisional claims at least five days to vote on the Plan.

48. The Debtor believes the foregoing procedures appropriately balance the right of certain creditors to provisionally vote their claim against the Debtor's need to move toward confirmation of the Plan without delay. Further, to ensure all creditors receive notice of these procedures for temporarily allowing certain claims solely for voting purposes, certain notices

annexed to the Solicitation Procedures Order, including the Confirmation Hearing Notice, the Notice of Disputed Claim Status and the Contract/Lease Party Notice, describe these procedures.

D. Tabulation Procedures

49. The Debtor proposes to use the following standard assumptions in tabulating Ballots:

- (a) Votes Not Counted. Votes will not be counted or considered for any purpose if they are transmitted on any Ballot that is:
 - (i) received by the Notice and Claims Agent after the Voting Deadline, unless the Debtor shall have granted, in writing, an extension of the Voting Deadline with respect to such Ballot or Master Ballot;
 - (ii) illegible or contains insufficient information to permit the identification of the holder of the claim;
 - (iii) cast by an entity that does not hold a claim in a class that is entitled to vote on the Plan and is not otherwise entitled to vote pursuant to the procedures described herein;
 - (iv) sent to the Debtor, the Debtor's agents and/or representatives (other than the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - (v) not signed;
 - (vi) received by the Notice and Claims Agent by facsimile or other means of electronic transmission; or
 - (vii) not marked to accept or reject the Plan or marked both to accept and reject the Plan.
- (b) Rejected Ballots. Except as otherwise provided herein and subject to any contrary order of the Court, unless the Ballot being furnished is **actually received** by the Notice and Claims Agent on or before the Voting Deadline, the Debtor shall be entitled to reject such Ballot as invalid and, therefore, decline to count it in connection with confirmation of the Plan; *provided, however*, that the Debtor reserves the right to reject any and all Ballots not in proper form, the acceptance of which, in the opinion of the Debtor, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules.

- (c) Multiple Ballots. If multiple Ballots are received from the same holder of a claim with respect to the same claim prior to the Voting Deadline, the latest dated valid Ballot timely received shall count for voting purposes, subject to contrary order of the Court; *provided, however*, that in instances where ambiguity exists with respect to which Ballot was the latest dated, the Notice and Claims Agent has the right to contact the respective claimant to determine such claimant's intent and calculate the vote according thereto.
- (d) No Vote Splitting. Holders of claims must vote all of their claims within a particular class either to accept or reject the Plan and may not split any such votes. Accordingly, any Ballot that partially rejects and partially accepts the Plan will not be counted. Further, if a holder has multiple claims within the same class, the Debtor may, in its discretion, aggregate the claims of any particular holder within a class for the purpose of counting votes.
- (e) Ballots Signed by Representative. If a Ballot is signed by a trustee, executor, administrator, guardian, attorney in fact or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing the Ballot. The Debtor may request proper evidence of such representative's authority to sign the Ballot prior to accepting such Ballot.
- (f) Defective Ballots. The Debtor, subject to contrary order of the Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline; *provided, however*, that:
 - (i) any such waivers shall be documented in the Voting Report (as defined below) prepared by the Notice and Claims Agent;
 - (ii) neither the Debtor, nor any other entity, will be under any duty to provide notification of such defects or irregularities other than as provided in the Voting report prepared by the Notice and Claims Agent, nor will any of them incur any liability for failure to provide such notification; and
 - (iii) unless waived by the Debtor, subject to contrary order of the Court, any defects or irregularities associated with the delivery of Ballots must be cured prior to the Voting Deadline or such Ballots will not be counted.
- (g) No Class Votes. If no votes to accept or reject the Plan are received with respect to a particular class entitled to vote on the Plan, such class shall be deemed to have voted to accept the Plan.

- (h) Lack of Good Faith Designation. In the event a designation for lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Court will determine whether any vote to accept and/or reject the Plan cast with respect to that claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected by such claim.
- (i) Master Ballots. The following additional procedures shall apply only with respect to tabulating Master Ballots:
 - (i) votes cast by holders of class 6 claims through Nominees will be applied to the applicable positions held by such Nominees as of the Record Date, as evidenced by the record and depository listings and votes submitted by a Nominee shall not be counted in excess of the amount of claims held by such Nominee as of the Record Date;
 - (ii) votes cast by holders of class 6 claims through the Administrative Agent will be applied to the obligations under the Prepetition Credit Facility held by such holders as of the Record Date, as determined by the books and records of the Administrative Agent, and votes submitted by the Administrative Agent shall not be counted in excess of the amount of obligations under the Prepetition Credit Facility held by all holders of as of the Record Date;
 - (iii) if conflicting votes or “over-votes” are submitted by a Nominee or the Administrative Agent, the Debtor shall use reasonable efforts to reconcile discrepancies with such Nominee or the Administrative Agent, as applicable;
 - (iv) if a Nominee or the Administrative Agent submit over-votes that are not reconciled prior to the preparation of the Voting Report, the Debtor shall apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and to reject the Plan submitted by the Nominee or Administrative Agent, as applicable, but only to the extent the Nominee held claims as of the Record Date and to the extent the Administrative Agent listed such claims in its books and records as of the Record Date, as applicable;
 - (v) for the purposes of tabulating votes, each holder of a claim shall be deemed to have voted the principal amount of its claim although any principal amounts may be adjusted by Nominees or the Administrative Agent, as applicable, to reflect the amount of the class 6 claim the holder actually voted, including prepetition interest; and

- (vi) a single Nominee or the Administrative Agent may complete and deliver multiple Master Ballots to the Notice and Claims Agent, *provided*, that votes reflected on multiple Master Ballots shall be counted except to the extent they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the latest dated, validly executed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede and revoke prior Master Ballots.

50. Consistent with Local Bankruptcy Rule 3018-1, the Debtor proposes that the Notice and Claims Agent shall file a voting report (the “Voting Report”) with the Court on or before **October 21, 2010**, listing all instances where (a) Ballots were withdrawn, (b) votes were changed by the filing of superseding Ballots, (c) defects or irregularities were waived as to a particular Ballot or (d) the Voting Deadline was extended. The Debtor shall cause the Voting Report to be served upon the Debtor, any statutory committee appointed in this case and the Office of the United States Trustee for the Southern District of New York.

51. The Debtor believes the proposed Solicitation Procedures, Voting and Tabulation Procedures and other relief requested herein are appropriate and in compliance with the Bankruptcy Code and the Bankruptcy Rules, and good cause has been shown for the approval thereof. Accordingly, the Debtor requests that the Court approve the Solicitation Procedures, the Voting and Tabulation Procedures, the exhibits attached thereto and the related relief set forth herein.

V. Establishing Confirmation Hearing Date, Notice and Objection Procedures

A. Establishing the Confirmation Hearing Date

52. Bankruptcy Rule 3017(c) provides:

On or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan and may fix a date for the hearing on confirmation.

Fed. R. Bankr. P. 3017(c).

53. In accordance with Bankruptcy Rule 3017(c), the Debtor requests that the Court schedule a hearing on confirmation of the Plan (the “Confirmation Hearing”) on **October 28, 2010**. The Confirmation Hearing may be continued from time to time by the Court or the Debtor without further notice other than adjournments announced in open court and/or a notice of adjournment filed with the Court. The proposed timing for the Confirmation Hearing is in compliance with the Bankruptcy Code and the Bankruptcy Rules and will enable the Debtor to pursue confirmation of the Plan in a timely fashion.

B. Approving the Form of Notice of the Confirmation Hearing

54. Bankruptcy Rule 2002(b) requires no less than 28 days’ notice to all holders of claims and equity interests of the time fixed for filing objections to the hearing on confirmation of the Plan. In accordance with Bankruptcy Rules 2002 and 3017(d), the Debtor proposes to provide to all known holders of claims and equity interests (except holders of intercompany claims and interests) a copy of the Confirmation Hearing Notice, in substantially the form annexed as Exhibit 2 to Exhibit A, simultaneously with the distribution of the Solicitation Packages, which will provide all parties in interest at least 28 days’ notice prior to the proposed deadline for filing objections, if any, to the Plan (the “Plan Objection Deadline”).

55. By this Motion, the Debtor requests that the Court approve the Confirmation Hearing Notice, which contains, among other things: (a) instructions on how to view or obtain copies of the Disclosure Statement (including the Plan and other exhibits thereto), the Solicitation Procedures Order and all other materials in the Solicitation Package; (b) the Voting Deadline; (c) notice of the date by which the Debtor will file the Plan Supplement;⁹ (d) the Plan

⁹ The Plan Supplement will be filed by the Debtor no later than five business days before the Voting Deadline. The Debtor will not serve CD-ROM or paper copies of the Plan Supplement on parties in interest. When filed,
(Continued...)

Objection Deadline; (e) the date and time of the Confirmation Hearing; and (f) procedures for the temporary allowance of claims. Because it is included in the Solicitation Package, such notice will be sent on or prior to the date that is 28 days prior to the Plan Objection Deadline.

56. Bankruptcy Rule 2002(l) permits the Court to “order notice by publication if it finds that notice by mail is impracticable or that it is desirable to supplement notice.” Fed. R. Bankr. P. 2002(l). In addition to the foregoing distribution of the Confirmation Hearing Notice, the Debtor proposes to publish the Confirmation Hearing Notice (in a format modified for publication, if necessary) on a date that is no less than 28 days prior to the Plan Objection Deadline in the national edition of *The Wall Street Journal*. The Debtor submits that publication of the Confirmation Hearing Notice will provide sufficient notice of the Plan Objection Deadline, the Confirmation Hearing and other relevant deadlines to persons who otherwise may not receive notice by mail.

C. Approving the Deadline and Establishing Procedures for Filing Objections to Confirmation of the Plan

57. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan must be filed and served “within a time fixed by the court.” In addition, Local Bankruptcy Rule 3020-1 requires objections to confirmation of a plan to be submitted no later than three days before the date of the hearing to consider confirmation of a plan of reorganization. The Confirmation Hearing Notice provides, and the Debtor requests that the Court direct, that any objection to confirmation of the Plan must (a) be in writing, (b) conform to the Bankruptcy Rules, (c) set forth the name of the objector, the nature and amount of claims or equity interests

the Debtor will provide notice to all known holders of claims, holders of equity interests and any other party who has filed a request for service of documents pursuant to Bankruptcy Rule 2002 that (a) indicates the Debtor has filed the Plan Supplement, (b) lists the information contained in the Plan Supplement and (c) explains how parties may obtain copies of the Plan Supplement.

held or asserted by the objector against the Debtor, (d) detail the basis for the objection and the specific grounds therefor and (e) be filed with the Court, together with proof of service thereof, and served upon and **actually received** no later than **4:00 p.m. prevailing Eastern Time on October 21, 2010** by the following parties (the “Notice Parties”):

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446 4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman

Counsel for MBIA Inc.	Counsel for the New York State Insurance Department
DLA Piper 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

58. The proposed schedule for filing and serving objections and proposed modifications, if any, will afford the Court, the Debtor and other parties in interest sufficient time to consider the objections and proposed modifications prior to the Confirmation Hearing. The Debtor respectfully requests that any confirmation objection not filed and served pursuant to the procedures proposed herein be deemed waived and not be considered by the Court.

Motion Practice

59. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this Motion. Accordingly, the Debtor submits that this Motion satisfies Local Bankruptcy Rule 9013-1(a).

Notice

60. The Debtor has provided notice of this Motion by either electronic mail or facsimile and by overnight mail to: (a) the Office of the United States Trustee for the Southern District of New York; (b) counsel to the administrative agent for the Debtor’s prepetition revolving credit facility; (c) the indenture trustee for the Debtor’s 6% Senior Notes due 2034; (d) counsel to MBIA Inc.; (e) counsel to the New York State Insurance Department; (f) the entities listed on the List of Creditors Holding the 20 Largest Unsecured Claims; and (g) the

Internal Revenue Service. In light of the nature of the relief requested herein, the Debtor respectfully submits that no other or further notice need be provided.

No Prior Request

61. No prior motion for the relief requested herein has been made to this or any other court.

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WHEREFORE, for the reasons set forth herein, the Debtor respectfully requests that the Court (a) enter the Solicitation Procedures Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and (b) grant such other and further relief as the Court deems appropriate.

New York, New York
Dated: August 3, 2010

/s/ Brian S. Lennon
Paul M. Basta, Esq.
Brian S. Lennon, Esq.
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, New York 10022-4611
Telephone: (212) 446-4800
Telephone: (212) 446-4800

-and-

Patrick J. Nash, Jr. (*pro hac vice* pending)
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

*Proposed Counsel to the Debtor
and Debtor in Possession*

Exhibit A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
)
) Case No. 10-14215 (____)
Debtor.)
)

**ORDER (A) APPROVING THE ADEQUACY OF THE
DISCLOSURE STATEMENT, (B) FIXING DATES AND DEADLINES
RELATING TO CONFIRMATION OF THE PLAN, (C) APPROVING CERTAIN
PROCEDURES FOR SOLICITING AND TABULATING THE VOTES ON, AND
FOR OBJECTING TO, THE PLAN AND (D) APPROVING THE MANNER AND
FORM OF THE VARIOUS NOTICES AND DOCUMENTS RELATING THERETO**

Upon the motion (the “Motion”), dated August 3, 2010, of FGIC Corporation, as the debtor and debtor in possession in the above-captioned chapter 11 case (“FGIC Corp.” or “Debtor”), seeking entry of an order (this “Solicitation Procedures Order”) pursuant to sections 502, 1125 and 1126 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 3001, 3017, 3018 and 3020 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”): (a) approving the Disclosure Statement;² (b) establishing the Record Date; (c) approving the Solicitation Procedures; (d) establishing the Voting and Tabulation Procedures; and (e) scheduling a hearing and establishing notice and objection procedures for confirmation of the Plan, all as more fully set forth in the Motion; and upon the *Declaration of John S. Dubel Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First Day Motions*; and the Court having found it has jurisdiction over this matter

¹ The last four digits of the Debtor’s tax identification number are 6474. The location of the Debtor’s corporate headquarters is 125 Park Avenue, New York, New York 10017.

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the form and manner of notice of the Motion and the Disclosure Statement Hearing being good, sufficient and appropriate under the circumstances such that no other or further notice need be provided or is necessary; and upon the record of the hearing on the Disclosure Statement and the Motion (the “Disclosure Statement Hearing”), at which all parties in interest were offered an opportunity to be heard; and the Court having considered, without limitation, (a) the Disclosure Statement and any modifications thereof and objections thereto, (b) the Motion and any modifications thereof and objections thereto and (c) arguments of counsel and evidence proffered or adduced at the Disclosure Statement Hearing; and the legal and factual bases set forth in the Motion and at the Disclosure Statement Hearing establishing just cause for the relief granted herein, including approval of the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code; and the relief requested in the Motion and granted herein being in the best interests of the Debtor’s estate, its creditors and other parties in interest; and the Debtor having provided adequate and appropriate notice of the Motion under the circumstances; and after due deliberation and sufficient cause appearing therefor; it is HEREBY ORDERED:

1. The Motion is granted to the extent provided herein.

2. The Debtor has provided adequate notice of the time fixed for filing objections to, and the hearing to consider approval of, the Disclosure Statement in accordance with Bankruptcy Rules 2002 and 3017 and Local Bankruptcy Rules 2002-1 and 3017-1.

I. Approval of the Disclosure Statement

3. The Disclosure Statement is approved pursuant to section 1125(a)(1) of the Bankruptcy Code and Bankruptcy Rule 3017(b). To the extent any objections to the approval of

the Disclosure Statement are not withdrawn, settled or otherwise resolved, they are hereby overruled.

4. The Debtor is authorized to make non-material amendments to the Disclosure Statement, the Plan and related documents (including the appendices thereto and exhibits to this Solicitation Procedures Order) before distributing Solicitation Packages to each creditor or other party in interest in accordance with the terms of this Solicitation Procedures Order without further order of the Court, including amendments to correct typographical, clerical and grammatical errors, and to make conforming amendments among the Disclosure Statement, the Plan and related documents.

II. Establishment of the Record Date

5. **September 16, 2010**, shall be the Record Date for determining: (a) the holders of claims entitled to receive a Solicitation Package; (b) the holders of claims entitled to vote to accept or reject the Plan; and (c) whether claims have been properly transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the holder of such claim.

6. The proper holder of a scheduled claim shall be determined by reference to the Notice and Claims Agent's claims register as may be modified by notices of transfer filed and reflected on the Court's official docket (ECF), available at <https://ecf.nysb.uscourts.gov>, as of the Record Date. Except as otherwise provided herein, holders of claims filed after, or assignees to whom claims have purportedly been transferred subsequent to, the Record Date shall not be entitled to vote on the Plan.

III. Approval of the Solicitation Procedures

A. Notice and Claims Agent Duties

7. The Notice and Claims agent will assist the Debtor in, among other things, (a) mailing the Solicitation Packages, including the Confirmation Hearing Notice, to holders of

claims and the brokers, banks, dealers, trust companies, agents or other nominees (the “Nominees”) identified by the Notice and Claims Agent as entities through which beneficial holders of the Debtor’s 6% Senior Notes due 2034 (the “Senior Notes”) in class 6 hold their claims as of the Record Date, (b) distributing Master Ballots to Nominees and the Administrative Agent, (c) receiving and tabulating Ballots³ and (d) responding to inquiries from creditors and equity holders relating to the solicitation process, the Ballots and matters related thereto.

8. Nominees and the Administrative Agent shall cooperate with the Notice and Claims Agent to ensure the Solicitation Packages are distributed promptly to holders of class 6 claims. The Debtor is authorized to reimburse Nominees and the Administrative Agent for their reasonable and customary out-of-pocket expenses incurred in performing the tasks described above upon written request (subject to the Court’s retaining jurisdiction to resolve any disputes regarding any request for reimbursement).

9. Ballots not received by the Notice and Claims Agent by the Voting Deadline will be deemed null and void and will not be counted for purposes of determining whether the Plan has been accepted or rejected.

B. Approval of the Form of Ballots

10. The Ballots, substantially in the forms attached hereto as Exhibits 1-A, 1-B, 1-C, 1-D and 1-E, are approved.

C. Approval of the Contents of Solicitation Packages and Procedures for Distribution Thereof

11. On or before the Solicitation Deadline, or as soon as reasonably practicable thereafter, the Notice and Claims Agent shall distribute the Solicitation Packages, the forms of

³ All references to Ballots contained herein shall include the Master Ballots unless otherwise noted.

which are hereby approved, by first-class, postage prepaid mail to the parties set forth in the Motion. The Solicitation Packages shall contain a copy of the following, where applicable:

- (a) the Confirmation Hearing Notice, substantially in the form attached hereto as Exhibit 2;⁴
- (b) either:
 - (i) the appropriate Ballot and voting instructions for the class in which the creditor is entitled to vote together with a pre-addressed, postage pre-paid return envelope; or
 - (ii) in lieu of a Ballot, (A) a Notice of Non-Voting Status to Holders of Unimpaired Claims, (B) a Notice of Non-Voting Status to Holders of Impaired Claims, (C) a Notice of Disputed Claim Status and/or (D) a Contract/Lease Party Notice;
- (c) a CD-ROM containing a copy of the Disclosure Statement and all exhibits thereto, including this Solicitation Procedures Order (without exhibits) and the Plan; and
- (d) such other materials as the Court may direct.⁵

12. On or before the Solicitation Deadline, the Debtor will cause the appropriate Solicitation Packages to be distributed to (a) entities on the Master Service List and Rule 2002 List; (b) all creditors holding scheduled claims; (c) all creditors with filed proofs of claims; and (d) all non-debtor parties to the Debtor's executory contracts and unexpired leases.

13. The following notices are hereby approved:

- (a) Unimpaired Claims – Conclusively Presumed to Accept: the Solicitation Packages sent to holders of claims in classes 1, 2, 3, 4 and 5 (who are conclusively presumed to accept the Plan) shall

⁴ For the avoidance of doubt, a paper copy of the Confirmation Hearing Notice shall be sent to each of the creditors or other parties in interest listed on the Master Service List and the 2002 List.

⁵ To the extent the Debtor decides to include a cover letter explaining the solicitation process and urging parties to vote to accept the Plan, such a letter shall only be included in Solicitation Packages distributed to holders of claims entitled to vote on the Plan.

include a Notice of Non-Voting Status to Holders of Unimpaired Claims, substantially in the form attached hereto as **Exhibit 3-A**;

- (b) **Impaired Claims and Equity Interests – Deemed to Reject**: the Solicitation Packages sent to holders of equity interests in classes 7 and 8 (who are deemed to reject the Plan) shall include a Notice of Non-Voting Status to Holders of Impaired Claims, substantially in the form attached hereto as **Exhibit 3-B**;
- (c) **Disputed Claim Notice**: the Solicitation Packages sent to holders of claims that are the subject of a pending objection as of the Record Date shall include a Notice of Disputed Claim Status, substantially in the form attached hereto as **Exhibit 3-C**;
- (d) **Contract/Lease Party Notice**: the Solicitation Packages sent to counterparties to the Debtor’s executory contracts and unexpired leases shall include a Contract/Lease Party Notice, substantially in the form attached hereto as **Exhibit 4**;

14. Notwithstanding anything herein to the contrary, the Debtor need not transmit Solicitation Packages or other notices to (a) holders of claims that have already been paid in full or that are authorized to be paid in full in the ordinary course of business pursuant to orders entered by this Court or (b) any person to whom the Debtor mails a Disclosure Statement Hearing Notice and such notice is returned as “undeliverable.”

15. The Debtor is authorized to distribute the Disclosure Statement and all exhibits thereto, including the Plan and this Solicitation Procedures Order (without exhibits) in CD-ROM format. For the avoidance of doubt, Ballots, notices provided in lieu of Ballots, the Confirmation Hearing Notice and the Debtor’s cover letter, if any, will be provided only in paper format. Paper copies of the Disclosure Statement and all exhibits thereto shall be provided at the Debtor’s expense upon request of the Notice and Claims Agent by (a) emailing FGICInfo@gardencitygroup.com, (b) calling 1-800-327-3667 and/or (c) writing to: The Garden City Group, Inc., Attn.: FGIC Corp., 5151 Blazer Pkwy, Suite A, Dublin, OH 43017.

IV. Approval of the Voting and Tabulation Procedures

A. The Voting Deadline

16. All Ballots must be properly executed, completed and returned so that they are **actually received** by the Notice and Claims Agent no later than **4:00 p.m. prevailing Eastern Time on October 18, 2010.**

17. For votes to be counted, holders of claims or interests entitled to vote on the Plan must properly complete, execute and return their Ballots by (a) first class mail, (b) overnight courier or (c) hand delivery so that they are **actually received** by the Notice and Claims Agent on or before the Voting Deadline.

18. For the avoidance of doubt, class 6 Ballots must be returned to Nominees and the Administrative Agent in sufficient time to ensure Nominees and the Administrative Agent have enough time to (a) validate, compile and summarize the voting and other information contained in the Ballots, (b) transcribe the requisite information onto the Master Ballots and (c) return the Master Ballots so they are **actually received** by the Notice and Claims Agent before the Voting Deadline.

19. The Debtor is authorized, in its sole discretion and sound business judgment, to extend the Voting Deadline and shall include notice of any such extension in the Voting Report filed with the Court.

20. Votes cast on any ballot (a) not received by the Voting deadline or (b) received but not duly executed or completed in accordance with the requirements herein shall **not** be counted.

B. Establishing Claim Amounts for Voting Purposes

21. The following hierarchy shall determine the amount of the claim associated with each vote transmitted on a properly-executed, timely received Ballot:

- (a) the amount of the Claim settled and/or agreed upon by the Debtor, as reflected in a court pleading, stipulation, agreement or other document filed with the Court, in an order of the Court or in a document executed by the Debtor pursuant to authority granted by the Court;
- (b) the amount of the Claim determined through a Voting Resolution Event in accordance with the resolution procedures set forth herein;
- (c) the amount of the Claim listed in a timely-filed proof of claim as not contingent, not unliquidated and not disputed (except for any amounts asserted on account of interest accrued after the Petition Date), *provided*, that, to the extent any person or entity has timely filed a proof of claim reflecting a claim that is partially unliquidated and partially liquidated, only the liquidated portion of the claim shall determine the amount of the claim for voting purposes, subject to the holder's right to file a Rule 3018(a) Motion;
- (d) the amount of the claim listed in the Debtor's Schedules as not contingent, not unliquidated and not disputed as of the Record Date; and
- (e) the amount of any claim scheduled as contingent, unliquidated or disputed for which the bar date has not yet passed and as to which a proof of claim has not been filed, shall be counted in the amount of \$1.00 (solely for the purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code), subject to the holder's right to file a Rule 3018(a) Motion.

22. The amount of the claim established by the foregoing hierarchy shall control for voting purposes only and shall not constitute the allowed amount of any claim or interest. Nothing herein shall be construed to prevent the Debtor from objecting to (a) the amount of any claim set forth for voting purposes on a Ballot, (b) the amount otherwise agreed to by the Debtor and the applicable claimant or (c) an amount ordered by the Court, nor shall anything herein be construed to prevent the Debtor from objecting to any proof of claim on any grounds or amending and/or supplementing its Schedules.

C. Temporary Allowance of Claims for Voting Purposes Only

23. Holders of claims subject to pending objections as of the Record Date may vote on account of such claims if one of the following Voting Resolution Events occurs prior to the Voting Resolution Event Deadline, which is hereby established as **4:00 p.m. prevailing Eastern Time on October 11, 2010:**

- (a) **Mutual Agreement.** A stipulation or other agreement is executed between the Holder of such claim and the Debtor allowing the Holder of such claim to vote such claim in an agreed upon amount, subject to any required Court approval.
- (b) **Bankruptcy Rule 3018(a) Order.** A Rule 3018(a) Motion is filed with the Court requesting temporary allowance of such non-voting claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), and the Court grants such a motion after notice and a hearing. Unless resolved prior to the Confirmation Hearing, Rule 3018 Motions, if any, will be heard at the Confirmation Hearing or such other time as scheduled by the Court, at which time:
 - (i) Rule 3018(a) Motions must: (A) be made in writing; (B) comply with the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules; (C) set forth the name of the party asserting the Rule 3018(a) Motion; (D) state with particularity the legal and factual bases for the Rule 3018(a) Motion; (E) be set for hearing at the Confirmation Hearing; and (F) be served by personal service, overnight delivery, first class mail or facsimile so as to be received by the Notice Parties (as defined below) no later than the Voting Resolution Event Deadline.
 - (ii) the Debtor may object thereto (regardless of whether a written objection was filed);
 - (iii) the Noticing and Claims Agent shall inform the Court at or prior to the Confirmation Hearing whether including the relevant provisional Ballot would affect the outcome of the voting to accept or reject the Plan in the relevant Class in which the provisional Ballot was cast; and the Court shall determine whether the provisional Ballot should be counted toward confirmation of the Plan.

- (c) Other Order of the Court. The Court otherwise orders the allowance of a Claim for purposes of voting to accept or reject the Plan.

24. The Debtor shall provide any party that is permitted to provisionally vote its claim on account of the timely occurrence of a Voting Resolution Event with an appropriate Ballot and a pre-addressed, postage pre-paid envelope within two business days of such Voting Resolution Event. Such parties must then return a duly-completed, properly-exercised Ballot to the Notice and Claims Agent on or before the Voting Deadline (unless the Debtor extends the deadline in its sole discretion to facilitate a reasonable opportunity for such creditor to vote upon the Plan).

D. Approval of the Tabulation Procedures

25. The following tabulation procedures shall apply with respect to tabulating all votes:

- (a) Votes Not Counted. Votes will not be counted or considered for any purpose if they are transmitted on any Ballot that is:
 - (i) received by the Notice and Claims Agent after the Voting Deadline, unless the Debtor shall have granted, in writing, an extension of the Voting Deadline with respect to such Ballot or Master Ballot;
 - (ii) illegible or contains insufficient information to permit the identification of the holder of the claim;
 - (iii) cast by an entity that does not hold a claim in a class that is entitled to vote on the Plan and is not otherwise entitled to vote pursuant to the procedures described herein;
 - (iv) sent to the Debtor, the Debtor's agents and/or representatives (other than the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - (v) not signed;
 - (vi) received by the Notice and Claims Agent by facsimile or other means of electronic transmission; or
 - (vii) not marked to accept or reject the Plan or marked both to accept and reject the Plan.

- (b) Rejected Ballots. Except as otherwise provided herein and subject to any contrary order of the Court, unless the Ballot being furnished is **actually received** by the Notice and Claims Agent on or before the Voting Deadline, the Debtor shall be entitled to reject such Ballot as invalid and, therefore, decline to count it in connection with confirmation of the Plan; *provided*, that the Debtor reserves the right to reject any and all Ballots not in proper form, the acceptance of which, in the opinion of the Debtor, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules.
- (c) Multiple Ballots. If multiple Ballots are received from the same holder of a claim with respect to the same claim prior to the Voting Deadline, the latest dated valid Ballot timely received shall count for voting purposes, subject to contrary order of the Court; *provided*, that in instances where ambiguity exists with respect to which Ballot was the latest dated, the Notice and Claims Agent has the right to contact the respective claimant to determine such claimant's intent and calculate the vote according thereto.
- (d) No Vote Splitting. Holders of claims must vote all of their claims within a particular class either to accept or reject the Plan and may not split any such votes. Accordingly, any Ballot that partially rejects and partially accepts the Plan will not be counted. Further, if a holder has multiple claims within the same class, the Debtor may, in its discretion, aggregate the claims of any particular holder within a class for the purpose of counting votes.
- (e) Ballots Signed by Representative. If a Ballot is signed by a trustee, executor, administrator, guardian, attorney in fact or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing the Ballot. The Debtor may request proper evidence of such representative's authority to sign the Ballot prior to accepting such Ballot.
- (f) Defective Ballots. The Debtor, subject to contrary order of the Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline; *provided*, that:
- (i) any such waivers shall be documented in the Voting Report completed by the Notice and Claims Agent;
 - (ii) neither the Debtor, nor any other entity, will be under any duty to provide notification of such defects or irregularities other than as provided in the Voting Report prepared by the

Notice and Claims Agent, nor will any of them incur any liability for failure to provide such notification; and

- (iii) unless waived by the Debtor, subject to contrary order of the Court, any defects or irregularities associated with the delivery of Ballots must be cured prior to the Voting Deadline or such Ballots will not be counted.
- (g) No Class Votes. If no votes to accept or reject the Plan are received with respect to a particular class entitled to vote on the Plan, such class shall be deemed to have voted to accept the Plan.
- (h) Lack of Good Faith Designation. In the event a designation for lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Court will determine whether any vote to accept and/or reject the Plan cast with respect to that claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected by such claim.
- (i) Master Ballots. The following additional procedures shall apply only with respect to tabulating Master Ballots:
 - (i) votes cast by holders of class 6 claims through Nominees will be applied to the applicable positions held by such Nominees as of the Record Date, as evidenced by the record and depository listings and votes submitted by a Nominee shall not be counted in excess of the amount of claims held by such Nominee as of the Record Date;
 - (ii) votes cast by holders of class 6 claims through the Administrative Agent will be applied to the obligations under the Prepetition Credit Facility held by such holders as of the Record Date, as determined by the books and records of the Administrative Agent, and votes submitted by the Administrative Agent shall not be counted in excess of the amount of obligations under the Prepetition Credit Facility held by all holders of as of the Record Date;
 - (iii) if conflicting votes or “over-votes” are submitted by a Nominee or the Administrative Agent, the Debtor shall use reasonable efforts to reconcile discrepancies with such Nominee or the Administrative Agent, as applicable;
 - (iv) if a Nominee or the Administrative Agent submit over-votes that are not reconciled prior to the preparation of the Voting Report, the Debtor shall apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and to reject the Plan submitted by the Nominee or

Administrative Agent, as applicable, but only to the extent the Nominee held claims as of the Record Date and to the extent the Administrative Agent listed such claims in its books and records as of the Record Date, as applicable;

- (v) for the purposes of tabulating votes, each holder of a claim shall be deemed to have voted the principal amount of its claim although any principal amounts may be adjusted by Nominees or the Administrative Agent, as applicable, to reflect the amount of the class 6 claim the holder actually voted, including prepetition interest; and
- (vi) a single Nominee or the Administrative Agent may complete and deliver multiple Master Ballots to the Notice and Claims Agent, *provided*, that votes reflected on multiple Master Ballots shall be counted except to the extent they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the latest dated, validly executed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede and revoke prior Master Ballots.

26. The Notice and Claims Agent shall file a Voting Report with the Court on or before **October 21, 2010**, listing all instances where (a) Ballots were withdrawn, (b) votes were changed by the filing of superseding Ballots, (c) defects or irregularities were waived as to a particular Ballot or (d) the Voting Deadline was extended. The Debtor shall cause the Voting Report to be served upon the Debtor, any statutory committee appointed in this case and the Office of the United States Trustee for the Southern District of New York.

V. Establishment of the Confirmation Hearing Date, Notice and Objection Procedures

A. Confirmation Hearing Date

27. The Confirmation Hearing will commence at **: a.m/p.m prevailing Eastern Time on October 28, 2010**, before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004.

28. The Confirmation Hearing may be continued from time to time by the Court or the Debtor without further notice other than adjournments announced in open court and/or a notice of adjournment filed with the Court.

B. Approval of the Confirmation Hearing Notice

29. The Confirmation Hearing Notice, substantially in the form attached as **Exhibit 2** hereto, is hereby approved pursuant to Bankruptcy Rules 2002 and 3017(d). The Debtor shall cause the Confirmation Hearing Notice to be served upon all known creditors, equity holders and parties in interest in this chapter 11 case by the Solicitation Deadline.

30. On one occasion on or prior to **September 23, 2010**, the Debtor shall publish the Confirmation Hearing Notice (modified for publication, if necessary) in the national edition of *The Wall Street Journal*.

C. Approval of Objection Procedures

31. Any objection to confirmation of the Plan must (a) be in writing, (b) conform to the Bankruptcy Rules, (c) set forth the name of the objector, the nature and amount of claims or equity interests held or asserted by the objector against the Debtor, (d) detail the basis for the objection and the specific grounds therefor and (e) be filed with the Court, together with proof of service thereof, and served upon and **actually received** no later than **4:00 p.m. prevailing Eastern Time on October 21, 2010** by the following Notice Parties:

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446 4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman
Counsel for MBIA Inc.	Counsel for the New York State Insurance Department
DLA Piper LLP 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

32. Any objection to confirmation of the Plan that is not filed and served as set forth herein will be deemed waived and will not be considered by the Court.

VI. Approval of the Solicitation and Plan Confirmation Timeline

33. The following dates and deadlines with respect to the solicitation of votes on, objecting to, and confirmation of, the Plan are hereby approved, subject to modification as needed:

Event/Deadline	Date
Disclosure Statement Hearing:	9/16/2010
Record Date:	9/16/2010
Solicitation Deadline:	9/23/2010
Publication Notice Deadline:	9/23/2010
Voting Resolution Event Deadline:	10/11/2010
Plan Supplement Filing Date:	10/14/2010
Voting Deadline:	10/18/2010
Plan Objection Deadline:	10/21/2010
Voting Report Deadline:	10/21/2010
Deadline to Reply to Confirmation Objections:	10/27/2010
Confirmation Hearing:	10/28/2010

34. The Debtor and the Notice and Claims Agent, as applicable, are hereby authorized and empowered to take all actions necessary to implement the relief granted in this Solicitation Procedures Order.

35. The Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to this Solicitation Procedures Order.

Dated: New York, New York
_____, 2010

United States Bankruptcy Judge

Exhibit 1-A

Proposed General Unsecured Claims Ballot

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
)
) Case No. 10-14215 (____)
Debtor.)
)
)

**BALLOT FOR VOTING TO ACCEPT OR REJECT
PLAN OF REORGANIZATION OF FGIC CORPORATION**

CLASS 6 - GENERAL UNSECURED CLAIMS

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

THIS BALLOT MUST BE COMPLETED, EXECUTED AND RETURNED TO THE NOTICE AND CLAIMS AGENT SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (THE "VOTING DEADLINE") BY THE GARDEN CITY GROUP, INC. (THE "NOTICE AND CLAIMS AGENT").

FGIC Corporation, as debtor and debtor in possession ("FGIC Corp." or the "Debtor"), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended from time to time, the "Plan") as set forth in the *Disclosure Statement for the Plan of Reorganization of FGIC Corporation* (the "Disclosure Statement"). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

You are receiving this Ballot because our records indicate that as of September 16, 2010 (the "Voting Record Date") you are a holder of a Class 6 General Unsecured Claim against FGIC Corporation. Accordingly, you have the right to vote to accept or reject the Plan.

You should have received the Disclosure Statement, the Plan and the Confirmation Hearing Notice with this ballot (collectively, the "Solicitation Package"). If you received Solicitation Package materials in CD-ROM format and desire paper copies, or if you need to obtain additional Solicitation Packages, you may send a request by calling the Notice and Claims Agent at 1-800-327-3667 or via overnight courier or hand delivery to the Notice and Claims Agent at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor's chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

This ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe that you have received this ballot in error, please contact the Notice and Claims Agent immediately at the address listed above.

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

Your rights are described in the Disclosure Statement, so it is important that you review the Disclosure Statement, and each exhibit thereto, including the Plan, before you complete, execute and return this Ballot. You also may wish to seek legal advice concerning the Plan and the Plan's classification and treatment of your Claim. Your Claim has been placed in Class 6 — General Unsecured Claims. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote.

INSTRUCTIONS FOR COMPLETING THE BALLOT

1. The Debtor is soliciting the votes of holders of Claims with respect to the Plan annexed as Exhibit A to the Disclosure Statement. Capitalized terms used but not otherwise defined in the Ballot or in these instructions shall have the meaning set forth in the Disclosure Statement, a copy of which is contained on the CD-ROM accompanying the Ballot.

2. If the Bankruptcy Court confirms the Plan, it will be binding on you whether or not you vote. Please review the Disclosure Statement for more information.

3. To ensure that your vote is counted, you must: (a) complete the Ballot; (b) clearly indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Ballot; (c) sign and date the Ballot; and (d) return your completed Ballot in the envelope provided or by first class mail so that it is actually received by the Notice and Claims Agent prior to the Voting Deadline (4:00 p.m. prevailing Eastern Time on October 18, 2010) at the following address:

The Garden City Group, Inc.
Attn.: FGIC Corp. Ballot Processing Center
PO Box 9606
Dublin, OH 43017

Alternatively, you may return your Ballot to the Notice and Claims Agent by overnight courier or hand delivery so that your Ballot is actually received by the Notice and Claims Agent prior to the Voting Deadline (4:00 p.m. prevailing Eastern Time on October 18, 2010) at the following address:

The Garden City Group, Inc.
Attn.: FGIC Corp. Ballot Processing Center
5151 Blazer Pkwy, Suite A
Dublin, OH 43017

4. Please be sure to sign and date your Ballot. If you are signing a Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation or otherwise acting in a fiduciary or representative capacity, you must indicate such capacity when signing and, if required or requested by the Notice and Claims Agent, the Debtor or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of the respective holder of the Claim(s) listed in Item 1 of the Ballot. In addition, please provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot.

5. Any Ballot received after the Voting Deadline will not be counted as a vote toward confirmation of the Plan (unless the Debtor extends the Voting Deadline with respect thereto). The following Ballots will also NOT be counted:

- any Ballot that partially rejects and partially accepts the Plan;
- Ballots sent to the Debtor or any of its agents (other than the Notice and Claims Agent) or legal, financial or professional advisors;
- Ballots sent by facsimile, e-mail or any other electronic means;
- any Ballot that is illegible or contains insufficient information to permit the identification of the holder of the Claim;
- any Ballot cast by an entity that does not hold a Claim in a Class that is entitled to vote on the Plan;

- any Ballot that does not contain an original signature; and/or
- any Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan.

6. The method of delivery of Ballots is at your own election and risk. Delivery will be deemed made only when the Notice and Claims Agent actually receives your originally executed Ballot.

7. If multiple Ballots are received from the same holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last valid Ballot timely received will supersede and revoke any earlier received Ballots.

8. You must vote all of your Claims within a particular Class either to accept or reject the Plan (meaning, you may not split your vote). If you hold Claims in more than one Class under the Plan, you may receive more than one Ballot coded for each different Class. Each Ballot votes only your Claims indicated on that Ballot, so please complete and return each Ballot you receive. If you have multiple Claims within the same Class, the Debtor may, in its discretion, aggregate such Claims solely for purposes of counting votes.

9. The Ballot does not constitute, and shall not be deemed to be a Proof of Claim or an assertion or admission of a Claim. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan. You should not surrender any certificates or instruments representing or evidencing your Claims, and neither the Debtor nor the Notice and Claims Agent will accept delivery of any such certificates or instruments surrendered together with your Ballot.

PLEASE RETURN YOUR BALLOT PROMPTLY!

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR BALLOT SO THAT THE NOTICE AND CLAIMS AGENT *ACTUALLY RECEIVES* YOUR BALLOT PRIOR TO THE VOTING DEADLINE (4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010). BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN UNLESS THE DEBTOR EXTENDS THE VOTING DEADLINE WITH RESPECT TO YOUR BALLOT.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING INSTRUCTIONS OR PROCEDURES, PLEASE CALL THE NOTICE AND CLAIMS AGENT AT: 1-800-327-3667. PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER ENTITY THE AGENT OF THE DEBTOR OR THE NOTICE AND CLAIMS AGENT OR AUTHORIZE YOU OR ANY OTHER ENTITY TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF THE DEBTOR WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HEREWITH.

Item 1. Amount of Claim.

The undersigned hereby certifies that as of the Voting Record Date, the undersigned was the holder (or authorized signatory for the holder) of General Unsecured Claims in the following aggregate unpaid amount:

\$ _____

Item 2. Vote on Plan.

The holder of the Class 6 Claims against the Debtor set forth in Item 1 votes to (please check one):

<input type="checkbox"/> <u>ACCEPT</u> (vote FOR) the Plan	<input type="checkbox"/> <u>REJECT</u> (vote AGAINST) the Plan
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IMPORTANT INFORMATION REGARDING RELEASES

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. It is important to read the provisions contained in Article X of the Plan very carefully so that you understand how Confirmation and consummation of the Plan — which effectuates such provisions — will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly.

A vote to accept the Plan also constitutes an acceptance and consent to the Releasing Party release provisions in Article X.F of the Plan. A vote to reject the Plan constitutes a rejection of the Releasing Party release provisions set forth in Article X.F of the Plan. If you choose to abstain from voting on the Plan, please see Item 3 below. The Releasing Party release provisions provide, among other things, the following:

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, holders of Claims and Equity Interests voting to accept the Plan (which by definition, does not include holders of Claims and Equity Interests who (i) vote to reject the Plan, (ii) are not entitled to vote to accept or reject the Plan, or (iii) abstain (do not vote to accept or reject the Plan)), shall be deemed to forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including, without limitation, those that the Debtor, the Reorganized Debtor, the Debtor's estate or the Debtor's Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's estate, the conduct of the Debtor's businesses, the Chapter 11 Case, the purchase, sale or rescission or the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation or preparation of the Plan and Disclosure Statement and related agreements, instruments or other documents or upon any other act or omission, transaction or occurrence taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct or gross negligence.

THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAWS.
--

Item 3. Releasing Party Releases.

COMPLETE THIS ITEM ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. Pursuant to the Plan, if you return a Ballot and vote to accept the Plan, you are automatically deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan. You are also deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan if you do not cast a vote with respect to the Plan; however, in this instance only, you may check the box below to reject the Releasing Party release provisions in Article X.F of the Plan. The Releasing Party release provisions are set forth in pertinent part in Item 2 above.

The holder of the Class 6 General Unsecured Claims set forth in Item 1 elects to:

- Reject the Releasing Party release provisions.

Item 4. Certifications.

By signing this Ballot, the undersigned certifies to the Bankruptcy Court and the Debtor:

- (a) that either: (i) I am the holder of the Claims in Class 6 being voted or (ii) I am an authorized signatory for an entity that is a holder of the Claims in Class 6 being voted;
- (b) that I have received a copy of the Solicitation Package and acknowledge that the Debtor's solicitation of votes is subject to the terms and conditions set forth therein;
- (c) that I (or the holder I represent) have cast the same vote with respect to all Claims that I hold in Class 6; and
- (d) that no other Ballot(s) with respect to the Class 6 Claim(s) identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Claim(s), then any such earlier Ballots are hereby revoked.

Item 5. Convenience Class Election Rights

Pursuant to Article III of the Plan, each holder of an Allowed General Unsecured Claim may elect to be treated as a holder of a Convenience Claim in Class 5 by electing to reduce its Allowed General Unsecured Claim to the amount of \$15,000 or less in full and final satisfaction, release and discharge of such Allowed General Unsecured Claim. Upon any such valid and irrevocable election, the General Unsecured Claim of such holder shall be automatically reduced to \$15,000 (or such lower amount that the holder elects) and shall no longer be entitled to any other distribution as contemplated by this Plan.

The holder of the Class 6 General Unsecured Claim set forth in Item 1 elects to:

- Be treated as a holder of a Convenience Claim in Class 5.

Name of holder:	_____
	(Print or Type)
Signature:	_____
Name of Signatory:	_____
	(If other than holder)
Title:	_____
Address:	_____

Telephone No.:	_____
Date Completed:	_____

Please check here if the above address is a change of address that you would like reflected in the service list for this chapter 11 case.

PLEASE COMPLETE, SIGN, DATE AND RETURN THIS BALLOT SO IT IS ACTUALLY RECEIVED BY THE NOTICE AND CLAIMS AGENT BEFORE THE VOTING DEADLINE AT THE ADDRESS LISTED IN THE ATTACHED VOTING INSTRUCTIONS. BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED (UNLESS THE DEBTOR EXTENDS THE VOTING DEADLINE).

IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT, THE VOTING INSTRUCTIONS, THE VOTING PROCESS OR OTHER MATTERS RELATED TO CONFIRMATION OF THE PLAN, PLEASE CONTACT THE NOTICE AND CLAIMS AGENT BY CALLING 1-800-327-3667.

PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

Exhibit 1-B

Proposed Senior Notes Master Ballot

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

FGIC CORPORATION,¹

Debtor.

)
) Chapter 11
)
)
) Case No. 10-14215 (____)
)
)
)

**CLASS 6 - MASTER BALLOT FOR 6% SENIOR NOTES
DUE 2034 BEARING CUSIP NUMBER 302915 AA 1
FOR VOTING TO ACCEPT OR REJECT THE PLAN
OF REORGANIZATION OF FGIC CORPORATION**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

THIS BALLOT MUST BE COMPLETED, EXECUTED AND RETURNED TO THE NOTICE AND CLAIMS AGENT SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (THE "VOTING DEADLINE") BY THE GARDEN CITY GROUP, INC. (THE "NOTICE AND CLAIMS AGENT").

FGIC Corporation, as debtor and debtor in possession ("FGIC Corp." or the "Debtor"), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended from time to time, the "Plan") as set forth in the *Disclosure Statement for the Plan of Reorganization of FGIC Corporation* (the "Disclosure Statement"). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

You are receiving this Ballot because our records indicate that as of September 16, 2010 (the "Voting Record Date"), you are a broker, dealer, commercial bank, trust company or other agent or nominee, or agent therefor (each, a "Voting Nominee") of beneficial holders (collectively, the "Beneficial Holders") of FGIC Corp.'s 6% Senior Notes due 2034 (the "Senior Notes").

As a Voting Nominee, you are required to deliver immediately a ballot (the "Beneficial Holder Ballot" as well as the Solicitation Procedures Order (excluding exhibits thereto), the Disclosure Statement (and exhibits thereto, including the Plan) and the Confirmation Hearing Notice, collectively, the "Solicitation Package"), to each Beneficial Holder for whom you hold Senior Notes, and to take any action required to enable such Beneficial Holder to timely vote its Claim to accept or reject the Plan. You should include in each Solicitation Package a return envelope addressed to you (and not include a return envelope addressed to the Notice and Claims Agent). With respect to any Beneficial Holder Ballots returned to you, you must (a) execute this Master Ballot so as to reflect the voting instructions given to you in the Beneficial Owner Ballots by the Beneficial Holders for whom you hold Senior Notes and (b) forward this Master Ballot to the Notice and Claims Agent in accordance with the Master Ballot Instructions accompanying this Master Ballot.

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

If you are both the registered or record holder and Beneficial Holder of any Senior Notes and you wish to vote Claims based on such Senior Notes, you must reflect your vote on this Master Ballot.

You should have received a Solicitation Package. If you received Solicitation Package materials in CD-ROM format and desire paper copies, or if you need to obtain additional Solicitation Packages, you may send a request by calling the Notice and Claims Agent at 1-800-327-3667 or via overnight courier or hand delivery to the Notice and Claims Agent at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor's chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

This Master Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe that you have received this Master Ballot in error, please contact the Debtor's Notice and Claims Agent immediately at the address listed above.

If the Notice and Claims Agent does not actually receive this Master Ballot on or before the Voting Deadline, which is 4:00 p.m. prevailing Eastern Time on October 18, 2010, and if the Voting Deadline is not extended, the Beneficial Holders' votes transmitted hereby will not be counted.

Item 1. Certification of Authority to Vote.

The undersigned certifies that, as of the Voting Record Date, the undersigned (please check the applicable box):

- is a Voting Nominee for the Beneficial Holders of the aggregate principal amount of Senior Notes listed in Item 2 below and is the registered holder of the Senior Notes being voted;
- is acting under a power of attorney and/or agency agreement (a copy of which will be provided upon request) granted by a Voting Nominee that is the registered holder of the aggregate principal amount of Senior Notes listed in Item 2 below; or
- has been granted a proxy (an original of which is annexed hereto) from (1) a Voting Nominee or (2) a Beneficial Holder, that is the registered holder of the aggregate amount of the Senior Notes listed in Item 2 below and, accordingly, has full power and authority to vote to accept or reject the Plan on behalf of the Beneficial Holders of the Senior Notes described in Item 2 below.

Item 2. Votes.

Number of Beneficial Holders: The undersigned transmits the following votes of Beneficial Holders in respect of their Senior Notes. The undersigned certifies that the following Beneficial Holders of Senior Notes, as identified by their respective customer account numbers set forth below, are Beneficial Holders of the Senior Notes as of the Voting Record Date and have delivered to the undersigned, as Voting Nominee, Beneficial Holder Ballots casting such votes.

To Properly Complete the Following Table: Indicate in the appropriate column below the aggregate principal amount voted for each account (please use additional sheets of paper if necessary and, if possible, attach such information to this Master Ballot in the form of the following table). Please note: (a) each account of a Beneficial Holder must vote all such Beneficial Holder's Senior Notes to accept or reject the Plan and may not split such vote; and (b) do not count any Beneficial Holder Ballot executed by the Beneficial Holder that does not indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan.

Your Customer Account Number For Each Beneficial Holder of Senior Notes		Principal Amount of Senior Notes		
		ACCEPT THE PLAN	REJECT THE PLAN	REJECT THE RELEASING PARTY RELEASES
1.		\$	\$	\$
2.		\$	\$	\$
3.		\$	\$	\$
4.		\$	\$	\$
5.		\$	\$	\$
6.		\$	\$	\$
7.		\$	\$	\$
8.		\$	\$	\$
9.		\$	\$	\$
10.		\$	\$	\$
TOTALS:		\$	\$	\$

**IMPORTANT INFORMATION REGARDING THE
RELEASES BY HOLDERS OF CLAIMS AND EQUITY INTERESTS**

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. It is important to read the provisions contained in Article X of the Plan very carefully so that you understand how Confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly.

A vote to accept the Plan also constitutes an acceptance and consent to the Releasing Party release provisions in Article X.F of the Plan. A vote to reject the Plan constitutes a rejection of the Releasing Party release provisions set forth in Article X.F of the Plan. If you choose to abstain from voting on the Plan, please see Item 3 below. The Releasing Party release provisions provide, among other things, the following:

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, holders of Claims and Equity Interests voting to accept the Plan (which by definition, does not include holders of Claims and Equity Interests who (i) vote to reject the Plan, (ii) are not entitled to vote to accept or reject the Plan, or (iii) abstain (do not vote to accept or reject the Plan)), shall be deemed to forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including, without limitation, those that the Debtor, the Reorganized Debtor, the Debtor’s estate or the Debtor’s Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor’s estate, the conduct of the Debtor’s businesses, the Chapter 11 Case, the purchase, sale or rescission or the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation or preparation of the Plan and Disclosure Statement and related agreements, instruments or other documents or upon any other act or omission, transaction or occurrence

taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct or gross negligence.

Item 3. Releasing Party Releases.

COMPLETE THIS ITEM ONLY IF YOU ARE BOTH THE REGISTERED OR RECORD HOLDER AND BENEFICIAL HOLDER OF ANY SENIOR NOTES AND YOU ARE ENTITLED TO VOTE CLAIMS BASED ON SUCH SENIOR NOTES, BUT YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN ON ACCOUNT OF SUCH NOTES.

Pursuant to the Plan, if you return a Ballot and vote to accept the Plan, you are automatically deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan. You are also deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan if you do not cast a vote with respect to the Plan; however, in this instance only, you may check the box below to reject the Releasing Party release provisions in Article X.F of the Plan. The Releasing Party release provisions are set forth in pertinent part in Item 2 above.

The undersigned hereby elects to:

- Reject the Releasing Party release provisions.

Item 4. Certification as to Transcription of Information from Item 4 of the Beneficial Holder Ballots as to Senior Notes Voted Through Other Beneficial Holder Ballots.

The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Beneficial Holders in Item 4 of each of the Beneficial Holder’s original Beneficial Holder Ballots, identifying any other Claims in Class 6 for which such Beneficial Holders submitted a Ballot:

Your Customer Account Number For Each Beneficial Holder of Senior Notes	TRANSCRIBE FROM ITEM 4 OF THE BENEFICIAL HOLDER BALLOTS:			
	Name of Holder	Account Number	Principal Amount of Other Class 6 Claims Voted	Type of Other Class 6 Claims Voted
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

Item 5. Certification.

By signing this Master Ballot, the undersigned certifies that:

- it has received a Solicitation Package and has delivered the same to the Beneficial Holders listed on the Beneficial Holder Ballots or to any intermediary nominee, as applicable;
- it has received a completed and signed Beneficial Holder Ballot from each Beneficial Holder listed in Item 2 of this Master Ballot or from an intermediary nominee, as applicable;
- it is the registered holder of the Senior Notes being voted or an authorized agent thereof;

- it has been authorized by each such Beneficial Holder or intermediary nominee, as applicable, to vote on the Plan and to make applicable elections;
- it has properly disclosed:
 - i. the number of Beneficial Holders who completed Beneficial Holder Ballots;
 - ii. the respective amounts of the Senior Notes owned, as the case may be, by each Beneficial Holder who completed a Beneficial Holder Ballot;
 - iii. each such Beneficial Holder's respective vote concerning the Plan;
 - iv. each such Beneficial Holder's certification as to other Class 6 Claims voted; and
 - v. the customer account or other identification number for each such Beneficial Holder;
- each such Beneficial Holder has certified to the undersigned or to an intermediary nominee, as applicable, that it is eligible to vote on the Plan; and
- it will maintain Beneficial Holder Ballots returned by Beneficial Holders or by intermediary nominees (whether properly completed or defective) for at least one year after the Voting Deadline and disclose all such information to the Bankruptcy Court or the Debtor, as the case may be, if so ordered.

Name of Voting Nominee:	(Print or Type)
Participant Number:	
Name of Proxy Holder or Agent for Voting Nominee:	(Print or Type)
Social Security or Federal Tax Identification Number:	
Signature:	
Name of Signatory:	
Title:	
Address:	
Telephone No.:	
Date Completed:	

Please check here if the above address is a change of address that you would like reflected in the service list for this chapter 11 case.

PLEASE COMPLETE, SIGN AND DATE THIS MASTER BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED, BY OVERNIGHT COURIER OR HAND DELIVERY TO:

The Garden City Group, Inc.
 Attn.: FGIC Corp. Ballot Processing Center
 5151 Blazer Pkwy, Suite A
 Dublin, OH 43017

**ALTERNATIVELY, YOU MAY RETURN THIS MASTER BALLOT
BY FIRST CLASS MAIL TO:**

The Garden City Group, Inc.
Attn.: FGIC Corp. Ballot Processing Center
PO Box 9606
Dublin, OH 43017

**IF THE NOTICE AND CLAIMS AGENT DOES NOT ACTUALLY RECEIVE THIS MASTER BALLOT
ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (AND IF THE
VOTING DEADLINE IS NOT EXTENDED), THE VOTES CAST HEREBY WILL NOT BE COUNTED.**

Class 6 — Voting Nominees of Beneficial Holders of Senior Notes

INSTRUCTIONS FOR COMPLETING THIS MASTER BALLOT

1. The Debtor is soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit A to the Disclosure Statement. Capitalized terms used in the Master Ballot or in these instructions but not otherwise defined therein or herein shall have the meaning set forth in the Plan, a copy of which also accompanies the Master Ballot.
2. The Bankruptcy Court may confirm the Plan and thereby bind Beneficial Holders. Please review the Disclosure Statement for more information.

HOW TO VOTE:

3. You should immediately distribute Solicitation Package(s), including Beneficial Holders Ballots, to each Beneficial Holder of Senior Notes (or intermediary nominees, if applicable) and take any action required to enable each such Beneficial Holder to timely vote their Claims.
4. If you are both the record holder and the Beneficial Holder of any principal amount of the Senior Notes and you wish to vote Claims on account of such Senior Notes, you must indicate your vote on this Master Ballot.
5. **BENEFICIAL HOLDER BALLOTS:** You must
 - i. immediately forward the Solicitation Package(s) sent to you by the Notice and Claims Agent to each Beneficial Holder for voting, including: (a) the Beneficial Holder Ballot; (b) a return envelope addressed to the Voting Nominee; and (c) clear instructions stating that Beneficial Holders must return their Beneficial Holder Ballot directly to the Voting Nominee so that it is **actually received** by the Voting Nominee on or before that date calculated by the Voting Nominee (the "Return Date") which affords the Voting Nominee with enough time to prepare the Master Ballot in accordance with paragraph (5.ii) directly below and return the Master Ballot to the Notice and Claims Agent so it is **actually received** by the Notice and Claims Agent on or before the Voting Deadline; and
 - ii. upon receipt of completed, executed Beneficial Holder Ballots returned to you by a Beneficial Holder (or intermediary nominee), you must:
 - compile and validate the votes and other relevant information of each such Beneficial Holder on the Master Ballot using the customer account number or other identification number assigned by you or an intermediary nominee to each such Beneficial Holder;
 - execute the Master Ballot;
 - transmit such Master Ballot to the Notice and Claims Agent by the Voting Deadline; and
 - retain such Beneficial Holder Ballots in your files for a period of one year after the Effective Date of the Plan (as you may be ordered to produce the Beneficial Holder Ballots to the Debtor or the Bankruptcy Court).
6. If a Master Ballot is received after the Voting Deadline, and if the Voting Deadline is not extended, it will not be counted. Additionally, a Master Ballot or a Beneficial Ballot that was transcribed on a Master Ballot will **NOT** be counted in the circumstances below:

- if it was sent to the Debtor or the Debtor's agents (other than the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - if it was sent by facsimile, e-mail or any other electronic means;
 - if it is illegible or contains insufficient information to permit the identification of the Beneficial Holder of the Claim;
 - if it was cast on behalf of an entity (or entities) that does not hold a Claim in a Class that is entitled to vote on the Plan;
 - if it is unsigned; and/or
 - if it is (a) not marked to accept or reject the Plan or (b) marked both to accept and reject the Plan.
7. Any Ballot returned to you by a Beneficial Holder of a Claim or intermediary nominee shall not be counted for purposes of accepting or rejecting the Plan until you properly complete and deliver to the Notice and Claims Agent a Master Ballot that reflects the vote of such Beneficial Holders or intermediary nominees by the Voting Deadline.
 8. The method of delivery of Master Ballots to the Notice and Claims Agent is at the election and risk of each Voting Nominee. Except as otherwise provided herein, such delivery will be deemed made only when the Notice and Claims Agent **actually receives** the originally executed Master Ballot. Instead of effecting delivery by first-class mail, it is recommended, though not required, that Voting Nominees use an overnight or hand delivery service. In all cases, Voting Nominees should allow sufficient time to assure timely delivery.
 9. If multiple Master Ballots are received from the same Voting Nominee with respect to the same Beneficial Holder Ballot belonging to a Beneficial Holder of a Claim prior to the Voting Deadline, the last valid Master Ballot timely received will supersede and revoke any earlier received Master Ballots. Likewise, if a Voting Nominee receives multiple Beneficial Holder Ballots with respect to the same Claims, the last valid Beneficial Holder Ballot timely received will supersede and revoke any earlier received Beneficial Holder Ballots.
 10. The Master Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and make certifications with respect to the Beneficial Holder Ballots. Accordingly, at this time, holders of Claims should not surrender certificates or instruments representing their Claims and you should not accept delivery of any such certificates or instruments surrendered together with a Beneficial Holder Ballot.
 11. This Master Ballot does not constitute, and shall not be deemed to be, (a) a proof of claim or (b) an assertion or admission of a Claim.
 12. Please be sure to properly execute your Master Ballot. You must: (a) sign and date your Master Ballot; (b) if applicable, indicate that you are signing a Master Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity and, if required or requested by the Notice and Claims Agent, the Debtor, or the Bankruptcy Court, submit proper evidence to the requesting party to so act on behalf of such Beneficial Holder; and (c) provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Master Ballot.
 13. No fees or commissions or other remuneration will be payable to any Voting Nominee for soliciting Beneficial Holder Ballots accepting the Plan. The Debtor will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding the Beneficial Holder Ballots and other enclosed materials to your customers.

PLEASE MAIL YOUR MASTER BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT,
PLEASE CONTACT THE NOTICE AND CLAIMS AGENT AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

**NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU
OR ANY OTHER ENTITY THE AGENT OF THE DEBTOR OR THE NOTICE AND CLAIMS AGENT OR
AUTHORIZE YOU OR ANY OTHER ENTITY TO USE ANY DOCUMENT OR MAKE ANY
STATEMENTS ON BEHALF OF THE DEBTOR WITH RESPECT TO THE PLAN, EXCEPT FOR THE
STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HEREWITH.**

Exhibit 1-C

Proposed Senior Notes Beneficial Holder Ballot

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

FGIC CORPORATION,¹

Debtor.

)
) Chapter 11
)
)
) Case No. 10-14215 (____)
)
)
)

**CLASS 6 - BENEFICIAL HOLDER BALLOT FOR 6% SENIOR
NOTES DUE 2034 BEARING CUSIP NUMBER 302915 AA 1
FOR VOTING TO ACCEPT OR REJECT PLAN
OF REORGANIZATION OF FGIC CORPORATION**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE COMPLETED, EXECUTED AND RETURNED TO YOUR VOTING NOMINEE IN SUFFICIENT TIME FOR YOUR VOTING NOMINEE TO PROCESS YOUR BALLOT AND SUBMIT A MASTER BALLOT THAT IS ACTUALLY RECEIVED BY THE GARDEN CITY GROUP, INC. (THE "NOTICE AND CLAIMS AGENT") BY 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (THE "VOTING DEADLINE").

FGIC Corporation, as debtor and debtor in possession ("FGIC Corp." or the "Debtor"), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended from time to time, the "Plan") as set forth in the *Disclosure Statement for the Plan of Reorganization of FGIC Corporation* (the "Disclosure Statement"). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

You are receiving this Ballot (the "Beneficial Holder Ballot") because the records of your nominee or its agent (collectively, the "Voting Nominee") indicate that as of September 16, 2010 (the "Voting Record Date"), you are a beneficial holder (a "Beneficial Holder") of FGIC Corp.'s 6% Senior Notes Due 2034 (the "Senior Notes"). Accordingly, you have the right to vote to accept or reject the Plan.

You should have received the Solicitation Procedures Order (excluding exhibits thereto), the Disclosure Statement (and exhibits thereto, including the Plan) and the Confirmation Hearing Notice (collectively, the "Solicitation Package") with this ballot. If you received Solicitation Package materials in CD-ROM format and desire paper copies, or if you need to obtain additional Solicitation Packages, you may contact your Voting Nominee. You may also obtain these documents and any other pleadings filed in the Debtor's chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

This Beneficial Holder Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe that you have received this Beneficial Holder Ballot in error, please contact your Voting Nominee immediately.

Your rights are described in the Disclosure Statement, so it is important that you review the Disclosure Statement, and each exhibit thereto, including the Plan, before you complete, execute and return this Ballot. You also may wish to seek legal advice concerning the Plan and the Plan's classification and treatment of your Claim. Your Claim has been placed in Class 6 – General Unsecured Claims (Senior Notes) under the Plan. If you hold Claims in Class 6 other than on account of Senior Notes and/or if you hold Senior Notes through more than one Voting Nominee, you may receive more than one ballot.

INSTRUCTIONS FOR COMPLETING THIS BENEFICIAL HOLDER BALLOT

1. The Debtor is soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit A to the Disclosure Statement. Capitalized terms used in the Beneficial Holder Ballot or in these instructions (the "Ballot Instructions") but not otherwise defined therein or herein shall have the meaning set forth in the Plan, a copy of which also accompanies the Beneficial Holder Ballot.
2. If the Bankruptcy Court confirms the Plan it will be binding on you whether or not you vote. Please review the Disclosure Statement for more information.
3. To ensure that your vote is counted, you must: (a) complete your Beneficial Holder Ballot in accordance with these instructions; (b) clearly indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Beneficial Holder Ballot; and (c) clearly sign and return an original of your Beneficial Holder Ballot to the address set forth on the enclosed pre-addressed envelope in accordance with paragraph (4) directly below.
4. Return of Beneficial Holder Ballots: You must return your Beneficial Holder Ballot to your Voting Nominee in the return envelope included in your Solicitation Package. Your Beneficial Holder Ballot must be returned to your Voting Nominee in sufficient time for your Voting Nominee to process your ballot and submit the Master Ballot to the Notice and Claims Agent such that the Notice and Claims Agent **actually receives** your vote on or before the Voting Deadline, which is 4:00 p.m. prevailing Eastern Time on October 18, 2010. It is recommended that you make a copy of your completed Beneficial Holder Ballot for your own records.
5. If the Master Ballot is received after the Voting Deadline, and if the Voting Deadline is not extended, it will not be counted. Additionally, the following Beneficial Holder Ballots will **NOT** be counted:
 - any Beneficial Holder Ballot that partially rejects and partially accepts the Plan;
 - Beneficial Holder Ballots sent to the Debtor, the Debtor's agents (including the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - Beneficial Holder Ballots sent by facsimile, e-mail, or any other electronic means;
 - any Beneficial Holder Ballot that is illegible or contains insufficient information to permit the identification of the holder of the Claim;
 - any Beneficial Holder Ballot cast by an entity that does not hold a Claim in a Class that is entitled to vote on the Plan;
 - any unsigned Beneficial Holder Ballot; and/or
 - any Beneficial Holder Ballot not marked to accept or reject the Plan or any Beneficial Holder Ballot marked both to accept and reject the Plan.

6. If multiple Beneficial Holder Ballots are received from the same Beneficial Holder of Senior Notes with respect to the same Senior Notes prior to the Voting Deadline, the last valid Beneficial Holder Ballot timely received will supersede and revoke any earlier received Beneficial Holder Ballots.
7. You must vote all of your Claims within Class 6 either to accept or reject the Plan and may not split your vote. Further, if a Beneficial Holder has multiple Claims on account of Senior Notes within Class 6, the Debtor may, in its discretion, aggregate the Claims of any particular holder with multiple Claims on account of Senior Notes within Class 6 for the purpose of counting votes.
8. The Beneficial Holder Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan. Accordingly, at this time, holders of Claims should not surrender certificates or instruments representing or evidencing their Claims, and neither the Debtor nor the Notice and Claims Agent will accept delivery of any such certificates or instruments surrendered together with a Beneficial Holder Ballot.
9. This Beneficial Holder Ballot does not constitute, and shall not be deemed to be (a) a proof of claim or (b) an assertion or admission of a Claim.
10. Please be sure to sign and date your Beneficial Holder Ballot. If you are signing a Beneficial Holder Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity, you must indicate such capacity when signing and, if required or requested by the Notice and Claims Agent, the Debtor or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such holder. In addition, please provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Beneficial Holder Ballot.
11. If you hold Claims in Class 6 other than Senior Note Claims and/or if you hold Senior Note Claims through more than one Voting Nominee, you may receive more than one ballot. Each ballot votes only your Claims indicated on that ballot, so please complete and return each Beneficial Holder Ballot and/or other ballot that you received.

PLEASE MAIL YOUR BENEFICIAL HOLDER BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT,
PLEASE CONTACT THE NOTICE AND CLAIMS AGENT AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

**IF THE NOTICE AND CLAIMS AGENT DOES NOT ACTUALLY RECEIVE THE
MASTER BALLOT CONTAINING YOUR VOTE FROM YOUR VOTING NOMINEE
ON OR BEFORE THE VOTING DEADLINE, WHICH IS 4:00 P.M. PREVAILING
EASTERN TIME ON OCTOBER 18, 2010 (AND IF THE VOTING DEADLINE
IS NOT EXTENDED), YOUR VOTE TRANSMITTED HEREBY WILL NOT BE COUNTED.**

Item 1. Amount of Claim.

The undersigned hereby certifies that as of the Voting Record Date, the undersigned was the holder (or authorized signatory for the holder) of Senior Notes in the following aggregate unpaid principal amount:

\$ _____

Item 2. Vote on Plan.

The holder of the Class 6 Claims against the Debtor set forth in Item 1 votes to (please check one):

<input type="checkbox"/> <u>ACCEPT</u> (vote FOR) the Plan	<input type="checkbox"/> <u>REJECT</u> (vote AGAINST) the Plan
---	---

IMPORTANT INFORMATION REGARDING RELEASES

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. It is important to read the provisions contained in Article X of the Plan very carefully so that you understand how Confirmation and consummation of the Plan — which effectuates such provisions — will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly.

A vote to accept the Plan also constitutes an acceptance and consent to the Releasing Party release provisions in Article X.F of the Plan. A vote to reject the Plan constitutes a rejection of the Releasing Party release provisions set forth in Article X.F of the Plan. If you choose to abstain from voting on the Plan, please see Item 3 below. The Releasing Party release provisions provide, among other things, the following:

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, holders of Claims and Equity Interests voting to accept the Plan (which by definition, does not include holders of Claims and Equity Interests who (i) vote to reject the Plan, (ii) are not entitled to vote to accept or reject the Plan, or (iii) abstain (do not vote to accept or reject the Plan)), shall be deemed to forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including, without limitation, those that the Debtor, the Reorganized Debtor, the Debtor's estate or the Debtor's Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's estate, the conduct of the Debtor's businesses, the Chapter 11 Case, the purchase, sale or rescission or the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation or preparation of the Plan and Disclosure Statement and related agreements, instruments or other documents or upon any other act or omission, transaction or occurrence taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct or gross negligence.

Item 3. Releasing Party Releases.

COMPLETE THIS ITEM ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. Pursuant to the Plan, if you return a Ballot and vote to accept the Plan, you are automatically deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan. You are also deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan if you do not cast a vote with respect to the Plan; however, in this instance only, you may check the box below to reject the Releasing Party release provisions in Article X.F of the Plan. The Releasing Party release provisions are set forth in pertinent part in Item 2 above.

The holder of the Senior Notes set forth in Item 1 elects to:

- Reject the Releasing Party release provisions.

Item 4. Certifications as to other Class 6 Claims.

By completing and returning this Beneficial Holder Ballot, the undersigned Beneficial Holder certifies that either (a) it has not submitted any other ballots for other Claims in Class 6 (including Senior Notes held in other accounts or other record names, General Unsecured Claims and Prepetition Credit Facility Claims) or else (b) it has provided the information specified in the following table for all other Claims in Class 6 for which it has submitted additional Ballots, each of which indicates the same vote to accept or reject the Plan (please use additional sheets of paper if necessary):

COMPLETE THIS SECTION ONLY IF YOU HAVE VOTED CLASS 6 CLAIMS ON A BALLOT OTHER THAN THIS BENEFICIAL HOLDER BALLOT.

Name of Holder ²	Account Number	Amount of Other Class 6 Claims Voted	Type of Other Class 6 Claim Voted (General Unsecured Claim or Claim on Account of Other Senior Notes or Prepetition Credit Facility)
1.		\$	
2.		\$	
3.		\$	
4.		\$	
5.		\$	
6.		\$	
7.		\$	
8.		\$	
9.		\$	
10.		\$	

Item 5. Certifications.

By signing this Beneficial Holder Ballot, the undersigned certifies to the Bankruptcy Court and the Debtor:

- (a) that I am either: (i) the Beneficial Holder of the Senior Notes being voted or (ii) an authorized signatory for a Beneficial Holder of the Senior Notes being voted;

² List your name if the Senior Notes are held by you in record name. If the Senior Notes are held in “street name” by a broker, bank or other financial institution, please list the name of your broker, bank or other financial institution.

- (b) that I have (or in the case of an authorized signatory, the Beneficial Holder has) received a copy of the Solicitation Package and acknowledge that the Debtor's solicitation of votes is subject to the terms and conditions set forth therein;
- (c) that I have (or in the case of an authorized signatory, the Beneficial Holder has) cast the same vote with respect to all of my (or the Beneficial Holder's) Class 6 Claims; and
- (d) that no other Beneficial Holder Ballots with respect to the Class 6 Claims on account of Senior Notes identified in Item 1 have been cast or, if any other Beneficial Holder Ballots have been cast with respect to such Senior Notes, then any such earlier Beneficial Holder Ballots are hereby revoked.

Name of Beneficial Holder:	
	(Print or Type)
Signature:	
Name of Signatory:	
	(If other than Beneficial Holder)
Title:	
Address:	
Telephone No.:	
Date Completed:	

PLEASE COMPLETE, SIGN, AND DATE THIS BENEFICIAL HOLDER BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED TO YOUR VOTING NOMINEE.

<p>IF THE NOTICE AND CLAIMS AGENT DOES NOT <u>ACTUALLY RECEIVE</u> YOUR VOTING NOMINEE'S MASTER BALLOT INCORPORATING THE VOTE CAST BY THIS BENEFICIAL HOLDER BALLOT <u>ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010</u> (AND IF THE VOTING DEADLINE IS NOT EXTENDED), YOUR VOTE TRANSMITTED BY THIS BENEFICIAL HOLDER BALLOT WILL <u>NOT</u> BE COUNTED TOWARD CONFIRMATION OF THE PLAN.</p>

Exhibit 1-D

Proposed Prepetition Credit Facility Master Ballot

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

FGIC CORPORATION,¹

Debtor.

)
) Chapter 11
)
)
) Case No. 10-14215 (____)
)
)
)

**CLASS 6 - MASTER BALLOT FOR DEBTOR'S PREPETITION CREDIT FACILITY FOR VOTING
TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION OF FGIC CORPORATION**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

**THIS BALLOT MUST BE COMPLETED, EXECUTED AND RETURNED TO THE NOTICE
AND CLAIMS AGENT SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE 4:00 P.M.
PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (THE "VOTING DEADLINE")
BY THE GARDEN CITY GROUP, INC. (THE "NOTICE AND CLAIMS AGENT").**

FGIC Corporation, as debtor and debtor in possession ("FGIC Corp." or the "Debtor"), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended from time to time, the "Plan") as set forth in the *Disclosure Statement for the Plan of Reorganization of FGIC Corporation* (the "Disclosure Statement"). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

You are receiving this Ballot because our records indicate that as of September 16, 2010 (the "Voting Record Date"), you are the Administrative Agent for the loan participants (the "Loan Participants") under FGIC Corp.'s prepetition revolving credit facility (the "Prepetition Credit Facility").

As the Administrative Agent, you are required to deliver immediately a ballot (the "Loan Participant Ballot") as well as the Solicitation Procedures Order (excluding exhibits thereto), the Disclosure Statement (and exhibits thereto, including the Plan) and the Confirmation Hearing Notice, collectively, the "Solicitation Package"), to each Loan Participant, and to take any action required to enable such Loan Participant to timely vote its Claim to accept or reject the Plan. You should include in each Solicitation Package a return envelope addressed to you (and not include a return envelope addressed to the Notice and Claims Agent). With respect to any Loan Participant Ballots returned to you, you must (a) execute this Master Ballot so as to reflect the voting instructions given to you in the Loan Participant Ballots and (b) forward this Master Ballot to the Notice and Claims Agent in accordance with the Master Ballot Instructions accompanying this Master Ballot.

If you wish to vote Claims based on obligations you hold under the Prepetition Credit Facility as a Loan Participant, you must reflect your vote on this Master Ballot.

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

You should have received a Solicitation Package. If you received Solicitation Package materials in CD-ROM format and desire paper copies, or if you need to obtain additional Solicitation Packages, you may send a request by calling the Notice and Claims Agent at 1-800-327-3667 or via overnight courier or hand delivery to the Notice and Claims Agent at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor's chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

This Master Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe that you have received this Master Ballot in error, please contact the Debtor's Notice and Claims Agent immediately at the address listed above.

If the Notice and Claims Agent does not actually receive this Master Ballot on or before the Voting Deadline, which is 4:00 p.m. prevailing Eastern Time on October 18, 2010, and if the Voting Deadline is not extended, the Loan Participants' votes transmitted hereby will not be counted.

Item 1. Certification of Authority to Vote.

The undersigned certifies that, as of the Voting Record Date, the undersigned:

- is the Administrative Agent for the Loan Participants holding the aggregate principal amount of obligations under the Prepetition Credit Facility listed in Item 2 below.

Item 2. Votes.

Number of Loan Participants: The undersigned transmits the following votes of Loan Participants in respect of their obligations under the Prepetition Credit Facility. The undersigned certifies that the following Loan Participants hold obligations under the Prepetition Credit Facility as of the Voting Record Date and have delivered to the undersigned, as Administrative Agent, Loan Participant Ballots casting such votes.

To Properly Complete the Following Table: Indicate in the appropriate column below the aggregate principal amount voted for each Loan Participant (please use additional sheets of paper if necessary and, if possible, attach such information to this Master Ballot in the form of the following table). Please note: (a) each Loan Participant must vote all obligations under the Prepetition Credit Facility held by such Loan Participant to accept or reject the Plan and may not split such vote; and (b) do not count any Loan Participant Ballot that does not indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan.

Loan Participant		Principal Amount of Obligations Held Under the Prepetition Credit Facility		
		ACCEPT THE PLAN	REJECT THE PLAN	REJECT THE RELEASING PARTY RELEASES
1.		\$	\$	\$
2.		\$	\$	\$
3.		\$	\$	\$
4.		\$	\$	\$
5.		\$	\$	\$
6.		\$	\$	\$
7.		\$	\$	\$
8.		\$	\$	\$
9.		\$	\$	\$
10.		\$	\$	\$
TOTALS:		\$	\$	\$

**IMPORTANT INFORMATION REGARDING THE
RELEASES BY HOLDERS OF CLAIMS AND EQUITY INTERESTS**

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. It is important to read the provisions contained in Article X of the Plan very carefully so that you understand how Confirmation and consummation of the Plan — which effectuates such provisions—will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly.

A vote to accept the Plan also constitutes an acceptance and consent to the Releasing Party release provisions in Article X.F of the Plan. A vote to reject the Plan constitutes a rejection of the Releasing Party release provisions set forth in Article X.F of the Plan. If you choose to abstain from voting on the Plan, please see Item 3 below. The Releasing Party release provisions provide, among other things, the following:

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, holders of Claims and Equity Interests voting to accept the Plan (which by definition, does not include holders of Claims and Equity Interests who (i) vote to reject the Plan, (ii) are not entitled to vote to accept or reject the Plan, or (iii) abstain (do not vote to accept or reject the Plan)), shall be deemed to forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including, without limitation, those that the Debtor, the Reorganized Debtor, the Debtor’s estate or the Debtor’s Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor’s estate, the conduct of the Debtor’s businesses, the Chapter 11 Case, the purchase, sale or rescission or the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation or preparation of the Plan and Disclosure Statement and related

agreements, instruments or other documents or upon any other act or omission, transaction or occurrence taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct or gross negligence.

Item 3. Releasing Party Releases.

COMPLETE THIS ITEM ONLY IF YOU DID NOT VOTE CLAIMS HELD AS A LOAN PARTICIPANT TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. Pursuant to the Plan, if you return a Ballot and vote to accept the Plan, you are automatically deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan. You are also deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan if you do not cast a vote with respect to the Plan; however, in this instance only, you may check the box below to reject the Releasing Party release provisions in Article X.F of the Plan. The Releasing Party release provisions are set forth in pertinent part in Item 2 above.

The Administrative Agent elects to:

- Reject the Releasing Party release provisions.

Item 4. Certification as to Transcription of Information from Item 4 of the Loan Participant Ballots as to Obligations Under the Prepetition Credit Facility Voted Through Other Loan Participant Ballots.

The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Loan Participants in Item 4 of each of the Loan Participant’s original Loan Participant Ballots, identifying any other Class 6 Claims for which such Loan Participants submitted Ballots:

TRANSCRIBE FROM ITEM 4 OF THE LOAN PARTICIPANT BALLOTS:		
Loan Participant	Principal Amount of Other Class 6 Claims Voted	Type of Other Class 6 Claims Voted
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Item 5. Certification.

By signing this Master Ballot, the undersigned certifies that:

- it has received a copy of the Solicitation Package and has delivered the same to the Loan Participants;
- it has received a completed and signed Loan Participant Ballot from each Loan Participant listed in Item 2 of this Master Ballot;
- it has been authorized by each such Loan Participant to vote on the Plan and to make applicable elections;
- it has properly disclosed:
 - i. the number of Loan Participants who completed Loan Participant Ballots;

- ii. the respective amounts of the obligations under the Prepetition Credit Facility held, as the case may be, by each Loan Participant who completed a Loan Participant Ballot;
 - iii. each such Loan Participant's respective vote concerning the Plan; and
 - iv. each such Loan Participant's certification as to other Class 6 Claims voted.
- each such Loan Participant has certified to the undersigned that it is eligible to vote on the Plan; and
 - it will maintain Loan Participant Ballots returned by Loan Participants (whether properly completed or defective) for at least one year after the Voting Deadline and disclose all such information to the Bankruptcy Court or the Debtor, as the case may be, if so ordered.

Name:	<u>JPMorgan Chase Bank, N.A.</u>
Social Security or Federal Tax Identification Number:	_____
Signature:	_____
Name of Signatory:	_____
	(Print or Type)
Title:	_____
Address:	_____

Telephone No.:	_____
Date Completed:	_____

Please check here if the above address is a change of address that you would like reflected in the service list for this chapter 11 case.

PLEASE COMPLETE, SIGN AND DATE THIS MASTER BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED, BY OVERNIGHT COURIER OR HAND DELIVERY TO:

The Garden City Group, Inc.
 Attn.: FGIC Corp. Ballot Processing Center
 5151 Blazer Pkwy, Suite A
 Dublin, OH 43017

ALTERNATIVELY, YOU MAY RETURN THIS MASTER BALLOT BY FIRST CLASS MAIL TO:

The Garden City Group, Inc.
 Attn.: FGIC Corp. Ballot Processing Center
 PO Box 9606
 Dublin, OH 43017

IF THE NOTICE AND CLAIMS AGENT DOES NOT ACTUALLY RECEIVE THIS MASTER BALLOT ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (AND IF THE VOTING DEADLINE IS NOT EXTENDED), THE VOTES CAST HEREBY WILL NOT BE COUNTED.

INSTRUCTIONS FOR COMPLETING THIS MASTER BALLOT

1. The Debtor is soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit A to the Disclosure Statement. Capitalized terms used in the Master Ballot or in these instructions but not otherwise defined therein or herein shall have the meaning set forth in the Plan, a copy of which also accompanies the Master Ballot.
2. The Bankruptcy Court may confirm the Plan and thereby bind Loan Participants. Please review the Disclosure Statement for more information.

HOW TO VOTE:

3. You should immediately distribute Solicitation Package(s), including Loan Participant Ballots, to each Loan Participant and take any action required to enable each such Loan Participant to timely vote its claims.
4. If you are also a Loan Participant and you wish to vote claims on account of obligations you hold under the Prepetition Credit Facility, you must indicate your vote on this Master Ballot.
5. **LOAN PARTICIPANT BALLOTS:** You must:
 - i. immediately forward the Solicitation Package(s) sent to you by the Notice and Claims Agent to each Loan Participant for voting, including: (a) the Loan Participant Ballot; (b) a return envelope addressed to the Administrative Agent; and (c) clear instructions stating that Loan Participants must return their Loan Participant Ballots directly to the Administrative Agent so that it is **actually received** by the Administrative Agent on or before that date calculated by the Administrative Agent (the “Return Date”) which affords the Administrative Agent with enough time to prepare the Master Ballot in accordance with paragraph (5.ii) directly below and return the Master Ballot to the Notice and Claims Agent so it is **actually received** by the Notice and Claims Agent on or before the Voting Deadline; and
 - ii. upon receipt of completed, executed Loan Participant Ballots returned to you by a Loan Participant, you must:
 - compile and validate the votes and other relevant information of each such Loan Participant on the Master Ballot using the customer account number or other identification number assigned by you or an intermediary nominee to each such Beneficial Holder;
 - execute the Master Ballot;
 - transmit such Master Ballot to the Notice and Claims Agent by the Voting Deadline; and
 - retain such Loan Participant Ballots in your files for a period of one year after the Effective Date of the Plan (as you may be ordered to produce the Loan Participant Ballots to the Debtor or the Bankruptcy Court).
6. If a Master Ballot is received after the Voting Deadline, and if the Voting Deadline is not extended, it will not be counted. Additionally, a Master Ballot or Loan Participant Ballot that was transcribed on a Master Ballot **will NOT be counted** in the circumstances below:

- if it was sent to the Debtor or the Debtor's agents (other than the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - if it was sent by facsimile, e-mail or any other electronic means;
 - if it is illegible or contains insufficient information to permit the identification of the Loan Participant;
 - if it is cast on behalf of an entity (or entities) that does not hold a Claim in a Class that is entitled to vote on the Plan;
 - if it is unsigned; and/or
 - if it is (a) not marked to accept or reject the Plan or (b) marked both to accept and reject the Plan.
7. Any Ballot returned to you by a Loan Participant shall not be counted for purposes of accepting or rejecting the Plan until you properly complete and deliver to the Notice and Claims Agent a Master Ballot that reflects the vote of such Loan Participant by the Voting Deadline.
 8. The method of delivery of Master Ballots to the Notice and Claims Agent is at the election and risk of the Administrative Agent. Except as otherwise provided herein, such delivery will be deemed made only when the Notice and Claims Agent **actually receives** the originally executed Master Ballot. Instead of effecting delivery by first-class mail, it is recommended, though not required, that the Administrative Agent use an overnight or hand delivery service. In all cases, the Administrative Agent should allow sufficient time to assure timely delivery.
 9. If multiple Master Ballots are received from the Administrative Agent with respect to the same Loan Participant Ballot belonging to a Loan Participant prior to the Voting Deadline, the last valid Master Ballot timely received will supersede and revoke any earlier received Master Ballots. Likewise, if the Administrative Agent receives multiple Loan Participant Ballots with respect to the same Claims, the last valid Loan Participant Ballot timely received will supersede and revoke any earlier received Loan Participant Ballots.
 10. The Master Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and make certifications with respect to the Loan Participant Ballots. Accordingly, at this time, holders of Claims should not surrender certificates or instruments representing their Claims and you should not accept delivery of any such certificates or instruments surrendered together with a Loan Participant Ballot.
 11. This Master Ballot does not constitute, and shall not be deemed to be, (a) a proof of claim or (b) an assertion or admission of a Claim.
 12. Please be sure to properly execute your Master Ballot. You must: (a) sign and date your Master Ballot; (b) if applicable, indicate that you are signing a Master Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity and, if required or requested by the Notice and Claims Agent, the Debtor, or the Bankruptcy Court, submit proper evidence to the requesting party to so act on behalf of such Loan Participant; and (c) provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Master Ballot.
 13. No fees or commissions or other remuneration will be payable to the Administrative Agent for soliciting Loan Participant Ballots accepting the Plan. The Debtor will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding the Loan Participant Ballots and other enclosed materials to the Loan Participants.

PLEASE MAIL YOUR MASTER BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT,
PLEASE CONTACT THE NOTICE AND CLAIMS AGENT AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

**NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU
OR ANY OTHER ENTITY THE AGENT OF THE DEBTOR OR THE NOTICE AND CLAIMS AGENT OR
AUTHORIZE YOU OR ANY OTHER ENTITY TO USE ANY DOCUMENT OR MAKE ANY
STATEMENTS ON BEHALF OF THE DEBTOR WITH RESPECT TO THE PLAN, EXCEPT FOR THE
STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HEREWITH.**

Exhibit 1-E

Proposed Prepetition Credit Facility Loan Participant Ballot

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

FGIC CORPORATION,¹

Debtor.

)
) Chapter 11
)
)
) Case No. 10-14215 (____)
)
)
)

**CLASS 6 - LOAN PARTICIPANT BALLOT FOR DEBTOR'S PREPETITION CREDIT FACILITY
FOR VOTING TO ACCEPT OR REJECT PLAN OF REORGANIZATION OF FGIC CORPORATION**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

**FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE COMPLETED,
EXECUTED AND RETURNED TO THE ADMINISTRATIVE AGENT IN SUFFICIENT
TIME FOR THE ADMINISTRATIVE AGENT TO PROCESS YOUR BALLOT
AND SUBMIT A MASTER BALLOT THAT IS ACTUALLY RECEIVED BY THE
GARDEN CITY GROUP, INC. (THE "NOTICE AND CLAIMS AGENT") BY 4:00 P.M.
PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (THE "VOTING DEADLINE").**

FGIC Corporation, as debtor and debtor in possession ("FGIC Corp." or the "Debtor"), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended from time to time, the "Plan") as set forth in the *Disclosure Statement for the Plan of Reorganization of FGIC Corporation* (the "Disclosure Statement"). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

You are receiving this Ballot (the "Loan Participant Ballot") because the records of the administrative agent (the "Administrative Agent") for FGIC Corp.'s prepetition revolving credit facility (the "Prepetition Credit Facility") indicate that as of September 16, 2010 (the "Voting Record Date"), you are a loan participant (a "Loan Participant") under the Prepetition Credit Facility. Accordingly, you have the right to vote to accept or reject the Plan.

You should have received the Solicitation Procedures Order (excluding exhibits thereto), the Disclosure Statement (and exhibits thereto, including the Plan) and the Confirmation Hearing Notice (collectively, the "Solicitation Package") with this ballot. If you received Solicitation Package materials in CD-ROM format and desire paper copies, or if you need to obtain additional Solicitation Packages, you may contact the Administrative Agent. You may also obtain these documents and any other pleadings filed in the Debtor's chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

¹ The last four digits of the Debtor's tax identification number are 6474. The location of the Debtor's corporate headquarters is 125 Park Avenue, New York, New York 10017.

This Loan Participant Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe that you have received this Loan Participant Ballot in error, please contact the Administrative Agent immediately.

Your rights are described in the Disclosure Statement, so it is important that you review the Disclosure Statement, and each exhibit thereto, including the Plan, before you complete, execute and return this Ballot. You also may wish to seek legal advice concerning the Plan and the Plan's classification and treatment of your Claim. Your Claim has been placed in Class 6 – General Unsecured Claims (Prepetition Credit Facility) under the Plan. If you hold Claims in Class 6 other than on account of obligations under the Prepetition Credit Facility, you may receive more than one ballot.

INSTRUCTIONS FOR COMPLETING THIS LOAN PARTICIPANT BALLOT

1. The Debtor is soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit A to the Disclosure Statement. Capitalized terms used in the Loan Participant Ballot or in these instructions (the "Ballot Instructions") but not otherwise defined therein or herein shall have the meaning set forth in the Plan, a copy of which also accompanies the Loan Participant Ballot.
2. If the Bankruptcy Court confirms the Plan it will be binding on you whether or not you vote. Please review the Disclosure Statement for more information.
3. To ensure that your vote is counted, you must: (a) complete your Loan Participant Ballot in accordance with these instructions; (b) clearly indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Loan Participant Ballot; and (c) clearly sign and return an original of your Loan Participant Ballot to the address set forth on the enclosed pre-addressed envelope in accordance with paragraph (5) directly below.
4. Return of Loan Participant Ballots: You must return your Loan Participant Ballot to the Administrative Agent in the return envelope included in your Solicitation Package. Your Loan Participant Ballot must be returned to the Administrative Agent in sufficient time for the Administrative Agent to process your ballot and submit the Master Ballot to the Notice and Claims Agent such that the Notice and Claims Agent actually receives your vote on or before the Voting Deadline, which is 4:00 p.m. prevailing Eastern Time on October 18, 2010. It is recommended that you make a copy of your completed Loan Participant Ballot for your own records.
5. If the Master Ballot is received after the Voting Deadline, and if the Voting Deadline is not extended, it will not be counted. Additionally, the following Loan Participant Ballots will NOT be counted:
 - any Loan Participant Ballot that partially rejects and partially accepts the Plan;
 - Loan Participant Ballots sent to the Debtor, the Debtor's agents (including the Notice and Claims Agent) or the Debtor's financial or legal advisors;
 - Loan Participant Ballots sent by facsimile, e-mail, or any other electronic means;
 - any Loan Participant Ballot that is illegible or contains insufficient information to permit the identification of the holder of the Claim;
 - any Loan Participant Ballot cast by an entity that does not hold a Claim in a Class that is entitled to vote on the Plan;
 - any unsigned Loan Participant Ballot; and/or
 - any Loan Participant Ballot not marked to accept or reject the Plan or any Loan Participant Ballot marked both to accept and reject the Plan.

6. If multiple Loan Participant Ballots are received from the same Loan Participant with respect to the same obligations under the Prepetition Credit Facility prior to the Voting Deadline, the last valid Loan Participant Ballot timely received will supersede and revoke any earlier received Loan Participant Ballots.
7. You must vote all of your Claims within Class 6 either to accept or reject the Plan and may not split your vote. Further, if a Loan Participant has multiple Claims on account of obligations under the Prepetition Credit Facility within Class 6, the Debtor may, in its discretion, aggregate the Claims of any particular Loan Participant for the purpose of counting votes.
8. The Loan Participant Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan. Accordingly, at this time, holders of Claims should not surrender certificates or instruments representing or evidencing their Claims, and neither the Debtor nor the Notice and Claims Agent will accept delivery of any such certificates or instruments surrendered together with a Loan Participant Ballot.
9. This Loan Participant Ballot does not constitute, and shall not be deemed to be (a) a proof of claim or (b) an assertion or admission of a Claim.
10. Please be sure to sign and date your Loan Participant Ballot. If you are signing a Loan Participant Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity, you must indicate such capacity when signing and, if required or requested by the Notice and Claims Agent, the Debtor or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such holder. In addition, please provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Loan Participant Ballot.
11. If you hold Claims in Class 6 other than on account of obligations under the Prepetition Credit Facility, you may receive more than one ballot. Each ballot votes only your Claims indicated on that ballot, so please complete and return each ballot that you received.

PLEASE MAIL YOUR LOAN PARTICIPANT BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT,
PLEASE CONTACT THE NOTICE AND CLAIMS AGENT AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE NOTICE AND CLAIMS AGENT
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

**IF THE NOTICE AND CLAIMS AGENT DOES NOT ACTUALLY RECEIVE THE
MASTER BALLOT CONTAINING YOUR VOTE FROM THE ADMINISTRATIVE AGENT
ON OR BEFORE THE VOTING DEADLINE, WHICH IS 4:00 P.M. PREVAILING
EASTERN TIME ON OCTOBER 18, 2010 (AND IF THE VOTING DEADLINE
IS NOT EXTENDED), YOUR VOTE TRANSMITTED HEREBY WILL NOT BE COUNTED.**

Item 1. Amount of Claim.

The undersigned hereby certifies that as of the Voting Record Date, the undersigned was the holder (or authorized signatory for the holder) of obligations under the Prepetition Credit Facility in the following aggregate unpaid principal amount:

\$ _____

Item 2. Vote on Plan.

The holder of the Class 6 Claims against the Debtor set forth in Item 1 votes to (please check one):

<input type="checkbox"/> <u>ACCEPT</u> (vote FOR) the Plan	<input type="checkbox"/> <u>REJECT</u> (vote AGAINST) the Plan
---	---

IMPORTANT INFORMATION REGARDING RELEASES

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. It is important to read the provisions contained in Article X of the Plan very carefully so that you understand how Confirmation and consummation of the Plan — which effectuates such provisions — will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly.

A vote to accept the Plan also constitutes an acceptance and consent to the Releasing Party release provisions in Article X.F of the Plan. A vote to reject the Plan constitutes a rejection of the Releasing Party release provisions set forth in Article X.F of the Plan. If you choose to abstain from voting on the Plan, please see Item 3 below. The Releasing Party release provisions provide, among other things, the following:

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, holders of Claims and Equity Interests voting to accept the Plan (which by definition, does not include holders of Claims and Equity Interests who (i) vote to reject the Plan, (ii) are not entitled to vote to accept or reject the Plan, or (iii) abstain (do not vote to accept or reject the Plan)), shall be deemed to forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for tort, contract, violations of federal or state securities laws or otherwise, including, without limitation, those that the Debtor, the Reorganized Debtor, the Debtor's estate or the Debtor's Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's estate, the conduct of the Debtor's businesses, the Chapter 11 Case, the purchase, sale or rescission or the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation or preparation of the Plan and Disclosure Statement and related agreements, instruments or other documents or upon any other act or omission, transaction or occurrence taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct or gross negligence.

Item 3. Releasing Party Releases.

COMPLETE THIS ITEM ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. Pursuant to the Plan, if you return a Ballot and vote to accept the Plan, you are automatically deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan. You are also deemed to have accepted the Releasing Party release provisions in Article X.F of the Plan if you do not cast a vote with respect to the Plan; however, in this instance only, you may check the box below to reject the Releasing Party release provisions in Article X.F of the Plan. The Releasing Party release provisions are set forth in pertinent part in Item 2 above.

The holder of the obligations under the Prepetition Credit Facility set forth in Item 1 elects to:

- Reject the Releasing Party release provisions.

Item 4. Certifications as to other Class 6 Claims.

By completing and returning this Loan Participant Ballot, the undersigned Loan Participant certifies that either (a) it has not submitted any other ballots for other Claims in Class 6 (including Senior Notes Claims and General Unsecured Claims) or else (b) it has provided the information specified in the following table for all other Claims in Class 6 for which it has submitted additional Ballots, each of which indicates the same vote to accept or reject the Plan (please use additional sheets of paper if necessary):

COMPLETE THIS SECTION ONLY IF YOU HAVE VOTED CLASS 6 CLAIMS ON A BALLOT OTHER THAN THIS LOAN PARTICIPANT BALLOT.

Name of Holder ²	Amount of Other Class 6 Claims Voted	Type of Other Class 6 Claim Voted (General Unsecured Claim, Claim on Account of Senior Notes or other Claim on account of Prepetition Credit Facility)
1.	\$	
2.	\$	
3.	\$	
4.	\$	
5.	\$	
6.	\$	
7.	\$	
8.	\$	
9.	\$	
10.	\$	

Item 5. Certifications.

By signing this Loan Participant Ballot, the undersigned certifies to the Bankruptcy Court and the Debtor:

- (a) that I am either: (i) the holder of the obligations under the Prepetition Credit Facility being voted or (ii) an authorized signatory for the holder of the obligations under the Prepetition Credit Facility being voted;

² If the other Class 6 Claim is a Claim on account of Senior Notes, list your name if the Senior Notes are held by you in record name. If the Senior Notes are held in “street name” by a broker, bank or other financial institution, please list the name of your broker, bank or other financial institution.

- (b) that I have (or in the case of an authorized signatory, the Loan Participant has) received a copy of the Solicitation Package and acknowledge that the Debtor's solicitation of votes is subject to the terms and conditions set forth therein;
- (c) that I have (or in the case of an authorized signatory, the Loan Participant has) cast the same vote with respect to all of my (or the Loan Participant's) Class 6 Claims; and
- (d) that no other Loan Participant Ballots with respect to the Class 6 Claims on account of obligations under the Prepetition Credit Facility identified in Item 1 have been cast or, if any other Loan Participant Ballots have been cast with respect to such obligations, then any such earlier Loan Participant Ballots are hereby revoked.

Name of Loan Participant:	
	(Print or Type)
Signature:	
Name of Signatory:	
Title:	
Address:	
Telephone No.:	
Date Completed:	

PLEASE COMPLETE, SIGN, AND DATE THIS LOAN PARTICIPANT BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED TO THE ADMINISTRATIVE AGENT.

<p>IF THE NOTICE AND CLAIMS AGENT DOES NOT <u>ACTUALLY RECEIVE</u> THE ADMINISTRATIVE AGENT'S MASTER BALLOT INCORPORATING THE VOTE CAST BY THIS LOAN PARTICIPANT BALLOT ON OR BEFORE 4:00 P.M. PREVAILING EASTERN TIME ON OCTOBER 18, 2010 (AND IF THE VOTING DEADLINE IS NOT EXTENDED), YOUR VOTE TRANSMITTED BY THIS LOAN PARTICIPANT BALLOT WILL <u>NOT</u> BE COUNTED TOWARD CONFIRMATION OF THE PLAN.</p>

Exhibit 2

Proposed Confirmation Hearing Notice

EFFECT OF CONFIRMATION. Subject to the satisfaction of the conditions set forth in Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. As such, it is important to read the provisions contained in Article X of the Plan very carefully so that you understand how confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor. **THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW.**

TEMPORARY ALLOWANCE OF CLAIMS FOR VOTING

TEMPORARY ALLOWANCE OF CLAIMS. Holders of claims that are subject to pending objections as of the Record Date may nevertheless still be able to vote their claims if a voting resolution event (“Voting Resolution Event”) occurs prior to **October 11, 2010**, in accordance with, and subject to, the procedures set forth in the Solicitation Procedures Order. Voting Resolution Events include the following:

- (a) ***Mutual Agreement.*** A stipulation or other agreement is executed between the Holder of such claim and the Debtor allowing the Holder of such claim to vote such claim in an agreed upon amount, subject to any required Court approval.
- (b) ***Bankruptcy Rule 3018(a) Order.*** A Rule 3018(a) Motion is filed with the Court requesting temporary allowance of such non-voting claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), and the Court grants such a motion after notice and a hearing. Unless resolved prior to the Confirmation Hearing, Rule 3018 Motions, if any, will be heard at the Confirmation Hearing or such other time as scheduled by the Court, at which time:
 - Rule 3018(a) Motions must: (A) be made in writing; (B) comply with the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules; (C) set forth the name of the party asserting the Rule 3018(a) Motion; (D) state with particularity the legal and factual bases for the Rule 3018(a) Motion; (E) be set for hearing at the Confirmation Hearing; and (F) be served by personal service, overnight delivery, first class mail or facsimile so as to be received by the Notice Parties (as defined below) no later than the Voting Resolution Event Deadline.
 - the Debtor may object thereto (regardless of whether a written objection was filed).
 - the Noticing and Claims Agent shall inform the Court at or prior to the Confirmation Hearing whether including the relevant provisional Ballot would affect the outcome of the voting to accept or reject the Plan in the relevant Class in which the provisional Ballot was cast; and the Court shall determine whether the provisional Ballot should be counted toward confirmation of the Plan.
- (c) ***Other Order of the Court.*** The Court otherwise orders the allowance of a Claim for purposes of voting to accept or reject the Plan.

OBJECTING TO THE PLAN

OBJECTION DEADLINE. **October 21, 2010 at 4:00 p.m. prevailing Eastern Time**, is the deadline for objecting to confirmation of the Plan (unless otherwise agreed by the Debtor or by order of the Court).

OBJECTION PROCEDURES. Any and all objections to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules; (c) set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtor; (d) state with particularity the basis for the objection and the specific grounds therefor; and (e) be filed with the Bankruptcy Court, together with proof of service thereof, and

served upon and **actually received** by each of the following parties (the “Notice Parties”) **no later than 4:00 p.m. prevailing Eastern Time on October 21, 2010:**

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446 4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman
Counsel for MBIA Inc.	Counsel for the New York State Insurance Department
DLA Piper LLP 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

ADDITIONAL INFORMATION

PLAN-RELATED DOCUMENTS. **On or before October 11, 2010**, the Debtor will file certain documents, agreements, schedules and exhibits with the Bankruptcy Court that relate to implementation of the Plan, including new organizational documents (collectively, the “Plan Supplement”). Notice of the filing of the Plan Supplement will be provided to known creditors and other parties in interest informing parties that printed copies of the Plan Supplement will be available free of charge upon request to the Notice and Claims Agent.

CONTRACT/LEASE SCHEDULE. On or before October 11, 2010, the Debtor will file a schedule with the Bankruptcy Court designating the contracts and leases the Debtor will assume or reject pursuant to the Plan (the “Contract/Lease Schedule”). Notice of the filing of the Contract/Lease Schedule will be provided to each non-Debtor counterparty to the contracts and leases listed therein and will, among other things, (a) inform parties how to file a proof of claim for damages arising from rejection, if any, or, how to object to the cure amount proposed by the Debtor in connection with assumption, (b) describe how to object to the Plan, (c) provide the contact information for the Notice and Claims Agent and (d) include the date, time and location of the Confirmation Hearing.

CONTACT INFORMATION. If you have questions regarding the procedures and requirements for voting on the Plan, would like to obtain paper copies of the Disclosure Statement, Plan or related documents (excluding ballots) or if you have questions about your claim, objecting to the Plan or this chapter 11 case generally, please contact the Notice and Claims Agent at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor’s chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE,
PLEASE CONTACT THE GARDEN CITY GROUP, INC. AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE GARDEN CITY GROUP, INC.
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

Exhibit 3-A

Proposed Notice of Non-Voting Status to Holders of Unimpaired Claims

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
)
) Case No. 10-14215 (____)
Debtor.)
)
)

**NOTICE OF NON-VOTING STATUS TO HOLDERS OF
UNIMPAIRED CLAIMS CONCLUSIVELY PRESUMED TO ACCEPT THE PLAN**

PLEASE TAKE NOTICE THAT FGIC Corporation, as debtor and debtor in possession (“**FGIC Corp.**” or the “**Debtor**”), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended, supplemented or modified, the “**Plan**”) as set forth in the *Disclosure Statement for the Chapter 11 Plan of Reorganization of FGIC Corporation* (the “**Disclosure Statement**”). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

PLEASE TAKE FURTHER NOTICE THAT because of the nature and treatment of your Claim under the Plan, you are not entitled to vote on the Plan. Specifically, under the terms of the Plan, as a Holder of a Claim (as currently asserted against the Debtor) that is unimpaired and conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, you are not entitled to vote on the Plan. *Notwithstanding this notice of non-voting status, you have the right to contest your non-voting status and/or object to confirmation of the Plan.*

PLEASE TAKE FURTHER NOTICE THAT if you would like to obtain paper copies of the Disclosure Statement, Plan or related documents (excluding ballots) or if you have questions about your claim, objecting to the Plan or this chapter 11 case generally, please contact The Garden City Group, Inc. at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor’s chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Bankruptcy Court will consider Confirmation of the Plan (the “**Confirmation Hearing**”) will commence at : a.m./p.m. prevailing Eastern Time on October 28, 2010, before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004. **THE CONFIRMATION HEARING MAY BE CONTINUED FROM TIME TO TIME WITHOUT FURTHER NOTICE OTHER THAN IN OPEN COURT OR BY FILING A NOTICE OF ADJOURNMENT.**

PLEASE TAKE FURTHER NOTICE THAT subject to the satisfaction of the conditions set forth in Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. As such, it is important to read the provisions contained in Article X of the Plan very carefully so that you understand how confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor. **THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW.**

¹ The last four digits of the Debtor’s tax identification number are 6474. The location of the Debtor’s corporate headquarters is 125 Park Avenue, New York, New York 10017.

PLEASE TAKE FURTHER NOTICE THAT the deadline for filing objections to the Plan is 4:00 p.m. prevailing Eastern Time on October 21, 2010. Any and all objections to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules; (c) set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtor; (d) state with particularity the basis for the objection and the specific grounds therefor; and (e) be filed with the Bankruptcy Court, together with proof of service thereof, and served upon and **actually received** by each of the following parties (the “Notice Parties”) **no later than 4:00 p.m. prevailing Eastern Time on October 21, 2010:**

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446-4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman
Counsel for MBIA Inc.	Counsel for the New York Insurance State Department
DLA Piper LLP 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE,
PLEASE CONTACT THE GARDEN CITY GROUP, INC. AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE GARDEN CITY GROUP, INC.
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

Exhibit 3-B

Proposed Notice of Non-Voting Status to Holders of Impaired Claims

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
)
) Case No. 10-14215 (____)
Debtor.)
)
)

**NOTICE OF NON-VOTING STATUS TO HOLDERS OF
IMPAIRED CLAIMS CONCLUSIVELY PRESUMED TO REJECT THE PLAN**

PLEASE TAKE NOTICE THAT FGIC Corporation, as debtor and debtor in possession (“**FGIC Corp.**” or the “**Debtor**”), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended, supplemented or modified, the “**Plan**”) as set forth in the *Disclosure Statement for the Chapter 11 Plan of Reorganization of FGIC Corporation* (the “**Disclosure Statement**”). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

PLEASE TAKE FURTHER NOTICE THAT because of the nature and treatment of your Claim under the Plan, you are not entitled to vote on the Plan. Specifically, under the terms of the Plan, as a Holder of a Claim (as currently asserted against the Debtor) that is receiving no distribution under the Plan, you are deemed to reject the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan. *You do, however, have the right to contest your non-voting status and/or object to confirmation of the Plan.*

PLEASE TAKE FURTHER NOTICE THAT if you would like to obtain paper copies of the Disclosure Statement, Plan or related documents (excluding ballots) or if you have questions about your claim, objecting to the Plan or this chapter 11 case generally, please contact The Garden City Group, Inc. at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor’s chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Bankruptcy Court will consider Confirmation of the Plan (the “**Confirmation Hearing**”) will commence at : a.m./p.m. prevailing Eastern Time on October 28, 2010, before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004. **THE CONFIRMATION HEARING MAY BE CONTINUED FROM TIME TO TIME WITHOUT FURTHER NOTICE OTHER THAN IN OPEN COURT OR BY FILING A NOTICE OF ADJOURNMENT.**

PLEASE TAKE FURTHER NOTICE THAT subject to the satisfaction of the conditions set forth in Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. As such, it is important to read the provisions contained in Article X of the Plan very carefully so that you understand how confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor. **THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW.**

¹ The last four digits of the Debtor’s tax identification number are 6474. The location of the Debtor’s corporate headquarters is 125 Park Avenue, New York, New York 10017.

PLEASE TAKE FURTHER NOTICE THAT the deadline for filing objections to the Plan is 4:00 p.m. prevailing Eastern Time on October 21, 2010. Any and all objections to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules; (c) set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtor; (d) state with particularity the basis for the objection and the specific grounds therefor; and (e) be filed with the Bankruptcy Court, together with proof of service thereof, and served upon and **actually received** by each of the following parties (the “Notice Parties”) **no later than 4:00 p.m. prevailing Eastern Time on October 21, 2010:**

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446 4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman
Counsel for MBIA Inc.	Counsel for the New York State Insurance Department
DLA Piper LLP 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE,
PLEASE CONTACT THE GARDEN CITY GROUP, INC. AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE GARDEN CITY GROUP, INC.
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

Exhibit 3-C

Proposed Notice of Disputed Claim Status

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
)
) Case No. 10-14215 (____)
Debtor.)
)
)

**NOTICE OF NON-VOTING STATUS TO HOLDERS OF CLAIMS
SUBJECT TO A PENDING OBJECTION AS OF THE RECORD DATE**

PLEASE TAKE NOTICE THAT FGIC Corporation, as debtor and debtor in possession (“**FGIC Corp.**” or the “**Debtor**”), is soliciting votes with respect to the *Chapter 11 Plan of Reorganization of FGIC Corporation* (as may be amended, supplemented or modified, the “**Plan**”) as set forth in the *Disclosure Statement for the Chapter 11 Plan of Reorganization of FGIC Corporation* (the “**Disclosure Statement**”). Please note that capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

PLEASE TAKE FURTHER NOTICE THAT because of the nature and treatment of your Claim under the Plan, you are not entitled to vote on the Plan. Under the Bankruptcy Code, only holders of allowed claims or interests may vote to accept or reject a plan of reorganization. Your claim is subject to a pending objection as of the Record Date. *You do, however, have the right to contest your non-voting status and/or object to confirmation of the Plan. Please see the Confirmation Notice you received with this notice for more information on contesting the voting status of your claim.*

PLEASE TAKE FURTHER NOTICE THAT if you would like to obtain paper copies of the Disclosure Statement, Plan or related documents (excluding ballots) or if you have questions about your claim, objecting to the Plan or this chapter 11 case generally, please contact The Garden City Group, Inc. at the following address: The Garden City Group, Inc., Attn.: FGIC Corp. Ballot Processing Center, 5151 Blazer Pkwy, Suite A, Dublin, OH 43017. You also may obtain these documents and any other pleadings filed in the Debtor’s chapter 11 case for a fee via PACER at: <https://ecf.nysb.uscourts.gov>.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Bankruptcy Court will consider Confirmation of the Plan (the “**Confirmation Hearing**”) will commence at : a.m./p.m. prevailing Eastern Time on October 28, 2010, before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004. **THE CONFIRMATION HEARING MAY BE CONTINUED FROM TIME TO TIME WITHOUT FURTHER NOTICE OTHER THAN IN OPEN COURT OR BY FILING A NOTICE OF ADJOURNMENT.**

PLEASE TAKE FURTHER NOTICE THAT subject to the satisfaction of the conditions set forth in Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article X will become effective. As such, it is important to read the provisions contained in Article X of the Plan very carefully so that you understand how confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor. **THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW.**

¹ The last four digits of the Debtor’s tax identification number are 6474. The location of the Debtor’s corporate headquarters is 125 Park Avenue, New York, New York 10017.

PLEASE TAKE FURTHER NOTICE THAT the deadline for filing objections to the Plan is 4:00 p.m. prevailing Eastern Time on October 21, 2010. Any and all objections to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules; (c) set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtor; (d) state with particularity the basis for the objection and the specific grounds therefor; and (e) be filed with the Bankruptcy Court, together with proof of service thereof, and served upon and **actually received** by each of the following parties (the “Notice Parties”) **no later than 4:00 p.m. prevailing Eastern Time on October 21, 2010:**

Debtor	Proposed Counsel to the Debtor
FGIC Corporation 125 Park Avenue New York, New York 10017 Attn.: John S. Dubel A. Edward Turi, III	Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Phone: (212) 446 4800 Fax: (212) 446-4900 Attn.: Paul M. Basta Brian S. Lennon -and- Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Phone: (312) 862-2000 Fax: (312) 862-2200 Attn.: Patrick J. Nash, Jr.
Clerk of the Bankruptcy Court	United States Trustee
United States Bankruptcy Court for the Southern District of New York Alexander Hamilton Custom House One Bowling Green New York, New York 10004	Office of the United States Trustee for the Southern District of New York 33 Whitehall Street, 21st Floor New York, New York 10004 Attn.: Andrea B. Schwartz
Counsel for the Administrative Agent	Indenture Trustee
Morgan Lewis & Bockius LLP 101 Park Avenue New York, New York 10178 Phone: (212) 309-6000 Fax: (212) 309-6001 Attn.: Richard S. Toder Michael A. Chapnick	Wilmington Trust FSB 166 Mercer Street, Suite 2-R New York, New York 10012 Phone: (212) 941-4415 Fax: (212) 343-1079 Attn.: Adam Berman
Counsel for MBIA Inc.	Counsel for the New York State Insurance Department
DLA Piper LLP 1251 Avenue of the Americas New York, New York, 10020 Phone: (212) 335-4500 Fax: (212) 335-4501 Attn.: H. Jeffrey Schwartz Bennett Silverberg	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 Phone: (212) 859-8000 Fax: (212) 859-4000 Attn.: Bonnie Steingart

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE,
PLEASE CONTACT THE GARDEN CITY GROUP, INC. AT 1-800-327-3667.**

**PLEASE BE ADVISED THAT THE GARDEN CITY GROUP, INC.
IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

Exhibit 4

Proposed Contract/Lease Party Notice

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:)
) Chapter 11
)
FGIC CORPORATION,¹)
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) Case No. 10-14215 (____)
Debtor.)
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NOTICE TO CONTRACT AND LEASE PARTIES WITH RESPECT TO THE PLAN

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PLEASE TAKE FURTHER NOTICE THAT you are receiving this notice because the Debtor’s records reflect that you are a party to a contract or lease with the Debtor that has not been assumed or rejected as of [Date]. Your status as a counterparty to an Executory Contract or an Unexpired Lease, in and of itself, does not entitle you to vote on the Plan at this time. *You do, however, have the right to contest your non-voting status and/or object to confirmation of the Plan.*

PLEASE TAKE FURTHER NOTICE THAT on or before October 11, 2010, the Debtor will file a schedule with the Bankruptcy Court designating the contracts and leases the Debtor intends to assume or reject pursuant to the Plan (the “**Contract/Lease Schedule**”). Notice of the filing will be provided to you, which, among other things, will (i) inform you how to file a proof of claim for damages arising from rejection, if any, **or**, how to resolve objections to the cure amount proposed by the Debtor in connection with assumption, (ii) describe how to object to the Plan, (iii) provide you with the contact information for the noticing and claims Agent and (iv) include the date, time and location of the Confirmation Hearing (defined below).

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