

UNITED STATES BANKRUPTCY COURT
Southern DISTRICT OF New York

In re FGIC Corporation
Debtor

Case No. 10-14215 (SMB)
Reporting Period: 12/1/11-12/31/11
Federal Tax I.D. # XX-XXX6474

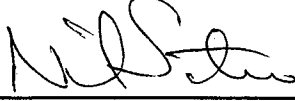
CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<u>MOR-1</u>	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)		X	
Copies of bank statements		X	
Cash disbursements journals		X	
Statement of Operations	<u>MOR-2</u>	X	
Balance Sheet	<u>MOR-3</u>	X	
Status of Post-petition Taxes	<u>MOR-4</u>	X	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts			
Listing of Aged Accounts Payable	<u>MOR-4</u>	X	
Accounts Receivable Reconciliation and Aging			
Taxes Reconciliation and Aging			
Payments to Insiders and Professional	<u>MOR-6</u>	X	
Post Petition Status of Secured Notes, Leases Payable	<u>MOR-6</u>	X	
Debtor Questionnaire	<u>MOR-7</u>	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.



Date 1/17/2012

Nick Santoro

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS **				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER JP Morgan 1847	State Street 3679	Wells Fargo Advantage 5787	Reserve 4322; JPM 6674,9861; Wells Fargo Advantage 5783	
CASH BEGINNING OF MONTH	9,726,690	-	-		9,726,690
RECEIPTS					-
CASH SALES		-			-
ACCOUNTS RECEIVABLE - PREPETITION					-
ACCOUNTS RECEIVABLE - POSTPETITION					-
LOANS AND ADVANCES					-
SALE OF ASSETS					-
OTHER - <i>Interest</i>	733		-		733
TRANSFERS (<i>FROM DIP ACCTS</i>)					-
TOTAL RECEIPTS	733	-	-	-	733
DISBURSEMENTS					
NET PAYROLL					-
PAYROLL TAXES					-
SALES, USE, & OTHER TAXES	439				439
INVENTORY PURCHASES					-
SECURED/ RENTAL/ LEASES					-
INSURANCE					-
ADMINISTRATIVE	5,400				5,400
SELLING					-
OTHER (<i>\$17,015 of expenses under cost sharing agreement with Financial Guaranty Insurance Company</i>)	17,015				17,015
OWNER DRAW *					-
TRANSFERS (<i>TO DIP ACCTS</i>)	-	-			-
PROFESSIONAL FEES (Legal)	46,431				46,431
U.S. TRUSTEE QUARTERLY FEES	-				-
COURT COSTS					-
TOTAL DISBURSEMENTS	69,285	-	-	-	69,285
NET CASH FLOW	(68,553)	-	-	-	(68,553)
CASH - END OF MONTH	9,658,138	-	-	-	9,658,138

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

** Excludes Overnight Sweep activity

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	69,285
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	69,285

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH ⁽²⁾	CUMULATIVE -FILING TO DATE
Gross Revenues	-	-
Less: Returns and Allowances		-
Net Revenue	-	-
COST OF GOODS SOLD		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs (<i>attach schedule</i>)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit		
OPERATING EXPENSES		
Advertising		
Auto and Truck Expense		
Bad Debts		
Contributions		
Employee Benefits Programs		
Officer/Insider Compensation*		
Insurance **	4,089	354,063
Management Fees/Bonuses		
Office Expense		
Pension & Profit-Sharing Plans		
Repairs and Maintenance		
Rent and Lease Expense		
Salaries/Commissions/Fees		
Supplies		
Taxes - Payroll		
Taxes - Real Estate		
Taxes - Other	439	32,680
Travel and Entertainment		
Utilities		
Other (<i>attach schedule</i>)	23,023	381,390
Total Operating Expenses Before Depreciation	27,551	768,133
Depreciation/Depletion/Amortization	-	-
Net Profit (Loss) Before Other Income & Expenses	(27,551)	(768,133)
OTHER INCOME AND EXPENSES		
Other Income (<i>attach schedule</i>)	733	21,545
Interest Expense	-	129,154
Other Expense (<i>attach schedule</i>)	6,681	66,682
Net Profit (Loss) Before Reorganization Items	(33,499)	(942,423)
REORGANIZATION ITEMS		
Professional Fees	159,436	1,940,330
U. S. Trustee Quarterly Fees	3,575	18,200
Interest Earned on Accumulated Cash from Chapter 11 (<i>see continuation sheet</i>)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (<i>attach schedule</i>)	5,146	125,081
Total Reorganization Expenses		

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Income Taxes		
Net Profit (Loss)	(201,656)	(3,026,034)

*"Insider" is defined in 11 U.S.C. Section 101(31).

**Amortization of prepaid insurance premium (includes extended reporting period)

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

Cost sharing expenses payable to FGIC - post petition	23,023	381,390

OTHER OPERATIONAL EXPENSES

OTHER INCOME

Investment Income - Short Term	733	21,545

OTHER EXPENSES

Legal expense - pre-petition	-	2,437
Monitoring Fees ⁽¹⁾	-	-
The Blackstone Group (Pre-petition)	-	12,500
Wilmington Trust Company	-	14,790
CSC	-	171
Bank Fees	254	3,152
Write-down of investment in Subsidiary - Australia	6,427	33,632

OTHER REORGANIZATION EXPENSES

Legal notices	-	24,005
Garden City Group	5,146	101,076

(1) Post Petition Monitoring Fees are not being accrued due to agreements to waive the claims subject to confirmation of the Plan of Reorganization on file or another plan reasonable acceptable to the holders of these agreements.

(2) The data reported above reflects data from 8/1/10 - 12/31/11 including the pre-petition reporting period of 8/1/10 - 8/3/10.

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	9,658,138	9,726,690	
Restricted Cash and Cash Equivalents (<i>see continuation sheet</i>)			
Accounts Receivable (Net)			
Notes Receivable			
Inventories			
Prepaid Expenses	51,786	1,317	
Professional Retainers			
Other Current Assets (<i>attach schedule</i>)			
TOTAL CURRENT ASSETS	9,709,924	9,728,007	
PROPERTY & EQUIPMENT			
Real Property and Improvements	-	-	
Machinery and Equipment	-	-	
Furniture, Fixtures and Office Equipment	-	-	
Leasehold Improvements	-	-	
Vehicles	-	-	
Less: Accumulated Depreciation	-	-	
TOTAL PROPERTY & EQUIPMENT	-	-	
OTHER ASSETS			
Amounts due from Insiders*	-	-	
Other Assets (<i>attach schedule</i>)	-	6,427	
TOTAL OTHER ASSETS	-	6,427	
TOTAL ASSETS	9,709,924	9,734,434	
LIABILITIES AND OWNER EQUITY			
	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	10,925	7,350	
Taxes Payable (<i>refer to FORM MOR-4</i>)	-	-	
Wages Payable			
Notes Payable			
Rent / Leases - Building/Equipment			
Secured Debt / Adequate Protection Payments			
Professional Fees	526,106	413,100	
Amounts Due to Insiders*	77,142	16,577	
Other Post-petition Liabilities (<i>attach schedule</i>)			
TOTAL POST-PETITION LIABILITIES	614,173	437,027	
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	-	-	
Priority Debt	-	-	
Unsecured Debt	307,895,000	307,895,000	
Monitoring Fees ⁽¹⁾	12,916,667	12,916,667	
Interest Payable on Debt (through August 3, 2010)	16,531,673	16,531,673	
Taxes Payable	-	-	
Amounts Due to Insiders*	24,125	24,125	
TOTAL PRE-PETITION LIABILITIES	337,367,465	337,367,465	
TOTAL LIABILITIES	337,981,638	337,804,492	
OWNERS' EQUITY			
Capital Stock			
Preferred Stock	317,489,503	317,489,503	
Preferred Stock - Accrued Dividends	70,939,061	65,482,210	
Common Stock	24,028	24,028	
Treasury Stock	(165,070)	(165,070)	
Additional Paid-In Capital	1,454,486,401	1,454,486,401	

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STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income	-	-	-			-
Other:						
Total Federal Taxes	-	-	-			-
State and Local						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other: NYS Corp Tax		-	439	12/14/11	Ck # 1022	(439)
Other: NYC Tax		-				
Other: Delaware Franchise	-	-	-			-
Total State and Local	-	-	439			(439)
Total Taxes	-	-	439			(439)

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91 ⁽¹⁾	
Accounts Payable	4,875				6,050	10,925
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders						
Other:						
Other:						
Total Post-petition Debts	4,875	-	-	-	6,050	10,925

Explain how and when the Debtor intends to pay any past due post-petition debts.

⁽¹⁾ Wilmington Trust trustee fee for FGIC Corp. 30 year senior unsecured notes.

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
FGIC	Cost Sharing expenses	17,015	258,545
FGIC	Corp. Tax expenses ⁽¹⁾	-	17,955
TOTAL PAYMENTS TO INSIDERS		17,015	276,500

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
Kirkland & Ellis			33,688	734,922	301,080
Morrison Foerster			12,743	496,006	206,694
Curtis, Mallet-Prevost, Colt & Mosle, LLP			-	81,376	18,332
Garden City			5,146	47,890	-
TOTAL PAYMENTS TO PROFESSIONALS			51,577	1,360,194	526,106

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
TOTAL PAYMENTS			

(1) Tax payments were paid for by FGIC on behalf of FGIC Corp and included in a tax motion approved by the bankruptcy court.

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X