

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

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In the Matter of the Rehabilitation of :  
FINANCIAL GUARANTY INSURANCE :  
COMPANY. : **AFFIRMATION**  
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PART 36

NYS SUPREME COURT OF CIVIL

Harold S. Horwich, an attorney duly admitted to practice law in the Courts of the State of New York, respectfully affirms the truth of the following statements under penalty of perjury pursuant to CPLR 2106:

1. I am a partner with Bingham McCutchen LLP ("**Bingham**"), attorneys for AIG Asset Management (U.S.), LLC as investment advisor, Fir Tree, Inc., Metropolitan Life Insurance Company as investment advisor and New York Life Investment Management LLC as investment advisor (the "**Ad Hoc Instrument Holders**") in connection with the above-captioned rehabilitation proceeding (the "**Rehabilitation Proceeding**").

2. I am fully familiar with all of the prior pleadings and proceedings that have taken place in this matter.

3. I submit this affirmation in support of the motion by Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, in his capacity as the court-appointed rehabilitator (the "**Rehabilitator**") of Financial Guaranty Insurance Company ("**FGIC**"), for an order, substantially in the form attached as **Exhibit A** to the affirmation (the "**Affirmation**") of Gary T. Holtzer of Weil, Gotshal & Manges LLP, attorneys for the Rehabilitator, dated September 27, 2012 (i) approving the proposed Plan of Rehabilitation for

FGIC dated September 27, 2012, attached to the Affirmation as **Exhibit B**, (collectively, the “**Plan**”) and (ii) terminating the Rehabilitation Proceeding upon the effective date of the Plan.

Upon information and belief affirmant further swears to the following:

4. Each of the Ad Hoc Instrument Holders owns or otherwise holds and controls Instruments that are insured under various Policies<sup>1</sup> issued by FGIC. Under many of these Policies, there are (i) outstanding Policy Claims that have not been paid by FGIC to date and/or (ii) expected to be future Policy Claims both in the short term and the long term. Under the remaining Policies, there are no outstanding Policy Claims to date, and none are anticipated in either the short term or the long term.

5. In November 2010, the Ad Hoc Instrument Holders and Bingham began discussions with FGIC to develop a plan of rehabilitation for FGIC. Since that time, the Ad Hoc Instrument Holders and Bingham have been actively involved in negotiating the structure of such a plan, initially with FGIC, and then with the Rehabilitator.

6. On June 28, 2012 this Court appointed the Rehabilitator as rehabilitator of FGIC. The Ad Hoc Instrument Holders and Bingham continued working with FGIC, the Rehabilitator and the Rehabilitator’s advisors on a plan of rehabilitation in an effort to best provide fair and equitable treatment of FGIC’s Policyholders. The Plan is the result of these efforts.

7. Accordingly, each of the four Ad Hoc Instrument Holders has directed me to indicate its support and/or non-opposition to the Plan (as the Plan may be amended to include commutations and other transactions that will result in an increase to the initial CPP and any

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<sup>1</sup> Capitalized terms not defined herein have the meanings ascribed to them in the Plan.

other changes that may be made to the Plan that do not materially negatively impact Policyholders) and the Court's approval thereof.

WHEREFORE, on behalf of the Ad Hoc Instrument Holders, consistent with the foregoing, I respectfully request that this Court grant the relief requested in the Affirmation and such other and further relief as this Court may deem just and proper.

Dated: October 9, 2012  
New York, New York

Bingham McCutchen LLP

*Attorneys for the Ad Hoc Instrument Holders*

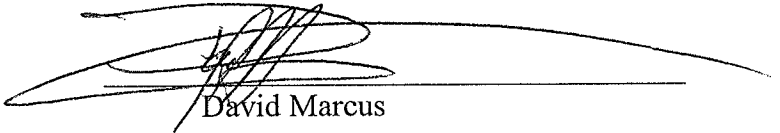
By: 

Harold S. Horwich  
Bingham McCutchen LLP  
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Hartford, CT 06103-3178  
(860) 240-2700

**AFFIRMATION OF SERVICE**

David Marcus, an attorney admitted to practice in the State of New York, hereby affirms under penalty of perjury, that on this the 10th day of October, 2012, I caused the annexed Affirmation of Hal S. Horwich to be served by e-mail and first class mail on the following:

Weil, Gotshal & Manges LLP  
Attn: Gary T. Holtzer and Joseph T. Verdesca  
767 Fifth Avenue  
New York, NY 10153  
gary.holtzer@weil.com  
joseph.verdesca@weil.com

  
David Marcus