

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

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In the Matter of the Rehabilitation of : Index No. 401265/2012
FINANCIAL GUARANTY INSURANCE : I.A.S. No. 36
COMPANY, : Hon. Doris Ling-Cohan
: Motion Seq. 004
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**NOTICE OF WITHDRAWAL OF OBJECTION
OF ASSURED GUARANTY CORP., ASSURED GUARANTY RE LTD. AND
ASSURED GUARANTY RE OVERSEAS LTD. TO PLAN OF REHABILITATION**

Assured Guaranty Corp. (“AGC”), Assured Guaranty Re Ltd. (“AGRe”) and Assured Guaranty Re Overseas Ltd. (“AGRO”) (collectively, “Assured”), by and through their undersigned attorneys, respectfully submit the following notice of withdrawal of their objection (the “Plan Objection”) to the Plan of Rehabilitation of Financial Guaranty Insurance Company (“FGIC”) filed on September 27, 2012 (the “Plan”) by Benjamin Lawskey, Superintendent of the Department of Insurance of the New York Department of Financial Services, as rehabilitator of FGIC (the “Rehabilitator”).

1. On November 19, 2012, Assured submitted to the Court and served on counsel for the Rehabilitator the Plan Objection.

2. Subsequently, Assured, FGIC, and the Rehabilitator have negotiated in good faith in an attempt to resolve the Plan Objection.

3. On or about December 10, 2012, the Rehabilitator, FGIC, and Assured entered into a stipulation and agreement (the “Stipulation”) addressing certain issues in connection with the Plan Objection. A true and correct copy of the Stipulation is annexed hereto as Exhibit A.

4. PLEASE TAKE NOTICE that, in reliance upon and in accordance with the Stipulation, Assured hereby withdraws its objection to the Plan.

New York, New York
December 12, 2012

Respectfully Submitted,

By: 

Peter A. Ivanick
Sean Thomas Keely
Lynn W. Holbert

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*Attorneys for Assured Guaranty Corp.,
Assured Guaranty Re Ltd. and
Assured Guaranty Re Overseas Ltd.*

EXHIBIT A

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

----- X
: Index No. 401265/2012
In the Matter of the Rehabilitation of :
FINANCIAL GUARANTY INSURANCE : Doris Ling-Cohan, J.
COMPANY. :
: Motion Sequence No. 4
----- X

**STIPULATION AND AGREEMENT AMONG THE
REHABILITATOR OF FINANCIAL GUARANTY INSURANCE
COMPANY, FINANCIAL GUARANTY INSURANCE COMPANY,
AND ASSURED GUARANTY CORP., ASSURED GUARANTY RE LTD. AND
ASSURED GUARANTY RE OVERSEAS LTD. REGARDING PLAN
OF REHABILITATION FOR FINANCIAL GUARANTY INSURANCE COMPANY**

This stipulation and agreement (the “**Stipulation**”) is entered into among the Rehabilitator (as defined below) of Financial Guaranty Insurance Company (“**FGIC**”), FGIC, and Assured Guaranty Corp., Assured Guaranty Re Ltd. and Assured Guaranty Re Overseas Ltd. (collectively, “**Assured**” and, together with the Rehabilitator and FGIC, the “**Parties**”).

RECITALS:

1. FGIC and Assured are parties to those certain reinsurance agreements, pursuant to which Assured provides reinsurance to FGIC (“**Assured Reinsurance Arrangements**”),¹ in respect of various Policies² (each, an “**Assured Reinsured Policy**” and, collectively, “**Assured Reinsured Policies**”), for which the total ceded par was approximately \$6.78 billion as of November 30, 2012.

2. The Assured Reinsurance Arrangements provide, among other things, that FGIC pay Assured its portion of subrogation, salvage and other recoveries realized by FGIC.

¹ A list of the Assured Reinsurance Arrangements is attached to this Stipulation as **Annex A**.

² Capitalized terms not defined herein have the meaning ascribed to them in the Plan (as defined below).

3. The Assured Reinsurance Arrangements also include provisions that are applicable in the event of the insolvency of FGIC or the appointment of a conservator, rehabilitator, liquidator or statutory successor thereto (the “**Insolvency Provisions**”).

4. On June 28, 2012, the Supreme Court of the State of New York (the “**Court**”) signed an order pursuant to Section 7403(a) of the New York Insurance Law (i) appointing Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York, as the rehabilitator (the “**Rehabilitator**”) of FGIC, (ii) directing the Rehabilitator to take possession of the property and assets of FGIC and to conduct the business thereof and (iii) directing the Rehabilitator to take steps toward the removal of the causes and conditions that have made FGIC’s rehabilitation proceeding necessary.

5. On September 27, 2012, the Rehabilitator filed a proposed Plan of Rehabilitation for FGIC, dated September 27, 2012 (together with all exhibits and supplements thereto, and as the same may be amended or supplemented, the “**Plan**”).

6. The Court has scheduled a hearing for December 18, 2012 to consider approval of the Plan (the “**Plan Approval Hearing**”).

7. On November 19, 2012, Assured filed with the Court an Objection to the Plan (the “**Plan Objection**”).

8. To resolve the Plan Objection, the Parties agree to the following:

AGREEMENT:

9. The Parties agree that a reduction of the DPO under an Assured Reinsured Policy shall be deemed to constitute a form of salvage, subrogation or other recovery for purposes of the Assured Reinsurance Arrangements, including any such reduction resulting from an Alternative Resolution of an Assured Reinsured Policy, and that FGIC shall pay to Assured in Cash its

proportionate share of such salvage, subrogation or other recovery, provided that in each case Assured shall have previously paid to FGIC the amount of Cash payable pursuant to the Assured Reinsurance Arrangements as modified by the Plan with respect to the Permitted Policy Claims under such Assured Reinsured Policy.

10. With respect to any Policy Claim under any Assured Reinsured Policy as to which the amount Assured would be obligated to pay in Cash to FGIC pursuant to Assured Reinsurance Arrangements as modified by the Plan, should such Policy Claim be Permitted in full, would exceed the amount that FGIC would be obligated to pay in Cash based on the CPP in effect as of the date of receipt of such Policy Claim (a “Claim Subject to Interposition of Assured Defenses”), the following procedures shall apply to any determination by FGIC that the Claim Subject to Interposition of Assured Defenses (or any portion thereof) is a Permitted Policy Claim:

- a. Notification of Claim Subject to Interposition of Assured Defenses. FGIC shall notify Assured of a Claim Subject to Interposition of Assured Defenses by sending Assured copies of the Proof of Policy Claim Form(s) relating to such Claim Subject to Interposition of Assured Defenses, along with any supporting documentation delivered with such Proof of Policy Claim Form(s) to FGIC, promptly following its receipt thereof. FGIC shall use reasonable best efforts to deliver each such Proof of Policy Claim Form (and supporting documentation, if any) within two Business Days after the date on which it was received by FGIC. Notwithstanding the foregoing and without prejudice to any rights to further information or inspection of Assured under its applicable Assured Reinsurance Arrangements, with respect to any Claim Subject to Interposition of Assured Defenses submitted from and after the issuance of the 1310 Order and prior to the Effective Date, FGIC shall be required only to deliver Proof of Policy Claim Forms (and supporting documentation, if any) re-submitted to it pursuant to Section 4.3(A) of the Plan. FGIC shall deliver such Proof of Policy Claim Forms (and supporting documentation, if any) in the manner provided in paragraph 11 hereof unless Assured requests in writing another method of delivery.
- b. Permission to Investigate. Assured shall be permitted, at its own expense, to investigate a Claim Subject to Interposition of Assured Defenses and interpose defenses as permitted by the applicable Assured Reinsured

Policy and in accordance with, and subject to the terms and conditions set forth in, the procedures described below in this paragraph 10.

- c. Interposition of Defenses. If Assured notifies FGIC, in the manner provided for in this Stipulation, on or prior to 5:00 p.m. on the tenth (10th) Business Day following the date on which FGIC notified Assured of a Claim Subject to Interposition of Assured Defenses, that Assured intends to interpose a defense in respect of such Claim Subject to Interposition of Assured Defenses, then the following rules shall apply:
- (i) Assured and FGIC shall as soon as reasonably practicable discuss the merits of such defense and share with one another all relevant information related to such defense and the subject Claim Subject to Interposition of Assured Defenses, subject to appropriate undertakings to preserve confidentiality and legal privileges. Assured shall explain with reasonable particularity the basis for such defense and provide all supporting documents necessary for FGIC to understand and assess the defense.
 - (ii) If, at any time following Assured's provision of notice that it intends to interpose a defense to a Claim Subject to Interposition of Assured Defenses, Assured agrees with FGIC that no such defense should be asserted (or continue to be asserted) in response to the subject Claim Subject to Interposition of Assured Defenses, then FGIC may determine the subject Claim Subject to Interposition of Assured Defenses to be a Permitted Policy Claim in accordance with the Plan.
 - (iii) If, at any time following Assured's provision of notice that it intends to interpose any defense to a Claim Subject to Interposition of Assured Defenses FGIC agrees that such defense should be asserted (or continue to be asserted) in response to the subject Claim Subject to Interposition of Assured Defenses (or a portion thereof, if applicable), FGIC shall determine that such Claim Subject to Interposition of Assured Defenses (or portion thereof, as applicable), is a Disputed Claim in accordance with Section 4.6 of the Plan. FGIC shall prepare an Objection to such Disputed Claim on the basis of such defense, and shall provide Assured with a copy of such Objection promptly following the provision of such Objection to the relevant holder pursuant to Section 4.6 of the Plan. FGIC shall provide Assured with a copy of any response of such holder to such Objection promptly following its receipt thereof.
 - (iv) If, at any time following Assured's provision of notice that it intends to interpose any defense to a Claim Subject to Interposition of Assured Defenses, FGIC intends to decline to assert the defense

raised by Assured, FGIC shall so notify Assured and Assured may, within ten (10) Business Days of the date of such notification, direct FGIC in writing to determine that the subject Claim Subject to Interposition of Assured Defenses (or portion thereof, as applicable) is a Disputed Claim in accordance with Section 4.6 of the Plan. FGIC and Assured (each acting reasonably) shall cooperate to prepare an Objection to such Disputed Claim on the basis of such defense, and FGIC shall provide Assured with a copy of such Objection promptly following the provision of such Objection to the relevant holder pursuant to Section 4.6 of the Plan. FGIC shall provide Assured with a copy of any response of such holder to such Objection promptly following its receipt thereof.

- (v) The failure by Assured to direct FGIC in writing to determine that the subject Claim Subject to Interposition of Assured Defenses (or portion thereof, as applicable) is a Disputed Claim prior to 5:00 p.m. on the tenth (10th) Business Day after the date of notification from FGIC that it declines to assert the defense raised by Assured shall (i) permit FGIC to make such determinations in its sole discretion with respect to the subject Claim Subject to Interposition of Assured Defenses, including, without limitation, any determination that the subject Claim Subject to Interposition of Assured Defenses (or any portion thereof) is a Permitted Policy Claim, and (ii) constitute a waiver by Assured of its rights pursuant to this Stipulation or otherwise to further investigate, or to further interpose any defense available to FGIC with respect to, such Claim Subject to Interposition of Assured Defenses. Such waiver shall not apply to any other right to (i) inspect records or to (ii) raise any other defense available to Assured under its applicable Assured Reinsurance Arrangement or at law.
- (vi) Following an Objection to the subject Claim Subject to Interposition of Assured Defenses and subsequent response to such Objection by the relevant holder, if FGIC intends to decline (or continue to decline) to assert the defense raised by Assured and so notifies Assured, Assured may, prior to 5:00 p.m. on the tenth (10th) Business Days after the date on which Assured received such notification from FGIC, direct FGIC in writing to determine that such Disputed Claim (or the portion that is not disputed by FGIC) is fully or partially not Permitted in accordance with Section 4.6 of the Plan. In any subsequent proceeding before any court of competent jurisdiction brought by the holder of such Claim Subject to Interposition of Assured Defenses pursuant to Section 4.6 of the Plan, Assured shall be permitted to interpose any defense to the subject Claim Subject to Interposition of Assured Defenses (or portion thereof) in connection with such adjudication

of the subject Claim Subject to Interposition of Assured Defenses by the Court. FGIC may support such defense to the subject Claim Subject to Interposition of Assured Defenses, or may oppose such defense in support of the payment of the subject Claim Subject to Interposition of Assured Defenses. If FGIC supports such defense to the subject Claim Subject to Interposition of Assured Defenses (or portion thereof, as applicable) on the basis of the defense raised by Assured pursuant to this Stipulation, Assured shall be permitted the opportunity to associate with FGIC in the defense against the subject Claim Subject to Interposition of Assured Defenses in any proceeding before the Court. If FGIC opposes such defense in support of the payment of the subject Claim Subject to Interposition of Assured Defenses (or portion thereof, as applicable), Assured shall have sole responsibility for asserting the defense to payment of the subject Claim Subject to Interposition of Assured Defenses in any proceeding before the court.

- (vii) The failure by Assured to direct FGIC in writing to determine that such Disputed Claim is fully or partially not Permitted prior to the close of business on the tenth (10th) Business Day after the date of notification from the FGIC that it declines to assert or to continue to assert the defense raised by Assured pursuant to this Stipulation shall (i) permit FGIC to make such determination in its sole discretion with respect to the subject Claim Subject to Interposition of Assured Defenses, including, without limitation, any determination that the subject Claim Subject to Interposition of Assured Defenses (or any portion thereof) is a Permitted Policy Claim, and (ii) constitute a waiver by Assured of its rights pursuant to this Stipulation or otherwise to further investigate, or to further interpose any defense available to FGIC with respect to, such Claim Subject to Interposition of Assured Defenses. Such waiver shall not apply to any other right to (i) inspect records or (ii) raise any other defense available to Assured under its applicable Assured Reinsurance Arrangement or at law.
- (viii) With respect to such Claim Subject to Interposition of Assured Defenses, Assured will be prohibited from raising the same defense in any subsequent collection action brought by FGIC against Assured for nonpayment of reinsurance in respect of such Claim Subject to Interposition of Assured Defenses.

- d. Failure to Notify. If Assured is notified of a Claim Subject to Interposition of Assured Defenses pursuant to this Stipulation, then any failure by Assured to notify FGIC that it intends to interpose any defense to a Claim Subject to Interposition of Assured Defenses by 5:00 p.m. on the tenth (10th) Business Day following the month in which such Claim Subject to Interposition of Assured Defenses was submitted shall (i) permit FGIC to

make such determination in its sole discretion with respect to the subject Claim Subject to Interposition of Assured Defenses, including, without limitation, any determination that the subject Claim Subject to Interposition of Assured Defenses (or any portion thereof) is a Permitted Policy Claim, and (ii) constitute a waiver by Assured of its rights pursuant to this Stipulation or otherwise to further investigate, or to further interpose any defense available to FGIC with respect to such Claim Subject to Interposition of Assured Defenses. Such waiver shall not apply to any other right to (i) inspect records or (ii) raise any other defense available to Assured under its applicable Assured Reinsurance Arrangements or at law.

11. All notices provided under this Stipulation shall be effective if delivered in writing or by email to the recipient Party as follows (or to such additional or different addresses or representatives as shall be specified in writing to the other Parties):

(a) in the case of Assured to:

Assured Guaranty Corp.
31 West 52nd Street
New York, NY 10019
Facsimile: 212-339-3522
Email: generalcounsel@assuredguaranty.com

Assured Guaranty Re Ltd.
Assured Guaranty Re Overseas Ltd.
30 Woodbourne Avenue
Hamilton HM08, Bermuda
Facsimile: 441-279-5517
Email: Gburnet@assuredguaranty.bm

(b) in the case of FGIC to:

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Attention: General Counsel
Facsimile: (212) 312-3221
Email: generalcounsel@fgic.com

Additionally, notifications of intent to interpose a defense provided by Assured pursuant to paragraph 10 hereof shall be in the form attached hereto as **Annex B**.

12. FGIC shall not accelerate any defaulted obligation insured by FGIC under any Assured Reinsured Policy unless either (i) the amount of Cash that FGIC would be obligated to pay upon the effectiveness of such acceleration exceeds the amount of Cash that Assured would be obligated to pay to FGIC pursuant to the Assured Reinsurance Arrangements as modified by the Plan at such time with respect to the Policy Claim arising from such acceleration or (ii) FGIC has determined in good faith that such acceleration would be reasonably expected to produce a current or future economic benefit for FGIC other than merely causing the payment by Assured in full in Cash of the Policy Claim arising from such acceleration.

13. If FGIC shall enter into an Alternative Resolution prior to a Policy Claim being Permitted, the amount owed to FGIC with respect to such Alternative Resolution shall be Assured's pro rata share under the Assured Reinsured Arrangements of the amount actually paid by FGIC with respect to such Alternative Resolution. FGIC shall provide Assured simultaneously with a copy of any notice provided by FGIC pursuant to Section 7.10(d) of the Plan involving an Assured Reinsured Policy.

14. The Rehabilitator shall file a revised Plan before the Plan Approval Hearing that will replace Section 3.6 of the Plan with a section substantially in the form attached hereto as **Annex C** (the "**Revised Section 3.6**"), subject to any additional changes to such section that the Rehabilitator may make that do not affect Assured.

15. For purposes of the Assured Reinsurance Arrangements, from and after the Effective Date, in the absence of commencement of a subsequent Article 74 proceeding of FGIC (or the recommencement following the Effective Date of the Article 74 proceeding in which the Plan is approved), (i) FGIC shall not be deemed to be "insolvent", (ii) no "event of insolvency"

shall be deemed to have occurred or be ongoing and (iii) the Insolvency Provisions shall be deemed not to apply.

16. Promptly after execution by the Parties of this Stipulation, Assured agrees to withdraw the Plan Objection.

17. This Stipulation contains the entire agreement among the Parties as to the subject matter hereof and supersedes all prior agreements and undertakings among the Parties relating thereto.

18. This Stipulation shall control with respect to any inconsistent provisions of the Plan that provide or impose rules, procedures, guidelines and/or obligations for, or on, any Party with respect to the rights and obligations of the Parties under the terms of any Assured Reinsurance Arrangement. The failure on the part of a Party to adhere strictly to this Stipulation shall not excuse another Party from performing the obligations required to be performed by it under an Assured Reinsurance Arrangement so long as such failure would not be expected to materially harm or prejudice the Party by whom such adherence is sought.

19. This Stipulation may not be modified other than by a signed writing executed by all the Parties.

20. Each person who executes this Stipulation on behalf of a Party represents that he or she is duly authorized to do so and that each such Party has full knowledge of and has consented to this Stipulation.

21. This Stipulation shall become effective immediately upon execution of this Stipulation by all of the Parties.

22. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Evidence of execution of this Stipulation may be exchanged by fax or by electronic transmission of a scanned copy of the signature pages or by exchange of an originally signed document, each of which shall be fully binding on the Party as a signed original.

Dated: December 10, 2012
New York, New York

Well, Gotshal & Manges LLP


*Attorneys for the Superintendent of
Financial Services of the State of New
York, as the Rehabilitator of Financial
Guaranty Insurance Company*

By: 

Gary T. Holtzer
Joseph T. Verdesca
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(212) 310-8000

Financial Guaranty Insurance Company

By: BENJAMIN M. LAWSKY
*Superintendent of Financial Services
of the State of New York, as Rehabilitator
of Financial Guaranty Insurance Company*

By: 

Name: Peter A. Giacone
Title: Chief Financial Officer
and Agent of Benjamin M.
Lawsky, Superintendent of
Financial Services of the State
of New York, as Rehabilitator
of Financial Guaranty
Insurance Company

Hogan Lovells US LLP

*Attorneys for Assured Guaranty Corp.,
Assured Guaranty Re Ltd. and Assured
Guaranty Re Overseas Ltd.*

By: 

Peter A. Ivanick
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Lynn W. Holbert
875 Third Avenue
New York, NY 10022
(212) 918-3000

Assured Guaranty Corp.

By: _____
James M. Michener
General Counsel

Assured Guaranty Re Ltd.

By: _____
Gary Burnet
President

Assured Guaranty Re Overseas Ltd.

By: _____
Gary Burnet
President

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Dated: December 10, 2012
New York, New York

Weil, Gotshal & Manges LLP

*Attorneys for the Superintendent of
Financial Services of the State of New
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Guaranty Insurance Company*

By: 

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Guaranty Re Overseas Ltd.*

By: 

Peter A. Ivanick
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875 Third Avenue
New York, NY 10022
(212) 918-3000

Financial Guaranty Insurance Company

By: BENJAMIN M. LAWSKY
*Superintendent of Financial Services
of the State of New York, as Rehabilitator
of Financial Guaranty Insurance Company*

By: 

Name: Peter A. Giaccone
Title: Chief Financial Officer
and Agent of Benjamin M.
Lawsky, Superintendent of
Financial Services of the State
of New York, as Rehabilitator
of Financial Guaranty
Insurance Company

Assured Guaranty Corp.

By: 

James M. Michener
General Counsel

Assured Guaranty Re Ltd.

By: 

Gary Burnet
President

Assured Guaranty Re Overseas Ltd.

By: 

Gary Burnet
President

Annex A

Assured Reinsurance Arrangements

Assured Reinsurance Arrangements

1. Facultative Reinsurance Agreement dated December 13, 2007, between Financial Guaranty Insurance Company and Assured Guaranty Corp.
2. Facultative Reinsurance Agreement dated August 8, 1994, between Financial Guaranty Insurance Company and Capital Reinsurance Company
3. Facultative Reinsurance Agreement dated November 4, 1991, between Financial Guaranty Insurance Company and Capital Reinsurance Company
4. Portfolio Excess of Loss Reinsurance Agreement dated as of September 30, 1996, between Financial Guaranty Insurance Company and Capital Reinsurance Company
5. Facultative Reinsurance Agreement dated December 23, 2004, between Financial Guaranty Insurance Company and Assured Guaranty Re International Ltd.
6. Facultative Reinsurance Agreement dated January 6, 1995, between Financial Guaranty Insurance Company and Capital Mortgage Reinsurance Company (Bermuda), Limited
7. 1988 Quota Share Treaty
8. 1989 Quota Share Treaty
9. 1990 Quota Share Treaty
10. 1991 Municipal Quota Share Treaty
11. 1992 Municipal Variable Quota Share Treaty
12. 1993 Municipal Variable Quota Share Treaty
13. 1994 Municipal Variable Quota Share Treaty
14. 1995 Municipal Proportional Reinsurance Treaty
15. 1996 Municipal Proportional Reinsurance Treaty
16. 1997 Municipal Proportional Reinsurance Treaty
17. 1998 Municipal Proportional Reinsurance Treaty
18. 1999 Municipal Proportional Reinsurance Treaty
19. 2000 Municipal Proportional Reinsurance Treaty
20. 2001 Municipal Proportional Reinsurance Treaty
21. 2002 Municipal Proportional Reinsurance Treaty
22. 2003 Municipal Proportional Reinsurance Treaty
23. 1991-1992 Structured Finance Quota Share Treaty
24. 1991-1992 Structured Finance Quota Share Treaty
25. 1993 Structured Finance Quota Share Treaty

Annex B

Form of Notification of Intent to Interpose Defense

Form of Notification of Intent to Interpose Defense

Date: _____

Financial Guaranty Insurance Company

125 Park Avenue

New York, New York 10017

Attention: General Counsel

Email: generalcounsel@fgic.com

Facsimile: (212) 312-3221

FGIC Policy Number: _____,

The undersigned is in receipt of a Proof of Policy Claim Form dated [_____] with respect to the above-referenced Policy, a copy of which is attached hereto. The undersigned hereby notifies FGIC that the undersigned intends to interpose a defense in respect of the Policy Claim identified in such Proof of Policy Claim Form for the following reason(s):

[Explain with particularity the basis for such defense and provide all supporting documents necessary for FGIC to understand and assess the objection.]

By: _____

Name:

Title:

Annex C

Revised Section 3.6

Revised Section 3.6

3.6 Reinsurance.

(a) Each reinsurer shall pay FGIC in full in Cash for such reinsurer's reinsured portion of the entire amount of each Permitted Policy Claim (irrespective of when such Policy Claim is submitted to FGIC, whether before the Commencement Date, during the Rehabilitation Proceeding or after the Effective Date), in each case without giving effect to the Policy Restructuring and regardless of the amount paid in Cash by FGIC on account of such Policy Claim. Consistent with the foregoing, the terms "Loss" or "Losses" (or similar terms) used in the Reinsurance Agreements shall be deemed to refer to the entire amount of Permitted Policy Claims as and when such Permitted Policy Claims are Permitted by FGIC, irrespective of (i) the amount and timing of any Cash payments that FGIC may make with respect to any such Permitted Policy Claims, (ii) the modification pursuant to the Policy Restructuring of FGIC's obligations to pay such Permitted Policy Claims in Cash and (iii) any language in the Reinsurance Agreements that contradicts this result.

(b) Notwithstanding anything to the contrary in Section 3.6(a), all reinsurance covering, in whole or in part, the Policies covered by the Novation Agreement, to the extent such reinsurance has not been commuted prior to the novation of such Policies under the Novation Agreement, shall be automatically and without further action by any Person novated, to the extent of such coverage, to National Public.

(c) Except as provided in clauses (a) or (b) above or otherwise agreed in writing between FGIC and a reinsurer, none of the terms and conditions of the Reinsurance Agreements or the parties' respective obligations thereunder are affected by virtue of the Plan.