

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

---

In re:	)	
	)	Chapter 11
TRIAD GUARANTY INC., <sup>1</sup>	)	
	)	Case No. 13-11452 (MFW)
Debtor.	)	
	)	
	)	

---

**DECLARATION OF THOMAS J. MINOR IN SUPPORT OF DEBTOR’S  
APPLICATION FOR AN ORDER AUTHORIZING THE RETENTION AND  
EMPLOYMENT OF ERNST & YOUNG LLP AS TAX SERVICES PROVIDER FOR  
THE DEBTOR AND DEBTOR IN POSSESSION PURSUANT TO 11 U.S.C. § 327(A),  
NUNC PRO TUNC TO JULY 23, 2013**

I, Thomas J. Minor, under penalty of perjury, declare as follows:

1. I am a partner of Ernst & Young LLP (“EY LLP”). I provide this Declaration on behalf of EY LLP in support of the application (the “Application”)<sup>2</sup> of Triad Guaranty, Inc. (the “Debtor”) to retain and employ EY LLP, pursuant to section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2014-1 of the Local Bankruptcy Rules of the District of Delaware (the “Local Rules”), *nunc pro tunc* to July 23, 2013, to provide services pursuant to the terms and conditions set forth in that certain master services agreement attached as Exhibit 1-A (the “MSA”), and incorporated statement of work for tax compliance services attached as Exhibit 1-B (the “Tax Compliance SOW”). The MSA and the Tax Compliance SOW are collectively referred to herein as the “Engagement Letter.”

---

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification number are 8519. The location of the Debtor’s headquarters and the Debtor’s service address is 1900 Crestwood Blvd., Birmingham, AL 35210.

<sup>2</sup> Capitalized terms used herein as defined terms and not otherwise defined shall have those meanings ascribed to them in the Application.

2. The facts set forth in this Declaration are based upon my personal knowledge, information and belief, and upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of EY LLP under my supervision and direction. The procedures pursuant to which EY LLP determined whether there were any connections between EY LLP and interested parties in this chapter 11 case are described below. The results of that investigation are set forth herein and in Exhibit 2 appended hereto.

**Scope of Services**

3. As set forth in further detail in the Engagement Letter, EY LLP has agreed to provide certain services (the “Services”) in connection with this chapter 11 case, subject to approval of the Court of the Application and the terms and conditions of the Engagement Letter. Subject to the detailed description in the Engagement Letter, the Services include preparation of income tax returns listed on Exhibit A of the Tax Compliance SOW, including the December 31, 2012 Form 1120 U.S. Federal Income Tax Return.

**Professional Compensation**

4. Pursuant to the terms and conditions of the Engagement Letter and subject to this Court’s approval, EY LLP intends to charge the Debtor for the Services rendered in this chapter 11 case based the agreed hourly rates outlined in the Tax Compliance SOW. These rates, by classification of professional, are set forth below.

Title	Rate
Partner	\$565.00
Executive Director	\$535.00
Senior Manager	\$485.00
Manager	\$440.00
Senior	\$285.00
Staff 2	\$205.00
Staff 1	\$120.00

5. EY LLP's hourly rates are revised periodically in the ordinary course of EY LLP's business, typically on July 1<sup>st</sup> of each year.

6. In addition to the fees set forth above, the Debtor and EY LLP have agreed that the Debtor shall reimburse EY LLP for any direct expenses incurred in connection with EY LLP's retention in this chapter 11 case and the performance of the Services. EY LLP's direct expenses shall include, but not be limited to, reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, and other expenses (including any fees or reasonable expenses of EY LLP's legal counsel) specifically related to this engagement.

#### **Certain Terms of Engagement**

7. A copy of the Engagement Letter has been submitted with this Declaration and the Application for approval. EY LLP's provision of Services to the Debtor is contingent upon the Court's approval of the terms and conditions set forth in the Engagement Letter, a copy of which is attached hereto.<sup>3</sup> Included among the terms and conditions set forth in the MSA is language substantially similar to the following

Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Company or its subsidiaries or of EY LLP) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district

---

<sup>3</sup> To the extent that this Declaration and the terms of the Engagement Letter or a portion thereof are inconsistent, the terms of the Engagement Letter shall control.

court upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in the attachment to this Agreement, which is incorporated herein by reference. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Company, EY LLP and any all successors and assigns thereof.

8. In addition, included among the terms and conditions set forth in the

MSA is limitation of liability language substantially similar to the following:

The non-EY LLP signatories (and any others for whom Services are provided) may not recover from EY LLP, in contract or tort, under statute or otherwise, any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

The non-EY LLP signatories (and any others for whom Services are provided) may not recover from EY LLP, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by EY LLP's fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations

The non-EY LLP signatories shall make any claim related to the Services or otherwise under this Agreement no later than one year after they become aware (or ought reasonably to have become aware) of the facts giving rise to alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation shall not apply to the extent prohibited by applicable law or professional regulations.

The non-EY LLP signatories may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or EY LLP's or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). The non-EY LLP signatories shall make any claim or bring proceedings only against EY LLP. The provisions of Sections 16 through 20 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

9. The MSA also contains indemnification language with respect to disclosure of reports or a third party's use or reliance on any report substantially similar to the following:

To the fullest extent permitted by applicable law and professional regulations, the non-EY LLP signatories shall indemnify EY LLP, the other EY Firms and the EY Persons against all claims by third parties (including the Debtor's affiliates and attorneys) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice), or a third party's use of or reliance on any Report (including Tax Advice) disclosed to it by you or at your request.

10. The Debtor or EY LLP may terminate the Engagement Letter or a portion thereof at any time, but in any event the Engagement Letter will terminate upon the effective date of the Debtor's confirmed chapter 11 plan, or liquidation of the Debtor's assets under chapter 11 or 7 of title 11 of the United States Code, or otherwise. Notwithstanding any such termination, the provisions of the Engagement Letter set forth in the sections entitled, "Fees," "Fees and billings," "Fees and expenses generally," the "Rehabilitation Entities Terms", "Limitations," "Indemnity," "Governing Law and dispute resolution," "Miscellaneous" and "Other Matters," including without limitation the alternative dispute provision in the Engagement Letter, will remain operative and in full force and effect regardless of any termination or expiration of the Engagement Letter and shall survive completion of the Debtor's bankruptcy whether through a confirmed plan of reorganization, liquidation of the Debtor's assets under chapter 11 or 7 of title 11 of the United States Code, or otherwise. Upon any such termination of the Engagement Letter, the estate will remain obligated to pay all accrued fees and expenses as of the effective date of such termination.

**Disclosure of Connections**

11. In connection with EY LLP's proposed retention by the Debtor, EY LLP has requested from the Debtor the names of the following categories of entities:

- (a) Debtor;
- (b) Debtor's Attorneys (general counsel and special bankruptcy counsel);
- (c) Debtor's Other Professionals retained in connection with this chapter 11 case;
- (d) Non-Debtor Affiliates;
- (e) Non-Debtor Affiliates' Attorneys;
- (f) Non-Debtor Affiliates' Other Professionals retained in connection with this chapter 11 case;
- (g) Debtor's Officers;
- (h) Debtor's Officers' Attorneys retained in connection with this chapter 11 case;
- (i) Debtor's Officers' Other Business Affiliations;
- (j) Debtor's Directors;
- (k) Debtor's Directors' Attorneys retained in connection with this chapter 11 case;
- (l) Debtor's Directors' Other Business Affiliations;
- (m) Debtor's Major Shareholders (5% or more);
- (n) Debtor's Major Shareholders' Attorneys retained in connection with this chapter 11 case;
- (o) All Secured Lenders, including DIP lenders;
- (p) All Secured Lenders' Attorneys retained in connection with this chapter 11 case;
- (q) All Substantial Unsecured Bondholders or Lenders;
- (r) All Substantial Unsecured Bondholders or Lenders' Attorneys retained in connection with this chapter 11 case;

- (s) All Indenture Trustees;
- (t) All Indenture Trustees' Attorneys retained in connection with this chapter 11 case;
- (u) Official Statutory Committees Members (All Committees);
- (v) Official Statutory Committees' Attorneys (for each Official Committee);
- (w) Official Statutory Committees' Other Professionals retained by each Official Committee;
- (x) Official Statutory Committees Members' Attorneys retained in connection with this chapter 11 case;
- (y) Largest Unsecured Creditors List Parties (Up to 50);
- (z) Largest Unsecured Creditors' Attorneys retained in connection with this chapter 11 case;
- (aa) Parties to the Debtor's Significant Executory Contracts and Leases;
- (bb) Parties to the Debtor's Significant Executory Contracts and Leases Attorneys retained in connection with this chapter 11 case;
- (cc) Other Significant Parties-in-Interest including parties in material litigation against the Debtor; and/or parties to potential significant transactions with the Debtor; and
- (dd) Other Significant Parties-in-Interest Attorneys retained in connection with this chapter 11 case.

12. EY LLP has not received from the Debtor, or does not know of, any persons or entities that would fall into categories (e), (f), (h), (k), (l), (n), (p), (q), (r), (s), (t), (u), (v), (w), (x), (z), (aa), and (bb) set forth above. As to the approximately 81 persons or entities identified in the remaining categories set forth above, EY LLP received from the Debtor lists of such parties, as listed on Exhibit 2 attached hereto, and searched or caused to be searched certain databases to determine whether EY LLP has provided in the recent past or is currently providing services to the parties-in-interest listed in Exhibit 2. To the extent that EY LLP's research of relationships with the parties-in-interest listed on Exhibit 2 indicated that EY LLP has had in the

recent past, or currently has, a client relationship with such parties-in-interest in matters unrelated to this chapter 11 case, EY LLP has so indicated in Exhibit 2. Should additional significant relationships with parties-in-interest become known to EY LLP, a supplemental declaration will be filed by EY LLP with the Court.

13. To the best of my knowledge, information and belief, formed after reasonable inquiry, except as otherwise set forth herein, none of the services rendered by EY LLP to the entities set forth in Exhibit 2 hereto have been in connection with the Debtor or this chapter 11 case. EY LLP believes that these relationships will not impair EY LLP's ability to objectively perform professional services on behalf of the Debtor. EY LLP will not accept any engagement that would require EY LLP to represent an interest materially adverse to the Debtor.

14. As part of its practice, EY LLP appears in cases, proceedings and transactions involving many different attorneys, financial advisors and creditors, some of which may represent or be claimants and/or parties in interest in this chapter 11 case. EY LLP will have no relationship with any such entity, attorney or financial advisor which relationship would be materially adverse to the Debtor. EY LLP believes that the professionals closely associated with the Debtor's chapter 11 cases listed on Exhibit 3 have provided in the past and/or are currently providing services to EY LLP.

15. EY LLP is currently a party or participant in certain litigation matters involving parties in interest in this chapter 11 case. Case information and the parties in interest involved in these matters are provided in Exhibit 4 to this Declaration.

16. EY LLP has thousands of professional employees. It is possible that certain employees of EY LLP may have business associations with parties in interest in this



chapter 11 case or hold securities of the Debtor or interests in mutual funds or other investment vehicles that may own securities of the Debtor.

17. EY LLP may perform services for its clients that relate to the Debtor merely because such clients may be creditors or counterparties to transactions with the Debtor and such clients' assets and liabilities may thus be affected by the Debtor's status. The disclosures set forth herein do not include specific indication of such services. If such clients of EY LLP are identified parties in interest in these cases, Exhibit 2 attached hereto indicates that they are also clients of EY LLP.

18. To the best of my knowledge, information and belief, prior to the Petition Date, EY LLP performed certain professional services, including audit, audit-related, and tax services, for the Debtor and its consolidated group, including Triad Guaranty Insurance Corporation and Triad Guaranty Assurance Corporation, which are in rehabilitation in certain proceedings in Cook County, IL (the "Rehabilitation Entities"). The Tax Compliance SOW is not binding until it is signed by the Rehabilitation Entities, and EY LLP is not obligated to provide services if the SOW is not signed by the Rehabilitation Entities.

19. The Ernst & Young global network encompasses independent professional services practices conducted by separate legal entities throughout the world. Such legal entities are members of Ernst & Young Global Limited ("EYGL"), a company incorporated under the laws of England and Wales and limited by guarantee, with no shareholders and no capital. The member firms of EYGL have agreed to operate certain of their professional practices in accordance with agreed standards but remain separate legal entities. EY LLP is a member of EYGL.

20. EY LLP engages in the practice of public accountancy and provides accounting and other professional services. All partners of EY LLP are Certified Public Accountants (CPAs). Ernst & Young U.S. LLP (the owners of which are the CPA partners of EY LLP and non-CPA principals) provides infrastructure and support services to EY LLP, including the services of CPA and non-CPA personnel. These personnel work for and are under the supervision of EY LLP when performing client services.

21. To the best of my knowledge, information, and belief, neither the undersigned nor the EY LLP professionals expected to assist the Debtor in this chapter 11 case are connected to the United States Bankruptcy Court for the District of Delaware, the United States Trustee for Region 3, or Assistant United States Trustee for Region 3 assigned to this chapter 11 case.

22. The daughter of the Chief Accounting Officer of the Debtor is an employee of EY LLP who does not participate in the provision of the Services.

23. EY LLP continues to review for connections to 3 parties in interest: CNA Insurance, Continental Casualty and Paul Weiss. To the extent EY LLP's research reveals material client connections with such parties, EY LLP will file a supplemental declaration to disclose the same.

24. EY LLP is not owed any money for pre-petition services for the Debtor as of the Petition Date. During the 90 days prior to the Petition Date, EY LLP received \$3,514 in payment for services rendered.

25. EY LLP ordinarily updates its connections checks approximately every six months.

26. Despite the efforts described above to identify and disclose connections with parties-in-interest in this chapter 11 case, because the Debtor is a large enterprise with numerous creditors and other relationships, EY LLP is unable to state with certainty that every client representation or other connection of EY LLP with parties-in-interest in this chapter 11 case has been disclosed herein. In this regard, if EY LLP discovers additional information that requires disclosure, EY LLP will file supplemental disclosures with the Court.

27. EY LLP and the professionals that it employs are qualified to represent the Debtor in the matters for which EY LLP is proposed to be employed.

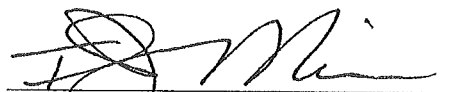
28. Except as otherwise set forth herein, EY LLP has not shared or agreed to share any of its compensation in connection with this matter with any other person.

29. To the best of my knowledge, information and belief formed after reasonable inquiry, EY LLP does not hold nor represent any interest materially adverse to the Debtor in the matters for which EY LLP is proposed to be retained. The proposed employment of EY LLP is not prohibited by or improper under Bankruptcy Rule 5002. Accordingly, I believe that EY LLP is eligible for employment and retention by the Debtor under the Bankruptcy Code.

30. EY LLP intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any additional orders or procedures that may be established by the Court in this chapter 11 case.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 31, 2013

  
\_\_\_\_\_  
Thomas J. Minor

**Exhibit 1-A**

**MSA**



Building a better  
working world

Triad Guaranty, Inc.  
Attention: Mr. Mike Anderson  
Vice President  
P.O. Box 100503  
Birmingham, AL 35210

July 29, 2013

Dear Mike:

Thank you for choosing Ernst & Young LLP ("we" or "EY") to perform professional services (the "Services") for Triad Guaranty, Inc. ("you" or "Client") subsequent to Client filing a petition under Chapter 11 ("Chapter 11") of the United States Bankruptcy Code ("Bankruptcy Code") on or about June 3, 2013 with the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). Our performance of Services is contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in this Agreement. We appreciate the opportunity to assist you and look forward to working with you.

For each project that we agree to undertake for you, we will prepare a Statement of Work describing the particular Services, as well as any advice, presentations, or filings to be made, our fees therefore, and any other project-specific arrangements and shall be subject to approval of the Bankruptcy Court. All of the Services will be subject to the terms and conditions of this letter, its attachments, including the General Terms and Conditions, and the applicable Statement of Work (together, this "Agreement").

We may enter into Statements of Work with you for a period of five years following the date of this letter, although we may agree with you to extend that period, including by executing additional Statements of Work referencing this Agreement. This Agreement shall be effective as of July 29, 2013.

Please sign this letter in the space provided below to indicate your agreement with these arrangements and return it to Thomas Minor at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact Thomas Minor so that we can address any issues you identify before we begin to provide any Services.

Very truly yours,

*Ernst & Young LLP*

AGREED:

Triad Guaranty, Inc.

By: 

Mike Anderson, Vice President

## General Terms and Conditions

### Our relationship with you

1. We will perform the Services in accordance with applicable professional standards, including those established by the American Institute of Certified Public Accountants ("AICPA").
2. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturer. Neither you nor we have any right, power or authority to bind the other.
4. Subject to Bankruptcy Court approval, we may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement. From time to time, non-CPA personnel may perform the Services.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services, although we may otherwise provide advice and recommendations to assist you in your management functions and making decisions.

### Your responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("Client Information") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.

10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

### Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report) externally (including to your affiliates) or refer to us or to any other EY Firm in connection with the Services, except:
  - (a) to your lawyers (subject to these disclosure restrictions), who may review it only to give you advice relating to the Services,
  - (b) to the extent, and for the purposes, required by subpoena or similar legal process (of which you will promptly notify us),
  - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form we prescribe, or
  - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof) externally, you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or a portion thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("Tax Advice"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into documents that you intend to disclose externally EY summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. However, you must assume sole responsibility for the contents of those documents and not refer to us or any other EY Firm in connection with them. This provision does not affect your ability to circulate Reports internally.

15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

### Limitations

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.
17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.
18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.
19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The provisions of Sections 16 through 20 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

### Indemnity

20. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates and attorneys) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice) or a third party's use of or reliance on any Report (including Tax Advice) disclosed to it by you or at your request.

### Intellectual property rights

21. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how that we own or license ("Materials") in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).
22. Upon payment for particular Services and subject to the other terms of this Agreement, you may use the Reports relating to those Services, as well as any Materials owned by us that are included therein, solely to the extent necessary to use the Reports.

### Confidentiality

23. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:
- (a) is or becomes public other than through a breach of this Agreement,
  - (b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,
  - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
  - (d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or
  - (e) must be disclosed under applicable law, legal process or professional regulations.
24. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
25. Unless prohibited by applicable law, we may provide Client Information to other EY Firms (which are listed at [www.ey.com](http://www.ey.com)) and EY Persons, as well as external third parties providing services on our or their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate in order to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, to provide financial



accounting and other administrative support services or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of Client Information, regardless of where or by whom such information is Processed on our behalf.

26. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between you or any of your associated entities and any EY Firm, you represent, to the best of your knowledge, as of the date of this Agreement and as of the date of each Statement of Work hereunder, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

#### Data protection

27. If we Process Client Information that can be linked to specific individuals ("Personal Data"), we will Process it in accordance with Section 25 of this Agreement, as well as applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the U.S. Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Client Information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information.
28. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law. In order to provide the Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law ("Restricted Personal Data"). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a Client site. You will provide us with Restricted Personal Data only in accordance with mutually agreed protective measures.

#### Fees and expenses generally

29. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). Unless otherwise set forth in the applicable Statement of Work, payment is due within 30 days following receipt of each of our invoices. We may receive rebates in connection with certain purchases, which we use to reduce charges that we would otherwise pass on to you.
30. Subject to Bankruptcy Court approval, if necessary, we may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
31. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

#### Force majeure

32. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

#### Term and termination

33. This Agreement applies to all Services after the date of your filing of a Chapter 11 petition (including before the date of this Agreement).
34. This Agreement shall terminate upon the completion of the Services. This Agreement and/or any or all Statements of Work may be terminated at any time by you or us, but in any event this Agreement including all Statements of Work will expire upon the effective date of your confirmed plan of reorganization, or liquidation of the your assets under Chapter 11 or 7 of the Bankruptcy Code, or otherwise.
35. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment is due within 30 days following receipt of our invoice for these amounts or as quickly as the Bankruptcy Code, Bankruptcy Rules, Local Rules and any relevant orders of the Bankruptcy Court allow.

36. The provisions of this Agreement, including Section 14 and otherwise with respect to Reports, that give either of us rights or obligations beyond its termination including, without limitation, paragraph 37, shall continue indefinitely following the termination of this Agreement and shall survive completion of the Client's bankruptcy whether through a confirmed plan of reorganization under Chapter 11, liquidation of the Client's assets under Chapter 7 of the Bankruptcy Code, or otherwise, except that our respective confidentiality obligations (other than those relating to Reports or under Section 14) shall continue thereafter for three years only.

### Governing law and dispute resolution

37. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Services, or questions relating to the scope or enforceability of this Section 37, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Except as otherwise expressly provided in the Cover Letter, Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Client or its subsidiaries or of EY) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district court upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in Appendix 1 to these Terms and Conditions. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Client, EY and any all successors and assigns thereof

### Miscellaneous

38. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto,

including any confidentiality agreements previously delivered. Except as expressly provided otherwise herein, this Agreement does not modify the terms or provisions for other professional services executed prior to Client's filing of a Chapter 11 petition in the Bankruptcy Court. In addition, any policy, protocol, agreement (other than this Agreement) or other instrument, in whatever form, imposed at any time that purports to obligate EY, any other EY Firm or any EY Person with respect to the use of Client Information shall be void and of no further effect, and you shall not seek to enforce any such obligation.

39. Both of us may execute this Agreement (including Statements of Work), as well as any modifications thereto, by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or any Statement of Work hereunder, subject to Bankruptcy Court Approval, if necessary.
40. Each of us represents to the other that each person signing this Agreement or any Statement of Work hereunder on its behalf is expressly authorized to execute it and to bind such party to its terms. You also represent that this Agreement has, if necessary, been considered and approved by your Audit Committee. You represent that your affiliates and any others for whom Services are performed shall be bound by the terms of this Agreement.
41. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
42. Neither of us may assign any of our rights, obligations or claims under this Agreement.
43. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
44. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work and any attachments thereto, (c) these General Terms and Conditions, and (d) other attachments to this Agreement.
45. Neither of us may use or reference the other's name, logo or trademarks publicly without the other's prior written consent, although we may publicly identify you as a client in connection with specific Services or generally.
46. By agreement to the provision of the Services, we are not providing a guarantee to you that our performance of those services pursuant to the terms and conditions set forth in this Agreement will guarantee your successful reorganization under Chapter 11.

## **Appendix 1**

### **Dispute resolution procedures**

#### **Mediation**

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

#### **Arbitration**

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

**Exhibit 1-B**

**Tax Compliance SOW**



Building a better  
working world

## Statement of Work

This Statement of Work, which is effective as of July 29, 2013 (this "SOW"), is made by Ernst & Young LLP ("we" or "EY") and Triad Guaranty, Inc. ("TGI", "you" or "Client"), pursuant to the Agreement, dated July 29, 2013 (the "Agreement"), between EY and TGI, which was executed in connection with TGI filing a petition under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") on or about June 3, 2013 with the United States Bankruptcy Court in Delaware (the "Bankruptcy Court"), and describes certain tax services that EY will perform for the Client during TGI's Chapter 11 proceedings.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the tax compliance Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to "you" or "Client" shall be deemed references to you.

Triad Guaranty Insurance Corporation and Triad Guaranty Assurance Corporation, in Rehabilitation (the "Rehabilitation Entities") agree to be parties to this SOW to the limited extent set out in the terms and conditions in the section "Rehabilitation Entities Terms," below.

## Scope of Services

EY will provide the following tax compliance Services to you, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW):

- Preparation of returns listed on Attachment "A", including the December 31, 2012 Form 1120 U.S. Federal Income Tax Return.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court, if required.

Client acknowledges and agrees that, whether or not this SOW has been approved by the Bankruptcy Court at the time any Report is rendered, any such Report rendered by EY prior to the delivery of its final Report is preliminary in nature and cannot be relied upon for any purpose, including penalty protection.

Upon written request and subject to Bankruptcy Court approval, EY will assist Client with other tax compliance services, including preparation of additional returns for the current tax year, and extension requests and computation of estimated tax payments for subsequent tax years. However, these services are not covered under the fee quoted in this letter. We will be happy to discuss and



Building a better  
working world

provide fee estimates for such additional services, which would be invoiced separately and subject to all other terms and conditions of this SOW and the above-referenced Agreement.

All Client copies of the tax returns will be presented to Client in an electronic format.

This engagement does not include (1) an analysis of any shift in ownership of Client stock, (2) the preparation of statements required by Internal Revenue Code §§382 and 383, or (3) a determination of whether such code sections limit the amount of taxable income or tax that can be offset by net operating loss carryforwards, certain recognized built-in losses, certain excess credits, or net capital loss carryovers. The limitations under these provisions may have a material adverse impact on Client's tax liability. We will not prepare a return on which taxable income (or tax) is offset by such attributes unless an analysis is performed. If you would like EY to perform such an analysis, those services would be covered under a separate engagement letter. Please contact Thomas Minor if you would like to discuss additional services and fees associated with the analysis and reporting requirements under these rules.

This engagement does not include any advice or determinations regarding what expenses may be qualified research expenses under Internal Revenue Code §41 or comparable state statutes.

A taxpayer with tangible property used in a business must analyze in which year to implement the recently issued temporary tangible property regulations, which may require the filing of Form(s) 3115, Change in Method of Accounting. The scope of this SOW does not include assisting you with implementing the regulations or preparation of the Form(s) 3115. We will be happy to discuss and provide fee estimates for these services, which would be covered under a separate SOW.

#### **Out-of-Scope Services**

Any activities not described as Services, as indicated above under Scope of Services, are not covered by the fees stated herein. These services will be considered outside the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing (in a separate SOW or an amendment to this SOW) and approved by the Bankruptcy Court.

#### **Your obligations**

Our ability to provide the Services is contingent upon Client providing all information requested in the Client Assistance Package (CAP), including without limitation provision of information by the Rehabilitation Entities, by August 21. Failure to provide all required information in the CAP by such date could result in delays in providing the Services or our termination of this SOW without any further obligations.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, and



Building a better  
working world

your representation, as of the date hereof, under paragraph 26 thereof. You have obtained the prior approval of your Audit Committee for these Services, as applicable.

#### **Disclosure of reportable transactions**

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax returns and also sent separately to the IRS. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Failure to disclose properly any of these transactions/strategies in which Client directly or indirectly participated may result in the imposition of penalties.

During the process of gathering data to prepare Client's tax return(s), EY requires Client to complete a questionnaire about Listed Transactions, Transactions of Interest, and Other Reportable Transactions, which is attached to this SOW. If there is a particular person other than you who should respond to such questionnaire on behalf of Client, please immediately provide to EY that person's name, position, and telephone number. EY shall not be liable for any penalties resulting from Client's failure to accurately and timely respond to the questionnaire or to file timely the required disclosure statement.

#### **Contacts**

Thomas Minor (Partner) and Nick Wade (Senior Manager) will lead the EY team in providing the Services. If either of these individuals ceases to provide tax services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of the professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

#### **Fees**

The General Terms and Conditions of the Agreement address our fees and expenses generally.

TGI shall pay fees for the Services, which fees are based on the time that our professionals spend performing them. The rates, by level of tax professional, are as follows:

<b>Title</b>	<b>Rate Per Hour</b>
Partner	\$ 565
Executive Director	\$ 535





Building a better  
working world

Senior Manager	\$ 485
Manager	\$ 440
Senior	\$ 285
Staff 2	\$ 205
Staff 1	\$ 120

In addition, TGI shall reimburse EY for direct expenses incurred in connection with the performance of the Services. Direct expenses include reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement.

We will submit an itemized and detailed billing statement to TGI, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the District of Delaware ("Local Rules") and any relevant administrative orders. We will submit our invoices to TGI as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant administrative orders allow.

We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of us and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications.

Any fee for the Services under this SOW assumes that Client will timely provide, or cause to be provided, to EY all appropriate information and assistance, and that the scope and complexity of such Services are consistent with our prior discussions, as well as the description thereof above. If, during the terms of this SOW, EY determines that any additional work is necessary, whether at Client's request or because the complexity of the project increases, EY will promptly contact Client to discuss any adjustments to the scope of work or EY's fees.

#### **The Rehabilitation Entities Terms**

We will provide the Rehabilitation Entities, without charge to them, with copies of the tax return(s) in an electronic format. In connection with our provision of tax return(s) to the Rehabilitation Entities, the Rehabilitation Entities acknowledge and agree:

- To the scope and limitations of the tax services to be provided by us to TGI as described in section "Scope of Services," above; and



Building a better  
working world

- That, with respect only to the Services to be provided by EY under this SOW, the Rehabilitation Entities shall be bound by paragraphs 11, 12, 13, 16 – 19 and 32 of the General Terms and Conditions of the Agreement, as if the Rehabilitation Entities were parties to the Agreement, and such paragraphs shall continue indefinitely following termination of the Agreement and shall survive completion of TGI's bankruptcy whether through a confirmed plan of reorganization under Chapter 11, liquidation of TGI's assets under Chapter 7 of the Bankruptcy Code, or otherwise. We agree that the Agreement, and any non-contractual matters or obligations arising out of the Agreement or the Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Services, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof and, except for a claim seeking solely injunctive relief, to the extent permitted by law, any dispute relating to this Agreement or the Services shall be resolved as set forth in Appendix 1 (Dispute Resolution Procedures) to the General Terms and Conditions of the Agreement.

#### Rehabilitation Entities Contact

The Rehabilitation Entities have identified Ben Burstyn as their contact with whom we should communicate about the Services, as necessary.

The undersigned have authority to bind the respective entities for which they sign.

This SOW is not binding upon EY or TGI until it is signed by TGI and the Rehabilitation Entities and the parties understand that EY will not work on the returns until TGI and the Rehabilitation Entities have signed this SOW.

Thank you again for your selection of our firm.

Thank you again for your selection of our firm.

*Ernst & Young LLP*

Triad Guaranty, Inc.

By: 

Mike Anderson  
Vice President



Building a better  
working world

Date: \_\_\_\_\_

Triad Guaranty Insurance Corporation  
and Triad Guaranty Assurance Corporation, in Rehabilitation

By: \_\_\_\_\_

Print Name:

Title:

Date: \_\_\_\_\_

Approved:

By: \_\_\_\_\_

Print Name:

Title:

Date: \_\_\_\_\_

Attachments

## Reportable Transaction Questionnaire

FAILURE TO READ THIS CAREFULLY AND TIMELY PROVIDE AN ACCURATE RESPONSE  
COULD RESULT IN THE IMPOSITION OF PENALTIES BY THE IRS AND/OR STATE TAX  
AUTHORITIES FOR WHICH ERNST & YOUNG WILL NOT BE LIABLE

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax return and also sent separately to the IRS. Failure to disclose such transactions may result in the imposition of penalties and is likely to cause the IRS to request copies of your tax accrual work papers during an examination of your tax return. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Below is a summary of the current Listed Transactions and Transactions of Interest. You must answer the questions below for us to properly prepare your tax return(s). We may also need to contact you to determine whether you have participated in any additional Listed Transactions or Transactions of Interest identified before your tax return is filed.

Please read each of these Listed Transaction and Transaction of Interest summaries. If you want to receive a copy of the relevant published guidance (see the underlined reference at the end of each description) or have any questions regarding a specific transaction, please contact Thomas Minor at 205- 227-7407. After answering the questions, return the entire document to Thomas Minor. When answering the questions below, use the underlined term to identify that Listed Transaction or Transaction of Interest. Ernst & Young LLP ("EY") shall not be liable for any penalties resulting from your failure to accurately and timely respond to these questions or to timely file the required disclosure statements.

The summaries of the Listed Transactions identified by the IRS as of this date are as follows:

1. Lease Strips and Other Stripping Transactions: Transactions that allow one participant to realize rental or other income from property or service contracts and another participant or the same participant in a different tax year reports deductions related to that income. Identified in Notice 95-53 and Notice 2003-55.
2. 401K Accelerator: Transactions in which taxpayers claim deductions for contributions to a qualified cash or deferred arrangement or matching contributions to a defined contribution plan where the contributions are attributable to compensation earned by plan participants after the end of the taxable year. Identified in Rev. Rul. 90-105.

3. Multiple Employer Plans: Trust arrangements purported to qualify as multiple employer welfare benefit funds exempt from the limits of §§419 and 419A of the Internal Revenue Code. Identified in Notice 95-34. (See item #21 below regarding collectively-bargained welfare benefit funds.)
4. Contingent Installment Sales: Transactions involving contingent installment sales of securities by partnerships in order to accelerate and allocate income to a tax-indifferent partner, such as a tax-exempt entity or foreign person, and to allocate later losses to another partner. Identified as ACM Transactions.
5. Distributions from Charitable Remainder Trusts: Transactions involving distributions described in Treas. Reg. §1.643(a)-8 from charitable remainder trusts. This transaction uses a §664 charitable remainder trust to convert appreciated assets into cash, while avoiding the gain on the disposition of the assets. Identified in Treas. Reg. §1.643(a)-8.
6. LILOs: Transactions in which a taxpayer purports to lease property and then purports to immediately sublease it back to the lessor (that is, lease-in/lease-out or LILO transactions). Identified in Rev. Rul. 99-14.
7. Distribution of Encumbered Property: Transactions involving the distribution of encumbered property in which taxpayers claim tax losses for capital outlays that they have in fact recovered. Identified in Notice 99-59.
8. Fast-pay Arrangements: Transactions involving fast-pay arrangements as defined in Treas. Reg. §1.7701(l)-3(b) in which a corporation's outstanding stock is structured (in whole or in part) to return the stockholder's investment by distributions treated as dividends. Identified as Fast-pay Arrangements.
9. Counterbalancing Debt Instruments: Transactions involving the acquisition of two debt instruments the values of which are expected to change significantly at about the same time in opposite directions. Identified in Rev. Rul. 2000-12.
10. Artificially Inflated Tax Basis: Transactions generating losses resulting from artificially inflating the tax basis of partnership interests. Identified in Notice 2000-44.
11. Employee Stock Transfer: Transactions involving the purchase of a parent corporation's stock by a subsidiary, a subsequent transfer of the purchased parent stock from the subsidiary to the parent's employees, and the eventual liquidation or sale of the subsidiary. Identified in Notice 2000-60.
12. Guamanian Trusts: Transactions purporting to apply §935 to Guamanian trusts. Identified in Notice 2000-61.

13. **Midco Transactions:** A broad range of "routine" transactions that happen to include the acquisition, disposition, or movement of stock and assets. The typical Midco transaction is one in which a taxpayer desires to sell stock of a corporation and a buyer desires to purchase the assets. These parties conduct the transaction through an intermediary, with the taxpayer selling the stock to the intermediary and the buyer then purchasing the assets from it and claiming a fair market value basis. The intermediary, having enabled the target corporation to not pay tax on the built-in gain in its assets, usually receives compensation for participating in the transaction. Notice 2008-111 clarifies Notice 2001-16 and supersedes Notice 2008-20.
14. **Contingent Liability Transactions:** Transactions involving a loss on the sale of stock acquired in a purported §351 transfer of a high basis asset to a corporation and the corporation's assumption of a liability that the transferor has not yet taken into account for federal income tax purposes. Identified in Notice 2001-17.
15. **Basis Shifting on Stock Redemptions:** Redemptions of stock in transactions not subject to U.S. tax in which the basis of the redeemed stock is purported to shift to a U.S. taxpayer. Identified in Notice 2001-45.
16. **Inflated Tax Basis:** Transactions in which the taxpayer as part of an acquisition of assets also assumes debt exceeding their fair market value. The taxpayer claims a higher basis due to the debt assumption. Upon sale of the assets, the taxpayer claims a loss for basis in excess of the fair market value of the assets. Identified in Notice 2002-21.
17. **Notional Principal Contract:** Transactions using a notional principal contract to claim deductions for periodic payments made by the taxpayer while disregarding the accrual of a right to receive offsetting payments in the future. Identified in Notice 2002-35.
18. **Allocation of Straddle Gain or Loss:** Transactions involving the creation of straddles in a common trust fund or pass-thru entity (i.e., partnership, S corporation, or grantor trust), with the allocation of gain to one party and loss to another party. Identified in Notice 2002-50, Notice 2002-65, and Notice 2003-54.
19. **Prohibited Ownership of S-Corp Securities by ESOP:** Transaction in which an S corporation and an associated ESOP, which was formed on or before March 14, 2001, is subsequently transferred and the ESOP claims the benefit of a delayed effective date under IRC §409(p). As a result of the delayed effective date, the earnings of the S corporation are not currently taxed. Identified in Rev. Rul. 2003-6. (See item #26 below regarding S corporation ESOPs involving synthetic equity.)
20. **Offshore Deferred Compensation Arrangements:** Transactions involving an individual taxpayer who purportedly resigns from his or her current employer or professional corporation and enters an employment contract with an offshore employment leasing company. The offshore leasing

company leases the individual's services back to the original employer, typically using one or more intermediaries. The participants claim tax benefits in the form of reduced or avoided individual and corporate income and employment taxes. Identified in Notice 2003-22.

21. Collectively-Bargained Welfare Benefit Funds: Trust arrangements purporting to qualify as collectively-bargained welfare benefit funds exempt from the limits of §§419 and 419A of the Internal Revenue Code. Identified in Notice 2003-24. (See item #3 above regarding multiple employer plans.)
22. Transfers of Compensatory Stock Options to Related Persons: Transactions involving an individual, generally an employee, who has been granted a nonstatutory compensatory stock option, and transfers that option to a related person. The individual does not claim compensation income when the related person exercises the stock option or, in cases where the related person pays for the option with a note or other deferred payment, the individual does not claim compensation income until receiving the deferred payments. Identified in Notice 2003-47.
23. Contested Liability Trusts: Transactions involving transfers to a trust to provide for the satisfaction of contested liabilities in an attempt to accelerate deductions for the contested liabilities under §461(f) of the Internal Revenue Code. Identified in Notice 2003-77.
24. Offsetting Foreign Currency Option Contracts: Transactions in which a taxpayer claims a loss upon the assignment of a §1256 foreign currency option contract to a charity but fails to report the recognition of gain when the taxpayer's obligation under an offsetting non-section 1256 foreign currency option contract terminates. Identified in Notice 2003-81.
25. Roth IRA Contributions: Transactions designed to avoid the statutory limits on contributions to a Roth IRA contained in §408A using a corporation, substantially all the shares of which are owned or acquired by the Roth IRA. Identified in Notice 2004-8.
26. S corporation ESOP Involving Synthetic Equity: Transaction involving an S corporation that is at least 50% owned by an ESOP, designed to avoid current taxation of the S corporation's profits generated by the business activities of a specific individual or individuals. The profits are accumulated and held for the benefit of the individual(s) in a qualified subchapter S subsidiary (QSub) or similar entity (such as a limited liability company), the profits are not paid to the individual(s) as compensation within 2½ months after the end of the year in which earned, and the individual or individuals have rights to acquire stock or similar interests equal to 50% or more of the fair market value of the QSub. Identified in Rev. Rul. 2004-4. (See item #19 above, also involving S corporation ESOPs.)
27. Pension Plans Involving Excessive Life Insurance: Transactions involving a qualified pension plan that includes life insurance contracts on the life of a participant in the plan with a face

amount that exceeds the participant's death benefit under the plan by more than \$100,000. Upon the death of the covered employee, the life insurance contract proceeds exceeding the death benefit are applied to the premiums under the plan for other participants. Identified in Rev. Rul. 2004-20.

28. Foreign Tax Credit Intermediary Transactions: Transactions in which, pursuant to a prearranged plan, a domestic corporation purports to acquire stock in a foreign target corporation and makes an election under §338 before selling all or substantially all of the target corporation's assets in a transaction that triggers foreign tax on built-in gains that are not subject to U.S. tax. The domestic corporation claims foreign tax credits generated with respect to the foreign income tax imposed on the asset sale. Identified in Notice 2004-20.
29. S Corporation Nonvoting Stock Issued to Tax Exempt Organization: Transactions in which S corporation shareholders attempt to transfer the incidence of taxation on S corporation income by donating S corporation nonvoting stock to an exempt organization, while retaining the economic benefits associated with that stock (through warrants issued to the S corporation shareholders that would dilute the shares of nonvoting stock held by the exempt organization or agreements to repurchase the nonvoting stock from the exempt organization at a value that is substantially reduced by reason of the warrants). Identified in Notice 2004-30.
30. Intercompany Financing Through Partnerships Using Guaranteed Payments: Transactions in which a corporation that is exempt from US federal income tax, such as a foreign corporation, provides financing to a domestic subsidiary by investing in the preferred stock of the subsidiary through a partnership in an attempt to convert interest payments that would not be currently deductible under §163(j) into deductible payments. The foreign corporation's return on investment is structured as a guaranteed payment by the partnership, most of which is allocated to, and deducted by, another domestic subsidiary that is a partner in the partnership. In some cases, the guaranteed payments are made to a partner that is unrelated to the foreign corporation and the partnership's obligations to make the guaranteed payments are assured by the foreign corporation or a related party. Identified in Notice 2004-31.
31. SILOs: Transactions in which a taxpayer/lessor enters into a purported sale-leaseback arrangement with a tax-indifferent person (such as a foreign entity, a domestic tax exempt organization or government, or a company in a net operating loss position or other tax neutral situation) as lessee in which substantially all of the tax-indifferent person's future rental payment obligations and purchase option rights are economically defeased/nullified and the taxpayer's risk of loss from a decline, and opportunity for profit from an increase, in the value of the leased property are substantially limited, and there is an obligation on the lessee to provide to the lessor a service contract arrangement or contingent residual value insurance in the event that the lessee purchase option right is not exercised. These leases are frequently referred to as "lease-to-service contracts" or "QTE leases." Identified in Notice 2005-13.



32. **Loss Importation Transactions:** Transactions in which a taxpayer acquires control of a foreign entity treated as a corporation for U.S. tax purposes, and uses the foreign entity's off-setting positions with respect to foreign currency or other property for the purpose of importing losses, but not corresponding gains. Gain is not imported because the taxpayer causes the foreign entity to close out the gain position while the foreign entity is still treated as a foreign corporation. The taxpayer enters into a new offsetting position to lock in the unrealized loss on the loss position and eliminate further economic risk. The taxpayer then imports the unrealized loss into the U.S., typically by making a check-the-box election with respect to the foreign entity and then closing out the loss position. It may also import the assets of the foreign entity into the U.S. in another type of carryover basis transaction such as a reorganization described in section 368(a). The taxpayer must make the check-the-box election or otherwise dispose of the stock of the foreign entity within 30 days of acquiring it, so that the foreign entity will not qualify as a CFC and the gain it recognizes will not be taxable under subpart F. Identified in Notice 2007-57.
33. **Welfare Benefit Funds Utilizing Cash Value Life Insurance Policies:** Trust arrangements purporting to provide employees welfare benefits in the form of cash value life insurance policies. In these arrangements the employer claims deductions for its contributions to the trust per the premium amounts paid, but the employee/policy owners include little if any in corresponding income. These arrangements may involve either a taxable trust or a tax-exempt trust. Identified in Notice 2007-83.
34. **Distressed Asset Trust:** Transactions in which trusts are used to shift built-in losses in distressed assets that have been transferred into such trusts by a tax-indifferent party to a beneficiary who is a U.S. taxpayer. The distressed assets are then written off by the U.S. taxpayer under §166 or sold with the U.S. taxpayer claiming a deduction under §165, even though the U.S. taxpayer has not incurred an economic loss. Identified in Notice 2008-34.

The summaries of the Transactions of Interest identified by the IRS as of this date are as follows:

1. **Contribution of a Successor Member Interest to a Charity:** A transaction in which a taxpayer acquires a successor interest in an LLC or similar entity that directly or indirectly holds real property, transfers the rights more than one year after the acquisition to a charity described in section 170(c) of the Internal Revenue Code, and claims a charitable contribution deduction that is significantly higher than the amount that the taxpayer paid to acquire the rights. Identified in Notice 2007-72.
2. **Toggling Grantor Trusts:** Transactions in which grantor creates and funds a grantor trust with four options with values that are expected to move inversely in relation to at least one of the other options. The grantor then gives a unitrust interest to a beneficiary while retaining a noncontingent remainder interest and the power to reacquire trust property at a specified future date by substituting other property of equivalent value. Through a series of successive transactions

involving the sale of the remainder interest to an unrelated buyer for an amount substantially equal to the fair market value of the options contributed to the trust, the "activation" of the substitution power on its effective date, the close-out of the "loss options," and the sale of the unitrust interest to the unrelated buyer, the grantor trust status of the trust is purportedly "toggled off" and "toggled on." The grantor claims a tax loss attributable to the close-out of the loss options even though the grantor has not suffered an equivalent economic loss. A variation of the transaction described above involves an initial contribution of liquid assets instead of options, and a subsequent substitution of appreciated property for the liquid assets. This variation is designed to enable the grantor to avoid the recognition of gain upon the disposition of the appreciated assets. Identified in Notice 2007-73.

3. Potential for Avoidance of Tax through Sale of Charitable Remainder Trust Interests: Transactions involving the sale or other disposition of all interests in a charitable remainder trust (subsequent to the contribution of appreciated assets to the trust but after their sale by the trust). The grantor or other noncharitable claims an increased basis in the annuity or unitrust interest sold based upon the tax basis of assets within the trust (rather than with reference to the tax basis of assets transferred to the trust) thereby recognizing little, if any, gain from such sale or other disposition of the unitrust or annuity interest. Identified in Notice 2008-99.
4. Use of Domestic Partnership with CFC Partner(s) to Avoid Taxable Subpart F Inclusions: Transactions involving a U.S. taxpayer owning at least one CFC which is a partner in a domestic partnership (the other partner(s) may or may not also be CFCs). The domestic partnership owns a CFC Opco that earns income of a type which is subpart F income. The U.S. taxpayer claims that the subpart F income of the CFC Opco is not subpart F income in the hands of the CFC partner (or the partner's US owner) because of the interposition of the domestic partnership. Identified in Notice 2009-7.

Answer the following questions with regard to advice provided by or transactions recommended by anyone other than EY.

Taxpayer: Triad Guaranty, Inc., on behalf of  
itself and its affiliates listed in Appendix A (the "Company")

1. Is the Company: (i) a U.S. shareholder who owns 10 percent or more of the total combined voting power of all classes of stock entitled to vote in a controlled foreign corporation, or (ii) a 10 percent shareholder (by vote or value) of a qualified electing fund due to an election made under IRC §1295?

Note: A controlled foreign corporation is a non-U.S. corporation that has U.S. shareholders (i.e., U.S. persons that directly or indirectly own 10% or more of the total combined voting power of all

of the classes of stock of such non-U.S. corporation) that own in the aggregate more than 50% of the total vote or value of such non-U.S. corporation.

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, in addition to answering the following questions with respect to transactions entered into by the Taxpayer(s) identified above, also answer ALL of the following questions with respect to transactions entered into by such controlled foreign corporation(s) and/or qualified electing fund(s).

2. Since February 28, 2000, has the Company participated in any transaction that might be considered similar to any of the Listed Transactions summarized above?

No \_\_\_\_\_ Yes \_\_\_\_\_ I am not certain, please provide me with more detail about the transaction(s) identified as: \_\_\_\_\_

If yes, identify the Listed Transaction(s) summarized above that may be similar to the one(s) the Company participated in: \_\_\_\_\_, and please provide copies of all written advice the Company received regarding the transaction along with your response to this questionnaire. If any part of the advice was not written, please provide the name(s) of the person(s) providing the advice and a brief description of the transaction.

3. Since November 2, 2006, has the Company participated in any transaction that might be considered similar to any of the Transactions of Interest summarized above?

No \_\_\_\_\_ Yes \_\_\_\_\_ I am not certain, please provide me with more detail about the transaction(s) identified as: \_\_\_\_\_

If yes, identify the Transaction(s) of Interest summarized above that may be similar to the one(s) the Company participated in: \_\_\_\_\_, and please provide copies of all written advice the Company received regarding the transaction along with your response to this questionnaire. If any part of the advice was not written, please provide the name(s) of the person(s) providing the advice and a brief description of the transaction.

Answer the following questions with respect to transactions entered into during the tax year/period for which EY is preparing the Company's tax returns.

6. Did the Company enter into a transaction or receive tax advice regarding a tax position or transaction from *anyone* that made a statement or provided information regarding tax consequences (including statements indicating the transaction was tax-free or had no tax consequences) and who asked the Company to enter into a confidentiality agreement or in any

other way attempted to limit the Company's ability to disclose information regarding the structure or tax aspects of the transaction or the tax advice?

No \_\_\_\_\_ Yes \_\_\_\_\_

7. Did the Company enter into a transaction or receive tax advice regarding a tax position or transaction for which the Company (or a related party) has some form of contractual protection against the possibility that part or all of the intended tax consequences will not be sustained (e.g., a fee that is contingent on the tax benefits realized from the transaction or position, or an agreement to get back fees or receive payments if the tax benefits are not sustained)?

No \_\_\_\_\_ Yes \_\_\_\_\_

8. For this question, check the type of "entity" the Company is characterized as for tax purposes (C corporation, S corporation, partnership, or trust) and answer the question(s) that follows the status. For purposes of the reportable transaction disclosure requirements, a section 165 loss includes an amount deductible pursuant to a provision that treats a transaction as a sale or other disposition, or otherwise results in a deduction under section 165. A section 165 loss includes, for example, a loss resulting from a sale or exchange of a partnership interest under section 741 and a loss resulting from a section 988 transaction.

- a. \_\_\_\_\_ Corporations (other than S corporations) and Partnerships that have only C corporations as partners: Has the Company directly or indirectly entered into a transaction that results in or is reasonably expected to result in a tax loss under §165 (other than from casualty or involuntary conversion) of at least \$10 million in any single taxable year or \$20 million in any combination of taxable years?

No \_\_\_\_\_ Yes \_\_\_\_\_

- b. \_\_\_\_\_ S corporations and all other Partnerships: Has the Company directly or indirectly entered into a transaction that results in or is reasonably expected to result in a tax loss under §165 (other than from casualty or involuntary conversion) of at least \$2 million in any single taxable year or \$4 million in any combination of taxable years?

No \_\_\_\_\_ Yes \_\_\_\_\_

- c. \_\_\_\_\_ Trusts: Has the Company directly or indirectly entered into a transaction that results in or is reasonably expected to result in a tax loss under §165 (other than from casualty or involuntary conversion) of at least \$2 million in any single taxable year (\$50,000 in any single year if the loss arises with respect to a §988 foreign currency transaction) or \$4 million in any combination of taxable years?

No \_\_\_\_\_ Yes \_\_\_\_\_

If you answered "yes" to any of the questions listed above, please describe in detail each item and/or transaction that lead to the "yes" response. Please be sure to include names of all promoters, advisors and other parties to any transaction, the tax years it affects, and the amount and tax effect expected each year.

Triad Guaranty, Inc., on behalf of  
itself and its affiliates listed in Appendix A

---

Your Signature

Title

Date

**Attachment A**

**Triad Guaranty, Inc. & Subsidiaries Tax Returns**

**Year Ended December 31, 2012**

**Triad Guaranty, Inc. and Subsidiaries**

- Form 1120 U.S. Corporation Income Tax Return
- Form IL-1120 Illinois Corporation Income and Replacement Tax Return
- Form BET-WE/NH – 1120-WE New Hampshire Combined Business Profits Tax Return

**Triad Guaranty, Inc.**

- Proforma Form 1120 U.S. Federal Income Tax Return
- Form CD-405 North Carolina Corporation Tax Return

**Triad Guaranty Insurance Corporation**

- Proforma Form 1120 U.S. Federal Income Tax Return
- Form CPT Alabama Business Privilege Tax Return Annual Report
- Form F-1120 Florida Corporation Income and Emergency Excise Tax Return
- Form CIFT-620 Louisiana Corporate Income and Franchise Tax Return
- Form 85-391 Mississippi Income Tax Return for Insurance Companies
- Form 1120N Nebraska Corporation Income Tax Return
- Form 20-INS Oregon Insurance Excise Tax Return

**Triad Guaranty Assurance Corporation**

- Proforma Form 1120 U.S. Federal Income Tax Return

**Exhibit 2**

**Parties in Interest**

Category	PIIL	No Connection	Prior Connection	Current Connection
Debtor	Triad Guaranty Inc.		x	x
Non Debtor Affiliate	Triad Guaranty Assurance Corporation		x	x
Non Debtor Affiliate	Triad Guaranty Insurance Corporation		x	x
Debtors Attorney	Brian O'Mara	x		
Debtors Attorney	Greenwald Davidson, PLLC	x		
Debtors Attorney	Kessler Topaz Meltzer and Check LLP	x		
Debtors Attorney	McDaniel & Anderson LLP	x		
Debtors Attorney	Morrison & Foerster LLP		x	
Debtors Attorney	Womble, Carlyle Sandridge & Rice LLP		x	
Debtors Other Professionals	Earl F. Wall	x		
Debtors Other Professionals	Kenneth W. Jones	x		
Debtors Other Professionals	Locke Lord LLP	x		
Debtors Officers/Directors	David Whitehurst	x		
Debtors Officers/Directors	Michael T. Anderson	x		
Debtors Officers/Directors	William T. Ratliff, III	x		
Debtors Major Shareholder	Collateral Holdings Ltd.	x		
Debtors Major Shareholder	Garrett Reese Meyers	x		
Debtors Major Shareholder	William T. Ratliff, III	x		
Debtors Directors Other Business Affiliation	Collateral Holdings Ltd.	x		
Debtors Officers Other Business Affiliations	Collateral Holdings Ltd.	x		
All Secured Lenders including DIP lender	National Bank of Commerce		x	
All Secured Lenders including DIP lender	Regions		x	x
Other Significant Parties-in-Interest Attorneys	Bell David & Pitt, P.A.	x		
Other Significant Parties-in-Interest Attorneys	Coughlin Stola Geller Rudman & Robbins LLP	x		
Other Significant Parties-in-Interest Attorneys	Paul Weiss Rifkind & Garrison LLP			
Other Significant Parties-in-Interest Attorneys	Quarles & Brady	x		
Other Significant Parties-in-Interest Material Litigation	AIG		x	x
Other Significant Parties-in-Interest Material Litigation	American Home Assurance Company		x	x
Other Significant Parties-in-Interest Material Litigation	American International Companies	x		
Other Significant Parties-in-Interest Material Litigation	American International Group, Inc.		x	x
Other Significant Parties-in-Interest Material Litigation	Andrew Boron	x		
Other Significant Parties-in-Interest Material Litigation	AON Financial Services Group	x		
Other Significant Parties-in-Interest Material Litigation	Aon Risk Services, Inc. of Colorado			x
Other Significant Parties-in-Interest Material Litigation	AON Risk Solutions	x		
Other Significant Parties-in-Interest Material Litigation	Arch Insurance Company	x		
Other Significant Parties-in-Interest Material Litigation	Arch Insurance Group	x		
Other Significant Parties-in-Interest Material Litigation	Buchbinder, David	x		
Other Significant Parties-in-Interest Material Litigation	Carey, Kevin J.	x		
Other Significant Parties-in-Interest Material Litigation	Chartis		x	x
Other Significant Parties-in-Interest Material Litigation	CNA Insurance Companies			
Other Significant Parties-in-Interest Material Litigation	Continental Casualty Company			
Other Significant Parties-in-Interest Material Litigation	DeAngelis, Roberta A.	x		
Other Significant Parties-in-Interest Material Litigation	Delaware Division of Revenue	x		
Other Significant Parties-in-Interest Material Litigation	Delaware Secretary of State	x		
Other Significant Parties-in-Interest Material Litigation	Dortch, Shakima L.	x		
Other Significant Parties-in-Interest Material Litigation	Fitzgerald, Judith K.	x		
Other Significant Parties-in-Interest Material Litigation	Giordano, Diane	x		
Other Significant Parties-in-Interest Material Litigation	Green, Christine	x		
Other Significant Parties-in-Interest Material Litigation	Gross, Kevin	x		
Other Significant Parties-in-Interest Material Litigation	Hackman, Benjamin	x		
Other Significant Parties-in-Interest Material Litigation	Heck, Jeffrey	x		
Other Significant Parties-in-Interest Material Litigation	Illinois Department of Insurance		x	
Other Significant Parties-in-Interest Material Litigation	Illinois Department of Revenue	x		



Category	PILL	No Connection	Prior Connection	Current Connection
Other Significant Parties-in-Interest Material Litigation	Internal Revenue Service	x		
Other Significant Parties-in-Interest Material Litigation	James L. Phillips	x		
Other Significant Parties-in-Interest Material Litigation	Kenneth W. Jones	x		
Other Significant Parties-in-Interest Material Litigation	Kenney, Mark	x		
Other Significant Parties-in-Interest Material Litigation	Klauder, David	x		
Other Significant Parties-in-Interest Material Litigation	Leamy, Jane	x		
Other Significant Parties-in-Interest Material Litigation	Mark K. Tonnesen	x		
Other Significant Parties-in-Interest Material Litigation	Murray, Tony	x		
Other Significant Parties-in-Interest Material Litigation	National Union Fire Insurance Company of Pittsburgh PA	x		
Other Significant Parties-in-Interest Material Litigation	O'Malley, James R.	x		
Other Significant Parties-in-Interest Material Litigation	O'Neal, Lauren	x		
Other Significant Parties-in-Interest Material Litigation	Panacio, Michael	x		
Other Significant Parties-in-Interest Material Litigation	Patton, Tiiara	x		
Other Significant Parties-in-Interest Material Litigation	Paul A. Miller	x		
Other Significant Parties-in-Interest Material Litigation	Sarkessian, Juliet	x		
Other Significant Parties-in-Interest Material Litigation	Schepacarter, Richard	x		
Other Significant Parties-in-Interest Material Litigation	Securities & Exchange Commission	x		
Other Significant Parties-in-Interest Material Litigation	Shannon, Brendan L.	x		
Other Significant Parties-in-Interest Material Litigation	Sontchi, Christopher S.	x		
Other Significant Parties-in-Interest Material Litigation	Tinker, T. Patrick	x		
Other Significant Parties-in-Interest Material Litigation	Vinson, Ramona	x		
Other Significant Parties-in-Interest Material Litigation	Walrath, Mary F.	x		
Other Significant Parties-in-Interest Material Litigation	Walsh, Peter J.	x		
Other Significant Parties-in-Interest Material Litigation	West, Michael	x		
Other Significant Parties-in-Interest Material Litigation	Western Pennsylvania Electrical Employees Pension Fund	x		
Other Significant Parties-in-Interest Material Litigation	Wynn, Dion	x		
Other Significant Parties-in-Interest Material Litigation	X.L. America, Inc.	x		
Other Significant Parties-in-Interest Material Litigation	XL America Companies	x		
Other Significant Parties-in-Interest Material Litigation	XL Professional Insurance Company	x		
Other Significant Parties-in-Interest Material Litigation	XL Specialty Insurance Company	x		
Largest Unsecured Creditors	Thomson Financial			x

**Exhibit 3**

**Professionals**

1. Womble Carlyle Sandridge & Rice LLP: Has provided services in the past.
2. Bell David & Pitt: Has provided services in the past.
3. Morrison & Foerster LLP: Has provided services in the past and is presently providing services.
4. Quarles & Brady: Has provided services in the past and is presently providing services.
5. Coughlin Stoia Geller Rudman & Robbins LLP: Has provided services in the past.

**Exhibit 4**

**Litigation Parties**

1. American International Group, Inc.; AIG Global Real Estate Pacific, Inc.; AIG Global Real Estate Investment Corp.; AIG Investment Corporation; AIG Capital Corporation; AIG Global Asset Management Holdings Corp.: are co-defendants with, among others, EY LLP, in an action pending in the Superior Court of the State of Delaware in and for New Castle County (Case. No. N10C-10-013).