

EXHIBIT B

knowledge of the matters set forth herein.³

Qualifications of Professionals

2. KPMG is a firm of independent public accountants as defined under the Code of Professional Conduct of the American Institute of Certified Public Accountants.

3. The Debtor has selected KPMG as its tax compliance and tax consulting services provider because of the firm's diverse experience and extensive knowledge in the fields of accounting, taxation, and operational controls for large sophisticated companies both in chapter 11 as well as outside of chapter 11.

Services to be Rendered

4. Subject to approval of the Application, pursuant to an engagement letter between KPMG and the Debtor (the "Engagement Letter"), attached to the Application as Exhibit C, KPMG will provide tax compliance and tax consulting services as KPMG and the Debtor shall deem appropriate and feasible in order to advise the Debtor in the course of this case, including, but not limited to the following.

Tax Compliance and Tax Consulting Services

- i. Prepare federal and state income tax returns beginning with the taxable year 2012;
- ii. Perform preliminary engagement planning activities related to the tax returns for the immediately succeeding tax year;
- iii. If requested by Debtor, review the statutory annual statements of the Debtor Group, the draft return prepared to date by Ernst & Young, and other information that KPMG may request;
- iv. If requested by Debtor, discuss with Debtor the alternative treatments of the unpaid claims for U.S. federal income tax purposes;
- v. Document our conclusions in written tax advice if requested by Debtor;

³ Certain of the disclosures herein relate to matters within the knowledge of other professionals at KPMG.

vi. If requested by Debtor, review and analyze section 382 issues, monitor changes in ownership for purposes of section 382 and analyze any potential worthless stock deduction(s);

vii. If requested by Debtor, advise on strategic and/or financing transactions, including debtor-in-possession financing proposals and facilities and proposals from plan sponsors or other investors;

viii. Routine tax advice concerning the federal, state, local, and foreign tax matters related to the preparation of the prior year's federal, state, local, and foreign tax returns;

ix. Routine tax advice concerning the federal, state, local, and foreign tax matters related to the computation of Debtor's taxable income for the current year or future years; and

x. Routine dealings with a federal, state, local, or foreign tax authority (e.g., responding to automated interest and penalty notices, preparing tax computations based upon the taxpayer's concession or settlement of an issue with the relevant tax authority).

5. In addition to the foregoing, KPMG will provide such other consulting, advice, research, planning, and analysis regarding tax compliance and tax consulting services as may be necessary, desirable or requested from time to time.⁴

6. Subject to this Court's approval of the Application, KPMG is willing to serve as the Debtor's tax compliance and tax consulting providers and to perform the services described above.

Disinterestedness of Professionals

7. Based upon information supplied by Debtor's counsel, KPMG searched its client

⁴ Although, by this Application, the Debtors are seeking to retain KPMG to provide such other consulting, advice, research, planning, analysis regarding tax compliance and tax consulting services as may be necessary, desirable or requested from time to time, internal KPMG procedures require that KPMG enter into additional engagement letters for additional work under certain circumstances. To the extent the Debtors request additional services not covered by the Engagement Letter, KPMG and the Debtors may enter into additional engagement letters, as is necessary, and file, for disclosure purposes, such additional engagement letters with the Court. Unless required by the Court, the Debtors and KPMG do not intend to seek separate retention orders with regard to any additional engagement letters. Instead, any additional engagement letters will be filed with the Court and served on the applicable notice parties, absent any objections filed within ten (10) days after the filing and service of such supplemental declarations or affidavits, KPMG's employment shall continue as authorized pursuant to the Proposed Order.

database from May 2, 2005 and forward to identify any connection or relationship with the parties listed on Schedule “1,” attached hereto and incorporated herein, which lists the following categories:

- a. Current and Recent Former Entities Affiliated with the Debtor;
 - b. Current and Recent Former Directors and Officers of the Debtor;
 - c. Banks;
 - d. Government Entities;
 - e. Insurers;
 - f. Landlords;
 - g. Litigation Parties;
 - h. Professionals;
 - i. Taxing Authorities;
 - j. United States Trustee and Court Personnel for the District of Delaware;
 - k. Contract Counterparties; and
 - l. Creditors.
8. KPMG’s review consisted of queries of an internal computer database containing

names of individuals and entities that are present or recent and former clients of KPMG in order to identify potential relationships.⁵ This database includes engagement activity or potential engagement activity from May 2, 2005 forward. A summary of those current potential

⁵ As set forth in paragraph 14, KPMG is the United States member firm of KPMG International, a Swiss cooperative of independent member firms. While KPMG is a separate and distinct legal entity from all other member firms of KPMG International, in an attempt to identify conflicts among or between KPMG International member firms, KPMG International has a global conflict internal computer database related to the engagement activity or potential engagement activity of a majority of such member firms since May 2, 2005 that allows KPMG International member firms to identify potential conflicts between other KPMG International member firms. Financial information pertaining to engagement activity is the proprietary and confidential information of each individual member firm and KPMG does not have any legal right to access, or if accessed, disclose, such information relating to other KPMG International member firms.

relationships that KPMG was able to identify using its reasonable efforts is reflected in Schedule “2” attached hereto.⁶ On an ongoing basis, KPMG will conduct further reviews of its professional contacts as it becomes aware of new parties of interest, as is stated below. To the best of my knowledge and based upon the results of the relationship search described above and disclosed herein, KPMG neither holds nor represents an interest adverse to the Debtor’s estate that would impair KPMG’s ability to objectively perform professional services for the Debtor, in accordance with section 327 of the Bankruptcy Code.

9. To the best of my knowledge, KPMG is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that, KPMG:

- a. is not a creditor, an equity security holder, or an insider of the Debtor;
- b. is not and was not, within two years before the date of filing of this chapter 11 case, a director, officer, or employee of the Debtor; and
- c. does not have an interest materially adverse to the interest of the Debtor’s estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor or for any other reason.

10. As of the date the Debtor filed for bankruptcy protection, KPMG was not a “creditor” of the Debtor within the meaning of section 101(10) of the Bankruptcy Code.

11. To the best of my knowledge, except as set forth herein and in Schedule “2” attached hereto and incorporated herein by reference, (a) KPMG has no connections with the

⁶ Schedule “2” contains a list of the relationships or potential relationships of all KPMG International member firms (as opposed to solely KPMG) and one or more of the parties set forth on the conflicts checklist.

creditors, any other party-in-interest, or their respective attorneys and accountants; and (b) the KPMG partners and professionals working on this matter are not relatives of and have no known connection with the United States Trustee of the District of Delaware or of any known employee in the office thereof, or any United States Bankruptcy Judge of the District of Delaware.

12. KPMG has in the past been retained by, and presently provides and likely in the future will provide services for, certain creditors of the Debtor, other parties-in-interest and their respective attorneys and accountants in matters unrelated to such parties' claims against the Debtor or interests in this chapter 11 case. KPMG currently performs, has previously performed or may have performed such services for the entities listed in Schedule "2," however, except as disclosed herein, such services, to the extent performed by KPMG, are unrelated to the Debtor or this chapter 11 case.

13. KPMG has not provided, and will not provide, any professional services to any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to this chapter 11 case.

14. KPMG is the United States member firm of KPMG International, a Swiss cooperative of member firms, each a separate legal entity, located worldwide. Only KPMG is being retained in this matter. KPMG cannot assure that an engagement will not be accepted by a foreign member firm of KPMG International for another party that may bear upon KPMG's engagement by the Debtor. However, to the extent KPMG is aware of such engagement and believes such engagement may bear upon KPMG's engagement by the Debtor, KPMG will file a supplemental declaration with the Bankruptcy Court.

15. As part of its practice, KPMG appears in many cases, proceedings, and transactions involving many different law firms, financial consultants, and investment bankers in

matters unrelated to this chapter 11 case. KPMG has not identified any material relationships or connections with any law firm, financial consultant or investment banker involved in this chapter 11 case that would cause it to be adverse to the Debtor, the Debtor's estate, any creditor or any other party-in-interest. If and when additional information becomes available with respect to any other relationships which may exist between KPMG, foreign member firms of KPMG International, or their partners and professionals and the Debtor, creditors, or any other parties in interest which may affect this case, supplemental declarations describing such information shall be filed with this Court.

Professional Compensation

16. KPMG's requested compensation for professional services rendered to the Debtor will be based upon the hours actually expended by each assigned staff member at each staff member's hourly billing rate. In the normal course of KPMG's business, the hourly rates are subject to periodic increase. To the extent such hourly rates are increased, KPMG requests that, with respect to the work to be performed after such increase, the rates listed below be amended to reflect the increase. The Debtor has agreed to compensate KPMG for professional services rendered at its normal and customary hourly rates, subject to the reductions discussed below.

17. The majority of fees to be charged for tax consulting services reflect a reduction of approximately 45% - 50% from KPMG's normal and customary rates, depending on the types of services to be rendered.⁷ The hourly rates for tax consulting services to be rendered by KPMG and applicable herein are as follows:

⁷ If in connection with any subsequent engagement letters, KPMG is retained to perform additional services at different rates, such rates will be disclosed in connection with the relevant engagement letters. As stated above, KPMG and the Debtor do not intend to seek separate retention orders with regard to any such engagement letters.

Tax Consulting Services	Discounted Rate
Partners	\$650
Directors	\$550
Senior Managers	\$500
Managers	\$400
Senior Associates	\$275
Associates	\$225

18. The majority of fees to be charged for tax compliance services reflect a reduction of approximately 50% - 55% from KPMG's normal and customary rates, depending on the types of services to be rendered. The hourly rates for tax compliance services to be rendered by KPMG and applicable herein are as follows:

Tax Compliance Services	Discounted Rate
Partners	\$500
Directors	\$450
Senior Managers	\$400
Managers	350
Senior Associates	\$250
Associates	\$200

The fees for tax compliance services relating to the U.S. Federal income tax return will be the lesser of 1) actual time incurred to complete the work at the hourly rates for the individuals involved in providing the services detailed in the chart above; or 2) \$50,000.

19. KPMG also will seek reimbursement for reasonable necessary expenses incurred,

which shall include meals, lodging, travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

20. KPMG intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of this Court. KPMG has agreed to accept as compensation such sums as may be allowed by the Court and understands that interim and final fee awards are subject to approval by the Court.

21. KPMG has agreed to modify the Engagement Letter, including the Standard Terms and Conditions attached thereto, during the course of this chapter 11 case as set forth in the proposed order attached to the Application as Exhibit A.

22. The Debtor does not owe KPMG any amounts for professional services rendered prior to the Petition Date.

23. No commitments have been made or received by KPMG with respect to compensation or payment in connection with this case other than in accordance with the provisions of the Bankruptcy Code, and there is no agreement or understanding between KPMG and any other entity, other than a member, partner or regular associate of KPMG, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

24. This declaration is provided in accordance with sections 327 and 328 of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Rule 2014-1.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 23rd day of October, 2013.



Craig L. Pichette
KPMG LLP
200 E. Randolph Street
Suite 5500
Chicago, IL 60601-6436

SCHEDULE 1 INTERESTED PARTIES LIST

List of Schedules

<u>Schedule</u>	<u>Category</u>
1(a)	Current and Recent Former Entities Affiliated with the Debtor
1(b)	Current and Recent Former Directors and Officers of the Debtor
1(c)	Banks
1(d)	Government Entities
1(e)	Insurers
1(f)	Landlords
1(g)	Litigation Parties
1(h)	Professionals
1(i)	Taxing Authorities
1(j)	United States Trustee and Court Personnel for the District of Delaware
1(k)	Contract Counterparties
1(l)	Creditors

SCHEDULE 1
INTERESTED PARTIES LIST

SCHEDULE 1(a)

Current and Recent Former Entities Affiliated with the Debtor

Triad Guaranty Inc.
Triad Guaranty Insurance Corporation
Triad Guaranty Assurance Corporation

SCHEDULE 1(b)

Current and Recent Former Directors and Officers of the Debtor

William T. Ratliff, III
David Whitehurst
Kenneth W. Jones
Kenneth S. Dwyer
Shirley A. Gaddy
Earl F. Wall
H. Lee Durham
Michael Anderson
Mark K. Tonnesen

SCHEDULE 1(c)

Banks

National Bank of Commerce
Regions Bank

SCHEDULE 1(d)

Government Entities

Illinois Department of Insurance
Illinois Office of the Special Deputy Receiver
Securities & Exchange Commission

SCHEDULE 1(e)

Insurers

Aon Risk Services, Inc. of Colorado
National Union Fire Insurance Company of Pittsburgh PA
XL Specialty Insurance Company
XL Professional Insurance Company
AIG
American Home Assurance Company
American International Companies
American Internations Group, Inc.

SCHEDULE 1
INTERESTED PARTIES LIST

Aon Financial Services Group
Aon Risk Solutions
Arch Insurance Company
Arch Insurance Group
Chartis
CAN Insurance Companies
Continental Casualty Company
XL American Companies
XL America, Inc.

SCHEDULE 1(f)

Landlords

Collateral Holdings Ltd.

SCHEDULE 1(g)

Litigation Parties

Plaintiffs:

James L. Phillips
Western Pennsylvania Electrical Employees Pension Fund

Co-Defendants:

Mark K. Tonnesen
Kenneth W. Jones
Andrew Boron, Director of Insurance of the State of Illinois

SCHEDULE 1(h)

Professionals

Morrison & Foerster LLP
Locke Lord LLP
Paul Weiss Rifkind & Garrison LLP
Bell Davis & Pitt
Brian O'Mara
Coughlin Stoia Geller Rudman & Robbins LLP
Greenwald Davidson, PLLC
Kessler Topaz Meltzer and Check LLP
McDaniel & Anderson LLP
Drinker Biddle & Reath LLP
Quarles & Brady LLP

SCHEDULE 1
INTERESTED PARTIES LIST

Kubasiak, Fylstra, Thorpe & Rotunno, P.C.

SCHEDULE 1(i)
Taxing Authorities

Delaware Secretary of State
Delaware Division of Revenue
Illinois Department of Revenue
Internal Revenue Service
North Carolina Department of Revenue
Alabama Department of Revenue

SCHEDULE 1(j)
United States Trustee and Court Personnel for the District of Delaware

Buchbinder, David
Carey, Kevin J.
DeAngelis, Roberta A.
Dortch, Shakima L.
Giordano, Diane
Green, Christine
Gross, Kevin
Hackman, Benjamin
Heck, Jeffrey
Kenney, Mark
Leamy, Jane
Murray, Tony
O'Malley, James R.
O'Neal, Lauren
Panacio, Michael
Patton, Tiara
Sarkessian, Juliet
Schepacarter, Richard
Shannon, Brendan L.
Sontchi, Christopher S.
Tinker, T. Patrick
Vinson, Ramona
Walrath, Mary F.
Walsh, Peter J.
West, Michael
Wynn, Dion

SCHEDULE 1
INTERESTED PARTIES LIST

SCHEDULE 1(k)

Contract Counterparties

Essent Guaranty Inc.

SCHEDULE 1(l)

Creditors

Conning, Inc.

Thompson Financial

SCHEDULE 2
KPMG RELATIONSHIPS

List of Schedules

<u>Schedule</u>	<u>Category</u>
1(a)	Current and Recent Former Entities Affiliated with the Debtor
1(b)	Current and Recent Former Directors and Officers of the Debtor
1(c)	Banks
1(d)	Government Entities
1(e)	Insurers
1(f)	Landlords
1(g)	Litigation Parties
1(h)	Professionals
1(i)	Taxing Authorities
1(j)	United States Trustee and Court Personnel for the District of Delaware
1(k)	Contract Counterparties
1(l)	Creditors

SCHEDULE 2
KPMG RELATIONSHIPS

SCHEDULE 1(a)

Current and Recent Former Entities Affiliated with the Debtor

Triad Guaranty Inc.
Triad Guaranty Insurance Corporation
Triad Guaranty Assurance Corporation

SCHEDULE 1(b)

Current and Recent Former Directors and Officers of the Debtor

William T. Ratliff, III
David Whitehurst
Kenneth W. Jones
Kenneth S. Dwyer
Earl F. Wall
H. Lee Durham
Michael Anderson
Mark K. Tonnesen

SCHEDULE 1(c)

Banks

National Bank of Commerce
Regions Bank

SCHEDULE 1(d)

Government Entities

Illinois Department of Insurance
Illinois Office of the Special Deputy Receiver
Securities & Exchange Commission

SCHEDULE 1(e)

Insurers

Aon Risk Services, Inc. of Colorado
National Union Fire Insurance Company of Pittsburgh PA
XL Specialty Insurance Company
XL Professional Insurance Company
AIG
American Home Assurance Company
American International Companies
American Internations Group, Inc.
Aon Financial Services Group

SCHEDULE 2
KPMG RELATIONSHIPS

Aon Risk Solutions
Arch Insurance Company
Arch Insurance Group
Chartis
Continental Casualty Company
XL American Companies
XL America, Inc.

SCHEDULE 1(f)

Landlords

Collateral Holdings Ltd.

SCHEDULE 1(g)

Litigation Parties

Plaintiffs:

n/a

Co-Defendants:

Mark K. Tonnesen
Kenneth W. Jones

SCHEDULE 1(h)

Professionals

Morrison & Foerster LLP
Locke Lord LLP
Paul Weiss Rifkind & Garrison LLP
Bell Davis & Pitt
Coughlin Stoia Geller Rudman & Robbins LLP
Kessler Topaz Meltzer and Check LLP
Drinker Biddle & Reath LLP
Quarles & Brady LLP

SCHEDULE 1(i)

Taxing Authorities

Delaware Secretary of State

SCHEDULE 2
KPMG RELATIONSHIPS

Delaware Division of Revenue
Illinois Department of Revenue
Internal Revenue Service
North Carolina Department of Revenue
Alabama Department of Revenue

SCHEDULE 1(j)

United States Trustee and Court Personnel for the District of Delaware

n/a

SCHEDULE 1(k)

Contract Counterparties

Essent Guaranty Inc.

SCHEDULE 1(l)

Creditors

Conning, Inc.
Thompson Financial