

CDS MONOLINE SUPPLEMENT AGREEMENT

This CDS Monoline Supplement Agreement (the "**Agreement**") is entered into on [●] between the entities specified in Schedule 1 hereto (each, a "**Party**").

WHEREAS the Parties hereto wish to ensure that either the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (published on May 9, 2003) (the "**2003 Monoline Provisions**") or the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (published on January 21, 2005) (the "**2005 Monoline Supplement**"), as the case may be, are incorporated in the confirmations documenting the Covered Transactions (as defined below) by agreeing that all such Covered Transactions shall be subject to either the 2003 Monoline Provisions or the 2005 Monoline Supplement, as the case may be.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Interpretation

As used in this Agreement, "**Confirmation**" and "**Credit Support Document**" each has the meaning given that term in the related Governing Master Agreement and "**Credit Derivative Transaction**" has the meaning given that term in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, each as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (the "**2003 Definitions**") or any credit derivative transaction that incorporates the 1999 Credit Derivatives Definitions, as published by ISDA (the "**1999 Definitions**"). Each other capitalized term used in this Agreement but not defined herein has the meaning given that term in the related Documentation (as defined below), as applicable.

1.2 Definitions

"**Affected CDX Index**" means each of the indices published by CDS IndexCo LLC containing a Monoline Reference Entity, if any.

"**Bespoke Portfolio Transaction**" means any Bespoke Untranching Portfolio Transaction and any Bespoke Tranching Portfolio Transaction.

"**Bespoke Tranching Portfolio Transaction**" means a tranching Credit Derivative Transaction that relates to more than one Reference Entity but which is not a Covered Index Transaction and is not any type of Covered Non-Index Transaction other than a Bespoke Portfolio Transaction.

"**Bespoke Untranching Portfolio Transaction**" means an untranching Credit Derivative Transaction that relates to more than one Reference Entity but which is not a Covered Index Transaction and is not any type of Covered Non-Index Transaction other than a Bespoke Portfolio Transaction.

"**Business Day**" means, for purposes of this Agreement, a day on which commercial banks and foreign exchange markets are generally open to settle payment in New York.

"**Constant Maturity Swap Transaction**" means any Portfolio Constant Maturity Swap Transaction and any Single Name Constant Maturity Swap Transaction.

"Covered CDX Tranched Transaction" means a tranched Credit Derivative Transaction that relates to an Affected CDX Index and is governed by relevant Index Documentation.

"Covered CDX Untranched Transaction" means a Credit Derivative Transaction that is not a Covered CDX Tranched Transaction but relates to an Affected CDX Index and is governed by relevant Index Documentation.

"Covered Index Transaction" means Covered CDX Untranched Transaction or Covered CDX Tranched Transaction for which:

- (a) the Trade Date is on or after May 9, 2003 and before the date of this Agreement;
- (b) none of the 2003 Monoline Provisions, the 2005 Monoline Supplement nor any provisions analogous thereto has already been incorporated to apply to each of the Monoline Reference Entities to which such Credit Derivative Transaction is linked; and
- (c) the portion thereof attributable to a Monoline Reference Entity is still outstanding as of the date of this Agreement.

"Covered Non-Index Transaction" means any Credit Derivative Transaction that (i) is not a Covered Index Transaction, (ii) is not an Excluded Non-Index Transaction, (iii) is a Single Name CDS Transaction, a Constant Maturity Swap Transaction, a Principal Only Transaction, an Interest Only Transaction, a First to Default Transaction, an Nth to Default Transaction, a Recovery Lock Transaction, a Bespoke Portfolio Transaction, a Single-Name Swaption or a Portfolio Swaption and (iv) for which:

- (a) the Trade Date is on or after May 9, 2003 and before the date of this Agreement;
- (b) none of the 2003 Monoline Provisions, the 2005 Monoline Supplement nor any provisions analogous thereto has already been incorporated to apply to each of the Monoline Reference Entities to which such Credit Derivative Transaction is linked (or the relevant Documentation does incorporate either the 2003 Monoline Provisions, the 2005 Monoline Supplement or provisions analogous thereto, but a Reference Entity has inadvertently not been identified as a Monoline Reference Entity);
- (c) A Monoline Reference Entity is specified as a Reference Entity in the relevant Documentation; and
- (d) the portion thereof attributable to a Monoline Reference Entity is still outstanding as of the date of this Agreement.

"Covered Transaction" means a Covered Index Transaction or a Covered Non-Index Transaction, as applicable.

"Documentation" means Index Documentation or Non-Index Documentation, as applicable.

"Excluded Non-Index Transaction" means (a) any Bespoke Portfolio Transaction that relates to a portfolio of Reference Entities that is also the relevant portfolio for any series of credit-linked notes, trust certificates or other similar securities and for which the parties thereto expressly provide in the relevant Documentation for settlement to be consistent with the settlement terms applicable to such securities, and (b) Reference Obligation Only Transactions.

"First to Default Transaction" means a Credit Derivative Transaction linked to more than one Reference Entity pursuant to which Cash Settlement Amounts or Physical Settlement Amounts will only be paid to Buyer after the Conditions to Settlement have been satisfied for the first time in respect of any of the relevant Reference Entities.

"Governing ISDA Master Agreement" means, in respect of a Covered Transaction, a Governing Master Agreement in the form of an ISDA Master Agreement.

"Governing Master Agreement" means, in respect of a Covered Transaction, the master agreement governing such Covered Transaction, whether executed by the parties thereto or incorporated by reference in the Confirmation relating to such Covered Transaction.

"Index Documentation" means the Governing Master Agreement and (i) in the case of a Covered CDX Untranchured Transaction, a confirmation or master confirmation based on the form published by CDS IndexCo LLC in October 2003, September 2004 or March 2007, with such modifications to which the parties thereto have agreed or (ii) in the case of a Covered CDX Tranchured Transaction, a confirmation and/or master confirmation (including a confirmation or master confirmation incorporating the standard terms) based on the form published by CDS IndexCo LLC in July 2004, March 2005, June 2005, March 2006 or March 2007, with such modifications to which the parties thereto have agreed.

"Interest Only Transaction" means a Credit Derivative Transaction linked to more than one Reference Entity under which the Seller pays to the Buyer either (a) an upfront amount or (b) a floating interest rate, neither party pays Cash Settlement Amounts during the term of the Transaction and the Buyer pays Fixed Amounts to the Seller during the term of the Transaction (which amounts are reduced due to Credit Events).

"Monoline Reference Entity" means each of the entities specified in Schedule 2 hereto and any Successors with respect thereto.

"Non-Index Documentation" means the Governing Master Agreement and a confirmation or master confirmation, as applicable, relating to a Covered Non-Index Transaction.

"Nth to Default Transaction" means a Credit Derivative Transaction linked to more than one Reference Entity pursuant to which Cash Settlement Amounts or Physical Settlement Amounts will only be paid to Buyer after the occurrence of Credit Events in respect of a specified number of Reference Entities.

"Portfolio Constant Maturity Swap Transaction" means a Credit Derivative Transaction linked to a portfolio of Reference Entities in respect of which the Fixed Rate is reset at the end of each Fixed Rate Payer Calculation Period to the then-current market rate for the relevant Credit Derivative Transaction.

"Portfolio Swaption" means any unexercised option to enter into a Covered Transaction (other than another Portfolio Swaption) referencing more than one Reference Entity.

"Principal Only Transaction" means a Credit Derivative Transaction linked to more than one Reference Entity under which the Seller pays an upfront amount to the Buyer, neither party pays any Fixed Amounts or Cash Settlement Amounts during the term of the Transaction and, upon termination of the Transaction, the Buyer pays to Seller the notional amount of the transaction, minus aggregate Cash Settlement Amounts.

"Recovery Lock Transaction" means a Credit Derivative Transaction in respect of which the Reference Price is specified in the relevant Documentation as a price less than 100 per cent and for which either Buyer or Seller can deliver a Notice of Physical Settlement.

"Reference Obligation Only Transaction" means a Credit Derivative Transaction in respect of which "Reference Obligation Only" is specified as the Deliverable Obligation Category.

"**Single Name CDS Transaction**" means a Credit Derivative Transaction linked to not more than one Reference Entity that is not a Single Name Constant Maturity Swap Transaction.

"**Single Name Constant Maturity Swap Transaction**" means a Credit Derivative Transaction linked to not more than one Reference Entity for which the Fixed Rate is reset at the end of each Fixed Rate Payer Calculation Period to the then-current market rate for the relevant Credit Derivative Transaction.

"**Single-Name Swaption**" means any unexercised option to enter into a Covered Transaction (other than another Single Name Swaption) referencing not more than one Reference Entity.

2. AGREEMENT EFFECTIVE DATE

The Parties hereby agree that the agreements set forth in Section 3 of this Agreement will be deemed to take effect from [●].

3. AGREEMENT

3.1 With respect to Covered Transactions with a Trade Date on or after May 9, 2003 and before January 21, 2005, such Covered Transactions shall be subject to the terms of the 2003 Monoline Provisions and the terms of the 2003 Monoline Provisions shall apply to each of the Monoline Reference Entities to which such Credit Derivative Transaction is linked.

3.2 With respect to Covered Transactions with a Trade Date on or after January 21, 2005 and before the date of this Agreement, such Covered Transactions shall be subject to the terms of the 2005 Monoline Supplement and the terms of the 2005 Monoline Supplement shall apply to each of the Monoline Reference Entities to which such Credit Derivative Transaction is linked.

3.3 With respect to Covered Transactions for which Cash Settlement is the Settlement Method, references to Physical Settlement throughout the 2003 Monoline Provisions or the 2005 Monoline Supplement, as the case may be, are not intended to change the Settlement Method of such Covered Transactions.

4. REPRESENTATIONS

Each Party represents (which representations will each be deemed to be a representation for purposes of Section 5(a)(iv) of the Governing ISDA Master Agreement or any similar provision of any other Governing Master Agreement, as the case may be) to each other Party with which it had any Covered Transaction outstanding on the date of this Agreement, in respect of each Covered Transaction between them, that:

4.1 **Status.** It (a) is, if relevant, duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing or (b) if it otherwise represents its status in or pursuant to the Governing Master Agreement, has such status.

4.2 **Powers.** It has the power to execute and deliver this Agreement and to perform its obligations under this Agreement and each Covered Transaction, in each case as amended

by this Agreement, and has taken all necessary action to authorize such execution, delivery and performance.

- 4.3 **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
- 4.4 **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement and each Covered Transaction, in each case as amended by this Agreement, have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- 4.5 **Obligations Binding.** Its obligations under this Agreement and each Covered Transaction, in each case as amended by this Agreement, constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).
- 4.6 **Credit Support.** This Agreement will not, in and of itself, adversely affect any obligations owed, whether by a Party or by any third party, under any Credit Support Document relating to a Covered Transaction.

5. MISCELLANEOUS

- 5.1 **Entire Agreement.** Notwithstanding Section 9(a) of the Governing ISDA Master Agreement or any similar provision of any other Governing Master Agreement, this Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter.
- 5.2 **Non-reliance.** Each Party acknowledges that in agreeing to this Agreement it has not relied on any oral or written representation, warranty or other assurance and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a Party for fraud.
- 5.3 **No Waiver.** Except as explicitly stated in this Agreement, nothing herein shall constitute a waiver or release of any rights of any Party under the relevant documentation for the relevant Covered Transaction.
- 5.4 **Amendments.** An amendment, modification or waiver in respect of the matters contemplated by this Agreement will only be effective if made in accordance with the terms of the Governing Master Agreement and then only with effect between the parties to that Governing Master Agreement (and will only be effective to amend or override the provisions contained in Section 3 hereof if it expressly refers in writing to this Section 5.4 of this Agreement and would otherwise be effective in accordance with Section 9(b) of the Governing ISDA Master Agreement or any similar provision of any other Governing Master Agreement, as the case may be).
- 5.5 **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

- 5.6 **Governing Law.** This Agreement will, as between two Parties and in respect of each Covered Transaction between them, be governed by and construed in accordance with the law specified to govern that Covered Transaction and otherwise in accordance with applicable choice of law doctrine.
- 5.7 **Counterparts.** This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in any number of counterparts (including by facsimile transmission) and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS whereof the Parties have executed this Agreement on [●].

SCHEDULE 1

The following entities are Parties to this Agreement:

SCHEDULE 2

The following entities are Monoline Reference Entities:

ACA Financial Guaranty Corporation
Ambac Assurance Corporation
Assured Guaranty Corp.
CDC IXIS Financial Guaranty North America, Inc.
Financial Guaranty Insurance Company (FGIC)
Financial Security Assurance Inc. (FSA)
MBIA Insurance Corporation
Radian Asset Assurance Inc.
XL Capital Assurance Inc.

For and on behalf of

[Full legal name of signatory]

By:

