



ANNUAL STATEMENT

As of December 31, 2011
of the Condition and Affairs of the

Ambac Assurance Corporation

NAIC Group Code 1248, 1248 NAIC Company Code 18708 Employer's ID Number 39-1135174
(Current Period) (Prior Period)
Organized under the Laws of Wisconsin State of Domicile or Port of Entry Wisconsin Country of Domicile United States of America
Incorporated/Organized February 25, 1970 Commenced Business March 16, 1970
Statutory Home Office c/o Dewitt Ross & Stevens S.C., 2 East Mifflin Street, Suite 600 Madison, WI 53703
(Street and Number) (City or Town, State and Zip Code)
Main Administrative Office One State Street Plaza New York, NY 10004 212-668-0340
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)
Mail Address One State Street Plaza New York, NY 10004
(Street and Number or P. O. Box) (City or Town, State and Zip Code)
Primary Location of Books and Records One State Street Plaza New York, NY 10004 212-668-0340
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)
Internet Website Address http://www.ambac.com
Statutory Statement Contact Stephen Michael Ksenak 212-668-0340
(Name) (Area Code) (Telephone Number) (Extension)
SKsenak@ambac.com 212-208-3558
(E-Mail Address) (Fax Number)
Policyowner Relations Contact Stephen Michael Ksenak One State Street Plaza
(Name) (Street and Number)
New York, NY 10004 212-668-0340
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
1. Diana Newman Adams #	President & Chief Executive Officer	2. Stephen Michael Ksenak #	Senior Managing Director & General Counsel
3. David Trick	Senior Managing Director, Chief Financial Officer & Treasurer	4. Robert Bryan Eisman	Senior Managing Director & Chief Accounting Officer
5. David Peter Barranco #	Senior Managing Director	6. Iain Hay Bruce #	Senior Managing Director
7. Cathleen Jean Matanle #	Senior Managing Director	8. Michael Francis Reilly #	Senior Managing Director
9. Ronit Vera Fischer #	First Vice President & Secretary		

DIRECTORS OR TRUSTEES

Michael Anthony Callen	Henry Daniel George Wallace	Philip Nicholas Duff	Thomas Charles Theobald
Laura Simone Unger	Diane Beth Glossman	Gary Hilton Stern	Diana Newman Adams #
Thomas Peter Gybel			

State of New York
County of New York

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.


(Signature)

Diana Newman Adams #

1. (Printed Name)

President (President & Chief Executive Officer)

(Title)


(Signature)

Ronit Vera Fischer #

2. (Printed Name)

Secretary (First Vice President)

(Title)


(Signature)

Robert Bryan Eisman

3. (Printed Name)

Senior Managing Director & Chief Accounting Officer

(Title)

Subscribed and sworn to before me

This 29th day of February, 2012

a. Is this an original filing? Yes [X] No []

b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

JAMILAH T. COLES
Notary Public, State of New York
No. 01CO6169406
Qualified in Kings County
Commission Expires June 25, 2015

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	4,359,062,166		4,359,062,166	4,479,203,394
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	197,485,463	158,274	197,327,189	176,149,336
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....1,245,770, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....661,376,974, Sch. DA).....	662,622,744		662,622,744	512,619,523
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	154,297,163	4,153,318	150,143,845	8,143,728
9. Receivables for securities.....	127,432,547	113,491,679	13,940,868	15,968,902
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	470,599,000	0	470,599,000	750,899,000
12. Subtotals, cash and invested assets (Lines 1 to 11).....	5,971,499,083	117,803,271	5,853,695,812	5,942,983,883
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	40,794,327		40,794,327	40,839,098
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	267,282	135,473	131,809	218,306
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	7,796,479	7,030	7,789,449	13,288,358
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,574,927		1,574,927	6,845,304
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	14,746		14,746	23,642
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	1,172,365	1,172,365	0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	8,900,925	8,900,925	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	1,003,482		1,003,482	1,025,013
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	4,144,007	4,144,007	0	94,623
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,037,167,623	132,163,071	5,905,004,552	6,005,318,227
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	1,708,069,658		1,708,069,658	1,934,716,408
28. TOTALS (Lines 26 and 27).....	7,745,237,281	132,163,071	7,613,074,210	7,940,034,635

DETAILS OF WRITE-INS

1101. Inter-company loans with affiliates.....	245,075,000		245,075,000	511,299,000
1102. Secured Inter-company loans with affiliates.....	225,524,000		225,524,000	239,600,000
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	470,599,000	0	470,599,000	750,899,000
2501. Prepaid assets.....	4,044,166	4,044,166	0	
2502. Other assets.....	99,841	99,841	0	94,623
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	4,144,007	4,144,007	0	94,623

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	3,100,407,349	2,345,139,759
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	125,919,472	133,295,269
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	33,581,968	38,627,794
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,042,765	4,242,986
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	95,150,000	18,319,917
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....1,843,552,526 and interest thereon \$.....21,966,640.....	1,865,519,166	1,934,537,313
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....113,392,477 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	1,696,161,806	1,929,321,995
10. Advance premium.....	627,254	1,320,827
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,908,261	4,511,736
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	45,317	1,661,113
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		1,080,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	541,089	932,008
20. Derivatives.....		
21. Payable for securities.....	1,588,768	
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	192,287,556	500,123,737
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	7,117,780,771	6,913,114,454
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	7,117,780,771	6,913,114,454
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	82,000,000	82,000,000
31. Preferred capital stock.....	26,411,000	26,411,000
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....	2,000,000,000	2,000,000,000
34. Gross paid in and contributed surplus.....	3,546,364,289	3,549,510,339
35. Unassigned funds (surplus).....	(5,159,481,850)	(4,631,001,158)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	495,293,439	1,026,920,181
38. TOTALS (Page 2, Line 28, Col. 3).....	7,613,074,210	7,940,034,635

DETAILS OF WRITE-INS

2501. Mandatory contingency reserve for adverse losses.....	189,317,125	495,326,774
2502. Deferred gain on purchase of securities from subsidiary.....	1,244,933	1,452,949
2503. Unapplied premium liability.....	64,098	280,764
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,661,400	3,063,250
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	192,287,556	500,123,737
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	372,088,139	665,493,403
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	908,792,387	1,379,552,166
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	28,223,307	270,825,965
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	54,647,670	125,830,568
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	991,663,364	1,776,208,699
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(619,575,225)	(1,110,715,296)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	264,925,962	252,752,552
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	(24,904,601)	(738,090,142)
11. Net investment gain (loss) (Lines 9 + 10).....	240,021,361	(485,337,590)
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(379,411,331)	124,349,832
15. Total other income (Lines 12 through 14).....	(379,411,331)	124,349,832
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(758,965,195)	(1,471,703,054)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(758,965,195)	(1,471,703,054)
19. Federal and foreign income taxes incurred.....	76,830,083	200,000
20. Net income (Line 18 minus Line 19) (to Line 22).....	(835,795,278)	(1,471,903,054)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,026,920,181	801,868,685
22. Net income (from Line 20).....	(835,795,278)	(1,471,903,054)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(64,368,723)	(88,807,417)
25. Change in net unrealized foreign exchange capital gain (loss).....	1,094,438	(10,501,689)
26. Change in net deferred income tax.....		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	25,550,125	(138,304,642)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	1,080,000	3,284,000
29. Change in surplus notes.....		2,000,000,000
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	(3,146,050)	23,422,029
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		(817,203)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	343,958,746	(91,320,528)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(531,626,742)	225,051,496
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	495,293,439	1,026,920,181
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Other miscellaneous income.....	12,816,587	14,185,910
1402. Estimated provision for uncollectible intercompany loan with affiliate.....	(394,956,250)	71,100,000
1403. Change in liabilities allocated to Ambac Assurance Corp Segregated Account.....	581,674,665	3,626,404,050
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(578,946,333)	(3,587,340,128)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(379,411,331)	124,349,832
3701. Mandatory contingency reserve for adverse losses, net of tax.....	306,009,649	(159,270,677)
3702. Change in Surplus of Ambac Assurance Corporation Segregated Account excluding non-admitted assets.....	37,949,097	67,950,149
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	343,958,746	(91,320,528)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	141,180,804	250,067,866
2. Net investment income.....	188,895,982	153,383,582
3. Miscellaneous income.....	12,816,587	14,185,910
4. Total (Lines 1 through 3).....	342,893,373	417,637,358
5. Benefit and loss related payments.....	(103,345,213)	143,139,387
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	66,378,035	2,761,529,389
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		(443,940,722)
10. Total (Lines 5 through 9).....	(36,967,178)	2,460,728,054
11. Net cash from operations (Line 4 minus Line 10).....	379,860,551	(2,043,090,696)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	974,022,422	2,804,131,231
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	2,113,559	284,768
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	17,635	190,293
12.7 Miscellaneous proceeds.....	54,188,769	68,852,000
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,030,342,385	2,873,458,292
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	824,667,541	935,978,304
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	141,980,484	
13.6 Miscellaneous applications.....	139,387,099	2,521,822
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,106,035,124	938,500,126
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(75,692,739)	1,934,958,166
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....	(155,265,743)	
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		817,203
16.6 Other cash provided (applied).....	1,101,156	(3,786,827)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(154,164,588)	(4,604,030)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	150,003,225	(112,736,559)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	512,619,523	625,356,082
19.2 End of year (Line 18 plus Line 19.1).....	662,622,747	512,619,523
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Issuance of surplus notes in connection with the settlement of insurance liabilities.....		2,000,000,000
20.0002 Reduction in Secured Note for capitalized interest.....	86,767,180	46,448,114
20.0003 Paid losses for policies allocated to the Segregated Account.....	146,947,611	
20.0004 Losses paid to third parties on behalf of the Segregated Account and settled via reduction of the Secured Note.....	101,643,126	
20.0005 Loss adjustment expenses paid on behalf of the Segregated Account and settled via reduction of the Secured Note.....	32,102,647	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....	138,848,830	1,907,105,241	1,680,470,274	365,483,797
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....				.0
17.2 Other liability - claims-made.....				.0
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....				.0
19.3, 19.4 Commercial auto liability.....				.0
21. Auto physical damage.....				.0
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....	79,120	22,216,754	15,691,532	6,604,342
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	138,927,950	1,929,321,995	1,696,161,806	372,088,139

DETAILS OF WRITE-INS

3401. ....				.0
3402. ....				.0
3403. ....				.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Uneamed (Running One Year or Less from Date of Policy) (a)	Amount Uneamed (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Uneamed Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....					0
10. Financial guaranty.....		1,680,470,274			1,680,470,274
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....					0
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....		15,691,532			15,691,532
26. Burglary and theft.....					0
27. Boiler and machinery.....					0
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	0	1,696,161,806	0	0	1,696,161,806
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					1,696,161,806

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

(a) State here basis of computation used in each case: pro-rata, based on expiration of risk.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....	150,046,597	62,000	61,656		11,321,423	138,848,830
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....	79,120					79,120
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	150,125,717	62,000	61,656	.0	11,321,423	138,927,950

DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.0
3498. Summary of remaining write-ins for Line 34 from overflow page..	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [X] No []

If yes: 1. The amount of such installment premiums \$....150,125,717.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				.0			.0	
2. Allied lines.....				.0			.0	
3. Farmowners multiple peril.....				.0			.0	
4. Homeowners multiple peril.....				.0			.0	
5. Commercial multiple peril.....				.0			.0	
6. Mortgage guaranty.....				.0			.0	
8. Ocean marine.....				.0			.0	
9. Inland marine.....				.0			.0	
10. Financial guaranty.....	164,268,339		10,743,542	153,524,797	3,100,407,349	2,345,139,759	908,792,387	248.7
11.1 Medical professional liability - occurrence.....				.0			.0	
11.2 Medical professional liability - claims-made.....				.0			.0	
12. Earthquake.....				.0			.0	
13. Group accident and health.....				.0			.0	
14. Credit accident and health (group and individual).....				.0			.0	
15. Other accident and health.....				.0			.0	
16. Workers' compensation.....				.0			.0	
17.1 Other liability - occurrence.....				.0			.0	
17.2 Other liability - claims-made.....				.0			.0	
17.3 Excess workers' compensation.....				.0			.0	
18.1 Products liability - occurrence.....				.0			.0	
18.2 Products liability - claims-made.....				.0			.0	
19.1, 19.2 Private passenger auto liability.....				.0			.0	
19.3, 19.4 Commercial auto liability.....				.0			.0	
21. Auto physical damage.....				.0			.0	
22. Aircraft (all perils).....				.0			.0	
23. Fidelity.....				.0			.0	
24. Surety.....				.0			.0	
26. Burglary and theft.....				.0			.0	
27. Boiler and machinery.....				.0			.0	
28. Credit.....				.0			.0	
29. International.....				.0			.0	
30. Warranty.....				.0			.0	
31. Reinsurance - nonproportional assumed property.....	XXX			.0			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			.0			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0			.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	.0	.0	.0	.0	
35. TOTALS.....	164,268,339	0	10,743,542	153,524,797	3,100,407,349	2,345,139,759	908,792,387	244.2

DETAILS OF WRITE-INS

3401. ....				.0			.0	
3402. ....				.0			.0	
3403. ....				.0			.0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	.0	.0	.0	.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	.0	.0	.0	.0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....	3,099,153,604		(1,253,745)	3,100,407,349				3,100,407,349	125,919,472
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				(a) 0	
15. Other accident and health.....				0				0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	3,099,153,604	0	(1,253,745)	3,100,407,349	0	0	0	3,100,407,349	125,919,472
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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(a) Including \$.....0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	31,660,227			31,660,227
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	3,796,920			3,796,920
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	27,863,307	0	0	27,863,307
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....				0
2.2 Reinsurance assumed, excluding contingent.....		18,497		18,497
2.3 Reinsurance ceded, excluding contingent.....		2,356,984		2,356,984
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....		14,746		14,746
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(2,353,233)	0	(2,353,233)
3. Allowances to manager and agents.....				0
4. Advertising.....		343,413		343,413
5. Boards, bureaus and associations.....		62,035		62,035
6. Surveys and underwriting reports.....		553,333		553,333
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	156,229	21,581,040	1,993,864	23,731,133
8.2 Payroll taxes.....	7,152	987,941	78,911	1,074,004
9. Employee relations and welfare.....	23,620	3,262,741	379,779	3,666,140
10. Insurance.....	25,566	3,531,593	150,448	3,707,607
11. Directors' fees.....	3,552	490,726	20,905	515,183
12. Travel and travel items.....	1,518	402,209		403,727
13. Rent and rent items.....	2,932	405,085	17,257	425,274
14. Equipment.....	18,330	2,532,115	239,707	2,790,152
15. Cost or depreciation of EDP equipment and software.....	9,071	1,253,016	178,110	1,440,197
16. Printing and stationery.....	889	122,805	5,232	128,926
17. Postage, telephone and telegraph, exchange and express.....	4,913	678,620	28,910	712,443
18. Legal and auditing.....	106,228	15,318,432	49,143	15,473,803
19. Totals (Lines 3 to 18).....	360,000	51,525,104	3,142,266	55,027,370
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		2,660,000		2,660,000
20.2 Insurance department licenses and fees.....		241,773		241,773
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....		372,483		372,483
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	3,274,256	0	3,274,256
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	2,201,543	15,136	2,216,679
25. Total expenses incurred.....	28,223,307	54,647,670	3,157,402	(a) 86,028,379
26. Less unpaid expenses - current year.....	125,919,472	37,624,733		163,544,205
27. Add unpaid expenses - prior year.....	133,295,269	42,870,780		176,166,049
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	35,599,104	59,893,717	3,157,402	98,650,223

DETAILS OF WRITE-INS

2401. Outside Services.....		2,185,629	15,136	2,200,765
2402. Contributions.....		15,914		15,914
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	2,201,543	15,136	2,216,679

(a) Includes management fees of \$.....11,174,491 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....7,074,944	.....6,476,960
1.1 Bonds exempt from U.S. tax.....	(a).....78,494,878	.....77,368,783
1.2 Other bonds (unaffiliated).....	(a).....261,431,236	.....262,962,033
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,301,369	.....1,191,576
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....413,305	.....413,332
9. Aggregate write-ins for investment income.....	.....5,672,094	.....5,918,276
10. Total gross investment income.....	.....354,387,826	.....354,330,960
11. Investment expenses.....	.....	(g).....3,157,402
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....86,247,596
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....89,404,998
17. Net investment income (Line 10 minus Line 16).....	.....	.....264,925,962

DETAILS OF WRITE-INS

0901. Inter-company loans with affiliates.....	.....5,672,094	.....5,918,276
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....5,672,094	.....5,918,276
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....192,925,685 accrual of discount less \$.....30,603,339 amortization of premium and less \$.....2,142,529 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....135,537	.....	.....135,537	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....885,600	.....(533,341)	.....352,259	.....	.....
1.2 Other bonds (unaffiliated).....	.....17,111,991	.....(42,531,899)	.....(25,419,908)	.....(24,176,581)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....(38,861,135)	.....1,146,310
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....31,039	.....31,039	.....	.....(13,404)
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....(3,528)	.....(3,528)	.....(1,539,023)	.....(38,468)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....208,016	.....0
10. Total capital gains (losses).....	.....18,133,128	.....(43,037,729)	.....(24,904,601)	.....(64,368,723)	.....1,094,438

DETAILS OF WRITE-INS

0901. Deferred gain on purchase of securities from subsidiary.....			.....0	.....208,016	
0902. ....			.....0	.....
0903. ....			.....0	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....208,016	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....	158,274	59,318,868	59,160,594
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....	4,153,318	7,758,092	3,604,774
9. Receivables for securities.....	113,491,679	55,332,797	(58,158,882)
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	117,803,271	122,409,757	4,606,486
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	135,473	98,618	(36,855)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	7,030	8,381	1,351
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	1,172,365	1,350,000	177,635
21. Furniture and equipment, including health care delivery assets.....	8,900,925	9,898,665	997,740
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....		353,974	353,974
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	4,144,007	5,822,747	1,678,740
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	132,163,071	139,942,142	7,779,071
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		17,771,054	17,771,054
28. TOTALS (Lines 26 and 27).....	132,163,071	157,713,196	25,550,125

DETAILS OF WRITE-INS

1101. ....			.0
1102. ....			.0
1103. ....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Prepaid assets.....	4,044,166	5,821,319	1,777,153
2502. Other assets.....	99,841	1,428	(98,413)
2503. ....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	4,144,007	5,822,747	1,678,740

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Practices

A. Accounting Practices

The accompanying financial statements of Ambac Assurance Corporation (the "Company" or "Ambac Assurance") have been prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance ("Wisconsin Insurance Commissioner" or "OCI").

The Wisconsin Insurance Commissioner recognizes only statutory accounting practices prescribed or permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under Wisconsin Insurance Law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") has been adopted as a component of prescribed practices by the State of Wisconsin.

The Wisconsin Insurance Commissioner has prescribed an accounting practice that differs from NAIC SAP. Paragraph 7 of Statement of Statutory Accounting Principles No. 60 "Financial Guaranty Insurance" ("SSAP 60") allows for a deduction from loss reserves for the time value of money by application of a discount rate equal to the average rate of return on the admitted assets of the financial guaranty insurer as of the date of the computation of the reserve. The discount rate shall be adjusted at the end of each calendar year. Additionally, in accordance with paragraph 7 of Statutory Accounting Principles No. 5R "Liabilities, Contingencies and Impairments of Assets - Revised", Ambac Assurance records probable losses on its subsidiaries for which it guarantees their obligations, using a discount rate equal to the average rate of return on its admitted assets. The Company's average rates of return on its admitted assets at December 31, 2011 and December 31, 2010 were 7.45% and 7.06%, respectively. The Wisconsin Insurance Commissioner has directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting both its loss reserves and its estimated impairment losses on subsidiary guarantees. Statutory surplus at December 31, 2011 and December 31, 2010 was lower by \$98,225,234 and \$35,233,482, respectively, than if the Company had reported such amounts in accordance with NAIC SAP. Net income for the year ended December 31, 2011 was lower by \$62,991,752 and for the year ended December 31, 2010 was higher by \$1,480,457,717, than if the Company had reported such amounts in accordance with NAIC SAP.

The Wisconsin Insurance Commissioner has prescribed an additional accounting practice that differs from NAIC SAP. Paragraph 4 of Statement of Statutory Accounting Principles No. 41 "Surplus Notes" ("SSAP 41") states that proceeds received by the issuer of surplus notes must be in the form of cash or other admitted assets having readily determinable values and liquidity satisfactory to the commissioner of the state of domicile. Under statutory accounting principles as generally applied, surplus notes issued in conjunction with commutations or the settlement of claims would be valued at zero upon issuance pursuant to paragraph 4, SSAP 41. The Wisconsin Insurance Commissioner has directed the Company to record surplus notes issued in settlement of liabilities at full par value upon issuance as in these instances the surplus notes do not represent a contribution of capital, but rather a distribution of value from the common and preferred shareholders of the Company. The surplus notes issued have a claim against surplus senior to the preferred and common shareholders. Statutory surplus is not impacted as a result of the prescribed practice as it is a reclassification from unassigned funds to surplus notes. Net income for the years ended December 31, 2011 and December 31, 2010 were lower by \$0 and \$2,000,000,000, respectively, than if the Company had recorded the issuance of surplus notes in accordance with NAIC SAP.

The Wisconsin Insurance Commissioner has extended the preceding prescribed practice related to surplus notes to the evaluation of other-than-temporary impairments for Ambac Assurance guaranteed securities held in the investment portfolio. Paragraph 35 of Statement of Statutory Accounting Principles No. 43R "Loan-backed and Structured Securities" states that when an other-than-temporary impairment has occurred, the amount of the other-than-temporary impairment recognized as a realized loss shall equal the difference between the investment's amortized cost basis and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's effective interest rate. Under NAIC SAP, the present value of cash flows expected to be collected should include the fair value of surplus notes received from Ambac Assurance, as required under the Segregated Account Rehabilitation Plan (as defined below). The Wisconsin Insurance Commissioner has prescribed an accounting practice that differs from NAIC and has directed the Company to utilize par value rather than fair value of these surplus notes in this computation. Statutory surplus at December 31, 2011 and December 31, 2010 is greater by \$84,343,657 and \$76,709,311 and net income for the years ended December 31, 2011 and December 31, 2010 is greater by \$65,145,588 and \$137,092,347, respectively, than if the present value of the cash flows expected to be collected included the surplus notes at fair value in accordance with NAIC SAP.

Wisconsin accounting practices for changes to contingency reserves differ from NAIC SAP. Under NAIC SAP, contributions to and releases from the contingency reserve are recorded via a direct charge or credit to surplus. Under section 3.08(7)(b) of the Wisconsin Administrative Code, contributions to and releases from the contingency reserve are to be recorded through underwriting income. The Company received permission of the Wisconsin Insurance Commissioner to record contributions to and releases from the contingency reserve and the related tax and loss bond impact, in accordance with NAIC SAP. Statutory surplus is the same using each of these accounting practices. Net income for the years ended December 31, 2011 and December 31, 2010 is lower by \$306,009,649 and higher by \$159,270,677, respectively, than if the Company had reported the contributions and releases to the contingency reserve in accordance with the Wisconsin Administrative Code.

A reconciliation of the Company's net income and statutory surplus between practices prescribed and permitted by the Wisconsin Insurance Commissioner and NAIC SAP is shown below:

	2011	2010
Net Loss, Per Annual Statement	\$ (835,795,278)	\$ (1,471,903,054)
Effect of Wisconsin Permitted Practice	<u>306,009,649</u>	<u>(159,270,677)</u>
Net Loss, Wisconsin Basis	(529,785,629)	(1,631,173,731)
Effect of Wisconsin Prescribed Practices	(2,153,836)	382,449,936
Effect of Wisconsin Permitted Practice	<u>(306,009,649)</u>	<u>159,270,677</u>
Net Loss, NAIC SAP	<u>\$ (837,949,114)</u>	<u>\$ (1,089,453,118)</u>
Statutory Surplus, Wisconsin Basis	\$ 495,293,439	\$ 1,026,920,181
Effect of Wisconsin Prescribed Practices	13,881,577	(41,475,829)
Effect of Wisconsin Permitted Practice	-	-
Statutory Surplus, NAIC SAP	<u>\$ 509,175,016</u>	<u>\$ 985,444,352</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the State of Wisconsin requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements, and the reported revenues and expenses during the reporting period. Such estimates are used in connection with certain fair value measurements, the evaluation of other than temporary impairments on investments and case basis loss reserves. Current market conditions increase the risk and complexity of the judgments in estimates. Actual

NOTES TO FINANCIAL STATEMENTS

results could differ from those estimates.

C. Accounting Policies

As noted in Note 10 below, on March 24, 2010, Ambac Assurance acquiesced to the request of the Office of the Commissioner of Insurance of the State of Wisconsin ("OCI") to establish a segregated account, Ambac Assurance Corporation Segregated Account, in Rehabilitation ("Segregated Account"), pursuant to Wisc. Stat. §611.24(2). Under Wisconsin insurance law, the Segregated Account is a separate insurer from Ambac Assurance for purposes of the Segregated Account rehabilitation proceedings. The purpose of the Segregated Account is to segregate certain segments of Ambac Assurance's liabilities. The Segregated Account was capitalized by a \$2,000,000,000 secured note due 2050 issued by Ambac Assurance (the "Secured Note") and an aggregate excess of loss reinsurance agreement provided by Ambac Assurance (the "Reinsurance Agreement") whereby Ambac Assurance assumes all liabilities in excess of the Secured Note principal balance and the total of all other liquid assets, subject to the minimum Ambac Assurance surplus of \$100,000,000, or such higher amount as the OCI permits pursuant to a prescribed accounting practice. The Secured Note has been recorded as a borrowed money liability, including accrued interest payable. Ambac Assurance has applied the retroactive reinsurance accounting guidance contained in SSAP 62R "Property and Casualty Reinsurance" to account for the initial transfer and retrocession of the liabilities, as well as subsequent changes in the reserves since these contracts were executed in connection with a court-ordered rehabilitation of the Segregated Account. The net balances due under these obligations are reported as a net write-in contra-liability.

Up-front written premiums are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest (debt service) to the original total principal and interest insured. Installment premiums are reflected in income pro rata over the installment period covered. Unearned premiums represent the portion of premiums written that relate to unexpired risk. When an issue insured by Ambac Assurance has been refunded or called, the remaining unrecognized premium is earned at that time.

As a result of events and circumstances described in Note 10 below, the Company's activities have been limited to loss mitigation and maximizing the return on its investment portfolio. Ambac Assurance does not currently anticipate generating any new business; accordingly, the Company has not incurred any expenses in connection with the acquisition of new insurance business in 2011 or 2010.

In addition, the Company utilizes the following accounting policies:

- i. Short-term investments and cash equivalents are stated at amortized cost, net of any unrealized foreign exchange gains or losses, which approximate fair value.
- ii. Investments in long-term bonds with an NAIC designation of 1 or 2 that are not backed by loans are reported at amortized cost; amortized cost is computed via the effective interest method. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, which have call features, premiums are amortized to the call date that produces the lowest yield. For premium bonds that do not have call features, such premiums are amortized over the remaining term of the bond.

Investments in long-term bonds that have an NAIC designation of 3 to 6 that are not backed by loans are reported at the lower of amortized cost (as described above) or fair value as determined by the NAIC's Securities Valuation Office ("SVO"). In the event the SVO has not determined the fair value of a security, fair value amounts are determined by using independent market sources, when available, and appropriate valuation methodologies when market quotes were not available. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount Ambac Assurance could realize in the market.

Ambac Assurance has a formal review process for all securities in its investment portfolio, including a review for impairment losses. Ambac Assurance conducts a review each quarter to identify and evaluate investments that have indications of possible other than temporary impairment. If we believe a decline is "other than temporary", we write-down the carrying value of the investment and record a realized loss. In addition, for securities that management has the intent to sell, the amortized cost of the securities is written down to fair value and the other than temporary impairment charge is recorded as a realized loss in the statement of income. An investment in a debt security is impaired if its fair value falls below its amortized cost and the decline is considered "other than temporary." Factors considered when assessing impairment include: (i) securities whose fair values have declined by 20% or more below amortized cost; (ii) securities whose market values have declined by 5% or more but less than 20% below amortized cost for a continuous period of at least six months; (iii) recent downgrades by rating agencies; (iv) the financial condition of the issuer and financial guarantor, as applicable; (v) whether scheduled interest payments are past due; and (vi) whether Ambac Assurance has the ability and intent to hold the security for a sufficient period of time to allow for anticipated recoveries in fair value. If we believe the decline is "other than temporary", we write-down the carrying value of the investment and record a realized loss in the statement of income (regardless of the NAIC designation). For investments in Ambac Assurance insured obligations, the value of the investments immediately after the write downs includes the valuation of surplus notes at par, as discussed in note 1a. Ambac Assurance's assessment of a decline in value includes management's current judgment of the factors noted above. If that judgment changes in the future, Ambac Assurance may ultimately record a loss after having originally concluded that the decline in value was temporary.

- iii. The Company did not hold investments in unaffiliated common stocks at December 31, 2011.
- iv. The Company did not hold investments in preferred stock at December 31, 2011.
- v. The Company did not hold investments in mortgage loans at December 31, 2011.
- vi. Loan-backed and structured securities, including beneficial interests in securitizations ("loan-backed securities") with an NAIC designation of 1 or 2 are reported at amortized cost. Loan-backed securities with an NAIC designation of 3 to 6 are reported at the lower of amortized cost or fair value. For loan-backed securities subject to multiple designations by the SVO, a two-step process is used to determine the carrying value method. In the first step, the current amortized cost is compared to the range of values assigned to the six NAIC designations for each CUSIP to determine the initial NAIC designation. If based on the first step, the initial NAIC designation is 3 or above, the final NAIC designation is determined by comparing the fair value of a security to the range of values assigned to the six NAIC designations. This final NAIC designation is applicable for all statutory and reporting purposes.

Changes in currently estimated cash flows, including the effect of prepayment assumptions, on loan-backed securities are reviewed periodically. Prepayment assumptions are applied consistently across portfolios to all securities backed by similar collateral. Loan-backed securities are revalued using the currently estimated cash flows, including new prepayment assumptions using the retrospective adjustment method.

For loan-backed and structured securities where the collection of all contractual cash flows is not probable, the Company shall recognize the excess of all cash flows expected at acquisition over the initial investment in the loan-backed or structured security as the accretable yield. Any excess of contractually required cash flows over the cash flows expected to be collected is the

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non-accretable difference.

If upon subsequent evaluation, the fair value of the loan-backed or structured security has declined below its amortized cost basis, the Company will determine whether the decline is other than temporary. If there is a decrease in cash flows expected to be collected, an other than temporary impairment will have occurred. If there is an increase in cash flows previously expected to be collected, the Company will recalculate the amount of accretable yield.

For beneficial interests, if it is probable that there is a favorable change in estimated cash flows from the cash flows previously projected, the Company will recalculate the accretable yield. If the fair value of the beneficial interest has declined below its amortized cost basis, the Company shall determine whether the decline is other than temporary. If it is probable that there has been an adverse change in estimated cash flows then an other than temporary impairment will be considered to have occurred and the beneficial interest will be written down to the current estimate of cash flows discounted at a rate equal to the current accretable yield with the resulting change being recognized as a realized loss. Determining whether there has been a favorable or adverse change in estimated cash flows from the cash flows previously projected involves comparing the present value of the remaining flows as estimated at the previous reporting date against the present value of the cash flows estimated at the current reporting date.

- vii. Investments in United States (“US”) insurance subsidiaries are reported at their audited statutory book values in accordance with the statutory equity method. Investments in foreign insurance subsidiaries are reported at their audited US Generally Accepted Accounting Principles (“GAAP”) equity value adjusted to a statutory basis of accounting as provided for in paragraph 9 of SSAP 97 “Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88”. Investments in unaudited companies are non-admitted.
- viii. Investments in non-insurance limited liability companies (“LLCs”) and non-insurance subsidiaries are recorded based on the audited GAAP equity of the investee. Investments in unaudited subsidiaries or controlled affiliates are non-admitted.

Ambac Assurance is party to Insurance and Indemnity agreements whereby it guarantees timely payment by certain non-insurance subsidiaries. For non-insurance subsidiaries where the Company’s share of losses exceeds the carrying amount of the investment, the Company discontinues applying the equity method when the investment is reduced to zero. For those non-insurance subsidiaries that have insufficient claims paying resources, the Company records an estimated impairment loss for probable losses which are in excess of the subsidiaries’ claims paying resources.

- ix. The Company did not hold derivative instruments at December 31, 2011.
- x. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53 – “Property Casualty Contracts – Premiums”.
- xi. Case basis loss reserves are established for losses on defaulted obligations in an amount that is sufficient to cover the present value of management’s best estimate of future claim payments, as well as potential commutation settlements and estimated expenses associated with settling the claims, less estimated recoveries under subrogation rights. Additionally, case basis loss reserves are established for potential commutation settlements for non-defaulted guaranteed obligations when a contract is signed by the counterparty.

At December 31, 2011 and December 31, 2010, case basis loss reserves were discounted using a discount rate of 5.10%, as prescribed by the Wisconsin Insurance Commissioner. Management of the Company believes that the reserves for losses and loss expenses are adequate to cover the ultimate net cost of claims arising from issues currently in default, but the reserves are necessarily based on estimates and there can be no assurance that the ultimate liability will not exceed such estimates. One of two approaches is utilized to develop estimates of case reserves.

The first approach is a statistical expected loss approach, which considers the likelihood of all possible outcomes. The statistical expected loss is the product of: (i) the net par outstanding on the credit; (ii) internally developed historical default information (taking into consideration internal ratings and average life of an obligation); (iii) internally developed loss severities; and (iv) a discount factor. The loss severities and default information are based on rating agency information, are specific to each bond type and are established and approved by Ambac Assurance’s senior management. For certain credit exposures, Ambac Assurance’s additional monitoring and loss remediation efforts may provide information relevant to adjust this estimate of statistical expected losses. As such, loss severities used in estimating the statistical expected losses may be adjusted based on the professional judgment of the surveillance analyst monitoring the credit with the approval of senior management. Analysts may accept the “base case” statistical expected loss as the best estimate of expected loss or determine an adjusted statistical expected loss that better reflects a given transaction’s potential severity.

The second approach entails the use of more precise estimates of expected net cash outflows (future claim payments, net of potential recoveries, expected to be paid to the holder of the insured financial obligation). This approach can include the utilization of market accepted software tools to develop net claim payment estimates. We have utilized such tools for residential mortgage-backed and student loan exposures. These tools, in conjunction with detailed data of the historical performance of the collateral pools, assist Ambac Assurance in the determination of certain assumptions, such as default and voluntary prepayment rates, which are needed in order to estimate expected future net claim payments. For certain policies, estimated potential recoveries exceed estimated future claim payments because all or a portion of such recoveries relate to claims previously paid.

The Company has not written any policies which have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

Loss adjustment expense reserves are established for costs of which a reasonable estimate can be derived, incurred to mitigate defaulted and non-defaulted policies. As these costs are generally imminent, the established loss adjustment expense reserve is not discounted.

Ambac Assurance is required to establish a mandatory contingency reserve in accordance with the NAIC SAP and the Wisconsin Administrative Code. The mandatory contingency reserve is an additional liability established to protect policyholders against the effect of adverse economic developments or cycles or other unforeseen circumstances. Under NAIC SAP, financial guarantors are required to establish a contingency reserve equal to the greater of 50% of premiums written or a stated percentage of the principal guaranteed depending on the category of obligation insured. NAIC SAP contributions are required to be made in equal quarterly installments over a period of 20 years for municipal bonds and 15 years for all other obligations. Such contributions may be discontinued if the total reserve established for all categories exceeds the sum of the stated percentages contained therein multiplied by the unpaid principal balance. Under the Wisconsin Administrative Code, a municipal bond insurer is required to establish a contingency reserve consisting of 50% of earned premiums on policies of municipal bond insurance. The only exemption is when another jurisdiction in which the insurer is licensed requires a larger contingency reserve than required by the Wisconsin Administrative Code. Accordingly, Ambac Assurance will calculate contingency reserves, net of releases discussed below, based on

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the above noted rules as well as other jurisdictions that have contingency reserve regulations, such as California, and record the highest contribution amount. Contingency reserves must be maintained for the periods specified above, except that the guarantor may be permitted to release reserves under specified circumstances in the event that actual loss experience exceeds certain thresholds or if the reserve accumulated is deemed excessive in relation to the guarantor's outstanding guaranteed obligations, with notice to or approval by the insurance commissioner.

The NAIC SAP mandatory contingency reserve may be released on a first-in, first-out basis through unassigned surplus in the following circumstances:

For contingency reserves required to be maintained for 20 years:

- In any year where incurred losses exceed 35% of the corresponding earned premiums, with commissioner approval;
- If the reserve has been in existence less than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, with commissioner approval;
- If the reserve has been in existence more than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, upon 30 days prior written notice to the commissioner.

For contingency reserves required to be maintained for 15 years:

- In any year where incurred losses exceed 65% of the corresponding earned premiums, with commissioner approval;
- If the reserve has been in existence less than 30 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, with commissioner approval;
- If the reserve has been in existence more than 30 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, upon 30 days prior written notice to the commissioner.

Contingency reserves established in accordance with Wisconsin Administrative Code may be released on a first-in, first-out basis through unassigned surplus in the following circumstances:

- Contingency reserves established and maintained for more than 20 years shall be released and may no longer constitute part of the contingency reserve.
- Subject to the approval of the commissioner, withdrawals may be made from the contingency reserve in any year in which the actual incurred losses on municipal bond insurance policies exceed 35% of the earned premiums on municipal bonds insurance.

- xii. Ambac Assurance has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, other equipment and leasehold improvements. The capitalization thresholds under this policy have not changed from those of the prior year.
- xiii. The method of estimating pharmaceutical rebate receivables is not applicable as Ambac Assurance does not write major medical insurance with prescription drug coverage.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

There were no material changes in accounting policy or correction of errors during 2011.

3. Business Combinations and Goodwill

- A. The Company has not been a party to any business combinations taking the form of a statutory purchase.
- B. The Company has not been a party to any business combinations taking the form of a statutory merger.
- C. The Company has not recognized an impairment loss investment in subsidiary.

4. Discontinued Operations

The Company does not have any discontinued operations.

5. Investments

- A. Mortgage Loans - The Company did not hold mortgage loans as investments during 2011.
- B. Restructured Debt - The Company did not restructure any investments in debt securities during 2011.
- C. Reverse Mortgages - The Company did not hold reverse mortgages as investments during 2011.
- D. Loan-Backed Securities

- i. The Company consistently uses the retrospective method to revalue loan-backed securities using current prepayment assumptions. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from publicly available resources. During 2011, there were no changes in the methodology utilized by the Company to revalue loan-backed securities.

NOTES TO FINANCIAL STATEMENTS

- ii. During 2011, the Company recognized other-than-temporary impairment losses (“OTTI losses”) on certain loan-backed securities where the present value of cash flows expected to be collected were less than the amortized cost basis of the securities. For the loan-backed securities still held at December 31, 2011, the total amortized cost immediately prior to the recognition of OTTI losses, the OTTI losses recognized during the year ended December 31, 2011, and the fair value of these securities at the time OTTI losses were recognized are as follows:

	Amortized Cost Basis – Immediately Prior to Recognition of OTTI Losses	OTTI Losses Recognized during twelve months ended December 31, 2011	Difference ⁽¹⁾
Aggregate of all loan-backed securities for which OTTI losses were recognized during 2011 that were classified as “Intent to Sell”	\$ -	\$ -	\$ -
Aggregate of all loan-backed securities for which OTTI losses were recognized during 2011 that were classified as “No Intent & Ability to Hold to Maturity”	-	-	-
Aggregate of all loan-backed securities for which OTTI losses were recognized during 2011 due to the present value of cash flows expected to be collected were less than the amortized cost basis of the security	\$277,684,449	\$42,515,118	\$235,169,331

(1) Fair value of these loan-backed securities based primarily on SVO prices, at December 31, 2011 was \$213,205,629.

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- iii. During 2011, the Company recognized OTTI losses on certain loan-backed securities where the present value of cash flows expected to be collected were less than the amortized cost basis of the securities. For the loan-backed securities still held at December 31, 2011, the total amortized cost immediately prior to the recognition of OTTI losses, the OTTI losses recognized during year ended December 31, 2011, amortized cost after current period other-than-temporary impairment, and the fair value of these securities at the time OTTI losses were recognized are as follows:

CUSIP	Amortized cost before current period OTTI	Projected Cashflows	Recognized other-than-temporary impairment	Amortized cost after current period other-than-temporary impairment	Fair Value at 12/31/2011
07401WAA7	\$7,317,314	\$7,265,046	\$52,268	\$7,265,046	\$9,496,559
12666TAB2	9,076,917	8,554,382	522,535	8,554,382	6,151,388
12666TAC0	8,031,334	7,310,889	720,445	7,310,889	8,807,513
12666TAD8	3,323,142	3,210,807	112,335	3,210,807	4,361,330
126684AF6	7,809,504	7,783,729	25,775	7,783,729	10,515,065
126685AK2	14,072,643	12,704,824	1,367,819	12,704,824	12,668,122
126685CS3	884,684	708,881	175,803	708,881	1,353,821
126685CZ7	13,048,377	11,969,035	1,079,342	11,969,035	9,460,521
126685DA1	1,097,566	379,493	718,073	379,493	688,384
126685DJ2	17,964,437	16,081,034	1,883,403	16,081,034	18,980,366
12668RAC2	2,944,517	1,143,862	1,800,655	1,143,862	89,599
21075WDR3	828,301	819,201	9,100	819,201	678,591
32029HAB8	10,264,077	5,601,073	4,663,004	5,601,073	6,129,323
39538WEF1	1,169,441	1,145,123	24,318	1,145,123	114,960
43709RAA2	1,153,427	715,711	437,716	715,711	1,028,121
45254TTF1	6,876,061	6,659,442	216,619	6,659,442	5,740,737
45257BAD2	5,058,362	4,359,135	699,227	4,359,135	3,540,619
45661AAC6	2,588,287	2,253,369	334,918	2,253,369	1,646,085
45667HAB7	30,099,108	30,080,428	18,680	30,080,428	21,658,568
45667HAC5	11,996,178	8,497,617	3,498,561	8,497,617	215,135
464125AC7	11,103,340	10,775,873	327,467	10,775,873	10,860,480
46412RAB1	6,836,094	6,167,053	669,041	6,167,053	4,718,140
52523YAC8	2,387,448	2,196,585	190,863	2,196,585	1,881,725
52524PAG7	3,949,100	3,677,119	271,981	3,677,119	17,897,592
52525LAS9	39,413,377	36,837,496	2,575,881	36,837,496	16,441,242
65535VMJ4	19,460,772	17,187,218	2,273,554	17,187,218	9,808,947
68402VAG7	3,889,018	365,614	3,523,404	365,614	3,079,450
69121YAA2	25,999,281	13,059,653	12,939,628	13,059,653	5,505,326
7609854A6	5,335,389	5,133,029	202,360	5,133,029	5,323,074
760985SU6	830,673	778,044	52,629	778,044	804,191
785778PF2	485,235	338,436	146,799	338,436	7,022,096
785778PG0	2,391,045	1,410,130	980,915	1,410,130	6,538,558
TOTAL	\$277,684,449	\$235,169,331	\$42,515,118	\$235,169,331	\$213,205,629

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- iv. The following table shows all impaired securities (Fair Value is less than cost or Amortized cost) for which an other-than-temporary impairment has not been recognized in earnings by length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2011:

	Unrealized Loss	Fair Value
Less than 12 months	\$69,683,213	\$266,309,172
Greater than 12 months	\$45,742,674	\$84,855,488

- v. Management has determined that the unrealized losses reflected in the table above are temporary in nature as of December 31, 2011 based upon (i) no unexpected principal and interest payment defaults on these securities; (ii) analysis of the creditworthiness of the issuer and financial guarantor, as applicable, and analysis of projected defaults on the underlying collateral; (iii) management has no intent to sell these investments in debt securities; and (iv) it is not more likely than not that Ambac Assurance will be required to sell these debt securities before the anticipated recovery of its amortized cost basis. The assessment under (iv) is based on a comparison of future available liquidity from the fixed income investment portfolio against the projected net cash outflow from operating activities and debt service. For purposes of this assessment, available liquidity from the fixed income investment portfolio is comprised of the fair value of securities for which management has asserted its intent to sell plus the scheduled maturities and interest payments from the remaining securities in the portfolio. To the extent that securities that management intends to sell are in an unrealized loss position, they would have already been considered other-than-temporarily impaired with the amortized cost written down to fair value. As of December 31, 2011, management has not asserted an intent to sell any securities from its portfolio. Because the above-described assessment indicates that future available liquidity exceeds projected net cash outflow, it is not more likely than not that we would be required to sell securities before the recovery of their amortized cost basis.

As of December 31, 2011, for securities that have indications of possible other-than-temporary impairment but which management does not intend to sell and will not more likely than not be required to sell, management compared the present value of cash flows expected to be collected to the amortized cost basis of the securities to assess whether the amortized cost will be recovered. Receipts were discounted at the effective interest rate implicit in the security at the date of acquisition or for debt securities that are beneficial interests in securitized financial assets, at a rate equal to the current yield used to accrete the beneficial interest. For floating rate securities, future cash flows and the discount rate used were both adjusted to reflect changes in the index rate applicable to each security as of the evaluation date. For RMBS securities that are insured by Ambac Assurance, future receipts take into account the par value of surplus notes issued as discussed in the prescribed practice from the Wisconsin Insurance Commissioner described in Note 1 above.

- E. Security Lending Transactions - The Company loaned securities to Ambac Financial Services, LLC pursuant to a revolving credit facility approved by the Wisconsin Insurance Commissioner. At December 31, 2011, securities loaned by the Company to Ambac Financial Services, LLC ("AFS"), which were classified as investments, had an admitted carrying value of \$268,012,347. There is no collateral for the loan.
- F. Real Estate Impairment and Land Sales - The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales during 2011.
- G. Low Income Housing Tax Credits - The Company did not hold low income housing tax credits as investments during 2011.
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. The Company has no investments in Joint Ventures, Limited Partnerships, or Limited Liability Companies that exceed 10% of admitted assets.
- B. Other than items mentioned in Note 10B, there were no write-downs of investments in Joint Ventures, Limited Partnerships, or Limited Liability Companies due to impairments during 2011.

7. Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due. All investment income due and accrued was admitted at December 31, 2011. Amounts past due from Ambac Assurance insured securities (as a result of the claims moratorium) are on Ambac Assurance's balance sheet as Receivables for Securities, of which \$113,491,679 is over 90 days past due. These receivables have been non-admitted as of December 31, 2011.

8. Derivative Instruments

During the year ended December 31, 2011, the Company did not enter into any derivative contracts and there were no derivative contracts outstanding as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The net deferred tax asset/(liability) at December 31 and the change from the prior year are comprised of the following components:

1.

	12/31/2011			12/31/2010			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Total gross deferred tax assets	\$2,515,864,884	\$189,139,993	\$2,705,004,877	\$2,286,011,773	\$249,736,492	\$2,535,748,265	\$229,853,111	\$(60,596,499)	\$169,256,612
(b) Valuation Allowance Adjustment	(2,463,897,620)	(189,139,993)	(2,653,037,613)	(2,271,014,473)	(249,736,492)	(2,520,750,965)	(192,883,147)	60,596,499	(132,286,648)
(c) Adjusted Gross deferred tax assets	51,967,264	-	51,967,264	14,997,300	-	14,997,300	36,969,964	-	36,969,964
(d) Total gross deferred tax liabilities	(51,967,264)	-	(51,967,264)	(14,997,300)	-	(14,997,300)	(36,969,964)	-	(36,969,964)
(e) Net deferred tax assets/(liabilities)	-	-	-	-	-	-	-	-	-
(f) Total deferred tax assets non-admitted	-	-	-	-	-	-	-	-	-
(g) Net admitted deferred tax assets/(liabilities)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- The Company has not elected to admit DTAs pursuant to SSAP 10R, paragraph 10.e. The current period election does not differ from the prior reporting period.
- The Company has no admitted adjusted gross DTAs as a result of the application of SSAP 10R, paragraph 10.e.
- The admitted deferred tax assets provisions of paragraph 10.e. do not apply to the Company because it is a Financial Guarantee Monoline insurer and is not required to prepare a Risk Based Capital calculation.
- The Company has no impact of tax planning strategies on adjusted gross and net admitted DTAs.
- The risk based capital calculation does not apply to the Company.
- The change in deferred income taxes reported in surplus before consideration of non-admitted assets is of the following components:

	12/31/2011	12/31/2010	Change
Net adjusted deferred tax asset	\$ -	\$ -	\$ -
Tax-effect of unrealized gains and losses	-	-	-
Net tax effect without unrealized gains and losses	\$ -	\$ -	\$ -
Change in deferred income tax			\$ -

B. Unrecognized deferred tax liabilities

- There are no temporary differences for which deferred tax liabilities are not recognized.
- The cumulative amount of each type of temporary difference is zero.
- The Company has a \$0 unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration.
- The amount of the DTL for temporary differences other than those in item B3 above that is not recognized is zero.

C. Current and deferred income taxes incurred consist of the following major components:

1. Current income tax:

	12/31/2011	12/31/2010
Current year tax expense (benefit)	\$ 76,830,083	\$ 200,000
Realized capital gains tax	-	-
Benefits of operating loss carry forwards	-	-
Prior year adjustments	-	-
Current income taxes incurred	\$ 76,830,083	\$ 200,000

NOTES TO FINANCIAL STATEMENTS

2. Deferred income tax assets and liabilities:

	12/31/2011			12/31/2010			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Deferred tax assets:									
Unearned Premium Reserve	\$62,018,728	\$ -	\$ 62,018,728	\$ 73,849,634	\$ -	\$ 73,849,634	\$ (11,830,906)	\$ -	\$(11,830,906)
Net Operating Loss Carryforward	2,153,875,956	-	2,153,875,956	2,020,406,367	-	2,020,406,367	133,469,589	-	133,469,589
Capital Loss Carryforward	-	79,931,853	79,931,853	-	107,861,458	107,861,458	-	(27,929,605)	(27,929,605)
Contingency Reserve	66,260,994	-	66,260,994	173,364,371	-	173,364,371	(107,103,377)	-	(107,103,377)
Unrealized (Gain) Losses	-	109,208,140	109,208,140	-	141,875,034	141,875,034	-	(32,666,894)	(32,666,894)
Surplus Note Call Option	216,540,187	-	216,540,187	-	-	-	216,540,187	-	216,540,187
Loss Reserve Discounting	-	-	-	-	-	-	-	-	-
Alternative Minimum Tax	-	-	-	-	-	-	-	-	-
Other	17,169,019	-	17,169,019	18,391,401	-	18,391,401	(1,222,382)	-	(1,222,382)
Total gross deferred tax assets	2,515,864,884	189,139,993	2,705,004,877	2,286,011,773	249,736,492	2,535,748,265	229,853,111	(60,596,499)	169,256,612
Valuation Allowance Adjustment	(2,463,897,620)	(189,139,993)	(2,653,037,613)	(2,271,014,473)	(249,736,492)	(2,520,750,965)	(192,883,147)	60,596,499	(132,286,648)
Total adjusted gross deferred tax assets	51,967,264	-	51,967,264	14,997,300	-	14,997,300	36,969,964	-	36,969,964
Nonadmitted deferred tax assets	-	-	-	-	-	-	-	-	-
Admitted deferred tax assets	\$ 51,967,264	-	\$ 51,967,264	\$ 14,997,300	\$ -	\$ 14,997,300	\$36,969,964	\$ -	\$36,969,964
Deferred tax liabilities:									
Other	\$(51,967,264)	\$ -	\$(51,967,264)	\$(14,997,300)	\$ -	\$(14,997,300)	\$(36,969,964)	\$ -	\$(36,969,964)
Total deferred tax liabilities	(51,967,264)	-	(51,967,264)	(14,997,300)	-	(14,997,300)	(36,969,964)	-	(36,969,964)
Net admitted deferred tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Company established a valuation allowance because the Company does not expect to generate sufficient future taxable income as a result of development of additional losses on its insurance policies.

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- D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before taxes as follows:

	12/31/2011	12/31/2010
Current income tax incurred	\$ 76,830,083	\$ 200,000
Change in deferred income tax (without tax on unrealized gains & losses)	-	
Total income tax reported	\$ 76,830,083	\$ 200,000
Loss before taxes	\$ (758,965,195)	\$ (1,471,703,054)
	35%	35%
Expected income tax benefit at 35% statutory rate	\$ (265,637,818)	\$ (515,096,069)
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	-	-
b. Nondeductible expenses for meals, penalties & lobbying	84,000	49,000
c. Tax-exempt income	(26,628,380)	(24,414,896)
d. Net effect of income from subsidiaries	(85,346,030)	216,238,097
e. Investment income adjustments		
f. Premiums earned		
g. Interest on Surplus Notes	-	
h. Change in contingency reserve	-	
i. Change in valuation allowance adjustment	132,286,648	364,219,353
j. Change in inter-company uncollectible reserve	138,234,688	
k. Change in tax reserves	76,680,083	200,000
l. Contingency reserve	107,103,377	(55,744,736)
m. Other	53,516	14,749,251
Total income tax reported	\$ 76,830,083	\$ 200,000

E. Operating loss carryforward

- At December 31, 2011, the Company, on a non-consolidated basis, had an unused ordinary operating loss carryforwards of \$6,153,931,302 available to offset against future taxable income, which will begin expiring in 2029 and fully expire in 2031, and a capital loss carryforward of \$228,376,723 available to offset future capital gains which will expire in 2014.
- At December 31, 2011 there are no amounts available for recoupment in the event of future net losses.
- The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

F. Consolidated federal income tax return

- Pursuant to a written tax-sharing agreement ("TSA") approved by both the OCI and the Ambac Assurance's Board of Directors, Ambac Assurance is included in Ambac Financial Group, Inc.'s ("Ambac") consolidated Federal income tax return, which includes the following taxable entities (the "Ambac Consolidated Group"): Ambac, Ambac Assurance, Ambac (Bermuda) Limited ("ABL"), Ambac Capital Corporation ("ACC"), Ambac Investments Inc., Ambac Capital Funding, Inc. ("ACF"), Ambac Asset Funding Corporation, Ambac AII Corporation, Connie Lee Holdings Inc., and Everspan Financial Guarantee Corp. ("Everspan").

Amounts assessed/reimbursed under the TSA are based upon separate return and other calculations made as if Ambac Assurance had filed its own federal income tax return for each taxable period.

- Pursuant to a Mediation Agreement between Ambac, the Company, the Segregated Account (as defined in Note 10 below), the court-appointed rehabilitator of the Segregated Account, OCI and the Official Committee of Unsecured Creditors of Ambac, signed September 21, 2011 (the "Mediation Agreement"), effective as of the Plan Settlement Closing Date (as defined below), to the extent the Company generates taxable income after September 30, 2011, which is offset with the Company's net operating loss ("NOL") carryforward, it is obligated to make payments to Ambac in accordance with the following NOL Usage table:

NOL Usage Table

NOL Usage Tier	Allocated NOLs	Applicable Percentage
A	The first \$0.5 billion	15%
B	The next \$1.1 billion after Tier A	40%
C	The next \$1.1 billion after Tier B	10%
D	The next \$1.1 billion after Tier C	15%

In the event that the amount of NOLs allocated to Ambac Assurance pursuant to the amended tax sharing agreement to be entered into by Ambac and Ambac Assurance (among others) pursuant to the Mediation Agreement (the "Allocated NOL Amount") or the amount of AMT NOLs allocated to Ambac Assurance pursuant to the amended tax sharing agreement to be entered into by Ambac and Ambac Assurance (among others) pursuant to the Mediation Agreement (the "Allocated AMT NOL Amount") is less than \$3,800,000,000 (or the proportionate amount of AMT NOLs), the size of each usage tier will be reduced proportionally. Such proportionate reduction shall be applied separately to the Allocated NOL Amount and the Allocated AMT NOL Amount. For the avoidance of doubt, if the Allocated NOL Amount is 10% less than \$3,800,000,000 and the Allocated AMT NOL Amount is 20% less than \$3,800,000,000 (or the proportionate amount of AMT NOLs), then the size of each usage tier within the Allocated NOL Amount will be reduced by 10% as compared to the representative usage tiers shown above and the size of each usage tier within the Allocated AMT NOL Amount will be reduced by 20% as compared to the representative usage tiers shown above.

"Plan Settlement Closing Date" is defined in the Mediation Agreement as a date that shall occur no later than ten business days following the date on which each of the following conditions has been satisfied or waived by each of the parties thereto: (i) entry of a final order by the court overseeing the Segregated Account rehabilitation proceeding approving the transactions contemplated by the

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Mediation Agreement; (ii) entry of a final, nonappealable order by the Bankruptcy Court (as defined in Note 10 below) confirming Ambac's Reorganization Plan (as defined in Note 10 below); (iii) resolution of the matters that are the subject of the adversary proceeding initiated by Ambac in the Bankruptcy Court against the Internal Revenue Service ("IRS") captioned Ambac Financial Group, Inc. vs. United States of America, Case No. 10-04210 (the "IRS Dispute") without (A) any member of the AAC Subgroup (as defined below) having to make a payment to the IRS of more than \$100 million and (B) a reduction by more than 10% of the NOLs (as defined in Note 10 below) allocated to the AAC Subgroup pursuant to the amended tax sharing agreement to be entered into by Ambac and Ambac Assurance (among others) pursuant to the Mediation Agreement; and (iv) a determination made in accordance with the Mediation Agreement that neither an Ownership Change (as defined in Note 10 below) with respect to Ambac Assurance nor a Deconsolidation Event (as defined in Note 10 below) occurred during the 2010 taxable year. As used above, "AAC Subgroup" means Ambac Assurance and any direct or indirect subsidiary of Ambac Assurance that would be treated as an includable corporation of an affiliated group of corporations under the Internal Revenue Code if Ambac Assurance were the common parent of such affiliated group.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

2010 and 2011 Events – Ambac and Ambac Assurance:

Chapter 11 Reorganization

On November 8, 2010 (the "Petition Date"), Ambac filed a voluntary petition for relief (the "Bankruptcy Filing") under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court").

Ambac, as debtor and debtor-in-possession, filed a Plan of Reorganization on July 6, 2011, a First Amended Plan of Reorganization on September 21, 2011, a Second Amended Plan of Reorganization on September 30, 2011, and a Third Amended Plan of Reorganization on February 24, 2012 (such Third Amended Plan of Reorganization, as it may be further amended, the "Reorganization Plan"). Simultaneously with the filing of the Second Amended Plan of Reorganization, on September 30, 2011, Ambac also filed with the Bankruptcy Court that certain Second Amended Disclosure Statement of Ambac Financial Group, Inc. (the "Disclosure Statement").

Under the Reorganization Plan, Ambac's debt holders and other creditors will receive all of the equity in the reorganized company. Additionally, the Reorganization Plan sets forth the revised capital structure of a newly reorganized Ambac and provides for corporate governance subsequent to emergence from bankruptcy. The Reorganization Plan also reflects a resolution of certain issues (the "Amended Plan Settlement") among Ambac, the statutory committee of creditors appointed by the United States Trustee on November 17, 2010 (the "Creditors' Committee"), Ambac Assurance, the Segregated Account and OCI (as regulator of Ambac Assurance and as Rehabilitator of the Segregated Account (the "Rehabilitator")) related to (i) the NOLs of the consolidated tax group of which Ambac is the parent and Ambac Assurance is a member (the "Ambac Consolidated Group"), (ii) certain tax refunds received in respect thereof (the "Tax Refunds") and (iii) the sharing of expenses between Ambac and Ambac Assurance.

The terms of the Amended Plan Settlement are memorialized in the Mediation Agreement dated as of September 21, 2011 (the "Mediation Agreement"), among such parties. In accordance with the Amended Plan Settlement, Ambac shall retain ownership of Ambac Assurance, and except as otherwise approved by OCI, Ambac shall use its best efforts to preserve the use of NOLs as contemplated by the Amended Plan Settlement, including but not limited to refraining from taking any action that would result in, and taking such affirmative steps as are appropriate to avoid, any event that results in neither Ambac Assurance nor any entity that succeeds to the tax attributes of Ambac Assurance being characterized as an includable corporation with the affiliated group of corporations of which Ambac (or any successor thereto) is the common parent (the "Ambac Consolidated Group"), all within the meaning of the Internal Revenue Code (a "Deconsolidation Event"). Additionally, the Amended Plan Settlement contemplates (i) the execution of the Amended TSA (as defined below), Cost Allocation Agreement (as defined below), and Cooperation Agreement Amendment (as defined below), (ii) the settlement of certain claims among Ambac and Ambac Assurance, OCI (as regulator of Ambac Assurance and as Rehabilitator of the Segregated Account) and the Segregated Account, and (iii) broad releases of Ambac, Ambac Assurance, the Segregated Account, OCI, the board of directors and board committees of Ambac and Ambac Assurance, all current and former individual directors, officers, or employees of Ambac and Ambac Assurance, the Creditors' Committee and the individual members thereof, and certain other released parties.

Pursuant to the Mediation Agreement, Ambac and Ambac Assurance agreed to, and agreed to cause their affiliates to, enter into an amended and restated tax sharing agreement (the "Amended TSA"), which agreement shall become effective upon on the later of (a) the date on which an order is entered by the Bankruptcy Court confirming Ambac's Reorganization Plan (the "Confirmation Date" and such order, the "Confirmation Order") and (b) the date on which a non-stayed order is entered by the Circuit Court of Dane County, Wisconsin in which the Segregated Account rehabilitation proceedings are pending (the "Rehabilitation Court") approving the transactions contemplated by the Mediation Agreement (such date, the "Plan Settlement Effective Date"). The Rehabilitation Court entered an order on November 10, 2011 authorizing the transactions contemplated by the Mediation Agreement. Such order has been appealed, and such appeals remain pending, but such order remains unstayed.

The Amended TSA shall replace, supersede and nullify in its entirety the existing tax sharing agreement among Ambac and its affiliates. The Amended TSA shall address certain issues including, but not limited to, the allocation of NOLs among members of the Ambac Consolidated Group; payments to be made by Ambac Assurance to Ambac, and by Ambac to Ambac Assurance, in connection with the utilization of NOLs; and certain actions to be taken to preserve the use of the NOLs for the benefit of the parties, including upon the occurrence of a Deconsolidation Event. Amounts payable by Ambac Assurance under the Amended TSA shall be paid no later than the date on which the applicable tax return is filed, provided that any such amounts due prior to the Plan Settlement Closing Date (as defined below) shall be deposited in an escrow account and transferred to Ambac on the Plan Settlement Closing Date.

The Mediation Agreement further provides that Ambac, Ambac Assurance and their affiliates will enter into an expense sharing and cost allocation agreement (the "Cost Allocation Agreement"), which agreement shall become effective on the Plan Settlement Effective Date. The Cost Allocation Agreement shall provide for the allocation of costs and expenses among Ambac, Ambac Assurance and their affiliates and shall include an undertaking by Ambac Assurance to pay operating expenses of Ambac subject to certain limitations and conditions. The Mediation Agreement also provides for sharing by Ambac and Ambac Assurance of the expenses incurred since November 1, 2010 in connection with the litigation with United States Internal Revenue Service (the "IRS") described in Note 14 below.

As part of the Amended Plan Settlement, Ambac, Ambac Assurance, the Segregated Account and OCI (as Rehabilitator of the Segregated Account) also agreed, pursuant to the Mediation Agreement, to enter into an amendment, effective as of the Plan Settlement Effective Date (the "Cooperation Agreement Amendment"), of that certain Cooperation Agreement, dated as of March 24, 2010, by and between the Segregated Account and Ambac Assurance (the "Cooperation Agreement"). The Cooperation Agreement Amendment shall provide for the Rehabilitator to have certain rights with respect to (a) the tax positions taken by Ambac in its consolidated tax return; (b) the acceptance by Ambac Assurance of the repayment of intercompany loans or the modification of the terms thereof; (c) changes by Ambac Assurance in the assumptions or vendors utilized in determining loss reserves; and (d) changes to Ambac Assurance's investment policy and transfer of the investment management function for Ambac Assurance's investment portfolio.

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The Mediation Agreement provides that Ambac Assurance shall transfer \$30,000,000 to an escrow account on the Plan Settlement Effective Date (the “Cash Grant”), and further provides that such amount shall be released from escrow to Ambac on the “Plan Settlement Closing Date,” which is defined in the Mediation Agreement as a date that shall occur no later than ten business days following the date on which each of the following conditions has been satisfied or waived by each of the parties to the Amended Plan Settlement: (i) entry of a final order by the Rehabilitation Court approving the transactions contemplated by the Amended Plan Settlement; (ii) entry of a final, nonappealable Confirmation Order by the Bankruptcy Court; (iii) resolution of the matters that are the subject of the adversary proceeding initiated by Ambac in the Bankruptcy Court against the IRS captioned Ambac Financial Group, Inc. vs. United States of America, Case No. 10-04210 (the “IRS Dispute”) without (A) any member of the AAC Subgroup (as defined below) having to make a payment to the IRS of more than \$100,000,000 and (B) a reduction of the NOLs allocated to the AAC Subgroup pursuant to the Amended TSA by more than 10%; and (iv) a determination that neither an Ownership Change (as defined below) with respect to Ambac Assurance nor a Deconsolidation Event occurred during the 2010 taxable year. Pursuant to the Amended TSA, in consideration of the payment of the Cash Grant Ambac Assurance shall receive credits of up to \$15,000,000 against certain payments due to Ambac with respect to the utilization of NOLs. As used herein, “AAC Subgroup” means Ambac Assurance and any direct or indirect subsidiary of Ambac Assurance that would be treated as an includable corporation of an affiliated group of corporations under the Internal Revenue Code if Ambac Assurance were the common parent of such affiliated group.

The Mediation Agreement further provides that the Segregated Account shall issue \$350,000,000 of junior surplus notes to Ambac on the Plan Settlement Closing Date and that Ambac Assurance commits to undertake commercially reasonable efforts to transfer to Ambac a more than insignificant amount of an active trade or business, subject to (a) OCI’s determination that such a transfer does not violate the law, is reasonable and fair to the interests of Ambac Assurance and the Segregated Account, and protects and is equitable to the interests of Ambac Assurance and the Segregated Account policyholders generally, and (b) Ambac’s receipt of a tax opinion stating that it is at least more likely than not that such transfer satisfies the requirements of Internal Revenue Code section 269. Additionally, in accordance with the Amended Plan Settlement, upon the reasonable request of Ambac Assurance at any time on or after the Plan Settlement Closing Date, OCI commits to allow Ambac Assurance to repurchase surplus notes, preferred stock or other securities or other consideration issued pursuant to the Segregated Account Rehabilitation Plan (as defined below) (whether issued by Ambac Assurance or the Segregated Account) subject to OCI’s determination in its sole and absolute discretion that such repurchases do not violate the law, are reasonable and fair to the interests of Ambac Assurance and the Segregated Account, and protect and are equitable to the interests of Ambac Assurance and the Segregated Account policyholders generally.

The Reorganization Plan provides for broad releases of Ambac, Ambac Assurance, the Segregated Account, OCI (as regulator and Rehabilitator), the board of directors and board committees of Ambac and Ambac Assurance, all current and former individual directors, officers or employees of Ambac and Ambac Assurance, the Creditors’ Committee and the individual members thereof, the trustees under the indentures governing Ambac’s debt securities, the ad hoc group of creditors represented by Akin Gump Strauss Hauer and Feld LLP in connection with the Reorganization Plan and the individual members thereof, and each of their respective representatives (each of the foregoing in its individual capacity as such). Additionally, pursuant to the Amended Plan Settlement, effective as of the Plan Settlement Closing Date, Ambac and the Creditors’ Committee shall provide an unconditional, full and complete release of OCI (as regulator and Rehabilitator), Ambac Assurance and the Segregated Account from all claims and causes of action arising prior to the Plan Settlement Closing Date, and Ambac Assurance, OCI (as regulator and Rehabilitator) and the Segregated Account shall provide an unconditional, full and complete release of Ambac and members of the Creditors’ Committee from all claims and causes of action arising prior to the Plan Settlement Closing Date.

A hearing to determine whether the Disclosure Statement contains “adequate information,” as defined in the Bankruptcy Code, to enable Ambac’s creditors to decide how to vote on the Reorganization Plan, was held on October 5, 2011. At the conclusion of such hearing the Bankruptcy Court entered an order approving the Disclosure Statement for use in connection with soliciting acceptances or rejections of the Reorganization Plan. The current deadline for voting to accept or reject the Reorganization Plan is February 29, 2012 at 5:00 p.m. (prevailing Pacific Time). The current deadline for filing an objection to the Reorganization Plan with the Bankruptcy Court is February 29, 2012 at 4:00 p.m. (prevailing Eastern Time). The hearing at which the Bankruptcy Court will consider confirmation of the Reorganization Plan is currently scheduled to commence on March 13, 2012 at 11:00 a.m. (prevailing Eastern Time).

By order of the Bankruptcy Court entered on August 10, 2011, Ambac’s exclusive right to solicit votes to accept or reject a plan of reorganization was extended to April 4, 2012. If Ambac’s exclusivity period lapses, any party in interest would be able to file and solicit votes to accept or reject a plan of reorganization with respect to Ambac. In addition to being approved by at least one class of holders of impaired claims, a plan of reorganization must satisfy certain requirements of the Bankruptcy Code and must be confirmed by the Bankruptcy Court in order to become effective.

A plan of reorganization will be deemed accepted by holders of claims against and equity interests in Ambac if (1) at least one-half in number and two-thirds in dollar amount of claims actually voting in each impaired class of claims have voted to accept the plan and (2) at least two-thirds in amount of equity interests actually voting in each impaired class of equity interests has voted to accept the plan. Under certain circumstances set forth in Section 1129(b) of the Bankruptcy Code, however, the Bankruptcy Court may confirm a plan even if such plan has not been accepted by all impaired classes of claims and equity interests. A class of claims or equity interests that does not receive or retain any property under the plan on account of such claims or interests is deemed to have voted to reject the plan. The precise requirements and evidentiary showing for confirming a plan, notwithstanding its rejection by one or more impaired classes of claims or equity interests, depends upon a number of factors, including, without limitation, the status and seniority of the claims or equity interests in the rejecting class (i.e., secured claims or unsecured claims, subordinate or senior claims, preferred or common stock). Generally, with respect to common stock interests, a plan may be “crammed down” even if the stockholders receive no recovery if the proponent of the plan demonstrates that (1) no class junior to the common stock is receiving or retaining property under the plan and (2) no class of claims or interests senior to the common stock is being paid more than in full.

Consummation of the Reorganization Plan is subject to the satisfaction or waiver of the following conditions: (i) the Bankruptcy Court shall have entered an order confirming the Reorganization Plan and such order shall have become final in accordance with the Reorganization Plan; (ii) the Bankruptcy Court shall have approved any supplement filed with respect to the Reorganization Plan; (iii) new organizational documents of Ambac shall have been effected; (iv) Ambac shall have executed and delivered all documents necessary to effectuate the issuance of the common stock and warrants (if applicable) pursuant to the Reorganization Plan; (v) all authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Reorganization Plan shall have been obtained; (vi) the stipulation of settlement related to certain securities class actions and derivative actions against Ambac and other defendants shall have become effective; (vii) the terms of the IRS Settlement (as defined in Note 14 below) shall have been approved by OCI, the United States, the Rehabilitation Court, the Creditors’ Committee, the boards of directors of Ambac and Ambac Assurance, and all conditions to the effectiveness of the IRS Settlement shall have been satisfied; (viii) the IRS Settlement and all transaction documents relating thereto shall have been executed by the parties thereto; (ix) the Bankruptcy Court shall have entered an order pursuant to Bankruptcy Rule 9019 approving the IRS Settlement; (x) Ambac (on behalf of itself, Ambac Assurance, and the other members of the Ambac Consolidated Group) and the IRS shall have entered into (a) a pre-filing agreement prior to the filing of the Ambac Consolidated Group’s 2011 tax return, by which the IRS agrees that no Deconsolidation Event or Ownership Change (as defined below) with respect to Ambac Assurance occurred during the 2010 taxable year as a result of certain events described in the Offer Letter (as defined in Note 14 below), or (b) a closing agreement by which the IRS agrees that no such Deconsolidation Event or Ownership Change occurred during the 2010 taxable year; (xi) the aggregate face amount of allowed and disputed general unsecured claims shall be less than \$50,000,000; (xii) the Rehabilitation Court shall have approved the transactions contemplated by the Mediation Agreement, the Amended TSA, the Cost Allocation Agreement, and the Cooperation Agreement Amendment; (xiii) the Cash Grant shall have been paid or paid into escrow as provided in the Mediation Agreement; (xiv) the Amended TSA, the Cooperation Agreement Amendment and the Cost Allocation Agreement shall have been executed; and (xv) all other actions, documents, certificates and agreements necessary to implement the Reorganization Plan shall have been

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effected or executed and delivered to the required parties and, to the extent required, filed with applicable governmental units in accordance with applicable laws.

A significant consideration for any restructuring or reorganization is the impact, if any, on Ambac's estimated \$7,162,680,000 U.S. net operating loss tax carry forward as of December 31, 2011. Ambac considers the NOLs to be a valuable asset. However, Ambac's ability to use the NOLs could be substantially limited if there were an "ownership change" as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") (an "Ownership Change"). In general, an Ownership Change would occur if shareholders owning 5% or more of Ambac's stock increased their percentage ownership (by value) in Ambac by 50% or more, as measured generally over a rolling three year period beginning with the last Ownership Change. These provisions can be triggered by new issuances of stock, merger and acquisition activity or normal market trading. On February 2, 2010, Ambac entered into a Tax Benefit Preservation Plan to reduce the risk of an Ownership Change resulting from the trading of Ambac's stock. Moreover, on November 30, 2010, the Bankruptcy Court entered an order restricting certain transfers of equity interests in, and claims against, Ambac in order to mitigate the possibility of an Ownership Change occurring upon consummation of the Reorganization Plan and to increase the likelihood that Ambac will be able to utilize a special exception under Section 382 of the Code for Ownership Changes occurring as a result of a bankruptcy plan of reorganization. On July 21, 2011, Ambac filed a notice (the "Reporting Notice") requiring that any entity holding claims against Ambac in an amount that equals or exceeds \$55,000,000 (each, a "Substantial Claimholder") to serve upon Ambac and its counsel a "Substantial Claimholder Notice" in the form attached to the Reporting Notice. On January 6, 2012, the Bankruptcy Court entered an order (the "Claims Acquisition Notice Order") providing that (i) any entity that served a Substantial Claimholder Notice proposing to acquire additional claims against Ambac and any entity that would become a Substantial Claimholder by virtue of a proposed acquisition of claims against Ambac must provide advance written notice of such transaction to Ambac (a "Proposed Claims Acquisition Notice"); (ii) upon receipt of a Proposed Claims Acquisition Notice Ambac shall have ten business days to object to any transaction described in such notice; (iii) any entity that acquired claims against Ambac as to which a Proposed Claims Acquisition Notice would have been required, but for the fact that such acquisition occurred prior to entry of the Claims Acquisition Notice Order, shall serve a Proposed Claims Acquisition Notice upon Ambac with respect to such claims and Ambac may order such entity to sell such claims, in accordance with the procedures set forth in the order establishing procedures for certain transfers of equity interests in and claims against Ambac, entered by the Bankruptcy Court on November 30, 2010 (the "Trading Order"); and (iv) the "Equity Forfeiture Provisions" set forth in the Trading Order shall apply to any entity that fails to comply with the Claims Acquisition Notice Order or the Trading Order (including any entity that failed to serve a Substantial Claimholder Notice upon Ambac following the filing of the Reporting Notice, in accordance with the Trading Order). See Note 14 below for additional information about potential changes to the amount of NOLs.

Segregated Account

On March 24, 2010, Ambac Assurance acquiesced to the request of OCI to establish the Segregated Account. Under Wisconsin insurance law, the Segregated Account is a separate insurer from Ambac Assurance for purposes of the Segregated Account rehabilitation proceedings. The purpose of the Segregated Account is to segregate certain segments of Ambac Assurance's liabilities. On March 24, 2010, OCI commenced rehabilitation proceedings with respect to the Segregated Account in order to permit the OCI to facilitate an orderly run-off and/or settlement of the liabilities allocated to the Segregated Account pursuant to the provisions of the Wisconsin Insurers Rehabilitation and Liquidation Act. The Rehabilitator of the Segregated Account is Theodore Nickel, the Commissioner of Insurance of the State of Wisconsin. The Segregated Account is operated in accordance with a Plan of Operation (the "Plan of Operation") and certain operative documents relating thereto (which include the Secured Note, the Reinsurance Agreement, the Management Services Agreement and the Cooperation Agreement). These operative documents provide that the Segregated Account will act exclusively through the Rehabilitator. Pursuant to the Plan of Operation, Ambac Assurance has allocated to the Segregated Account (1) certain policies insuring or relating to credit default swaps; (2) residential mortgage-backed securities ("RMBS") policies; (3) certain Student Loan Policies; and (4) other policies insuring obligations with substantial projected impairments or relating to transactions which have contractual triggers based upon Ambac Assurance's financial condition or the commencement of rehabilitation, which triggers are potentially damaging (collectively, the "Segregated Account Policies"). The policies described in (4) above include (a) certain types of securitizations, including commercial asset-backed transactions, consumer asset-backed transactions and other types of structured transactions; (b) the policies relating to Las Vegas Monorail Company; (c) policies relating to debt securities purchased by, and the debt securities issued by, Juneau Investments, LLC and Aleutian Investments, LLC, which are both finance companies owned by Ambac Assurance; (d) policies relating to leveraged lease transactions; and (e) policies relating to interest rate, basis, and/or currency swap or other swap transactions. Claims on Segregated Account Policies remain subject to a payment moratorium until the Segregated Account Rehabilitation Plan (as defined below) becomes effective. Insurance claims presented during the moratorium of \$2,768,627,119 for policies allocated to the Segregated Account have not yet been paid. Net par exposure as of December 31, 2011 for policies allocated to the Segregated Account is \$34,818,201,143. Ambac Assurance also allocated the following to the Segregated Account: (i) all remediation claims, defenses, offsets, and/or credits (except with respect to recoveries arising from remediation efforts or reimbursement or collection rights), if any, in respect of the Segregated Account Policies, (ii) Ambac Assurance's disputed contingent liability under the subsequently settled long-term lease with One State Street, LLC ("OSS"), and its contingent liability (as guarantor), if any, under the subsequently terminated Ambac Assurance UK Limited ("Ambac UK") lease with British Land, (iii) Ambac Assurance's limited liability interests in Ambac Credit Products, LLC ("ACP"), Ambac Conduit Funding LLC, Aleutian Investments, LLC ("Aleutian") and Juneau Investments, LLC ("Juneau") and (iv) all of Ambac Assurance's liabilities as reinsurer under reinsurance agreements (except for reinsurance assumed from Everspan). Effective November 7, 2010, the Plan of Operation for the Segregated Account was amended for the purpose of allocating to the Segregated Account (i) any and all liabilities (including contingent liabilities) it has or may have, now or in the future, to Ambac, or any successor to Ambac, in regard to, or respecting, tax refunds and/or the July 18, 1991 Tax Sharing Agreement, as amended (other than any liability to Ambac pertaining to any possible misallocation of up to \$38,485,850 of tax refunds received by Ambac Assurance in September 2009 and February 2010), (ii) any and all liabilities (including contingent liabilities) it has or may have, now or in the future, to the IRS and/or the United States Department of the Treasury (the "U.S. Treasury") in regard to, or in respect of, taxes imposed under the Internal Revenue Code of 1986, as amended (the "Federal Taxes"), for taxable periods ending on or prior to December 31, 2009 and, (iii) to the extent not described in clause (ii), any and all liabilities (including contingent liabilities) Ambac Assurance has or may have, now or in the future, to the IRS and/or the U.S. Treasury in regard to, or respect of, any Federal Tax refunds that were received prior to November 7, 2010 by Ambac Assurance, Ambac or their affiliates (each of clauses (i), (ii) and (iii), the "Allocated Disputed Contingent Liabilities"). In addition, on November 8, 2010, the Rehabilitation Court issued an order for temporary supplemental injunctive relief (the "State Court Injunction") enjoining Ambac, any successor-in-interest, any state court receiver of Ambac, all persons purporting to be creditors of Ambac, the IRS and all other federal and state governmental entities from commencing or prosecuting any actions, claims, lawsuits or other formal legal proceedings relating to the Allocated Disputed Contingent Liabilities.

Policy obligations not allocated to the Segregated Account remain in the General Account, and such policies in the General Account are not subject to and, therefore, will not be directly impacted by the Segregated Account Rehabilitation Plan (as defined below). Ambac Assurance is not, itself, in rehabilitation proceedings.

On October 8, 2010, the Rehabilitator filed a plan of rehabilitation for the Segregated Account (the "Segregated Account Rehabilitation Plan") in the Rehabilitation Court. The Rehabilitation Court confirmed the Segregated Account Rehabilitation Plan on January 24, 2011. The effective date of the Segregated Account Rehabilitation Plan will be determined by the Rehabilitator. The Segregated Account Rehabilitation Plan also makes permanent the injunctions issued by the Rehabilitation Court on March 24, 2010.

The confirmed Segregated Account Rehabilitation Plan provides that holders of permitted policy claims will receive 25% of their permitted claims in cash and 75% in surplus notes issued by the Segregated Account. The issuance of surplus notes by both Ambac Assurance, and by the Segregated Account as contemplated by the current Segregated Account Rehabilitation Plan, could subject Ambac Assurance to the risk of

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deconsolidation from Ambac for tax purposes, which may also result in a Section 382 limitation with respect to Ambac Assurance's NOLs or an attribution of NOLs to Ambac, or could subject Ambac Assurance to the risk of recognizing significant cancellation of indebtedness income ("CODI"). Any of these consequences would likely have a material adverse effect on the financial condition of Ambac Assurance and the Segregated Account. As such, the Rehabilitator is considering substantial amendments to the Segregated Account Rehabilitation Plan and/or the initiation of rehabilitation proceedings with respect to Ambac Assurance. Such amendments to the Segregated Account Rehabilitation Plan (and, presumably, any rehabilitation plan with respect to Ambac Assurance) could include the elimination of the issuance of surplus notes by the Segregated Account and/or the imposition of transfer restrictions on any surplus notes issued by the Segregated Account.

In March 2011, the Segregated Account issued Segregated Account Surplus Notes with a par value of \$3,000,000 in connection with the commutation of insurance policies allocated to the Segregated Account. At December 31, 2011, the Segregated Account had outstanding Segregated Account Surplus Notes in an aggregate par amount of \$53,000,000 that have a scheduled maturity of June 7, 2020. Interest on the Segregated Account Surplus Notes is payable annually in June at the rate of 5.1% on the unpaid principal balance outstanding. All payments of principal and interest on the Segregated Account Surplus Notes are subject to the prior approval of the OCI. If the OCI does not approve the payment of interest on the Segregated Account Surplus Notes, such interest will accrue and compound annually until paid. The Segregated Account Surplus Notes were issued pursuant to a fiscal agency agreement entered into with The Bank of New York Mellon, as fiscal agent. To the extent that interest payments are deferred for more than five years, a portion of the deferred interest may not be a tax deduction until paid or may be disallowed under the applicable high yield debt obligation provisions of the Code.

In May 2011, the Segregated Account issued Segregated Account Junior Surplus Notes with a par value of \$36,081,612 in connection with a settlement agreement (the "Settlement Agreement") to terminate Ambac's existing headquarters office lease with One State Street LLC ("OSS"). The Junior Surplus Notes have a scheduled maturity of June 7, 2020. Interest on the Segregated Account Junior Surplus Notes is payable annually in June at the rate of 5.1% on the unpaid principal balance outstanding. No payment of interest on or principal of the junior surplus notes may be made until all existing and future indebtedness of the Segregated Account, inclusive of Segregated Account Surplus Notes, policy claims and claims having statutory priority have been paid in full. All payments of principal and interest on the Segregated Account Surplus Notes are subject to the prior approval of the OCI. If the OCI does not approve the payment of interest on the Segregated Account Surplus Notes, such interest will accrue and compound annually until paid. The Settlement Agreement settled all claims among Ambac, Ambac Assurance, the Segregated Account of Ambac Assurance Corporation and OSS relating to the terminated lease. Additionally, Ambac Assurance entered into a new lease (the "New Ambac Assurance Lease") with OSS for an initial term commencing on May 19, 2011 through December 31, 2015. The New Ambac Assurance Lease provides for the rental of a reduced amount of space at Ambac's current location, One State Street Plaza. The Settlement Agreement also provides that OSS will have an allowed general unsecured claim in Ambac's bankruptcy case for approximately \$14,000,000 (the "AFG Payment"). The AFG Payment will be made by Ambac in the same form as payment is made to Ambac's other creditors.

On June 1, OCI issued its disapproval of the request of the Rehabilitator of the Segregated Account, acting for and on behalf of the Segregated Account, to pay interest on all outstanding Surplus Notes issued by the Segregated Account on the first scheduled interest payment date of June 7, 2011.

- A. All outstanding shares of the Company's common stock are owned by Ambac, a publicly traded company. On December 17, 2010, the New York Stock Exchange delisted the common stock of Ambac and certain other securities of Ambac. As a result of the delisting, Ambac's common stock is trading exclusively on the over-the-counter ("OTC") market. On the OTC market, shares of Ambac's common stock trade under the symbol ABKFQ.
- B. Transactions with Affiliates

The Company engaged in the following non-insurance transactions (representing greater than 0.5% of admitted assets) with affiliates.

During 2011, Ambac Assurance did not purchase from or sell securities to Everspan. During 2010, Ambac Assurance sold 16 securities in the amount of \$109,120,275 to Everspan. This transaction is greater than 1/2 of 1% of admitted assets at December 31, 2010.

During 2011, the Segregated Account had draws of \$328,609,067 on the Secured Note issued by Ambac Assurance offset by capitalized interest of \$86,767,181.

The Company loaned cash and securities to Ambac Investments, Inc. ("AII"), AFS and Ambac Credit Products, LLC ("ACP") pursuant to a revolving credit facility approved by the OCI. At December 31, 2011 and December 31, 2010, securities loaned by the Company to AII, which were classified as investments, had an admitted carrying value of \$268,012,347 and \$170,720,542, respectively. During 2011, the loans to AII were paid down by \$52,600,000. During 2010 the loans to AII were paid down by \$88,788,000 and the loan to ACP was cancelled. During 2011 and 2010, the loans to AFS had additional borrowings of \$83,256,251 and \$19,936,000, respectively. At December 31, 2011, there were outstanding cash loans of \$500,599,000 and \$468,256,251 to AII and AFS, respectively. At December 31, 2010, there were outstanding cash loans of \$553,199,000 and \$385,000,000 to AII and AFS, respectively. These loans are included in aggregated write-ins for invested assets. A portion of the loans, (\$582,256,251) and (\$187,300,000) was deemed uncollectible at December 31, 2011 and 2010, respectively.

On December 16, 2011, the Company borrowed \$177,570,965 through a secured borrowing transaction (the "Secured Borrowing") in which cash of \$1,901,764 and certain RMBS securities guaranteed by Ambac Assurance (the "Underlying Securities") were deposited into a third party trust to collateralize and fund repayment of the debt. The financial guarantee insurance policies on the Underlying Securities are allocated to the Segregated Account. The Underlying Securities are reported as investments of Ambac Assurance and have an admitted carrying value of \$162,788,114. Although such securities are reported as Ambac Assurance's investments, and cash flows from the securities will be received directly by the third party trusts, not by Ambac Assurance. The Secured Borrowing is reported under Borrowed Money and has an outstanding balance as of December 31, 2011 of \$174,267,143. Repayments under the Secured Borrowing will be from cash flows received from the Underlying Securities. Also on December 16, 2011, the Company formed Orient Bay, LLC ("Orient Bay"), and contributed to Orient Bay cash of \$141,980,484. The Company is the sole member of Orient Bay, a single member limited liability company. Orient Bay used the capital contribution to purchase securities issued by third party trusts that represent interests in the Underlying Securities. The securities purchased by Orient Bay entitle the holder to: (i) the proceeds of payments under the insurance policies on the Underlying Securities and (ii) subordinated interest in the Underlying Securities other than payments under the related insurance policies. The senior-most interest in the Underlying Securities other than payments under the related insurance policies was sold to third party investors. See Note 11 – Debt for further discussion of the Secured Borrowing

- C. Pursuant to a written TSA approved by both the OCI and the Ambac Assurance's Board of Directors, amounts assessed/reimbursed under the TSA are based upon separate return and other calculations made as if Ambac Assurance had filed its own federal income tax return for each taxable period.

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D. Amounts due from / (to) related parties as of December 31, 2011 and 2010:

Related Party	December 31,	December 31,
	2011	2010
	Due from /	Due from /
	(Due to)	(Due to)
Ambac Japan Co. Ltd.	\$358,852	\$358,852
Ambac Assurance UK Limited	284,487	437,490
Ambac Financial Group, Inc.	260,678	(49,894)
Ambac Financial Services, LLC	70,036	(125,558)
Aleutian Investment, LLC	28,249	23,224
Contingent Capital Company, LLC	590	590
SP Note Investor, LLC	590	590
Ambac Investments, Inc.	0	(162,645)
Everspan Financial Guarantee Corp.	(9,000)	0
Ambac Credit Products	(39,985)	(269,833)
Ambac Capital Corporation	(168,026)	204,268
Ambac Asset Funding Corporation	(324,078)	(324,078)
	<u>\$462,393</u>	<u>\$93,006</u>

Net amounts due to / from related parties are settled net in cash where the right of offset exists.

E. As per the Plan of Operation, the Segregated Account retroactively assumes liabilities from Ambac Assurance which consists of loss and loss expense reserves related to policies allocated to the Segregated Account. In addition, the Segregated Account retroactively cedes reinsurance liabilities to Ambac Assurance via an excess of loss reinsurance agreement. See Note 10 – 2010 and 2011 Events – Ambac and Ambac Assurance and Note 23F for further discussion.

Pursuant to the AUK Reinsurance Agreement, Ambac Assurance reinsured on a quota share basis 90% of the liabilities under policies issued by Ambac UK, and reinsured on an excess of loss basis Ambac UK policy liabilities in excess of £500,000. On September 28, 2010, Ambac Assurance entered into the AUK Commutation Agreement with Ambac UK and the Special Deputy Commissioner of OCI, pursuant to which the AUK Reinsurance Agreement was commuted and other capital support arrangements between Ambac Assurance and AUK were terminated. The net effect of the transaction was a \$338.1 million decrease in policyholders surplus offset by income of \$412.2 million resulting in a net increase to surplus of \$74.1 million. This income resulted primarily from the reductions of unearned premium reserves and loss reserves to zero as a result of the AUK Commutation Agreement.

The Company is party to a reinsurance agreement with Everspan whereby the Company provided excess of loss reinsurance for the aggregate of all incurred losses of Everspan in excess of an attachment point. The attachment point is defined as an amount which would provide for the surplus of Everspan to not fall below \$75,000,000. Premiums assumed under this agreement were \$62,000 and \$91,000, respectively, in 2011 and 2010. No losses were incurred under this agreement during 2011 and 2010.

The Company was a party to a reinsurance agreement with ABL whereby the Company ceded facultative reinsurance of financial guarantee insurance policies on a pro-rata or excess of loss basis to ABL. During 2010, this agreement was cancelled. The termination reflects a recapture of approximately \$24.8 billion of par outstanding. The economic result was a settlement payment to Ambac Assurance of \$6,734,175. In connection with the termination, Ambac Assurance recorded net gains of approximately \$1 million in the Statement of Income during the year ended December 31, 2010. Premiums ceded under the facultative agreement were \$(5,969,554) during 2010. There were no losses incurred under the agreement during 2010.

During 2011 and 2010, Ambac Assurance guaranteed the timely payment of principal and interest on obligations under investment agreements and repurchase agreements issued by its affiliates. As of December 31, 2011 and 2010, the principal amount of investment agreements and investment repurchase agreements insured was \$548,945,000 and \$808,393,000, respectively, including accrued interest. The insurance policies are collateralized by investment securities, accrued interest receivable, securities purchased under agreements to resell, cash and cash equivalents, and other financial assets which as of December 31, 2011 and 2010 had an aggregate fair value of \$805,681,000 and \$1,107,695,000 respectively. During 2011 and 2010, Ambac Assurance recorded gross premiums written of \$649,825 and \$1,013,273 and gross premiums earned of \$658,200 and \$1,413,636 respectively, related to these agreements. There were no losses incurred under the agreement during 2011 and 2010.

During 2011 and 2010, Ambac Assurance guaranteed an affiliates' obligation under \$360,000,000 liquidity facility to a reinsurance company which acts as reinsurer with respect to a portfolio of life insurance policies. The liquidity facility provides temporary funding in the event that the reinsurance company's capital is insufficient to make payments under the reinsurance agreement. The reinsurance is required to repay all amounts drawn under the liquidity facility. At December 31, 2011 and 2010, \$8,790,000 was drawn on this liquidity facility; at December 31, 2011 and 2010 the undrawn balance of the liquidity facility was \$351,210,000. The Company recorded gross premiums written and earned of \$3,248,801 and \$3,077,855 for the years ended December 31, 2011 and 2010, respectively. There were no losses incurred under the agreement during 2011 and 2010.

Pursuant to Insurance and Indemnity agreements between AFS and Ambac Assurance, AFS' swap agreements are guaranteed by Ambac Assurance. During 2011 and 2010, Ambac Assurance recorded gross premiums written and earned of \$276,431 and \$371,990, respectively, related to these agreements. The total notional amount under these agreements was \$5,477,623,711 and \$7,322,006,177 at December 31, 2011 and 2010, respectively. There were no losses incurred under the agreement during 2011 and 2010.

Ambac Assurance is party to Insurance and Indemnity agreements with the swap counterparties of ACP, whereby the Company guarantees timely payment of ACP's obligations under credit default swaps primarily on CDOs. The total notional amount of these structured credit default swaps was approximately \$14.2 billion and \$18.8 billion at December 31, 2011 and 2010, respectively. During 2011 and 2010, Ambac Assurance recorded gross premiums written of \$5,352,182 and \$8,334,426 and gross premiums earned of \$5,103,289 and \$8,356,998 respectively, related to these agreements.

F. Ambac and its affiliates are party to an Expense Sharing and Cost Allocation Agreement whereby all shared expenses are charged to affiliated companies. Amounts due under this agreement are settled net in cash on a quarterly basis. The Company charged affiliates \$11,174,491 and \$12,429,063 under this agreement during 2011 and 2010, respectively.

Pursuant to the Management Services Agreement of the Segregated Account, Ambac Assurance has charged \$32,391,916 and \$12,002,134 to the Ambac Assurance Segregated Account during 2011 and 2010, respectively. During 2011, \$26,246,916 of outstanding expenses related to

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the Ambac Assurance Segregated Account were approved by the Rehabilitator, of which \$6,680,000 were incurred during 2010.

- G. ABL and Ambac Assurance are owned solely by Ambac. As a result of this common ownership, operating results of Ambac Assurance could have been different from those that would have been obtained if the enterprises were autonomous.
- H. The Company owns no shares in an upstream intermediate or ultimate parent.
- I. None of the Company's investments in SCA entities exceeds 10% of the admitted assets of the Company at December 31, 2011.
- J. Other than those previously disclosed there were no write-downs of SCA entities due to impairments during the year ended December 31, 2011.
- K. The Company does not have any foreign insurance subsidiaries valued using CARVM.
- L. The Company does not admit any downstream holding companies.

11. Debt

- A. On March 24, 2010, the Company issued a \$2,000,000,000 secured demand note ("Secured Note") to the Segregated Account due 2050. Interest on the Secured Note accrues at the rate of 4.5% per annum, and accrued interest will be added to principal quarterly. No interest has been paid during the years 2010 and 2011. See 2010 and 2011 Events – Ambac and Ambac Assurance: Segregated Account in Note 10 for further information.

As described further in Note 10.B, on December 16, 2011, the Company borrowed \$177,570,965 with a stated maturity date in July 2047 through a secured borrowing transaction (the "Secured Borrowing") under which certain RMBS securities guaranteed by Ambac Assurance (the "Underlying Securities") were deposited into a trust to collateralize and fund repayment of the debt. The par amount of the Secured Borrowing as of December 31, 2011 is \$302,530,133 and is structured in tranches with contractual interest rates as described below:

Class	Original Par	Interest Rate
A-1	\$35,600,000	6.65%
A-2	\$11,400,000	0.00%*
A-3	\$10,000,000	0.00%*
A-4	\$10,000,000	0.00%*
A-5	\$10,000,000	0.00%*
A-6	\$10,000,000	0.00%*
C	\$215,530,133	0.00%

* The above certificates pay sequentially. For A-2 through A-6, the rate is 0.00% until the immediate senior tranche is reduced to zero, then the rate will be 4.00%, subject to a cap equal to the aggregate interest received on the Underlying Securities for the applicable distribution date.

Interest accrues on the senior most tranche outstanding until interest and principal are paid, at which time interest begins to accrue on the next sequential tranche. Proceeds of payments under the insurance policies on the Underlying Securities are segregated under the structure to pay separate non-interest bearing Class X certificates. Only non-insurance proceeds from the Underlying Securities are used to pay interest and principal on the certificates summarized in the above table. Interest and principal due on the Secured Borrowing are limited to the amount collected on the securities pledged as collateral. These pledged securities had a current par outstanding of \$329,128,540 and carrying value of \$162,788,114 as of December 31, 2011. The Class A-1 certificates are owned by third party investors. All other certificates summarized in the above table are owned by Orient Bay.

- B. The Company has no funding agreements with Federal Home Loan Banks (FHLB).
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. The Company does not sponsor a defined benefit pension plan.
- B. Effective November 5, 2010, Ambac Assurance was designated the sponsor of the former Ambac sponsored defined contribution plan. Ambac Assurance makes an employer matching contribution subject to limits set by the Internal Revenue Code. Matching contributions will equal 100% of the employees' contributions, up to 3% of such participants' base, plus 50% of contributions up to an additional 2% of base compensations. The expense is allocated to subsidiaries based upon salary expense. The total cost to the Company of the defined contribution plan were \$546,000 and \$1,253,000 in 2011 and 2010, respectively.

In addition, effective May 1, 2010, Ambac Assurance provides various postretirement benefits, principally health and life benefits, covering certain employees of the Company who meet certain age and service requirements. These plans were sponsored by Ambac through April 30, 2010. All plans are contributory. None of the plans are currently funded. The Company recorded \$2,380,000 and \$1,059,000 of postretirement benefits expense during 2011 and 2010, respectively. The postretirement benefit expense is allocated to the subsidiaries based upon salary expense.

- C. The Company does not participate in a multiemployer pension plan.
- D. Consolidated/Holding Company Plans

Employees of the Company participate in Ambac's 1997 Equity Plan which provides for the granting of stock options, stock appreciation rights, RSUs, performance units and other awards that are valued or determined by reference to Common Stock. No stock compensation awards were granted to employees in 2011 or 2010. Stock options and RSU expenses are allocated to each of Ambac's subsidiaries based on the actual number of stock options and restricted stock units granted to each subsidiary's employees. In accordance with SSAP No. 13, "Stock Options and Stock Purchase Plan", paragraph 13, stock options, purchase and award programs of the principal stockholder shall be treated as contributed surplus by the principal stockholder. As the consideration received by employees for the options was equal to the quoted market price at the measurement date, no expense was reflected in the financial statements. Paid in surplus in the amount of (\$3,146,050) was recognized in 2011 relating to the expensing of RSUs, net of forfeiture benefits, granted to employees of Ambac Assurance and its subsidiaries. Of that amount, (\$2,987,564) relates to Ambac Assurance's employees and has been expensed in the Statement of Income. The remaining amounts were contributed to Ambac Assurance's subsidiaries as capital contributions of (\$219,188) to Ambac UK, (\$48,735) to ACC, and \$109,437 to AFS, respectively.

The Company has no legal obligations for benefits under the equity plan.

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E. Postemployment Benefits and Compensated Absences

The Company accrues for employees whom qualified for severance payments as per Ambac Assurance's severance policy. The Company has no additional obligations to current or former employees for benefits after their employment but before their retirement.

F. Impact of Medicare Modernization Act on Post Retirement Benefits

Ambac Assurance provides a postretirement health care benefit plan that provides prescription drug coverage for substantially all employees of the Company. See Note 12B.

13. Capital and Surplus and Dividend Restrictions and Quasi- Reorganizations

A. Subject to potential restrictions by the OCI and/or the terms of the Settlement Agreement, the Company is authorized to issue of 40,000,000 shares of common stock, par value \$2.50 per share and 285,000 shares of serial preferred stock, par value \$1,000 per share. Issued and outstanding common stock shares were 32,800,000 at December 31, 2011 and 2010. Issued and outstanding preferred shares were 26,411 at December 31, 2011 and 2010.

B. In December 2008 the Company exercised a series of perpetual put options on its own auction rate preferred stock ("the preferred stock"). The counterparties to these put options were trusts established by a major investment bank. The trusts were created as a vehicle for providing capital support to the Company by allowing it to obtain immediate access to new capital at its sole discretion at any time through the exercise of the put option. The Company received \$800 million in return for the issuance of the preferred stock. The auction for the preferred stock occurs every 28 days. Due to the dislocation in the auction rate markets and the Company's downgrade below triple-A by Moody's and S&P, the dividend rate on the auction market preferred has continuously been reset at the maximum rate of one-month LIBOR plus 200 bps. Dividend payments on the preferred stock are cumulative, only if the Company pays dividends on its common stock. In July 2009, Ambac Assurance's board suspended dividends on the preferred stock. Subsequently, Ambac Assurance's board declared and paid a dividend for the period December 23, 2009 through January 15, 2010. Ambac Assurance's board again suspended dividends on the preferred stock subsequent to the payment in January 2010. Total dividend payments on the preferred stock were \$0 and \$817,203 in 2011 and 2010, respectively.

C. The Company's ability to pay dividends is restricted by the Wisconsin Insurance Commissioner. Wisconsin insurance law restricts the payment of dividends in any 12 month period without regulatory approval to the lesser of (a) 10% of policyholders' surplus as of the preceding December 31 and (b) the greater of (i) statutory net loss for the calendar year preceding the date of dividend, minus realized capital gains for that calendar year and (ii) the aggregate of statutory net income or loss for three calendar years preceding the date of the dividend, minus realized capital gains for those calendar years and minus dividends paid or credited within the first two of the three preceding calendar years. In connection with the termination of reinsurance contracts, OCI requires adjustments to the dividend calculation for any surplus or net income gains recognized. Additionally, no quarterly dividend may exceed the dividend paid in the corresponding quarter of the preceding year by more than 15% without notification to the Wisconsin Insurance Commissioner in writing 30 days prior to payment of such dividend. Based on the above calculations, Ambac Assurance cannot pay dividends in 2012 without approval from the Wisconsin Insurance Commissioner.

In addition, Pursuant to Section 3.04(h) of the Settlement Agreement, Ambac Assurance may not make any Restricted Payment (which includes dividends from Ambac Assurance to Ambac) in excess of \$5 million in the aggregate, other than Restricted Payments from Ambac Assurance to Ambac in an amount (i) up to \$52 million per annum solely to pay interest on indebtedness of Ambac outstanding as of March 15, 2010, or any indebtedness issued as a result of a restructuring or refinancing thereof and (ii) up to \$7.5 million per annum solely to pay operating expenses of Ambac. Concurrent with making any such Restricted Payment, a pro rata amount of the Surplus Notes issued by Ambac Assurance to the bank group would also need to be redeemed at par.

Under the terms of the preferred stock, dividends may not be paid on the common stock of Ambac Assurance unless all accrued and unpaid dividends on the preferred stock for the then current dividend period have been paid, provided, that dividends on the common stock may be made at all times for the purpose of, and only in such amounts as are necessary for, enabling Ambac (i) to service its indebtedness for borrowed money as such payments become due or (ii) to pay its operating expenses. If dividends are paid on the common stock as provided in the prior sentence, dividends on the preferred stock become cumulative until the date that all accumulated and unpaid dividends have been paid on the preferred stock.

D. Ambac Assurance did not pay ordinary dividends in 2011 or 2010. As noted in 13B, Ambac Assurance did pay dividends on preferred stock in 2010.

E. The Company does not have profits available that may be paid as ordinary dividends.

F. New York's comprehensive financial guarantee insurance law defines the scope of permitted financial guarantee insurance and governs the conduct of business of all financial guarantors licensed to do business in New York, including Ambac Assurance. The New York financial guarantee insurance law also establishes single risk and aggregate limits with respect to insured obligations insured by financial guarantee insurers. Such single risk limits are specific to the type of insured obligation (for example, municipal or asset-backed). Under the aggregate limits, policyholders' surplus and contingency reserves must at least equal a percentage of aggregate net liability that is equal to the sum of various percentages of aggregate net liability for various categories of specified obligations. Wisconsin laws and regulations applicable to financial guarantors, as well as the laws of several other states, are less comprehensive than New York law and relate primarily to single and aggregate risk limits.

As a result of decreased statutory capital resulting from the significant losses experienced by Ambac Assurance, Ambac Assurance is not in compliance with the single and aggregate risk limits. Through run-off of the portfolio, Ambac Assurance will seek to reduce its exposure to no more than the permitted amounts, but may not be able to do so.

G. The Company is not a mutual company; as such, there were no mutual surplus advances during 2011.

H. The Company holds no stock for special purposes.

I. There were no special surplus funds as of December 31, 2011 and 2010, respectively.

J. Unassigned funds (surplus) includes the following at December 31, 2011:

Net unrealized gain (losses)	\$ (341,349,393)
Non-admitted assets	\$ (132,163,071)

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K. Surplus Notes:

Date Issued	Interest Rate	Par Value (Face Amount of the Note)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
June 7, 2010	5.1%	\$2,000,000,000	\$2,000,000,000	\$0	\$0	\$102,000,000	June 7, 2020

On June 1, OCI issued its disapproval of the request of Ambac Assurance to pay interest on all outstanding Surplus Notes issued by Ambac Assurance on the first scheduled interest payment date of June 7, 2011. The interest of \$102,000,000 will accrue and compound annually until paid.

L and M. The Company has not undergone a reorganization or a quasi-reorganization.

14. Contingencies

- A. The Company has no commitments or contingent commitments to any subsidiaries or affiliates other than those noted in item 10E above.
- B. The Company does not issue life insurance policies and therefore is not subject to guaranty fund assessments.
- C. The Company has not recognized any gain contingencies subsequent to the balance sheet date.
- D. The Company did not have any claims related to extra contractual obligations or bad faith losses stemming from lawsuits.
- E. Ambac Assurance has been named in the following lawsuits:

County of Alameda et al. v. Ambac Assurance Corporation et al. (Superior Court of the State of California, County of San Francisco, second amended complaint filed on or about August 23, 2011) (“Alameda Complaint”); Contra Costa County et al. v. Ambac Assurance Corporation et al. (Superior Court of the State of California, County of San Francisco, third amended complaint filed on or about October 21, 2011) (“Contra Costa Complaint”); The Olympic Club v. Ambac Assurance Corporation et al. (Superior Court of the State of California, County of San Francisco, fourth amended complaint filed on or about October 21, 2011) (“Olympic Club Complaint”). The Contra Costa Complaint is brought on behalf of five California municipal entities and the non-profit Jewish Community Center of San Francisco. The Alameda Complaint is brought on behalf of nineteen California municipal entities. The Olympic Club Complaint is brought on behalf of the non-profit Olympic Club. The three actions make similar allegations against Ambac Assurance, various other financial guarantee insurance companies and employees thereof (collectively with Ambac Assurance, the “Bond Insurer Defendants”), and, in the case of the Contra Costa Complaint and the Olympic Club Complaint, the major credit rating agencies (the “Rating Agencies”). The actions allege that (1) Ambac Assurance and the other Bond Insurer Defendants colluded with the Rating Agencies to perpetuate a “dual rating system” pursuant to which the Rating Agencies rated the debt obligations of municipal issuers differently from corporate debt obligations, thereby keeping municipal ratings artificially low relative to corporate ratings; (2) Ambac Assurance and the other Bond Insurer Defendants issued false and misleading financial statements which failed to disclose the extent of the insurers’ respective exposures to mortgage-backed securities and collateralized debt obligations; and (3) as a result of these actions, plaintiffs incurred higher interest costs and bond insurance premiums in respect of their respective bond issues. Ambac Financial Group was originally a defendant in each of these actions, but on November 22, 2010, Ambac Financial Group was dismissed without prejudice as a defendant by the plaintiffs in each of these actions. Ambac Assurance and the other Bond Insurer Defendants filed a demurrer seeking the dismissal of each of these complaints on September 17, 2010. The Superior Court of California sustained the demurrer in part, dismissing the causes of actions for breach of the covenant of good faith and fair dealing, negligence, negligent misrepresentation and unjust enrichment with prejudice and dismissing the claim for fraud without prejudice, allowing the Plaintiffs an opportunity to amend their complaints for that cause of action. The demurrers were otherwise overruled. Amended complaints were filed on August 23, 2011. (Further technical amendments to the Contra Costa Complaint and the Olympic Club Complaint were filed on October 21, 2011 to correct a non-substantive error.) Ambac Assurance and the other Bond Insurer Defendants filed a demurrer seeking dismissal of the current amended complaints on September 21, 2011, which was denied on October 20, 2011. (The October 20, 2011 denial applies to the Contra Costa Complaint and the Olympic Club Complaint, both of which were given a technical filing date of October 21, 2011). On December 2, 2011, Ambac Assurance and the other Bond Insurer Defendants filed a special motion to strike the current amended complaints under California’s Anti-SLAPP statute (Calif. Code of Civ. Proc. Section 425.16). A hearing on the motion is scheduled for March 23, 2012.

NPS LLC v. Ambac Assurance Corporation (United States District Court, District of Massachusetts, filed on July 8, 2008). This action was brought by NPS LLC (“NPS”), the owner of Gillette Stadium, the home stadium of the New England Patriots, with respect to the termination of a financial guarantee insurance policy issued by Ambac Assurance with respect to auction rate bonds issued by NPS in 2006. Due to well-documented disruption of the auction rate securities market, the interest rate on the bonds floated to high levels and NPS therefore refinanced the bonds in a fixed rate financing without Ambac Assurance’s involvement. Pursuant to the insurance agreement between NPS and Ambac Assurance, NPS is obligated to pay a “make whole” premium to Ambac Assurance equal to the present value of the installment premiums that Ambac Assurance would have earned through 2017 if the bonds had not been redeemed (approximately \$2,700,000). NPS alleged that it is not liable to pay the “make whole” premium because Ambac Assurance misrepresented its financial condition at the time the bonds were issued and that the alleged misrepresentations induced NPS to enter into the insurance agreement, thereby causing NPS to incur additional interest costs in connection with the bonds. NPS also alleged that Ambac Assurance was liable to NPS for the additional interest costs incurred by NPS which resulted from the disruption of the auction rate securities market. On February 25, 2010, the court granted Ambac Assurance’s motion for summary judgment as to all of NPS’s claims and Ambac Assurance’s counterclaim for the “make whole” premium and interest and costs. The parties are awaiting a determination by the court of the amount of Ambac Assurance’s legal fees that NPS will be required to pay. NPS has stated that it intends to appeal the grant of summary judgment in favor of Ambac Assurance.

City of Phoenix v. Ambac Assurance Corporation et al. (United States District Court, District of Arizona, filed on or about March 11, 2010). This action is brought by the City of Phoenix against Ambac Assurance and other financial guarantee insurance companies. The complaint alleges that the defendants sought to perpetuate the Rating Agencies’ “dual rating system”, and that the perpetuation of the “dual rating system” enabled the defendants to unfairly discriminate against the City of Phoenix in the pricing of bond insurance premiums. Pursuant to the Court’s Scheduling Order, fact discovery is scheduled to be completed before March 2, 2012, followed by expert discovery. Dispositive motions are due after the completion of expert discovery.

Water Works Board of the City of Birmingham v. Ambac Financial Group, Inc. and Ambac Assurance Corporation (United States District Court, Northern District of Alabama, Southern Division, filed on November 10, 2009). This action alleged breach of contract, misrepresentation, deceit, suppression of truth and negligence. Plaintiff claims that, in connection with plaintiff’s purchase of a debt service reserve fund surety bond from Ambac Assurance in March 2007 with respect to its bond issue, Ambac Assurance misrepresented the stability of its “AAA” financial strength ratings and subsequently breached a covenant to maintain its “AAA” ratings, thereby causing loss to plaintiff when it was required to replace the Ambac Assurance surety bond upon the downgrade of Ambac Assurance’s ratings. On April 1, 2010, the

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court granted defendants' motion to dismiss all claims. The plaintiff has appealed the dismissal to the U.S. Court of Appeals for the Eleventh Circuit. On January 25, 2011, the Circuit Court stayed the appeal in light of Ambac's pending bankruptcy proceedings.

Ambac Assurance Corporation v. Adelanto Public Utility Authority (United States District Court, Southern District of New York, filed on June 1, 2009). Ambac Assurance commenced this action to recover \$4,524,000 from the defendant on account of Ambac Assurance's payment under a swap termination surety bond. The defendant has counterclaimed (as amended on June 12, 2010), alleging breach of contract, breach of the covenant of good faith and fair dealing, violations of California insurance statutes, fraud and promissory estoppel. Defendant claims that, in connection with defendant's purchase of a bond insurance policy with respect to its variable rate bond issue in September 2005, Ambac Assurance misrepresented the stability of its "AAA" financial strength ratings and subsequently breached an implied covenant by underwriting risky structured obligations that ultimately led to the loss of the "AAA" ratings. On November 14, 2011, the court dismissed the defendant's amended counterclaim in its entirety upon the motion of Ambac Assurance, and discovery commenced in December 2011. Ambac Assurance intends to move for summary judgment on its claims against the defendant at the conclusion of discovery.

Gunn v. Ambac Assurance Corporation et al. (United States District Court, Southern District of New York, filed on or about July 26, 2011). This action is brought by *pro se* plaintiff La Mar Gunn against Ambac Assurance and EQCC Home Equity Loan Trust 1998-2 and EQCC Home Equity Loan Trust 1998-3 (the "EQCC Trusts"). Plaintiff attempts to challenge the validity of a foreclosure judgment rendered in Delaware state court by alleging that the defendants engaged in acts constituting fraud, malicious prosecution, civil conspiracy, and racketeering. Ambac Assurance believes the claims against it are without merit and intends to vigorously defend the case. Ambac Assurance filed a motion to dismiss on November 16, 2011. This motion was fully briefed and submitted on January 5, 2012, and a decision is expected later this year. Also, on November 15, 2011, Gunn filed another action against Ambac Assurance and the EQCC Trusts, captioned *Gunn v. Ambac Assurance, et al.* This action is pending in the Superior Court for the State of Delaware, New Castle County. The complaint also challenges the validity of the foreclosure judgment previously rendered against Gunn in Delaware state court and is styled as an "action of ejectment." The complaint was not served on Ambac Assurance until on or about January 3, 2012, and on January 23, 2012, Ambac Assurance moved to dismiss the Complaint. A decision on this motion is expected later in 2012.

Ambac Assurance has periodically received various regulatory inquiries and requests for information with respect to investigations and inquiries that such regulators are conducting. Ambac Assurance has complied with all such inquiries and requests for information.

Various third parties have filed motions or objections in the Rehabilitation Court and/or moved to intervene in the Segregated Account rehabilitation proceeding. On January 24, 2011, the Rehabilitation Court issued its Decision and Final Order Confirming the Rehabilitator's Plan of Rehabilitation, with Findings of Fact and Conclusions of Law (the "Confirmation Order"). Notices of appeal from the Confirmation Order were filed by various parties, including policyholders and the United States Internal Revenue Service (the "IRS"). Such appeals are pending.

Ambac Assurance's CDS portfolio experienced significant losses. The majority of these CDS contracts are on a "pay as you go" basis, and we believe that they are properly characterized as notional principal contracts for U.S. federal income tax purposes. Generally, losses on notional principal contracts are ordinary losses. However, the federal income tax treatment of CDS is an unsettled area of the tax law. In 2010, the IRS opened an examination into certain issues related to Ambac Assurance's tax accounting methods with respect to such CDS contracts and Ambac Assurance's related characterization of such losses as ordinary losses. As discussed above, Ambac Assurance believes these contracts are properly characterized as notional principal contracts. However, on May 4, 2011, as a result of its examination, the IRS issued to Ambac Notices of Proposed Adjustment asserting that these contracts should be characterized as capital assets or as generating capital losses. On June 3, 2011, Ambac notified the IRS that it disagreed with the proposed adjustments. On May 4, 2011 the IRS filed a proof of claim in the Bankruptcy Court in the amount of approximately \$807,000,000 relating to the tax treatment of the CDS contracts (the "IRS Claim"). Ambac filed its opposition to the proof of claim on June 14, 2011. If the IRS is successful in its claim, Ambac Assurance would be subject to both a substantial reduction in its net operating loss carryforwards and would suffer a material assessment for federal income taxes up to an estimated amount of approximately \$807,000,000.

On November 9, 2010, Ambac filed and served a complaint against the IRS for a declaratory judgment relating to the tax refunds, which resulted from the losses on the CDS portfolio. On the same date, Ambac and the IRS agreed to a stipulation on the record that provides that the IRS would give notice at least 5 business days prior to taking any action against Ambac's non-debtor subsidiaries in the consolidated tax group that would violate the State Court Injunction, whether or not such injunction is in effect. The stipulation permits the status quo to be maintained from November 9, 2010 until a hearing on the preliminary injunction under Bankruptcy Code section 105(a) barring assessment and collection of the 2003 through 2008 tax refunds by the IRS against Ambac's non-debtor subsidiaries in the consolidated tax group.

On January 14, 2011, the IRS filed its answer and opposition to Ambac's motion for Temporary Restraining Order and Preliminary Injunction. As of this date, no hearing on such motion has been scheduled. On January 13, 2011, the IRS filed a motion in the United States District Court for the Southern District of New York ("USDC SDNY") to withdraw the adversary proceeding from the Bankruptcy Court to the USDC SDNY. Ambac has opposed such motion and no hearing on the motion has been scheduled. On February 1, 2011, Ambac filed a motion with the Bankruptcy Court for Pretrial Conference and for Authorization to Implement Alternative Dispute Resolution Procedures. The Bankruptcy Court on March 2, 2011 ordered the process of non-binding mediation to begin on or about May 1, 2011. Mediation was held in New York on July 6, 7 and 8, 2011. Mediation continued in New York on September 8 and 9, and October 18 and 20, 2011. The Bankruptcy Court also approved a scheduling order that, pursuant to further stipulation of the parties, required all discovery in the adversary proceeding to be completed by November 2, 2011, dispositive motions to be filed by November 4, 2011, and trial to be scheduled, thereafter, pursuant to further order of the Court. On October 12, 2011, Ambac filed a motion for an order (a) determining that the IRS Claim shall be estimated pursuant to Bankruptcy Code section 502(c), and (b) setting procedures and a hearing date for such estimation inclusive of the determination pursuant to Bankruptcy Code section 505(a) of, among other things, (i) the appropriate method to account for Ambac's losses on its post-2004 CDS contracts and (ii) whether an ownership change, within the meaning of section 382 of the Internal Revenue Code, with respect to Ambac Assurance or a Deconsolidation Event occurred during the 2010 taxable year as a result of the Bank Settlement or for any other reason [Docket No. 362] (the "IRS Claim Estimation Motion"). The IRS Claim Estimation Motion was scheduled for hearing on December 13, 2011, but was adjourned pending settlement discussions with the IRS and other federal authorities.

The IRS has also sought to assert legal rights against Ambac Assurance, as joint and several obligor in respect of any assessment for federal income taxes against the consolidated tax group. On December 8, 2010, the IRS removed the Segregated Account rehabilitation proceeding to the United States District Court for the Western District of Wisconsin (the "District Court"). On December 17, 2010, the IRS filed a motion in the District Court to dissolve a supplemental injunction (the "Supplemental Injunction") that had been entered by the Rehabilitation Court on November 8, 2010 to prevent certain actions by the IRS that could have an adverse effect on the financial condition of the Segregated Account. The Commissioner moved to remand the proceeding back to the Rehabilitation Court, and on January 14, 2011, that motion was granted by the District Court, which found that it lacked subject matter jurisdiction. The IRS has appealed this decision to the United States Court of Appeals for the Seventh Circuit. On February 9, 2011, the IRS filed a complaint and a motion for a preliminary injunction in the District Court seeking, *inter alia*, to enjoin enforcement against the IRS of the Supplemental Injunction and the Confirmation Order. The District Court dismissed the suit for lack of subject matter jurisdiction on February 18, 2011, and the IRS filed a notice of appeal on February 22, 2011. On August 22, 2011 the Seventh Circuit granted a motion by the IRS to consolidate the two appeals. Briefing on the consolidated appeals concluded on January 24, 2012, but oral argument is not presently scheduled.

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On October 26, 2011, Ambac and the United States Attorney's Office for the Southern District of New York reported to the Bankruptcy Court that substantial progress has been made toward achieving a framework for settlement of the IRS Dispute. As a result of the progress made toward a settlement framework, remaining discovery in the case was put on hold pending the parties' further reports to the Bankruptcy Court.

On February 24, 2012, Ambac, the Creditors' Committee, Ambac Assurance, the Segregated Account, OCI, and the Rehabilitator submitted to the Department of Justice, Tax Division a proposal (the "Offer Letter") to settle the IRS Dispute which includes the following terms that Ambac believes will be acceptable to the United States: (i) a payment by Ambac Assurance of approximately \$100,000,000 as permitted by the Mediation Agreement dated September 21, 2011; (ii) a payment by Ambac of approximately \$1,900,000 in connection with the IRS's claim for the recovery of certain federal tax refunds that were received prior to November 7, 2010 by Ambac; (iii) Ambac's consolidated tax group will relinquish its claim to all loss carry-forwards resulting from losses on credit default swap contracts and arising on or before December 31, 2010 to the extent such loss carry-forwards exceed \$3,400,000,000; and (iv) the IRS will be paid 12.5% of any payment to Ambac by Ambac Assurance associated with NOL Usage Tier C (as defined in the Amended TSA) and the IRS will be paid 17.5% of any payment to Ambac by Ambac Assurance associated with NOL Usage Tier D (as defined in the Amended TSA) (the "IRS Settlement"). Finality of the settlement will require the satisfaction of certain conditions and the approval of the United States, the Bankruptcy Court, the Rehabilitation Court and the boards of directors of both Ambac and Ambac Assurance. There can be no assurance that the IRS Settlement will be finalized on the terms described above, if at all, or as to the timing of any such settlement.

Ambac is involved from time to time in various routine legal proceedings, including proceedings related to litigation with present or former employees. Although Ambac's litigation with present or former employees is routine and incidental to the conduct of its business, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for, among other things, termination of employment that is wrongful or in violation of implied contracts.

It is not reasonably possible to predict whether additional suits will be filed or whether additional inquiries or requests for information will be made, and it is also not possible to predict the outcome of litigation, inquiries or requests for information. It is possible that there could be unfavorable outcomes in these or other proceedings. Legal accruals for certain litigation matters discussed above which are probable and reasonably estimable, and management's estimated range of loss for such matters, are not material to the operating results or financial position of the Company. For the remaining litigation matters that do not meet the "probable and reasonably estimable" accrual threshold and where no loss estimates have been provided above, management is unable to make a meaningful estimate of the amount or range of loss that could result from unfavorable outcomes but, under some circumstances, adverse results in any such proceedings could be material to our business, operations, financial position, profitability or cash flows. The Company believes that it has substantial defenses to the claims filed against it in these lawsuits and, to the extent that these actions proceed, the Company intends to defend itself vigorously; however, the Company is not able to predict the outcomes of these actions.

In the ordinary course of their businesses, Ambac and certain of Ambac's subsidiaries assert claims in legal proceedings against third parties to recover losses already paid and/or mitigate future losses. The amounts recovered and/or losses avoided which may result from these proceedings is uncertain, although recoveries and/or losses avoided in any one or more of these proceedings during any quarter or fiscal year could be material to Ambac's results of operations in that quarter or fiscal year.

On January 30, 2012, Ambac filed a complaint against the City of Hercules, California (the "City"), the City's redevelopment agency (the "Agency"), and the five dual-role members of the City's city council and the Agency's board of directors, in Superior Court of California, Contra Costa County, Case No. N12-0182, seeking a writ of mandate, imposition of a constructive trust, and declaratory relief. Ambac provided financial guaranty insurance for bonds that financed approximately \$110 million in redevelopment projects in the City. Under the indentures and California law, the incremental tax revenues generated from those redevelopment projects could be used only to repay the bondholders. In December 2011, Contra Costa County transferred approximately \$4.1 million in tax increment payments to the Agency, which in turn was to pay those funds to the bond trustee by January 27, 2012. Ambac filed suit after learning that the Agency transferred the funds to the City rather than to the bond trustee, and the City refused to pay the bond trustee due to the City's other financial obligations. On January 31, 2012, the day after Ambac filed suit, it asked the Court to grant a petition for writ of mandate on an expedited basis, or to issue a temporary restraining order to prevent the City from using the funds for any purpose pending resolution of the writ of mandate. Ambac alternatively requested that the Court issue a writ of attachment against certain parcels of non-essential City real property, to ensure the City's ability to comply with the writ of mandate. The Court did not grant the immediate relief, but scheduled a hearing on an Order to Show Cause regarding imposition of a preliminary injunction for February 21, 2012, which was adjourned to March 13, 2012 as settlement discussions, which began before Ambac filed its complaint, continue.

In connection with Ambac's efforts to seek redress for breaches of representations and warranties and fraud related to the information provided by both the underwriters and the sponsors of various transactions and for failure to comply with the obligation by the sponsors to repurchase ineligible loans, Ambac Assurance has filed the following lawsuits:

- *Ambac Assurance Corporation v. EMC Mortgage LLC* (formerly known as EMC Mortgage Corporation), J.P. Morgan Securities, Inc. (formerly known as Bear, Stearns & Co. Inc.), and JP Morgan Chase Bank, N.A. (Supreme Court of the State of New York, County of New York, filed February 17, 2011). This case is the continuation of a case that was originally filed on November 5, 2008 in the U.S. District Court for the Southern District of New York but that was dismissed from federal court after Ambac Assurance was granted leave to amend its complaint to add certain new claims (but not others) and a new party, which deprived the federal court of jurisdiction over the litigation. After the decision by the federal judge, dated February 8, 2011, Ambac Assurance re-filed the suit in New York state court on February 17, 2011. On July 18, 2011, Ambac Assurance filed a First Amended Complaint in its state-court litigation. In its state-court action, Ambac Assurance asserts claims for breach of contract, indemnification and reimbursement against EMC, as well as claims of fraudulent conduct by EMC and J. P. Morgan Securities Inc. In its First Amended Complaint, Ambac Assurance asserts an additional claim for breach of contract against EMC and a claim for successor liability against a new defendant, JP Morgan Chase Bank, N.A. The Defendants filed their answer to the First Amended Complaint on August 30, 2011, and the parties are currently engaged in discovery.
- *Ambac Assurance Corporation and the Segregated Account of Ambac Assurance Corporation v. DLJ Mortgage Capital, Inc. and Credit Suisse Securities (USA) LLC* (Supreme Court of the State of New York, County of New York, filed on January 12, 2010). Ambac Assurance alleged breach of contract, fraudulent inducement, breach of implied duty of good faith and fair dealing, indemnification, reimbursement and requested the repurchase of loans that breach representations and warranties as required under the contracts, as well as damages. On July 8, 2010, the defendants moved to dismiss the complaint. Ambac Assurance opposed the motion. In decisions dated April 7, 2011 and October 7, 2011, the Court granted the defendants' motion in part striking only Ambac Assurance's claim for consequential damages and jury demand. The Court otherwise denied the defendants' motion.
- *Ambac Assurance Corporation and The Segregated Account of Ambac Assurance Corporation v. Countrywide Securities Corp., Countrywide Financial Corp. (a.k.a. Bank of America Home Loans) and Bank of America Corp.* (Supreme Court of the State of New York, County of New York, filed on September 28, 2010). Ambac Assurance filed an Amended Complaint on September 8, 2011. Ambac Assurance has alleged breach of contract, fraudulent inducement, indemnification and reimbursement, breach of representations and warranties and has requested the repurchase of loans that breach representations and warranties as required under the contracts as well as damages and has asserted a successor liability claim against Bank of America. The defendants answered the Amended Complaint on or about November 3, 2011. Discovery is ongoing. No trial date has been set.

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15. Leases

- A. In connection with the establishment of the Segregated Account, Ambac Assurance allocated its disputed contingent liability, if any, under the long-term lease with OSS, and its contingent liability (as guarantor), if any, under the Ambac UK lease with British Land.

The Ambac UK lease was terminated in 2010 without any payment by Ambac Assurance.

In May 2011, the Segregated Account issued Segregated Account Junior Surplus Notes with a par value of \$36,081,612 in connection with a Settlement Agreement to terminate Ambac's headquarters office lease with OSS. Ambac Assurance entered into a new lease with OSS for an initial term commencing on May 19, 2011 through December 31, 2015. The New AAC Lease provides for the rental of a reduced amount of space at Ambac Assurance's current location, One State Street Plaza:

<u>Year</u>	<u>Amount</u>
2012	\$ 4,326,290
2013	4,448,440
2014	4,574,882
2015	4,705,767
All later years	-
Total	\$ <u>18,055,379</u>

- B. The Company has no other lease obligations which could have a material financial effect.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Ambac Assurance provided financial guarantee insurance for public finance and structured finance obligations. Financial guarantee insurance policies guarantee payment, when due, of principal and interest on the guaranteed obligation. Total non-affiliated gross principal and interest exposures at December 31, 2011 were \$431.6 billion (\$324.0 billion for domestic municipal exposures and \$107.6 billion for international and non-municipal exposures.) In connection with the establishment of the Segregated Account, financial guarantee insurance policies were allocated to the Segregated Account. Total gross principal and interest on exposures allocated to the Segregated Account, at December 31, 2011 was \$51.9 billion.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company has not sold or transferred any receivables during 2011.
- B. The Company has not transferred or serviced any financial assets during 2011.
- C. The Company did not engage in any wash sale transactions during 2011.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. The Company does not serve as an Administrative Services Only ("ASO") provider.
- B. The Company does not serve as an Administrative Services Contract ("ASC") provider.
- C. The Company is not a party to any Medicare or similarly structured cost based reimbursement contracts.

19. Direct Premium Written or Produced by Managing General Agents or Third Party Administrators

The Company did not write direct premiums through managing general agents or third party administrators.

20. Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Bonds and Other Unaffiliated Invested Assets

The estimated fair values represent fair values as determined by the NAIC Securities Valuation Office ("SVO"). In the event the SVO has not determined the fair value of a security, fair value amounts are determined by using independent market sources, when available, and appropriate valuation methodologies when market quotes are not available. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount Ambac could realize in the market.

Other Affiliated Invested Assets

The fair value of other affiliated invested assets approximates carrying value.

Short-Term Investments, Cash and Cash Equivalents and Intercompany Loans with Affiliates

The fair values of short-term investments are determined by using independent market sources. The fair value of cash approximate their amortized cost. Fair values for intercompany loans with affiliates are valued at amortized cost, net of impairments, or determined using appropriate valuation methodologies as no market quotes are available.

Investment Income Due and Accrued

The fair value of investment income due and accrued approximates carrying value.

Liabilities allocated to the Segregated Account

The fair value estimate represents a net asset to the Company and is the sum of the present values of future installment premiums, less, expected losses (excluding the effect of reinsurance or subrogation recoveries that reside in Ambac Assurance) for both defaulted and non-defaulted

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policies, and claims presented and not paid as a result of the claim moratorium imposed by OCI on March 24, 2010. The Company and the Segregated Account are a single corporate entity and the estimated fair value below does not include a credit valuation adjustment for the creditworthiness of the Segregated Account.

Key variables are par amounts outstanding (including future periods for the calculation of future installment premiums), expected term, discount rate, and expected net loss and loss expense payments. The risk free rate was utilized to calculate present values, and net par outstanding is monitored by Ambac Assurance's Surveillance Group.

There are a number of factors that limit our ability to accurately estimate the fair value of the liabilities allocated to the Segregated Account. The first limitation is the lack of observable pricing data points as a result of Ambac Assurance no longer writing new financial guarantee business. However, the primary insurance obligation is irrevocable and thus there is not an established active market for transferring such obligations. Variables which are not incorporated in our current fair value estimate of include: i.) the credit spreads of the underlying insured obligations, ii.) the underlying ratings of those insured obligations, and iii.) assumptions about current financial guarantee premium levels relative to the underlying insured obligations' credit spreads.

Liabilities allocated from the Segregated Account

The fair value estimate represents a net liability to the Company and is the excess of the estimated fair value of liabilities allocated to the Segregated Account over the sum of the estimated fair values of the Segregated Account's other invested assets, and investment income due and accrued. Under the terms of the Reinsurance Agreement, Ambac Assurance assumes all liabilities in excess of the Secured Note principal balance and the total of all other liquid assets, subject to the minimum Ambac Assurance surplus of \$100,000,000, or such higher amount as the OCI permits pursuant to a prescribed accounting practice. The Company considers by Ambac Assurance and the Segregated Account to be a single corporate entity and the estimated fair value of the liabilities allocated from the Segregated Account does not include a credit valuation adjustment for the Segregated Account's creditworthiness.

Borrowed Money and Interest Thereon

The fair value estimates of borrowed money and interest thereon approximates carrying value and do not reflect credit valuation adjustments for the Company's creditworthiness pursuant to paragraph 14 of Statement of Statutory Accounting Principles No. 100 "Fair Value Measurements".

Liability for Net Financial Guarantees Written

The fair value estimate of financial guarantees is disclosed below on a net basis, and includes direct and assumed contracts written, which represents a net liability to the Company, net of ceded reinsurance contracts, which represents a net asset to the Company. The fair value estimate of direct and assumed contracts written is the sum of the present values of: (i) unearned premium reserves, and (ii) expected losses (including the effect of expected subrogation recoveries) for both defaulted and non-defaulted policies, and (iii) claims presented and not paid as a result of the claim moratorium imposed by OCI on March 24, 2010, all partially offset by future installment premiums.

The fair value estimate of ceded reinsurance contracts is the sum of the present values of: (i) ceded unearned premium reserves (net of ceding commissions), (ii) reinsurance recoverables on expected losses (including the effect of expected subrogation recoveries) for both defaulted and non-defaulted policies, all partially offset by future installment premiums payable (net of related ceding commission).

Key variables are par amounts outstanding (including future periods for the calculation of future installment premiums), expected term, discount rate, and expected net loss and loss expense payments. The risk free rate was utilized to calculate present values for the direct and assumed contracts, while the estimated fair value of ceded reinsurance contracts factors in any adjustments related to the counterparty credit risk we have with reinsurers. Net par outstanding is monitored by Ambac Assurance's Surveillance Group.

There are a number of factors that limit our ability to accurately estimate the fair value of our financial guarantees. The first limitation is the lack of observable pricing data points as a result of Ambac no longer writing new financial guarantee business. Additionally, fair value concepts, as they relate to valuing liabilities, requires a company to consider the cost to completely transfer its obligation to another party of comparable credit worthiness. However, our primary insurance obligation is irrevocable and thus there is not an established active market for transferring such obligations. Variables which are not incorporated in our current fair value estimate of financial guarantees include: i.) a credit valuation adjustment for the Company's creditworthiness pursuant to paragraph 14 of Statement of Statutory Accounting Principles No. 100 "Fair Value Measurements", ii.) the credit spreads of the underlying insured obligations, iii.) the underlying ratings of those insured obligations, and iv.) assumptions about current financial guarantee premium levels relative to the underlying insured obligations' credit spreads.

The carrying amount and estimated fair value of these financial instruments are presented below:

	December 31, 2011	
	Carrying amount	Estimated fair value
Financial assets:		
Bonds	\$ 4,359,062,166	\$ 4,715,323,293
Short-term investments	661,376,974	661,377,644
Cash and cash equivalents	1,245,770	1,245,770
Other unaffiliated invested assets	7,935,690	6,289,455
Other affiliated invested assets	142,208,155	142,208,155
Intercompany loans with affiliates	470,599,000	462,484,600
Investment income due and accrued	40,794,327	40,794,327
	6,208,078,71	
Liabilities allocated to Segregated Account	5	8,474,514,173
Financial liabilities:		
Borrowed money and interest thereon	\$ 1,865,519,166	\$ 1,865,519,166
Liabilities allocated from Segregated Account	4,607,569,703	6,766,444,515
Liability for net financial guarantees written	5,110,230,825	6,800,285,509

NOTES TO FINANCIAL STATEMENTS

1. The following table sets forth Ambac Assurance's financial assets that were measured at fair value as of December 31, 2011 by level within the fair value hierarchy due to the securities having an NAIC designation of 3 or higher and the fair value being lower than amortized cost.

2011	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Bonds				
Industrial and Miscellaneous				
Residential Mortgage-Backed Securities	\$ -	\$146,883,328	\$ -	\$146,883,328
Other Loan-Backed and Structured Securities	-	1,703,737	-	1,703,737
Total financial assets measured at fair value	\$ -	\$148,587,065	\$ -	\$148,587,065

For securities measured at fair value there were no transfers between Level 1 and Level 2 as of December 31, 2011.

2. There are no financial instruments categorized within Level 3 of the fair value hierarchy as of December 31, 2011.
3. Transfers between Levels are recognized at the beginning of each accounting period.
4. The fair values of fixed income securities held by Ambac Assurance that are carried at fair value are based primarily on market prices received from the SVO, alternative pricing sources with reasonable levels of price transparency or from brokers. Such quotes generally consider a variety of factors, including recent trades of the same and similar securities. These quotes represent the only input to the reported fair value of Level 2 fixed income securities.
5. There are no derivative assets and liabilities as of December 31, 2011.
6. There are no classes of financial instruments where it isn't practicable to estimate the fair value as of December 31, 2011.
21. Other Items
- A. The Company had no extraordinary items during 2011.
- B. The Company has no troubled debt restructuring outstanding.
- C. Other disclosures
1. The Company is required to place securities on deposit with various state insurance departments, in accordance with applicable state's insurance regulations. The securities are primarily in the form of US Treasury notes. As of December 31, 2011 and 2010, the Company had securities on deposit with the various insurance departments with a carrying value of \$3,563,283 and \$3,534,579, respectively.
 2. Effective December 31, 2011, Ambac Assurance received regulatory approval from the Wisconsin Insurance Commissioner in accordance with Section 3.08(9)(a) and Section 3.08(12) of the Wisconsin Administrative Code to (1) (a) release that portion of its contingency reserves that are in excess of expected losses on non-defaulted financial guaranty insurance policies that are not allocated to the Segregated Account as of December 31, 2011, and (b) cease making further contributions to the contingency reserves after December 31, 2011 with respect to expired or defaulted financial guaranty insurance policies and (2) allow the Company's reinsurers, which assumed portions of such financial guaranty insurance policies that expired or defaulted as of December 31, 2011 to take similar action related to contingency reserves on such reinsured expired or defaulted financial guaranty insurance policies. As such, Ambac Assurance released \$430,331,961 of contingency reserves during the year ended December 31, 2011.
- D. As of December 31, 2011 and 2010, the Company had uncollected premiums of \$267,282 and \$316,924, respectively, of which, \$135,473 and \$98,618 were more than 90 days past due as of December 31, 2011 and 2010, respectively. All amounts more than 90 days past due were non-admitted as of December 31, 2011 and 2010. In addition, as of December 31, 2011 the Company non-admitted \$7,030 of premiums recorded and not yet due that relate to the same policyholders with uncollected premiums more than 90 days past due.
- E. The Company had no business interruption insurance recoveries during 2011.
- F. The Company does not have any state transferable tax credits.
- G. Ambac Assurance has exposure to the U.S. sub-prime mortgage market through direct guarantees in the residential mortgage-backed security ("RMBS") portfolio and guarantees of the timely payment of ACP's obligations under credit default swaps on CDOs.

Ambac Assurance is exposed to credit risk as an issuer of financial guarantees. Ambac Assurance's senior risk professionals employ various procedures and controls to monitor and manage credit risk with a focus on risk limits and measurement, concentration and correlation of risk, and the attribution of economic and regulatory capital in a portfolio context.

The Risk Management group focuses on the development, implementation and oversight of the loss mitigation strategy. As a consequence of the Segregated Account rehabilitation proceedings, the rehabilitator retains operational control and decision-making authority with respect to all matters related to the Segregated Account, including surveillance, remediation and loss mitigation. The rehabilitator operates the Segregated Account through a management services contract executed between Ambac Assurance and the Segregated Account pursuant to which the Risk Management group provides surveillance, remediation and mitigation services to the Segregated Account.

Starting in 2008, Ambac Assurance's risk management function has evolved significantly in order to adapt to the economic crisis and its impact on the insured portfolio (the insured portfolio in this discussion refers to both Segregated Account policies and Ambac Assurance policies). The economic crisis required us to heighten our surveillance efforts on all exposures, focusing on the identification of credits and asset types across the portfolio that were likely to experience increased stress or potential for losses. Staffing in all surveillance areas has been enhanced to maintain this intensified emphasis on the oversight of vulnerable credits. Ambac reorganized its risk management function, with the primary focus on reducing firm-wide risk and made structural and process-related changes resulting in an organizational structure designed around major areas of focus: (1) Credit Risk Management ("CRM"); and (2) Portfolio Risk Management and Analysis ("PRMG"). The senior managers within the risk management groups report directly to the CEO and regularly inform and update the Audit Committee of Ambac and Ambac Assurance's Board of Directors with respect to risk-related topics in the insured portfolio.

NOTES TO FINANCIAL STATEMENTS*Credit Risk Management:*

CRM focuses on managing all material decisions affecting credit exposures within the insured portfolio, determining the proper level of approval needed depending upon the nature and materiality of the matter, and has responsibility for managing and coordinating the decision process and approval of all recommendations within its purview. The scope of credit matters includes amendments, waivers and consents, remediation plans, credit review scheduling, adverse credit classification and below investment grade rating designations, key sector reviews and overall portfolio review scheduling. This may involve a review of structural, legal, political and credit issues.

Direct Insured RMBS:

Ambac Assurance insured RMBS transactions that contain first-lien mortgages. Ambac Assurance classifies first-lien mortgage borrowers into three broad credit risk classes: prime, mid-prime (including Alt-A) and sub-prime. The most common statistical metric that is used to determine the credit risk of a mortgage borrower is the FICO score (Fair Isaac Credit Organization). FICO credit scores are calculated by using information, which in Fair Isaacs' view, best predicts future credit performance. Predictive factors in the data have been considered by most market participants to be a reasonable indication of future credit performance. Credit scores analyze a borrower's credit history considering numerous factors such as late payments, the amount of time credit has been established, the amount of credit used versus the amount of credit available, length of time at present residence and negative credit information such as bankruptcies, charge-offs, collections, etc. FICO scores range from 300 to 850. Though there are no industry standard definitions, generally FICO scores are as follows: prime (FICO score over 710), mid-prime (FICO score between 640 and 710) and sub-prime (FICO score below 640).

Prime loans are typically made to borrowers who have a strong credit history and can demonstrate a capacity to repay their loans, sub-prime loans are typically made to borrowers who are perceived as deficient on either or both of these grounds. Compared with prime loans, sub-prime loans typically have higher loan-to-value ratios, reflecting the greater difficulty that sub-prime borrowers have in making down payments and the propensity of these borrowers to extract equity during refinancing. The mid-prime category includes "Alt-A" loans, which typically do not meet standard agency guidelines for documentation requirement, property type or loan-to-value ratio. These are typically higher-balance loans made to borrowers who might have past credit problems that are not severe enough to warrant "sub-prime" classification, or borrowers who chose not to obtain a prime mortgage due to documentation requirements. Additionally, this category includes loans with nontraditional amortization schedules such as interest only or option adjustable rate features.

The following tables provide current gross par outstanding by vintage of Ambac Assurance's affected U.S. sub-prime RMBS book of business:

Year of Issue (\$ in millions)	Total Gross Par Outstanding At December 31, 2011
	Sub-prime
1998-2001	\$ 647.1
2002	582.2
2003	887.1
2004	472.5
2005	1,127.8
2006	801.7
2007	527.4
Total	\$5,045.8

In 2011, the Company had \$134,754,987 and \$216,694,838 of presented and unpaid claims and incurred sub prime related losses, respectively. At December 31, 2011 the Company recorded \$321,894,115 of subprime related loss reserves.

RMBS exposure in Collateralized Debt Obligations:

Ambac Assurance provides financial guaranty insurance policies to the swap counterparties of ACP, whereby the Company guarantees timely payment of ACP's obligations under credit default swaps ("CDS"). ACP generally structured its contracts to mitigate liquidity risk that is inherent in standard credit derivative contracts.

The key liquidity risk mitigation terms are as follows:

- Where standard credit derivative contracts require termination payments based on mark-to-market value of the transaction, ACP has typically limited termination events requiring mark-to-market termination payments to its own payment default or bankruptcy events of Ambac Assurance, including insolvency and the appointment of a liquidator, receiver or custodian with respect to Ambac Assurance.
- The majority of our credit derivatives are written on a "pay-as-you-go" basis. Similar to an insurance policy execution, pay-as-you-go provides that ACP pays interest shortfalls on the referenced transaction as they are incurred on each scheduled payment date, but only pays principal shortfalls upon the earlier of (i) the date on which the assets designated to fund the referenced obligation have been disposed of and (ii) the legal final maturity date of the referenced obligation.
- None of our outstanding credit derivative transactions includes ratings based collateral-posting triggers or otherwise require Ambac Assurance to post collateral regardless of Ambac Assurance's ratings or the size of the mark to market exposure to Ambac Assurance.

ACP has \$486 million of exposure to collateralized debt obligations with sub-prime underlying collateral. All such exposures have less than 25% of the collateral pool in RMBS exposures.

Investments in RMBS Securities

Ambac Assurance's investment portfolio contains the following exposure to sub-prime mortgage loans or securities:

	Actual Cost	Book/Adjusted Carrying Value	Fair Value	Impairments Recognized in 2011
Residential mortgage-backed securities	\$88,635,658	\$92,157,129	\$100,288,393	\$5,399,600

22. Events Subsequent

Pursuant to SSAP 9, Subsequent Events, the date through which Type I or Type II subsequent events have been evaluated was February 29, 2012 for the year ended December 31, 2011, the same date on which the Company's statements are issued.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company does not have any unsecured reinsurance balances in excess of 3% of policyholders' surplus with any one reinsurer in 2011.

B. The Company has no reinsurance recoverables in dispute.

C. Reinsurance Assumed and Ceded

The following tables summarize assumed and ceded unearned premiums and the related commission equity at December 31, 2011.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	1,336,146	124,127	113,392,477	22,864,233	(112,056,331)	(22,740,106)
Total	\$ 1,336,146	\$ 124,127	\$ 113,392,477	\$ 22,864,233	\$(112,056,331)	\$ (22,740,106)

Direct Unearned Premium Reserve \$1,808,218,137

Contingent commission assumed and ceded was \$0 and \$14,746, respectively, as of December 31, 2011.

The Company has no protected cells at December 31, 2011.

D. The Company has no uncollectible reinsurance.

E. The Company did not commute any ceded reinsurance during 2011.

F. Ambac Assurance provides aggregate excess of loss reinsurance ("Reinsurance Agreement") to the Segregated Account whereby once the Secured Note provided to the Segregated Account is exhausted, the Segregated Account has the ability to demand payment from time to time under the Reinsurance Agreement to pay claims and other liabilities. Ambac Assurance is not obligated to make payments on the Secured Note or under the Reinsurance Agreement if its surplus as regards to policyholders is (or would be) less than \$100,000,000, or such higher amount as the OCI permits pursuant to a prescribed practice (the "Minimum Surplus Amount"). As long as the surplus as regards to policy holders is not less than the Minimum Surplus Amount, payments by Ambac Assurance to the Segregated Account under the Reinsurance Agreement are not capped.

Pursuant to SSAP 62R, the allocation of insurance policies to the Segregated Account as well as the aggregate excess of loss reinsurance agreement has been recorded as retroactive reinsurance since these contracts were executed in connection with a court-ordered rehabilitation of the Ambac Assurance Segregated Account. Accordingly, the net balances due under these obligations are reported in as a net write-in contra-liability.

Below is a table reflecting ever-to-date retroactive reinsurance activity:

	Liabilities allocated to Ambac Assurance Segregated Account	Liabilities Assumed from Ambac Assurance Segregated Account	Net Liabilities allocated to Ambac Assurance Corporation Segregated Account
Initial allocation and assumption of Assets/(Liabilities)	\$3,639,973,059	\$(1,639,973,059)	\$2,000,000,000
Prior Year Changes	1,986,430,991	(2,104,956,928)	(118,525,937)
Current Year Changes Assets/(Liabilities) as of December 31, 2011	581,674,665	(862,639,716)	(280,965,051)
	\$6,208,078,715	\$(4,607,569,703)	\$1,600,509,012

	Liabilities allocated to Ambac Assurance Segregated Account	Liabilities Assumed from Ambac Assurance Segregated Account	Impact to Surplus
Assets/(Liabilities) as of December 31, 2011	\$6,208,078,715	\$(4,607,569,703)	\$1,600,509,012
Consideration Provided to Ambac Assurance Segregated Account	(2,000,000,000)	-	(2,000,000,000)
Prior Year Settlements	157,589,859	-	157,589,859
Current Year Settlement Payments	283,693,384	-	283,693,384
Surplus Impact as of December 31, 2011	\$4,649,361,958	\$(4,607,569,703)	\$ 41,792,255

The liabilities allocated to the Segregated Account from Ambac Assurance consist of loss reserves and loss adjustment expenses, gross of remediation and gross of reinsurance.

NOTES TO FINANCIAL STATEMENTS

The current and prior year settlements consist of the following:

	2011	2010
Commutations - surplus notes	\$ 3,000,000	\$ 50,000,000
Commutations – cash settlements for policies allocated to and paid by the Segregated Account	146,947,611	65,000,000
Commutations – losses paid by Ambac Assurance to third parties on behalf of the Segregated Account and settled via reduction of the Secured Note	101,643,126	-
Loss adjustment expenses	32,102,647	42,589,859
	<u>\$ 283,693,384</u>	<u>\$ 157,589,859</u>

G. The Company does not utilize the deposit method to account for any of its reinsurance transactions.

H. The Company does not have an agreement pursuant to SSAP No. 62R subparagraph 31.e., - Accounting for the Transfer of Property and Casualty Run-off Agreements.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not issue retrospectively rated contracts or contracts subject to redetermination; none of the company's reinsurance contracts are retrospectively rated or subject to redetermination.

25. Changes in Incurred Losses and Loss Adjustment Expenses

Loss incurred of \$908,792,387 for the year ended December 31, 2011 is primarily due to: i.) adverse development of \$992,107,853 on first lien residential mortgage backed credits that defaulted prior to 2011, ii.) incurred losses of \$418,730,007 relating to on first lien residential mortgage backed credits that defaulted during 2011, iii.) incurred losses of \$110,297,021 resulting from the commutation of certain student loan, asset backed and transportation credits during 2011, offset by improvements in second lien residential mortgage backed credits that defaulted prior to 2011.

December 31, 2011 loss reserves include \$2,768,627,119 of claims that have been presented and not paid by Ambac Assurance. Although Ambac Assurance has not paid any Segregated Account claims presented, its reinsurers have continued to pay Ambac Assurance for their portion of the presented claims. Accordingly the reinsurance amounts on unpaid claims are not included in loss reserves.

Net case basis loss reserves at December 31, 2011 and December 31, 2010 were as follows:

	December 31, 2011	December 31, 2010	Change
Mortgage-Backed & Home Equity - First Lien	\$ 2,503,495,947	\$ 1,200,173,564	\$1,303,322,383
Mortgage-Backed & Home Equity - Second Lien	416,640,585	837,874,893	(421,234,308)
Mortgage-Backed & Home Equity – Other	228,464,025	168,238,482	60,225,543
Total Mortgage-Backed & Home Equity	3,148,600,557	2,206,286,939	942,313,618
Public Finance	(18,804,907)	169,762,871	(188,567,778)
Other	(29,388,300)	(30,910,051)	1,521,751
Total Loss Reserves	\$ 3,100,407,350	\$2,345,139,759	\$755,267,591
Total Commutation Payments for the year ended December 31, 2011			246,888,601
Total Net Recoveries for the year ended December 31, 2011			(93,363,805)
Total Losses Paid (Net of Recoveries) for the year ended December 31, 2011			153,524,796
Total Losses Incurred for the year ended December 31, 2011			<u>\$908,792,387</u>

Total net case basis reserves of \$3,100,407,350 at December 31, 2011 are net of \$2,509,500,806 of subrogation recoveries relating to representation and warranty breaches by RMBS transaction sponsors. In an effort to better understand the unprecedented levels of delinquencies and defaults, Ambac or its counsel engaged consultants with significant mortgage underwriting experience to review the underwriting documentation for mortgage loans underlying certain insured RMBS transactions. Transactions which exhibited exceptionally poor performance were chosen for further examination of the underwriting documentation supporting the underlying loans. Factors which Ambac believes to be indicative of poor performance include (i) increased levels of early payment defaults, (ii) significant number of loan liquidations or charge-offs and resulting high level of losses, and (iii) rapid elimination of credit protections inherent in the transactions' structures. With respect to item (ii), "loan liquidations" refers to loans for which the servicer has liquidated the related collateral and the securitization has realized losses on the loan; "charge-offs" refers to loans which have been written off as uncollectible by the servicer, thereby generating no recoveries to the securitization, and may also refer to the unrecovered balance of liquidated loans. In either case, the servicer has taken actions as it has deemed viable to recover against the collateral, and the securitization has incurred losses to the extent such actions did not fully repay the borrower's obligations. Generally, the sponsor of the transaction provided representations and warranties with respect to the securitized loans, including representations with respect to the loan characteristics, the absence of fraud or other misconduct in the origination process, and attesting to the compliance of loans with the prevailing underwriting policies. Per the underlying transaction documents, the sponsor of the transaction is contractually obligated to repurchase, cure or substitute collateral for any loan that breaches the representations and warranties.

Subsequent to the forensic exercise of examining loan files to ascertain whether the loans conformed to the representations and warranties, we submit nonconforming loans to the sponsor for repurchase. To effect a repurchase, depending on the transaction, the sponsor is obligated to repurchase the loan at (a) for loans which have not been liquidated or charged off, either (i) the current unpaid principal balance of the loan, (ii) the current unpaid principal balance plus accrued unpaid interest, or (iii) the current unpaid principal balance plus accrued interest plus unreimbursed servicer advances/expenses and/or trustee expenses resulting from the breach of representations and warranties that trigger the repurchase, and (b) for a loan that has already been liquidated or charged-off, the amount of the realized loss (which in certain cases may exclude accrued unpaid interest). Notwithstanding the material breaches of representations and warranties, until the establishment of the Segregated Account and the associated Segregated Account Rehabilitation Proceedings, Ambac continued to pay claims submitted under financial guarantee insurance policies related to these securitizations and expects to resume paying such claims in accordance with the Segregated Account Rehabilitation Plan after such plan is effective. In cases where loans are repurchased by a sponsor, the effect is typically to offset current period losses and then to increase the over-collateralization of the securitization, depending on the extent of loan repurchases and the structure of the securitization. Specifically, the repurchase price is paid by the sponsor to the securitization trust which holds the loan. The cash becomes an asset

NOTES TO FINANCIAL STATEMENTS

of the trust, replacing the loan that was repurchased by the sponsor. On a monthly basis the cash received related to loan repurchases by the sponsor is aggregated with cash collections from the underlying mortgages and applied in accordance with the trust indenture payment waterfall. This payment waterfall typically includes principal and interest payments to the note holders, various expenses of the trust and reimbursements to Ambac, as financial guarantor, for claim payments made in previous months. Notwithstanding the reimbursement of previous monthly claim payments, to the extent there continues to be insufficient cash in the waterfall in the current month to make scheduled principal and interest payments to the note holders, Ambac is required to make additional claim payments to cover this shortfall.

While the obligation by sponsors to repurchase loans with material breaches is clear, generally the sponsors have not yet honored those obligations. Ambac's approach to resolving these disputes has included negotiating with individual sponsors at the transaction level and in some cases at the individual loan level and has resulted in the repurchase of some loans. Ambac has utilized the results of the above described loan file examinations to make demands for loan repurchases from sponsors or their successors and, in certain instances, as a part of the basis for litigation. Ambac has initiated and will continue to pursue lawsuits seeking compliance with the repurchase obligations in the securitization documents. Ambac estimates that it will take approximately three years from the initiation of litigation with the sponsor to ultimate resolution. These future subrogation cash flows are discounted at the OCI prescribed discount rate of 5.1%.

Ambac has performed the above-mentioned, detailed examinations on a variety of second-lien and first-lien transactions that have experienced exceptionally poor performance. However, the loan file examinations and related estimated recoveries we have reviewed and recorded to date have been limited to only those transactions whose sponsors (or their successors) are subsidiaries of large financial institutions, all of which carry an investment grade rating from at least one nationally recognized rating agency. A total of eight sponsors represent the 51 transactions which have been reviewed as of December 31, 2011. While our contractual recourse is generally to the sponsor/subsidiary, rather than to the financial institutional parent, each of these financial institutions has significant financial resources and may have an ongoing interest in mortgage finance, and we therefore believe that the financial institution/parent would not seek to disclaim financial responsibility for these obligations if the sponsor/subsidiary is unable to honor its contractual obligations or pay a judgment that we may obtain in litigation. Additionally, in the case of successor institutions, we are not aware of any provisions that explicitly preclude or limit the successors' ability to honor the obligations of the original sponsor. In fact, certain successor financial institutions have made significant payments to certain claimants to settle breaches of representations and warranties perpetrated by sponsors that have been acquired by such financial institutions. As a result, we did not make any significant adjustments to our estimated subrogation recoveries with respect to the credit risk of these sponsors or their successors. We believe that focusing our loan remediation efforts on large financial institutions first will provide the greatest economic benefit to Ambac. Ambac retains the right to review other RMBS transactions for representations and warranties breaches. Since a significant number of other second-lien and first-lien transactions are also experiencing poor performance, management is considering expanding the scope of this effort.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

The Company has not purchased any annuities in 2011.

28. Health Care Receivables

The Company does not have any healthcare receivables at December 31, 2011.

29. Participating Accident and Health Policies

The Company had no participating accident or health contracts during 2011.

30. Premium Deficiency Reserves

The Company had no premium deficiency reserves as of December 31, 2011.

31. High Deductibles

The Company has not recorded any reserve credits during 2011.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company generally discounts the liabilities for unpaid losses for financial guaranty claims on a non-tabular basis by application of a discount rate which approximates the average rate of return on admitted assets, in accordance with SSAP 60. The Company does not discount unpaid loss expenses. The Company's average rate of return on its admitted assets for the year ended December 31, 2011 and December 31, 2010 was 7.45% and 7.06%, respectively. The Wisconsin Insurance Commissioner has directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting its December 31, 2011 and December 31, 2010 loss reserves.

The amount of the discount as of December 31, 2011 and 2010 was \$451,795,973 and \$318,889,644, respectively. The net decrease in the amount of discount is primarily due to the AUK Commutation Agreement, offset by an increase in the number and size of case reserves.

33. Asbestos / Environmental Reserves

The Company has not written any policies which have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

34. Subscriber Savings Accounts

The Company is not a reciprocal exchange and, therefore, does not have subscriber savings accounts.

35. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

NOTES TO FINANCIAL STATEMENTS

36. Financial Guaranty Insurance

- A. For financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract rather than at inception, if the installment premiums had all been recorded at inception in accordance with GAAP ASC Topic 944 (“ASC Topic 944”), as defined below and amortized in proportion to the amount and period of coverage, the unearned premium revenue (net of reinsurance) would have been \$1,285,573,101 at December 31, 2011.

In accordance with ASC Topic 944, for premiums received upfront (typical of public finance obligations), an unearned premium revenue (“UPR”) liability is established, which is initially recorded as the cash amount received. For installment premium transactions (typical of structured finance obligations), a premium receivable asset and offsetting UPR liability is initially established in an amount equal to: (i) the present value of future contractual premiums due (the “contractual” method) or, (ii) if the underlying insured obligation is a homogenous pool of assets which are contractually prepayable (the “expected” method), the present value of premiums to be collected over the expected life of the transaction. An appropriate risk-free rate corresponding to the weighted average life of each policy and exposure currency is used to discount the future premiums contractually due or expected to be collected. Insured obligations consisting of homogeneous pools for which Ambac Assurance uses expected future premiums to estimate the premium receivable and UPR include residential mortgage-backed securities and consumer auto loans. As prepayment assumptions change for homogenous pool transactions, or if there is an actual prepayment for a “contractual” method installment transaction, the related premium receivable and UPR are adjusted in equal and offsetting amounts with no immediate effect on earnings using new premium cash flows and the then current risk free rate.

- B. The table below summarizes the ASC Topic 944 future premiums at December 31, 2011:

	<u>Future premiums to be collected</u>
<u>Three months ended:</u>	
March 31, 2012.....	\$31,335,774
June 30, 2012.....	28,600,621
September 30, 2012.....	28,800,258
December 31, 2012.....	30,894,660
<u>Twelve months ended:</u>	
December 31, 2013.....	112,086,275
December 31, 2014.....	106,989,863
December 31, 2015.....	98,658,953
December 31, 2016.....	94,497,297
<u>Five years ended:</u>	
December 31, 2021.....	417,095,616
December 31, 2026.....	336,707,448
December 31, 2031.....	280,735,809
December 31, 2036.....	199,040,610
December 31, 2041.....	58,306,742
December 31, 2046.....	18,675,884
December 31, 2051.....	5,328,650
December 31, 2056.....	242,068
Total.....	<u>\$1,847,996,528</u>

- C. Below are the ASC Topic 944 future premiums roll-forward for the period ended December 31, 2011:

Future premiums at January 1, 2011.....	\$2,634,885,162
Premium payments received.....	(155,422,544)
Adjustments to future premium payments*	(631,466,090)
Expected future premiums at December 31, 2011.....	<u>\$1,847,996,528</u>

* Adjustments to future premium payments represent policies that have terminated early as a result of rate step-ups or other retirement provision incentives for the issuer as well as principal repayments on contractual policies that were not legally mandated and as a result not factored into the original expected future premium payments.

- D. Total accelerated revenue recognition for non-installment contracts during 2011 was \$121,886,924. Accelerations of upfront paying transactions resulting from the defeasance of Ambac Assurance insured obligations whereby government securities are purchased by the issuer with the proceeds of a new bond issuance, or less frequently with other funds of the issuer, and held in escrow (a pre-refunding) during 2011 were \$19,473,476. Accelerations during 2011 due to Ambac Assurance insured obligations being either called or terminated were \$102,413,448.

NOTES TO FINANCIAL STATEMENTS

E. The table below summarizes the future expected premiums earned, net of reinsurance on non-installment contracts at December 31, 2011:

	<u>Future expected premiums earned, net of reinsurance</u>
<u>Three months ended:</u>	
March 31, 2012	\$22,211,508
June 30, 2012	22,262,039
September 30, 2012	28,058,807
December 31, 2012	31,854,546
<u>Twelve months ended:</u>	
December 31, 2013	100,021,535
December 31, 2014	91,630,916
December 31, 2015	89,908,173
December 31, 2016	86,290,205
<u>Five years ended:</u>	
December 31, 2021	398,033,612
December 31, 2026	312,940,451
December 31, 2031	267,304,161
December 31, 2036	131,730,433
December 31, 2041	43,918,160
December 31, 2046	18,223,268
December 31, 2051	24,875,506
December 31, 2056	16,426,193
Total	<u>\$1,685,689,513</u>

In addition, net unearned premium reserves at December 31, 2011 includes \$10,472,293 of future expected premiums earned on installment paying policies.

F. Ambac Assurance's loss reserves are based on management's on-going review of the non-derivative financial guarantee credit portfolio. Active surveillance of the insured portfolio enables Ambac Assurance's surveillance group to track credit migration of insured obligations from period to period and update internal classifications and credit ratings for each transaction. Non-adversely classified credits are assigned a Class I or Survey List ("SL") rating while adversely classified credits are assigned a rating of Class IA through Class V. The criteria for an exposure to be assigned an adversely classified credit rating includes the deterioration of an issuer's financial condition, underperformance of the underlying collateral (for collateral dependent transactions such as mortgage-backed securitizations), poor performance by the servicer of the underlying collateral and other adverse economic events or trends. The servicer of the underlying collateral of an insured securitization transaction is a consideration in assessing credit quality because the servicer's performance can directly impact the performance of the related issue. For example, a servicer of a mortgage-backed securitization that does not remain current in its collection loss mitigation efforts could cause an increase in the delinquency and potential default of the underlying obligation. Similarly, loss severities increase when a servicer does not effectively handle loss mitigation activities such as (i) the advancing of delinquent principal and interest and of default related expenses which are deemed to be recoverable by the servicer, (ii) pursuit of loan charge-offs which maximize cash flows from the mortgage loan pool, and (iii) foreclosure and real estate owned disposition strategies and timelines.

Additional remediation activities applied to adversely classified credits can include various actions by Ambac Assurance. The most common actions include obtaining detailed appraisal information on collateral, more frequent meetings with the issuer's or servicer's management to review operations, financial condition and financial forecasts and more frequent analysis of the issuer's financial statements. Senior management meets at least quarterly with the surveillance group to review the status of their work to determine the adequacy of Ambac Assurance's loss reserves and make any necessary adjustments.

All credits are assigned risk classifications by the Surveillance Group using the following guidelines:

CLASS I – “Fully Performing – Meets Ambac Criteria with Remote Probability of Claim”

Credits that demonstrate adequate security and structural protection with a strong capacity to pay interest, repay principal and perform as underwritten. Factors supporting debt service payment and performance are considered unlikely to change and any such change would not have a negative impact upon the fundamental credit quality.

SURVEY LIST (SL) – “Investigation of Specific Condition or Weakness Underway”

Credits that require additional analysis to determine if adverse classification is warranted. These credits may lack information or demonstrate a weakness but further deterioration is not expected.

CLASS IA – “Potential Problem with Risks to be Dimensioned”

Credits that are fully current and monetary default or claims-payment are not anticipated. The payor's or issuer's financial condition may be deteriorating or the credits may lack adequate collateral. A structured financing may also evidence weakness in its fundamental credit quality as evidenced by its under-performance relative to its modeled projections at underwriting, issues related to the servicer's ability to perform, or questions about the structural integrity of the transaction. While these credits may still retain an investment grade rating, they usually have experienced or are vulnerable to a ratings downgrade. Further investigation is required to dimension and correct any deficiencies. A complete legal review of documents may be required. An action plan should be developed with triggers for future classification changes upward or downward.

CLASS II – “Substandard Requiring Intervention”

Credits whose fundamental credit quality has deteriorated to the point that timely payment of debt service may be jeopardized by adversely developing trends of a financial, economic, structural, managerial or political nature. No claim payment is currently foreseen but the probability of loss or claim payment over the life of the transaction is now existent (10% or greater probability). Class II credits may be borderline or below investment grade (BBB- to B). Prompt and sustained action must be taken to execute a comprehensive loss mitigation plan and correct deficiencies.

NOTES TO FINANCIAL STATEMENTS**CLASS III – “Doubtful with Clear Potential for Loss”**

Credits whose fundamental credit quality has deteriorated to the point that timely payment of debt service has been or will be jeopardized by adverse trends of a financial, economic, structural, managerial or political nature which, in the absence of positive change or corrective action, are likely to result in a loss. The probability of monetary default or claims paying over the life of the transaction is 50% or greater. Full exercise of all available remedial actions is required to avert or minimize losses. Class III credits will generally be rated below investment grade (B to CCC).

CLASS IV – “Imminent Default or Defaulted”

Monetary default or claims payment has occurred or is expected imminently. Class IV credits are generally rated D.

CLASS V – “Fully Reserved”

The credit has defaulted and payments have occurred. The claim payments are scheduled and known, and reserves have been established to fully cover such claims.

Below is the losses and loss adjustment expense roll-forward, net of subrogation recoverable and reinsurance for the period ended December 31, 2011:

		Year Ended December 31, 2011
Losses and Loss Adjustment Expenses at December 31, 2010, net of subrogation recoverable and net of reinsurance		\$ 2,478,435,028
Change in losses and loss adjustment expenses reserves due to:		
Credits added	539,814,639	
Change in existing credits	698,856,076	
Change in subrogation recoveries	(301,634,424)	
Claim payments, Subrogation and reinsurance recoveries received, net of claim payments	(189,144,498)	
Net change in losses and loss adjustment expenses reserves		747,891,793
Loss and Loss Adjustment Expenses at December 31, 2011 *		\$ 3,226,326,821

* Includes \$2,768,627,119 of claims that have been presented and not paid as of December 31, 2011.

	Surveillance Categories		
	IV	V	Total
Number of Policies	164	1	165
Remaining weighted-average contract period (in years)	9	9	9
Gross insured contractual payments outstanding:			
Principal	\$11,990,670,226	\$48,265	\$11,990,718,491
Interest	2,888,159,740	28,781	2,888,188,521
Total	<u>\$14,878,829,966</u>	<u>\$77,046</u>	<u>\$14,878,907,012</u>
Gross claim liability	\$ 6,786,522,661	\$77,046	\$ 6,786,599,707
Less:			
Gross potential recoveries	(3,331,281,417)	-	(3,331,281,417)
Discount	(451,766,634)	(28,781)	(451,795,415)
Claim liability reported in the balance sheet	<u>\$3,099,105,340</u>	<u>\$48,265</u>	<u>\$3,099,153,605</u>
Gross unearned premium revenue	\$ 15,940,882	\$ -	\$15,940,882
Reinsurance recoverables reported in the balance sheet	<u>\$ (1,253,745)</u>	<u>\$ -</u>	<u>\$(1,253,745)</u>

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Wisconsin
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: 12/31/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/31/2007
- 3.4 By what department or departments? Wisconsin
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, 757 Third Avenue, New York, NY 10017
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Scott Weinstein, FIA, NAAA, KPMG LLP, 757 Third Avenue, New York, NY 10017

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company

- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value

- 12.2 If yes, provide explanation.

GENERAL INTERROGATORIES

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.3)? Yes [] No [X]

24.2 If no, give full and complete information relating thereto.

The Company loaned securities with a carrying value of \$268,012,347 to Ambac Financial Services, LLC pursuant to a revolving credit facility approved by the Wisconsin Insurance Commissioner. There is no collateral for the loan.

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) Yes [X] No []
- 25.2 If yes, state the amount thereof at December 31 of the current year:
 - 25.21 Subject to repurchase agreements \$.....0
 - 25.22 Subject to reverse repurchase agreements \$.....0
 - 25.23 Subject to dollar repurchase agreements \$.....0
 - 25.24 Subject to reverse dollar repurchase agreements \$.....0
 - 25.25 Pledged as collateral \$.....0
 - 25.26 Placed under option agreements \$.....0
 - 25.27 Letter stock or securities restricted as to sale \$.....0
 - 25.28 On deposit with state or other regulatory body \$.....3,563,283
 - 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year:

- 28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Citibank, N.A.	333 West 34th Street, 3rd Floor, Securities Vault, NY, NY 10001
Bank of New York Mellon	One Wall Street, 14th Floor, NY, NY 10286

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
754	DeAM Investor Services, Inc	345 Park Avenue, Mailstop NYC03-0630, New York, NY 10154
113972	Standish	201 Washington Street, Suite 2900, Boston MA 021084-4408

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
29.2999. TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

- 30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	5,020,260,364	5,376,865,288	356,604,924
30.2 Preferred stocks.....			0
30.3 Totals.....	5,020,260,364	5,376,865,288	356,604,924

- 30.4 Describe the sources or methods utilized in determining the fair values:
The Company utilizes fair value as determined by the NAIC's Securities Valuation Office (SVO). In the event the SVO has not determined the fair value of a security, fair value is determined by using independent market sources, when available, and appropriate valuation methodologies when market quotes are not available.
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. The reporting entity may rely on a quote from a single broker where prices are not available from independent pricing vendors. Generally, the broker utilized by the reporting entity are active market participants for the instrument being valued. Broker valuations are reviewed monthly for reasonableness by the valuation oversight team and challenged where applicable.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
 32.2 If no, list exceptions:

Yes [X] No []

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....62,035
 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
The Surety & Fidelity Association of America	62,035

- 34.1 Amount of payments for legal expenses, if any? \$.....6,771,543
 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Dewey & LeBoeuf LLP	2,172,548

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only.
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
- 1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.
- 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned
 1.62 Total incurred claims
 1.63 Number of covered lives
 All years prior to most current three years:
 1.64 Total premium earned
 1.65 Total incurred claims
 1.66 Number of covered lives
- 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned
 1.72 Total incurred claims
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned
 1.75 Total incurred claims
 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....372,088,139	\$.....0
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....4,922,488,627	\$.....0
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies
 3.22 Non-participating policies

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
Not applicable

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company's maximum amount of loss is equal to its gross insured exposure, consisting of both principal and interest on insured obligations, inclusive of exposures allocated to the Segregated Account. At December 31, 2011, the Company's had non-affiliated insured exposure of \$431.6 billion, of which 75% related to domestic municipal exposures and 25% related to international and non-municipal exposures. Please refer to footnote 10.e for detailed disclosure of affiliated exposures.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company does not insure loss to property. The Company employs categorical per risk dollar limits to potential claims or losses resulting from all forms of risk that could impair an insured obligors' ability to make timely payment on their insured debt obligation. In addition, reinsurance agreements mitigate residual risks resulting from concentrations by bond type or geographic location.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
The Company does not insure loss to property. The Company employs categorical per risk dollar limits to potential claims or losses resulting from all forms of risk that could impair an insured obligors' ability to make timely payment on their insured debt obligation.

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From%
 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit
 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....2,997,748,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.2

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....					
16.12 Products.....					
16.13 Automobile.....					
16.14 Other*.....					

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]

Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.12 Unfunded portion of Interrogatory 17.11

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

17.14 Case reserves portion of Interrogatory 17.11

17.15 Incurred but not reported portion of Interrogatory 17.11

17.16 Unearned premium portion of Interrogatory 17.11

17.17 Contingent commission portion of Interrogatory 17.11

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.19 Unfunded portion of Interrogatory 17.18

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

17.21 Case reserves portion of Interrogatory 17.18

17.22 Incurred but not reported portion of Interrogatory 17.18

17.23 Unearned premium portion of Interrogatory 17.18

17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date.

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	150,249,373	241,656,436	357,025,181	558,160,054	1,057,315,247
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	150,249,373	241,656,436	357,025,181	558,160,054	1,057,315,247
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	138,927,950	230,296,566	461,399,091	502,331,970	778,282,215
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	138,927,950	230,296,566	461,399,091	502,331,970	778,282,215
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(619,575,225)	(1,110,715,296)	(477,209,956)	(689,488,074)	650,543,746
14. Net investment gain (loss) (Line 11).....	240,021,361	(485,337,590)	(2,559,417,023)	(3,939,945,880)	(279,681,602)
15. Total other income (Line 15).....	(379,411,331)	124,349,832	73,494,090	(295,331,033)	5,637,657
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	76,830,083	200,000	(483,521,179)	(890,099,393)	322,535,819
18. Net income (Line 20).....	(835,795,278)	(1,471,903,054)	(2,479,611,710)	(4,034,665,594)	53,963,982
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	5,905,004,552	6,005,318,227	8,533,511,430	10,781,055,521	10,791,563,779
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	131,809	218,306	400,640	290,141	533,433
20.2 Deferred and not yet due (Line 15.2).....	7,789,449	13,288,358	29,981,495	27,350,865	38,861,574
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	7,117,780,771	6,913,114,454	7,731,642,745	9,226,607,110	7,475,421,128
22. Losses (Page 3, Line 1).....	3,100,407,349	2,345,139,759	1,104,542,208	1,126,726,586	109,692,688
23. Loss adjustment expenses (Page 3, Line 3).....	125,919,472	133,295,269	32,441,773	33,576,452	111,896
24. Unearned premiums (Page 3, Line 9).....	1,696,161,806	1,929,321,995	2,364,518,832	2,699,491,644	3,275,382,016
25. Capital paid up (Page 3, Lines 30 & 31).....	108,411,000	108,411,000	108,411,000	110,000,000	82,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	495,293,439	1,026,920,181	801,868,685	1,554,448,411	3,316,142,651
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	379,860,551	(2,044,131,477)	(1,606,490,225)	(1,423,924,074)	960,977,645
Risk-Based Capital Analysis					
28. Total adjusted capital.....					
29. Authorized control level risk-based capital.....					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	74.5	75.4	77.4	75.0	94.9
31. Stocks (Lines 2.1 & 2.2).....	3.4	3.0	4.3	2.3	2.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	11.3	8.6	7.8	11.3	2.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....			XXX	XXX	XXX
37. Other invested assets (Line 8).....	2.6	0.1	0.1		0.0
38. Receivable for securities (Line 9).....	0.2	0.3	0.0	0.1	0.0
39. Securities lending reinvested collateral assets (Line 10).....			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....	8.0	12.6	10.4	11.3	
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	197,485,463	235,468,204	341,474,654	238,760,248	263,908,520
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	142,208,155		242,965		61,966
48. Total of above lines 42 to 47.....	339,693,618	235,468,204	341,717,619	238,760,248	263,970,486
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	68.6	22.9	42.6	15.4	8.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2011	2010	2009	2008	2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	(64,368,723)	(88,807,417)	(2,695,389)	(269,428,086)	(63,894,234)
51. Dividends to stockholders (Line 35).....		(817,203)	(12,509,301)	(218,539,800)	(190,200,000)
52. Change in surplus as regards policyholders for the year (Line 38).....	(531,626,742)	225,051,496	(752,579,726)	(1,761,694,240)	(380,733,773)
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	164,268,339	155,359,251	1,561,711,515	620,156,498	6,310,176
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	164,268,339	155,359,251	1,561,711,515	620,156,498	6,310,176
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	153,524,797	138,954,615	1,420,295,371	567,246,523	5,980,689
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	153,524,797	138,954,615	1,420,295,371	567,246,523	5,980,689
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	244.2	207.3	175.6	146.9	8.9
67. Loss expenses incurred (Line 3).....	7.6	40.7	13.9	3.6	(0.8)
68. Other underwriting expenses incurred (Line 4).....	14.7	18.9	14.2	13.4	13.5
69. Net underwriting gain (loss) (Line 8).....	(166.5)	(166.9)	(59.9)	(63.9)	78.3
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	312.4	0.6	(66.9)	87.5	13.7
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	251.8	248.0	189.4	150.6	8.1
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	28.0	22.4	57.5	32.3	23.5
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	429,328	(205,027)	93,689	113,243	(6,866)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	41.8	(25.6)	6.0	3.4	(0.2)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(510,076)	(296,789)	80,489	(9,328)	(15,883)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(63.6)	(19.1)	2.4	(0.3)	(0.5)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)



NAIC Group Code.....1248 NAIC Company Code....18708

BUSINESS IN GRAND TOTAL DURING THE YEAR

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire.....												
2.1 Allied lines.....												
2.2 Multiple peril crop.....												
2.3 Federal flood.....												
3. Farmowners multiple peril.....												
4. Homeowners multiple peril.....												
5.1 Commercial multiple peril (non-liability portion).....												
5.2 Commercial multiple peril (liability portion).....												
6. Mortgage guaranty.....												
8. Ocean marine.....												
9. Inland marine.....												
10. Financial guaranty.....	150,046,597	385,753,874		1,792,526,604	164,268,339	907,557,664	3,099,153,606	39,131,832	31,660,224	131,683,461		3,272,988
11. Medical professional liability.....												
12. Earthquake.....												
13. Group accident and health (b).....												
14. Credit A & H (group and individual).....												
15.1 Collectively renewable A&H (b).....												
15.2 Non-cancelable A & H (b).....												
15.3 Guaranteed renewable A & H (b).....												
15.4 Non-renewable for stated reasons only (b).....												
15.5 Other accident only.....												
15.6 Medicare Title XVIII exempt from state taxes or fees.....												
15.7 All other A & H (b).....												
15.8 Federal employees health benefits program premium (b).....												
16. Workers' compensation.....												
17.1 Other liability-occurrence.....												
17.2 Other liability-claims-made.....												
17.3 Excess workers' compensation.....												
18. Products liability.....												
19.1 Private passenger auto no-fault (personal injury protection).....												
19.2 Other private passenger auto liability.....												
19.3 Commercial auto no-fault (personal injury protection).....												
19.4 Other commercial auto liability.....												
21.1 Private passenger auto physical damage.....												
21.2 Commercial auto physical damage.....												
22. Aircraft (all perils).....												
23. Fidelity.....												
24. Surety.....	79,120	6,604,341		15,691,533								1,268
26. Burglary and theft.....												
27. Boiler and machinery.....												
28. Credit.....												
30. Warranty.....												
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0	0	0	0
35. TOTALS (a).....	150,125,717	392,358,215	0	1,808,218,137	164,268,339	907,557,664	3,099,153,606	39,131,832	31,660,224	131,683,461	0	3,274,256

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DETAILS OF WRITE-INS

3401.....												
3402.....												
3403.....												
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
3499. TOTALS (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 35 \$.....0.

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products.....0 and number of persons insured under indemnity only products.....0.

SCHEDULE F - PART 1

Assumed Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsured	4 Domiciliary Jurisdiction	5 Assumed Premium	Reinsurance On			9 Contingent Commissions Payable	10 Assumed Premiums Receivable	11 Unearned Premium	12 Funds Held by or Deposited With Reinsured Companies	13 Letters of Credit Posted	14 Amount of Assets Pledged or Compensating Balances to Secure Letters of Credit	15 Amount of Assets Pledged or Collateral Held in Trust
					6 Paid Losses and Loss Adjustment Expenses	7 Known Case Losses and LAE	8 Cols. 6 + 7							
Affiliated - U.S. Non-Pool:														
39-1092844..	24961.....	Everspan Financial Guarantee Corp.....	WI.....	.62			.0							
0299999.	Affiliated - U.S. Non-Pool.....			.62			.0							
0499999.	Total Affiliates.....			.62			.0							
Other U. S. Unaffiliated Insurers:														
52-1533088..	30180.....	Assured Guaranty Corp.....	MD.....				.0			1,241				
13-2710717..	12815.....	Financial Guaranty Insurance Company.....	NY.....	.62			.0							
22-2712977..	36250.....	Radian Asset Assurance Inc.....	NY.....				.0			.95				
0599999.	Other U. S. Unaffiliated Insurers.....			.62			.0			1,336				
9999999.	Totals.....			.124			.0			1,336				

SCHEDULE F - PART 2

Premium Portfolio Reinsurance Effected or (Canceled) during Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Company	4 Date of Contract	5 Original Premium	6 Reinsurance Premium
------------------------------	------------------------------	----------------------	-----------------------	-----------------------	--------------------------

NONE

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable on										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Col. 15-[16+17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
Authorized Other U.S. Unaffiliated Insurers																			
52-1533088	30180	Assured Guaranty Corp.	MD		796	4	16	300	50			13,957	15	14,342	130		14,212		
0599999		Total Authorized Other U.S. Unaffiliated Insurers			796	4	16	300	50	0	0	13,957	15	14,342	130	0	14,212	0	
0999999		Total Authorized			796	4	16	300	50	0	0	13,957	15	14,342	130	0	14,212	0	
Unauthorized Other Non-U.S. Insurers																			
AA-3190809		Assured Guaranty Reinsurance International, Ltd	BM		9,264	912	86	(1,533)	4,782			86,303		90,550	1,570		88,980		
AA-1580110		Sompo Japan Insurance, Inc.	JP		1,261	538	19	(21)	932			13,132		14,600	208		14,392		
1799999		Total Unauthorized Other Non-U.S. Insurers			10,525	1,450	105	(1,554)	5,714	0	0	99,435	0	105,150	1,778	0	103,372	0	
1899999		Total Unauthorized			10,525	1,450	105	(1,554)	5,714	0	0	99,435	0	105,150	1,778	0	103,372	0	
1999999		Total Authorized and Unauthorized			11,321	1,454	121	(1,254)	5,764	0	0	113,392	15	119,492	1,908	0	117,584	0	
9999999		Totals			11,321	1,454	121	(1,254)	5,764	0	0	113,392	15	119,492	1,908	0	117,584	0	

Note A: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000.

1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
(1)		
(2)		
(3)		
(4)		
(5)		

Note B: Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated	
(1) Assured Guaranty Reinsurance International, Ltd.	90,550	9,264	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(2) Sompo Japan Insurance, Inc.	14,600	1,261	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(3) Assured Guaranty Corp.	14,342	797	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(4)			Yes <input type="checkbox"/>	No <input type="checkbox"/>
(5)			Yes <input type="checkbox"/>	No <input type="checkbox"/>

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							11 Total Due Cols. 5 + 10	12 Percentage Overdue Col. 10 / Col. 11	13 Percentage More Than 120 Days Overdue Col. 9 / Col. 11
				5 Current	Overdue				10 Total Overdue Cols. 6 + 7 + 8 + 9				
					6 1 to 29 Days	7 30 to 90 Days	8 91 to 120 Days	9 Over 120 Days					
Authorized Other U.S. Unaffiliated Insurers													
52-1533088..	30180.....	Assured Guaranty Corp.....	MD.....	.20						.0	.20	.0.0	
0599999.	Total Authorized - Other U.S. Unaffiliated Insurers.....			.20	.0	.0	.0	.0	.0	.0	.20	.0.0	
0999999.	Total Authorized.....			.20	.0	.0	.0	.0	.0	.0	.20	.0.0	
Unauthorized Other U.S. Unaffiliated Insurers													
AA-3190809.		Assured Guaranty Reinsurance International, Ltd.....	BM.....	.998						.0	.998	.0.0	
AA-1580110.		Sompo Japan Insurance, Inc.....	JP.....	.557						.0	.557	.0.0	
1499999.	Total Unauthorized - Other U.S. Unaffiliated Insurers.....			1,555	.0	.0	.0	.0	.0	.0	1,555	.0.0	
1899999.	Total Unauthorized.....			1,555	.0	.0	.0	.0	.0	.0	1,555	.0.0	
1999999.	Total Authorized and Unauthorized.....			1,575	.0	.0	.0	.0	.0	.0	1,575	.0.0	
9999999.	Totals.....			1,575	.0	.0	.0	.0	.0	.0	1,575	.0.0	

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Recoverable all Items Schedule F, Part 3, Col. 15	6 Funds Held By Company Under Reinsurance Treaties	7 Letters of Credit	Letter of Credit Issuing or Confirming Bank (a)			11 Ceded Balances Payable	12 Miscellaneous Balances	13 Other Allowed Offset Items	14 Cols. 6 + 7 + 11 + 12 + 13 but not in Excess of Col. 5	15 Subtotal Col. 5 minus Col. 14	16 Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	17 20% of Amount in Col. 16	18 Smaller of Col. 14 or Col. 17	19 Smaller of Col. 14 or 20% of Amount in Dispute Included in Col. 5	20 Total Provision for Unauthorized Reinsurance Smaller of Col. 5 or Cols. 15 + 18 + 19
							8 American Bankers Association (ABA) Routing Number	9 Letter of Credit Code	10 Bank Name										

Other Non-U.S. Insurers

AA-3190809.	.....	Assured Guaranty Reinsurance International, Ltd	BM.....	.....90,550	.....	.....	.....	.....	.....	.....1,570	.....	.....289,772	.....90,550	.....0	.....0	.....0	.....0	.....0
AA-1580110.	.....	Sompo Japan Insurance, Inc.....	JP.....	.....14,600	.....	.....47,658	.....3	Footnote (a) Mizuho and Citibank	.....	.....208	.....	.....	.....14,600	.....0	.....0	.....0	.....0	.....0
0899999.	Total Other Non-U.S. Insurers.....			.....105,150	.....0	.....47,658	.....XXX	.....XXX	.....XXX	.....1,778	.....0	.....289,772	.....105,150	.....0	.....0	.....0	.....0	.....0
0999999.	Total Affiliates and Others.....			.....105,150	.....0	.....47,658	.....XXX	.....XXX	.....XXX	.....1,778	.....0	.....289,772	.....105,150	.....0	.....0	.....0	.....0	.....0
9999999.	Totals.....			.....105,150	.....0	.....47,658	.....XXX	.....XXX	.....XXX	.....1,778	.....0	.....289,772	.....105,150	.....0	.....0	.....0	.....0	.....0

1. Amounts in dispute totaling \$.....0 are included in Column 5.
2. Amounts in dispute totaling \$.....0 are excluded from Column 16.

(a)

Code	American Bankers Association (ABA) Routing Number	Bank Name
..Mizuho	026008905.....	Mizuho Corporate Bank (USA).....
..Citibank	021001486.....	Citibank, N.A.....

Sch. F-Pt. 6
NONE

Sch. F-Pt. 7
NONE

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12).....	5,853,695,812		5,853,695,812
2. Premiums and considerations (Line 15).....	7,921,258		7,921,258
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1).....	1,574,927	(1,574,927)	0
4. Funds held by or deposited with reinsured companies (Line 16.2).....			0
5. Other assets.....	41,812,555	14,746	41,827,301
6. Net amount recoverable from reinsurers.....		127,572,982	127,572,982
7. Protected cell assets (Line 27).....	1,708,069,658		1,708,069,658
8. Totals (Line 28).....	7,613,074,210	126,012,801	7,739,087,011
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3).....	3,226,326,821	4,397,181	3,230,724,002
10. Taxes, expenses, and other obligations (Lines 4 through 8).....	1,998,293,899		1,998,293,899
11. Unearned premiums (Line 9).....	1,696,161,806	113,392,477	1,809,554,283
12. Advance premiums (Line 10).....	627,254		627,254
13. Dividends declared and unpaid (Line 11.1 and 11.2).....			0
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12).....	1,908,261	(1,908,261)	0
15. Funds held by company under reinsurance treaties (Line 13).....			0
16. Amounts withheld or retained by company for account of others (Line 14).....	45,317		45,317
17. Provision for reinsurance (Line 16).....			0
18. Other liabilities.....	194,417,413	10,131,404	204,548,817
19. Total liabilities excluding protected cell business (Line 26).....	7,117,780,771	126,012,801	7,243,793,572
20. Protected cell liabilities (Line 27).....			0
21. Surplus as regards policyholders (Line 37).....	495,293,439	XXX	495,293,439
22. Totals (Line 38).....	7,613,074,210	126,012,801	7,739,087,011

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements?..Yes [] No [X]

If yes, give full explanation:

Sch. H-Pt. 1
NONE

Sch. H-Pt. 2
NONE

Sch. H-Pt. 3
NONE

Sch. H-Pt. 4
NONE

Sch. H-Pt. 5
NONE

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported-Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	(1)				8		1	7	XXX
2. 2002.....	525,782	75,055	450,727	32,115	3,749	1,843	282	388		16,542	30,315	XXX
3. 2003.....	702,565	108,095	594,470	11,971		2,125	25	321		35,953	14,393	XXX
4. 2004.....	758,578	100,930	657,648	78,833	21,566	1,982	463	72		454	58,858	XXX
5. 2005.....	855,810	93,527	762,283		1,312	3,085	144	176		5,271	1,805	XXX
6. 2006.....	840,131	90,058	750,073	21,816	1,635	7,137	18	220		16,159	27,520	XXX
7. 2007.....	930,137	99,632	830,505	256,402	19,991	7,407	311	359		19,920	243,866	XXX
8. 2008.....	1,338,851	255,979	1,082,872	1,413,655	169,435	36,517	1,251	461		146,541	1,279,947	XXX
9. 2009.....	894,243	97,871	796,372	577,090	20,619	103,831	555	440		118,936	660,187	XXX
10. 2010.....	707,788	42,295	665,493	143,972	(214)	151,884	3,061	278		7,633	293,287	XXX
11. 2011.....	392,837	20,749	372,088	119,586	(10,454)	31,718	(3,796)	18			165,572	XXX
12. Totals.....	XXX	XXX	XXX	2,655,440	227,639	347,529	2,314	2,741	0	367,410	2,775,757	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	75										75	XXX	
2. 2002.....											0	XXX	
3. 2003.....											0	XXX	
4. 2004.....											0	XXX	
5. 2005.....	(10)	(1)									2,174	XXX	
6. 2006.....											0	XXX	
7. 2007.....	(18,766)	(3,649)			7,381	91					273,457	(7,827)	XXX
8. 2008.....	69,046	(4,218)			29,424	197					1,305,051	102,491	XXX
9. 2009.....	1,332,429	6,038			17,374	240					850,571	1,343,525	XXX
10. 2010.....	1,723,160	5,982			19,258	520					665,554	1,735,916	XXX
11. 2011.....	451,601	1,180			58,246	4,716					234,474	503,951	XXX
12. Totals.....	3,557,535	5,332	0	0	131,683	5,764	0	0	0	0	3,331,281	3,678,122	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX	27		XXX	48	0
2. 2002..	34,346	4,031	30,315	6.5	5.4	6.7				0	0
3. 2003..	14,418	25	14,393	2.1	0.0	2.4				0	0
4. 2004..	80,887	22,029	58,858	10.7	21.8	8.9				0	0
5. 2005..	3,251	1,455	1,796	0.4	1.6	0.2	(27)			18	0
6. 2006..	29,173	1,653	27,520	3.5	1.8	3.7				0	0
7. 2007..	252,783	16,744	236,039	27.2	16.8	28.4	(2,654)			(12,463)	7,290
8. 2008..	1,549,103	166,665	1,382,438	115.7	65.1	127.7	9,216			64,048	29,227
9. 2009..	2,031,164	27,452	2,003,712	227.1	28.0	251.6	130,140			1,196,251	17,134
10. 2010..	2,038,552	9,349	2,029,203	288.0	22.1	304.9	286,426			1,430,752	18,738
11. 2011..	661,169	(8,354)	669,523	168.3	(40.3)	179.9	28,667			421,754	53,530
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	451,795	0	XXX	3,100,408	125,919

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior.....	25,722	34,527	31,567	31,435	31,189	31,440	29,881	29,829	29,960	29,959	(1)	130
2. 2002.....	43,054	41,853	38,716	33,926	29,927	29,927	29,927	29,927	29,927	29,927	0	0
3. 2003.....	XXX	24,951	24,995	20,835	14,171	14,071	14,071	14,071	14,071	14,071	0	0
4. 2004.....	XXX	XXX	40,210	59,215	58,788	58,786	58,786	58,786	58,786	58,786	0	0
5. 2005.....	XXX	XXX	XXX	7,466	8,077	2,770	2,774	1,463	1,463	1,620	157	157
6. 2006.....	XXX	XXX	XXX	XXX	33,564	31,856	30,949	27,857	27,300	27,300	0	(557)
7. 2007.....	XXX	XXX	XXX	XXX	XXX	59,398	175,103	146,804	316,929	235,680	(81,249)	88,876
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	1,953,075	2,079,518	1,519,341	1,381,977	(137,364)	(697,541)
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,904,413	2,089,864	2,003,272	(86,592)	98,859
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,294,548	2,028,925	734,377	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	669,505	XXX	XXX
12. Totals.....											429,328	(510,076)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior.....	000	5,196	22,221	25,253	25,368	25,666	28,877	28,918	29,885	29,884	XXX	XXX
2. 2002.....	5,359	23,950	21,297	29,500	29,927	29,927	29,927	29,927	29,927	29,927	XXX	XXX
3. 2003.....	XXX	9,416	10,946	16,438	14,071	14,071	14,071	14,071	14,071	14,071	XXX	XXX
4. 2004.....	XXX	XXX	210	59,215	58,788	58,786	58,786	58,786	58,786	58,786	XXX	XXX
5. 2005.....	XXX	XXX	XXX	2,667	6,879	2,770	2,774	1,463	1,463	1,629	XXX	XXX
6. 2006.....	XXX	XXX	XXX	XXX	31,636	27,751	27,705	27,703	27,300	27,300	XXX	XXX
7. 2007.....	XXX	XXX	XXX	XXX	XXX	13,095	142,946	235,151	245,979	243,507	XXX	XXX
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	439,545	1,262,890	1,333,852	1,279,486	XXX	XXX
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	617,381	686,431	659,747	XXX	XXX
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	157,170	293,009	XXX	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	165,554	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)											
	1	2	3	4	5	6	7	8	9	10		
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior.....												
2. 2002.....												
3. 2003.....	XXX											
4. 2004.....	XXX	XXX										
5. 2005.....	XXX	XXX	XXX									
6. 2006.....	XXX	XXX	XXX	XXX								
7. 2007.....	XXX	XXX	XXX	XXX	XXX							
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

**Sch. P-Pt. 1A
NONE**

**Sch. P-Pt. 1B
NONE**

**Sch. P-Pt. 1C
NONE**

**Sch. P-Pt. 1D
NONE**

**Sch. P-Pt. 1E
NONE**

**Sch. P-Pt. 1F-Sn. 1
NONE**

**Sch. P-Pt. 1F-Sn. 2
NONE**

**Sch. P-Pt. 1G
NONE**

**Sch. P-Pt. 1H-Sn. 1
NONE**

**Sch. P-Pt. 1H-Sn. 2
NONE**

**Sch. P-Pt. 1I
NONE**

**Sch. P-Pt. 1J
NONE**

SCHEDULE P - PART 1K - FIDELITY/SURETY
(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....								.....0	.....XXX.....
2. 2010.....	.....3,962.....		.....3,962.....								.....0	.....XXX.....
3. 2011.....	.....6,604.....		.....6,604.....								.....0	.....XXX.....
4. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....											.....0	
2. 2010.....											.....0	
3. 2011.....											.....0	
4. Totals.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....			.....XXX.....	.....0	.....0
2. 2010	.....0	.....0	.....0	.....0.0	.....0.0	.....0.0				.....0	.....0
3. 2011	.....0	.....0	.....0	.....0.0	.....0.0	.....0.0				.....0	.....0
4. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....0	.....0

Sch. P-Pt. 1L
NONE

Sch. P-Pt. 1M
NONE

Sch. P-Pt. 1N
NONE

Sch. P-Pt. 1O
NONE

Sch. P-Pt. 1P
NONE

Sch. P-Pt. 1R-Sn. 1
NONE

Sch. P-Pt. 1R-Sn. 2
NONE

SCHEDULE P - PART 1S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	(86,248)	180	3,049	(22)	212	104,699	(83,145)	XXX	
2. 2010.....	703,826	42,295	661,531	143,972	(214)	151,884	3,061	278	7,633	293,287	XXX	
3. 2011.....	386,233	20,749	365,484	119,586	(10,454)	31,718	(3,796)	18	165,572	165,572	XXX	
4. Totals.....	XXX	XXX	XXX	177,310	(10,488)	186,651	(757)	508	112,332	375,714	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,382,774	(1,830)			54,179	528					2,431,253	1,438,255	
2. 2010...	1,723,160	5,982			19,258	520					665,554	1,735,916	
3. 2011...	451,601	1,180			58,246	4,716					234,474	503,951	
4. Totals...	3,557,535	5,332	0	0	131,683	5,764	0	0	0	0	3,331,281	3,678,122	0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX	136,702		XXX	1,247,902	53,651
2. 2010	2,038,552	9,349	2,029,203	289.6	22.1	306.7	286,426			1,430,752	18,738
3. 2011	661,169	(8,354)	669,523	171.2	(40.3)	183.2	28,667			421,754	53,530
4. Totals	XXX	XXX	XXX	XXX	XXX	XXX	451,795	0	XXX	3,100,408	125,919

**Sch. P-Pt. 1T
NONE**

**Sch. P-Pt. 2A
NONE**

**Sch. P-Pt. 2B
NONE**

**Sch. P-Pt. 2C
NONE**

**Sch. P-Pt. 2D
NONE**

**Sch. P-Pt. 2E
NONE**

**Sch. P-Pt. 2F-Sn. 1
NONE**

**Sch. P-Pt. 2F-Sn. 2
NONE**

**Sch. P-Pt. 2G
NONE**

**Sch. P-Pt. 2H-Sn. 1
NONE**

**Sch. P-Pt. 2H-Sn. 2
NONE**

**Sch. P-Pt. 2I
NONE**

**Sch. P-Pt. 2J
NONE**

**Sch. P-Pt. 2K
NONE**

**Sch. P-Pt. 2L
NONE**

**Sch. P-Pt. 2M
NONE**

**Sch. P-Pt. 2N
NONE**

**Sch. P-Pt. 2O
NONE**

**Sch. P-Pt. 2P
NONE**

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										Development	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior.....											.....0	.....0
2. 2002.....											.....0	.....0
3. 2003.....	XXX										.....0	.....0
4. 2004.....	XXX	XXX									.....0	.....0
5. 2005.....	XXX	XXX	XXX								.....0	.....0
6. 2006.....	XXX	XXX	XXX	XXX							.....0	.....0
7. 2007.....	XXX	XXX	XXX	XXX	XXX						.....0	.....0
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX					.....0	.....0
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				.....0	.....0
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			.....0	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals										.....0	.....0	

NONE

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior.....											.....0	.....0
2. 2002.....											.....0	.....0
3. 2003.....	XXX										.....0	.....0
4. 2004.....	XXX	XXX									.....0	.....0
5. 2005.....	XXX	XXX	XXX								.....0	.....0
6. 2006.....	XXX	XXX	XXX	XXX							.....0	.....0
7. 2007.....	XXX	XXX	XXX	XXX	XXX						.....0	.....0
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX					.....0	.....0
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				.....0	.....0
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			.....0	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals										.....0	.....0	

NONE

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,016,378	1,811,351	1,506,302	(305,049)	(510,076)
2. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,294,548	2,028,925	734,377	XXX
3. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	669,505	XXX	XXX
4. Totals										.....429,328	.....(510,076)	

SCHEDULE P - PART 2T - WARRANTY

1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.....0	.....0
2. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.....0	XXX
3. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Totals										.....0	.....0	

NONE

**Sch. P-Pt. 3A
NONE**

**Sch. P-Pt. 3B
NONE**

**Sch. P-Pt. 3C
NONE**

**Sch. P-Pt. 3D
NONE**

**Sch. P-Pt. 3E
NONE**

**Sch. P-Pt. 3F-Sn. 1
NONE**

**Sch. P-Pt. 3F-Sn. 2
NONE**

**Sch. P-Pt. 3G
NONE**

**Sch. P-Pt. 3H-Sn. 1
NONE**

**Sch. P-Pt. 3H-Sn. 2
NONE**

**Sch. P-Pt. 3I
NONE**

**Sch. P-Pt. 3J
NONE**

**Sch. P-Pt. 3K
NONE**

**Sch. P-Pt. 3L
NONE**

**Sch. P-Pt. 3M
NONE**

**Sch. P-Pt. 3N
NONE**

**Sch. P-Pt. 3O
NONE**

**Sch. P-Pt. 3P
NONE**

SCHEDULE P - PART 3R-SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment	
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011			
1. Prior.....	.000.....												
2. 2002.....													
3. 2003.....	XXX.....												
4. 2004.....	XXX.....	XXX.....											
5. 2005.....	XXX.....	XXX.....	XXX.....										
6. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....									
7. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....								
8. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....							
9. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....						
10. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....					
11. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				

NONE

SCHEDULE P - PART 3R-SECTION 2 - PRODUCTS LIABILITY- CLAIMS-MADE

1. Prior.....	.000.....												
2. 2002.....													
3. 2003.....	XXX.....												
4. 2004.....	XXX.....	XXX.....											
5. 2005.....	XXX.....	XXX.....	XXX.....										
6. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....									
7. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....								
8. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....							
9. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....						
10. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....					
11. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.000.....	151,404	68,047	XXX.....	XXX.....
2. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	157,170	293,009	XXX.....	XXX.....
3. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	165,554	XXX.....	XXX.....

SCHEDULE P - PART 3T - WARRANTY

1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.000.....				
2. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				
3. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			

NONE

**Sch. P-Pt. 4A
NONE**

**Sch. P-Pt. 4B
NONE**

**Sch. P-Pt. 4C
NONE**

**Sch. P-Pt. 4D
NONE**

**Sch. P-Pt. 4E
NONE**

**Sch. P-Pt. 4F-Sn. 1
NONE**

**Sch. P-Pt. 4F-Sn. 2
NONE**

**Sch. P-Pt. 4G
NONE**

**Sch. P-Pt. 4H-Sn. 1
NONE**

**Sch. P-Pt. 4H-Sn. 2
NONE**

**Sch. P-Pt. 4I
NONE**

**Sch. P-Pt. 4J
NONE**

**Sch. P-Pt. 4K
NONE**

**Sch. P-Pt. 4L
NONE**

**Sch. P-Pt. 4M
NONE**

**Sch. P-Pt. 4N
NONE**

**Sch. P-Pt. 4O
NONE**

**Sch. P-Pt. 4P
NONE**

Sch. P-Pt. 4R-Sn. 1

NONE

Sch. P-Pt. 4R-Sn. 2

NONE

Sch. P-Pt. 4S

NONE

Sch. P-Pt. 4T

NONE

Sch. P-Pt. 5A-Sn. 1

NONE

Sch. P-Pt. 5A-Sn. 2

NONE

Sch. P-Pt. 5A-Sn. 3

NONE

Sch. P-Pt. 5B-Sn. 1

NONE

Sch. P-Pt. 5B-Sn. 2

NONE

Sch. P-Pt. 5B-Sn. 3

NONE

Sch. P-Pt. 5C-Sn. 1

NONE

Sch. P-Pt. 5C-Sn. 2

NONE

Sch. P-Pt. 5C-Sn. 3

NONE

Sch. P-Pt. 5D-Sn. 1

NONE

Sch. P-Pt. 5D-Sn. 2

NONE

Sch. P-Pt. 5D-Sn. 3

NONE

Sch. P-Pt. 5E-Sn. 1

NONE

Sch. P-Pt. 5E-Sn. 2

NONE

Sch. P-Pt. 5E-Sn. 3

NONE

**Sch. P-Pt. 5F-Sn. 1A
NONE**

**Sch. P-Pt. 5F-Sn. 2A
NONE**

**Sch. P-Pt. 5F-Sn. 3A
NONE**

**Sch. P-Pt. 5F-Sn. 1B
NONE**

**Sch. P-Pt. 5F-Sn. 2B
NONE**

**Sch. P-Pt. 5F-Sn. 3B
NONE**

**Sch. P-Pt. 5H-Sn. 1A
NONE**

**Sch. P-Pt. 5H-Sn. 2A
NONE**

**Sch. P-Pt. 5H-Sn. 3A
NONE**

**Sch. P-Pt. 5H-Sn. 1B
NONE**

**Sch. P-Pt. 5H-Sn. 2B
NONE**

**Sch. P-Pt. 5H-Sn. 3B
NONE**

**Sch. P-Pt. 5R-Sn. 1A
NONE**

**Sch. P-Pt. 5R-Sn. 2A
NONE**

**Sch. P-Pt. 5R-Sn. 3A
NONE**

**Sch. P-Pt. 5R-Sn. 1B
NONE**

**Sch. P-Pt. 5R-Sn. 2B
NONE**

**Sch. P-Pt. 5R-Sn. 3B
NONE**

**Sch. P-Pt. 5T-Sn. 1
NONE**

**Sch. P-Pt. 5T-Sn. 2
NONE**

**Sch. P-Pt. 5T-Sn. 3
NONE**

**Sch. P-Pt. 6C-Sn. 1
NONE**

**Sch. P-Pt. 6C-Sn. 2
NONE**

**Sch. P-Pt. 6D-Sn. 1
NONE**

**Sch. P-Pt. 6D-Sn. 2
NONE**

**Sch. P-Pt. 6E-Sn. 1
NONE**

**Sch. P-Pt. 6E-Sn. 2
NONE**

**Sch. P-Pt. 6H-Sn. 1A
NONE**

**Sch. P-Pt. 6H-Sn. 2A
NONE**

**Sch. P-Pt. 6H-Sn. 1B
NONE**

**Sch. P-Pt. 6H-Sn. 2B
NONE**

**Sch. P-Pt. 6M-Sn. 1
NONE**

**Sch. P-Pt. 6M-Sn. 2
NONE**

**Sch. P-Pt. 6N-Sn. 1
NONE**

**Sch. P-Pt. 6N-Sn. 2
NONE**

**Sch. P-Pt. 6O-Sn. 1
NONE**

**Sch. P-Pt. 6O-Sn. 2
NONE**

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	
1. Prior.....											.0
2. 2002.....											.0
3. 2003.....	.XXX										.0
4. 2004.....	.XXX	.XXX									.0
5. 2005.....	.XXX	.XXX	.XXX								.0
6. 2006.....	.XXX	.XXX	.XXX	.XXX							.0
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX						.0
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					.0
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				.0
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.0
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.0
13. Earned Prems.(P-Pt 1).											.XXX

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	
1. Prior.....											.0
2. 2002.....											.0
3. 2003.....	.XXX										.0
4. 2004.....	.XXX	.XXX									.0
5. 2005.....	.XXX	.XXX	.XXX								.0
6. 2006.....	.XXX	.XXX	.XXX	.XXX							.0
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX						.0
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					.0
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				.0
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.0
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.0
13. Earned Prems.(P-Pt 1).											.XXX

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	
1. Prior.....											.0
2. 2002.....											.0
3. 2003.....	.XXX										.0
4. 2004.....	.XXX	.XXX									.0
5. 2005.....	.XXX	.XXX	.XXX								.0
6. 2006.....	.XXX	.XXX	.XXX	.XXX							.0
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX						.0
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					.0
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				.0
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.0
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.0
13. Earned Prems.(P-Pt 1).											.XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	
1. Prior.....											.0
2. 2002.....											.0
3. 2003.....	.XXX										.0
4. 2004.....	.XXX	.XXX									.0
5. 2005.....	.XXX	.XXX	.XXX								.0
6. 2006.....	.XXX	.XXX	.XXX	.XXX							.0
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX						.0
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					.0
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				.0
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.0
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.0
13. Earned Prems.(P-Pt 1).											.XXX

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS

(\$000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			.00			0.0
2. Private passenger auto liability/medical.....			.00			0.0
3. Commercial auto/truck liability/medical.....			.00			0.0
4. Workers' compensation.....			.00			0.0
5. Commercial multiple peril.....			.00			0.0
6. Medical professional liability - occurrence.....			.00			0.0
7. Medical professional liability - claims-made.....			.00			0.0
8. Special liability.....			.00			0.0
9. Other liability - occurrence.....			.00			0.0
10. Other liability - claims-made.....			.00			0.0
11. Special property.....			.00			0.0
12. Auto physical damage.....			.00			0.0
13. Fidelity/surety.....			.00	79		0.0
14. Other.....			.00			0.0
15. International.....			.00			0.0
16. Reinsurance - nonproportional assumed property.....	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance - nonproportional assumed liability.....	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance - nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX	XXX	XXX
19. Products liability - occurrence.....			.00			0.0
20. Products liability - claims-made.....			.00			0.0
21. Financial guaranty/mortgage guaranty.....	3,678,122		.00	138,849		0.0
22. Warranty.....			.00			0.0
23. Totals.....	3,678,122	0	.00	138,928	0	0.0

SECTION 2

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 5

Years in Which Policies Were Issued	Net Reserve for Premium Adjustments and Accrued Retrospective Premiums at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS

(\$000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			0.0			0.0
2. Private passenger auto liability/medical.....			0.0			0.0
3. Commercial auto/truck liability/medical.....			0.0			0.0
4. Workers' compensation.....			0.0			0.0
5. Commercial multiple peril.....			0.0			0.0
6. Medical professional liability - occurrence.....			0.0			0.0
7. Medical professional liability - claims-made.....			0.0			0.0
8. Special liability.....			0.0			0.0
9. Other liability - occurrence.....			0.0			0.0
10. Other liability - claims-made.....			0.0			0.0
11. Special property.....			0.0			0.0
12. Auto physical damage.....			0.0			0.0
13. Fidelity/surety.....			0.0	79		0.0
14. Other.....			0.0			0.0
15. International.....			0.0			0.0
16. Reinsurance - nonproportional assumed property.....			0.0			0.0
17. Reinsurance - nonproportional assumed liability.....			0.0			0.0
18. Reinsurance - nonproportional assumed financial lines.....			0.0			0.0
19. Products liability - occurrence.....			0.0			0.0
20. Products liability - claims-made.....			0.0			0.0
21. Financial guaranty/mortgage guaranty.....	3,678,122		0.0	138,849		0.0
22. Warranty.....			0.0			0.0
23. Totals	3,678,122	0	0.0	138,928	0	0.0

SECTION 2

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	XXX									
4. 2004.....	XXX	XXX								
5. 2005.....	XXX	XXX	XXX							
6. 2006.....	XXX	XXX	XXX	XXX						
7. 2007.....	XXX	XXX	XXX	XXX	XXX					
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported At Year End (\$000 Omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	.XXX									
4. 2004.....	.XXX	.XXX								
5. 2005.....	.XXX	.XXX	.XXX							
6. 2006.....	.XXX	.XXX	.XXX	.XXX						
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 5

Years in Which Policies Were Issued	Net Reserve For Premium Adjustments And Accrued Retrospective Premiums At Year End (\$000 Omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	.XXX									
4. 2004.....	.XXX	.XXX								
5. 2005.....	.XXX	.XXX	.XXX							
6. 2006.....	.XXX	.XXX	.XXX	.XXX						
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 6

Years in Which Policies Were Issued	Incurred Adjustable Commissions Reported At Year End (\$000 Omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	.XXX									
4. 2004.....	.XXX	.XXX								
5. 2005.....	.XXX	.XXX	.XXX							
6. 2006.....	.XXX	.XXX	.XXX	.XXX						
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 7

Years in Which Policies Were Issued	Reserves For Commission Adjustments At Year End (\$000 Omitted)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....										
2. 2002.....										
3. 2003.....	.XXX									
4. 2004.....	.XXX	.XXX								
5. 2005.....	.XXX	.XXX	.XXX							
6. 2006.....	.XXX	.XXX	.XXX	.XXX						
7. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2010.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2011.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims-Made insurance policies. EREs provided for reasons other than DDR are not be included.
- 1.1 Does the company issue Medical Professional Liability Claims-Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [] No [X]
If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions.
- 1.2 What is the total amount of the reserve for that provision (DDR reserve) as reported, explicitly or not, elsewhere in this statement (in dollars)?
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [] No []
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [] No []
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A - Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [] No [] N/A []
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1	2
	Section 1: Occurrence	Section 2: Claims-Made
1.601 Prior.....
1.602 2002.....
1.603 2003.....
1.604 2004.....
1.605 2005.....
1.606 2006.....
1.607 2007.....
1.608 2008.....
1.609 2009.....
1.610 2010.....
1.611 2011.....
1.612 Totals.....	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []
3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this statement? Yes [X] No []
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [X] No []

If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: (in thousands of dollars)
 - 5.1 Fidelity
 - 5.2 Surety \$.....79
6. Claim count information is reported per claim or per claimant. (Indicate which). PER CLAIM
If not the same in all years, explain in Interrogatory 7.

- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [X] No []

- 7.2 An extended statement may be attached.

Paragraph 7 of Statement of Statutory Accounting Principles No. 60 "Financial Guaranty Insurance" ("SSAP 60") allows for a deduction from loss reserves for the time value of money by application of a discount rate equal to the average rate of return on the admitted assets of the financial guaranty insurer as of the date of the computation of the reserve. At December 31, 2011 and 2010, Ambac's average rate of return on its admitted assets was 7.45% and 7.06%, respectively. The Wisconsin Insurance Commissioner directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting its loss reserves at December 31, 2011 and 2010.

On March 24, 2010, Ambac Assurance acquiesced to the request of OCl to establish a segregated account pursuant to Wisc. Stat. §611.24(2). Claims on Segregated Account Policies remain subject to a payment moratorium until the Segregated Account Rehabilitation Plan becomes effective. Please refer to footnote #10 for further discussion regarding the Segregated Account Rehabilitation Plan and the claims payment moratorium.

Ambac Assurance Corporation SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	1	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status	2							3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
States, Etc.		Direct Premiums Written	Direct Premiums Earned						
1. Alabama.....AL	L	328,584	4,316,527						
2. Alaska.....AK	L	132,178	285,112						
3. Arizona.....AZ	L	38,680	3,909,719						
4. Arkansas.....AR	L	61,414	2,062,892						
5. California.....CA	L	10,503,762	43,341,328		(3,232,041)	519,309,940	1,118,182,406		
6. Colorado.....CO	L	2,462,558	10,879,067						
7. Connecticut.....CT	L	692,845	1,933,964						
8. Delaware.....DE	L	5,933,946	6,726,594		(5,734,686)	(5,734,686)			
9. District of Columbia.....DC	L		2,620,424						
10. Florida.....FL	L	824,229	29,386,327		15,526,579	(29,603,167)	(64,589,853)		
11. Georgia.....GA	L	512,800	3,593,186						
12. Hawaii.....HI	L	1,605,977	2,277,339						
13. Idaho.....ID	L	98	517,581						
14. Illinois.....IL	L	6,322,483	14,202,914		(24,208,850)	356,889,453	385,694,786		
15. Indiana.....IN	L	407,594	3,184,939						
16. Iowa.....IA	L	269,774	2,262,288		8,500,000	8,500,000			
17. Kansas.....KS	L	514,133	1,522,986		16,206	587,302	571,096		
18. Kentucky.....KY	L	519,362	2,567,706						
19. Louisiana.....LA	L	569,468	4,621,165						
20. Maine.....ME	L	1,522	362,182						
21. Maryland.....MD	L	1,435,126	3,267,636		(1,508,228)	33,463,019	383,822,262		
22. Massachusetts.....MA	L	10,123,136	14,795,513		94,169,199	219,223,894	196,090,848		
23. Michigan.....MI	L	1,079,436	5,881,094						
24. Minnesota.....MN	L	14,725,284	16,649,882		6,641,471	43,737,938	287,012,192		
25. Mississippi.....MS	L	402,251	2,233,088						
26. Missouri.....MO	L	1,659,965	4,340,334						
27. Montana.....MT	L	242,790	2,805,724						
28. Nebraska.....NE	L		750,997						
29. Nevada.....NV	L	704,147	18,037,724		110,964,763	(25,626,817)	60,327,026		
30. New Hampshire.....NH	L	146,873	1,916,473						
31. New Jersey.....NJ	L	578,746	8,040,816		7,582,438	726,811	(9,774,822)		
32. New Mexico.....NM	L	356,504	1,052,681						
33. New York.....NY	L	70,029,068	87,143,362		(41,168,403)	(211,688,060)	764,903,106		
34. North Carolina.....NC	L	1,641,401	4,050,371						
35. North Dakota.....ND	L		1,462,457						
36. Ohio.....OH	L	1,125,552	6,163,268						
37. Oklahoma.....OK	L		2,557,723						
38. Oregon.....OR	L	21,880	1,931,697						
39. Pennsylvania.....PA	L	1,457,146	8,091,179		(3,373,779)	(2,321,633)	(23,085,441)		
40. Rhode Island.....RI	L	556,069	1,540,409						
41. South Carolina.....SC	L	644,968	3,459,536						
42. South Dakota.....SD	L		186,300						
43. Tennessee.....TN	L		1,687,922						
44. Texas.....TX	L	2,612,495	16,962,914						
45. Utah.....UT	L	100,616	2,549,629						
46. Vermont.....VT	L	1,792,828	2,259,760						
47. Virginia.....VA	L	608,544	4,089,356						
48. Washington.....WA	L	764,571	8,771,558						
49. West Virginia.....WV	L	232,740	1,256,431		93,670	93,670			
50. Wisconsin.....WI	L	7,152	1,528,604						
51. Wyoming.....WY	L	9,960	76,425						
52. American Samoa.....AS	N								
53. Guam.....GU	L		593,688						
54. Puerto Rico.....PR	L	5,225	4,691,531						
55. US Virgin Islands.....VI	L		175,004						
56. Northern Mariana Islands.....MP	N								
57. Canada.....CN	N								
58. Aggregate Other Alien.....OT	XXX	5,359,837	10,782,889	0	0	0	0	0	0
59. Totals.....(a).....54		150,125,717	392,358,215	0	164,268,339	907,557,664	3,099,153,606	0	0

DETAILS OF WRITE-INS

5801. Australia.....	XXX	3,791,169	8,655,891						
5802. Cayman Islands.....	XXX	1,462,082	1,849,599						
5803. New Zealand.....	XXX	106,586	277,399						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	5,359,837	10,782,889	0	0	0	0	0	0

(a) Insert the number of "L" responses except for Canada and Other Alien.

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

SCHEDULE T - PART 2

INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN

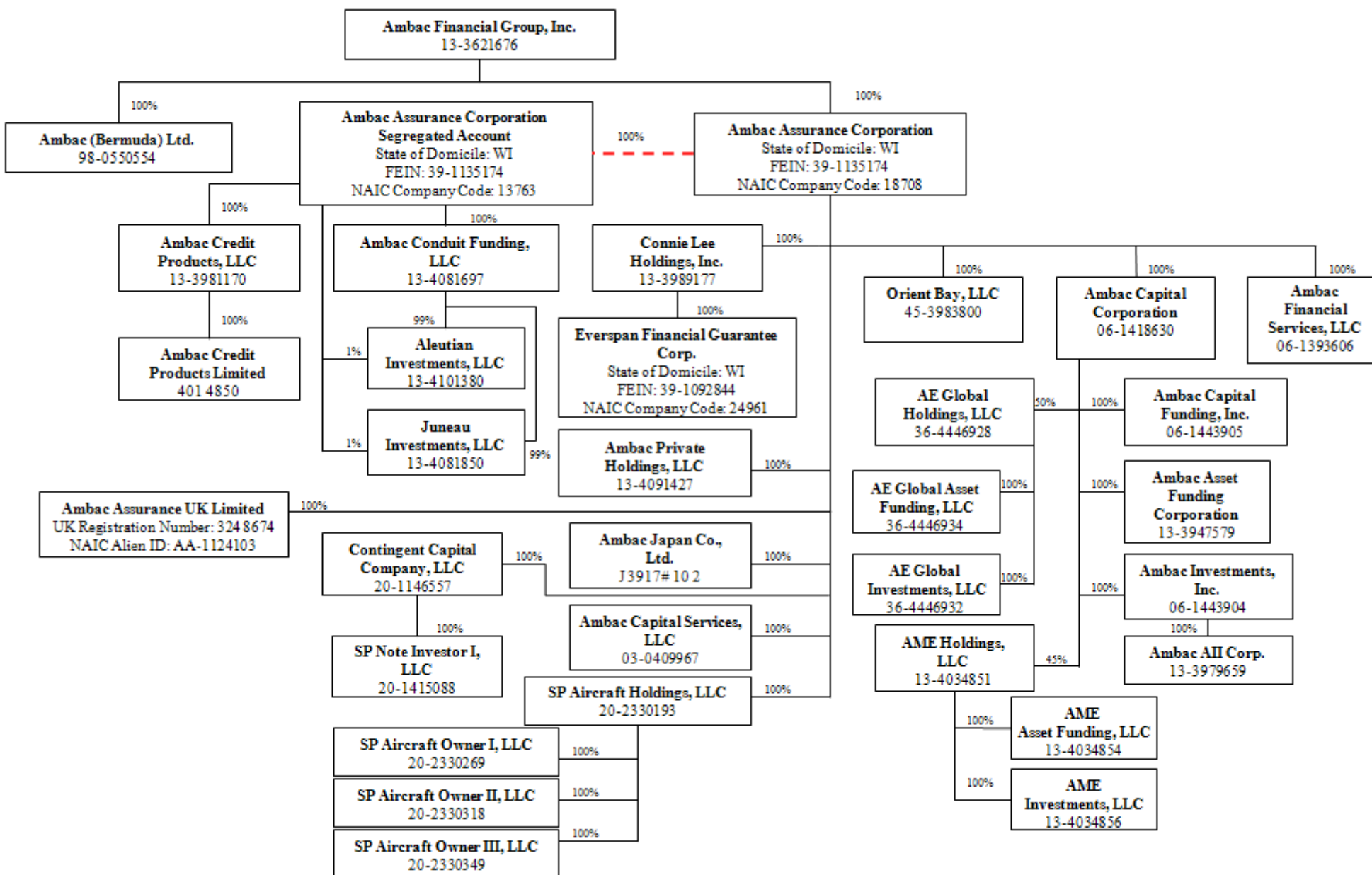
Allocated by States and Territories

States, Etc.		Direct Business Only					6 Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1.	Alabama.....AL						0
2.	Alaska.....AK						0
3.	Arizona.....AZ						0
4.	Arkansas.....AR						0
5.	California.....CA						0
6.	Colorado.....CO						0
7.	Connecticut.....CT						0
8.	Delaware.....DE						0
9.	District of Columbia.....DC						0
10.	Florida.....FL						0
11.	Georgia.....GA						0
12.	Hawaii.....HI						0
13.	Idaho.....ID						0
14.	Illinois.....IL						0
15.	Indiana.....IN						0
16.	Iowa.....IA						0
17.	Kansas.....KS						0
18.	Kentucky.....KY						0
19.	Louisiana.....LA						0
20.	Maine.....ME						0
21.	Maryland.....MD						0
22.	Massachusetts.....MA						0
23.	Michigan.....MI						0
24.	Minnesota.....MN						0
25.	Mississippi.....MS						0
26.	Missouri.....MO						0
27.	Montana.....MT						0
28.	Nebraska.....NE						0
29.	Nevada.....NV						0
30.	New Hampshire.....NH						0
31.	New Jersey.....NJ						0
32.	New Mexico.....NM						0
33.	New York.....NY						0
34.	North Carolina.....NC						0
35.	North Dakota.....ND						0
36.	Ohio.....OH						0
37.	Oklahoma.....OK						0
38.	Oregon.....OR						0
39.	Pennsylvania.....PA						0
40.	Rhode Island.....RI						0
41.	South Carolina.....SC						0
42.	South Dakota.....SD						0
43.	Tennessee.....TN						0
44.	Texas.....TX						0
45.	Utah.....UT						0
46.	Vermont.....VT						0
47.	Virginia.....VA						0
48.	Washington.....WA						0
49.	West Virginia.....WV						0
50.	Wisconsin.....WI						0
51.	Wyoming.....WY						0
52.	American Samoa.....AS						0
53.	Guam.....GU						0
54.	Puerto Rico.....PR						0
55.	US Virgin Islands.....VI						0
56.	Northern Mariana Islands.....MP						0
57.	Canada.....CN						0
58.	Aggregate Other Alien.....OT						0
59.	Totals.....	0	0	0	0	0	0

NONE

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
			36-4446934				AE Global Asset Funding, LLC.....	DE.....	DS.....	AE Global Holding, LLC.....	Ownership.....	.....100.00	Ambac Financial Group, Inc.....	
			36-4446932				AE Global Investments, LLC.....	DE.....	DS.....	AE Global Holding, LLC.....	Ownership.....	.....100.00	Ambac Financial Group, Inc.....	
			13-3979659				Ambac All Corp.....	DE.....	DS.....	Ambac Investment, Inc.....	Ownership.....	.....100.00	Ambac Financial Group, Inc.....	
			13-4034854				AME Assets Funding, LLC.....	DE.....	DS.....	AME Holdings, LLC.....	Ownership.....	.....100.00	Ambac Financial Group, Inc.....	
			13-4034856				AME Investment, LLC.....	DE.....	DS.....	AME Holdings, LLC.....	Ownership.....	.....100.00	Ambac Financial Group, Inc.....	

Asterisk	Explanation
1	Ambac Assurance Corporation Segregated Account, in Rehabilitation ("Segregated Account") is operated in accordance with a Plan of Operation and certain operative documents.
1	These operative documents provide that the Segregated Account will act exclusively through the rehabilitator.
1	The rehabilitator of the Segregated Account is Theodore Nickel, the Commissioner of Insurance of the State of Wisconsin.

SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
18708.....	39-1135174.....	Ambac Assurance Corporation.....		(143,020,531)	241,841,886					(30,656,251)	68,165,104	
	06-1443904.....	Ambac Investments, Inc.....								(52,600,000)	(52,600,000)	
	13-3621676.....	Ambac Financial Group, Inc.....		3,146,050							3,146,050	
24961.....	39-1092844.....	Everspan Financial Guarantee Corp.....									0	
	AA-1124103.....	Ambac Assurance UK Limited.....		(219,188)							(219,188)	
	06-1393606.....	Ambac Financial Services, LLC.....		109,437						83,256,251	83,365,688	
	06-1418630.....	Ambac Capital Corporation.....		(48,735)							(48,735)	
13763.....	39-1135174.....	Ambac Assurance Corporation Segregated Account, in Rehabilitation.....			(241,841,886)						(241,841,886)	
	13-4091427.....	Ambac Private Holding, LLC.....		(756,844)							(756,844)	
	20-2330193.....	SP Aircraft Holdings, LLC.....		(1,190,673)							(1,190,673)	
	45-3983800.....	Orient Bay, LLC.....		141,980,484							141,980,484	
9999999.....	Control Totals.....		0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

	Responses
1. Will an actuarial opinion be filed by March 1?	YES
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3. Will the confidential Risk-Based Capital Report be filed with the NAIC by March 1?	NO
4. Will the confidential Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?	NO

APRIL FILING

5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
6. Will the Management's Discussion and Analysis be filed by April 1?	YES
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES

MAY FILING

8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	YES
---	-----

JUNE FILING

9. Will an audited financial report be filed by June 1?	YES
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	YES

AUGUST FILING

11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	YES
--	-----

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
13. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	YES
14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
15. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?	NO
16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	NO
17. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	NO
18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	NO
19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
20. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	YES
21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	YES
22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	NO
23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	NO
24. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC by March 1?	NO
25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partners be filed electronically with the NAIC by March 1?	NO
26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	NO
27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	NO

APRIL FILING

28. Will the Credit Insurance Experience Exhibit be filed with state of domicile and the NAIC by April 1?	NO
29. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
30. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	NO
31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?	NO
32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	NO

AUGUST FILING

33. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	NO
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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

EXPLANATIONS:

BAR CODE:

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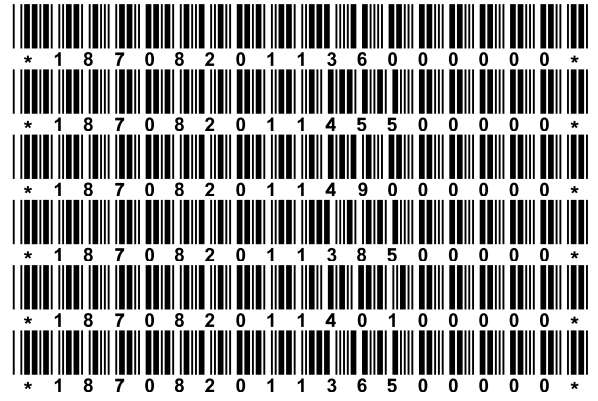
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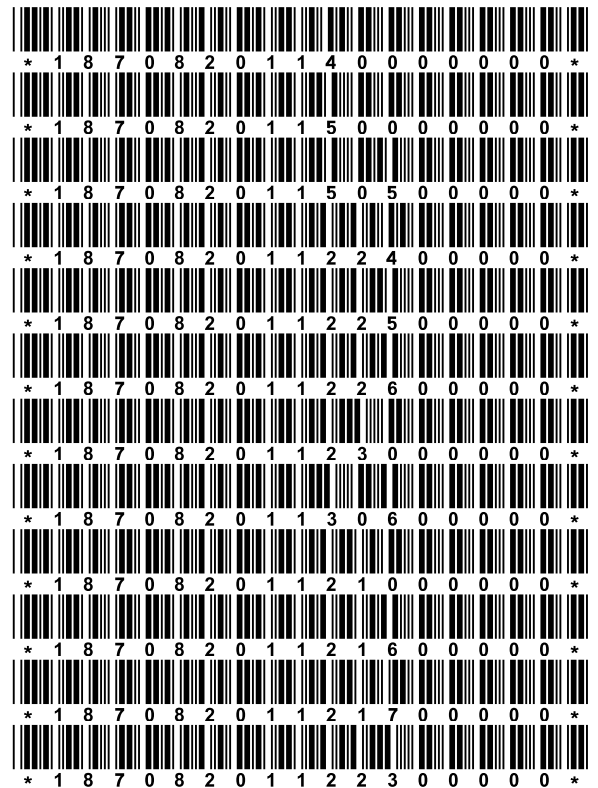
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Annual Statement for the year 2011 of the **Ambac Assurance Corporation**
Overflow Page for Write-Ins

Additional Write-ins for Liabilities:

	1 Current Year	2 Prior Year
2504. Liabilities allocated to Ambac Assurance Corporation Segregated Account.....	(6,208,078,715)	(5,626,404,050)
2505. Liabilities assumed from Ambac Assurance Corporation Segregated Account.....	4,607,569,703	3,744,929,987
2506. Liabilities of Ambac Assurance Corporation Segregated Account.....	1,602,170,412	1,884,537,313
2597. Summary of remaining write-ins for Line 25.....	1,661,400	3,063,250

Additional Write-ins for Statement of Income:

	1 Current Year	2 Prior Year
1404. Settlements of liabilities allocated to Ambac Assurance Corp Segregated Account.....	283,693,384	157,589,859
1405. Change in liabilities assumed from Ambac Assurance Corp Segregated Account.....	(862,639,717)	(3,744,929,987)
1497. Summary of remaining write-ins for Line 14.....	(578,946,333)	(3,587,340,128)

Overflow Page for Write-Ins

NONE

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities.....	269,525,015	4.5	269,525,015		269,525,015	4.6
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies.....		0.0			0	0.0
1.22 Issued by U.S. government sponsored agencies.....	75,125,548	1.3	75,125,548		75,125,548	1.3
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities).....		0.0			0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations.....	114,181,743	1.9	114,181,743		114,181,743	2.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	443,676,868	7.4	443,676,868		443,676,868	7.6
1.43 Revenue and assessment obligations.....	1,231,263,999	20.6	1,231,263,999		1,231,263,999	21.0
1.44 Industrial development and similar obligations.....		0.0			0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA.....	3,039,981	0.1	3,039,981		3,039,981	0.1
1.512 Issued or guaranteed by FNMA and FHLMC.....	84,514,795	1.4	84,514,795		84,514,795	1.4
1.513 All other.....		0.0			0	0.0
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	1,514,875	0.0	1,514,875		1,514,875	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....		0.0			0	0.0
1.523 All other.....	1,055,028,192	17.7	1,055,028,192		1,055,028,192	18.0
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities).....	832,096,362	13.9	832,096,362		832,096,362	14.2
2.2 Unaffiliated non-U.S. securities (including Canada).....	249,094,788	4.2	249,094,788		249,094,788	4.3
2.3 Affiliated securities.....		0.0			0	0.0
3. Equity interests:						
3.1 Investments in mutual funds.....		0.0			0	0.0
3.2 Preferred stocks:						
3.21 Affiliated.....		0.0			0	0.0
3.22 Unaffiliated.....		0.0			0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated.....		0.0			0	0.0
3.32 Unaffiliated.....		0.0			0	0.0
3.4 Other equity securities:						
3.41 Affiliated.....		0.0			0	0.0
3.42 Unaffiliated.....		0.0			0	0.0
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated.....	197,485,463	3.3	197,485,463		197,485,463	3.4
3.52 Unaffiliated.....		0.0			0	0.0
4. Mortgage loans:						
4.1 Construction and land development.....		0.0			0	0.0
4.2 Agricultural.....		0.0			0	0.0
4.3 Single family residential properties.....		0.0			0	0.0
4.4 Multifamily residential properties.....		0.0			0	0.0
4.5 Commercial loans.....		0.0			0	0.0
4.6 Mezzanine real estate loans.....		0.0			0	0.0
5. Real estate investments:						
5.1 Property occupied by company.....		0.0			0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0			0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0			0	0.0
6. Contract loans.....		0.0			0	0.0
7. Derivatives.....		0.0			0	0.0
8. Receivables for securities.....	127,432,547	2.1	13,940,868		13,940,868	0.2
9. Securities lending (Line 10, Asset Page reinvested collateral).....		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments.....	662,622,744	11.1	662,622,744		662,622,744	11.3
11. Other invested assets.....	624,896,163	10.5	620,742,845		620,742,845	10.6
12. Total invested assets.....	5,971,499,083	100.0	5,853,854,086	0	5,853,854,086	100.0

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1.	Book/adjusted carrying value, December 31 of prior year.....		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 6).....		
2.2	Additional investment made after acquisition (Part 2, Column 9).....		0
3.	Current year change in encumbrances:		
3.1	Totals, Part 1, Column 13.....		
3.2	Totals, Part 3, Column 11.....		0
4.	Total gain (loss) on disposals, Part 3, Column 18.....		
5.	Deduct amounts received on disposals, Part 3, Column 15.....	NONE	
6.	Total foreign exchange change in book/adjusted carrying value:		
6.1	Totals, Part 1, Column 15.....		
6.2	Totals, Part 3, Column 13.....		0
7.	Deduct current year's other than temporary impairment recognized:		
7.1	Totals, Part 1, Column 12.....		
7.2	Totals, Part 3, Column 10.....		0
8.	Deduct current year's depreciation:		
8.1	Totals, Part 1, Column 11.....		
8.2	Totals, Part 3, Column 9.....		0
9.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....		0
10.	Deduct total nonadmitted amounts.....		
11.	Statement value at end of current period (Line 9 minus Line 10).....		0

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1.	Book value/recorded investment excluding accrued interest, December 31 of prior year.....		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 7).....		
2.2	Additional investment made after acquisition (Part 2, Column 8).....		0
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 12.....		
3.2	Totals, Part 3, Column 11.....		0
4.	Accrual of discount.....		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 9.....		
5.2	Totals, Part 3, Column 8.....	NONE	0
6.	Total gain (loss) on disposals, Part 3, Column 18.....		
7.	Deduct amounts received on disposals, Part 3, Column 15.....		
8.	Deduct amortization of premium and mortgage interest points and commitment fees.....		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest:		
9.1	Totals, Part 1, Column 13.....		
9.2	Totals, Part 3, Column 13.....		0
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 11.....		
10.2	Totals, Part 3, Column 10.....		0
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....		0
12.	Total valuation allowance.....		
13.	Subtotal (Line 11 plus Line 12).....		0
14.	Deduct total nonadmitted amounts.....		
15.	Statement value at end of current period (Line 13 minus Line 14).....		0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year.....		15,901,820
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8).....	142,080,484	
2.2	Additional investment made after acquisition (Part 2, Column 9).....	109,437	142,189,921
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 16.....		
3.2	Totals, Part 3, Column 12.....		0
4.	Accrual of discount.....		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 13.....	(1,388,296)	
5.2	Totals, Part 3, Column 9.....	(150,727)	(1,539,023)
6.	Total gain (loss) on disposals, Part 3, Column 19.....		(3,528)
7.	Deduct amounts received on disposals, Part 3, Column 16.....		2,213,559
8.	Deduct amortization of premium and depreciation.....		
9.	Total foreign exchange change in book/adjusted carrying value:		
9.1	Totals, Part 1, Column 17.....	(44,966)	
9.2	Totals, Part 3, Column 14.....	6,498	(38,468)
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 15.....		
10.2	Totals, Part 3, Column 11.....		0
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....		154,297,163
12.	Deduct total nonadmitted amounts.....		4,153,318
13.	Statement value at end of current period (Line 11 minus Line 12).....		150,143,845

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year.....		4,714,671,598
2.	Cost of bonds and stocks acquired, Part 3, Column 7.....		824,672,310
3.	Accrual of discount.....		192,925,685
4.	Unrealized valuation increase (decrease):		
4.1	Part 1, Column 12.....	(32,774,084)	
4.2	Part 2, Section 1, Column 15.....		
4.3	Part 2, Section 2, Column 13.....	(38,861,128)	
4.4	Part 4, Column 11.....	8,597,503	(63,037,709)
5.	Total gain (loss) on disposals, Part 4, Column 19.....		18,133,128
6.	Deduct consideration for bonds and stocks disposed of, Part 4, Column 7.....		1,058,295,114
7.	Deduct amortization of premium.....		30,603,339
8.	Total foreign exchange change in book/adjusted carrying value:		
8.1	Part 1, Column 15.....		
8.2	Part 2, Section 1, Column 19.....		
8.3	Part 2, Section 2, Column 16.....	1,146,310	
8.4	Part 4, Column 15.....		1,146,310
9.	Deduct current year's other than temporary impairment recognized:		
9.1	Part 1, Column 14.....	40,742,247	
9.2	Part 2, Section 1, Column 17.....		
9.3	Part 2, Section 2, Column 14.....		
9.4	Part 4, Column 13.....	2,322,993	43,065,240
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....		4,556,547,629
11.	Deduct total nonadmitted amounts.....		158,274
12.	Statement value at end of current period (Line 10 minus Line 11).....		4,556,389,355

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States.....	347,690,544	355,182,015	350,843,310	346,242,941
Governments (Including all obligations guaranteed by governments)	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	347,690,544	355,182,015	350,843,310	346,242,941
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals.....	114,181,743	123,482,355	115,840,011	113,605,000
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals.....	443,676,868	479,609,368	445,334,969	460,690,000
U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	7. Totals.....	1,317,293,669	1,409,704,531	1,272,979,520	1,447,308,060
Industrial and Miscellaneous and Hybrid Securities (Unaffiliated)	8. United States.....	1,887,124,554	2,106,926,013	1,945,695,264	2,996,590,589
	9. Canada.....	18,713,748	20,746,779	18,794,359	18,485,000
	10. Other Countries.....	230,381,040	219,836,583	225,894,363	349,445,429
	11. Totals.....	2,136,219,342	2,347,509,375	2,190,383,986	3,364,521,018
Parent, Subsidiaries and Affiliates	12. Totals.....				
	13. Total Bonds.....	4,359,062,166	4,715,487,644	4,375,381,796	5,732,367,019
PREFERRED STOCKS	14. United States.....				
Industrial and Miscellaneous (Unaffiliated)	15. Canada.....				
	16. Other Countries.....				
	17. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	18. Totals.....				
	19. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS	20. United States.....				
Industrial and Miscellaneous (Unaffiliated)	21. Canada.....				
	22. Other Countries.....				
	23. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	24. Totals.....	197,485,463	197,485,463	198,698,432	
	25. Total Common Stocks.....	197,485,463	197,485,463	198,698,432	
	26. Total Stocks.....	197,485,463	197,485,463	198,698,432	
	27. Total Bonds and Stocks....	4,556,547,629	4,912,973,107	4,574,080,228	

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1.....	80,805,721	252,708,504	12,144,314	1,092,969	939,036	347,690,544	6.9	265,237,044	5.3	347,690,544	
1.2 Class 2.....						0	0.0		0.0		
1.3 Class 3.....						0	0.0		0.0		
1.4 Class 4.....						0	0.0		0.0		
1.5 Class 5.....						0	0.0		0.0		
1.6 Class 6.....						0	0.0		0.0		
1.7 Totals.....	80,805,721	252,708,504	12,144,314	1,092,969	939,036	347,690,544	6.9	265,237,044	5.3	347,690,544	0
2. All Other Governments											
2.1 Class 1.....						0	0.0		0.0		
2.2 Class 2.....						0	0.0		0.0		
2.3 Class 3.....						0	0.0		0.0		
2.4 Class 4.....						0	0.0		0.0		
2.5 Class 5.....						0	0.0		0.0		
2.6 Class 6.....						0	0.0		0.0		
2.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 Class 1.....	16,317,711	49,476,813	49,759,016	6,968,146		122,521,686	2.4	122,492,646	2.5	122,521,686	
3.2 Class 2.....		6,360,057				6,360,057	0.1		0.0	6,360,057	
3.3 Class 3.....						0	0.0		0.0		
3.4 Class 4.....						0	0.0		0.0		
3.5 Class 5.....						0	0.0		0.0		
3.6 Class 6.....						0	0.0		0.0		
3.7 Totals.....	16,317,711	55,836,870	49,759,016	6,968,146	0	128,881,743	2.6	122,492,646	2.5	128,881,743	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1.....	66,995,500	134,010,992	146,783,465	112,128,816		459,918,773	9.2	478,630,635	9.6	459,918,773	
4.2 Class 2.....				8,758,095		8,758,095	0.2	8,783,091	0.2	8,758,095	
4.3 Class 3.....						0	0.0		0.0		
4.4 Class 4.....						0	0.0		0.0		
4.5 Class 5.....						0	0.0		0.0		
4.6 Class 6.....						0	0.0		0.0		
4.7 Totals.....	66,995,500	134,010,992	146,783,465	120,886,911	0	468,676,868	9.3	487,413,726	9.8	468,676,868	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Class 1.....	498,307,417	293,371,119	404,545,534	349,479,126	2,501,090	1,548,204,286	30.8	1,431,339,839	28.7	1,548,204,286	
5.2 Class 2.....		25,430,319	50,286,468	71,171,760		146,888,547	2.9	148,458,413	3.0	146,888,547	
5.3 Class 3.....						0	0.0		0.0		
5.4 Class 4.....						0	0.0		0.0		
5.5 Class 5.....						0	0.0		0.0		
5.6 Class 6.....			645,836			645,836	0.0	1,890,836	0.0	645,836	
5.7 Totals.....	498,307,417	318,801,438	455,477,838	420,650,886	2,501,090	1,695,738,669	33.8	1,581,689,088	31.7	1,695,738,669	0

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SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1.....	402,407,189	540,726,628	411,982,551	311,145,183	189,576,039	1,855,837,590	37.0	1,944,672,028	39.0	1,137,754,121	718,083,469
6.2 Class 2.....	6,976,259	106,329,311	140,838,791	54,777,871	31,367,077	340,289,309	6.8	470,076,548	9.4	240,997,102	99,292,207
6.3 Class 3.....	3,483,648	1,892,679	1,349,687			6,726,014	0.1	8,467,655	0.2		6,726,014
6.4 Class 4.....					656,845	656,845	0.0		0.0		656,845
6.5 Class 5.....	41,746,944	1,271,861	875,579	416,378		44,310,762	0.9	15,073,303	0.3	44,310,762	
6.6 Class 6.....	16,836,631	60,473,497	20,181,000	7,664,010	26,475,658	131,630,796	2.6	94,342,369	1.9	71,176,997	60,453,799
6.7 Totals.....	471,450,671	710,693,976	575,227,608	374,003,442	248,075,619	2,379,451,316	47.4	2,532,631,903	50.8	1,494,238,982	885,212,334
7. Hybrid Securities											
7.1 Class 1.....						0	0.0		0.0		
7.2 Class 2.....						0	0.0		0.0		
7.3 Class 3.....						0	0.0		0.0		
7.4 Class 4.....						0	0.0		0.0		
7.5 Class 5.....						0	0.0		0.0		
7.6 Class 6.....						0	0.0		0.0		
7.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Parent, Subsidiaries and Affiliates											
8.1 Class 1.....						0	0.0		0.0		
8.2 Class 2.....						0	0.0		0.0		
8.3 Class 3.....						0	0.0		0.0		
8.4 Class 4.....						0	0.0		0.0		
8.5 Class 5.....						0	0.0		0.0		
8.6 Class 6.....						0	0.0		0.0		
8.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0

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SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9. Total Bonds Current Year											
9.1 Class 1.....	(d).....1,064,833,538	.....1,270,294,056	.....1,025,214,880	.....780,814,240	.....193,016,165	.....4,334,172,879	.....86.3	.....XXX	.....XXX	.....3,616,089,410	.....718,083,469
9.2 Class 2.....	(d).....6,976,259	.....138,119,687	.....191,125,259	.....134,707,726	.....31,367,077	.....502,296,008	.....10.0	.....XXX	.....XXX	.....403,003,801	.....99,292,207
9.3 Class 3.....	(d).....3,483,648	.....1,892,679	.....1,349,687	.....0	.....0	.....6,726,014	.....0.1	.....XXX	.....XXX	.....0	.....6,726,014
9.4 Class 4.....	(d).....0	.....0	.....0	.....0	.....656,845	.....656,845	.....0.0	.....XXX	.....XXX	.....0	.....656,845
9.5 Class 5.....	(d).....41,746,944	.....1,271,861	.....875,579	.....416,378	.....0	(c).....44,310,762	.....0.9	.....XXX	.....XXX	.....44,310,762	.....0
9.6 Class 6.....	(d).....16,836,631	.....60,473,497	.....20,826,836	.....7,664,010	.....26,475,658	(c).....132,276,632	.....2.6	.....XXX	.....XXX	.....71,822,833	.....60,453,799
9.7 Totals.....	.....1,133,877,020	.....1,472,051,780	.....1,239,392,241	.....923,602,354	.....251,515,745	(b).....5,020,439,140	.....100.0	.....XXX	.....XXX	.....4,135,226,806	.....885,212,334
9.8 Line 9.7 as a % of Col. 6.....	.....22.6	.....29.3	.....24.7	.....18.4	.....5.0	.....100.0	.....XXX	.....XXX	.....XXX	.....82.4	.....17.6
10. Total Bonds Prior Year											
10.1 Class 1.....	.....709,301,997	.....1,064,549,584	.....1,143,327,343	.....1,015,287,228	.....309,906,040	.....XXX	.....XXX	.....4,242,372,192	.....85.0	.....3,653,083,715	.....589,288,477
10.2 Class 2.....	.....9,233,355	.....128,589,044	.....166,108,362	.....253,315,337	.....70,071,954	.....XXX	.....XXX	.....627,318,052	.....12.6	.....378,011,278	.....249,306,774
10.3 Class 3.....	.....3,292,829	.....5,174,826	.....0	.....0	.....0	.....XXX	.....XXX	.....8,467,655	.....0.2	.....0	.....8,467,655
10.4 Class 4.....	.....0	.....0	.....0	.....0	.....0	.....XXX	.....XXX	.....0	.....0.0	.....0	.....0
10.5 Class 5.....	.....3,679,315	.....9,110,324	.....2,125,056	.....158,608	.....0	.....XXX	.....XXX	(c).....15,073,303	.....0.3	.....15,073,303	.....0
10.6 Class 6.....	.....42,367,160	.....25,314,335	.....1,753,845	.....2,165,244	.....24,632,621	.....XXX	.....XXX	(c).....96,233,205	.....1.9	.....67,719,191	.....28,514,014
10.7 Totals.....	.....767,874,656	.....1,232,738,113	.....1,313,314,606	.....1,270,926,417	.....404,610,615	.....XXX	.....XXX	(b).....4,989,464,407	.....100.0	.....4,113,887,487	.....875,576,920
10.8 Line 10.7 as a % of Col. 8.....	.....15.4	.....24.7	.....26.3	.....25.5	.....8.1	.....XXX	.....XXX	.....100.0	.....XXX	.....82.5	.....17.5
11. Total Publicly Traded Bonds											
11.1 Class 1.....	.....1,002,554,359	.....1,135,557,896	.....903,745,104	.....543,067,231	.....31,164,820	.....3,616,089,410	.....72.0	.....3,653,083,715	.....73.2	.....3,616,089,410	.....XXX
11.2 Class 2.....	.....3,803,153	.....130,062,722	.....165,877,260	.....103,260,666	.....0	.....403,003,801	.....8.0	.....378,011,278	.....7.6	.....403,003,801	.....XXX
11.3 Class 3.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....0	.....0.0	.....0	.....XXX
11.4 Class 4.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....0	.....0.0	.....0	.....XXX
11.5 Class 5.....	.....41,746,944	.....1,271,861	.....875,579	.....416,378	.....0	.....44,310,762	.....0.9	.....15,073,303	.....0.3	.....44,310,762	.....XXX
11.6 Class 6.....	.....13,708,980	.....36,007,266	.....13,745,696	.....6,826,424	.....1,534,467	.....71,822,833	.....1.4	.....67,719,191	.....1.4	.....71,822,833	.....XXX
11.7 Totals.....	.....1,061,813,436	.....1,302,899,745	.....1,084,243,639	.....653,570,699	.....32,699,287	.....4,135,226,806	.....82.4	.....4,113,887,487	.....82.5	.....4,135,226,806	.....XXX
11.8 Line 11.7 as a % of Col. 6.....	.....25.7	.....31.5	.....26.2	.....15.8	.....0.8	.....100.0	.....XXX	.....XXX	.....XXX	.....100.0	.....XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9.....	.....21.1	.....26.0	.....21.6	.....13.0	.....0.7	.....82.4	.....XXX	.....XXX	.....XXX	.....82.4	.....XXX
12. Total Privately Placed Bonds											
12.1 Class 1.....	.....62,279,179	.....134,736,160	.....121,469,776	.....237,747,009	.....161,851,345	.....718,083,469	.....14.3	.....589,288,477	.....11.8	.....XXX	.....718,083,469
12.2 Class 2.....	.....3,173,106	.....8,056,965	.....25,247,999	.....31,447,060	.....31,367,077	.....99,292,207	.....2.0	.....249,306,774	.....5.0	.....XXX	.....99,292,207
12.3 Class 3.....	.....3,483,648	.....1,892,679	.....1,349,687	.....0	.....0	.....6,726,014	.....0.1	.....8,467,655	.....0.2	.....XXX	.....6,726,014
12.4 Class 4.....	.....0	.....0	.....0	.....0	.....656,845	.....656,845	.....0.0	.....0	.....0.0	.....XXX	.....656,845
12.5 Class 5.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....0	.....0.0	.....XXX	.....0
12.6 Class 6.....	.....3,127,651	.....24,466,231	.....7,081,140	.....837,586	.....24,941,191	.....60,453,799	.....1.2	.....28,514,014	.....0.6	.....XXX	.....60,453,799
12.7 Totals.....	.....72,063,584	.....169,152,035	.....155,148,602	.....270,031,655	.....218,816,458	.....885,212,334	.....17.6	.....875,576,920	.....17.5	.....XXX	.....885,212,334
12.8 Line 12.7 as a % of Col. 6.....	.....8.1	.....19.1	.....17.5	.....30.5	.....24.7	.....100.0	.....XXX	.....XXX	.....XXX	.....100.0	.....100.0
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9.....1.43.43.15.44.417.6XXXXXXXXXXXX17.6

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- (a) Includes \$.....885,212,334 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
- (b) Includes \$.....11,222,786 current year, \$.....0 prior year of bonds with Z designations and \$.....0 current year, \$.....602,747,407 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class are under regulatory review.
- (c) Includes \$.....0 current year, \$.....0 prior year of bonds with 5* designations and \$.....0 current year, \$.....0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
- (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....661,376,974; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 9.5	Total from Column 6 Prior Year	% from Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations.....	80,698,483	252,300,107	11,651,973			344,650,563	6.9	261,493,909	5.2	344,650,563	
1.2 Residential Mortgage-Backed Securities.....	107,238	408,397	492,341	1,092,969	939,036	3,039,981	0.1	3,743,135	0.1	3,039,981	
1.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
1.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
1.5 Totals.....	80,805,721	252,708,504	12,144,314	1,092,969	939,036	347,690,544	6.9	265,237,044	5.3	347,690,544	0
2. All Other Governments											
2.1 Issuer Obligations.....						0	0.0		0.0		
2.2 Residential Mortgage-Backed Securities.....						0	0.0		0.0		
2.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
2.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
2.5 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations.....	16,317,711	55,836,870	49,759,016	6,968,146		128,881,743	2.6	122,492,646	2.5	128,881,743	
3.2 Residential Mortgage-Backed Securities.....						0	0.0		0.0		
3.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
3.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
3.5 Totals.....	16,317,711	55,836,870	49,759,016	6,968,146	0	128,881,743	2.6	122,492,646	2.5	128,881,743	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations.....	66,995,500	134,010,992	146,783,465	120,886,911		468,676,868	9.3	487,413,726	9.8	468,676,868	
4.2 Residential Mortgage-Backed Securities.....						0	0.0		0.0		
4.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
4.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
4.5 Totals.....	66,995,500	134,010,992	146,783,465	120,886,911	0	468,676,868	9.3	487,413,726	9.8	468,676,868	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Issuer Obligations.....	477,404,224	278,645,255	436,612,844	415,294,361	1,752,315	1,609,708,999	32.1	1,468,663,943	29.4	1,609,708,999	
5.2 Residential Mortgage-Backed Securities.....	20,903,193	40,156,183	18,864,994	5,356,525	748,775	86,029,670	1.7	113,025,145	2.3	86,029,670	
5.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
5.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
5.5 Totals.....	498,307,417	318,801,438	455,477,838	420,650,886	2,501,090	1,695,738,669	33.8	1,581,689,088	31.7	1,695,738,669	0
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Issuer Obligations.....	251,100,065	276,109,142	385,481,538	107,808,074	458,566	1,020,957,385	20.3	1,194,762,979	23.9	816,260,247	204,697,138
6.2 Residential Mortgage-Backed Securities.....	139,811,376	325,631,366	153,738,768	63,493,956	46,848,318	729,523,784	14.5	651,077,181	13.0	629,209,282	100,314,502
6.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
6.4 Other Loan-Backed and Structured Securities.....	80,539,230	108,953,468	36,007,302	202,701,412	200,768,735	628,970,147	12.5	686,791,743	13.8	48,769,453	580,200,694
6.5 Totals.....	471,450,671	710,693,976	575,227,608	374,003,442	248,075,619	2,379,451,316	47.4	2,532,631,903	50.8	1,494,238,982	885,212,334
7. Hybrid Securities											
7.1 Issuer Obligations.....						0	0.0		0.0		
7.2 Residential Mortgage-Backed Securities.....						0	0.0		0.0		
7.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
7.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
7.5 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Parent, Subsidiaries and Affiliates											
8.1 Issuer Obligations.....						0	0.0		0.0		
8.2 Residential Mortgage-Backed Securities.....						0	0.0		0.0		
8.3 Commercial Mortgage-Backed Securities.....						0	0.0		0.0		
8.4 Other Loan-Backed and Structured Securities.....						0	0.0		0.0		
8.5 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0

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SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.5	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
9. Total Bonds Current Year											
9.1 Issuer Obligations.....	892,515,983	996,902,366	1,030,288,836	650,957,492	2,210,881	3,572,875,558	71.2	XXX	XXX	3,368,178,420	204,697,138
9.2 Residential Mortgage-Backed Securities.....	160,821,807	366,195,946	173,096,103	69,943,450	48,536,129	818,593,435	16.3	XXX	XXX	718,278,933	100,314,502
9.3 Commercial Mortgage-Backed Securities.....	0	0	0	0	0	0	0.0	XXX	XXX	0	0
9.4 Other Loan-Backed and Structured Securities.....	80,539,230	108,953,468	36,007,302	202,701,412	200,768,735	628,970,147	12.5	XXX	XXX	48,769,453	580,200,694
9.5 Totals.....	1,133,877,020	1,472,051,780	1,239,392,241	923,602,354	251,515,745	5,020,439,140	100.0	XXX	XXX	4,135,226,806	885,212,334
9.6 Line 9.5 as a % of Col. 6.....	22.6	29.3	24.7	18.4	5.0	100.0	XXX	XXX	XXX	82.4	17.6
10. Total Bonds Prior Year											
10.1 Issuer Obligations.....	591,528,735	828,015,348	1,094,501,350	890,925,052	129,856,718	XXX	XXX	3,534,827,203	70.8	3,348,520,486	186,306,717
10.2 Residential Mortgage-Backed Securities.....	159,494,229	241,165,403	187,435,883	139,925,949	39,823,997	XXX	XXX	767,845,461	15.4	719,764,209	48,081,252
10.3 Commercial Mortgage-Backed Securities.....	0	0	0	0	0	XXX	XXX	0	0.0	0	0
10.4 Other Loan-Backed and Structured Securities.....	16,851,692	163,557,362	31,377,373	240,075,416	234,929,900	XXX	XXX	686,791,743	13.8	45,602,792	641,188,951
10.5 Totals.....	767,874,656	1,232,738,113	1,313,314,606	1,270,926,417	404,610,615	XXX	XXX	4,989,464,407	100.0	4,113,887,487	875,576,920
10.6 Line 10.5 as a % of Col. 8.....	15.4	24.7	26.3	25.5	8.1	XXX	XXX	100.0	XXX	82.5	17.5
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations.....	886,572,035	961,182,217	929,562,294	588,650,993	2,210,881	3,368,178,420	67.1	3,348,520,486	67.1	3,368,178,420	XXX
11.2 Residential Mortgage-Backed Securities.....	146,083,747	322,110,240	154,681,345	64,915,195	30,488,406	718,278,933	14.3	719,764,209	14.4	718,278,933	XXX
11.3 Commercial Mortgage-Backed Securities.....	0	0	0	0	0	0	0.0	0	0.0	0	XXX
11.4 Other Loan-Backed and Structured Securities.....	29,157,654	19,607,288	4,511	4,511	4,511	48,769,453	1.0	45,602,792	0.9	48,769,453	XXX
11.5 Totals.....	1,061,813,436	1,302,899,745	1,084,243,639	653,570,699	32,699,287	4,135,226,806	82.4	4,113,887,487	82.5	4,135,226,806	XXX
11.6 Line 11.5 as a % of Col. 6.....	25.7	31.5	26.2	15.8	0.8	100.0	XXX	XXX	XXX	100.0	XXX
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9.....	21.1	26.0	21.6	13.0	0.7	82.4	XXX	XXX	XXX	82.4	XXX
12. Total Privately Placed Bonds											
12.1 Issuer Obligations.....	5,943,948	35,720,149	100,726,542	62,306,499	18,047,723	204,697,138	4.1	186,306,717	3.7	XXX	204,697,138
12.2 Residential Mortgage-Backed Securities.....	14,738,060	44,085,706	18,414,758	5,028,255	18,047,723	100,314,502	2.0	48,081,252	1.0	XXX	100,314,502
12.3 Commercial Mortgage-Backed Securities.....	0	0	0	0	0	0	0.0	0	0.0	XXX	0
12.4 Other Loan-Backed and Structured Securities.....	51,381,576	89,346,180	36,007,302	202,696,901	200,768,735	580,200,694	11.6	641,188,951	12.9	XXX	580,200,694
12.5 Totals.....	72,063,584	169,152,035	155,148,602	270,031,655	218,816,458	885,212,334	17.6	875,576,920	17.5	XXX	885,212,334
12.6 Line 12.5 as a % of Col. 6.....	8.1	19.1	17.5	30.5	24.7	100.0	XXX	XXX	XXX	XXX	100.0
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9.....	1.4	3.4	3.1	5.4	4.4	17.6	XXX	XXX	XXX	XXX	17.6

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value December 31 of prior year.....	510,261,013	510,261,013			
2. Cost of short-term investments acquired.....	3,226,794,586	3,222,159,763		4,634,823	
3. Accrual of discount.....	0				
4. Unrealized valuation increase (decrease).....	0				
5. Total gain (loss) on disposals.....	31,039			31,039	
6. Deduct consideration received on disposals.....	3,075,696,260	3,071,222,578		4,473,682	
7. Deduct amortization of premium.....	0				
8. Total foreign exchange change in book/adjusted carrying value.....	(13,404)			(13,404)	
9. Deduct current year's other than temporary impairment recognized.....	0				
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	661,376,974	661,198,198	0	178,776	0
11. Deduct total nonadmitted amounts.....	0				
12. Statement value at end of current period (Line 10 minus Line 11).....	661,376,974	661,198,198	0	178,776	0

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(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:..... Liquidity Funds

Sch. DB-Pt. A-Verification
NONE

Sch. DB-Pt. B-Verification
NONE

Sch. DB-Pt. C-Sn. 1
NONE

Sch. DB-Pt. C-Sn. 2
NONE

Sch. DB-Verification
NONE

Sch. E-Verification
NONE

Sch. A-Pt. 1
NONE

Sch. A-Pt. 2
NONE

Sch. A-Pt. 3
NONE

Sch. B-Pt. 1
NONE

Sch. B-Pt. 2
NONE

Sch. B-Pt. 3
NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	Location		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/Adjusted Carrying Value Less Encumbrances	Change in Book/Adjusted Carrying Value					18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership
			4 City	5 State								13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization) /Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B./A.C.V.			
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated																			
	Weinstein Holding Company, LLC.....		New York.....	NY....	Ambac Private Holdings, LLC.....		06/23/2011		100,000	100,000	100,000								100.0
1999999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated.....									100,000	100,000	100,000	0	0	0	0	0	0	0	XXX....
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated																			
	Ambac Capital Services, LLC.....		New York.....	NY....	Direct.....		03/05/2002		114,732,965										100.0
	Ambac Financial Services, LLC.....		New York.....	NY....	Direct.....		04/06/1994		143,182,180			(109,437)							100.0
	Ambac Private Holdings, LLC.....		New York.....	NY....	Direct.....		12/14/1999		14,834,262										100.0
	SP Aircraft Holdings, LLC.....		New York.....	NY....	Direct.....		02/11/2005		686,238										100.0
	Contingent Capital Company, LLC.....		New York.....	NY....	Ambac Financial Group, Inc.....		06/14/2010		5,561,637	4,153,318	4,153,318	(1,506,530)							100.0
	Orient Bay, LLC.....		New York.....	NY....	Direct.....		12/16/2011		141,980,484	142,208,155	142,208,155	227,671							100.0
2099999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated.....									420,977,766	146,361,473	146,361,473	(1,388,296)	0	0	0	0	0	0	XXX....
Non-Collateral Loans - Unaffiliated																			
	Exchequer Partnership Finance.....		London.....	UK....	Direct.....		09/30/2009		8,075,298	6,189,455	7,835,689				(44,966)	403,114		100.0	
2599999. Total - Non-Collateral Loans - Unaffiliated.....									8,075,298	6,189,455	7,835,689	0	0	0	(44,966)	403,114	0	XXX....	
3999999. Subtotal - Unaffiliated.....									8,175,298	6,289,455	7,935,689	0	0	0	(44,966)	403,114	0	XXX....	
4099999. Subtotal - Affiliated.....									420,977,766	146,361,473	146,361,473	(1,388,296)	0	0	0	0	0	0	XXX....
4199999. Totals.....									429,153,064	152,650,928	154,297,162	(1,388,296)	0	0	(44,966)	403,114	0	XXX....	

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SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After Acquisition	10 Amount of Encumbrances	11 Percentage of Ownership
		3 City	4 State							
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated										
	Weintin Holding Company, LLC.....			Ambac Private Holdings, LLC.....	06/23/2011		100,000			100.0
1999999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated.....						100,000	0	0	XXX
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated										
	Ambac Financial Services, LLC.....	New York.....	NY.....	Direct.....	04/06/1994			109,437		100.0
	Orient Bay, LLC.....	New York.....	NY.....	Direct.....	12/16/2011		141,980,484			100.0
2099999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated.....						141,980,484	109,437	0	XXX
3999999	Subtotal - Unaffiliated.....						100,000	0		XXX
4099999	Subtotal - Affiliated.....						141,980,484	109,437	0	XXX
4199999	Totals.....						142,080,484	109,437	0	XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated																			
	Ambac Private Holding, LLC.....	New York.....	NY...	Direct.....	12/14/1999		.....1,071,092	.....(314,248)				.....(314,248)			.....756,844			.....0	
	SP Aircraft Holdings, LLC.....	New York.....	NY...	Direct.....	02/11/2005	07/20/2011	.....1,027,152	.....163,521				.....163,521			.....1,190,673			.....0	
2099999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated.....																		
							.....2,098,244	.....(150,727)				.....(150,727)			.....1,947,517			.....0	
Non-Collateral Loans - Unaffiliated																			
	Exchequer Partnership Finance.....	London.....	UK...	Redemption.....	09/30/2009	Various.....	.....263,072					.....0	.....6,498	.....266,042	.....266,042	.....(3,528)		.....(3,528)	.....10,191
2599999	Total - Non-Collateral Loans - Unaffiliated.....																		
							.....263,072	.....0	.....0	.....0	.....0	.....0	.....6,498	.....266,042	.....266,042	.....(3,528)	.....0	.....(3,528)	.....10,191
3999999	Subtotal - Unaffiliated.....																		
							.....263,072	.....0	.....0	.....0	.....0	.....0	.....6,498	.....266,042	.....266,042	.....(3,528)	.....0	.....(3,528)	.....10,191
4099999	Subtotal - Affiliated.....																		
							.....2,098,244	.....(150,727)	.....0	.....0	.....0	.....(150,727)	.....0	.....0	.....1,947,517	.....0	.....0	.....0	.....0
4199999	Totals.....																		
							.....2,361,316	.....(150,727)	.....0	.....0	.....0	.....(150,727)	.....6,498	.....266,042	.....2,213,559	.....(3,528)	.....0	.....(3,528)	.....10,191

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F o r e i g n C H A R	Bond Designation	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
U.S. Government - Issuer Obligations																					
31331V	FM	3			1	655,384	104.244	625,464	600,000	614,357		(15,246)			4.900	2.262	JD	2,287	29,400	04/03/2009	12/03/2012
31331V	FM	6			1	1,426,394	109.748	1,426,724	1,300,000	1,359,086		(25,097)			4.875	2.778	AO	15,668	63,375	04/03/2009	04/02/2014
3133X1	BV	8			1	16,453,093	106.953	17,433,339	16,300,000	16,331,346		(17,835)			4.500	4.378	MS	213,938	733,500	03/02/2004	09/16/2013
3134A4	SA	3			1	27,339,544	104.391	28,394,352	27,200,000	27,232,855		(31,236)			4.500	4.378	JJ	564,400	1,224,000	04/03/2009	01/15/2013
3134A4	UX	0			1	25,492,250	111.502	27,875,500	25,000,000	25,241,307		(73,158)			4.500	4.158	JJ	518,750	1,125,000	05/13/2008	01/15/2015
31359M	TX	5			1	4,502,400	118.697	4,747,880	4,000,000	4,346,597		(58,351)			5.000	3.226	MN	27,778	200,000	04/03/2009	05/11/2017
912828	GK	0			1	21,882,813	100.731	20,146,200	20,000,000	20,079,392		(487,979)			4.625	2.134	FA	312,569	925,000	03/13/2008	02/29/2012
912828	HT	0			1	50,734,375	102.977	51,488,500	50,000,000	50,179,138		(150,662)			2.750	2.434	FA	464,629	1,375,000	03/13/2008	02/28/2013
912828	NK	2			1	3,015,330	108.188	3,251,049	3,005,000	3,013,284		(1,392)			2.500	2.446	JD	206	75,125	07/06/2010	06/30/2017
912828	NK	2			1	2,001,858	108.188	2,158,351	1,995,000	2,000,500		(924)			2.500	2.446	JD	137	49,875	07/06/2010	06/30/2017
912828	NS	5			1	60,018,750	100.293	60,175,800	60,000,000	60,004,734		(9,485)			0.625	0.609	JD	1,030	375,000	07/07/2010	06/30/2012
912828	RB	8			1	65,385,938	100.485	65,315,250	65,000,000	65,346,270		(39,667)			0.500	0.296	FA	122,758		09/09/2011	08/15/2014
912828	RC	6			1	2,292,534	102.539	2,312,254	2,255,000	2,291,593		(941)			2.125	1.939	FA	18,100		09/20/2011	08/15/2021
912828	RD	4			1	64,944,141	99.856	64,906,400	65,000,000	64,959,110		14,970			0.125	0.200	FA	27,157		09/09/2011	08/31/2013
912828	RM	4			1	1,651,118	100.969	1,662,959	1,647,000	1,650,994		(124)			1.000	0.948	AO	2,805		11/03/2011	10/31/2016
0199999	U.S. Government - Issuer Obligations					347,795,922	XXX	351,920,022	343,302,000	344,650,563	0	(897,127)	0	0	XXX	XXX	XXX	2,292,212	6,175,275	XXX	XXX
U.S. Government - Residential Mortgage-Backed Securities																					
36213C	YP	9			2	274,720	111.222	294,726	264,990	273,870		(311)			5.000	4.690	MON	1,104	13,250	04/03/2009	11/15/2035
36241K	VV	7			2	1,016,114	110.891	1,087,531	980,720	1,013,437		(981)			5.000	4.722	MON	3,086	49,036	04/03/2009	10/15/2038
36241K	YZ	5			2	842,583	110.890	901,793	813,233	840,390		(804)			5.000	4.724	MON	4,388	40,662	04/03/2009	01/15/2039
36297A	3U	5			2	913,971	110.878	977,943	881,998	912,284		(504)			5.000	4.529	MON	3,675	44,100	04/03/2009	01/01/2039
0299999	U.S. Government - Residential Mortgage-Backed Securities					3,047,388	XXX	3,261,993	2,940,941	3,039,981	0	(2,600)	0	0	XXX	XXX	XXX	12,253	147,048	XXX	XXX
0599999	Total - U.S. Government					350,843,310	XXX	355,182,015	346,242,941	347,690,544	0	(899,727)	0	0	XXX	XXX	XXX	2,304,465	6,322,323	XXX	XXX
U.S. States, Territories & Possessions (Direct and Guaranteed) - Issuer Obligations																					
130628	VT	4			1	1,304,199	100.304	1,424,317	1,420,000	1,316,568		5,161			5.000	5.604	FA	29,583	71,000	07/13/1999	02/01/2025
13063A	HW	7			1	4,694,171	112.586	5,679,964	5,045,000	4,736,827		17,787			5.000	5.716	MN	42,042	252,250	06/23/2009	11/01/2023
13063B	JA	1			1	7,498,950	110.115	8,258,625	7,500,000	7,497,983		(561)			5.700	5.702	MN	71,250	391,875	11/19/2010	11/01/2021
25476F	LH	9			1	7,000,000	114.223	7,995,610	7,000,000	7,000,000					5.470	5.470	JD	31,908	360,564	12/17/2010	06/01/2021
419791	J7	4			1	6,363,802	107.994	6,728,026	6,230,000	6,360,057		(3,746)			5.250	3.940	MS	109,025		12/13/2011	09/01/2013
419791	L3	0			1	6,486,380	108.012	6,858,762	6,350,000	6,482,562		(3,818)			5.250	3.940	MS	111,125		12/13/2011	09/01/2013
452151	LE	1			2	907,940	98.999	989,990	1,000,000	914,751		5,077			4.950	5.991	JD	4,125	49,500	08/23/2010	06/01/2023
452152	FW	6			1	9,890,300	106.677	10,603,694	9,940,000	9,899,498		6,210			5.125	5.211	JJ	254,713	509,425	06/28/2010	07/01/2017
452152	FX	4			1	10,357,950	105.404	10,972,556	10,410,000	10,366,083		5,495			5.375	5.453	JJ	279,769	559,538	06/28/2010	07/01/2018
452152	GR	6			2	14,995,650	109.385	16,407,750	15,000,000	14,995,453		343			6.200	6.204	JJ	465,000	878,333	07/15/2010	07/01/2021
594610	WB	9			1	10,093,590	113.094	10,178,460	9,000,000	9,403,139		(128,294)			5.500	3.860	JD	41,250	495,000	02/02/2006	12/01/2014
658256	LD	2			1	6,478,200	105.097	6,568,563	6,250,000	6,282,144		(26,563)			5.000	4.537	MS	104,167	312,500	04/09/2003	03/01/2013
68607L	XL	6			1	1,698,202	101.900	1,635,495	1,605,000	1,617,711		(30,069)			4.755	2.821	JD	6,360	76,318	04/03/2009	06/01/2012
93974B	GF	3			1	14,822,604	111.050	15,624,735	14,070,000	14,389,764		(82,962)			5.000	4.294	JJ	351,750	703,500	03/10/2006	07/01/2015
977056	3Y	4			1	13,248,073	106.029	13,555,808	12,785,000	12,919,203		(96,431)			5.000	4.178	MN	106,542	639,250	05/22/2008	05/01/2013
1199999	U.S. States, Territories & Possessions - Issuer Obligations					115,840,011	XXX	123,482,355	113,605,000	114,181,743	0	(332,371)	0	0	XXX	XXX	XXX	2,008,609	5,299,053	XXX	XXX
1799999	Total - U.S. States, Territories & Possessions (Direct and Guaranteed)					115,840,011	XXX	123,482,355	113,605,000	114,181,743	0	(332,371)	0	0	XXX	XXX	XXX	2,008,609	5,299,053	XXX	XXX

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SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
U.S. Political Subdivisions of States, Territories & Possessions (Direct and Guaranteed) - Issuer Obligations																					
011415	KR 6	Alamo Tex Cmnty College Dist			.1FE	8,807,170	109.820	9,702,597	8,835,000	8,810,851		1,522			4.500	4.524	FA	150,195	397,575	03/14/2007	08/15/2023
011415	KS 4	Alamo Tex Cmnty College Dist			.1FE	9,164,629	108.674	10,036,044	9,235,000	9,173,160		3,528			4.500	4.561	FA	156,995	415,575	03/14/2007	08/15/2024
088275	2X 9	Bexar Cnty Tex CTF5 Oblig-Comb Flood Ctl Tax			.1FE	10,354,113	110.620	11,100,717	10,035,000	10,213,454		(35,177)			5.250	4.801	JD	23,415	526,838	08/21/2007	06/15/2016
088275	2Y 7	Bexar Cnty Tex CTF5 Oblig-Comb Flood Ctl Tax			.1FE	5,126,650	109.257	5,462,850	5,000,000	5,070,914		(13,950)			5.250	4.891	JD	11,667	262,500	08/21/2007	06/15/2016
167501	VH 5	Chicago Ill Brd Ed Cap Apprec-Sch Reform-B-1	@		.1FE	3,841,650	36.243	5,436,450	15,000,000	4,503,737		277,529				4.370	MAT			05/24/1999	12/01/2030
167501	XA 8	Chicago Ill Brd Ed Cap Apprec-Sch Reform-Ser A	@		.1FE	1,944,950	52.501	2,625,050	5,000,000	2,245,714		125,518				3.559	MAT			02/11/1999	12/01/2025
167501	XB 6	Chicago Ill Brd Ed Cap Apprec-Sch Reform-Ser A	@		.1FE	1,765,050	48.672	2,433,600	5,000,000	2,049,595		118,944				3.785	MAT			02/11/1999	12/01/2026
170016	SZ 3	Chippewa Valley Michigan School District			.1FE	5,197,000	104.746	5,237,300	5,000,000	5,031,072		(22,342)			5.000	4.510	MN	41,667	250,000	03/03/2003	05/01/2013
172252	VX 3	Cincinnati Ohio City Sch Dist Sch Impt			.1FE	6,168,563	104.575	5,929,403	5,670,000	5,744,207		(78,304)			5.250	3.780	JD	24,806	297,675	01/20/2006	12/01/2012
213185	ER 8	Cook Cnty Ill Txb1-Ref-Ser B			.1FE	8,990,000	102.109	9,179,599	8,990,000	8,990,000					4.740	4.740	MN	75,756		10/12/2011	11/15/2022
232760	WE 4	Cypress-Fairbanks Tex Indpt Ref			.1FE	16,637,337	111.672	17,655,343	15,810,000	16,198,477		(84,490)			5.000	4.341	FA	298,633	790,500	03/16/2006	02/15/2016
232760	XT 0	Cypress-Fairbanks Tex Indpt Ref			.1FE	7,080,000	112.296	7,950,557	7,080,000	7,080,000					4.250	4.250	FA	113,673	300,900	01/19/2007	02/15/2020
232760	XU 7	Cypress-Fairbanks Tex Indpt Ref			.1FE	9,131,989	111.428	10,229,090	9,180,000	9,145,432		3,003			4.250	4.300	FA	147,390	390,150	01/19/2007	02/15/2021
232760	XV 5	Cypress-Fairbanks Tex Indpt Ref			.1FE	11,406,528	110.193	12,694,234	11,520,000	11,435,583		6,480			4.250	4.340	FA	184,960	489,600	01/19/2007	02/15/2022
232760	XW 3	Cypress-Fairbanks Tex Indpt Ref			.1FE	20,097,060	108.839	22,203,156	20,400,000	20,168,035		15,827			4.250	4.380	FA	327,533	867,000	01/19/2007	02/15/2023
251129	R8 7	Detroit Michigan City Sch Dist School Bldg & Site Impt-Ser B			.1FE	8,839,200	100.978	10,097,800	10,000,000	8,929,219		37,622			5.000	5.893	MN	83,333	500,000	04/24/2003	05/01/2028
251129	T5 1	Detroit Michigan City Sch Dist Sch Bldg & Site Impt-Ser B			.1FE	5,823,960	103.314	6,198,840	6,000,000	5,865,556		17,309			5.000	5.301	MN	50,000	300,000	06/23/2004	05/01/2018
259597	GA 4	Douglas Cnty Wis Pre-refunded REF			.1FE	7,430,397	100.416	7,666,762	7,635,000	7,619,180		168,161			5.000	7.349	FA	159,063	381,750	11/16/2010	02/01/2012
259597	GC 0	Douglas Cnty Wis Unrefunded Balance-REF			.1FE	3,625,177	100.340	3,737,665	3,725,000	3,632,862		6,740			5.000	5.320	FA	77,604	186,250	11/16/2010	02/01/2022
269695	3E 0	Eagle Mountain & Saginaw Texas Unrefunded-Cap Apprec-Ser A			.1FE	306,201	106.388	313,845	295,000	298,132		(1,829)			5.250	4.560	FA	5,851	15,488	03/15/2007	08/15/2013
270083	YW 2	Eanes Tex Indpt Sch Dist			.1FE	5,042,250	110.878	5,582,707	5,035,000	5,038,952		(794)			4.500	4.480	FA	94,406	226,575	04/19/2007	08/01/2016
346766	GT 9	Fort Bend Cnty Tex Sub Lien Toll Road			.1FE	5,182,150	104.666	5,233,300	5,000,000	5,035,610		(20,296)			5.000	4.548	MS	83,333	250,000	05/13/2003	09/01/2013
388640	YV 0	Grapevine-Colleyville Ind Sch Cap Apprec-Ref	@		.1FE	774,720	63.194	1,895,820	3,000,000	1,500,698		74,402				5.150	MAT			12/08/1998	08/15/2025
389582	EE 3	Grays Harbor County Washington School District No 64			.1FE	6,352,812	107.003	6,462,981	6,040,000	6,093,007		(35,580)			5.250	4.600	JD	26,425	317,100	04/16/2003	06/01/2013
442403	BT 7	Houston Tex Indpt Sch Dist Ref-Ltd Tax-Ser B			.1FE	51,908,556	111.428	57,519,134	51,620,000	51,780,869		(27,980)			4.250	4.181	FA	828,788	2,193,850	03/02/2007	02/15/2017
463813	MP 7	Irving Tex Indpt Sch Dist Unrefunded Bal-Ref-Ser A			.1FE	56,495	100.466	60,280	60,000	56,889		91			5.000	5.439	FA	1,133	3,000	03/06/2007	02/15/2031
481304	3N 1	Judson Tex Indpt Sch Dist Ref-Sch Bldg			.1FE	13,205,808	114.256	14,396,256	12,600,000	13,026,882		(73,836)			5.000	4.363	FA	262,500	630,000	10/23/2007	02/01/2017
495080	QH 9	King Cnty Washington Sch Dist No 403 Renton			.1FE	13,825,680	110.415	14,574,780	13,200,000	13,533,538		(59,584)			5.000	4.422	JD	55,000	660,000	08/10/2006	12/01/2016
508772	EL 0	Lake Cnty Ill Sch Dist No 079 Ser B			.1FE	6,100,183	108.500	6,461,175	5,955,000	6,032,044		(13,671)			5.000	4.701	JD	24,813	297,750	06/28/2006	12/01/2016
516228	LH 4	Lanse Creuse Mich. Pub Schs Ref - Building & Site			.1FE	7,086,120	104.713	7,172,841	6,850,000	6,887,279		(26,827)			5.000	4.570	MN	57,083	342,500	02/27/2003	05/01/2013
516228	LJ 0	Lanse Creuse Mich. Pub Schs Ref - Building & Site			.1FE	6,701,109	105.164	6,888,242	6,550,000	6,573,873		(17,257)			5.000	4.710	MN	54,583	327,500	02/27/2003	05/01/2013
517840	B5 2	Las Vegas Vy Nev Wtr Dist Wtr Impt-Ser A			.1FE	5,934,003	106.660	6,063,621	5,685,000	5,808,791		(24,885)			5.000	4.451	JD	23,688	284,250	06/14/2006	06/01/2016
517840	WE 0	Las Vegas Vy Nev Wtr Dist Ref & Wtr Series A			.1FE	11,797,005	104.371	12,169,659	11,660,000	11,688,518		(30,242)			5.000	4.720	JD	48,583	583,000	02/22/2008	12/01/2012
540261	FW 9	Lodi California Unified School District			.1FE	7,954,320	101.416	8,113,280	8,000,000	7,958,798		1,858			5.000	5.042	FA	166,667	400,000	01/28/2003	08/01/2026
542433	FA 0	Long Beach Calif Uni Sch Dist Election 1999-Ser E			.1FE	11,267,621	101.264	11,371,947	11,230,000	11,237,176		(12,620)			5.000	4.951	FA	233,958	561,500	05/06/2003	08/01/2012
544646	LF 7	Los Angeles Calif Uni Sch Dist Election 2004-Ser H			.1FE	21,192,360	109.386	22,910,898	20,945,000	21,124,919		(27,944)			5.000	4.849	JJ	523,625	1,047,250	08/01/2007	07/01/2017
549118	CZ 8	Lubbock County Texas Ref			.1FE	6,248,722	108.230	6,688,614	6,180,000	6,219,150		(6,732)			4.500	4.360	FA	105,060	278,100	02/09/2007	02/15/2017
64184P	DN 5	New Albany Plain Loc Sch Dist Unrefunded Bal-2006			.1FE	2,855,144	100.563	2,931,411	2,915,000	2,865,806		2,359			5.000	5.171	JD	12,146	145,750	01/10/2007	12/01/2025
659154	6P 8	North East Indpt Sch Dist Tex Sch Bldg-Ser A			.1FE	7,312,900	115.580	8,090,600	7,000,000	7,205,631		(31,879)			5.000	4.400	FA	145,833	350,000	06/05/2008	08/01/2017
659154	6R 4	North East Indpt Sch Dist Tex Sch Bldg-Ser A			.1FE	7,823,592	113.879	8,569,395	7,525,000	7,708,827		(28,413)			5.000	4.500	FA	156,771	376,250	07/26/2007	08/01/2017
659154	6S 2	North East Indpt Sch Dist Tex Sch Bldg-Ser A			.1FE	13,965,000	113.599	15,335,865	13,500,000	13,817,651		(49,071)			5.000	4.561	FA	281,250	675,000	10/18/2007	08/01/2017

E10.1

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
667027 SR 8	Northside Tex Indpnt Sch Dist Sch Bldg-Rmkt 6/15/04.....	.....	.....	1	..1FE	.....10,467,912	.....103.052	.....10,717,408	.....10,400,000	.....10,429,391	.....	.....(11,084)	.....	.....5.125	.....5.000	JD.....	.....23,689	.....533,000	03/10/2008	06/15/2014	
720390 UY 7	Pierce Cnty Wash Sch Dist No 0 Puyallup.....	.....	.....	1	..1FE	.....6,253,080	.....107.850	.....6,471,000	.....6,000,000	.....6,108,994	.....	.....(42,078)	.....	.....5.000	.....4.200	JD.....	.....25,000	.....300,000	05/08/2008	06/01/2014	
720475 PQ 9	Pierce Cnty Wash Scho Dist No University Pl.....	.....	.....	1	..1FE	.....6,432,640	.....108.442	.....6,717,982	.....6,195,000	.....6,312,481	.....	.....(23,578)	.....	.....5.000	.....4.521	JD.....	.....25,813	.....309,750	04/27/2006	06/01/2016	
742327 CD 9	Princeton Ohio City Sch Dist Ref-Sch Impt.....	.....	.....	2	..2FE	.....8,818,560	.....125.255	.....10,020,400	.....8,000,000	.....8,758,095	.....	.....(24,996)	.....	.....5.250	.....4.544	JD.....	.....35,000	.....420,000	12/19/2006	12/01/2030	
771537 SN 8	Rochester Michigan Cmnty School District Ref.....	.....	.....	1	..1FE	.....6,082,890	.....105.900	.....5,745,075	.....5,425,000	.....5,533,312	.....	.....(78,238)	.....	.....5.000	.....3.451	MN.....	.....45,208	.....271,250	01/30/2004	05/01/2013	
776219 ML 8	Romulus Michigan Community School District.....	.....	.....	1	..1FE	.....5,151,850	.....104.699	.....5,234,950	.....5,000,000	.....5,024,000	.....	.....(17,290)	.....	.....5.000	.....4.620	MN.....	.....41,667	.....250,000	03/06/2003	05/01/2013	
799017 BZ 0	San Mateo California Cap-Apprec. Election of 2000 B.....	@.....	.....	1	..1FE	.....3,475,890	.....81.494	.....4,209,165	.....5,165,000	.....3,808,547	.....	.....170,128	.....	.....	.....2.609	MAT.....	.....	.....	05/19/2003	09/01/2018	
844215 QF 3	Southfield Mich Pub Schs Ref.....	.....	.....	1	..1FE	.....19,748,881	.....104.033	.....20,889,826	.....20,080,000	.....19,807,871	.....	.....14,552	.....	.....4.375	.....4.511	MN.....	.....146,417	.....878,500	05/24/2007	05/01/2025	
844725 KP 5	Southside Texas Ind. Sch. Dis.....	.....	.....	1	..1FE	.....5,606,929	.....102.990	.....5,885,879	.....5,715,000	.....5,706,418	.....	.....77,332	.....	.....5.000	.....5.239	FA.....	.....107,950	.....285,750	08/29/2002	08/15/2012	
848712 LL 7	Spokane County Washington School District No 081 Spokane.....	.....	.....	1	..1FE	.....8,972,163	.....106.674	.....9,333,975	.....8,750,000	.....8,787,671	.....	.....(25,377)	.....	.....5.000	.....4.679	JD.....	.....36,458	.....437,500	04/17/2003	06/01/2013	
1899999	U.S. Political Subdivisions of States, Territories & Possessions - Issuer Obligations.....	.....	.....	.....	.....	.....445,334,969	.....XXX.....	.....479,609,368	.....460,690,000	.....443,676,868	.....	.....0	.....	.....XXX.....	.....XXX.....	XXX.....	.....5,605,388	.....20,006,926	.....XXX.....	.....XXX.....	
2499999	Total - U.S. Political Subdivisions of States, Territories & Possessions.....	.....	.....	.....	.....	.....445,334,969	.....XXX.....	.....479,609,368	.....460,690,000	.....443,676,868	.....	.....0	.....	.....XXX.....	.....XXX.....	XXX.....	.....5,605,388	.....20,006,926	.....XXX.....	.....XXX.....	
U.S. Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their U.S. Political Subdivisions - Issuer Obligations																					
E10.2	010608 XX 0	Alameda St Pub Sch & College Series B.....	.....	.....	1	..1FE	.....9,504,183	.....101.666	.....9,632,854	.....9,475,000	.....9,477,952	.....	.....(3,491)	.....	.....5.000	.....4.960	JD.....	.....39,479	.....473,750	12/12/2002	12/01/2012
	010869 BZ 7	Alameda Corridor Transn Auth Taxable-Sr Lien-Ser C.....	.....	.....	2	..1FE	.....3,557,158	.....104.869	.....3,408,243	.....3,250,000	.....3,474,580	.....	.....(22,833)	.....	.....6.500	.....5.395	AO.....	.....52,813	.....211,250	02/06/2008	10/01/2019
	017286 EP 6	Allegheny Cnty Pa Arpt Rev Ref-Amt-Pitt Intl Arpt-A.....	.....	.....	2	..2FE	.....2,517,625	.....105.978	.....2,649,450	.....2,500,000	.....2,508,373	.....	.....(3,854)	.....	.....5.750	.....5.684	JJ.....	.....71,875	.....143,750	08/11/1997	01/01/2014
	047681 MX 6	Atlanta & Fulton Cnty Ga Revenue Bonds.....	.....	.....	2	..1FE	.....20,000,000	.....102.476	.....20,495,200	.....20,000,000	.....20,000,000	.....	.....	.....	.....6.500	.....6.500	JD.....	.....108,333	.....1,379,444	11/04/2010	12/01/2028
	07201T ZH 4	Bay Area Govt Assn Calif Rev Taxable - Tax alloc-Ser B.....	.....	.....	2	..1Z	.....1,402,555	.....100.881	.....1,417,378	.....1,405,000	.....1,404,505	.....	.....572	.....	.....5.000	.....5.044	MS.....	.....23,417	.....70,250	11/30/2007	09/01/2012
	07201T ZP 6	Bay Area Govt Assn Calif Rev Taxable - Tal alloc-Ser B.....	.....	.....	2	.....1	.....3,164,225	.....98.873	.....3,154,049	.....3,190,000	.....3,171,760	.....	.....2,169	.....	.....5.500	.....5.602	MS.....	.....58,483	.....175,450	11/30/2007	09/01/2018
	084538 EH 6	Berks Co.Pa Muni Auth U of Pa Health Care-Pooled Fing PJ.....	.....	.....	1	..1FE	.....7,477,162	.....100.066	.....8,055,313	.....8,050,000	.....7,524,046	.....	.....19,536	.....	.....5.000	.....5.490	MS.....	.....134,167	.....402,500	09/10/1998	03/01/2028
	088563 RL 7	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....759,599	.....46.657	.....937,806	.....2,010,000	.....877,705	.....	.....49,300	.....	.....4.993	MAT.....	.....	.....	08/07/2006	05/01/2026	
	088563 RM 5	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....836,062	.....43.993	.....1,049,233	.....2,385,000	.....968,408	.....	.....55,283	.....	.....5.120	MAT.....	.....	.....	08/07/2006	05/01/2027	
	088563 RN 3	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....775,435	.....41.513	.....990,085	.....2,385,000	.....900,154	.....	.....52,130	.....	.....5.237	MAT.....	.....	.....	08/07/2006	05/01/2028	
	088563 RP 8	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....712,579	.....39.137	.....935,374	.....2,390,000	.....830,004	.....	.....49,130	.....	.....5.395	MAT.....	.....	.....	08/07/2006	05/01/2029	
	088563 RQ 6	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....659,596	.....36.898	.....880,017	.....2,385,000	.....769,596	.....	.....46,046	.....	.....5.490	MAT.....	.....	.....	08/07/2006	05/01/2030	
	088563 RR 4	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....556,118	.....34.828	.....759,250	.....2,180,000	.....650,281	.....	.....39,441	.....	.....5.600	MAT.....	.....	.....	08/07/2006	05/01/2031	
	088563 RT 0	Bexar Tex Met Wtr Dist Sys Rev Unrefunded Balance-Cap Apprec.....	@.....	.....	1	..1FE	.....568,123	.....31.032	.....805,280	.....2,595,000	.....666,256	.....	.....41,139	.....	.....5.764	MAT.....	.....	.....	08/08/2006	05/01/2033	
	09089T AY 7	Birmingham Taxable-Civic Ctr Impts.....	.....	.....	1	..1FE	.....8,310,000	.....113.690	.....9,447,639	.....8,310,000	.....8,310,000	.....	.....	.....	.....6.000	.....6.000	AO.....	.....124,650	.....303,315	02/16/2011	04/01/2022
	115065 PX 6	Broward Cnty Fla Sch Brd Cfts Ser A.....	.....	.....	1	..1FE	.....4,939,600	.....103.024	.....5,151,200	.....5,000,000	.....4,942,556	.....	.....1,995	.....	.....5.000	.....5.092	JJ.....	.....125,000	.....250,000	10/02/2007	07/01/2029
	13068H LA 0	California St Pub Wks Ref-Dept of Corrections-B.....	.....	.....	1	..2FE	.....9,602,400	.....100.117	.....10,011,700	.....10,000,000	.....9,664,220	.....	.....25,729	.....	.....5.000	.....5.306	MS.....	.....166,667	.....500,000	06/02/1999	09/01/2021
	13077C RD 8	California St Univ Rev Systemwide-Ser A.....	.....	.....	1	..1FE	.....7,502,051	.....106.031	.....8,121,975	.....7,660,000	.....7,512,932	.....	.....4,520	.....	.....5.000	.....5.155	MN.....	.....63,833	.....383,000	03/20/2008	11/01/2030
	143277 CG 4	Carmel Ind 2002 Sch Bldg Corp Ref.....	.....	.....	1	..1FE	.....21,194,346	.....108.492	.....23,217,288	.....21,400,000	.....21,249,906	.....	.....12,433	.....	.....4.250	.....4.340	JJ.....	.....419,381	.....909,500	01/12/2007	07/15/2021
	163123 MU 3	Chelan Cnty Wash Pub Util Cap Apprec-Ref-A.....	@.....	.....	1	..1FE	.....2,145,050	.....59.677	.....2,983,850	.....5,000,000	.....2,471,924	.....	.....136,337	.....	.....	.....3.271	MAT.....	.....	.....	04/28/1998	06/01/2024
	163123 MZ 2	Chelan Cnty Wash Pub Util Cap Apprec-Ref-A.....	@.....	.....	1	..1FE	.....1,474,650	.....42.775	.....2,138,750	.....5,000,000	.....1,718,903	.....	.....102,214	.....	.....	.....4.072	MAT.....	.....	.....	02/10/1999	06/01/2029
	167725 AE 0	Chicago Ill Transit Auth Trans Revenue Bonds.....	.....	.....	2	..1FE	.....4,615,458	.....110.650	.....4,702,625	.....4,250,000	.....4,581,036	.....	.....(24,860)	.....	.....6.300	.....5.280	JD.....	.....22,313	.....267,750	08/04/2010	12/01/2021
	18085P DR 2	Clark Cnty NV Arpt Rev Amt-Sub Lien-Ser A-1.....	.....	.....	1	..1FE	.....5,105,050	.....102.177	.....5,108,850	.....5,000,000	.....5,018,495	.....	.....(35,780)	.....	.....5.250	.....4.925	JJ.....	.....131,250	.....262,500	07/29/2004	07/01/2012
	228485 BG 2	Crown Point IN Multi-Sch Bldg Comp Int-First Mtg.....	@.....	.....	2	..2FE	.....2,745,368	.....97.931	.....5,885,653	.....6,010,000	.....5,644,018	.....	.....331,215	.....	.....	.....6.140	MAT.....	.....	.....	01/24/2000	01/15/2013
	243360 CT 9	Decatur Twp Cnty Multi-Sch Ser A.....	.....	.....	1	..1FE	.....18,713,857	.....107.091	.....19,281,735	.....18,005,000	.....18,503,831	.....	.....(86,750)	.....	.....5.000	.....4.509	JJ.....	.....415,115	.....900,250	12/14/2006	01/15/2017
	249181 TK 8	Denver Colo City & Cnty Arpt Amt-Sys-Subser A1.....	.....	.....	1	..1FE	.....10,273,500	.....109.998	.....10,999,800	.....10,000,000	.....10,153,961	.....	.....(49,389)	.....	.....5.000	.....4.516	MN.....	.....63,889	.....500,000	04/11/2008	11/15/2014
	249182 CE 4	Denver Colo City & Cnty Arpt Rev.....	.....	.....	1	..1FE	.....4,217,870	.....116.079	.....4,933,358	.....4,250,000	.....4,219,333	.....	.....1,463	.....	.....5.000	.....5.101	MN.....	.....27,153	.....124,549	04/07/2011	11/15/2020
	251255 K3 8	Detroit Michigan Water Supply Sr Lien - Ser A.....	.....	.....	1	..1FE	.....14,963,649	.....100.423	.....15,967,257	.....15,900,000	.....15,045,667	.....	.....34,153	.....	.....5.000	.....5.439	JJ.....	.....397,500	.....795,000	01/24/2003	07/01/2027
	287468 EG 3	Elkhart Cnty Ind Hosp Auth Rev Hosp-Elkhart Gen Hosp Inc.....	.....	.....	1	..1FE	.....8,561,790	.....100.025	.....9,002,250	.....9,000,000	.....8,596,109	.....	.....14,306	.....	.....5.250	.....5.588	FA.....	.....178,500	.....472,500	12/04/1998	08/15/2028

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
291195 EK 7	Emeryville CA Pub Fing Auth Rv Taxable-Emeryville Redev-Ser C.....			..1	..2FE	.....1,764,561	.....100.176	.....1,753,080	.....1,750,000	.....1,758,016	.....	.....(803)	.....	.....6.625	.....6.546	MS.....	.....38,646	.....115,938	12/02/2000	09/01/2019
29270C WJ 0	Energy Northwest Wash Elec Rev Build America Bonds-Taxable-B.....			.....	..1FE	.....7,500,000	.....117.234	.....8,792,550	.....7,500,000	.....7,500,000	.....	.....	.....	.....5.710	.....5.710	JJ.....	.....214,125	.....224,831	12/15/2010	07/01/2024
373541 G9 7	Georgia Mun Elec Auth Pwr Rev Prerefunded -Ref-Ser Z-MBIA.....			..2	..2FE	.....401,809	.....111.923	.....414,115	.....370,000	.....390,051	.....	.....(2,024)	.....	.....5.500	.....4.680	JJ.....	.....10,175	.....20,350	05/26/2005	01/01/2020
373541 G9 6	Georgia Mun Elec Auth Pwr Rev Prerefunded -Y-2005-MBIA IBC.....			..2	..2FE	.....138,767	.....112.188	.....157,063	.....140,000	.....139,648	.....	.....160	.....	.....6.500	.....6.636	JJ.....	.....4,550	.....9,100	06/21/2005	01/01/2014
373541 TL 5	Georgia Mun Elec Auth Pwr Rev Refunded-Ser Y-MBIA IBC BNY.....			..2	.....1	.....272,026	.....114.772	.....315,623	.....275,000	.....273,729	.....	.....208	.....	.....6.500	.....6.610	JJ.....	.....8,938	.....17,875	03/14/2001	01/01/2017
373541 TN 1	Georgia Mun Elec Auth Pwr Rev Escrowed to Mat. Series W.....			..2	..2FE	.....369,581	.....121.010	.....447,737	.....370,000	.....369,819	.....	.....24	.....	.....6.600	.....6.610	JJ.....	.....12,210	.....24,420	03/12/2001	01/01/2018
408395 MK 4	Hammond Ind Multi-Sch Bldg Cor Ref-First Mtg.....			..1	..1FE	.....6,858,467	.....111.360	.....7,388,736	.....6,635,000	.....6,808,821	.....	.....(20,532)	.....	.....5.000	.....4.639	JJ.....	.....152,974	.....331,750	08/24/2006	01/15/2019
41315R AY 0	Harris Cnty TX Health Facs Sch Health Care Sys-Ser B.....			..1	.....1	.....4,759,250	.....128.107	.....6,405,350	.....5,000,000	.....4,825,685	.....	.....6.609	.....	.....5.750	.....6.101	JJ.....	.....143,750	.....287,500	04/08/1997	07/01/2027
413893 AV 0	Harris Cnty-Houston Sportsauth Cap Apprec-Jr Lien-Ser B.....	@		..1	..2FE	.....5,677,298	.....57.204	.....6,681,427	.....11,680,000	.....6,570,719	.....	.....463,025	.....	.....	.....3.435	MAT...	.....	.....	08/14/1998	11/15/2019
413893 AW 8	Harris Cnty-Houston Sportsauth Cap Apprec-Jr Lien-Ser B.....	@		..1	..2FE	.....3,497,690	.....53.287	.....4,121,749	.....7,735,000	.....4,047,499	.....	.....284,934	.....	.....	.....3.614	MAT...	.....	.....	09/14/1998	11/15/2020
413893 AX 6	Harris Cnty-Houston Sportsauth Cap Apprec-Jr Lien-Ser B.....	@		..1	..2FE	.....5,459,989	.....49.638	.....6,490,169	.....13,075,000	.....6,325,289	.....	.....448,555	.....	.....	.....3.803	MAT...	.....	.....	08/14/1998	11/15/2021
413893 AY 4	Harris Cnty-Houston Sportsauth Cap Apprec-Jr Lien-Ser B.....	@		..1	..2FE	.....1,864,416	.....46.240	.....2,238,016	.....4,840,000	.....2,162,293	.....	.....154,455	.....	.....	.....3.984	MAT...	.....	.....	08/14/1998	11/15/2022
438701 AR 5	Honolulu HI Cty/Cnty Wstwr Re Cap App-2nd Bd Res- Jr Ser.....	@		..1	..1FE	.....893,651	.....98.035	.....1,774,434	.....1,810,000	.....1,680,431	.....	.....81,185	.....	.....	.....5.014	MAT...	.....	.....	03/26/1999	07/01/2013
447163 BX 3	Huntsville Solid Waste RF- AL Pollution.....			..1	..1FE	.....3,441,725	.....100.329	.....3,511,515	.....3,500,000	.....3,489,209	.....	.....5,529	.....	.....5.500	.....5.682	AO.....	.....48,125	.....192,500	06/30/2000	10/01/2013
45200K H3 5	Illinois Health Facs Auth Rev Childrens Mem Hosp.....			..1	..1FE	.....752,198	.....104.063	.....780,473	.....750,000	.....751,082	.....	.....(653)	.....	.....6.250	.....6.222	FA.....	.....17,708	.....46,875	02/21/1996	08/15/2013
452252 BA 6	Illinois St Toll Hwy Auth Toll Sr Priority-Ser A.....			..1	..1FE	.....34,991,100	.....108.878	.....37,018,520	.....34,000,000	.....34,609,610	.....	.....(157,641)	.....	.....5.000	.....4.610	JJ.....	.....850,000	.....1,700,000	03/07/2006	07/01/2015
452252 CY 3	Illinois St Toll Hwy Auth Toll Sr Priority-Ser A-1.....			..1	..1FE	.....5,181,750	.....109.313	.....5,465,650	.....5,000,000	.....5,123,080	.....	.....(24,235)	.....	.....5.000	.....4.463	JJ.....	.....125,000	.....250,000	04/22/2008	07/01/2016
45470R AX 4	Indiana Fin Auth Hwy Rev Ref-Ser A.....			..1	..1FE	.....7,507,291	.....109.659	.....8,169,596	.....7,450,000	.....7,483,043	.....	.....(5,943)	.....	.....4.500	.....4.398	JD.....	.....27,938	.....335,250	05/21/2007	12/01/2016
45470R BA 3	Indiana Fin Auth Hwy Rev Ref-Ser A.....			..1	..1FE	.....43,643,376	.....107.341	.....46,704,069	.....43,510,000	.....43,595,978	.....	.....(15,591)	.....	.....4.500	.....4.458	JD.....	.....163,163	.....1,957,950	05/21/2007	12/01/2016
45470R BB 1	Indiana Fin Auth Hwy Rev Ref-Ser A.....			..1	..1FE	.....20,024,200	.....106.443	.....21,288,600	.....20,000,000	.....20,016,706	.....	.....(3,098)	.....	.....4.500	.....4.482	JD.....	.....75,000	.....900,000	04/20/2007	12/01/2016
454898 ME 4	Indiana Municipal Power Agency.....			..1	..1FE	.....31,664,192	.....102.556	.....32,597,425	.....31,785,000	.....31,680,694	.....	.....4,164	.....	.....5.000	.....5.027	JJ.....	.....794,625	.....1,589,250	12/17/2002	01/01/2028
46246N EA 0	Iowa Fin Auth Hosp Fac Rev Trinity Regl Hosp Proj.....			..1	..1FE	.....384,926	.....102.412	.....378,924	.....370,000	.....370,718	.....	.....(1,377)	.....	.....6.000	.....5.601	JJ.....	.....11,100	.....22,200	05/16/1997	07/01/2012
46263R GD 1	IPS Multi-Sch Bldg Corp Ind. Ref-First Mtg.....			..1	..2FE	.....40,666,232	.....106.361	.....45,230,015	.....42,525,000	.....40,872,961	.....	.....105,759	.....	.....4.250	.....4.633	JJ.....	.....833,372	.....1,807,313	01/26/2007	07/15/2023
472682 NX 7	Jefferson Cnty Ala Swr Rev.....			..1	..6FE	.....645,836	.....58.583	.....1,016,415	.....1,735,000	.....645,836	.....	.....	.....	.....5.625	.....17.520	FA.....	.....40,664	.....97,594	09/19/2003	02/01/2019
48542K HZ 5	Kansas St Dev Fin Auth Rev Dept Admin-Comprehensive Pg-A.....			..1	..1FE	.....6,385,620	.....114.745	.....6,884,700	.....6,000,000	.....6,197,100	.....	.....(36,087)	.....	.....5.000	.....4.240	MN.....	.....50,000	.....300,000	03/16/2006	11/01/2016
48542K JB 6	Kansas St Dev Fin Auth Rev Dept Admin-Comprehensive Pg-A.....			..1	..1FE	.....12,003,141	.....109.977	.....12,454,895	.....11,325,000	.....11,672,026	.....	.....(63,453)	.....	.....5.000	.....4.290	MN.....	.....94,375	.....566,250	03/16/2006	11/01/2016
49118N BE 4	Kentucky Asset / Liability Proj Nts-Fed Hwy Tr-First Ser.....			..1	..1FE	.....12,293,447	.....103.146	.....11,516,251	.....11,280,390	.....11,280,390	.....	.....(169,043)	.....	.....5.000	.....3.412	MS.....	.....186,083	.....558,250	05/26/2005	09/01/2012
520354 LW 9	Lawrence Twp Ind Sch Bldg Corp First Mtg.....			..1	..2FE	.....17,396,054	.....103.619	.....18,874,201	.....18,215,000	.....17,491,596	.....	.....39,542	.....	.....4.250	.....4.624	JJ.....	.....356,963	.....774,138	05/03/2007	01/15/2025
542424 MG 8	Long Beach Ca Harbor Rev Ref-Amt-Ser A.....			..1	..1FE	.....10,871,593	.....101.732	.....10,712,380	.....10,530,000	.....10,575,614	.....	.....(121,950)	.....	.....5.000	.....4.463	MN.....	.....67,275	.....526,500	02/10/2005	05/15/2012
544652 L7 3	Los Angeles Calif Waste Wtr Refunding Series A.....			..1	..1FE	.....4,731,254	.....102.019	.....4,799,994	.....4,705,000	.....4,708,629	.....	.....(9,480)	.....	.....5.000	.....4.925	JD.....	.....19,604	.....235,250	10/15/2002	06/01/2012
54473E NQ 3	Los Angeles Cnty Calif Pub Wks Revenue bonds.....			..1	..1FE	.....9,225,000	.....107.839	.....9,948,148	.....9,225,000	.....9,225,000	.....	.....	.....	.....5.841	.....5.841	FA.....	.....224,513	.....371,196	11/10/2010	08/01/2021
54473E NR 1	Los Angeles Cnty Calif Pub Wks Revenue Bonds.....			..1	..1FE	.....10,490,000	.....109.395	.....11,475,536	.....10,490,000	.....10,490,000	.....	.....	.....	.....6.091	.....6.091	FA.....	.....266,227	.....440,163	11/10/2010	08/01/2022
54810C EA 4	Lower Colorado River Auth Tex Refunding.....			..1	..1FE	.....5,025,800	.....104.290	.....5,214,500	.....5,000,000	.....5,009,518	.....	.....(6,748)	.....	.....5.000	.....4.935	MN.....	.....31,944	.....250,000	09/26/2002	05/15/2013
553751 DN 5	MSR CA Pub Pwr Agy San Juan Pr.....			..1	.....	.....931,000	.....125.795	.....1,195,053	.....950,000	.....940,555	.....	.....794	.....	.....6.750	.....6.907	JJ.....	.....32,063	.....64,125	12/15/1989	07/01/2020
57604P L9 3	Massachusetts St Wtr Pollution Unrefunded Balance-Mwra Pg-A.....			..1	..1FE	.....7,351,006	.....102.052	.....7,531,438	.....7,380,000	.....7,355,234	.....	.....1,014	.....	.....5.000	.....5.031	FA.....	.....153,750	.....369,000	01/30/2007	08/01/2027
57604P LC 6	Massachusetts St Wtr Pollution Pool Prog Bds Series 8.....			..1	..1FE	.....11,266,313	.....102.052	.....11,480,850	.....11,250,000	.....11,250,689	.....	.....(1,930)	.....	.....5.000	.....4.982	FA.....	.....234,375	.....562,500	11/15/2002	08/01/2012
57604P VR 2	Massachusetts St Wtr Pollution Unrefunded Bal-Pool Prog-Ser 8.....			..1	..1FE	.....133,818	.....102.643	.....133,436	.....130,000	.....130,328	.....	.....(550)	.....	.....5.000	.....4.550	FA.....	.....2,708	.....6,500	09/22/2004	08/01/2012
592247 H6 0	Metro Pier & Exposition Au III McCormick Place Expansion A.....			..1	..1FE	.....24,659,125	.....101.139	.....26,043,293	.....25,750,000	.....24,892,646	.....	.....30,579	.....	.....5.000	.....5.300	JD.....	.....57,222	.....1,287,500	06/27/2002	12/15/2028
592597 X4 5	Metropolitan Transit Auth N.Y.....			..1	..1FE	.....21,617,640	.....101.805	.....22,397,100	.....22,000,000	.....21,752,457	.....	.....17,404	.....	.....5.000	.....5.140	JJ.....	.....550,000	.....1,100,000	06/05/2002	07/01/2022
592598 Z2 5	Metropolitan Transit Auth N.Y. Ser B.....			..1	..1FE	.....14,226,623	.....102.548	.....15,582,169	.....15,195,000	.....14,519,532	.....	.....30,611	.....	.....4.750	.....5.190	JJ.....	.....360,881	.....721,763	04/28/1999	07/01/2026
59259R BD 5	Metropolitan Trans Auth NY Refunding Series A.....			..1	..1FE	.....19,695,600	.....102.895	.....20,579,000	.....20,000,000	.....19,744,851	.....	.....(8,129)	.....	.....5.000	.....5.093	MN.....	.....127,778	.....1,000,000	10/15/2002	11/15/2012
594381 FH 3	Michigan City Ind Sch Bldg First Mtg.....			..1	..2FE	.....19,929,979	.....109.995	.....21,878,006	.....19,890,000	.....19,919,071	.....	.....(4,524)	.....	.....5.000	.....4.974	JJ.....	.....458,575	.....994,500	06/14/2007	07/15/2017

E10.3

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

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CUSIP Identification	Description	Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
59455R	Y7 5	Michigan Mun BD Auth Rev Loc Govt In Prog Ser C.....	..	..	..1FE	.....10,987,000	.....101.437	.....10,143,700	.....10,000,000	.....10,043,459	.....(130,188)	.....	.....	.....5.000	.....3.650	MN.....	.....83,333	.....500,000	09/19/2003	05/01/2012
596232	BG 2	Middlebury Ind Schs Bldg Corp First Mtg-Ser A.....	..	..	..1FE	.....5,073,850	.....105.409	.....5,270,450	.....5,000,000	.....5,050,332	.....(9,740)	.....	.....	.....5.000	.....4.811	JJ.....	.....115,278	.....250,000	07/26/2006	07/15/2016
64468T	JW 8	New Hampshire St Hsg Fin Auth Amt-Mtg Acquisition Ser B.....	..	..	..1FE	.....550,000	.....100.198	.....551,089	.....550,000	.....550,000	.....	.....	.....	.....6.000	.....6.000	JJ.....	.....16,500	.....33,000	05/29/1997	07/01/2016
64468T	JY 4	New Hampshire St Hsg Fin Auth Amt-Mtg Acquisition Ser B.....	..	..	..1FE	.....196,219	.....100.818	.....196,595	.....195,000	.....195,000	.....	.....	.....	.....6.100	.....6.026	JJ.....	.....5,948	.....11,895	06/05/1997	07/01/2028
645913	AU 8	New Jersey Econ Dev Auth 0% 2/15/16.....	@..	..	..1FE	.....18,665,114	.....86.664	.....23,754,602	.....27,410,000	.....22,497,217	.....1,052,537	.....	.....	.....	.....4.849	MAT.....	.....	.....	02/06/2008	02/15/2016
645913	AV 6	New Jersey Econ Dev Auth 0% 2/15/17.....	@..	..	..1FE	.....31,890,000	.....81.548	.....40,774,000	.....50,000,000	.....38,730,100	.....1,883,817	.....	.....	.....	.....5.049	MAT.....	.....	.....	02/06/2008	02/15/2017
645913	AW 4	New Jersey Econ Dev Auth 0% 2/15/18.....	@..	..	..1FE	.....15,081,500	.....77.375	.....19,343,750	.....25,000,000	.....18,357,807	.....903,048	.....	.....	.....	.....5.108	MAT.....	.....	.....	02/06/2008	02/15/2018
645913	AX 2	New Jersey Econ Dev Auth 0% 2/15/2019.....	@..	..	..1FE	.....48,236,385	.....72.676	.....61,842,915	.....85,094,000	.....58,960,670	.....2,960,330	.....	.....	.....	.....5.218	MAT.....	.....	.....	02/06/2008	02/15/2019
645913	AY 0	New Jersey Econ Dev Auth 0% 2/15/20.....	@..	..	..1FE	.....16,365,966	.....67.502	.....20,760,240	.....30,755,000	.....20,080,562	.....1,026,761	.....	.....	.....	.....5.318	MAT.....	.....	.....	02/06/2008	02/15/2020
645913	BA 1	New Jersey Econ Dev Auth 2/15/22.....	@..	..	..1FE	.....4,694,200	.....59.056	.....5,905,600	.....10,000,000	.....5,792,462	.....304,187	.....	.....	.....	.....5.468	MAT.....	.....	.....	02/06/2008	02/15/2022
64970M	XT 5	New York NY City Hsg Dev Corp Taxable-Ser A.....	..	..	..1FE	.....24,505,000	.....102.861	.....25,206,088	.....24,505,000	.....24,505,000	.....	.....	.....	.....6.420	6.420	MN.....	.....262,204	.....1,573,221	04/25/2006	11/01/2027
64983R	EE 3	New York St Dorm Auth Revs Mental Health Svcs Facs Impt-D.....	..	..	..1FE	.....8,304,375	.....104.929	.....7,869,675	.....7,500,000	.....7,626,571	.....(109,019)	.....	.....	.....5.000	3.450	FA.....	.....141,667	.....375,000	02/04/2005	02/15/2013
64983T	XG 3	New York St Dorm Auth Revs Hosp-Insd-Mtg-Ser A.....	..	..	..1FE	.....6,789,510	.....107.473	.....6,985,745	.....6,500,000	.....6,588,497	.....(31,143)	.....	.....	.....5.250	4.690	FA.....	.....128,917	.....341,250	06/18/2004	08/15/2014
649905	7D 2	New York St Dorm Auth Revs Non Taxable-Pledged Assmt.....	..	..	..1FE	.....17,653,680	.....111.567	.....20,082,060	.....18,000,000	.....17,681,563	.....26,882	.....	.....	.....5.000	5.250	JD.....	.....75,000	.....880,000	12/03/2010	12/01/2020
650009	TL 7	New York State Twy Auth Gen Ser H.....	..	..	..1FE	.....10,363,700	.....115.939	.....11,593,900	.....10,000,000	.....10,270,549	.....(38,503)	.....	.....	.....5.000	4.552	JJ.....	.....250,000	.....500,000	10/03/2007	01/01/2018
650014	TF 0	New York St Twy Auth Second Build America Bonds NYS Twy-B.....	..	..	..2FE	.....5,993,460	.....119.346	.....7,160,760	.....6,000,000	.....5,993,395	.....(65)	.....	.....	.....5.449	5.460	AO.....	.....81,735	.....326,940	03/04/2011	04/01/2025
650034	RT 0	New York St Urban Dev Corp Rev Ref-PJ-Ctr Indl MBIA-IBC.....	..	..	..2FE	.....1,626,928	.....102.048	.....1,602,154	.....1,570,000	.....1,576,046	.....(5,749)	.....	.....	.....5.500	5.100	JJ.....	.....43,175	.....86,350	08/17/2000	01/01/2013
658196	PJ 3	North Carolina Eastn Muni Pwr Series A.....	..	..	..1	.....7,223,986	.....124.691	.....7,892,940	.....6,330,000	.....6,860,989	.....(45,197)	.....	.....	.....6.400	5.220	JJ.....	.....202,560	.....405,120	12/18/2001	01/01/2021
658203	PH 1	North Carolina Muni Pwr Agy Refunding.....	..	..	..2	.....6,760,499	.....102.582	.....6,811,445	.....6,640,000	.....6,692,527	.....(50,152)	.....	.....	.....5.500	4.681	JJ.....	.....182,600	.....365,200	08/16/2010	01/01/2013
658546	QN 9	North Central Texas Health Fac Hosp-Presbyterian Healthcare-A.....	..	..	..1	.....9,096,650	.....126.699	.....11,010,143	.....8,690,000	.....9,020,207	.....(15,649)	.....	.....	.....5.750	5.360	JD.....	.....41,640	.....499,675	07/24/2007	06/01/2026
67756Q	HJ 9	Ohio St Hsg Fin Agy Residentia Amt-Mtg-Bkd Secs Prog-Ser D.....	..	..	..2FE	.....9,643,600	.....106.909	.....10,690,900	.....10,000,000	.....9,737,017	.....38,822	.....	.....	.....4.700	5.191	MS.....	.....156,667	.....470,000	06/09/2008	09/01/2016
681793	US 2	Omaha Pub Pwr Dist NE Elec Rev.....	..	..	..1	.....709,485	.....100.585	.....729,241	.....725,000	.....724,738	.....1,204	.....	.....	.....7.625	7.813	FA.....	.....23,034	.....55,281	07/02/1986	02/01/2012
708681	AU 5	Pennsylvania Conv Ctr Au FGC.....	..	..	..1	.....1,316,550	.....115.016	.....1,541,214	.....1,340,000	.....1,332,413	.....1,309	.....	.....	.....6.700	6.841	MS.....	.....29,927	.....89,780	12/22/1989	09/01/2016
71781L	AW 9	Philadelphia DEV-B-ZE-PA 04/15/18 @ 0.....	@..	..	..1FE	.....5,240,142	.....68.725	.....6,872,500	.....10,000,000	.....6,491,466	.....431,038	.....	.....	.....	6.990	MAT.....	.....	.....	11/18/2008	04/15/2018
71781L	AX 7	Philadelphia DEV-B-ZE-PA 04/15/19 @ 0.....	@..	..	..1FE	.....4,882,328	.....63.469	.....6,346,900	.....10,000,000	.....6,051,921	.....402,941	.....	.....	.....	7.010	MAT.....	.....	.....	11/18/2008	04/15/2019
71781L	AZ 2	Philadelphia DEV-B-ZE-PA 04/15/21 @ 0.....	@..	..	..1FE	.....4,098,808	.....53.883	.....5,388,300	.....10,000,000	.....5,128,262	.....355,751	.....	.....	.....	7.320	MAT.....	.....	.....	11/18/2008	04/15/2021
71781L	BA 6	Philadelphia DEV-B-ZE-PA 04/15/22 @ 0.....	@..	..	..1FE	.....3,804,711	.....49.652	.....4,965,200	.....10,000,000	.....4,763,136	.....331,269	.....	.....	.....	7.340	MAT.....	.....	.....	11/18/2008	04/15/2022
71781L	BB 4	Philadelphia DEV-B-ZE-PA 04/15/23 @ 0.....	@..	..	..1FE	.....3,619,706	.....45.583	.....4,558,300	.....10,000,000	.....4,509,777	.....307,166	.....	.....	.....	7.180	MAT.....	.....	.....	11/18/2008	04/15/2023
71781L	BC 2	Philadelphia DEV-B-ZE-PA 04/25/25 @ 0.....	@..	..	..1FE	.....1,571,684	.....37.132	.....1,856,600	.....5,000,000	.....1,958,161	.....133,374	.....	.....	.....	7.180	MAT.....	.....	.....	11/18/2008	04/15/2025
71782U	AW 8	Philadelphia Pa Hsg Auth Cap Series A.....	..	..	..1FE	.....4,938,600	.....103.053	.....5,152,650	.....5,000,000	.....4,960,897	.....2,948	.....	.....	.....5.000	5.101	JD.....	.....20,833	.....250,000	06/24/2002	12/01/2021
71883M	FK 5	Phoenix Ariz Civic Impt Corp Ref-Sr Lien-Ser D.....	..	..	..1FE	.....5,038,416	.....102.556	.....4,922,688	.....4,800,000	.....4,831,738	.....(61,554)	.....	.....	.....5.500	4.150	JJ.....	.....132,000	.....264,000	05/30/2008	07/01/2012
71883M	FL 3	Phoenix Ariz Civic Impt Corp Arpt Rev.....	..	..	..1FE	.....1,584,870	.....106.627	.....1,599,405	.....1,500,000	.....1,527,189	.....(17,199)	.....	.....	.....5.500	4.240	JJ.....	.....41,250	.....82,500	05/30/2008	07/01/2013
71883R	GV 9	Phoenix Ariz Civic Impt Corp W Jr Lien.....	..	..	..1FE	.....27,572,967	.....110.439	.....28,741,750	.....26,025,000	.....26,679,074	.....(169,979)	.....	.....	.....5.000	4.220	JJ.....	.....650,625	.....1,301,250	03/06/2006	07/01/2015
71884A	LV 9	Phoenix Ariz Civic Impt Corp Sub-Civic Plaza Expansion PJ-A.....	..	..	..1FE	.....8,546,877	.....105.767	.....8,567,127	.....8,100,000	.....8,289,386	.....(49,158)	.....	.....	.....5.000	4.274	JJ.....	.....202,500	.....405,000	03/10/2006	07/01/2015
724795	AB 5	Pittsburgh & Allegheny Cnty PA.....	..	..	..1	.....6,393,029	.....115.464	.....7,770,727	.....6,730,000	.....6,409,692	.....7,036	.....	.....	.....7.920	8.433	JJ.....	.....266,508	.....533,016	09/13/2009	07/01/2030
745268	6H 0	Puerto Rico Elec Power Auth Ref Series KK.....	..	..	..2FE	.....1,026,800	.....112.746	.....1,127,460	.....1,000,000	.....1,018,280	.....(3,536)	.....	.....	.....5.500	5.228	JJ.....	.....27,500	.....55,000	06/13/2002	07/01/2016
751073	FK 8	Raleigh Durham N C Arpt Auth A Amt.....	..	..	..1FE	.....4,451,605	.....108.332	.....4,902,023	.....4,525,000	.....4,463,587	.....4,978	.....	.....	.....5.000	5.165	MN.....	.....37,708	.....226,250	05/16/2007	05/01/2021
751073	FL 6	Raleigh Durham N C Arpt Auth A Amt.....	..	..	..1FE	.....4,630,134	.....107.350	.....5,104,493	.....4,755,000	.....4,648,333	.....7,566	.....	.....	.....5.000	5.257	MN.....	.....39,625	.....237,750	05/16/2007	05/01/2022
751073	FP 7	Raleigh Durham N C Arpt Auth A Amt.....	..	..	..1FE	.....2,791,290	.....104.978	.....3,149,340	.....3,000,000	.....2,813,258	.....9,157	.....	.....	.....5.000	5.621	MN.....	.....25,000	.....150,000	05/16/2007	05/01/2025
759911	PM 6	Regional Trans Auth III.....	..	..	..1FE	.....11,858,785	.....130.330	.....13,013,451	.....9,985,000	.....11,503,395	.....(146,510)	.....	.....	.....6.250	4.610	JJ.....	.....312,031	.....624,063	01/13/2004	07/01/2020
79061A	AC 1	St Joseph Cnty Ind Edl Facs Univ Notre Dame Du Lac Proj.....	..	..	..1FE	.....1,118,170	.....140.082	.....1,400,820	.....1,000,000	.....1,080,071	.....(3,609)	.....	.....	.....6.500	5.669	MS.....	.....21,667	.....65,000	08/22/1996	03/01/2026
797494	BR 1	San Dieguito Calif Pub Facs Au Ref-Sub-Ser C.....1FE1,084,800100.0001,130,0001,130,0001,086,0495277.000	7.332	FA.....32,95879,100	05/09/2008	08/01/2038	

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SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For eign CHAR	Bond Designation	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
79765A	XL	5		1	..1FE	5,830,524	100.936	6,358,968	6,300,000	5,871,664		17,149			5.000	5.560	MN	52,500	315,000	10/16/2002	05/01/2027
83557K	AN	8		1	..1FE	5,556,556	111.189	6,093,157	5,480,000	5,536,081		(8,482)			5.000	4.821	MS	91,333	274,000	10/31/2007	09/01/2017
83557K	AP	3		1	..1FE	5,809,536	109.941	6,332,602	5,760,000	5,796,279		(5,495)			5.000	4.890	MS	96,000	288,000	10/31/2007	09/01/2017
83557K	AQ	1		1	..1FE	6,094,902	109.125	6,607,519	6,055,000	6,084,207		(4,434)			5.000	4.915	MS	100,917	302,750	10/31/2007	09/01/2017
83557K	AR	9		1	..1FE	6,368,819	108.424	6,901,188	6,365,000	6,367,693		(467)			5.000	4.993	MS	106,083	318,250	10/31/2007	09/01/2017
83557K	AS	7		1	..1FE	6,629,456	107.942	7,226,717	6,695,000	6,634,838		2,234			5.000	5.077	MS	111,583	334,750	10/31/2007	09/01/2028
837147	P4	3		1	..1FE	6,640,110	106.962	7,219,935	6,750,000	6,712,783		17,200			5.000	5.294	JJ	168,750	337,500	05/17/2007	01/01/2014
87354T	AP	0		1	..1FE	13,610,142	103.125	14,076,563	13,650,000	13,617,988		1,157			5.000	5.020	JD	56,875	682,500	12/11/2002	12/01/2028
882278	AC	8		1	..1FE	4,970,180	131.332	6,566,600	5,000,000	4,983,827		1,243			7.375	7.425	AO	92,188	368,750	10/19/1990	10/01/2020
882555	UZ	6	@		..1FE	51,852	96.716	87,044	90,000	75,632		3,504			4.800	4.800	MAT			04/04/2005	09/01/2015
882555	VL	6	@		..1FE	5,384,512	94.909	9,301,082	9,800,000	8,235,527		381,525			4.800	4.800	MAT			01/15/2003	09/01/2015
897825	EN	1		1	..1FE	14,490,796	109.727	16,179,246	14,745,000	14,538,273		19,620			4.250	4.422	JJ	313,331	626,663	01/18/2007	07/01/2020
897825	EP	6		1	..1FE	14,692,388	108.222	16,244,122	15,010,000	14,745,401		21,912			4.250	4.451	JJ	318,963	637,925	01/18/2007	07/01/2021
897825	EQ	4		1	..1FE	15,539,075	106.900	17,194,865	16,085,000	15,620,615		33,732			4.250	4.560	JJ	341,806	683,613	01/18/2007	07/01/2022
899647	FG	1		1	..2FE	1,235,625	109.604	1,370,050	1,250,000	1,241,783		721			6.000	6.100	JD	6,250	75,000	06/06/2000	06/01/2020
91417K	JX	0		1	..1FE	5,227,000	122.545	6,127,250	5,000,000	5,203,402		(9,763)			5.000	4.643	JD	20,833	250,000	01/10/2007	06/01/2026
914455	FY	1		1	..1FE	12,128,031	102.375	12,320,831	12,035,000	12,045,152		(11,126)			5.250	5.149	JD	52,653	631,838	11/06/2002	12/01/2012
91755C	KY	4	@		..1FE	2,633,488	99.940	7,145,710	7,150,000	7,078,040		412,112			6.100	6.100	MAT			07/12/1995	03/01/2012
929836	AP	9		2	..2FE	16,120,000	104.166	16,791,559	16,120,000	16,120,000					5.270	5.270	FA	353,968	849,524	12/15/2006	02/01/2016
93638R	BA	2		1	..2FE	10,568,556	104.932	11,757,631	11,205,000	10,644,911		31,658			4.375	4.868	JJ	226,045	490,219	05/17/2007	07/15/2024
93878L	AD	9		1	..1FE	11,625,500	104.890	12,193,463	11,625,000	11,625,000					5.214	5.214	AO	151,532	564,035	10/21/2010	10/01/2020
93976A	AG	7		1	..1FE	5,000,000	111.086	5,554,300	5,000,000	5,000,000					5.221	5.221	JJ	130,525	153,004	11/17/2010	07/01/2020
946303	QK	3		1	..1FE	30,983,459	108.747	33,298,331	30,620,000	30,901,446		(33,986)			5.000	4.857	MN	195,628	1,531,000	03/12/2008	11/15/2018
2599999	U.S. Special Revenue & Assessment Obligations - Issuer Obligations					1,186,619,853	XXX	1,317,203,336	1,362,134,000	1,231,263,999	0	11,988,626	0	0	XXX	XXX	XXX	16,108,370	49,333,051	XXX	XXX
U.S. Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their U.S. Political Subdivisions - Residential Mortgage-Backed Securities																					
31283H	5A	9		2	..1	203,575	113.832	220,139	193,390	202,718		(315)		6.500	6.015	MON	1,048	12,570	04/03/2009	10/01/2034	
31283H	N2	7		2	..1	2,738	114.801	2,967	2,584	2,723		(6)		7.000	6.381	MON	15	181	04/03/2009	08/01/2031	
3128H7	H3	9		2	..1	56,241	108.824	58,267	53,542	55,448		(286)		6.000	4.876	MON	268	3,213	04/03/2009	09/01/2018	
3128KF	BD	1		2	..1	190,600	110.175	201,584	182,967	190,002		(219)		6.000	5.650	MON	915	10,978	04/03/2009	09/01/2036	
3128NC	5Z	3		2	..1	156,575	105.634	165,785	156,943	156,575		(1)		2.415	2.429	MON	316	4,524	08/15/2005	08/01/2035	
31292H	VU	5		2	..1	396,737	108.988	421,079	386,354	396,016		(99)		5.500	4.683	MON	1,771	21,250	05/06/2003	10/01/2029	
31295W	D7	0		2	..1	5,718	101.787	5,594	5,496	5,583		(11)		9.500	9.147	MON	44	522	10/05/1994	05/01/2020	
31295W	GF	9		2	..1	7,394	116.443	8,277	7,108	7,223		(14)		9.500	9.150	MON	56	675	10/05/1994	09/01/2020	
31295W	PP	7		2	..1	7,822	112.296	8,443	7,518	7,585		(18)		9.500	9.100	MON	60	714	10/05/1994	09/01/2016	
312962	5K	5		2	..1	730,238	107.045	758,916	708,969	723,969		(2,254)		4.500	3.844	MON	2,659	31,904	04/03/2009	11/01/2018	
31296P	EM	0		2	..1	172,953	107.910	180,977	167,712	172,437		(188)		5.000	4.722	MON	699	8,386	04/03/2009	10/01/2033	
312971	H9	8		2	..1	193,915	107.915	201,853	187,047	192,200		(619)		5.000	4.302	MON	779	9,352	04/03/2009	05/01/2020	
31297M	H2	7		2	..1	13,899,198	108.863	14,619,392	13,429,177	13,880,136		(6,693)		5.500	4.813	MON	61,550	738,605	08/10/2009	11/01/2034	
31297T	6K	4		2	..1	142,631	107.597	149,020	138,498	142,265		(133)		5.000	4.752	MON	577	6,925	04/03/2009	10/01/2035	
3133TD	JS	6		2	..1	501,005	102.688	510,879	497,508	497,508				6.500	6.407	MON		32,338	04/29/1999	02/01/2009	
3133TG	U4	9		2	..1	201,546	106.797	208,211	194,959	200,716		(303)		6.000	5.628	MON	975	11,698	04/03/2009	11/15/2028	
3133TS	BS	1		2	..1	791,069	106.313	783,704	737,164	775,720		(519)		6.500	4.766	MON	3,993	47,916	06/10/2003	03/01/2029	

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SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
31362T	GE	7	FNMA #070367	2	1	14,589	111.360	17,226	15,468	15,090	308			8.000	10.088	MON	103	1,238	12/13/1989	07/01/2019	
31365D	JV	8	FNCL #124576	2	1	4,361	120.087	5,148	4,287	4,313	(4)			9.000	8.897	MON	32	386	10/05/1994	09/01/2022	
31371J	ET	6	FNMA 15YR	2	1	223,546	108.634	247,922	228,217	225,416	331			5.500	6.163	MON	1,046	12,552	07/27/2001	11/01/2015	
31371K	6J	6	FNCI #254037	2	1	262,244	108.634	289,110	266,132	263,756	144			5.500	6.001	MON	1,220	14,637	08/28/2001	01/01/2016	
31371L	A6	6	Fannie Mae FN 254829	2	1	2,731,359	109.316	3,009,560	2,753,082	2,732,930	99			5.500	5.678	MON	12,618	151,419	07/30/2003	05/01/2032	
31384W	BA	7	FNCI # 535633	2	1	111,368	108.572	122,706	113,019	112,275	155			5.500	6.062	MON	518	6,216	08/28/2001	12/01/2014	
31385J	CH	9	FNCI #545572	2	1	325,554	108.278	351,376	324,514	324,415	(167)			6.000	5.883	MON	1,623	19,471	03/12/2002	01/01/2017	
31387K	V5	9	FNMA 15 YR 586636	2	1	20,858	108.153	22,786	21,069	20,935	9			6.000	6.238	MON	105	1,264	05/23/2001	10/01/2015	
31387K	V8	3	FNMA #586639	2	1	78,856	108.153	86,146	79,652	79,144	33			6.000	6.225	MON	398	4,779	05/23/2001	01/01/2016	
31387N	YL	5	FNMA 589415	2	1	32,640	108.634	36,139	33,267	33,063	98			5.500	6.328	MON	152	1,830	08/09/2001	05/01/2012	
31389H	HL	5	Fannie Mae # 625835	2	1	111,254	108.278	120,294	111,097	111,069	(46)			6.000	5.831	MON	555	6,666	03/08/2002	10/01/2016	
31392J	AD	1	Fannie Mae Series 2003-W2 Class 1A3	2	1	21,603	114.803	23,303	20,298	21,537	(24)			7.500	6.978	MON	127	1,522	04/03/2009	07/25/2042	
31392J	YH	6	Fannie Mae Series 2003-W3 Class 1A3	2	1	19,453	114.389	20,898	18,270	19,394	(22)			7.500	6.975	MON	114	1,370	04/03/2009	08/25/2042	
31401H	PU	0	Fannie Mae FN #708835	2	1	179,662	108.603	187,726	172,855	177,520	(770)			5.000	4.079	MON	720	8,643	04/03/2009	06/01/2018	
31401H	SE	3	Fannie Mae 708917	2	1	512,197	111.691	543,946	487,009	503,860	(114)			6.000	4.313	MON	2,435	29,220	06/06/2003	02/01/2026	
31401J	ND	6	Fannie Mae FN 709688	2	1	3,026,232	109.925	3,325,457	3,025,194	3,016,908	(2)			5.500	5.307	MON	13,865	166,386	08/20/2003	02/01/2033	
31401W	GV	5	Fannie Mae 720312	2	1	5,557,383	107.075	5,944,087	5,551,311	5,546,713	(1,570)			4.500	4.503	MON	20,817	249,809	01/28/2004	06/01/2018	
31401W	KH	1	Fannie Mae FN 720396	2	1	7,048,163	108.603	7,539,070	6,941,866	6,983,628	(15,102)			5.000	4.588	MON	28,924	347,093	09/22/2003	01/01/2018	
31402C	4H	2	FNCL 725424	2	1	7,826,119	109.316	8,508,671	7,783,553	7,803,463	(342)			5.500	5.322	MON	35,675	428,095	08/03/2005	03/01/2032	
31402C	XE	7	FNCL 725277	2	1	5,314,732	107.075	5,637,914	5,265,369	5,284,155	(3,332)			4.500	4.242	MON	19,745	236,942	02/27/2004	05/01/2018	
31402J	SW	8	FNCL 730533	2	1	13,854,051	110.050	15,174,557	13,788,734	13,821,874	(876)			5.000	4.883	MON	57,453	689,437	03/31/2004	07/01/2032	
31403N	UF	2	Fannie Mae 753982	2	1	3,746,462	111.379	4,030,430	3,618,678	3,741,918	(962)			5.500	4.171	MON	16,586	199,027	08/10/2009	02/01/2031	
31403U	MG	3	Fannie Mae FN #758259	2	1	65,445	111.472	69,822	62,636	65,180	(97)			6.000	5.571	MON	313	3,758	04/03/2009	12/01/2033	
31404F	JZ	7	Fannie Mae 767180	LS	2	16,946,572	107.075	17,977,070	16,789,174	16,849,708	9,370			4.500	4.261	MON	62,959	755,513	02/27/2004	07/01/2018	
31404K	SG	8	Fannie Mae FN #771019	2	1	506,350	109.144	535,820	490,929	504,813	(559)			5.000	4.713	MON	2,046	24,546	04/03/2009	04/01/2034	
31405A	KB	8	Fannie Mae FN #783390	2	1	20,070	112.941	21,543	19,075	19,983	(32)			6.500	6.004	MON	103	1,240	04/03/2009	09/01/2034	
31407M	MT	9	FNCL FN #834770	2	1	86,221	113.004	92,696	82,030	85,872	(128)			6.500	6.026	MON	444	5,332	04/03/2009	07/01/2035	
31409W	W8	0	Fannie Mae FN #880971	2	1	52,368	108.634	54,685	50,339	51,914	(164)			5.500	4.792	MON	231	2,769	04/03/2009	10/01/2021	
2699999	U.S. Special Revenue - Residential Mortgage-Backed Securities					86,359,667	XXX	92,501,195	85,174,060	86,029,670	0	(25,444)	0	XXX	XXX	XXX	356,652	4,312,911	XXX	XXX	
3199999	Total - U.S. Special Revenue & Special Assessment Obligations					1,272,979,520	XXX	1,409,704,531	1,447,308,060	1,317,293,669	0	11,963,182	0	XXX	XXX	XXX	16,465,022	53,645,962	XXX	XXX	
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																					
001084	AN	2	Agco Corp Machinery-Farm		.3FE	725,000	101.021	732,402	725,000	725,000				5.875	5.875	JD	3,076		11/28/2011	12/01/2021	
00206R	AJ	1	AT & T Inc Telephone-Integrated		.1FE	1,101,660	115.889	1,158,890	1,000,000	1,084,236	(12,042)			5.500	3.929	FA	22,917	55,000	07/13/2010	02/01/2018	
00206R	AR	3	AT & T Inc Telephone-Integrated		.1FE	5,235,000	118.155	5,907,750	5,000,000	5,185,040	(21,041)			5.800	5.171	FA	109,556	290,000	07/10/2009	02/15/2019	
00817Y	AH	1	Aetna Inc Medical HMO		.2FE	1,891,980	104.901	2,098,020	2,000,000	1,899,988	8,008			3.950	4.657	MS	26,333	79,878	02/10/2011	09/01/2020	
010392	FC	7	Alabama Power Co Utility- Electric		.1FE	1,497,600	106.393	1,595,895	1,500,000	1,497,798	203			3.375	3.394	AO	12,656	50,063	09/27/2010	10/01/2020	
02209S	AG	8	Altria Group Inc Tobacco		.2FE	2,282,720	113.038	2,260,760	2,000,000	2,147,359	(66,076)			7.750	4.047	FA	62,431	155,000	11/23/2009	02/06/2014	
02209S	AJ	2	Altria Group Inc Tobacco		.2FE	9,345,544	134.615	10,836,508	8,050,000	9,107,213	(102,772)			9.250	6.988	FA	299,918	744,625	08/07/2009	08/06/2019	
025816	AX	7	American Express Credit Corp Finance-Credit Card		.1FE	1,587,480	115.131	1,726,965	1,500,000	1,567,166	(9,983)			6.150	5.224	FA	31,519	92,250	11/23/2009	08/28/2017	
0258M0	CY	3	Amer Express Credit Co Finance-Credit Card Series C		.1FE	1,597,455	108.458	1,626,870	1,500,000	1,541,459	(23,669)			7.300	5.504	FA	39,846	109,500	07/13/2009	08/20/2013	
0258M0	DC	0	Amer Express Credit Co Financial Credit Card		.1FE	4,071,384	101.393	4,126,695	4,070,000	4,071,344	(40)			2.800	2.792	MS	32,289		11/16/2011	09/19/2016	
03076C	AD	8	Ameriprise Financial Inc Invest Mgmtm Adv Serv		.1FE	4,728,480	121.224	4,848,960	4,000,000	4,664,081	(64,399)			7.300	4.650	JD	2,433	292,000	02/08/2011	06/28/2019	

E10.6

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2		Codes			6	7		Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest				Dates	
			3	4	5		8	9	12	13			14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description		Code	For eign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
031162	BG	4			1	.2FE		997,420	1,030,520	1,000,000	997,495		75		4.100	4.132	JD	1,822	18,792	06/27/2011	06/15/2021	
03523T	BG	2				.1FE		5,083,899	111,928	5,000,000	5,066,935		(16,964)		5.375	4.868	MN	34,340	268,750	03/15/2011	11/15/2014	
039483	AM	4				.1FE		9,183,600	136,737	8,000,000	9,038,900		(40,357)		7.500	6.170	MS	176,667	600,000	02/06/2008	03/15/2027	
053332	AK	8				.2FE		1,530,930	110,280	1,500,000	1,518,257		(5,412)		5.750	5.310	JJ	39,771	86,250	07/17/2009	01/15/2015	
05522N	AA	5				.1FE		3,140,910	101,852	3,000,000	3,024,132		(52,180)		5.500	3.684	JD	7,792	165,000	09/10/2009	06/14/2012	
060505	AQ	7				.1FE		825,722	100,829	887,295	887,885		18,775		6.250	8.602	AO	11,611	55,000	04/03/2009	04/15/2012	
06051G	EA	3				.1FE		8,977,410	100,720	9,064,800	8,983,502		2,878		6.500	6.545	FA	243,750	585,000	07/23/2009	08/01/2016	
06849R	AF	9				.1FE		1,249,145	108,881	1,361,013	1,250,000		1,249,194		4.400	4.408	MN	4,736	27,347	09/13/2011	05/30/2021	
073902	PR	3				.1FE		4,216,046	112,304	4,306,858	4,143,095		(45,572)		6.400	4.784	AO	60,678	245,440	05/12/2010	10/02/2017	
075887	AW	9				.1FE		3,161,753	103,869	3,375,743	3,250,000		3,168,323		3.250	3.575	MN	14,377	105,625	02/08/2011	11/12/2020	
09247X	AD	3				.1FE		1,672,571	106,859	1,789,888	1,675,000		1,673,494		3.500	3.532	JD	3,420	58,625	12/07/2009	12/10/2014	
097014	AK	0				.1FE		2,010,400	106,728	2,134,560	2,006,205		(2,090)		3.250	3.133	AO	11,556	65,000	12/15/2009	10/27/2014	
097023	AY	1				.1FE		4,957,850	107,528	5,376,400	4,975,136		7,341		3.500	3.669	FA	66,111	175,000	07/23/2009	02/15/2015	
097023	AZ	8				.1FE		1,979,160	117,082	2,341,640	2,000,000		1,982,977		4.875	5.003	FA	36,833	97,500	07/23/2009	02/15/2020	
101137	AK	3				.2FE		3,682,315	111,058	3,887,030	3,670,262		(12,053)		6.000	5.250	JJ	96,833	105,000	04/04/2011	01/15/2020	
12189L	AF	8			1	.2FE		2,992,590	103,556	3,106,680	2,992,719		129		3.450	3.479	MS	37,088		08/17/2011	09/15/2021	
126117	AM	2				.2FE		2,023,460	108,456	2,169,120	2,017,374		(3,183)		6.500	6.278	FA	49,111	130,000	01/14/2010	08/15/2016	
126650	BH	2				.2FE		5,100,150	116,733	5,836,650	5,073,239		(11,387)		5.750	5.433	JD	23,958	287,500	07/09/2009	06/01/2017	
126650	BW	9			1	.2FE		986,840	107,229	1,072,290	987,482		642		4.125	4.288	MN	5,271	20,969	05/09/2011	05/15/2021	
14040H	AM	7				.2FE		3,158,070	107,374	3,221,220	3,102,147		(27,159)		5.500	4.414	JD	13,750	165,000	11/18/2009	06/01/2015	
140420	MV	9				.2FE		5,217,350	114,530	5,726,500	5,179,819		(16,739)		8.800	8.151	JJ	202,889	440,000	07/23/2009	07/15/2019	
14170T	AB	7				.2FE		3,040,062	117,875	3,536,250	3,033,517		(3,457)		6.375	6.185	FA	79,688	191,250	02/08/2010	08/01/2019	
14170T	AF	8				.2FE		2,538,625	108,403	2,710,075	2,523,165		(8,278)		5.125	4.738	FA	53,385	128,125	02/08/2010	08/01/2014	
14912L	4E	8				.1FE		2,196,836	128,701	2,574,020	2,156,022		(17,274)		7.150	5.796	FA	54,022	143,000	07/13/2009	02/15/2019	
156700	AQ	9				.2FE		2,992,500	98,343	2,950,290	2,993,022		502		5.150	5.199	JD	6,867	76,821	06/10/2011	06/15/2017	
172967	DQ	1				.1FE		19,988,000	106,974	21,394,800	19,992,428		1,178		5.850	5.858	FA	484,250	1,170,000	07/27/2006	08/02/2016	
172967	EZ	0				.1FE		1,790,910	103,959	1,871,262	1,794,559		1,701		5.500	5.615	AO	20,900	99,000	09/17/2009	10/15/2014	
20030N	AJ	0				.2FE		2,740,100	112,908	2,822,700	2,662,127		(37,995)		5.850	4.023	MN	18,688	146,250	11/23/2009	11/15/2015	
20030N	AL	5				.2FE		5,224,600	114,986	5,749,300	5,158,366		(27,929)		5.900	5.156	MS	86,861	295,000	07/13/2009	11/15/2016	
202795	HH	6				.2FE		5,217,000	108,874	5,443,700	5,133,283		(37,415)		4.700	3.828	AO	49,611	235,000	09/14/2009	04/15/2015	
205887	BD	3				.2FE		2,598,024	112,460	2,727,155	2,554,904		(20,457)		5.819	4.694	JD	6,272	141,111	10/27/2009	06/15/2017	
209111	EZ	2				.1FE		4,066,520	114,332	4,573,280	4,061,361		(5,159)		4.450	4.232	JD	7,911	178,000	02/08/2011	06/15/2020	
209615	BN	2				.2FE		5,381,650	110,839	5,541,950	5,177,442		(86,666)		6.625	4.665	JD	27,604	331,250	07/21/2009	12/01/2013	
24422E	QV	4				.1FE		2,130,240	121,254	2,425,080	2,100,612		(12,467)		5.750	4.859	MS	36,097	115,000	07/13/2009	09/10/2018	
249030	AC	1				.2FE		1,230,715	102,901	1,270,827	1,230,785		71		4.125	4.168	FA	18,113		08/18/2011	08/15/2021	
250847	EE	6				.1FE		2,232,120	109,054	2,181,080	2,104,181		(56,972)		6.400	3.308	AO	32,000	128,000	09/11/2009	10/01/2013	
25459H	AU	9				.2FE		2,154,840	113,348	2,266,960	2,141,612		(13,228)		5.875	4.770	AO	29,375	117,500	02/08/2011	10/01/2019	
25459H	BA	2				.2FE		995,590	107,409	1,074,090	995,788		198		5.000	5.057	MS	16,667	23,750	03/07/2011	03/01/2021	
254709	AE	8				.2FE		1,471,936	120,581	1,477,117	1,468,143		(3,793)		10.250	6.836	JJ	57,898		10/31/2011	07/15/2019	
25470D	AA	7				.2FE		1,083,740	113,216	1,132,160	1,076,332		(7,408)		5.625	4.433	FA	21,250	56,250	02/08/2011	08/15/2019	
260543	BW	2				.2FE		3,399,450	113,160	3,394,800	3,220,496		(86,569)		7.600	4.304	MN	29,133	228,000	11/17/2009	05/15/2014	
260543	CC	5			1	.2FE		975,850	104,518	1,045,180	977,180		1,330		4.250	4.565	MN	5,431	43,208	04/28/2011	11/15/2020	

E10.7

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
260543	CF	8			.2FE	2,988,090	103.047	3,091,410	3,000,000	2,988,093		3		4.125	4.174	MN	16,156		11/04/2011	11/15/2021	
263534	BZ	1			.1FE	5,248,130	115.039	6,062,555	5,270,000	5,252,388		1,758		4.625	4.675	JJ	112,390	243,738	11/04/2009	01/15/2020	
266233	AD	7			.3FE	624,711	103.369	646,056	625,000	624,687		(24)		5.900	5.906	JD	3,073	18,540	05/25/2011	12/01/2021	
26884L	AB	5			.2FE	624,236	100.540	633,402	630,000	624,263		27		4.875	4.992	MN	4,607		11/02/2011	11/15/2021	
26884T	AD	4			.2FE	995,360	103.111	1,031,110	1,000,000	995,479		119		4.500	4.558	FA	16,875	11,250	05/09/2011	08/16/2021	
29379V	AA	1			.2FE	3,285,240	117.161	3,514,830	3,000,000	3,219,381		(32,722)		6.300	4.817	MS	55,650	189,000	12/03/2009	09/15/2017	
29379V	AD	5			.2FE	3,569,850	115.544	3,466,320	3,000,000	3,278,663		(124,212)		9.750	4.990	JJ	122,688	292,500	07/23/2009	01/31/2014	
302182	AD	2			.2FE	2,164,400	108.923	2,178,460	2,000,000	2,087,064		(32,917)		6.250	4.360	JD	5,556	125,000	07/23/2009	06/15/2014	
364760	AK	4			.2FE	3,986,000	95.097	3,803,880	4,000,000	3,986,322		322		5.950	5.997	AO	52,228	119,000	04/08/2011	04/12/2021	
36962G	W7	5			.1FE	13,000,000	73.626	9,571,380	13,000,000	13,000,000				0.815	1.396	FMAN	16,187	87,973	07/07/2009	05/05/2026	
36962G	XZ	2			.1FE	154,065	119.587	227,215	190,000	155,613		614		6.750	8.660	MS	3,776	12,825	04/03/2009	03/15/2032	
38141E	A6	6			.1FE	5,312,500	103.445	5,172,250	5,000,000	5,289,249		(23,251)		6.000	5.147	JD	13,333	300,000	02/10/2011	06/15/2020	
38141G	FM	1			.1FE	6,410,640	103.791	6,227,460	6,000,000	6,371,348		(30,052)		6.150	4.979	AO	92,250	276,750	07/20/2011	04/01/2018	
38144L	AB	6			.1FE	660,882	105.165	630,990	600,000	654,869		(6,013)		6.250	4.407	MS	12,500	18,750	04/11/2011	09/01/2017	
39121J	AA	8		2	.1FE	16,430,736	110.508	18,157,278	16,430,736	16,430,736				5.829	5.829	JJ	478,874	957,748	06/22/2007	07/01/2017	
40428E	JQ	3			.1FE	3,036,300	102.852	3,085,560	3,000,000	3,018,381		(7,695)		4.625	4.333	AO	34,688	138,750	08/05/2009	04/01/2014	
40429C	GD	8			.1FE	3,538,712	102.870	4,114,800	4,000,000	3,546,066		7,354		6.676	8.499	JJ	123,135		10/17/2011	01/15/2021	
416515	AZ	7			.2FE	2,891,075	99.958	2,748,845	2,750,000	2,882,642		(8,433)		5.500	4.784	MS	38,233	75,625	05/04/2011	03/30/2020	
437076	AR	3			.1FE	2,088,060	108.611	2,172,220	2,000,000	2,041,306		(19,868)		5.250	4.140	JD	4,375	105,000	07/23/2009	12/16/2013	
460146	CG	6		1	.2FE	994,388	106.784	1,057,162	990,000	994,295		(93)		4.750	4.695	FA	5,878		11/14/2011	11/15/2021	
46625H	AX	8			.1FE	3,148,250	105.734	3,700,690	3,500,000	3,288,007		54,204		5.250	7.327	MN	30,625	183,750	04/03/2009	05/01/2015	
478366	AE	5			.2FE	2,084,796	107.419	2,255,799	2,100,000	2,085,882		1,086		4.250	4.339	MS	29,750	51,319	02/01/2011	03/01/2021	
48121C	VZ	6			.1FE	6,090,196	107.076	6,028,379	5,630,000	5,981,966		(54,764)		6.000	4.699	JJ	165,147	337,800	12/17/2009	07/05/2017	
49326E	EB	5			.2FE	2,099,300	105.827	2,116,540	2,000,000	2,041,264		(28,549)		6.500	4.918	MN	16,972	130,000	11/25/2009	05/14/2013	
49326E	ED	1			.2FE	1,248,838	104.140	1,301,750	1,250,000	1,248,808		(30)		5.100	5.112	MS	17,177	31,875	03/21/2011	03/24/2021	
494550	AY	2			.2FE	2,534,300	114.256	2,856,400	2,500,000	2,526,061		(3,488)		5.950	5.744	FA	56,194	148,750	07/22/2009	02/15/2018	
50075N	BB	9			.2FE	4,260,380	108.442	4,635,896	4,275,000	4,264,465		2,272		4.125	4.190	FA	69,558	176,344	02/04/2010	02/09/2016	
501044	CG	4			.2FE	1,106,020	119.042	1,190,420	1,000,000	1,083,067		(12,644)		6.400	4.700	FA	24,178	64,000	02/23/2010	08/15/2017	
501044	CL	3			.2FE	1,197,840	112.094	1,176,987	1,050,000	1,121,136		(32,855)		7.500	4.005	JJ	36,313	78,750	08/04/2009	01/15/2014	
501044	CM	1			.2FE	3,246,393	107.567	3,495,928	3,250,000	3,247,494		572		3.900	3.921	AO	31,688	126,750	09/24/2009	10/01/2015	
548661	CT	2		1	.1FE	3,948,420	104.009	4,108,356	3,950,000	3,948,292		(26)		3.750	3.755	AO	31,271	132,901	11/17/2010	04/15/2021	
56585A	AD	4			.2FE	999,919	104.992	1,049,920	1,000,000	999,927		8		5.125	5.125	MS	17,083		11/21/2011	03/01/2021	
571748	AR	3		1	.2FE	664,009	109.772	729,984	665,000	664,032		22		4.800	4.819	JJ	14,719		07/12/2011	07/15/2021	
574754	AA	5		2	.2FE	3,014,724	96.812	2,807,548	2,900,000	2,919,815		(28,792)		6.910	5.833	MS	66,797	200,390	06/12/2008	09/01/2012	
574754	AB	3			.1FE	3,795,042	99.733	4,089,053	4,100,000	3,961,098		73,925		6.570	8.789	MS	89,790	269,370	08/11/2009	09/01/2013	
59018Y	N5	6			.1FE	5,053,050	101.781	5,089,050	5,000,000	5,019,488		(14,210)		6.150	5.830	AO	56,375	307,500	07/09/2009	04/25/2013	
59156R	AU	5			.1FE	4,576,490	125.988	5,039,520	4,000,000	4,494,583		(52,114)		7.717	5.571	FA	116,612	250,803	02/10/2011	02/15/2019	
59156R	AT	5			.1FE	5,278,550	115.836	5,791,800	5,000,000	5,191,098		(37,076)		6.750	5.756	JD	28,125	337,500	07/10/2009	06/01/2016	
607059	BR	2			.1FE	5,926,383	110.578	5,826,688	5,269,301	5,727,758		(54,280)		5.940	4.485	AO	66,077	312,997	02/06/2008	01/15/2019	
61167H	BK	8			.1FE	23,510,800	123.448	24,689,600	20,000,000	22,323,929		(323,537)		6.470	4.300	AO	273,178	1,294,000	02/06/2008	02/26/2018	
617446	C2	3			.1FE	310,457	96.364	279,456	290,000	309,081		(1,376)		5.450	3.991	JJ	7,551		08/02/2011	01/09/2017	

E10.8

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2		Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
			3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description		Code	For eign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
61747W	AL	3			..1FE	3,089,010	92.109	2,887,617	3,135,000	3,089,747		737		5.500	5.697	JJ	73,281			10/27/2011	07/28/2021	
61747Y	CE	3			..1FE	3,241,260	100.573	3,017,190	3,000,000	3,154,229	(42,316)			6.000	4.321	AO	31,500	180,000		11/19/2009	04/28/2015	
61747Y	CJ	0			..1FE	5,214,750	101.122	5,056,100	5,000,000	5,111,508	(43,488)			6.000	4.986	MN	40,000	300,000		07/10/2009	05/13/2014	
61747Y	CF	2			..1FE	5,003,330	93.957	4,697,850	5,000,000	5,004,631	369			5.625	5.608	MS	76,563	225,000		08/12/2011	09/23/2019	
61747Y	CK	9			..1FE	2,369,052	96.579	2,288,922	2,370,000	2,369,338	182			4.200	4.209	MN	11,337	99,540		11/17/2009	11/20/2014	
63534P	AG	2			..1FE	6,064,620	111.320	6,679,200	6,000,000	6,048,862	(7,539)			5.800	5.623	JD	23,200	348,000		10/22/2009	06/07/2017	
641423	BY	3			..2FE	3,294,930	125.045	3,751,350	3,000,000	3,234,875	(25,666)			7.125	5.779	MS	62,938	213,750		07/21/2009	03/15/2019	
651639	BL	0			..2FE	1,741,285	110.552	1,934,660	1,750,000	1,742,788	724			5.125	5.189	AO	22,422	89,688		09/15/2009	10/01/2019	
652482	BT	6			..2FE	3,511,170	120.298	3,608,940	3,000,000	3,463,459	(47,711)			6.900	4.365	MS	69,000	207,000		02/10/2011	03/01/2019	
65473Q	AR	4			..2FE	2,638,250	110.917	2,772,925	2,500,000	2,630,299	(7,951)			5.450	4.712	MS	40,118	68,125		04/28/2011	09/15/2020	
690742	AA	9			..2FE	1,505,000	108.711	1,521,954	1,400,000	1,501,991	(3,009)			6.500	4.817	JD	7,583	45,500		10/28/2011	12/01/2016	
693476	BG	7			..1FE	3,110,550	107.793	3,233,790	3,000,000	3,073,842	(18,284)			4.250	3.537	MS	35,417	127,500		12/10/2009	09/21/2015	
705322	AJ	4		..2	..1FE	15,319,200	117.507	17,626,050	15,000,000	15,251,325	(27,591)			5.952	5.644	MN	114,080	892,800		09/13/2009	11/15/2022	
718172	AA	7			..1FE	3,282,750	118.753	3,562,590	3,000,000	3,236,729	(31,760)			5.650	4.224	MN	21,188	169,500		07/09/2010	05/16/2018	
72650R	AJ	1			..2FE	1,051,247	109.735	1,097,350	1,000,000	1,033,457	(8,825)			5.250	4.199	JD	2,333	52,500		12/07/2009	06/15/2015	
72650R	AV	4			..2FE	3,797,466	102.036	3,882,470	3,805,000	3,803,154	2,394			4.250	4.317	MS	53,904	161,713		07/20/2009	09/01/2012	
74251V	AB	8			..1FE	3,376,440	114.601	3,438,030	3,000,000	3,210,997	(82,307)			7.875	4.703	MN	30,188	236,250		12/07/2009	05/15/2014	
74254P	VP	4			..1FE	5,121,500	104.191	5,209,550	5,000,000	5,036,073	(36,373)			5.300	4.515	JD	12,514	265,000		07/22/2009	12/14/2012	
742718	CB	3			..1FE	53,401	127.616	70,189	55,000	53,490	33			5.500	5.720	FA	1,260	3,025		04/03/2009	02/01/2034	
74438G	AA	9		..2	..1FE	47,059,155	97.245	49,905,162	51,319,000	48,174,119	451,004			1.434	2.900	MJSD	28,622	612,533		09/13/2009	12/18/2017	
74438G	AC	5			..1FE	35,593,381	115.802	39,639,025	34,230,000	35,454,740	(64,699)			7.245	6.803	JD	89,554	2,479,964		09/13/2009	12/18/2017	
74913G	AT	2			..2FE	2,277,660	109.746	2,304,666	2,100,000	2,273,074	(4,586)			6.500	4.755	JD	11,375	68,250		10/28/2011	06/01/2017	
760759	AM	2			..2FE	2,013,640	109.648	2,192,960	2,000,000	2,013,003	(637)			4.750	4.675	MN	12,139	49,083		05/05/2011	05/15/2023	
760761	AB	2			..2FE	2,979,872	114.971	3,449,130	3,000,000	2,982,268	1,769			5.500	5.594	MS	48,583	165,000		08/03/2010	09/15/2019	
760761	AD	8			..2FE	2,073,400	113.829	2,276,580	2,000,000	2,068,724	(4,676)			5.250	4.808	MN	13,417	105,000		02/09/2011	11/15/2021	
761713	AU	0			..2FE	5,201,036	115.039	5,751,950	5,000,000	5,154,190	(23,233)			6.750	6.076	JD	15,000	337,500		11/30/2009	06/15/2017	
841238	AB	4			..2FE	21,100,932	114.613	21,547,244	18,800,000	20,793,739	(139,206)			7.590	6.161	FA	594,550	1,426,920		09/13/2009	02/01/2022	
84756N	AB	5		..1	..2FE	574,810	103.758	596,609	575,000	574,811	1			4.600	4.604	JD	1,176	13,666		06/06/2011	06/15/2021	
855030	AJ	1			..2FE	2,320,000	114.482	2,289,640	2,000,000	2,155,993	(70,320)			9.750	5.644	JJ	89,917	195,000		07/23/2009	01/15/2014	
86787G	AG	7			..2FE	482,064	105.843	519,689	491,000	484,926	1,453			5.000	5.374	MS	8,183	24,550		12/18/2009	09/01/2015	
870836	AC	7			..1FE	133,224	115.947	202,907	175,000	136,377	1,242			7.500	10.607	JJ	6,052	13,125		04/03/2009	07/15/2025	
872540	AN	9			..1FE	2,116,060	109.472	2,189,440	2,000,000	2,076,788	(19,763)			4.200	3.071	FA	31,733	84,000		12/21/2009	08/15/2015	
881685	BB	6			..1FE	250,800	150.653	338,969	225,000	249,463	(522)			8.000	6.995	FA	7,500	18,000		04/03/2009	08/01/2032	
887317	AC	9			..2FE	5,239,930	115.819	5,790,950	5,000,000	5,174,322	(31,414)			5.875	5.049	MN	37,535	293,750		12/01/2009	11/15/2016	
88732J	AK	4			..2FE	8,758,208	107.463	8,811,966	8,200,000	8,422,590	(140,675)			6.200	4.312	JJ	254,200	508,400		07/13/2009	07/01/2013	
88732J	BA	5		..1	..2FE	743,318	101.531	761,483	750,000	743,447	129			4.000	4.110	MS	9,083			09/07/2011	09/01/2021	
89417E	AC	3			..1FE	2,142,660	117.252	2,345,040	2,000,000	2,117,080	(16,733)			5.750	4.614	JD	5,111	115,000		06/10/2010	12/15/2017	
89417E	AF	6			..1FE	1,648,380	117.674	1,765,110	1,500,000	1,635,015	(13,365)			5.900	4.461	JD	7,129	88,500		02/08/2011	06/02/2019	
907818	DC	9			..2FE	3,136,440	107.694	3,230,820	3,000,000	3,067,068	(29,757)			5.125	4.013	FA	58,083	153,750		08/05/2009	02/15/2014	
911312	AG	1			..1FE	3,198,420	104.295	3,128,850	3,000,000	3,062,864	(59,058)			4.500	2.444	JJ	62,250	135,000		08/26/2009	01/15/2013	
911312	AM	8			..1FE	4,966,500	106.489	5,324,450	5,000,000	4,969,942	3,189			3.125	3.202	JJ	72,049	105,469		11/08/2010	01/15/2021	
918204	AV	0			..1FE	1,340,831	103.618	1,393,662	1,345,000	1,340,911	80			3.500	3.537	MS	16,607			08/19/2011	09/01/2021	

E10.9

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For eign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
91913Y AQ 3	Valero Energy Corp Oil Refining & Marketing.....			.2FE	997,360	106.964	1,069,640	1,000,000	998,255		505			4.500	4.560	FA.....	18,750	45,000	02/03/2010	02/01/2015	
92343V AG 9	Verizon Communications Telephone-Integrated.....			.1FE	7,843,950	116.525	8,739,375	7,500,000	7,752,174		(41,589)			5.500	4.765	AO.....	103,125	412,500	11/20/2009	04/01/2017	
92344S AP 5	Cellco Part/Veri Wireless Cellular Telecom.....			.1FE	4,341,542	108.750	4,350,000	4,000,000	4,174,625		(79,668)			5.550	3.361	FA.....	92,500	222,000	11/12/2009	02/01/2014	
92553P AD 4	Viacom Inc Multimedia.....			.2FE	2,381,928	113.124	2,714,976	2,400,000	2,385,138		1,474			5.625	5.724	MS.....	39,750	135,000	08/19/2009	09/15/2019	
92553P AE 2	Viacom Inc Multimedia.....			.2FE	2,263,835	107.255	2,445,414	2,280,000	2,270,791		3,085			4.375	4.533	MS.....	29,371	99,750	08/19/2009	09/15/2014	
94106L AS 8	Waste Management.....			.2FE	1,761,088	117.963	1,887,408	1,600,000	1,731,380		(17,956)			6.100	4.564	MS.....	28,738	97,600	04/22/2010	03/15/2018	
94980V AE 8	Wells Fargo Bank NA Basic.....			.1FE	27,748,280	109.421	30,637,880	28,000,000	27,869,766		24,998			5.750	5.870	MN.....	205,722	1,610,000	05/31/2006	05/16/2016	
970648 AD 3	Willis North America Inc Insurance Brokers.....			.2FE	2,957,378	110.035	3,301,050	3,000,000	2,967,500		5,007			6.200	6.444	MS.....	48,050	186,000	11/19/2009	03/28/2017	
984121 BY 7	Xerox Corporation Office Automation & Equipment.....			.2FE	2,682,125	112.270	2,806,750	2,500,000	2,628,050		(26,758)			6.400	5.031	MS.....	47,111	160,000	12/01/2009	03/15/2016	
984121 BP 8	Xerox Corporation Office Automation & Equipment.....			.2FE	3,471,720	113.211	3,396,330	3,000,000	3,260,969		(102,378)			8.250	4.347	MN.....	31,625	247,500	11/18/2009	05/15/2014	
984121 CD 3	Xerox Corporation Office Automation & Equipment.....			.2FE	878,327	101.487	898,160	885,000	878,612		285			4.500	4.595	MN.....	5,089	19,581	05/13/2011	05/15/2021	
00080Q AD 7	ABN AMRO Bank NV Money Center Banks.....	F		.2FE	5,720,232	104.816	5,240,800	5,000,000	5,697,870		(22,363)			7.750	6.035	MN.....	49,514	145,313	06/30/2011	05/15/2023	
00254E JE 3	Swedish Export Credit Export/Import Bank.....	F		.1FE	7,992,640	103.751	8,300,080	8,000,000	7,995,609		1,437			3.250	3.270	MS.....	75,833	260,000	09/09/2009	09/16/2014	
00279V CA 1	Abbey Natl Treasury Serv Mortgage Banks.....	F		.1FE	5,523,729	93.697	5,176,759	5,525,000	5,524,035		246			3.875	3.880	MN.....	30,330	214,094	11/04/2009	11/10/2014	
007924 AH 6	Aegon NV Multi-line Insurance.....	F		.1FE	4,947,600	102.700	5,135,000	5,000,000	4,963,982		8,124			4.625	4.828	JD.....	19,271	231,250	11/24/2009	12/01/2015	
05330A AA 5	Autopista Maipo.....	F	2	.2FE	19,536,748	106.619	19,751,935	18,525,718	19,206,358		(43,364)			7.373	6.874	JD.....	60,707	1,365,901	11/07/2001	06/15/2022	
05946K AA 9	Banco Bilbao Vizcaya Arg Commer Banks Non-US.....	F		.1FE	2,694,375	105.075	2,626,875	2,500,000	2,677,312		(17,063)			5.750	4.300	JJ.....	64,288	71,875	05/18/2011	07/20/2017	
06675E AB 6	Banque PSA Frin Finance Leasing Company.....	F		.2FE	3,491,600	93.943	3,288,005	3,500,000	3,492,523		923			4.375	4.429	AO.....	37,005	76,563	03/29/2011	04/04/2016	
06739F FS 5	Barclays Bank Plc Commer Banks Non-US.....	F		.1FE	3,275,309	110.929	3,361,149	3,030,000	3,226,994		(20,966)			6.750	5.660	MN.....	22,157	204,525	08/04/2009	05/22/2019	
06739F GF 2	Barclays Bank Plc Commer Banks Non-US.....	F		.1FE	1,962,465	103.040	2,024,736	1,965,000	1,963,044		331			5.000	5.022	MS.....	27,019	98,250	09/17/2009	09/22/2016	
06739G AR 0	Barclays Bank Plc Commer Banks Non-US.....	F		.1FE	712,810	102.443	717,101	700,000	712,007		(803)			5.125	4.864	JJ.....	17,240	17,938	04/13/2011	01/08/2020	
136385 AK 7	Canadian Natl Resources Oil Comp-Explor & Prodn.....	A		.2FE	5,242,100	117.899	5,894,950	5,000,000	5,178,978		(28,499)			5.700	4.932	MN.....	36,417	285,000	09/15/2009	05/15/2017	
233048 AC 1	DBS Bank Ltd Money Center Banks.....	F	1	.2FE	13,000,000	90.750	11,797,500	13,000,000	13,000,000					1.013	5.429	JAJO..	27,803	117,878	11/11/2008	07/15/2021	
26835P AC 4	EDP Finance BV Electric-Integrated.....	F		.2FE	1,043,280	78.615	825,458	1,050,000	1,044,444		566			4.900	4.982	AO.....	12,863	51,450	09/22/2009	10/01/2019	
27636P AF 6	Eastern Energy Electric Distribution.....	F		.1FE	4,099,640	117.773	4,710,920	4,000,000	4,066,340		(11,065)			7.250	6.845	JD.....	24,167	290,000	09/25/2008	12/01/2016	
29268B AB 7	Enel Finance Internation Electric-Integrated.....	F		.1FE	3,151,710	99.728	2,991,840	3,000,000	3,112,764		(16,473)			6.250	5.472	MS.....	55,208	187,500	07/14/2009	09/15/2017	
404280 AK 5	HSBC Holdings PLC Diversified Banking Inst.....	F		.1FE	1,527,237	106.486	1,586,641	1,490,000	1,525,326		(1,910)			5.100	4.777	AO.....	18,153	37,995	05/17/2011	04/05/2021	
46115H AA 5	Intesa San Paolo SPA Commer Banks Non-US.....	F		.1FE	3,529,855	85.208	3,013,807	3,537,000	3,531,568		1,355			3.625	3.670	FA.....	49,506	128,216	09/21/2010	08/12/2015	
539473 AG 3	Lloyds TSB Bank Plc Money Center Banks.....	F		.1FE	2,030,620	96.606	1,932,120	2,000,000	2,025,902		(4,718)			4.875	4.521	JJ.....	43,333	48,750	02/25/2011	01/21/2016	
53947M AA 4	Lloyds TSB Bank Plc Money Central Banks.....	F		.1FE	6,694,732	96.019	6,428,472	6,695,000	6,694,740		51			4.375	4.376	JJ.....	137,503	292,906	01/05/2010	01/12/2015	
53947M AB 2	Lloyds TSB Bank Plc Money Center Banks.....	F		.1FE	2,743,593	98.083	2,697,283	2,750,000	2,744,515		515			5.800	5.831	JJ.....	74,433	159,500	01/05/2010	01/13/2020	
55608J AE 8	Macquarie Group Ltd Finance-Invest Bnkr Brkr.....	F		.1FE	2,473,525	96.818	2,420,450	2,500,000	2,475,331		1,806			6.250	6.395	JJ.....	72,483	78,125	01/07/2011	01/14/2021	
65557F AA 4	Nordea Bank AB Commer Banks Non-US.....	F		.1FE	2,985,240	83.711	2,511,330	3,000,000	2,985,803		563			4.875	4.938	MN.....	19,500	73,125	05/10/2011	05/13/2021	
71644E AH 5	Petro-Canada Oil Comp-Integrated.....	A		.2FE	2,542,150	117.226	2,930,650	2,500,000	2,532,547		(4,141)			6.050	5.801	MN.....	19,326	151,250	07/22/2009	05/15/2018	
767201 AH 9	Rio Tinto Fin USA Ltd Diversified Minerals.....	F		.1FE	2,925,000	136.981	3,424,525	2,500,000	2,842,881		(35,375)			9.000	6.607	MN.....	37,500	225,000	07/21/2009	05/01/2019	
78010X AD 3	Royal Bk of Scotland PLC Commer Banks Non-US.....	F		.1FE	3,997,840	97.189	3,887,560	4,000,000	3,998,667		704			3.400	3.419	FA.....	48,356	135,622	08/18/2010	08/23/2013	
78010X AE 1	Royal Bk of Scotland PLC Commer Banks Non-US.....	F		.1FE	1,249,338	96.218	1,202,725	1,250,000	1,249,306		52			5.625	5.632	FA.....	24,805	70,313	08/18/2010	08/24/2020	
81013T AB 7	Scottish Power Electric-Integrated.....	F		.1FE	5,265,316	105.476	5,369,783	5,091,000	5,195,561		(29,682)			5.375	4.675	MS.....	80,572	273,641	07/23/2009	03/15/2015	
822582 AJ 1	Shell International Financial Oil Comp-Integrated.....	F		.1FE	6,975,780	115.577	8,090,390	7,000,000	6,980,013		2,093			4.300	4.343	MS.....	82,775	301,000	09/15/2009	09/22/2019	
83364L AB 5	Societe Generale Diversified Banking Inst.....	F		.2FE	2,352,038	91.399	2,056,478	2,250,000	2,338,133		(13,904)			5.750	4.731	AO.....	25,516	129,375	03/23/2011	04/20/2016	
86722T AA 0	Suncor Energy Inc Oil Comp-Integrated.....	A		.2FE	3,040,350	118.586	3,557,580	3,000,000	3,031,317		(3,935)			6.100	5.901	JD.....	15,250	183,000	07/27/2009	06/01/2018	
87927V AU 2	Telecom Italia Capital.....	F		.2FE	2,914,678	93.024	2,440,020	2,623,000	2,854,691		(29,518)			6.999	5.355	JD.....	13,769	183,584	11/24/2009	06/04/2018	

E10.10

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For eign CHAR	Bond Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
893526 DK 6	Tran-Canada Pipeline Pipelines.....	A		.1FE	4,972,189	108.075	5,387,539	4,985,000	4,973,370		1,118			3.800	3.831	AO	47,358	193,640	09/20/2010	10/01/2020	
902118 BM 9	Tyco Intl. Group Diversified Manufact Op.....	F		.1FE	1,689,118	106.343	1,802,514	1,695,000	1,691,510		1,127			4.125	4.202	AO	14,761	69,919	09/30/2009	10/15/2014	
902133 AF 4	Tyco Electronics Group S Diversified Manufact Op.....	F		.2FE	5,279,900	115.733	5,786,650	5,000,000	5,216,256		(31,109)			6.550	5.656	AO	81,875	327,500	11/18/2009	10/01/2017	
90261X BY 7	UBS AG Stamford Commer Banks-Eastern US.....	F		.1FE	4,113,640	100.788	4,031,520	4,000,000	4,083,203		(15,822)			5.875	5.352	JJ	108,361	235,000	01/08/2010	07/15/2016	
92857W AT 7	Vodafone Group PLC Cellular Telecom.....	F		.1FE	5,006,650	106.126	5,306,300	5,000,000	5,003,452		(1,359)			4.150	4.119	JD	12,104	207,500	07/09/2009	06/10/2014	
961214 BK 8	Wespack Banking Corp Commer Banks Non-US.....	F		.1FE	4,996,450	106.177	5,308,850	5,000,000	4,996,803		299			4.875	4.884	MN	28,438	243,750	11/16/2009	11/19/2019	
98417E AG 5	Xstrata Canada Fin Corp Metal Diversified.....	A		.2FE	2,997,570	99.202	2,976,060	3,000,000	2,997,536		(34)			3.600	3.618	JJ	15,300		11/04/2011	01/15/2017	
000000 00 0	Citibank Time Deposit CD.....	SD		.1	50,000	100.000	50,000	50,000	50,000					1.100	1.100	MAT	906		05/10/2010	05/10/2012	
3299999	Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations.....				791,969,246	XXX	829,250,432	767,736,755	785,632,856	0	(2,775,050)	0	0	XXX	XXX	XXX	9,875,203	38,102,407	XXX	XXX	
Industrial & Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities																					
000759 CF 5	ABFS Mortgage Loan Trust Series 2002-1 Class A5.....			.1FM	2,905,064	52.824	2,819,823	5,338,148	3,244,886		339,822			7.010	36.979	MON	31,184	339,158	12/17/2010	04/15/2032	
02660T FV 0	American Home Mortgage Investm Series 2005-3 Class 1A1.....			.1FM	1,884,420	89.170	1,680,338	1,884,420	1,884,420					0.554	0.554	MON	145	9,368	02/09/2009	09/25/2035	
026935 AR 7	American Home Mortgage Assets Series 2007-3 Class 3A1.....			.1FM	5,486,122	31.485	1,727,305	5,486,122	1,727,305		(790,880)			0.994	0.996	MON	757	47,054	11/25/2008	09/25/2027	
07386H XN 6	Bear Stearns Alt- A Trust Series 2005-9 Class 1A1.....			.1FM	5,249,529	52.405	5,446,625	10,393,331	3,890,564		(281,036)			0.814	20.109	MON	1,174	60,977	02/12/2009	11/25/2035	
07401W AA 7	Bear Stearns Second Lien Trust Series 2007-1 Class 1A.....			.6FM	7,529,487	61.901	9,496,559	15,341,527	7,265,046		164,952	52,268		0.674	28.887	MON	1,435	80,083	09/30/2011	12/25/2030	
07401W AP 4	Bear Stearns Second Lien Trust Series 2007-1 Class 2A.....			.6FM	8,688,331	71.780	6,948,728	9,680,591	6,948,728		1,374,663			0.734	3.686	MON	986	45,911	08/18/2011	08/25/2037	
07401W BA 6	Bear Stearns Second Lien Trust Series 2007-1 Class 3A.....			.6FM	7,378,440	64.495	7,382,461	11,446,563	7,292,751		(85,690)			0.734	14.266	MON	1,166	32,127	12/15/2011	08/25/2037	
12666T AB 2	Countrywide Asset-Backed Certi Series 2006-11.....			.1FM	7,369,657	71.703	6,151,388	8,578,983	7,616,030		483,988	396,585	450,896	6.017	14.268	MON	43,016	516,197	11/19/2010	08/25/2015	
12666T AC 0	Countrywide Asset-Backed Certi Series 2006-11 Class 1AF3.....			.1FM	7,105,849	59.045	8,807,513	14,916,611	7,882,256		1,053,867	720,445		6.050	31.074	MON	75,205	902,455	08/27/2009	05/25/2018	
12666T AD 8	Countrywide Asset-Backed Certi Series 2006-11 Class 1AF4.....			.1FM	3,120,574	49.785	4,361,330	8,760,329	3,403,284		375,352	112,335		6.300	36.636	MON	45,992	551,901	11/23/2009	07/25/2028	
12666T AF 3	Countrywide Asset-Backed Certi Series 2006-11 Class 1AF6.....			.1FM	13,783,782	94.373	25,132,748	26,631,291	13,783,781					6.150	30.125	MON	136,485	1,637,824	12/02/2010	10/25/2041	
126670 NY 0	Countrywide Asset-Backed Certi Series 2005-16 Class 2AF3.....			.1FM	1,627,893	59.465	4,665,029	7,845,000	2,082,567		454,674			5.669	53.973	MON	37,061	444,733	07/02/2009	08/25/2025	
126673 KN 1	Countrywide Home Equity Loan T Series 2004-N Class 2A.....			.1FM	2,760,525	61.696	2,703,387	4,381,786	2,796,064		35,538			0.558	10.990	MON	1,155	16,711	03/23/2011	12/17/2033	
126673 TP 7	Countrywide Home Equity Loan T Series 2004-T Class 2A.....			.1FM	263,579	56.443	337,111	597,259	286,764		23,186			0.518	22.785	MON	146	2,837	08/18/2009	01/17/2030	
126684 AB 5	Countrywide Asset-Backed Certi Series 2006-S6 Class A2.....			.1FM	2,047,958	98.370	2,258,936	2,296,367	2,194,377		146,419			5.519	23.334	MON	10,561	126,230	03/29/2011	04/25/2012	
126684 AC 3	Countrywide Asset-Backed Certi Series 2006-S6 Class A3.....			.1FM	10,002,288	84.912	15,121,321	17,808,226	10,835,274		832,986			5.658	26.188	MON	83,966	875,990	03/29/2011	02/25/2019	
126684 AD 1	Countrywide Asset-Backed Certi Series 2006-S6 Class A4.....			.1FM	454,517	64.968	1,070,986	1,648,482	424,889		(29,628)			5.799	41.287	MON	7,966	95,596	11/19/2009	07/25/2021	
126684 AE 9	Countrywide Asset-Backed Certi Series 2006-S6 Class A5.....			.1FM	5,297,541	58.395	9,626,313	16,484,825	4,978,309		(319,232)			5.962	33.596	MON	81,902	982,825	07/02/2009	03/25/2034	
126684 AF 6	Countrywide Asset-Backed Certi Series 2006-S6 Class A6.....			.1FM	6,783,276	83.877	10,515,065	12,536,292	7,237,527		454,963	24,331		5.657	29.449	MON	59,098	706,997	03/29/2011	09/25/2021	
126685 AK 2	Countrywide Home Equity Loan T Series 2005-F Class 2A.....			.1FM	12,143,035	47.198	12,668,122	26,840,379	12,963,399		530,506	1,339,921		0.518	32.404	MON	6,569	106,809	03/23/2011	09/17/2035	
126685 CS 3	Countrywide Home Equity Loan T Series 2006-B Class 2A.....			.1FM	761,919	57.975	1,353,521	2,335,181	787,725		14,929	147,823		0.448	52.525	MON	494	9,135	03/29/2011	01/17/2036	
126685 CZ 7	Countrywide Asset-Backed Certi Series 2006-S1 Class A2.....			.1FM	7,683,611	94.255	9,460,521	10,037,155	7,989,025		377,681	830,258		5.549	30.016	MON	46,413	556,962	12/10/2010	12/25/2014	
126685 DA 1	Countrywide Asset-Backed Certi Series 2006-S1 Class A3.....			.1FM	360,919	65.898	688,384	1,044,621	366,148		643,801	682,901		5.597	39.585	MON	4,872	58,453	11/30/2009	02/25/2021	
126685 DC 7	Countrywide Asset-Backed Certi Series 2006-S1 Class A5.....			.1FM	5,938,864	85.695	8,205,087	9,574,756	6,245,464		306,600			5.597	27.078	MON	44,658	535,899	11/23/2010	02/25/2021	
126685 DJ 2	Countrywide Home Equity Loan T Series 2006-C Class 2A.....			.1FM	14,953,603	54.645	18,980,366	34,733,948	14,663,047		(170,445)	1,796,213		0.458	28.815	MON	7,517	132,461	03/31/2011	01/17/2036	
12668A SY 2	Countrywide Alternative Loan T Series 2005-J12 Class 2A1.....			.1FM	9,058,395	47.850	9,268,467	19,369,836	6,755,420		(1,090,928)			0.564	27.985	MON	1,516	98,259	11/11/2008	08/25/2035	
12668B RC 9	Countrywide Alternative Loan T Series 2006-OC2 Class 1A1.....			.1FM	8,593,930	40.397	10,258,825	25,395,017	6,173,976		(79,709)			0.494	34.787	MON	1,741	110,800	11/25/2008	02/25/2036	
12668R AC 2	Countrywide Alternative Loan T Series 2006-OA19 Class A3A.....			.1FM	1,144,744	3.974	89,599	2,254,625	89,598		461,803	603,501	1,134,972	0.475	163.917	MON	357	9,595	08/21/2009	08/20/2012	
16165Y AA 0	Chaseflex Trust Series 2007-M1 Class 1A1.....			.1FM	6,967,266	39.161	5,675,364	14,492,387	3,445,602		(705,734)			0.444	42.033	MON	1,250	55,887	11/25/2008	04/25/2037	
21075W DR 3	Contimortgage Home Equity Ln 1996-4 A9.....			.1FM	717,972	93.420	678,591	726,387	678,590		(74,487)	34,308	7,617	6.880	2.663	MON	4,165	49,976	11/18/2008	01/15/2028	
23242E AC 3	Countrywide Asset-Backed Certi Series 2006-13 Class 1AF3.....			.1FM	9,411,721	59.075	9,354,708	15,835,308	9,411,721					5.944	22.917	MON	78,438	941,251	11/30/2009	02/25/2019	
23242Y AH 8	Countrywide Home Equity Loan T Series 2006-RES Class 4K1B.....			.1FM	5,922,960	56.919	7,368,939	12,946,360	6,189,663		512,720			0.578	19.827	MON	3,535	69,552	12/01/2009	10/15/2033	

E10.11

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For eign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
23242Y	BM	6		2	.1FM	48,793,158	44.365	37,322,559	84,126,134	37,322,558	(13,609,103)	2,138,505		0.518	13.333	MON...	20,590	295,137	03/31/2011	09/15/2035	
23243N	AE	8		2	.5FM	20,138,548	106.700	19,789,199	18,546,579	19,379,695		(758,853)		5.661	5.160	MON...	87,493	787,441	03/22/2011	09/25/2012	
23243N	AF	5		2	.1FM	1,508,018	90.543	3,253,281	3,593,078	1,672,158		164,140		5.804	38.688	MON...	17,379	199,816	03/25/2011	08/25/2019	
23243N	AG	3		2	.1FM	6,707,288	59.533	14,333,842	24,076,967	6,508,650		(198,638)		5.932	46.142	MON...	119,020	1,428,246	12/15/2009	07/25/2021	
23243N	AH	1		2	.1FM	6,067,529	55.647	9,802,751	17,616,108	5,932,972		(134,557)		6.236	35.687	MON...	91,545	1,098,540	10/22/2008	08/25/2029	
25152D	AB	0		2	.6FE	29,275,645	88.414	64,207,463	72,621,754	29,742,625		466,981		0.794	38.830	MON...	6,404	45,826	12/15/2011	01/27/2021	
32029H	AB	8		2	.6FM	5,058,045	44.260	6,129,323	13,848,448	6,129,323	(94,324)	5,137,829	4,562,349	0.444	65.885	MON...	853	52,279	12/07/2010	06/25/2027	
32029H	AC	6		2	.6FM	7,208,132	45.150	7,937,735	17,580,809	7,937,735	(1,242,265)	1,933,346		0.514	44.021	MON...	1,254	78,877	12/07/2010	06/25/2027	
361856	EH	6		2	.1FM	9,065,396	63.244	15,340,370	24,255,851	8,921,330		(144,066)		0.534	26.351	MON...	1,798	115,667	01/20/2009	04/25/2032	
361856	EK	9		2	.1FM	21,047,507	44.924	20,787,193	46,271,910	21,068,371		20,864		0.554	19.764	MON...	3,558	230,036	07/01/2009	04/25/2032	
362334	GT	5		2	.1FM	18,138,886	58.428	72,406,242	123,923,875	25,852,930		(3,411,792)		0.564	43.457	MON...	9,700	628,638	12/03/2008	03/25/2036	
362381	AC	9		2	.1FM	26,867,680	62.412	51,606,919	82,687,494	24,892,958		(3,143,158)		0.544	24.967	MON...	6,243	402,688	01/07/2009	08/25/2036	
36298Y	AC	4		2	.1FM	13,614,078	43.253	17,344,657	40,100,473	11,770,478		(1,896,252)		0.544	23.285	MON...	3,028	195,289	12/03/2008	09/25/2036	
395385	AZ	0		2	.1FM	332,035	77.011	344,770	447,689	336,853		4,818		0.754	16.867	MON...	47	1,327	08/15/2011	05/25/2028	
395385	AO	0		2	.1FM	120,027	68.609	132,051	192,469	124,386		4,359		0.838	24.485	MON...	389	39,797	09/14/2011	07/17/2029	
39538W	CZ	9		2	.1FM	2,139,360	31.833	1,375,347	4,320,507	1,375,347	(1,230,147)	466,133		0.458	36.689	MON...	935	17,955	06/26/2009	03/17/2030	
39538W	EF	1		2	.1FM	977,038	8.187	114,960	1,404,179	114,960	(423,023)	330,922	20,968	0.564	89.727	MON...	110	6,379	06/22/2011	09/25/2012	
39538W	EL	8		2	.1FM	114,502	19.244	58,370	303,317	58,370	(89,169)	33,037		0.564	113.768	MON...	24	759	06/22/2011	09/25/2025	
43709R	AA	2		2	.6FM	1,050,548	43.498	1,028,121	2,363,605	1,028,120		166,552	253,360	0.454	28.419	MON...	149	9,080	10/07/2008	12/25/2036	
43710A	BA	3		2	.1FM	8,387,762	38.705	6,037,313	15,598,277	6,037,312	(2,337,461)	(12,988)		0.464	16.976	MON...	1,004	35,009	11/25/2011	02/25/2030	
45254N	MM	2		2	.1FM	2,081,163	44.338	2,319,973	5,232,471	2,113,784		31,820		0.814	25.163	MON...	591	39,797	11/25/2008	03/25/2035	
45254N	QG	5		2	.1FM	8,827,924	64.143	12,497,317	19,483,525	9,671,239		843,314		0.794	23.750	MON...	2,148	132,363	08/17/2009	10/25/2035	
45254T	TF	1		2	.1FM	6,459,785	38.272	5,740,737	14,999,836	6,764,111		669,003	211,821	0.544	27.302	MON...	1,132	71,634	06/16/2011	03/25/2036	
45255R	AA	5		2	.6FE	6,359,045	52.412	5,821,664	11,107,503	5,821,664	(729,458)	192,077		0.464	19.513	MON...	715	16,156	09/27/2011	11/25/2036	
45257B	AD	2		2	.1FM	4,313,348	8.357	3,540,619	42,367,101	4,616,245		1,281,467	691,882	0.554	23.497	MON...	3,258	210,623	11/25/2008	01/25/2037	
45257E	AC	8		2	.1FM	29,492,537	36.933	30,695,827	83,112,195	24,279,074		(1,616,218)		0.564	25.140	MON...	6,506	421,610	11/11/2008	10/25/2036	
456606	LM	2		2	.6Z	8,793,342	56.000	9,161,436	16,359,707	9,161,436	(953,931)	1,322,025		0.464	40.697	MON...	1,053	50,514	04/01/2011	03/25/2012	
45661A	AC	6		2	.1FM	2,253,369	48.486	1,646,085	3,394,969	2,253,369		190,614	334,918	0.200	23.795	MON...	75	12,229	12/02/2009	11/28/2017	
45661D	AA	4		2	.6FE	15,108,227	41.005	11,519,974	28,093,811	11,519,974	(4,119,560)	531,307		0.444	13.594	MON...	1,385	42,046	09/30/2011	03/28/2031	
45667H	AB	7		2	.5FE	20,935,826	79.000	21,658,568	27,415,909	21,658,568	(2,912,175)	6,224,146	16,037	0.464	40.281	MON...	1,765	111,278	01/08/2010	03/25/2012	
45667H	AC	5		2	.5FE	10,891,720	1.035	215,135	20,786,000	215,135	(13,598,066)	10,036,662	3,498,561	0.524	152.060	MON...	1,512	97,013	12/02/2010	04/25/2012	
45670E	AA	1		2	.1FM	13,568,760	29.484	14,009,711	47,516,318	12,787,516		(95,731)		0.444	26.285	MON...	2,928	183,228	11/25/2008	01/25/2044	
45670E	AB	9		2	.1FM	9,915,293	27.328	12,316,597	45,069,516	7,231,212		(937,960)		0.544	61.844	MON...	3,403	219,489	11/25/2008	01/25/2044	
45670E	AC	7		2	.1FM	3,707,358	26.890	7,668,528	28,518,139	1,242,538		(795,259)		0.654	471.702	MON...	2,589	170,689	11/25/2008	03/25/2047	
464125	AC	7		2	.1FM	10,647,189	61.440	10,860,480	17,676,563	11,144,539		1,725,484	327,467	5.830	21.484	MON...	85,879	1,030,544	06/08/2009	04/25/2017	
464126	CG	4		2	.1FM	967,005	66.015	1,471,512	2,229,057	1,043,027		76,022		0.934	26.551	MON...	289	19,670	07/02/2009	10/27/2023	
46412A	AE	2		2	.1FM	6,383,209	65.761	7,072,428	10,754,782	6,987,738		604,530		5.800	23.283	MON...	51,981	623,777	01/05/2009	06/25/2020	
46412R	AB	1		2	.1FM	4,450,179	78.760	4,718,140	5,990,528	5,092,614		1,158,899	509,572	0.444	41.161	MON...	369	23,100	12/31/2009	09/25/2012	
466247	QH	9		2	.1FM	4,505,990	97.287	4,645,025	4,774,559	4,613,596		53,814		2.721	5.282	MON...	10,765	133,089	10/15/2009	04/25/2015	
466275	AA	2		2	.1FM	22,989,969	58.762	25,178,823	42,848,820	23,374,292		1,483,167		0.574	14.390	MON...	3,414	221,715	02/04/2009	04/25/2047	
52523Y	AC	8		2	.1FM	2,171,265	9.972	1,881,725	18,870,084	2,331,374		700,848	188,663	0.544	22.384	MON...	1,425	91,897	11/25/2008	12/25/2036	
52524P	AG	7		2	.1FM	27,024,140	42.575	17,897,592	42,037,798	27,594,570		660,861	253,019	0.454	16.434	MON...	2,648	81,194	08/12/2011	08/25/2019	

E10.12

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For eign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
52524P AH 5	Lehman XS Trust Series 2007-6 Class 3A2			2	1FM		4,376,122	57,212	6,139,445	10,731,044	4,776,206		400,084		5.780	28.402	MON	51,688	620,254	06/23/2009	07/25/2023
52525L AS 9	Lehman XS Trust Series 2007-14H Class A22			2	1FM		34,733,353	19,994	16,441,242	82,230,882	36,324,072		4,202,861	2,447,648	0.694	38.720	MON	7,922	525,524	06/23/2009	09/25/2027
55352R AA 6	MSCC HELOC Trust Series 2007-1 Class A			2	1FM		10,057,143	72,171	9,645,635	13,364,973	10,282,278		225,135		0.394	7.702	MON	731	21,872	07/01/2011	03/25/2027
61915R AK 2	Mortgageit Trust Series 2005-3 Class A1			2	1FM		17,833,099	71,638	12,775,275	17,833,099	17,833,099				0.594	0.594	MON	1,764	94,607	02/09/2009	08/25/2035
65535V MJ 4	Nomura Asset Acceptance Corpor Series 2005-AR3 Class 1A1			2	1FM		17,187,218	50,802	9,808,947	19,308,190	9,808,945	1,721,941	144,403	2,273,554	0.554	4.482	MON	1,485	95,988	11/25/2008	07/25/2035
65535V NL 8	Nomura Asset Acceptance Corpor Series 2005-AR4 Class 5A3			2	1FM		6,446,496	41,022	5,779,151	14,087,931	6,056,064	(67,503)			0.584	14.975	MON	1,142	74,322	11/25/2008	08/25/2035
65535V PV 4	Nomura Asset Acceptance Corpor Series 2005-AR Class 3A1			2	1FM		7,857,423	48,615	7,011,409	14,422,317	7,048,236	(399,319)			0.564	13.469	MON	1,129	73,161	02/09/2009	10/25/2035
65537U AC 2	Nomura Asset Acceptance Corpor Series 2007-3 Class A3			2	6FE		3,518,258	37,791	2,170,766	5,744,095	2,170,766	(1,358,176)	10,684		0.614	24.184	MON	490		12/21/2011	06/25/2037
65537U AD 0	Nomura Asset Acceptance Corpor Series 2007-3 Class A4			2	6FE		7,838,510	45,361	5,901,454	13,009,974	5,901,454	(1,956,895)	19,840		0.524	25.068	MON	946		12/22/2011	06/25/2037
68402V AE 2	Option One Mortgage Loan Trust Series 2007-FXD1 Class 3A3			2	1FM		3,198,746	54,885	3,645,462	6,642,000	3,421,951		223,206		5.611	18.561	MON	31,057	372,683	08/18/2009	04/25/2018
68402V AG 7	Option One Mortgage Loan Trust Series 2007-FXD1 Class 3A5			2	1FM		959,210	27,995	3,079,450	11,000,000	959,210		1,403,089	3,523,404	5.957	534.664	MON	54,606	655,270	11/06/2008	01/25/2037
69121Y AA 2	Owint Mortgage Trust Asset-Bac Series 2006-OT1 Class A2			2	1FM		3,088,947	9,205	5,505,326	59,808,000	3,740,589	10,192,813	5,757,148	12,939,628	0.534	104.349	MON	4,432	285,201	12/17/2008	10/25/2037
760985 4A 6	Residential Asset Mortgage Pro Series 2004-RS5 Class A15			2	1FM		5,069,129	56,525	5,323,074	9,417,202	5,184,885		134,639	199,845	5.750	24.001	MON	45,124	135,372	09/09/2011	05/25/2034
760985 SU 6	Residential Asset Mortgage Pro Series 2003-RS2 Class All			2	1FM		725,209	73,225	804,191	1,098,247	758,278		33,069	49,055	0.974	12.996	MON	149	5,035	06/29/2011	03/25/2033
76110W RT 5	Residential Asset Series 2003-KS4 Class A1B			2	1FM		539,581	62,205	651,740	1,047,729	547,715		8,134		0.874	16.566	MON	127	2,211	09/27/2011	06/25/2033
76110W XW 1	Residential Asset Series 2004-KS4 Class A2B3			2	1FM		1,418,981	49,232	1,454,900	2,955,191	1,489,789		70,808		1.536	17.345	MON	630	29,673	08/11/2009	05/25/2034
785778 ND 9	Saco I Trust Series 2005-10 Class 1A			2	1FM		5,655,318	44,505	4,155,336	9,336,784	4,155,335	(1,501,832)	1,850		0.814	14.290	MON	1,055	38,296	09/28/2011	06/25/2035
785778 PF 2	Saco I Trust Series 2006-2 Class 1A			2	1FM		8,908,083	50,595	7,022,096	13,879,032	7,022,096	(1,890,294)	31,258	118,740	0.694	20.235	MON	1,337	19,763	06/17/2011	06/25/2036
785778 PG 0	Saco I Trust Series 2006-2 Class 2A			2	1FM		7,449,057	47,195	6,538,558	13,854,345	7,352,933		14,425	837,548	0.694	16.396	MON	1,334	53,839	07/01/2011	06/25/2036
785813 AA 4	Saco I Trust Series 2006-8 Class A			2	5FM		3,088,587	57,275	3,319,793	5,796,234	3,057,364		588,311	(31,223)	0.434	17.457	MON	349	14,617	06/21/2011	10/25/2029
86359B 4V 0	Structured Asset Securities Co Series 2005-4XS Class 1A4B			2	1FM		2,250,000	60,965	1,828,950	3,000,000	2,279,397		29,397		5.250	9.678	MON	13,125	78,750	06/21/2011	08/20/2028
881561 W9 1	Terwin Mortgage Trust Series 2006-4SL Class A1			2	1FM		85,678	55,535	260,804	469,620	94,176		8,499		4.500	70.249	MON	1,761	21,133	05/15/2009	05/25/2037
3399999	Industrial & Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities						784,139,744	XXX	901,457,126	1,819,197,716	729,523,784	(33,756,223)	42,003,164	40,742,247	XXX	XXX	XXX	1,600,348	23,060,617	XXX	XXX
Industrial & Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																					
03064P AA 9	Americredit Automobile Receiva Series 2011-3 Class A1			2	1FE		1,574,355	99,998	1,574,323	1,574,355	1,574,355				0.277	0.277	MON	291	2,130	06/08/2011	07/09/2012
05377R AP 9	Aesop Funding II LLC Series 2011-1A Class A			2	1FE		12,999,721	99,531	12,939,030	13,000,000	12,999,803		83		1.850	1.859	MON	7,349	151,649	04/28/2011	11/20/2013
05573W AA 3	BMW Vehicle Owner Trust Series 2011-A Class A1			2	1FE		4,132,535	100,002	4,132,618	4,132,535	4,132,535				0.306	0.306	MON	175	3,403	09/14/2011	09/25/2012
12623C AA 3	CNH Equipment Trust Series 2011-B Class A1			2	1FE		13,085,751	99,930	13,076,591	13,085,751	13,085,751				0.384	0.385	MON	2,375	11,876	09/14/2011	10/12/2012
14069E AC 2	Capmark Military Housing Trust Series 2007-ACC Class A2B			2	1FE		5,000,000	100,000	5,000,000	5,000,000	5,000,000				6.276	6.355	MON	17,434	315,884	07/29/2009	06/10/2014
15132C AE 2	Aesop Funding II LLC Series 2005-2A			2	1FE		24,633,152	97,915	24,478,750	25,000,000	24,740,686		107,533		0.485	1.144	MON	4,040	61,736	06/02/2011	05/20/2013
23336J AA 3	DT Auto Owner Trust Series 2011-2A A			2	1FE		5,246,981	99,615	5,226,910	5,247,111	5,247,033		52		0.960	0.965	MON	2,239	27,285	05/25/2011	11/15/2012
36161H AB 7	GE Equipment midticket LLC series 2010-1			2	1FE		250,661	100,016	250,702	250,661	250,661				0.610	0.611	MON	72	765	06/17/2011	01/14/2013
36185T AA 5	Fort Lewis Comm 04/37 @ 7.12000			2	1FE		70,702,391	114,770	81,839,922	71,307,765	70,748,855		13,726		7.120	7.316	MON	296,165	5,077,101	11/18/2008	04/10/2037
36186E AA 7	GMAC Commercial Mortgage Asset Series 2003-Pres Class A			2	1		62,863,970	99,940	74,825,314	74,870,236	63,726,139		286,582		6.240	7.959	MON	272,528	4,671,903	11/17/2008	10/10/2041
36186T AA 4	GMAC Commercial Mortgage Asset Series 2003-Stew Class A			2	2FE		20,357,190	97,930	24,182,130	24,693,281	20,660,984		71,161		6.045	7.958	MON	87,075	1,617,101	12/10/2010	11/10/2040
36186T AB 2	GMAC Commercial Mortgage Asset Series 2003-Stew Class B			2	2FE		20,595,125	100,860	25,215,000	25,000,000	20,689,352		32,740		6.400	8.030	MON	93,333	1,600,000	11/17/2008	11/10/2043
36830H AB 8	GE Equipment Small Ticket LLC Series 2011-1 Class A2			2	1FE		15,307,324	100,061	15,318,061	15,308,723	15,307,822		498		0.880	0.888	MON	3,742	116,380	02/02/2011	08/21/2013
38011N AA 4	GMAC Commercial Mortgage Asset Series 2002-WPAB Class A			2	1		60,322,853	107,650	65,580,549	60,920,157	60,370,544		14,088		7.152	7.364	MON	254,173	4,357,253	06/12/2008	08/10/2036
38011W AA 4	Fort Meade - GMAC 2002-Mead A			2	1		88,944,011	105,350	88,944,011	88,944,011	88,944,011		128,624		6.845	7.632	MON	379,161	6,499,980	02/18/2009	05/10/2037
39153V AV 6	Great America Leasing Receivab Series			2	1FE		11,883,976	100,049	11,890,144	11,884,341	11,884,125		148		1.050	1.055	MON	5,546	100,868	02/16/2011	03/15/2013
422777 AP 7	Hedged Mutual Fund Fee Trust Series			2	3FE		3,672,590	100,095	3,676,079	3,672,590	3,672,590		826,149		0.511	0.512	MON	1,409	17,520	11/11/2008	07/05/2013
422777 AQ 5	Hedged Mutual Fund Fee Trust Series			2	3FE		2,015,636	84,526	1,703,737	2,015,636	1,703,737		155,990		0.471	0.472	MON	713	8,801	11/11/2008	05/02/2013

E10.13

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2		Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
			3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description		Code	For Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
44984N AA 5	Income Note--I Preferred Term CDO.....		.....	.....	.....1	.....4Z	.....	656,845	.....8.600	.....718,685	.....8,356,800	.....656,845	.....	.....	.....17.500	.....63.226	FMAN.	.....	.....	.....	06/23/2011	11/05/2033
493268 BJ 4	Keycorp Student Loan Trust 2002-A 2A2.....		.....	.....	.....2	.....2FE	.....	19,611,798	.....60.101	.....11,786,887	.....19,611,798	.....19,611,798	.....	.....	.....0.912	.....0.913	FMAN.	.....16,886	.....137,304	.....	11/18/2008	08/27/2015
71531P AA 1	Pershing Road.....		.....	.....	.....2	.....1	.....	83,777,761	.....62.000	.....51,942,212	.....83,777,761	.....83,777,761	.....	.....	.....0.927	.....0.927	MJSD.	.....66,871	.....591,526	.....	11/18/2008	09/01/2026
92867F AA 3	Volkswagen Auto Lease Trust Series VW2011A Class A1 VW2011A.....		.....	.....	.....2	.....1FE	.....	6,648,695	.....100.002	.....6,648,834	.....6,648,695	.....6,648,695	.....	.....	.....0.461	.....0.462	MON...	.....1,022	.....2,385	.....	11/16/2011	11/20/2012
058521 AB 1	Ballantyne Re Plc Series 2006-1A ClassA2A.....		.....	F	.....2	.....6FE	.....	16,063,250	.....25.000	.....22,025,000	.....88,100,000	.....19,394,777	.....1,431,762	.....	.....0.581	.....10.425	MON...	.....42,687	.....482,860	.....	06/16/2009	05/02/2036
058521 AC 9	Ballantyne Re Plc Series 2006-1A Class A2B.....		.....	F	.....2	.....1FE	.....	25,000,000	.....38.000	.....9,500,000	.....25,000,000	.....25,000,000	.....	.....	.....0.655	.....0.656	MON...	.....13,652	.....149,694	.....	07/07/2009	05/02/2036
058521 AF 2	Ballantyne Re Plc Series 20061A Class A3A.....		.....	F	.....2	.....6FE	.....	735,000	.....25.000	.....1,225,000	.....4,900,000	.....864,696	.....54,354	.....	.....2.293	.....21.407	MON...	.....1,561	.....122,344	.....	06/09/2009	05/02/2036
058521 AG 0	Ballantyne Re Plc Series 2006-1A Class A3B.....		.....	F	.....2	.....6FE	.....	5,160,000	.....25.000	.....8,600,000	.....34,400,000	.....6,129,148	.....441,572	.....	.....2.286	.....21.699	MON...	.....56,794	.....795,122	.....	06/09/2009	05/02/2036
058521 AH 8	Ballantyne Re Plc Series 2006-1A Class A3C.....		.....	F	.....2	.....6FE	.....	1,620,000	.....25.000	.....2,700,000	.....10,800,000	.....1,904,313	.....117,395	.....	.....2.309	.....21.487	MON...	.....13,161	.....252,143	.....	06/09/2009	05/02/2036
058521 AJ 4	Ballantyne Re Plc Series 2006-1A Class A3D.....		.....	F	.....2	.....6FE	.....	2,055,000	.....25.000	.....3,425,000	.....13,700,000	.....2,418,240	.....152,068	.....	.....2.302	.....21.478	MON...	.....10,512	.....318,878	.....	06/09/2009	05/02/2036
18971W AB 2	Clydesdale Strategic CLO Ltd Series 2004-1A Class A2.....		.....	F	.....2	.....1FE	.....	7,380,000	.....84.951	.....6,796,080	.....8,000,000	.....7,471,966	.....91,966	.....	.....1.049	.....3.635	FMAN.	.....9,562	.....34,886	.....	06/29/2011	11/20/2014
19035R AL 3	Coast Investment Grade Series 2002-1AI Class A - CDO*2.....		.....	F	.....2	.....1FE	.....	10,392,175	.....89.340	.....9,263,407	.....10,368,711	.....10,380,075	.....(4,604)	.....	.....0.879	.....0.815	JJ.....	.....39,472	.....107,275	.....	11/25/2008	01/31/2015
358428 AB 6	Friedbergmilstein Private Capi Series 2004-1A Class B1 - CLO.....		.....	F	.....2	.....1FE	.....	7,780,000	.....94.235	.....7,538,800	.....8,000,000	.....7,859,870	.....79,870	.....	.....1.303	.....3.249	JAJO..	.....22,007	.....47,828	.....	07/15/2011	01/15/2014
96525P AB 4	Whitehorse LTD Series 2005-1A Class A2L - CLO.....		.....	F	.....2	.....1FE	.....	3,806,250	.....87.943	.....3,517,720	.....4,000,000	.....3,841,012	.....34,762	.....	.....1.026	.....2.831	MJSD.	.....1,938	.....15,795	.....	06/22/2011	06/16/2014
3599999	Industrial & Miscellaneous - Other Loan-Backed and Structured Securities.....		.....	.....	.....	.....	.....	614,274,996	.....XXX	.....616,637,466	.....777,586,547	.....621,062,702	.....982,139	.....3,054,380	.....XXX	.....XXX	XXX...	.....1,723,945	.....27,699,675	.....XXX	.....XXX	.....XXX
3899999	Total - Industrial & Miscellaneous (Unaffiliated).....		.....	.....	.....	.....	.....	2,190,383,986	.....XXX	.....2,347,345,024	.....3,364,521,018	.....2,136,219,342	.....(32,774,084)	.....42,282,494	.....XXX	.....XXX	XXX...	.....13,199,496	.....88,862,699	.....XXX	.....XXX	.....XXX
Totals																						
7799999	Total - Issuer Obligations.....		.....	.....	.....	.....	.....	2,887,560,001	.....XXX	.....3,101,465,513	.....3,047,467,755	.....2,919,406,029	.....0	.....8,160,639	.....XXX	.....XXX	XXX...	.....35,889,782	.....118,916,712	.....XXX	.....XXX	.....XXX
7899999	Total - Residential Mortgage-Backed Securities.....		.....	.....	.....	.....	.....	873,546,799	.....XXX	.....997,220,314	.....1,907,312,717	.....818,593,435	.....(33,756,223)	.....41,975,120	.....XXX	.....XXX	XXX...	.....1,969,253	.....27,520,576	.....XXX	.....XXX	.....XXX
8099999	Total - Other Loan-Backed and Structured Securities.....		.....	.....	.....	.....	.....	614,274,996	.....XXX	.....616,637,466	.....777,586,547	.....621,062,702	.....982,139	.....3,054,380	.....XXX	.....XXX	XXX...	.....1,723,945	.....27,699,675	.....XXX	.....XXX	.....XXX
8399999	Grand Total - Bonds.....		.....	.....	.....	.....	.....	4,375,381,796	.....XXX	.....4,715,323,293	.....5,732,367,019	.....4,359,062,166	.....(32,774,084)	.....53,190,139	.....XXX	.....XXX	XXX...	.....39,582,980	.....174,136,963	.....XXX	.....XXX	.....XXX

E10.14

SCHEDULE D - PART 2 - SECTION 1
 Showing all PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/ Adjusted Carrying Value	Fair Value		11 Actual Cost	Dividends			Change in Book/Adjusted Carrying Value					20 NAIC Desig- nation	21 Date Acquired
		3 Code	4 F o r e i g n					9 Rate Per Share Used to Obtain Fair Value	10 Fair Value		12 Declared but Unpaid	13 Amount Received During Year	14 Nonadmitted Declared but Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization)/ Accretion	17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change in B./A.C.V. (15+16-17)	19 Total Foreign Exchange Change in B./A.C.V.		

NONE

SCHEDULE D - PART 2 - SECTION 2
Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/ Adjusted Carrying Value	Fair Value		9 Actual Cost	Dividends			Change in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 F o r e i g n			7 Rate Per Share Used to Obtain Fair Value	8 Fair Value		10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared but Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13-14)	16 Total Foreign Exchange Change in B./A.C.V.		
Common Stocks - Parent, Subsidiaries and Affiliates																	
12566@ 10 9	Connie Lee Holdings.....			1,000.000	197,327,189	.197,327.189	197,327,189	127,688,811				21,177,853		21,177,853		12/18/1997	
G0231# 10 0	Ambac Assurance UK Limited.....		D.	36,000,000.000				70,883,095				(60,078,390)		(60,078,390)	1,146,310	02/26/1997	
J3917# 10 2	Ambac Japan Co., Ltd.....		D.	200.000	158,274	.791.370	158,274	111,637				(9,326)		(9,326)		08/26/1999	
000000 00 0	Ambac Capital Corporation.....			10,000.000				14,889				48,735		48,735		11/12/2008	
9199999.	Total - Common Stocks - Parent, Subsidiaries and Affiliates.....				197,485,463	.XXX.....	197,485,463	198,698,432	0	0	0	(38,861,128)	0	(38,861,128)	1,146,310	XXX.....	
9799999.	Total - Common Stock.....				197,485,463	.XXX.....	197,485,463	198,698,432	0	0	0	(38,861,128)	0	(38,861,128)	1,146,310	XXX.....	
9899999.	Total - Preferred and Common Stock.....				197,485,463	.XXX.....	197,485,463	198,698,432	0	0	0	(38,861,128)	0	(38,861,128)	1,146,310	XXX.....	

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues.....0, the total \$ value (included in Column 8) of all such issues \$.....0.

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U.S. Government								
912828 RB 8	US Treasury bill Notes 0.500% 08/15/14.....		09/09/2011	Goldman Sachs.....		65,385,937	65,000,000	24,728
912828 RC 6	US Treasury bill Notes 2.125% 08/15/21.....		09/20/2011	Bank of America, N.A.....		2,292,534	2,255,000	5,078
912828 RD 4	US Treasury bill Notes 0.125% 08/31/13.....		09/09/2011	Goldman Sachs.....		64,944,140	65,000,000	2,679
912828 RM 4	US Treasury bill Notes 1.000% 10/31/16.....		11/03/2011	JPMorgan Chase Bank N.A.....		1,651,118	1,647,000	362
0599999	Total - Bonds - U.S. Government.....					134,273,729	133,902,000	32,847
Bonds - U.S. States, Territories and Possessions								
419791 J7 4	Hawaii St General Obligation 5.250% 09/01/19.....		12/13/2011	Tax Free Exchange.....		6,363,802	6,230,000	92,671
419791 L3 0	Hawaii St General Obligation 5.250% 09/01/19.....		12/13/2011	Tax Free Exchange.....		6,486,380	6,350,000	94,456
1799999	Total - Bonds - U.S. States, Territories & Possessions.....					12,850,182	12,580,000	187,127
Bonds - U.S. Political Subdivisions of States								
213185 ER 8	Cook Cnty Ill Txbi-Ref-Ser B 4.740% 11/15/22.....		10/12/2011	Mesirow Financial Inc.....		8,990,000	8,990,000	
2499999	Total - Bonds - U.S. Political Subdivisions of States.....					8,990,000	8,990,000	0
Bonds - U.S. Special Revenue and Special Assessment								
09089T AY 7	Birmingham Taxable-Civic Ctr Impts 6.000% 04/01/22.....		02/16/2011	Goldman Sachs.....		8,310,000	8,310,000	
249182 CE 4	Denver Colo City & Cnty Arpt Rev 5.000% 11/15/20.....		04/07/2011	Citigroup Global Markets.....		4,217,870	4,250,000	
650014 TF 0	New York St Twy Auth Second Build America Bonds NYS 5.449% 04/01/25.....		03/04/2011	Goldman Sachs.....		5,993,460	6,000,000	143,490
3199999	Total - Bonds - U.S. Special Revenue and Special Assessments.....					18,521,330	18,560,000	143,490
Bonds - Industrial and Miscellaneous								
000759 CF 5	ABFS Mortgage Loan Trust Series 2002-1 Class A5 7.010% 12/15/32.....		07/01/2011	Interest Capitalization.....		857,057	857,057	
001084 AN 2	Agco Corp Machinery-Far 5.875% 12/01/21.....		11/28/2011	JPMorgan Chase Bank N.A.....		725,000	725,000	
00817Y AH 1	Aetna Inc Medical HMO 3.950% 09/01/20.....		02/10/2011	Goldman Sachs.....		1,891,980	2,000,000	36,867
0258M0 DC 0	Amer Express Credit Co Financial Credit Card 2.800% 09/19/16.....		11/16/2011	Citigroup Global Markets Limited.....		4,071,379	4,070,000	19,626
03064P AA 9	Americredit Automobile Receiva Series 2011-3 C 0.277% 07/09/12.....		06/08/2011	Greenwich Capital Markets.....		1,574,355	1,574,355	
03076C AD 8	Ameriprise Financial Inc Invest Mgmtm Adv Serv 7.300% 06/28/19.....		02/08/2011	Glehear & Compant SEC, INC.....		4,728,480	4,000,000	34,878
031162 BG 4	Amgen Inc Medical-Biomedical Gene 4.100% 06/15/21.....		06/27/2011	JPMorgan Chase Bank N.A.....		997,420	1,000,000	
03523T BG 2	Anheuser-Busch Brewery 5.375% 11/15/14.....		03/15/2011	Morgan Stanley & Co., INC.....		5,083,899	5,000,000	89,582
05377R AP 9	Aesop Funding II LLC Series 2011-1A Class A 1.850% 11/20/13.....		04/28/2011	Deutsche Bank.....		12,999,721	13,000,000	
05573W AA 3	BMW Vehicle Owner Trust Series 2011-A Class A1 0.306% 09/25/12.....		09/14/2011	Bank of America.....		4,132,535	4,132,535	
06849R AF 9	Barrick NA Finance LLC Gold Mining 4.400% 05/30/21.....		09/13/2011	Tax Free Exchange.....		1,249,145	1,250,000	15,583
07401W AA 7	Bear Stearns Second Lien Trust Series 2007-1 Cla 0.674% 01/25/37.....		09/30/2011	Various.....		1,370,099	2,308,556	553
07401W AP 4	Bear Stearns Second Lien Trust Series 2007-1 Cla 0.734% 08/25/37.....		08/18/2011	Knights Libertas LLC.....		3,848,035	4,840,296	2,446
07401W BA 6	Bear Stearns Second Lien Trust Series 20071 Clas 0.734% 08/25/37.....		12/15/2011	Various.....		7,314,502	11,206,945	4,885
075887 AW 9	Becton Dickinson Medical Products 3.250% 11/12/20.....		02/08/2011	Deutsche Bank Securities Inc.....		912,900	1,000,000	8,035
101137 AK 3	Boston Scientific Corp Medical Instruments 6.000% 01/15/20.....		04/04/2011	Boston Scientific Corp Sr Unsec.....		3,682,315	3,500,000	47,833
12189L AF 8	Burlingtn North Santa Fe Transport-Rail 3.450% 09/15/21.....		08/17/2011	Citigroup Global Markets Limited.....		2,992,590	3,000,000	
12623C AA 3	CNH Equipment Trust Series 2011-B Class A1 0.384% 10/12/12.....		09/14/2011	Greenwich Capital Markets.....		13,085,751	13,085,751	
126650 BW 9	CVS Caremark Corp Retail-Drug Store 4.125% 05/15/21.....		05/09/2011	Barclays Capital High Yield.....		986,840	1,000,000	
126673 KN 1	Countrywide Home Equity Loan T Series 2004-N Cl 0.558% 02/15/34.....		03/23/2011	BedRok Securities LLC.....		2,760,525	4,381,786	847
126684 AB 5	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.519% 03/25/34.....		03/29/2011	Guggenheim Capital Markets.....		37,953	36,669	169
126684 AC 3	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.658% 03/25/34.....		03/29/2011	Banc of Manhattan Capital.....		5,451,325	6,977,697	
126684 AF 6	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.657% 03/25/34.....		03/29/2011	Various.....		122,956	171,505	800
126685 AK 2	Countrywide Home Equity Loan T Series 2005-F Cl 0.518% 12/15/35.....		03/23/2011	Various.....		9,198,151	16,769,647	2,629
126685 CS 3	Countrywide Home Equity Loan T Series 2006-B Cl 0.448% 05/15/36.....		03/29/2011	Barclay's Bank.....		141,658	307,953	62
126685 DA 1	Countrywide Asset-Backed Certi Series 2006-S1 Cl 5.597% 08/25/21.....		04/01/2011	Interest Capitalization.....		780	775	
126685 DJ 2	Countrywide Home Equity Loan T Series 2006-C Cl 0.458% 05/15/36.....		03/31/2011	Various.....		6,367,915	10,745,258	2,689
15132C AE 2	Aesop Funding II LLC Series 2005-2A Class A 0.485% 05/20/13.....		06/02/2011	Ambac Investments, Inc.....		24,633,152	25,000,000	3,848

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SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
156700 AQ 9	Centurylink Inc Telephone-Integrated 5.150% 06/15/17.....		06/10/2011	Barclays Capital Securities Inc. Fixed Income.....		2,992,500	3,000,000	
209111 EZ 2	Consolidated Edison Co NY Electric Integrated 4.450% 06/15/20.....		02/08/2011	RBS Securities Inc.....		4,066,520	4,000,000	27,689
23242Y BM 6	Countrywide Home Equity Loan T Series 2006-RES 0.518% 12/15/35.....		03/31/2011	Knights Libertas LLC.....		48,793,158	84,126,134	24,291
23243N AE 8	Countrywide Asset-Backed Certi Series 2006-S4 CI 5.661% 07/25/34.....		03/22/2011	Various.....		20,138,548	18,546,579	69,995
23243N AF 5	Countrywide Asset-Backed Certi Series 2006-S4 CI 5.804% 07/25/34.....		03/25/2011	Banc of Manhattan Capital.....		426,978	601,378	2,812
23336J AA 3	DT Auto Owner Trust Series 2011-2A A 0.960% 01/15/14.....		05/25/2011	Greenwich Capital Markets.....		5,246,981	5,247,111	
249030 AC 1	Dentsply International Inc. Dental Supplies & Equip 4.125% 08/15/21.....		08/18/2011	Morgan Stanley Capital Services Inc.....		1,230,715	1,235,000	
25152D AB 0	Deutsche Alt-A Securities Inc Series 2007-RS1 Cla 0.794% 01/27/37.....		12/15/2011	BedRok Securities LLC.....		29,275,645	72,621,754	25,968
25459H AU 9	Directv Holdings Cable Satellite TV 5.875% 10/01/19.....		02/08/2011	J.P. Morgan Securities, Inc.....		2,154,840	2,000,000	42,431
25459H BA 2	Directv Holdings Cable Satellite TV 5.000% 03/01/21.....		03/07/2011	Credit Suisse SEC (USA), LLC.....		995,590	1,000,000	
254709 AE 8	Discover Financial Svs Finance-Credit Card 10.250% 07/15/19.....		10/31/2011	Citigroup Global Markets Limited.....		1,471,936	1,225,000	37,669
25470D AA 7	Discovery Communications Broadcast Serv Program 5.625% 08/15/19.....		02/08/2011	RBS Securities Inc.....		1,083,740	1,000,000	27,500
260543 CC 5	Dow Chemical Chemicals-Diversified 4.250% 11/15/20.....		04/28/2011	Mizhou Securities USA, Inc.....		975,850	1,000,000	20,542
260543 CF 8	Dow Chemical Chemicals-Diversified 4.125% 11/15/21.....		11/04/2011	Bank of America, N.A.....		2,988,090	3,000,000	
266233 AD 7	Duquesne Light Holdings Electric-Integrated 5.900% 12/01/21.....		05/25/2011	J.P. Morgan Securities, Inc.....		624,711	625,000	
26884L AB 5	EQT Corp Oil Comp-Explor&Prodtn 4.875% 11/15/21.....		11/02/2011	Deutsche Bank Securities Inc.....		624,236	630,000	
26884T AD 4	Erac USA Finance Company Finance-Other Services 4.500% 08/16/21.....		05/09/2011	Barclays Capital high yld.....		995,360	1,000,000	
32029H AB 8	First Franklin Mtg Loan Asset Series 2007-FFC C 0.444% 06/25/27.....		04/25/2011	Interest Capitalization.....		453,398	832,417	
32029H AC 6	First Franklin Mtg Loan Asset Series 2007-FFC C 0.514% 06/25/27.....		12/07/2010	Tejas Securities Group Inc.....		(978,701)	(2,387,076)	(439)
36161H AB 7	GE Equipment Midticket LLC Series 2010-1 Class A2 0.610% 01/14/13.....		06/17/2011	Bank of America.....		250,661	250,661	34
364760 AK 4	GAP Inc. Retail-Apparel Store 5.950% 04/12/21.....		04/08/2011	Jefferies & Co Inc (FI & Eq).....		3,986,000	4,000,000	
36830H AB 8	GE Equipment Small Ticket LLC Series 2011-1 Class 0.880% 08/21/13.....		02/02/2011	Barclay's Bank.....		15,307,324	15,308,723	
38141E A6 6	Goldman Sachs Group Inc Diversified Banking Ins 6.000% 06/15/20.....		02/10/2011	Goldman, Sachs & Co.....		5,312,500	5,000,000	50,000
38141G FM 1	Goldman Sachs Group Inc Diversified Banking Ins 6.150% 04/01/18.....		07/20/2011	Goldman, Sachs & Co. (FI & Eq.) EPN - MBGS.....		3,276,780	3,000,000	58,425
38144L AB 6	Goldman Sachs Group Inc Diversified Banking Ins 6.250% 09/01/17.....		04/11/2011	Morgan Stanley & Co., INC.....		660,882	600,000	4,479
39153V AV 6	Great America Leasing Receivab Series 2011-1 1.050% 03/15/13.....		02/16/2011	Wells Fargo.....		11,883,976	11,884,341	
395385 AQ 0	Greenpoint Home Equity Loan Tr Series 2004-1 Class 0.754% 07/25/29.....		08/15/2011	BedRok Securities LLC.....		332,035	447,689	187
395385 AZ 0	Greenpoint Home Equity Loan Tr Series 2004-4 Class 0.838% 08/15/30.....		09/14/2011	Various.....		120,027	192,469	8
39538W EF 1	Greenpoint Mortgage Funding Tr Series 2005-AR5 Clas 0.564% 11/25/46.....		06/22/2011	BedRok Securities LLC.....		120,792	289,323	
39538W EL 8	Greenpoint Mortgage Funding Tr Series 2005-AR5 Clas 0.564% 11/25/46.....		06/22/2011	BedRok Securities LLC.....		114,502	303,317	
40429C GD 8	HSBC Finance Corp Finance-Consumer Loans 6.676% 01/15/21.....		10/17/2011	Tax Free Exchange.....		3,538,712	4,000,000	68,244
416515 AZ 7	Hartford Finl Svcs Grp Multi-line Insurance 5.500% 03/30/20.....		05/04/2011	Morgan Stanley & Co., Inc.....		2,891,075	2,750,000	16,385
43709R AA 2	Indymac Seconds Asset Backed T Series 2006-3 0.454% 02/25/37.....		09/26/2011	Interest Capitalization.....		93,911	93,911	
43710A BB 3	Home Equity Mortgage Trust Series 2007-1 Class A1 0.464% 05/25/37.....		06/17/2011	BedRok Securities LLC.....		7,733,557	14,944,072	4,231
43710A BB 3	Home Equity Mortgage Trust Series 2007-1 Class A1 0.464% 05/25/37.....		11/25/2011	Interest Capitalization.....		654,205	654,205	
44984N AA 5	Income Note-I Preferred Term CDO 17.500% 11/05/33.....		06/23/2011	Ambac Private Holdings, LLC.....		656,845	2,215,941	
45254T TF 1	Impac Secured Assets Corp. Series 2005-2 Class A1W 0.544% 03/25/36.....		06/16/2011	Cantor Fitzgerald.....		421,613	685,550	228
45255R AA 5	Impac Secured Assets Corp. Series 2006-3 Class A1 0.464% 11/25/36.....		09/27/2011	Various.....		6,359,045	11,107,503	1,721
456606 LM 2	Indymac Loan Trust Series 2006-L1 Class A2 0.464% 04/25/14.....		04/01/2011	Guggenheim Capital Markets.....		8,793,342	16,359,707	2,288
45661D AA 4	Indymac Residential Asset Back Series 2006-H2 Cla 0.444% 06/28/36.....		09/30/2011	Various.....		15,108,227	28,093,811	2,250
460146 CG 6	Inti Paper Co Paper & Related Products 4.750% 02/15/22.....		11/14/2011	Citigroup global markets.....		994,388	990,000	16
478366 AX 5	Johnson Controls Inc Auto Trk Prts Equip 4.250% 03/01/21.....		02/01/2011	Bank of America NA.....		2,084,796	2,100,000	
49326E ED 1	Keycorp Super-Regional Banks-US 5.100% 03/24/21.....		03/21/2011	JPMorgan Chase Bank N.A.....		1,248,838	1,250,000	
52524P AG 7	Lehman XS Trust Series 2007-6 Class 3A1 0.454% 05/25/37.....		08/12/2011	Banc of Manhattan Capital.....		23,867,693	37,275,070	8,270
55352R AA 6	MSCC HELOC Trust Series 2007-1 Class A 0.394% 12/25/31.....		07/01/2011	Bank of America.....		10,057,143	13,364,973	1,061
56585A AD 4	Marathon Petroleum Corp Oil Comp-Integrated 5.125% 03/01/21.....		11/21/2011	Tax Free Exchange.....		999,919	1,000,000	11,389
571748 AR 3	Marsh & McLennan Cos Inc Insurance Brokers 4.800% 07/15/21.....		07/12/2011	Citigroup global markets.....		664,009	665,000	

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SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
59156R AT 5	Metlife Inc Multi-line Insurance 7.717% 02/15/19.....		02/10/2011	J.P. Morgan securities Inc.....		1,819,290	1,500,000	
617446 C2 3	Morgan Stanley Diversified Banking Inst 5.450% 01/09/17.....		08/02/2011	Morgan Stanley Capital Services Inc.....		310,457	290,000	1,141
61747W AL 3	Morgan Stanley Diversified Banking Ints 5.500% 07/28/21.....		10/27/2011	Morgan Stanley Capital Services Inc.....		3,089,010	3,135,000	44,543
61747Y CJ 2	Morgan Stanley Diversified Banking Inst 5.625% 09/23/19.....		08/12/2011	Jeffries Fixed Income (Bonds Direct).....		2,015,780	2,000,000	44,688
652482 BT 6	News America Inc Multim 6.900% 03/01/19.....		02/10/2011	Deutsche Bank securities Inc.....		3,511,170	3,000,000	94,300
65473Q AR 4	Nisource Finance Corp Electric Integrated 5.450% 09/15/20.....		04/28/2011	Bank of America.....		2,638,250	2,500,000	18,167
65537U AC 2	Nomura Asset Acceptance Corpor Series 2007-3 CI 0.614% 07/25/37.....		12/21/2011	Guggenheim Capital Markets.....		3,518,258	5,744,095	
65537U AD 0	Nomura Asset Acceptance Corpor Series 2007-3 CI 0.524% 07/25/37.....		12/22/2011	Guggenheim Capital Markets.....		7,838,510	13,009,974	189
690742 AA 9	Owens Corning Inc Bldg&Construct Prod-Mis 6.500% 12/01/16.....		10/28/2011	Cantor Fitzgerald & Co.....		1,505,000	1,400,000	38,169
74913G AT 2	Qwest Corp Telecom Serv 6.500% 06/01/17.....		10/28/2011	Morgan Stanley Co.....		2,277,660	2,100,000	57,254
760759 AM 2	Republic Services Inc Non-hazardous Waste Dis 4.750% 05/15/23.....		05/05/2011	Goldman, Sachs & Co. (FI & Eq.) EPN - MBGS.....		2,013,640	2,000,000	264
760761 AD 8	Republic Services Inc Non-hazardous Waste Dis 5.250% 11/15/21.....		02/09/2011	RBC Capital markets.....		2,073,400	2,000,000	25,958
760985 4A 6	Residential Asset Mortgage Pro Series 2004-RS5 Cla 5.750% 05/25/34.....		09/09/2011	Barclay's Bank.....		5,250,090	9,417,202	19,554
760985 SU 6	Residential Asset Mortgage Pro Series 2003-RS2 Cla 0.974% 03/25/33.....		06/29/2011	Bank of America.....		774,264	1,098,247	211
76110W RT 5	Residential Asset Series 2003-KS4 Class A1B 0.874% 06/25/33.....		09/27/2011	Banc of Manhattan Capital.....		539,581	1,047,729	95
785778 ND 9	Saco I Trust Series 2005-10 Class 1A 0.814% 06/25/36.....		09/28/2011	Various.....		5,655,318	9,336,784	2,556
785778 PF 2	Saco I Trust Series 2006-2 Class 1A 0.694% 03/25/37.....		12/21/2011	Various.....		8,637,328	13,159,333	1,890
785778 PG 0	Saco I Trust Series 2006-2 Class 2A 0.694% 07/25/36.....		09/28/2011	Various.....		6,628,193	10,824,108	2,134
785813 AA 4	Saco I Trust Series 2006-8 Class A 0.434% 06/25/36.....		09/28/2011	Various.....		2,292,044	4,211,466	1,106
84756N AB 5	Spectra Energy Partners Pipelines 4.600% 06/15/21.....		06/06/2011	Wachovia Securities.....		574,810	575,000	
86359B 4V 0	Structured Asset Securities Co Series 2005-4XS Clas 5.250% 03/25/35.....		06/24/2011	RW Baird.....		2,250,000	3,000,000	12,250
88732J BA 5	Time Warner Cable Inc Cable/Satellite TV 4.000% 09/01/21.....		09/07/2011	Goldman, Sachs & Co.....		743,318	750,000	
89417E AF 6	Travelers Cos Inc Property Casualty Ins 5.900% 06/02/19.....		02/08/2011	Credit Suisse SEC (USA), LLC.....		1,648,380	1,500,000	16,963
918204 AV 0	VF Corp Apparel Manufacturers 3.500% 09/01/21.....		08/19/2011	Bank of America, N.A.....		1,340,831	1,345,000	
92867F AA 3	Volkswagen Auto Lease Trust Series VW2011A Class A1 0.461% 11/20/12.....		11/16/2011	Barclay's Bank.....		6,648,695	6,648,695	
984121 CD 3	Xerox Corporation Office Automation & Equipment 4.500% 05/15/21.....		05/13/2011	Citigroup Global Markets.....		878,327	885,000	
00080Q AD 7	ABN AMRO Bank NV Money Center Banks 7.750% 05/15/23.....	F.....	06/30/2011	Tax Free Exchange.....		5,720,232	5,000,000	
05946K AA 9	Banco Bilbao Vizcaya Arg Commer Banks Non-US 5.750% 07/20/17.....	F.....	05/18/2011	BBVA Securities Inc.....		2,694,375	2,500,000	47,917
06675E AB 6	Banque PSA Frin Finance Leasing Company 4.375% 04/04/16.....	F.....	03/29/2011	Bank of America, N.A.....		3,491,600	3,500,000	
06739G AR 0	Barclays Bank Plc Commer Banks Non-US 5.125% 01/08/20.....	F.....	04/13/2011	Citigroup Global Markets.....		712,810	700,000	9,965
18971W AB 2	Clydesdale Strategic CLO Ltd Series 2004-1A Clas 1.049% 01/20/17.....	F.....	06/29/2011	Deutsche Bank.....		7,380,000	8,000,000	8,484
358428 AB 6	Friedbergmilstein Private Capi Series 2004-1A Cla 1.303% 01/15/19.....	F.....	06/16/2011	Deutsche Bank.....		7,780,000	8,000,000	50,622
404280 AK 5	HSBC Holdings PLC Diversified Banking Ins 5.100% 04/05/21.....	F.....	05/17/2011	BNP Paribas Securities Corp - NY.....		1,527,237	1,490,000	6,375
539473 AG 3	Lloyds TSB Bank Plc Money Center Banks 4.875% 01/21/16.....	F.....	02/25/2011	Barclay's capital high yield.....		2,030,620	2,000,000	11,104
55608J AE 8	Macquarie Group Ltd Finance-Invest Bnrk Brk 6.250% 01/14/21.....	F.....	01/07/2011	Barclays Capital Securities Inc. Fixed Income.....		2,473,525	2,500,000	
65557F AA 4	Nordea Bank AB Commer Banks Non-US 4.875% 05/13/21.....	F.....	05/10/2011	Goldman, Sachs & Co. (FI & Eq.) EPN - MBGS.....		2,985,240	3,000,000	
83364L AB 5	Societe Generale Diversified Banking Ins 5.750% 04/20/16.....	F.....	03/23/2011	Morgan Stanley Co.....		2,352,038	2,250,000	56,781
96525P AB 4	Whitehorse LTD Series 2005-1A Class A2L 1.026% 06/15/17.....	F.....	06/22/2011	Deutsche Bank.....		3,806,250	4,000,000	969
98417E AG 5	Xstrata Canada Fin Corp Metal Diversified 3.600% 01/15/17.....	F.....	11/04/2011	JPMorgan Chase Bank N.A.....		2,997,570	3,000,000	
	Citibank Time Deposit CD.....		05/10/2011	Citigroup Global Markets.....		50,000	50,000	
3899999.	Total - Bonds - Industrial and Miscellaneous.....					494,784,411	668,538,981	1,352,655
8399997.	Total - Bonds - Part 3.....					669,419,652	842,570,981	1,716,119
8399998.	Total - Bonds - Summary Item from Part 5.....					155,247,889	170,337,208	426,410
8399999.	Total - Bonds.....					824,667,541	1,012,908,189	2,142,529

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Common Stocks - Industrial and Miscellaneous

G0231# 10 0	Ambac Assurance UK Limited.....	D.....	03/31/2011	Direct.....		4,769	XXX	
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SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
9099999.	Total - Common Stocks - Industrial and Miscellaneous.....					4,769	.XXX.....	.....0
9799997.	Total - Common Stocks - Part 3.....					4,769	.XXX.....	.....0
9799999.	Total - Common Stocks.....					4,769	.XXX.....	.....0
9899999.	Total - Preferred and Common Stocks.....					4,769	.XXX.....	.....0
9999999.	Total - Bonds, Preferred and Common Stocks.....					824,672,310	.XXX.....	.....2,142,529

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date													
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.																			
Bonds - U.S. Government																																	
36213C	YP 9		12/01/2011	Paydown		37,339	37,339	38,710	38,634		(1,295)		(1,295)		37,339			0	981	11/15/2035													
36241K	VV 7		12/01/2011	Paydown		236,419	236,419	244,951	244,543		(8,124)		(8,124)		236,419			0	5,854	10/15/2038													
36241K	YZ 5		12/01/2011	Paydown		192,827	192,827	199,786	199,457		(6,630)		(6,630)		192,827			0	5,003	01/15/2039													
912828	EX 4		02/28/2011	Maturity		50,000,000	50,000,000	53,996,094	50,219,949		(219,949)		(219,949)		50,000,000			0	1,125,000	02/28/2011													
0599999	Total - Bonds - U.S. Government																		50,466,585	50,466,585	54,479,541	50,702,583	0	(235,998)	0	(235,998)	0	50,466,585	0	0	0	1,136,838	XXX
Bonds - U.S. States, Territories and Possessions																																	
130628	VT 4		11/01/2011	Redemption 100.0000		8,485,000	8,485,000	7,793,048	7,836,121		25,239		25,239		7,861,360		623,640	623,640	530,313	02/01/2025													
419780	ZV 6		12/13/2011	Tax Free Exchange		12,850,182	12,580,000	13,648,545	12,992,593		(142,411)		(142,411)		12,850,182			0	847,578	09/01/2013													
1799999	Total - Bonds - U.S. States, Territories & Possessions																		21,335,182	21,065,000	21,441,593	20,828,714	0	(117,172)	0	(117,172)	0	20,711,542	0	623,640	623,640	1,377,891	XXX
Bonds - U.S. Political Subdivisions of States																																	
167501	WL 5		12/01/2011	Maturity		1,500,000	1,500,000	1,100,595	1,450,166		49,834		49,834		1,500,000			0		12/01/2011													
167610	Z6 4		10/21/2011	Call 100.0000		8,655,000	8,655,000	8,655,000	8,655,000				0		8,655,000			0	564,979	01/01/2029													
213185	AB 7		05/15/2011	Call 100.0000		8,995,000	8,995,000	9,061,405	8,999,353		(4,353)		(4,353)		8,995,000			0	230,497	05/15/2011													
358802	ST 4		12/01/2011	Call 100.0000		6,250,000	6,250,000	5,906,500	5,963,895		7,650		7,650		5,971,545		278,455	278,455	404,514	08/15/2030													
647639	AW 3		01/15/2011	Maturity		2,835,000	2,835,000	2,835,000	2,835,000				0		2,835,000			0	88,594	01/15/2011													
64966C	LY 5		04/01/2011	Direct - Transfer to Schedule DA		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		08/01/2031													
2499999	Total - Bonds - U.S. Political Subdivisions of States																		53,235,000	53,235,000	52,558,500	52,903,414	0	53,131	0	53,131	0	52,956,545	0	278,455	278,455	1,288,584	XXX
Bonds - U.S. Special Revenue and Special Assessment																																	
07201T	ZH 4		09/01/2011	Redemption 100.0000		1,345,000	1,345,000	1,342,660	1,343,978		455		455		1,344,434		566	566	67,250	09/01/2012													
13033K	P5 2		04/01/2011	Direct - Transfer to Schedule DA		20,720,000	20,720,000	20,720,000	20,720,000				0		20,720,000			0		08/01/2034													
25457V	AB 0		12/29/2011	Direct		618,350	2,500,000		525,000	188,722	2,452	97,823	93,351		618,351			0	140,625	01/01/2034													
25457V	AU 0		12/29/2011	Direct		743,400	6,000,000		720,000	326,128	132,790	435,518	23,400		743,400			0		01/01/2022													
291195	EK 7		09/01/2011	Redemption 100.0000		180,000	180,000	181,498	180,907		(33)		(33)		180,874		(874)	(874)	11,925	09/01/2019													
31283H	5A 9		12/01/2011	Paydown		61,379	61,379	64,612	64,440		(3,061)		(3,061)		61,379			0	1,920	10/01/2034													
31283H	N2 7		12/01/2011	Paydown		1,230	1,230	1,303	1,299		(68)		(68)		1,231			0	46	08/01/2031													
3128H7	H3 9		12/01/2011	Paydown		7,485	7,485	7,862	7,792		(307)		(307)		7,485			0	235	09/01/2018													
3128KF	BD 1		12/01/2011	Paydown		145,708	145,708	151,786	151,485		(5,778)		(5,778)		145,708			0	3,724	09/01/2036													
3128NC	SZ 3		12/01/2011	Paydown		19,527	19,527	19,482	19,481		46		46		19,527			0	(54)	08/01/2035													
31292H	VU 5		12/01/2011	Paydown		136,739	136,739	140,414	140,194		(3,455)		(3,455)		136,739			0	3,827	10/01/2029													
31295W	D7 0		12/01/2011	Paydown		1,091	1,091	1,135	1,110		(19)		(19)		1,091			0	57	05/01/2020													
31295W	GF 9		12/01/2011	Paydown		1,944	1,944	2,022	1,979		(35)		(35)		1,944			0	93	09/01/2020													
31295W	PP 7		12/01/2011	Paydown		2,137	2,137	2,223	2,162		(24)		(24)		2,138			0	109	09/01/2016													
312962	5K 5		12/01/2011	Paydown		261,784	261,784	269,637	268,155		(6,371)		(6,371)		261,784			0	6,159	11/01/2018													
31296P	EM 0		12/01/2011	Paydown		112,106	112,106	115,609	115,390		(3,284)		(3,284)		112,106			0	2,517	10/01/2033													
312971	H9 8		12/01/2011	Paydown		75,682	75,682	78,461	78,017		(2,335)		(2,335)		75,682			0	2,086	05/01/2020													
31297M	H2 7		12/01/2011	Paydown		3,212,478	3,212,478	3,324,915	3,321,956		(109,478)		(109,478)		3,212,478			0	85,633	11/01/2034													
31297T	6K 4		12/01/2011	Paydown		58,085	58,085	59,819	59,721		(1,636)		(1,636)		58,085			0	1,579	10/01/2035													
3133TD	JS 6		12/01/2011	Paydown		696,230	696,230	701,124	696,230		0		0		696,230			0	23,606	02/01/2009													
3133TG	U4 9		12/01/2011	Paydown		55,825	55,825	57,711	57,560		(1,735)		(1,735)		55,825			0	1,607	11/15/2028													
3133TS	BS 1		12/01/2011	Paydown		184,798	184,798	198,311	194,594		(9,796)		(9,796)		184,798			0	6,545	03/01/2029													
31362T	GE 7		12/01/2011	Paydown		12,594	12,594	11,877	12,035		558		558		12,594			0	652	07/01/2019													
31365D	JV 8		12/01/2011	Paydown		412	412	420	415		(3)		(3)		412			0	20	09/01/2022													

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date
31371J 6T 6	FNMA 15YR 5.500% 08/01/16.....		12/01/2011.	Paydown.....		95,936	95,936	93,973	94,620		1,316		1,316		95,936			0	2,657	11/01/2015.
31371K EJ 6	FNCI #254037 5.500% 10/01/16.....		12/01/2011.	Paydown.....		104,548	104,548	103,020	103,558		990		990		104,548			0	3,173	01/01/2016.
31371L A6 6	Fannie Mae FN 254829 5.500% 08/01/33.....		12/01/2011.	Paydown.....		800,490	800,490	794,174	794,602		5,889		5,889		800,491			0	23,892	05/01/2032.
31384W BA 7	FNCI # 535633 5.500% 12/01/14.....		12/01/2011.	Paydown.....		101,593	101,593	100,108	100,785		808		808		101,593			0	2,834	12/01/2014.
31385J CH 9	FNCI #545572 6.000% 04/01/17.....		12/01/2011.	Paydown.....		129,902	129,902	130,318	129,929		(27)		(27)		129,902			0	4,129	01/01/2017.
31387K V5 9	FNMA 15 YR 586636 6.000% 06/01/16.....		12/01/2011.	Paydown.....		9,656	9,656	9,559	9,591		65		65		9,656			0	347	10/01/2015.
31387K V8 3	FNMA #586639 6.000% 06/01/16.....		12/01/2011.	Paydown.....		19,060	19,060	18,869	18,930		130		130		19,060			0	621	01/01/2016.
31387N YL 5	FNMA 589415 5.500% 07/01/16.....		12/01/2011.	Paydown.....		19,825	19,825	19,452	19,645		180		180		19,825			0	391	05/01/2012.
31389H HL 5	Fannie Mae # 625835 6.000% 01/01/17.....		12/01/2011.	Paydown.....		49,861	49,861	49,931	49,869		(8)		(8)		49,861			0	1,857	10/01/2016.
31392J AD 1	Fannie Mae Series 2003-W2 Class 1A3 7.500% 07/25/42.....		12/01/2011.	Paydown.....		3,687	3,687	3,924	3,917		(229)		(229)		3,687			0	170	07/25/2042.
31392J YH 6	Fannie Mae Series 2003-W3 Class 1A3 7.500% 08/25/42.....		12/01/2011.	Paydown.....		1,733	1,733	1,845	1,842		(109)		(109)		1,733			0	71	08/25/2042.
31401H PU 0	Fannie Mae FN #708835 5.000% 06/01/18.....		12/01/2011.	Paydown.....		62,834	62,834	65,308	64,809		(1,976)		(1,976)		62,834			0	1,733	06/01/2018.
31401H SE 3	Fannie Mae 708917 6.000% 06/01/33.....		12/01/2011.	Paydown.....		35,468	35,468	37,302	36,703		(1,236)		(1,236)		35,468			0	1,044	02/01/2026.
31401J ND 6	Fannie Mae FN 709688 5.500% 06/01/33.....		12/01/2011.	Paydown.....		1,757,792	1,757,792	1,758,395	1,752,978		4,814		4,814		1,757,792			0	47,695	02/01/2033.
31401W GV 5	Fannie Mae 720312 4.500% 06/01/18.....		12/01/2011.	Paydown.....		2,939,117	2,939,117	2,942,332	2,937,513		1,604		1,604		2,939,117			0	64,478	06/01/2018.
31401W KH 1	Fannie Mae FN 720396 5.000% 07/01/18.....		12/01/2011.	Paydown.....		2,415,427	2,415,427	2,452,414	2,435,213		(19,786)		(19,786)		2,415,427			0	64,889	01/01/2018.
31402C 4H 2	FNCL 725424 5.500% 04/01/34.....		12/01/2011.	Paydown.....		2,806,982	2,806,982	2,822,332	2,814,285		(7,303)		(7,303)		2,806,982			0	77,497	03/01/2032.
31402C XE 7	FNCL 725277 4.500% 03/01/19.....		12/01/2011.	Paydown.....		2,067,660	2,067,660	2,087,045	2,076,346		(8,685)		(8,685)		2,067,660			0	49,488	05/01/2018.
31402J SW 8	FNCL 730533 5.000% 08/01/33.....		12/01/2011.	Paydown.....		2,220,449	2,220,449	2,230,967	2,225,927		(5,478)		(5,478)		2,220,449			0	56,545	07/01/2032.
31403N UF 2	Fannie Mae 753982 5.500% 12/01/33.....		12/01/2011.	Paydown.....		855,813	855,813	886,034	885,187		(29,374)		(29,374)		855,813			0	29,593	02/01/2031.
31403U MG 3	Fannie Mae FN #758259 6.000% 12/01/33.....		12/01/2011.	Paydown.....		6,580	6,580	6,875	6,858		(277)		(277)		6,580			0	159	12/01/2033.
31404F JZ 7	Fannie Mae 767180 4.500% 02/01/19.....		12/01/2011.	Paydown.....		5,049,733	5,049,733	5,097,074	5,065,122		(15,389)		(15,389)		5,049,733			0	119,636	07/01/2018.
31404K SG 8	Fannie Mae FN #771019 5.000% 04/01/34.....		12/01/2011.	Paydown.....		75,369	75,369	77,737	77,587		(2,217)		(2,217)		75,369			0	2,464	04/01/2034.
31405A KB 8	Fannie Mae FN #783390 6.500% 09/01/34.....		12/01/2011.	Paydown.....		3,647	3,647	3,837	3,827		(180)		(180)		3,647			0	169	09/01/2034.
31407M MT 9	FNCL FN #834770 6.500% 07/01/35.....		12/01/2011.	Paydown.....		28,908	28,908	30,385	30,307		(1,399)		(1,399)		28,908			0	342	07/01/2035.
31409W W8 0	Fannie Mae FN #880971 5.500% 10/01/21.....		12/01/2011.	Paydown.....		34,868	34,868	36,273	36,072		(1,205)		(1,205)		34,868			0	873	10/01/2021.
36297A 3U 5	GNMA #706511 5.000% 01/01/39.....		12/01/2011.	Paydown.....		210,569	210,569	218,202	217,920		(7,351)		(7,351)		210,569			0	5,311	01/01/2039.
373541 TN 1	Georgia Mun Elec Auth Pwr Rev Escrowed to Mat. Se 6.600% 01/01/18.....		01/01/2011.	Redemption 100.0000.....		5,000	5,000	4,994	4,997						4,997		3	3	165	01/01/2018.
45200K H3 5	Illinois Health Facs Auth Rev Childrens Mem Hosp 6.250% 08/15/13.....		08/15/2011.	Redemption 100.0000.....		340,000	340,000	340,996	340,786		(152)		(152)		340,634		(634)	(634)	21,250	08/15/2013.
45129Y XX 9	Idaho Hsg & Fin Assn Single Fa Var-Ser B-CL I.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		07/01/2039.
451443 UH 6	Idaho St Bldg Auth Rev Var-Ref-Prison Facs Proj.....		04/01/2011.	Direct - Transfer to Schedule DA.....		23,430,000	23,430,000	23,430,000	23,430,000				0		23,430,000			0		09/01/2025.
455057 TL 3	Indiana St Fin Auth Rev Var Lease Approp A 3.....		04/01/2011.	Direct - Transfer to Schedule DA.....		23,000,000	23,000,000	23,000,000	23,000,000				0		23,000,000			0		02/01/2035.
575579 TK 3	Massachusetts Bay Trans Auth.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		07/01/2026.
649716 HA 8	NY City Trans Fin Adj Future Tax Secd Ser.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		11/15/2028.
649876 K4 0	NY St Local Govt Assist Co Revenue Bonds.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		04/01/2021.
708793 EF 7	Pennsylvania Hsg Fin Agy Var Amt Single Family.....		04/01/2011.	Direct - Transfer to Schedule DA.....		10,345,000	10,345,000	10,345,000	10,345,000				0		10,345,000			0		04/01/2018.
708793 EG 5	Pennsylvania Hsg Fin Agy Var Amt Single Family.....		04/01/2011.	Direct - Transfer to Schedule DA.....		7,775,000	7,775,000	7,775,000	7,775,000				0		7,775,000			0		10/01/2034.
769125 DP 7	Riverside Cnty Calif Trans Co Var-Ltd Tax-Ser-A.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		06/01/2029.
83755G 6R 3	South Dakota Hsg Dev Auth Var-Amt-Homeowner.....		04/01/2011.	Direct - Transfer to Schedule DA.....		25,000,000	25,000,000	25,000,000	25,000,000				0		25,000,000			0		05/01/2039.
455063 EX 1	Indiana Office Building Comm 6.900% 07/01/11.....		07/01/2011.	Maturity.....		365,000	365,000	361,642	364,853		147		147		365,000			0	25,185	07/01/2011.
46246N EA 0	Iowa Fin Auth Hosp Fac Rev Trinity Regl Hosp Proj 6.000% 07/01/12.....		07/01/2011.	Redemption 100.0000.....		350,000	350,000	364,119	351,981		(642)		(642)		351,339		(1,339)	(1,339)	21,000	07/01/2012.
553751 DN 5	MSR CA Pub Pwr Agy San Juan Pr 6.750% 07/01/20.....		07/01/2011.	Redemption 100.0000.....		85,000	85,000	83,300	84,084		35		35		84,119		881	881	5,738	07/01/2020.
576049 XP 0	Massachusetts St Wtr Res Auth Gen Series B 5.125% 08/01/27.....		08/01/2011.	Redemption 101.0000.....		9,090,000	9,000,000	9,069,300	9,087,957		2,043		2,043		9,090,000			0	461,250	08/01/2011.

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	
126684 AD 1	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.799% 03/25/34.....	12/01/2011.	Paydown.....		147,045	147,045	40,543	40,543				106,502		147,045			0	3,479	07/25/2021.	
126684 AE 9	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.962% 11/25/36.....	12/01/2011.	Paydown.....		1,470,450	1,470,450	472,542	472,542				997,908		1,470,450			0	35,772	03/25/2034.	
126684 AF 6	Countrywide Asset-Backed Certi Series 2006-S6 Cl 5.657% 03/25/34.....	12/01/2011.	Paydown.....		1,950,225	1,950,225	1,054,219	1,054,218				896,007		1,950,225			0	52,260	09/25/2021.	
126685 AK 2	Countrywide Home Equity Loan T Series 2005-F Cl 0.518% 12/15/35.....	12/15/2011.	Paydown.....		1,759,851	1,759,851	795,341	799,418				963,663	3,229	1,759,851			0	3,511	09/17/2035.	
126685 CS 3	Countrywide Home Equity Loan T Series 2006-B Cl 0.448% 05/15/36.....	12/15/2011.	Paydown.....		591,083	591,083	200,589	227,123				388,316	24,356	591,083			0	1,264	01/17/2036.	
126685 CZ 7	Countrywide Asset-Backed Certi Series 2006-S1 Cl 5.549% 08/25/21.....	12/01/2011.	Paydown.....		7,738,158	7,738,158	6,280,662	6,508,065				1,479,177	249,084	7,738,158			0	205,557	12/25/2014.	
126685 DA 1	Countrywide Asset-Backed Certi Series 2006-S1 Cl 5.597% 08/25/21.....	12/01/2011.	Paydown.....		151,381	151,381	56,381	58,662				127,869	35,146	151,385		(4)	(4)	3,987	02/25/2021.	
126685 DC 7	Countrywide Asset-Backed Certi Series 2006-S1 Cl 5.597% 08/25/21.....	12/01/2011.	Paydown.....		2,302,883	2,302,883	1,428,393	1,428,393				874,491		2,302,883			0	63,244	02/25/2021.	
126685 DJ 2	Countrywide Home Equity Loan T Series 2006-C Cl 0.458% 05/15/36.....	12/15/2011.	Paydown.....		6,435,557	6,435,557	2,752,978	2,752,978				3,682,578		6,435,557			0	12,147	01/17/2036.	
12668A SY 2	Countrywide Alternative Loan T Series 2005-J12 0.564% 08/25/35.....	12/27/2011.	Paydown.....		2,195,083	2,195,083	1,026,541	889,186				1,305,897		2,195,083			0	5,791	08/25/2035.	
12668B RC 9	Countrywide Alternative Loan T Series 2006-OC2 0.494% 02/25/36.....	12/27/2011.	Paydown.....		1,947,913	5,316,680	1,799,218	1,309,266				638,647		1,947,913			0	12,294	02/25/2036.	
12668R AC 2	Countrywide Alternative Loan T Series 2006-0A19 0.475% 02/20/47.....	12/20/2011.	Paydown.....		2,859,938	2,859,938	1,564,787	202,026	1,720,439			1,603,156	665,683	2,859,938			0	7,675	08/20/2012.	
14069E AC 2	Capmark Military Housing Trust Series 2007-ACC C 6.276% 06/10/14.....	06/10/2011.	Paydown.....		20,000,000	20,000,000	20,000,000	20,000,000				0		20,000,000			0	631,604	06/10/2014.	
16165Y AA 0	Chaseflex Trust Series 2007-M1 Class 1A1 0.444% 08/25/37.....	12/25/2011.	Paydown.....		2,055,105	2,260,009	1,086,507	647,378				1,407,727		2,055,105			0	4,347	04/25/2037.	
21075W DR 3	Contimortgage Home Equity Ln 1996-4 A9 6.880% 01/15/28.....	12/01/2011.	Paydown.....		354,514	354,514	352,913	354,514				638	1,483	(845)			845	845	12,534	01/15/2028.
21217@ AA 1	Slalom-CCC Note.....	04/01/2011.	Direct-Transfer to Aggregate Write-in for Other Invested Assets		84,000,000	84,000,000	84,000,000	84,000,000				0		84,000,000			0		12/31/2014.	
219023 AE 8	Corn Products Intl Inc Food-Misc/Diversified 3.200% 11/01/15.....	04/26/2011.	Jeffries Fixed Income.....		842,306	835,000	833,522	833,571				143		833,714		8,592	8,592	16,477	11/01/2015.	
23242E AC 3	Countrywide Asset-Backed Certi Series 2006-13 Cl 5.944% 01/25/37.....	12/01/2011.	Paydown.....		543,119	543,119	322,803	322,803				220,316		543,119			0	17,514	02/25/2019.	
23242Y AH 8	Countrywide Home Equity Loan T Series 2006-RES 0.578% 02/15/34.....	12/15/2011.	Paydown.....		1,809,051	1,809,051	827,641	793,264				1,015,787		1,809,051			0	5,288	10/15/2033.	
23243N AF 5	Countrywide Asset-Backed Certi Series 2006-S4 Cl 5.804% 07/25/34.....	12/01/2011.	Paydown.....		280,781	280,781	101,459	101,459				179,322		280,781			0	6,404	08/25/2019.	
23243R AG 3	Countrywide Asset-Backed Certi Series 2006-S4 Cl 5.932% 07/25/34.....	12/01/2011.	Paydown.....		2,259,702	2,259,702	629,501	629,501				1,630,201		2,259,702			0	52,675	07/25/2021.	
23243N AH 1	Countrywide Asset-Backed Certi Series 2006-S4 Cl 6.236% 08/25/38.....	12/01/2011.	Paydown.....		1,653,329	1,653,329	569,457	569,457				1,083,872		1,653,329			0	40,515	08/25/2029.	
233835 AP 2	Daimlerchrysler Auto-Cars/Light Trucks 7.750% 01/18/11.....	01/18/2011.	Maturity.....		1,985,000	1,985,000	2,080,737	1,988,056			(3,056)	(3,056)		1,985,000			0	76,919	01/18/2011.	
25151A AG 6	Deutsche Alt-A Securities Inc Series 2006-AR3 Cla 0.525% 08/25/36.....	11/16/2011.	First Boston Corp.....		3,104,020	18,258,941	799,824	592,469				268,105	16,729	843,845		2,260,175	2,260,175	84,691	08/25/2036.	
25151A AG 6	Deutsche Alt-A Securities Inc Series 2006-AR3 Cla 0.525% 08/25/36.....	10/25/2011.	Paydown.....		1,457,205	1,457,205	38,478	47,284			(47,231)	53	(47,284)			0	3,439	08/25/2036.		
260543 BX 0	Dow Chemical Chemicals-Diversified 8.550% 05/15/19.....	03/23/2011.	Call 127.7770.....		2,964,426	2,320,000	2,903,258	2,882,119			(12,456)	(12,456)		2,869,663		94,763	94,763	70,528	05/15/2019.	
316773 CJ 7	Fifth Third Bankcorp Super-Regional Banks-US 6.250% 05/01/13.....	06/01/2011.	Jeffries Fixed Income.....		2,173,760	2,000,000	2,095,540	2,066,787				(11,764)		2,055,023		118,737	118,737	74,653	05/01/2013.	
32029H AB 8	First Franklin Mtg Loan Asset Series 2007-FFC C 0.444% 06/25/27.....	12/27/2011.	Paydown.....		2,712,723	2,712,723	1,047,042	1,065,255				1,728,003	94,941	2,698,318		14,405	14,405	3,696	06/25/2027.	
361856 EH 6	GMAC Mortgage Corporation Loan Series 2005-HE3 Cl 0.534% 02/25/36.....	12/27/2011.	Paydown.....		3,827,739	3,827,739	1,430,582	1,430,582				2,397,158		3,827,739			0	9,525	04/25/2032.	
361856 EK 9	GMAC Mortgage Corporation Loan Series 2005-HE3 Cl 0.554% 02/25/36.....	12/27/2011.	Paydown.....		7,302,024	7,302,024	3,321,441	3,321,441				3,980,583		7,302,024			0	18,936	04/25/2032.	
36185T AA 5	Fort Lewis Comm 04/37 @ 7.12000 7.120% 04/10/37.....	12/10/2011.	Paydown.....		903,663	903,663	895,991	896,406				7,257		903,663			0	35,252	04/10/2037.	
36186E AA 7	GMAC Commercial Mortgage Asset Series 2003-Pres 6.240% 10/10/41.....	12/10/2011.	Paydown.....		129,764	129,764	108,955	109,952				19,811		129,764			0	7,761	10/10/2041.	
36186T AA 4	GMAC Commercial Mortgage Asset Series 2003-Stew 6.045% 11/10/40.....	12/10/2011.	Paydown.....		283,876	283,876	234,028	232,907				50,970		283,876			0	(115,006)	11/10/2040.	
362334 GT 5	GSAA Home Equity Trust Series 2006-5 Class 2A3 0.564% 03/25/36.....	12/27/2011.	Paydown.....		13,040,125	13,040,125	1,908,699	3,079,436				9,960,689		13,040,125			0	33,870	03/25/2036.	
362381 AC 9	GSAA Home Equity Trust Series 2006-12 Class A3 0.544% 08/25/36.....	12/27/2011.	Paydown.....		10,873,190	10,873,190	3,533,030	3,686,676				7,186,514		10,873,190			0	26,054	08/25/2036.	
36298Y AC 4	GSAA Home Equity Trust Series 2006-14 Class A3 0.544% 09/25/36.....	12/27/2011.	Paydown.....		5,009,675	5,009,675	1,700,781	1,707,358				3,302,316		5,009,674			0	12,369	09/25/2036.	
378665 AC 7	Gleneagles Fund Ltd 0.707% 12/17/37.....	06/10/2011.	Nomura.....		16,600,000	20,000,000	19,892,000	19,876,466				(3,377)		19,873,089		(3,273,089)	(3,273,089)	68,362	12/17/2037.	
38011N AA 4	GMAC Commercial Mort Asset Series 2002-WPAB 7.152% 08/10/36.....	12/10/2011.	Paydown.....		808,100	808,100	800,177	808,623				7,477		808,100			0	31,671	08/10/2036.	
38011W AA 4	Fort Meade - GMAC 2002-Mead A 6.845% 05/10/37.....	12/10/2011.	Paydown.....		1,247,057	1,247,057	1,168,056	1,171,154				75,902		1,247,057			0	46,750	05/10/2037.	
39121J AA 8	Great River Energy 5.829% 07/01/17.....	07/01/2011.	Redemption 100.0000.....		3,043,323	3,043,323	3,043,323	3,043,323				0		3,043,323			0	177,395	07/01/2017.	

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.						
000000 00 0	Ambac Capital Corporation.....		06/30/2011	Direct.....		48,735	XXX	48,735					0				0		XXX	
9199999	Total - Common Stocks - Parent, Subsidiaries and Affiliates.....					272,692	XXX	272,692	0	0	0	0	0	0	0	0	0	0	XXX	
9799997	Total - Common Stocks - Part 4.....					272,692	XXX	272,692	0	0	0	0	0	0	0	0	0	0	XXX	
9799999	Total - Common Stocks.....					272,692	XXX	272,692	0	0	0	0	0	0	0	0	0	0	XXX	
9899999	Total - Preferred and Common Stocks.....					272,692	XXX	272,692	0	0	0	0	0	0	0	0	0	0	XXX	
9999999	Total - Bonds, Preferred and Common Stocks.....					1,058,295,114	XXX	942,836,741	769,234,695	8,597,503	109,132,207	2,322,993	115,406,717	0	1,039,889,294	0	18,133,128	18,133,128	12,997,873	

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identification	Description	For Foreign	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/(Decrease)	Current Year's Amortization Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (12+13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Government																				
912828 PX 2	US Treasury bill Notes 3.625% 02/15/21		03/23/2011	HSBC Bank USA Inc.	04/11/2011	Societe Generale via SG Cowen	22,000	22,519	22,101	22,517		(2)		(2)			(416)	(416)	128	90
912828 QN 3	US Treasury bill Notes 3.125% 05/15/21		08/11/2011	Various	08/15/2011	Various	5,785,000	5,925,185	6,038,042	5,924,521		(665)		(665)			113,521	113,521	40,641	26,756
912828 QZ 6	US Treasury bill Notes 0.500% 05/31/13		06/01/2011	Jeffries Fixed Income	09/19/2011	Bank of America, N.A.	1,985,000	1,987,171	1,996,857	1,986,869		(302)		(302)			9,987	9,987	3,037	163
912828 RC 6	US Treasury bill Notes 2.125% 08/15/21		09/20/2011	Various	11/08/2011	Bank of America, N.A.	5,127,000	5,120,004	5,136,669	5,119,648		(357)		(357)			17,021	17,021	14,339	4,805
912828 RF 9	US Treasury bill Notes 1.000% 08/31/16		09/20/2011	Various	10/12/2011	JPMorgan Chase Bank N.A.	1,672,000	1,683,962	1,661,341	1,683,804		(158)		(158)			(22,463)	(22,463)	2,159	1,056
912828 RJ 1	US Treasury bill Notes 1.000% 09/30/16		10/12/2011	JPMorgan Chase Bank N.A.	11/03/2011	UBS AG	1,672,000	1,659,983	1,678,009	1,660,122		140		140			17,887	17,887	1,782	777
0599999	Total - Bonds - U.S. Government						16,263,000	16,398,824	16,533,019	16,397,481	0	(1,344)	0	(1,344)	0	0	135,537	135,537	62,086	33,647
Bonds - Industrial and Miscellaneous																				
029912 BC 5	American Tower Corp Wireless Equip 5.050% 09/01/20		02/04/2011	Suntrust banks	05/04/2011	JP Morgan	2,000,000	1,949,620	1,968,360	1,950,564		944		944			17,796	17,796	73,786	48,536
03064P AA 9	Americredit Auto Rec Series 2011-3 C 0.277% 07/09/12		06/08/2011	Various	12/08/2011	Various	23,425,645	23,425,645	23,425,645	23,425,645				0					18,418	
05573W AA 3	BMW Vehicle Owner Trust Series 2011-A Cla 0.306% 09/25/12		09/14/2011	Bank of America	12/27/2011	Paydown	5,867,465	5,867,465	5,867,465	5,867,465				0					2,739	
06849R AD 4	Barrick NA Finance LLC Gold Mining 4.400% 05/30/21		05/24/2011	Morgan Stanley	09/13/2011	Tax Free Exchange	1,250,000	1,249,200	1,249,145	1,249,145		(55)		(55)					15,583	
07401W AA 7	Bear Stearns Second Lien Trust Series 2007- 0.674% 01/25/37		09/30/2011	Various	12/27/2011	Paydown	51,646	30,574	51,646	51,646		21,072		21,072					182	13
07401W AA 7	Bear Stearns Second Lien Trust Series 2007- 0.674% 01/25/37		09/30/2011	Various	12/27/2011	Paydown	278,288	161,008	278,288	278,288		117,280		117,280					472	47
07401W AP 4	Bear Stearns Second Lien Trust Series 2007- 0.734% 08/25/37		08/18/2011	Knights Libertas LLC	12/27/2011	Paydown	1,101,842	875,965	1,101,842	1,101,842		225,878		225,878					1,925	557
07401W BA 6	Bear Stearns Second Lien Trust Series 2007 0.734% 08/25/37		12/15/2011	Various	12/27/2011	Paydown	283,845	184,931	283,845	283,845		98,914		98,914					817	124
07401W BA 6	Bear Stearns Second Lien Trust Series 2007 0.734% 08/25/37		12/15/2011	Various	12/27/2011	Paydown	1,285,768	838,054	1,285,768	1,285,768		447,714		447,714					1,845	562
12623C AA 3	CNH Equipment Trust Series 2011-B Class A1 0.384% 10/12/12		09/14/2011	Greenwich Capital Markets	12/15/2011	Paydown	4,914,249	4,914,249	4,914,249	4,914,249				0					3,184	
126673 KN 1	Countrywide Home Equity Loan T Series 20 0.558% 02/15/34		03/23/2011	BedRok Securities LLC	12/15/2011	Paydown	496,516	312,805	496,516	496,516		183,711		183,711					937	96
126684 AB 5	Countrywide Asset-Backed Certi Seri 5.519% 03/25/34		03/29/2011	Guggenheim Capital Markets	12/01/2011	Paydown	91,898	95,114	91,898	91,898		(3,216)		(3,216)					2,025	423
126684 AC 3	Countrywide Asset-Backed Certi Seri 5.658% 03/25/34		03/29/2011	Banc of Manhattan Capital	12/01/2011	Paydown	297,501	232,423	297,501	297,501		65,078		65,078					4,675	
126684 AF 6	Countrywide Asset-Backed Certi Seri 5.657% 03/25/34		03/29/2011	Various	12/01/2011	Paydown	19,080	13,575	19,080	19,080		6,950	1,444	5,506					416	89
126685 AK 2	Countrywide Home Equity Loan T Series 20 0.518% 12/15/35		03/23/2011	Various	12/15/2011	Paydown	2,551,256	1,399,364	2,551,256	2,551,256		1,176,561	24,669	1,151,892					2,355	400
126685 CS 3	Countrywide Home Equity Loan T Series 20 0.448% 05/15/36		03/29/2011	Barclay's Bank	12/15/2011	Paydown	62,667	28,827	62,667	62,667		37,464	3,624	33,840					102	13
126685 DA 1	Countrywide Asset-Backed Certi Seri 5.597% 08/25/21		04/01/2011	Interest Capitalization	12/01/2011	Paydown	71	67	71	67		26	26	0			4	4	1	
126685 DJ 2	Countrywide Home Equity Loan T Series 20 0.458% 05/15/36		03/31/2011	Various	12/15/2011	Paydown	2,011,189	1,191,882	2,011,189	2,011,189		906,497	87,190	819,307					2,563	503
14040H AY 1	Capital One Financial Co Super-Regional Banks 4.750% 07/15/21		07/19/2011	Barclays Capital Securities Inc. Fixed Income	09/20/2011	RBC Dain Rauscher Inc	3,250,000	3,234,953	3,307,233	3,234,953		1		1			72,279	72,279	27,444	
15132C AE 2	Aesop Funding II LLC Series 2005-2A Class A 0.485% 05/20/13		06/02/2011	Ambac Investments, Inc	12/20/2011	Paydown	5,000,000	4,926,631	5,000,000	5,000,000		73,370		73,370					12,347	770
23242Y BM 6	Countrywide Home Equity Loan T Series 20 0.518% 12/15/35		03/31/2011	Knights Libertas LLC	12/15/2011	Paydown	16,208,411	9,400,879	16,208,411	16,208,411		6,807,533		6,807,533					16,654	4,680
23243N AE 8	Countrywide Asset-Backed Certi Seri 5.661% 07/25/34		03/22/2011	Various	12/01/2011	Paydown	22,632,406	24,575,087	22,632,406	22,632,406		(1,942,681)		(1,942,681)					512,064	85,413
23243N AF 5	Countrywide Asset-Backed Certi Seri 5.804% 07/25/34		03/25/2011	Banc of Manhattan Capital	12/01/2011	Paydown	35,123	24,938	35,123	35,123		10,186		10,186					554	164
23336J AA 3	DT Auto Owner Trust Series 2011-2A A 0.960% 01/15/14		05/25/2011	Greenwich Capital Markets	12/15/2011	Paydown	4,752,889	4,752,777	4,752,889	4,752,889		118		118					13,141	
25152D AB 0	Deutsche Alt-A Securities Inc Series 2 0.794% 01/27/37		12/15/2011	BedRok Securities LLC	12/27/2011	Paydown	570,912	230,149	570,912	570,912		340,763		340,763					360	204
283695 BP 8	El Paso Natural Gas Pipelines 5.950% 04/15/17		02/14/2011	Various	10/26/2011	Credit Agricole Securities USA	1,290,000	1,377,916	1,438,311	1,368,999		(8,917)		(8,917)					69,313	80,166
32029H AB 8	First Franklin Mtg Loan Asset Series 2007- 0.444% 06/25/27		04/25/2011	Interest Capitalization	12/27/2011	Paydown	84,709	99,114	84,709	99,114		5,712	5,712	0			(14,405)	(14,405)	86	
32029H AC 6	First Franklin Mtg Loan Asset Series 2007- 0.514% 06/25/27		12/07/2010	Tejas Securities Group Inc	12/27/2011	Paydown	3,632,988	1,489,525	3,632,988	3,632,988		2,143,463		2,143,463					7,441	669
36161H AB 7	GE Equipment Midtucket LLC Series 2010-1 Class 0.610% 01/14/13		06/17/2011	Various	12/14/2011	Various	6,413,631	6,413,631	6,413,631	6,413,631				0					11,427	869
36830H AB 8	GE Equipment Small Ticket LLC Series 2011- 0.880% 08/21/13		02/02/2011	Barclay's Bank	12/21/2011	Paydown	1,691,277	1,691,122	1,691,277	1,691,277		155		155					0	12,647
38141E A6 6	Goldman Sachs Group Inc Diversified Banking 6.000% 06/15/20		06/02/2011	Bank of America, N.A.	07/20/2011	Bank of America, N.A.	2,750,000	2,951,823	2,957,708	2,949,313		(2,510)		(2,510)					8,395	100,833
39153V AV 6	Great America Leasing Receivab Series 2011-1 1.050% 03/15/13		02/16/2011	Wells Fargo	12/15/2011	Paydown	1,615,659	1,615,609	1,615,659	1,615,659		50		50					0	13,568
395385 AQ 0	Greenpoint Home Equity Loan Tr Series 2004-1 C 0.754% 07/25/29		08/15/2011	BedRok Securities LLC	12/27/2011	Paydown	69,786	51,758	69,786	69,786		18,028		18,028					0	117

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SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stock)	9 Actual Cost	10 Consideration	11 Book/ Adjusted Carrying Value at Disposal	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's Amortization Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (12+13-14)	16 Total Foreign Exchange Change in B./A.C.V.					
83368R AA 0	Societe Generale Diversified Banking Ins 5.200% 04/15/21.....	F.	04/11/2011	Societe Generale via SG Cowen	06/08/2011	Various.....	.....3,000,000	.....2,995,860	.....2,993,400	.....2,995,696	.....	.....(164)	.....	.....(164)	.....	.....	.....(2,296)	.....(2,296)	.....23,833	.....
87938W AN 3	Telefonica Emisiones SAU Telephone-Integrate 3.992% 02/16/16.....	F.	02/07/2011	Goldman Sachs.....	06/30/2011	Deutsche Bank.....	.....1,090,000	.....1,090,000	.....1,099,701	.....1,090,000	.....	.....	.....	.....0	.....	.....	.....9,701	.....9,701	.....16,922	.....
902118 BP 2	Tyco Intl. Group Diversified Manufact Op 3.750% 01/15/18.....	F.	01/05/2011	Bank of America.....	05/13/2011	Barclay's Bank.....	.....1,000,000	.....996,820	.....1,007,460	.....996,922	.....	.....102	.....	.....102	.....	.....	.....10,538	.....10,538	.....13,125	.....
90261X FA 5	UBS AG Stamford Diversified Banking Inst 5.750% 04/25/18.....	F.	03/02/2011	UBS.....	09/14/2011	Deutsche Bank Securities, Inc...	.....2,000,000	.....2,172,700	.....2,126,380	.....2,161,547	.....	.....(11,153)	.....	.....(11,153)	.....	.....	.....(35,167)	.....(35,167)	.....103,500	.....42,167
3899999.	Total - Bonds - Industrial and Miscellaneous.....						...154,074,208	...138,849,065	...154,044,976	...154,475,021	.....0	15,776,530	...150,567	...15,625,963	.....0	.....0	...(430,046)	...(430,046)	...1,482,035	...392,763
8399998.	Total - Bonds.....						...170,337,208	...155,247,889	...170,577,995	...170,872,502	.....0	15,775,186	...150,567	...15,624,619	.....0	.....0	...(294,509)	...(294,509)	...1,544,121	...426,410
9999999.	Total - Bonds, Preferred and Common Stocks.....						...155,247,889	...170,577,995	...170,872,502	...170,872,502	.....0	15,775,186	...150,567	...15,624,619	.....0	.....0	...(294,509)	...(294,509)	...1,544,121	...426,410

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identifi- cation	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
Common Stocks - Alien Insurer									
G0231# 10 0	Ambac Assurance UK Ltd.....	..D.....	AA-1124103...	2ciB4.....	..NO.....			36,000,000.000	100.0
1499999.	Total - Common Stocks - Alien Insurer.....					0	0	XXX	XXX
Common Stocks - Non-Insurer Which Controls Insurer									
12566@ 10 9	Connie Lee Holdings, Inc.....		None.....	2ciB1.....	..NO.....		197,327,189	1,000,000	100.0
1599999.	Total - Common Stocks - Non-Insurer Which Controls Insurer.....					0	197,327,189	XXX	XXX
Common Stocks - Other Affiliates									
J3917# 10 2	Ambac Japan Co., Ltd.....	..D.....	None.....	2ciB5.....	..NO.....		158,274	200,000	100.0
000000 00 0	Ambac Capital Corporation.....		None.....	2ciB3.....	..NO.....			10,000,000	100.0
1799999.	Total - Common Stocks - Other Affiliates.....					0	158,274	XXX	XXX
1899999.	Total - Common Stocks.....					0	197,485,463	XXX	XXX
1999999.	Total - Preferred and Common Stock.....					0	197,485,463	XXX	XXX

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....273,115,832.

2. Total amount of intangible assets nonadmitted \$.....0.

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identifi- cation	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
Common Stocks					
20822# 10 0	Everspan Financial Guarantee Corp.....	Connie Lee Holdings, Inc.....		60,000,000	100.0
000000 00 0	Ambac Capital Funding, Inc.....	Ambac Capital Corporation.....		10,000,000	100.0
000000 00 0	Ambac Asset Funding Corporation.....	Ambac Capital Corporation.....		10,000,000	100.0
000000 00 0	Ambac Investments, Inc.....	Ambac Capital Corporation.....		10,000,000	100.0
0299999.	Total - Common Stock.....		0	XXX	XXX
0399999.	Total - Preferred and Common Stock.....		0	XXX	XXX

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1	2	3		5	6	7	8	9				13	14	15						21
		Code	4					9	10	11	12			15	16	17	18	19	20	
CUSIP Identification	Description	Code	For eign Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due and Accrued December 31 of Current Year on Bond Not in Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	When Paid	Amount Received During Year	Paid for Accrued Interest	
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																				
	Texas St Taxable -Vets Hsg Asst-Ser A-2.....		09/20/2011.	Goldman Sachs.....	12/01/2029.	14,700,000					14,700,000	14,700,000	2,152		0.170	0.200	MON..	6,341	1,519	
1199999	U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations.....					14,700,000	0	0	0	0	14,700,000	14,700,000	2,152	0	XXX	XXX	XXX	6,341	1,519	
1799999	Total - U.S. States, Territories and Possessions (Direct and Guaranteed).....					14,700,000	0	0	0	0	14,700,000	14,700,000	2,152	0	XXX	XXX	XXX	6,341	1,519	
Bonds - U.S. Political Subdivisions (Direct and Guaranteed) - Issuer Obligations																				
	Shelby Cnty Tenn Var-Pub Impt-Sch-Ser B.....		07/14/2011.	Goldman Sachs.....	04/01/2030.	25,000,000					25,000,000	25,000,000	6,250		0.250	0.130	MON..	21,967	1,514	
1899999	U.S. Political Subdivisions (Direct and Guaranteed) - Issuer Obligations.....					25,000,000	0	0	0	0	25,000,000	25,000,000	6,250	0	XXX	XXX	XXX	21,967	1,514	
2499999	Total - U.S. Political Subdivisions (Direct and Guaranteed).....					25,000,000	0	0	0	0	25,000,000	25,000,000	6,250	0	XXX	XXX	XXX	21,967	1,514	
Bonds - U.S. Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their U.S. Political Subdivision - Issuer Obligations																				
E17	Colo Hsg Fin Auth Single Famil Adj-Taxable-CI I-Ser A2.....		07/12/2011.	Barclay's Bank.....	05/01/2038.	10,300,000					10,300,000	10,300,000	2,747		0.160	0.140	MN....	8,429	3,536	
	Connecticut St Hsg Fin Auth Connecticut St Hsg Mtg Fin Pg.....		08/10/2011.	Barclay's Bank.....	05/15/2033.	25,000,000					25,000,000	25,000,000	5,549		0.170	0.120	MN....	11,993	500	
	Idaho Hsg & Fin Assn Single Fa Var-Ser B-CL I.....		02/05/2010.	Barclay's Bank.....	07/01/2039.	25,000,000					25,000,000	25,000,000	16,011		0.090	0.120	JJ....	61,651		
	Idaho St Bldg Auth Bldg Rev Var-Ref-Prison Facs Proj-SerA.....		02/16/2010.	Barclay's Bank.....	09/01/2025.	22,520,000					22,520,000	22,520,000	2,209		0.100	0.162	MON..	44,855		
	Illinois St Toll Hwy Auth Toll Var-Ref-SR A-1B-Rmkt.....		05/09/2011.	Citigroup Global Markets.....	01/01/2031.	24,000,000					24,000,000	24,000,000	2,852		0.120	0.260	MON..	23,987	1,913	
	Iowa St Fin Auth Var-Amt-Mtg-Bkd Secs Prog-g.....		08/01/2011.	Goldman Sachs.....	07/01/2034.	11,275,000					11,275,000	11,275,000	1,328		0.130	0.150	MON..	6,851		
	Massachusetts Bay Transn Auth.....		09/08/2010.	Goldman Sachs.....	07/01/2026.	24,900,000					24,900,000	24,900,000	12,919		0.070	0.260	JJ....	60,783		
	Michigan State Hsg Dev Auth Var Amt Ser E.....		05/13/2011.	Barclay's Bank.....	12/01/2038.	18,910,000					18,910,000	18,910,000	28,546		2.000	0.260	JD....	85,842	26,312	
	New York NY City Trans Fin Adj Future Tax Secd Ser A-1.....		12/07/2009.	Barclay's Bank.....	11/15/2028.	25,000,000					25,000,000	25,000,000	8,259		0.160	0.327	MN....	54,726		
	New York St Hsg Fin Agy Svc Var-Ref-Ser L-Rmkt.....		05/11/2011.	Citigroup Global Markets.....	09/15/2021.	15,000,000					15,000,000	15,000,000	754		0.100	0.200	MON..	14,614	2,651	
	New York St Loc Govt Assist Co Revenue Bonds.....		09/02/2010.	Goldman Sachs.....	04/01/2021.	25,000,000					25,000,000	25,000,000	1,892		0.070	0.220	MON..	43,526		
	New York St Loc Govt Assist Co Var Ser E.....		07/19/2011.	Goldman Sachs.....	04/01/2025.	25,000,000					25,000,000	25,000,000	4,126		0.160	0.150	MON..	17,042	1,322	
	North Dakota St Hsg Fin Agy Hsg Fin Pg-Home Mtg Pg-A.....		08/09/2011.	Citigroup Global Markets.....	07/01/2037.	20,000,000					20,000,000	20,000,000	14,333		0.110	0.200	JJ....		2,132	
	Ohio Hsg Fin Agy Mtg Rev Var-Amt-Residential Mtg-Ser B1.....		07/28/2011.	Goldman Sachs.....	09/01/2035.	25,000,000					25,000,000	25,000,000	12,124		0.110	0.200	MS....	25,288	20,616	
	Pennsylvania Hsg Fin Agy Var Amt Single Family Mtg.....		12/01/2009.	Goldman Sachs.....	04/01/2018.	7,865,000					7,865,000	7,865,000	2,136		0.080	0.250	AO....	16,279		
	Pennsylvania Hsg Fin Agy Var Amt Single Family Mtg 84D.....		03/10/2011.	Goldman Sachs.....	10/01/2034.	14,375,000					14,375,000	14,375,000	3,904		0.080	0.245	AO....	29,754	7,488	
	Riverside Cnty Calif Transn Co Var-Ltd Tax-Ser-A.....		08/26/2010.	Barclay's Bank.....	06/01/2029.	24,100,000					24,100,000	24,100,000	1,139		0.040	0.270	MON..	39,834		
Sacramento Cnty Calif Hsg Auth Var-Hasting Pk Apts-Ser G.....		05/10/2011.	Citigroup Global Markets.....	01/15/2035.	10,200,000					10,200,000	10,200,000	532		0.100	0.210	MON..	10,539	1,965		
South Dakota Hsg Dev Auth Var-Amt-Homeownership Mtg-F.....		02/22/2010.	Citigroup Global Markets.....	05/01/2039.	25,000,000					25,000,000	25,000,000	6,011		0.110	0.190	MN....	51,171			
2599999	U.S. Special Revenue & Special Assessment Obligations - Issuer Obligations.....					378,445,000	0	0	0	0	378,445,000	378,445,000	127,371	0	XXX	XXX	XXX	607,164	68,435	
3199999	Total - U.S. Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations.....					378,445,000	0	0	0	0	378,445,000	378,445,000	127,371	0	XXX	XXX	XXX	607,164	68,435	
Bonds - Industrial & Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																				
	Mercedes-Benz Auto Lease Trust Series 2011-B Class A1.....		11/09/2011.	Bank of America.....	11/15/2012.	4,191,126					4,191,126	4,191,125	783		0.396	0.396	MON..	1,335		
	Mercedes-Benz Auto Receivables Series 2011-1 Class A1.....		07/14/2011.	Greenwich Capital Markets.....	07/16/2012.	1,773,876					1,773,876	1,773,876	182		0.217	0.217	MON..	1,580		
	Nissan Auto Lease Trust Series 2011-A Class A1.....		07/14/2011.	JPM Chase.....	07/16/2012.	1,942,443					1,942,443	1,942,443	209		0.228	0.228	MON..	1,759		
3599999	Industrial & Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities.....					7,907,445	0	0	0	0	7,907,445	7,907,444	1,174	0	XXX	XXX	XXX	4,674	0	
3899999	Total - Industrial & Miscellaneous (Unaffiliated).....					7,907,445	0	0	0	0	7,907,445	7,907,444	1,174	0	XXX	XXX	XXX	4,674	0	
Total Bonds																				
7799999	Subtotals - Issuer Obligations.....					418,145,000	0	0	0	0	418,145,000	418,145,000	135,773	0	XXX	XXX	XXX	635,472	71,468	
8099999	Other Loan-Backed and Structured Securities.....					7,907,445	0	0	0	0	7,907,445	7,907,444	1,174	0	XXX	XXX	XXX	4,674	0	
8399999	Subtotals - Bonds.....					426,052,445	0	0	0	0	426,052,445	426,052,444	136,947	0	XXX	XXX	XXX	640,146	71,468	
Class One Money Market Mutual Funds																				

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1	2	Codes		5	6	7	8	Change in Book/Adjusted Carrying Value				13	14	Interest						21	
		3	4					9	10	11	12			15	16	17	18	19	20		
CUSIP Identification	Description	Code	For eign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due and Accrued December 31 of Current Year on Bond Not in Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	When Paid	Amount Received During Year	Paid for Accrued Interest	
09248U 61 9	BlackRock Liq TempFund Temporary Investment Fund.....			12/30/2011.	Various.....	....XXX....	.....43,890,400						.....43,890,401	.....5,279						.....6,917	
23337T 20 1	DWS Money Market Series-INST Taxable First Tier Mmkt....			12/30/2011.	Various.....	....XXX....	.....72,536,829						.....72,536,829	.....4,926						.....16,855	
38141W 36 4	Goldman Sachs FS Prime 462 FST Prime Oblig Mmkt Fund.....			12/02/2011.	Various.....	....XXX....	.....69,523,234						.....69,523,234	.....7,392						.....26,946	
4812A0 36 7	JP Morgan Taxable.....			12/06/2011.	Bank of New York.....	....XXX....	.....28,330,895						.....28,330,895	.....7,692						.....16,989	
60934N 20 3	Federated Taxable.....			12/28/2011.	Bank of New York.....	....XXX....	.....19,559,424						.....19,559,424	.....5,744						.....11,447	
60934N 40 1	Federated Tax Free.....			12/23/2011.	Bank of New York.....	....XXX....	.....1,304,971						.....1,304,971	.....17						.....73	
8999999. Total - Class One Money Market Mutual Funds.....							.....235,145,753	.....0	.....0	.....0	.....0	.....XXX.....	.....235,145,754	.....31,050	.....0	.....XXX.....	.....XXX.....	.....XXX..		.....79,227	.....0
Other Short-Term Invested Assets																					
	Citi Institutional Liquidity F Euro.....		D	12/30/2011.	Legg Mason.....	....XXX....	.....178,776				.....(7,315)		.....186,091							.....624	
9099999. Total - Other Short-Term Invested Assets.....							.....178,776	.....0	.....0	.....0	.....(7,315)	.....XXX.....	.....186,091	.....0	.....0	.....XXX.....	.....XXX.....	.....XXX..		.....624	.....0
9199999. Total - Short-Term Investments.....							.....661,376,974	.....0	.....0	.....0	.....(7,315)	.....XXX.....	.....661,384,289	.....167,997	.....0	.....XXX.....	.....XXX.....	.....XXX..		.....719,997	.....71,468

**Sch. DB-Pt. A-Sn. 1
NONE**

**Sch. DB-Pt. A-Sn. 2
NONE**

**Sch. DB-Pt. B-Sn. 1
NONE**

**Sch. DB-Pt. B-Sn 1B-Broker List
NONE**

**Sch. DB-Pt. B-Sn. 2
NONE**

**Sch. DB-Pt. B-Sn 2B-Broker List
NONE**

**Sch. DB-Pt. D
NONE**

**Sch. DL-Pt. 1
NONE**

**Sch. DL-Pt. 2
NONE**

SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
Open Depositories						
Citibank, N.A..... London, England.....			3,171		500,230	XXX
Citibank, N.A..... New York, New York.....			25		34,127	XXX
Bank of New York..... New York, New York.....			51		211,413	XXX
BNS Time Deposit CD 6/11/12..... Charlotte Amalie, USVI.....	SD	1.700		4,308	500,000	XXX
0199999. Total - Open Depositories.....	.XXX	.XXX	3,247	4,308	1,245,770	XXX
0399999. Total Cash on Deposit.....	.XXX	.XXX	3,247	4,308	1,245,770	XXX
0599999. Total Cash.....	.XXX	.XXX	3,247	4,308	1,245,770	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January.....	1,332,881	4. April.....	1,638,668	7. July.....	4,319,031	10. October.....	15,333,334
2. February.....	1,280,515	5. May.....	2,321,155	8. August.....	2,011,275	11. November.....	10,541,958
3. March.....	3,155,008	6. June.....	3,396,878	9. September.....	1,085,309	12. December.....	1,245,770

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
------------------	-----------	-----------------------	--------------------------	---------------	--------------------------------------	--	-------------------------------------

NONE

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits for the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama.....AL						
2. Alaska.....AK						
3. Arizona.....AZ						
4. Arkansas.....AR	B...	Property & Casualty.....			110,303	119,007
5. California.....CA						
6. Colorado.....CO						
7. Connecticut.....CT						
8. Delaware.....DE						
9. District of Columbia.....DC						
10. Florida.....FL						
11. Georgia.....GA	B...	Property & Casualty.....			35,096	37,866
12. Hawaii.....HI						
13. Idaho.....ID						
14. Illinois.....IL						
15. Indiana.....IN						
16. Iowa.....IA						
17. Kansas.....KS						
18. Kentucky.....KY						
19. Louisiana.....LA						
20. Maine.....ME						
21. Maryland.....MD						
22. Massachusetts.....MA	B...	Property & Casualty.....			155,427	167,691
23. Michigan.....MI						
24. Minnesota.....MN						
25. Mississippi.....MS						
26. Missouri.....MO						
27. Montana.....MT						
28. Nebraska.....NE						
29. Nevada.....NV						
30. New Hampshire.....NH						
31. New Jersey.....NJ						
32. New Mexico.....NM	B...	Property & Casualty.....			105,289	113,597
33. New York.....NY						
34. North Carolina.....NC	B...	Property & Casualty.....			310,855	335,383
35. North Dakota.....ND						
36. Ohio.....OH						
37. Oklahoma.....OK						
38. Oregon.....OR	B...	Property & Casualty.....			260,717	281,289
39. Pennsylvania.....PA						
40. Rhode Island.....RI						
41. South Carolina.....SC						
42. South Dakota.....SD						
43. Tennessee.....TN						
44. Texas.....TX						
45. Utah.....UT						
46. Vermont.....VT						
47. Virginia.....VA	B...	Property & Casualty.....			531,461	573,396
48. Washington.....WA						
49. West Virginia.....WV						
50. Wisconsin.....WI	B...	Property & Casualty.....	1,504,135	1,622,820		
51. Wyoming.....WY						
52. American Samoa.....AS						
53. Guam.....GU	C...	Property & Casualty.....			50,000	50,000
54. Puerto Rico.....PR						
55. US Virgin Islands.....VI	C...	Property & Casualty.....			500,000	500,000
56. Northern Mariana Islands.....MP						
57. Canada.....CN						
58. Aggregate Alien and Other.....OT	...XXX	...XXX	0	0	0	0
59. Total.....	...XXX	...XXX	1,504,135	1,622,820	2,059,148	2,178,229

DETAILS OF WRITE-INS

5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for line 58 from overflow page.....	...XXX	...XXX	0	0	0	0
5899. Total (Lines 5801 thru 5803+5898) (Line 58 above).....	...XXX	...XXX	0	0	0	0