



QUARTERLY STATEMENT

As of March 31, 2012
of the Condition and Affairs of the

Everspan Financial Guarantee Corp.

NAIC Group Code 1248 1248 NAIC Company Code 24961 Employer's ID Number 39-1092844
(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 January 11, 1968 Commenced Business January 24, 1968
 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 David Neil Abramowitz 212-668-0340
(Name) (Area Code) (Telephone Number) (Extension)
dabramowitz@ambac.com 212-208-3384
(E-Mail Address) (Fax Number)
 Policyowner Relations Contact David Neil Abramowitz 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	Chairman, President & Chief Executive Officer	2. David Neil Abramowitz	Managing Director, General Counsel & Secretary
3. Robert Bryan Eisman	Senior Managing Director & Chief Accounting Officer	4. David Trick	Senior Managing Director, Chief Financial Officer & Treasurer
5. Peter Joseph Cain	Managing Director & Chief Risk Officer	6. Stephen Michael Ksenak	Senior Managing Director, Assistant General Counsel & Assistant Secretary

DIRECTORS OR TRUSTEES

David Neil Abramowitz Diana Newman Adams Robert Bryan Eisman Stephen Michael Ksenak

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)	 (Signature)	 (Signature)
Diana Newman Adams 1. (Printed Name)	David Neil Abramowitz 2. (Printed Name)	Robert Bryan Eisman 3. (Printed Name)
President (Chairman, President & Chief Executive Officer) (Title)	Secretary (Managing Director & General Counsel) (Title)	Senior Managing Director & Chief Accounting Officer (Title)

Subscribed and sworn to before me
This 14th day of May, 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 Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	190,757,120		190,757,120	191,781,046
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
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 (\$....1,516), cash equivalents (\$.....0) and short-term investments (\$....15,439,798).....	15,441,314		15,441,314	15,864,392
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives.....			.0	
8. Other invested assets.....			.0	
9. Receivables for securities.....	484,026		484,026	11,472
10. Securities lending reinvested collateral assets.....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	206,682,460	.0	206,682,460	207,656,910
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	1,749,786		1,749,786	1,939,397
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			.0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
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.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	9,000
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	208,432,246	.0	208,432,246	209,605,307
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. Total (Lines 26 and 27).....	208,432,246	.0	208,432,246	209,605,307

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	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. ....			.0	
2502. ....			.0	
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).....	.0	.0	.0	.0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....		
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....		
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	27,569	75,541
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	806,722	3,660,362
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....0 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.....	4,143,496	4,262,429
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....		
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	198,277	
20. Derivatives.....		
21. Payable for securities.....		
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.....	3,455,384	3,421,332
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	8,631,448	11,419,664
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	8,631,448	11,419,664
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	15,000,000	15,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	97,927,598	97,927,598
35. Unassigned funds (surplus).....	86,873,200	85,258,045
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).....	199,800,798	198,185,643
38. Totals.....	208,432,246	209,605,307

DETAILS OF WRITE-INS

2501. Mandatory contingency reserve for adverse losses.....	3,455,384	3,421,332
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	3,455,384	3,421,332
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 to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....0).....	118,933	300,098	877,631
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....50,830).....	50,830	15,500	62,000
1.4 Net..... (written \$.....(50,830)).....	68,103	284,598	815,631
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....			(357,150)
2.2 Assumed.....			
2.3 Ceded.....			
2.4 Net.....	0	0	(357,150)
3. Loss adjustment expenses incurred.....			705
4. Other underwriting expenses incurred.....	306,257	209,329	627,034
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	306,257	209,329	270,589
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(238,154)	75,269	545,042
INVESTMENT INCOME			
9. Net investment income earned.....	2,159,323	2,149,669	8,698,375
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....		(7,282)	(80,623)
11. Net investment gain (loss) (Lines 9 + 10).....	2,159,323	2,142,387	8,617,752
OTHER INCOME			
12. Net gain or (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.....	0	19	0
15. Total other income (Lines 12 through 14).....	0	19	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,921,169	2,217,675	9,162,794
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).....	1,921,169	2,217,675	9,162,794
19. Federal and foreign income taxes incurred.....	436,360	391,617	1,676,689
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,484,809	1,826,058	7,486,105
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	198,185,643	177,007,791	177,007,791
22. Net income (from Line 20).....	1,484,809	1,826,058	7,486,105
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	164,398		(164,398)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....			
27. Change in nonadmitted assets.....			
28. Change in provision for reinsurance.....			
29. Change in surplus notes.....			
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.....			
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	(34,052)	(142,299)	13,856,145
38. Change in surplus as regards policyholders (Lines 22 through 37).....	1,615,155	1,683,759	21,177,852
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	199,800,798	178,691,550	198,185,643
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Other miscellaneous income.....		19	
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	19	0
3701. Mandatory contingency reserve for adverse losses.....	(34,052)	(142,299)	13,856,145
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(34,052)	(142,299)	13,856,145

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	(50,830)	(15,500)	(62,000)
2. Net investment income.....	2,088,364	2,062,083	7,492,264
3. Miscellaneous income.....		19	
4. Total (Lines 1 through 3).....	2,037,534	2,046,602	7,430,264
5. Benefit and loss related payments.....			(357,150)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	354,229	183,289	593,414
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	3,290,000		
10. Total (Lines 5 through 9).....	3,644,229	183,289	236,264
11. Net cash from operations (Line 4 minus Line 10).....	(1,606,695)	1,863,313	7,194,000
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	1,448,894	1,513,618	10,089,483
12.2 Stocks.....			
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....		2,718	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,448,894	1,516,336	10,089,483
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....		10,800,318	15,800,318
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	472,554		3,134
13.7 Total investments acquired (Lines 13.1 to 13.6).....	472,554	10,800,318	15,803,452
14. Net increase (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	976,340	(9,283,982)	(5,713,969)
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.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....	207,277	(34,350)	(9,000)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	207,277	(34,350)	(9,000)
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).....	(423,078)	(7,455,019)	1,471,031
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	15,864,392	14,393,361	14,393,361
19.2 End of period (Line 18 plus Line 19.1).....	15,441,314	6,938,342	15,864,392

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001			
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NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

a. Accounting Practices

The accompanying financial statements of Everspan Financial Guarantee Corp. (the "Company" or "Everspan") 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 or permitted practices by the State of Wisconsin.

Wisconsin accounting practices for changes to the 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 in accordance with NAIC SAP. Statutory surplus is the same using each of these accounting practices. Net income for the three months ended March 31 2012 and for the year ended December 31, 2011 is higher by \$34,052 and lower by \$13,856,145, respectively than if the Company had reported contributions to and releases from the contingency reserve in accordance with the Wisconsin Administrative Code.

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

	<u>March,31</u>	<u>December,31</u>
	<u>2012</u>	<u>2011</u>
Net Income, Wisconsin basis	\$ 1,450,757	\$ 21,342,250
Effect of Wisconsin Prescribed Practice:	-	-
Effect of Wisconsin Permitted Practice:	<u>34,052</u>	<u>(13,856,145)</u>
Net Income, NAIC SAP	\$ <u>1,484,809</u>	\$ <u>7,486,105</u>
Statutory Surplus, Wisconsin basis	\$ 199,800,798	\$ 198,185,643
Effect of Wisconsin Prescribed Practice:	-	-
Effect of Wisconsin Permitted Practice:	-	-
Statutory Surplus, NAIC SAP	\$ <u>199,800,798</u>	\$ <u>198,185,643</u>

Note 2 - Accounting Changes and Corrections of Errors

No significant change from 2011 Notes to Financial Statements.

Note 3 - Business Combinations and Goodwill

No significant change from 2011 Notes to Financial Statements.

Note 4 - Discontinued Operations

No significant change from 2011 Notes to Financial Statements.

Note 5 - Investments

(1) Loan-Backed Securities

- i. The Company consistently uses the retrospective method to revalue loan-backed securities using current prepayment assumptions.
- ii. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from publicly available sources.
- iii. The Company did not recognize any other-than-temporary impairments on loan-backed securities during 2012.
- iv. There are no loan-backed securities in an unrealized loss position as of March 31, 2012.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change from 2011 Notes to Financial Statements.

Note 7 - Investment Income

No significant change from 2011 Notes to Financial Statements.

Note 8 - Derivative Instruments

No significant change from 2011 Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

- 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:

	3/31/2012
Current income tax incurred	\$ 436,360
Change in deferred income tax (without tax on unrealized gains & losses)	-
Total income tax reported	\$ 436,360
Income before taxes	\$ 1,921,169
	35%
Expected income tax benefit at 35% statutory rate	\$ 672,409
Increase (decrease) in actual tax reported resulting from:	
a. Alternative Minimum Tax	(158,822)
b. Tax-exempt income	(26,228)
c. Investments	(46,907)
d. Other	(4,092)
Total income tax reported	\$ 436,360

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

2010, 2011 and Recent Events- Ambac Financial Group, Inc. ("Ambac") and Ambac Assurance Corporation ("Ambac Assurance"):

Segregated Account

On March 24, 2010, Ambac Assurance established 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. The Office of the Commissioner of Insurance for the State of Wisconsin ("OCI" (which term shall be understood to refer to such office as regulator of Ambac Assurance and to the Commissioner of Insurance for the State of Wisconsin as rehabilitator of the Segregated Account (the "Rehabilitator"), as the context requires)) commenced rehabilitation proceedings with respect to the Segregated Account (the "Segregated Account Rehabilitation Proceedings") 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 is Theodore Nickel, the Commissioner of Insurance of the State of Wisconsin. 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 Circuit Court of Dane County, Wisconsin in which the Segregated Account Rehabilitation Proceedings are pending (the "Rehabilitation Court"). The Rehabilitation Court confirmed the Segregated Account Rehabilitation Plan on January 24, 2011. The confirmed Segregated Account Rehabilitation Plan also makes permanent the injunctions issued by the Rehabilitation Court on March 24, 2010.

The Segregated Account Rehabilitation Plan is not effective and is subject to modification. Pursuant to the injunctions issued by the Rehabilitation Court, claims on policies allocated to the Segregated Account have not been paid since the commencement of the Segregated Account Rehabilitation Proceedings. Net par exposure as of March 31, 2012 for policies allocated to the Segregated Account is \$33,593,392,974. The Rehabilitator may seek to effectuate the current Segregated Account Rehabilitation Plan, modify such Plan or modify the injunctions issued by the Rehabilitation Court to allow for the payment of policy claims in such manner and at such times as the Rehabilitator determines to be in the best interest of policyholders.

Chapter 11 Reorganization

On November 8, 2010 (the "Petition Date"), Ambac (the "Debtor") 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 Fifth Amended Plan of Reorganization on March 12, 2012 (such Fifth Amended Plan of Reorganization, as it may be amended, the "Reorganization Plan"). The Bankruptcy Court entered an order confirming the Reorganization Plan on March 14, 2012.

The Reorganization Plan 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 related to (i) the net operating loss carryforwards ("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 that certain Mediation Agreement dated 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.

Pursuant to the Amended Plan Settlement, (i) Ambac, Ambac Assurance and certain affiliates entered into an amended and restated tax sharing agreement (the "Amended TSA"), (ii) Ambac, Ambac Assurance and certain affiliates entered into an expense sharing and cost allocation agreement (the "Cost Allocation Agreement") and (iii) Ambac, Ambac Assurance, the Segregated Account and OCI entered into an amendment (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 Amended TSA replaces, supersedes and nullifies in its entirety the existing tax sharing agreement among Ambac and its affiliates. The Amended TSA addresses certain issues including, but not limited to, the allocation and use of NOLs by Ambac, Ambac Assurance and their respective subsidiaries.

The Cost Allocation Agreement provides for the allocation of costs and expenses among Ambac, Ambac Assurance and certain affiliates. 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 the United States Internal Revenue Service ("IRS") described in Note 14.

NOTES TO FINANCIAL STATEMENTS

The Cooperation Agreement Amendment provides 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 determined in accordance with Statutory Accounting Principles; and (d) changes to Ambac Assurance's investment policy and transfer of the investment management function for Ambac Assurance's investment portfolio.

The Amended Plan Settlement, Mediation Agreement, Amended TSA, Cost Allocation Agreement and Cooperation Agreement Amendment collectively memorialize the settlement of certain claims among Ambac and Ambac Assurance, OCI and the Segregated Account, and contain 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.

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 (as defined in Note 14) shall have become effective; (vii) the terms of the IRS Settlement (as defined in Note 14) shall have been approved by OCI, the United States, the Rehabilitation Court, and the Creditors' Committee, 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) the aggregate face amount of allowed and disputed general unsecured claims shall be less than \$50,000,000; (xi) 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; (xii) \$30,000,000 shall have been paid or paid into escrow by Ambac Assurance as provided in the Mediation Agreement; (xiii) the Amended TSA, the Cooperation Agreement Amendment and the Cost Allocation Agreement shall have been executed; and (xiv) all other actions, documents, certificates and agreements necessary to implement the Reorganization Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with applicable governmental units in accordance with applicable laws. Of the conditions enumerated above, the following have been satisfied: (i); (x); (xi); (xii) and (xiii). There can be no assurance about whether or when the remaining conditions will be met.

Note 11 - Debt

No significant change from 2011 Notes to Financial Statements.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change from 2011 Notes to Financial Statements.

Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No significant change from 2011 Notes to Financial Statements.

Note 14 - Contingencies

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 million 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 million. The Company would be jointly and severally liable for any claims successfully asserted by the IRS.

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 injunction entered by the Wisconsin Rehabilitation Court, 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 (A) an ownership change, within the meaning of section 382 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), with respect to Ambac Assurance, or (B) any event that results in neither Ambac Assurance nor any entity that succeeds to the tax attributes of Ambac Assurance being characterized as an includible corporation with the affiliated group of corporations of which Ambac (or any successor thereto) is the common parent, within the meaning of the Tax Code, occurred during the 2010 taxable year as a result of the transactions consummated pursuant to the Settlement Agreement entered into on June 7, 2010 by Ambac, Ambac

NOTES TO FINANCIAL STATEMENTS

Assurance, Ambac Credit Products, LLC (“ACP”) and counterparties to outstanding credit default swaps with ACP, 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 United States.

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 Proceedings 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 has not been scheduled. The parties have jointly asked the Seventh Circuit not to schedule oral argument in light of the written settlement offer submitted to the IRS and the Department of Justice, Tax Division, which is described below.

On February 24, 2012, Ambac, the Creditors’ Committee, Ambac Assurance, the Segregated Account, OCI, and the Rehabilitator submitted to the IRS and the Department of Justice, Tax Division a proposal (the “Offer Letter”) to settle the IRS Dispute and related proceedings which includes the following terms that Ambac believes will be acceptable to the United States: (i) a payment by Ambac Assurance of \$100,000,000; (ii) a payment by Ambac of \$1,900,000; (iii) the Ambac Consolidated 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 described 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 described 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 and the Rehabilitation Court. 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. 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. Pursuant to the terms of the Offer Letter, on April 24, 2012 Ambac submitted to the IRS a private letter ruling request (“PLR”) seeking, in part, a favorable ruling from the IRS with respect to rulings under section 382 and section 269 of the Tax Code regarding certain U.S. federal income tax consequences related to Ambac’s bankruptcy plan of reorganization. The IRS Settlement is conditioned on the IRS issuing a favorable ruling on the PLR Request.

Note 15 - Leases

No significant change from 2011 Notes to Financial Statements.

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

No significant change from 2011 Notes to Financial Statements.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

c. The Company did not engage in any wash sale transactions during 2012.

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

No significant change from 2011 Notes to Financial Statements.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change from 2011 Notes to Financial Statements.

Note 20 – Fair Value Measurements

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

Bonds

The estimated fair values represent fair values as determined by the NAIC 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 Everspan could realize in the market.

Short-Term Investments and Cash

The fair values of short-term investments are determined by using independent market sources. The fair values of cash approximate their amortized costs.

Receivable for securities

The fair value of receivable for securities approximates carrying value.

Investment Income Due and Accrued

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

Liability for Net Financial Guarantees Written

Fair value of net financial guarantees written represents our estimate of the cost to Everspan to completely transfer its insurance obligation to another financial guarantor under current market conditions. Theoretically, this amount should be the same amount that another financial guarantor would hypothetically charge in the market place to provide the same protection as of the balance sheet date. The cost to transfer these insurance obligations

NOTES TO FINANCIAL STATEMENTS

is based on pricing assumptions observed in the know reinsurance portfolio transfers that have occurred in the financial guarantee market and includes adjustments to the carrying value of unearned premiums reserves for losses and ceding commissions.

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

March 31, 2012		
	Carrying amount	Estimated fair value
Financial assets:		
Bonds	\$ 190,757,120	\$ 202,814,979
Short-term investments	15,439,798	15,439,798
Cash	1,516	1,516
Receivable for securities	484,026	484,026
Investment income due and accrued	1,749,786	1,749,786
Financial liabilities:		
Liability for net financial guarantees written	\$ 7,598,880	\$ 2,859,422

1. The following table sets forth Everspan's financial assets that were measured at fair value as of March 31, 2012 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.

2012	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Bonds				
Industrial and Miscellaneous				
Issuer Obligations	\$ -	\$ -	\$ -	\$ -
Total financial assets measured at fair value	\$ -	\$ -	\$ -	\$ -

For securities measured at fair value there were no transfers between Level 1 and Level 2 as of March 31, 2012.

2. Rollforward of Level 3 Items

Balance, 12/31/2011	\$ 3,213,000
Total gains/(losses) realized and unrealized:	
Included in earnings	-
Included in surplus	-
Purchases, issuances and settlements	-
Transfers into Level 3	-
Transfers out of Level 3	(3,213,000)
Balance, 3/31/2012	\$ -

3. Transfers between Levels are recognized at the beginning of each quarterly accounting period.
4. NAIC Level 3-6 are carried at the lower of amortized cost or fair value. As of March 31, 2012, there are no financial assets or liabilities carried at fair value.
5. There are no derivative assets and liabilities as of March 31, 2012.
6. There are no classes of financial instruments where it isn't practicable to estimate the fair value as of March 31, 2012.

Note 21 - Other Items

No significant change from 2011 Notes to Financial Statements.

Note 22 - Events Subsequent

Pursuant to SSAP 9, Subsequent Events, the date through which Type I or Type II subsequent events have been evaluated was May 14, 2012 for the three months ended March 31, 2012, the same date on which the Company's statements are issued.

Note 23 - Reinsurance

No significant change from 2011 Notes to Financial Statements.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change from 2011 Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change from 2011 Notes to Financial Statements.

Note 26 - Intercompany Pooling Arrangements

No significant change from 2011 Notes to Financial Statements.

Note 27 - Structured Settlements

No significant change from 2011 Notes to Financial Statements.

Note 28 - Health Care Receivables

No significant change from 2011 Notes to Financial Statements.

Note 29 - Participating Accident and Health Policies

No significant change from 2011 Notes to Financial Statements.

Note 30 - Premium Deficiency Reserves

No significant change from 2011 Notes to Financial Statements.

Note 31 - High Deductibles

No significant change from 2011 Notes to Financial Statements.

Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change from 2011 Notes to Financial Statements.

Note 33 - Asbestos/Environmental Reserves

No significant change from 2011 Notes to Financial Statements.

Note 34 - Subscriber Savings Accounts

No significant change from 2011 Notes to Financial Statements.

Note 35 - Multiple Peril Crop Insurance

No significant change from 2011 Notes to Financial Statements.

Note 36 - Financial Guaranty Insurance

No significant change from 2011 Notes to Financial Statements.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 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:
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011.....
- 6.2 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.....
- 6.3 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). 8/31/2007.....
- 6.4 By what department or departments?
Wisconsin

- 6.5 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]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 7.1 Has this 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]

- 7.2 If yes, give full information:

- 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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), 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 FDIC	6 SEC

- 9.1 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.

- 9.11 If the response to 9.1 is No, please explain:

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

- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The Code of Conduct changes are applicable to all senior officers, senior managers, employees, or persons performing similar functions. Changes to the Code of Conduct include the revision of our No Solicitation and Distribution Policy and the addition of our Non-Public Personal Information Policy. The No Solicitation Policy has been revised to allow for passive fundraising with prior approval from the Company's Compliance Officer. The Non-Public Personal Information Policy outlines the responsibilities for protecting private personal information (i.e. social security numbers, bank account information, credit information, etc.) that an employee may have access to.

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

PART 1 - FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds.....	\$0	\$0
14.22 Preferred Stock.....	\$0	\$0
14.23 Common Stock.....	\$0	\$0
14.24 Short-Term Investments.....	\$0	\$0
14.25 Mortgage Loans on Real Estate.....	\$0	\$0
14.26 All Other.....	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.

16. 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 []

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

1 Name of Custodian(s)	2 Custodian Address
Bank of New York Mellon	One Wall Street, 14th Floor, NY, NY 10286

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period				
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total	
						0					0
Total.....	XXX..	XXX.....	0	0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent 0.0 %

5.2 A&H cost containment percent 0.0 %

5.3 A&H expense percent excluding cost containment expenses 0.0 %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0

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

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (YES or NO)
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NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

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

DETAILS OF WRITE-INS

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

(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.

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

Sch. Y-Pt 1
NONE

Schedule Y-Part 1A
NONE

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
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.....	118,933		0.0	
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.....			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	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	118,933	0	0.0	
DETAILS OF WRITE-INS				
3401.....			0.0	
3402.....			0.0	
3403.....			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
	1. Fire.....		
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical professional liability - occurrence.....			
11.2. Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1 Other liability-occurrence.....			
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....			
19.3 19.4 Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	0	0	0
DETAILS OF WRITE-INS			
3401.....			
3402.....			
3403.....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0

NONE

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2009 + Prior.....			.....0			.....0				.....0	.....0	.....0	.....0
2. 2010.....			.....0			.....0				.....0	.....0	.....0	.....0
3. Subtotals 2010 + Prior.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
4. 2011.....			.....0			.....0				.....0	.....0	.....0	.....0
5. Subtotals 2011 + Prior.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
6. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX		.....0	.....XXX			.....0	.....XXX	.....XXX	.....XXX
7. Totals.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
8. Prior Year-End's Surplus As Regards Policyholders198,186										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1.0.0 %	2.0.0 %	3.0.0 %
													Col. 13, Line 7 Line 8
													4.0.0 %

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

- 1.
- 2.
- 3.
- 4.

Bar Code:



Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
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.....		
10. Deduct current year's other than temporary impairment recognized.....		
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	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	191,781,046	185,137,579
2. Cost of bonds and stocks acquired.....		15,800,318
3. Accrual of discount.....	404,578	1,831,763
4. Unrealized valuation increase (decrease).....	164,398	(164,398)
5. Total gain (loss) on disposals.....		(120,604)
6. Deduct consideration for bonds and stocks disposed of.....	1,448,894	10,089,483
7. Deduct amortization of premium.....	144,008	614,129
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	190,757,120	191,781,046
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	190,757,120	191,781,046

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	178,646,144	3,398,859	4,357,201	89,959	177,777,761			178,646,144
2. Class 2 (a).....	22,618,759		362,687	1,053	22,257,125			22,618,759
3. Class 3 (a).....	6,378,516		550,440	333,956	6,162,032			6,378,516
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	207,643,419	3,398,859	5,270,328	424,968	206,196,918	0	0	207,643,419
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	207,643,419	3,398,859	5,270,328	424,968	206,196,918	0	0	207,643,419

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....15,439,798; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	15,439,798	XXX	15,439,798	3,904	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	15,862,373	14,391,930
2. Cost of short-term investments acquired.....	3,398,859	31,541,212
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	3,821,434	30,070,769
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	15,439,798	15,862,373
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	15,439,798	15,862,373

**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 2
NONE**

**Sch. A-Pt 3
NONE**

**Sch. B-Pt 2
NONE**

**Sch. B-Pt 3
NONE**

**Sch. BA-Pt 2
NONE**

**Sch. BA-Pt 3
NONE**

**Sch. D-Pt 3
NONE**

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

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	22 NAIC Desig- nation or Market Indicator (a)
										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. Special Revenue and Special Assessment

130039	AA	8	California St Admin Svcs.....	01/03/2012	Redemption	100.0000.....455,000455,000455,000455,0000455,0000530	01/01/2017
3128NC	4G	6	Freddie Mac Pool 1G082 2.476% 07/01/35.....	03/01/2012	Paydown.....	.....	.....14,730	.....14,730	.....14,688	.....14,687	.....	.....42	.....42	.....14,730	.....	.....	.....0	.....67	06/01/2035	.....
31371L	A6	6	Fannie Mae FN 254829 5.500% 08/01/33.....	03/01/2012	Paydown.....	.....	.....17,648	.....17,648	.....17,509	.....17,519	.....	.....129	.....129	.....17,648	.....	.....	.....0	.....158	05/01/2032	.....
31387K	V8	3	FNMA #586639 6.000% 06/01/16.....	03/01/2012	Paydown.....	.....	.....4,230	.....4,230	.....4,188	.....4,203	.....	.....27	.....27	.....4,230	.....	.....	.....0	.....27	01/01/2016	.....
31387N	YL	5	FNMA 589415 5.500% 07/01/16.....	03/01/2012	Paydown.....	.....	.....5,513	.....5,513	.....5,409	.....5,479	.....	.....34	.....34	.....5,513	.....	.....	.....0	.....62	05/01/2012	.....
31401H	SE	3	Fannie Mae 708917 6.000% 06/01/33.....	03/01/2012	Paydown.....	.....	.....12,439	.....12,439	.....13,082	.....12,869	.....	.....(430)	.....(430)	.....12,439	.....	.....	.....0	.....178	02/01/2026	.....
31401J	ND	6	Fannie Mae FN 709688 5.500% 06/01/33.....	03/01/2012	Paydown.....	.....	.....7,235	.....7,235	.....7,231	.....7,213	.....	.....21	.....21	.....7,235	.....	.....	.....0	.....68	02/01/2033	.....
31401W	KH	1	Fannie Mae FN 720396 5.000% 07/01/18.....	03/01/2012	Paydown.....	.....	.....12,659	.....12,659	.....12,853	.....12,735	.....	.....(76)	.....(76)	.....12,659	.....	.....	.....0	.....93	01/01/2018	.....
31402R	6P	9	Fannie Mae FN 736278 4.000% 08/01/18.....	03/01/2012	Paydown.....	.....	.....6,313	.....6,313	.....5,974	.....6,139	.....	.....174	.....174	.....6,313	.....	.....	.....0	.....45	03/01/2018	.....
3199999.	Total - Bonds - U.S. Special Revenue & Assessment.....				535,767535,767535,934535,8440(79)0(79)535,7670001,228XXX...XXX...

Bonds - Industrial and Miscellaneous

852212	AA	7	Square Butte Ser 144A 6.520% 01/01/14.....	01/01/2012	Redemption	100.0000.....	.....362,687	.....362,687	.....362,687	.....362,687	.....	.....	.....	.....0	.....362,687	.....	.....	.....0	.....11,824	01/01/2014	.....
051156	AA	5	Augusta Fndg VII Other Services 0.853% 08/15/13... F...	02/15/2012	Paydown.....	.....	.....550,440	.....550,441	.....374,300	.....452,218	.....	.....98,224	.....98,224	.....550,440	.....	.....	.....0	.....1,135	05/15/2013	.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....					.....	.....913,127	.....913,128	.....736,987	.....814,905	.....0	.....98,224	.....0	.....98,224	.....913,127	.....0	.....0	.....0	.....12,959	.....XXX...	.....XXX...
8399997.	Total - Bonds - Part 4.....					.....	.....1,448,894	.....1,448,895	.....1,272,921	.....1,350,749	.....0	.....98,145	.....0	.....98,145	.....1,448,894	.....0	.....0	.....0	.....14,187	.....XXX...	.....XXX...
8399999.	Total - Bonds.....					.....	.....1,448,894	.....1,448,895	.....1,272,921	.....1,350,749	.....0	.....98,145	.....0	.....98,145	.....1,448,894	.....0	.....0	.....0	.....14,187	.....XXX...	.....XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....					.....	.....1,448,894	.....XXX.....	.....1,272,921	.....1,350,749	.....0	.....98,145	.....0	.....98,145	.....1,448,894	.....0	.....0	.....0	.....14,187	.....XXX...	.....XXX...

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

QE05

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

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

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

**Sch. DB-Pt D
NONE**

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

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

NONE

QE06FE

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open December 31 of Current Year

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Hedged Item(s)	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Reporting Date Price	13 Fair Value	14 Book/ Adjusted Carrying Value	Change in Variation Margin				19 Potential Exposure	20 Hedge Effectiveness at Inception and at Quarter-end (a)
														15 Cumulative	16 Gain (Loss) Recognized in Current Year	17 Gain (Loss) Used to Adjust Basis of Hedged Item	18 Deferred		

NONE

QE07

Broker Name	Net Cash Deposits
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NONE

QE07FE

NONE

SCHEDULE DB - PART D

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book Adjusted Carrying Value			Fair Value			11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book Adjusted Carrying Value > 0	6 Contracts With Book Adjusted Carrying Value < 0	7 Exposure Net of Collateral	8 Contracts With Fair Value > 0	9 Contracts With Fair Value < 0	10 Exposure Net of Collateral		
NONE											

SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Designation /Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates

General Interrogatories:

1. The activity for the year to date: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:
 NAIC 1: \$.....0 NAIC 2: \$.....0 NAIC 3: \$.....0 NAIC 4: \$.....0 NAIC 5: \$.....0 NAIC 6: \$.....0

NONE

SCHEDULE DL - PART 2 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Designation /Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates

General Interrogatory:

1. The activity for the year to date: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
3. Grand Total Schedule DL Part 1 and Part 2: Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

Open Depositories

Citibank, N.A..... New York, New York.....	.....	.....	.....	.....	.....1,714	.....1,321	.....1,516	XXX..
Bank of New York..... New York, New York.....	.....	.....	.....	.....	.....	.....	.....	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	.....0	.....0	.....1,714	.....1,321	.....1,516	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	.....0	.....0	.....1,714	.....1,321	.....1,516	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	.....0	.....0	.....1,714	.....1,321	.....1,516	XXX..

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

NONE