THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS **SUPERIOR COURT**

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

Docket No. 03-E-0112

In the Matter of the Liquidation of
US International Reinsurance Company

LIQUIDATOR'S TWENTY-FIFTH REPORT

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit this twenty-fifth report on the liquidations of the Companies, as of June 7, 2007, in accordance with RSA 402-C:25 and the Order Concerning Liquidator's Reports issued January 19, 2005.

1. Proofs of claim. The claim filing deadline in the Home and USI Re liquidations was June 13, 2004. The Liquidator has received a total of 143 new proofs of claim (133 for Home and 10 for USI Re) between the last Liquidator's report and May 29, 2007. The proofs of claim submitted now total 19,799 (19,563 for Home and 236 for USI Re). These numbers include as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of mass tort claimants against a single insured. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) the proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

2. Claim determinations and reports. The process of determining proofs of claims continues. Since the last Liquidator's report, the Liquidator has issued partial or final notices of determination addressing 422 proofs of claim for Home pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005. As of May 29, 2007, the notices of determination issued since the beginning of the process have addressed 4,418 proofs of claim (4,374 for Home and 44 for USI Re). One hundred and twenty seven claimants have filed requests for review and 63 of these have been sent notices of redetermination. Additionally, 50 requests for review have been filed by Guaranty Associations concerning the priority of certain claim expenses and unallocated expenses. There now are 8 unresolved disputed claim proceedings pending before the Referee. The Liquidator continues to file reports of claims and recommendations when a sufficient number of the claims have passed the 60-day period for objections. Since the last Liquidator's report, the Liquidator submitted two further reports of claims and recommendations to the Court. The Liquidator has now presented and the Court has approved claims recommendations for a total of 3,852 claims (3,814 for Home and 38 for USI Re) involving a total allowed amount of $360.9 million.

3. Financial reports. Copies of the unaudited March 31, 2007 financial statements for Home and USI Re are attached as Exhibits A and B to this report. The March 31, 2007 Home statements reflect $798,909,617 in assets under the Liquidator's direct control, and $19,735,982 in reinsurance collections, net investment income, and other receipts and $9,880,187 in operating disbursements. The March 31, 2007 USI Re statements reflect $5,357,366 in assets under the Liquidator's direct control, $84,629 in reinsurance collections and net investment income and $49,399 in operating disbursements. Copies of the audited

December 31, 2006 financial statements for Home and USI Re are attached as Exhibits C and D to this report.

4. 2007 Budget. A comparison of the actual and budgeted general and administrative expenses, on an incurred basis, through March 31, 2007 is attached as Exhibit E. As of March 31, 2007, actual expenses were below budget by approximately $725,000 or 13%, with favorable variances in nearly all categories. Below is a comparison of Home's annual budgeted and actual operating expenses (in millions) beginning January 1, 2004:

Year	Budget	Actual
2004	$33.8	$26.9
2005	$26.8	$26.2
2006	$25.6	$23.5
2007	$22.8	

5. Extension of severance program. The Liquidator has approved extending the present severance benefit program (due to expire June 30, 2007) for an additional two years until June 30, 2009. This program will assist in retaining employees. It excludes executives eligible for the Collection Incentive Plan which addresses severance issues for them. Under the severance program, eligible employees may receive three or six months of severance benefits depending on their length of service.

6. Investment update. A summary of the Companies' holdings of bonds and short-term investments as of March 31, 2007 is attached as Exhibit F. The book value of Home's bonds and short-term investments managed by Conning Asset Management (Conning) at March 31, 2007, was approximately $690.8 million compared to the market value of approximately $684.2 million, an unrealized loss of $6.6 million. This unrealized loss decreased in the first quarter by approximately $2.5 million, as interest rates decreased. The unrealized loss as of May 25, 2007 was $11.0 million. Home maintains significant amounts of highly liquid

investments to avoid actually realizing losses resulting from market fluctuations. Short-term holdings increased by $22.8 million due to bond maturities in the first quarter. Short-term holdings in the Conning portfolio were maintained at a high level to fund the third early access payment, which was made in April, 2007. The level of short-term holdings in the Conning portfolio will fluctuate over time as bonds mature, but the Liquidator intends to lengthen the duration of the portfolio while managing the risks arising from fluctuations in interest rates. The Liquidator also continues to maintain, outside of Conning's control, investments in US Treasury bills and notes. As of March 31, 2007, such investments respecting Home and USI Re had a book value of approximately $43.9 million and $4.4 million, respectively. These assets, along with sweep bank accounts, will be used to fund operating requirements and were used for approved Class I distributions to guaranty associations in April, 2007.

7. Early Access Distributions to Guaranty Funds. As described in the Liquidator's twenty-second report, the Liquidator made early access distributions to guaranty funds in early 2005 and 2006 after obtaining approval from the Court and the required "claw back" agreements with the guaranty funds requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. See RSA 402-C:29, III. Those early access distributions were in a total amount equal to 100% of guaranty fund loss and loss adjustment expense payments from the inception of this proceeding through September 30, 2005. The Liquidator sought the Court's approval of a similar third early access distribution on February 2, 2007 based on guaranty fund loss and loss adjustment expense payments through September 30, 2006 reported to the Liquidator as of December 15, 2006, but subject to a distribution cap equal to forty percent of the total incurred costs (paid amounts plus case reserves but not including any incurred but not reported reserves) projected by each guaranty fund. The Court approved the

third early access distribution on March 12, 2007. The distribution was also conditioned upon the Liquidator obtaining a release from the United States under the federal priority statute, 31 U.S.C. 3713, which was granted on March 21, 2007. The third early access distribution (after deduction of deposits retained by certain states) totaled approximately $39.3 million. It was made in April 2007 and brought the total cash early access payments from the Home liquidation to guaranty associations to $131.9 million.

8. Distribution to Class I creditors. The Liquidator has recommended and the Court has approved certain claims by guaranty associations for administrative expenses from inception to December 30, 2005, which are Class I claims pursuant to RSA 402-C:44, I and RSA 404-B:11, II, and certain other Class I claims. The distributions to these Class I creditors were made in April 2007 and (after deduction of setoffs) totaled $14.7 million.

9. Ultimate creditor distributions. It is clear that the assets available to the Liquidator will not permit a distribution to creditors below Class II, policy related claims. The distribution percentage to Class II creditors from the Home estate is uncertain and cannot be predicted with any degree of confidence due to several factors. The Liquidator has received several proofs of claim asserting very large claims the resolution of which is critical to the distribution percentage. While the Liquidator is giving priority to investigating and evaluating these claims, the outcomes cannot be predicted. Trends concerning asbestos claims generally are adverse to insurers, and predicting development on asbestos claims is difficult. The insurance industry has experienced significant adverse development in asbestos reserves due to changes in the overall litigation environment since the actuarial firm Milliman, Inc. provided the Liquidator with its February 11, 2005 report regarding reserves as of December 31, 2003, and Milliman has also observed greater asbestos exposure for certain Home insureds. The Liquidator therefore

requested that Milliman calculate a preliminary estimate of the possible impact of these changes, and its preliminary estimate is that Home's liabilities for asbestos losses net of reinsurance may be $1.5 billion or more greater than those stated in the earlier report. Losses also continue to develop on workers compensation and other claims. The Liquidator has engaged Milliman to conduct a full asbestos study and also intends to engage Milliman to conduct a full reserve review during 2008. The impact of Home's insolvency on the emergence and development of claims adds an additional layer of complexity and unpredictability. These factors create an environment of uncertainty, and the Liquidator cannot at this time predict the ultimate distribution percentage to Class II creditors that will be realized from the estate.

10. Sale of USI Re. The Liquidator has entered into a stock purchase agreement with respect to the sale of the stock of USI Re, subject to regulatory and Court approval. In connection with the sale, the Liquidator proposes to transfer all of USI Re's assets (other than its charter and licenses) and its liabilities to a liquidating trust, subject to the Court's approval, leaving the corporate shell "clean" for transfer. The consideration for the sale will also be paid to the liquidating trust. The purpose of the liquidating trust will be to receive and control the trust estate (the assets and liabilities transferred from USI Re and the proceeds of the sale) and to liquidate and distribute it to the trust beneficiaries, namely, all the creditors of USI Re, in the same manner as if the Liquidator were disposing of the assets and paying the liabilities of USI Re under RSA 402-C. The trustee of the trust will be the New Hampshire Insurance Commissioner, who will be authorized by the declaration of trust to liquidate the trust for the benefit of USI Re's creditors in accordance with RSA 402-C, including without limitation (a) pursuing collection of all debts, amounts and other obligations owed to USI Re; (b) reviewing and allowing or disallowing claims against USI Re; and (c) investing the assets comprising the

trust estate. The provisions of RSA 402-C, the Court's June 13, 2003 Order of Liquidation regarding USI Re, and the other orders entered by the Court in Docket No. 03-E-0112 shall apply to the liquidating trust. The Court will continue to supervise the trustee as it did the Liquidator.

11. Significant Litigation.

(a) Utica – Mediation is scheduled in front of Attorney William Mulvey for August 10, 2007.

(b) Wausau – The parties are engaged in continuing settlement discussions as part of potential commutation of their business arrangements. They have now reconciled their contractual arrangements and are working to "price" their exposures, which involves analysis by their respective actuaries. The parties have agreed to exchange their respective "prices" by no later than June 29, 2007, which will be followed by negotiation.

12. Reinsurance commutations and settlements. The Liquidator reports, in accordance with the Court's March 23, 2004 order, that since his last report he has entered into, on behalf of Home, a reinsurance commutation agreement with Tokio Marine and Nichido Fire Insurance Company Ltd., (US Branch). The Liquidator, on behalf of USI Re, entered into reinsurance commutation agreements with Axa Re Property & Casualty Insurance Company and QBE Insurance and Reinsurance (Europe) Ltd. These commutations are described in the confidential appendix submitted with this report. The Liquidator also entered and moved for approval of a reinsurance commutation with Tokio Marine and Nichido Fire Insurance Company Ltd., Japan, and the Court approved that commutation agreement on May 8, 2007.

13. Deposits. Liquidation staff has been seeking to collect deposits made by Home and USI Re with various states and has collected deposits from or resolved issues with most states. Discussions are ongoing with the California Department of Insurance with respect to the

return of a $100,000 deposit posted by USI Re. The remaining deposits were posted as a condition of licensure, and liquidation staff is working to determine if any of such deposits may be returned without jeopardizing Home's or USI Re's licenses in the various states.

14. Asset dispositions (including compromises) and assumptions of obligations. In accordance with paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's Eleventh Report, the Liquidator submits a confidential schedule of asset dispositions (including compromises) and obligation assumptions since the last report which is filed under seal as an appendix to this report.

15. Ancillary Proceedings in the United States. As previously reported, ancillary receiverships for Home are pending in Idaho, Oregon, New York, Massachusetts, and New Mexico. There are no pending ancillary proceedings for USI Re.

16. Document storage. The liquidation is incurring substantial storage costs for the over 165,000 boxes of documents being held at various Iron Mountain facilities. The Liquidator will prepare a comprehensive document retention plan. The plan will address the anticipated necessary retention periods for all records maintained either on site or in storage and will explore cost efficient methods of retention and storage consistent with court orders regarding records.

17. Office Space The Liquidator has exercised an option to extend its lease of 14,311 square feet in Manchester New Hampshire for an additional three years (August 1, 2007 though July 31, 2010) at market rates. Such lease is expected to cost $282,549 per year including all common space, electricity and additional charges.

18. California subpoenas. On May 1, 2006, the Liquidator filed a Motion for Protective Order with respect to three non-party subpoenas issued in three actions commenced in

California by policyholders of Home against Zurich-American Insurance Company and certain affiliates of Zurich. A Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order was agreed by the parties and filed with the Court on June 20, 2006 and, thereafter, an Order approving the Motion and staying the proceedings was issued on June 22, 2006. The Court approved an agreed confidentiality order on August 31, 2006. The Liquidator has produced approximately 77,000 pages of documents to date. Document production pursuant to the terms of the Stipulation is proceeding and is expected to be completed in the near future.

Respectfully submitted,

Roger A. Sevigny, Liquidator

June 13, 2007

CERTIFICATE OF SERVICE

I hereby certify that on June 14, 2007, a copy of the Liquidator's Twenty-Fifth Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: June 14, 2007

Eric A. Smith

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS. SUPERIOR COURT

In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 03-E-0106

In the Matter of the Liquidation of
US International Reinsurance Company
Docket No. 03-E-0112

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Exhibits:

A – 3/31/07 Financial Statement – Home
B – 3/31/07 Financial Statement – USI Re
C – 12/31/06 Audited Financial Statement – Home
D – 12/31/06 Audited Financial Statement – USI Re
E – Comparison of actual and budgeted general and administrative expenses through 3/31/07
F – Companies' holdings of bonds and short- term investments as of 3/31/07

Confidential Appendix

Exhibit A

The Home Insurance Company in Liquidation

Financial Statements (Modified Cash Basis)

March 31, 2007 and December 31, 2006
(Unaudited)

The Home Insurance Company In Liquidation

Statement of Net Assets
(Modified Cash Basis)
(Unaudited)

	March 31, 2007	December 31, 2006
Assets		
Unrestricted bonds, short-term investments and cash at cost:		
Bonds (Note 2)	$593,747,246	$608,099,834
Short-term investments	43,331,641	42,812,345
Cash and cash equivalents	168,118,394	144,429,307
Total unrestricted bonds, short-term investments and cash at cost	**805,197,281**	**795,341,486**
Common stocks, marketable, at market value (Note 2)	13,440	10,359
Interest income due and accrued	6,087,864	6,400,611
Total unrestricted liquid assets	**811,298,585**	**801,752,456**
Unrestricted illiquid assets: (Note 1)		
Surplus notes, at fair value	146,800	146,800
Common stocks, at fair value	1,947,825	1,935,076
Limited partnership interests, at fair value	1,903,995	2,294,513
Total unrestricted illiquid assets	**3,998,620**	**4,376,389**
Restricted liquid assets:		
Cash and cash equivalents (Note 5)	542,606	542,606
Total restricted liquid assets	**542,606**	**542,606**
Receivable from US International Reinsurance Company (Note 4)	33,392	34,682
Total assets, excluding certain amounts	**815,873,203**	**806,706,133**
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	2,265,273	6,241,428
Notices of Determination approved for Class I creditors (Note 8)	14,596,893	5,252,213
Claims checks payable (Note 1)	101,420	11,125
Total liablilties	**16,963,586**	**11,504,766**
Net assets, excluding certain amounts	**$798,909,617**	**$795,201,367**

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Receipts and Disbursements, and
Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents
(Modified Cash Basis)
(Unaudited)

	January 1, 2007 To March 31, 2007	January 1, 2006 To December 31, 2006
Cash and marketable securities received:		
Net investment income	$ 10,885,364	$ 36,578,417
Reinsurance collections - unrestricted	5,933,611	42,983,597
Repatriation of funds - Canadian branch (Note 1)	-	6,999,990
Salvage, subrogation and other claim recoveries	1,896,969	6,062,086
Remittance of funds held by reinsurers	-	4,607,379
Agents' balances	867,761	4,800,526
Receivable collected from USI Re	43,997	412,965
Proceeds from sale of common stock	-	112,747
Deposits with outside claim adjusters	-	276,897
Miscellaneous income	17,138	255,960
All other	91,142	2,003,187
Total cash receipts	**19,735,982**	**105,093,751**
Cash operating disbursements:		
Human resources costs (Note 3)	6,454,439	13,629,000
Consultant and outside service fees	947,112	3,274,997
General office and rent expense	675,819	2,769,434
Legal and audit fees	348,580	1,631,758
Investment expenses	154,625	597,340
Computers and equipment cost	101,546	991,293
Losses and loss expenses paid (Note 1)	85,885	1,011,573
Administration costs	50,513	596,323
Temporary services	-	35,620
Computer equipment - Disaster Recovery	-	10,700
All other	1,061,668	816,914
Total cash operating disbursements	**9,880,187**	**25,364,952**
Excess of receipts over operating disbursements	**9,855,795**	**79,728,799**
Distributions to state guaranty associations (Note 8)	$ -	57,334,437
Net receipts over disbursements	**9,855,795**	**22,394,362**
Beginning cash and marketable securities, at cost	795,884,092	773,489,730
Ending cash and marketable securities, at cost	**$ 805,739,887**	**$ 795,884,092**

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Changes in Net Assets
(Modified Cash Basis)
(Unaudited)

	January 1, 2007 To March 31, 2007	January 1, 2006 To December 31, 2006
Net Assets, beginning of period	$795,201,367	$778,120,117
Excess of unrestricted and restricted receipts over operating disbursements	9,855,795	22,394,362
Other changes in net assets:		
Fair value of marketable common stocks, liquid	3,081	(146,211)
Fair value of common stocks, including stock sale, illiquid (Note 1)	12,749	36,124
Fair value of limited partnership interests, illiquid	(390,518)	(384,585)
Interest income due and accrued	(312,747)	869,324
Due from USI Reinsurance	(1,290)	(94,160)
Incurred but unpaid administrative and investment expenses (Note 3)	3,976,155	(501,480)
Notices of Determination approved for Class I creditors (Note 8)	(9,344,680)	(5,252,213)
Claims checks payable	(90,295)	(11,125)
Reserve related to real estate tax refund	-	171,214
Net Assets, end of period	$798,909,617	$795,201,367

See accompanying notes.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

March 31, 2007

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, RSA 402-C:44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, early access distributions, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

The amount shown for losses and loss expenses paid primarily represent (1) loss expenses accorded administrative expense priority by the rehabilitation order and liquidation order, and (2) expenses relating to obtaining claim recoveries. Checks issued for such losses and loss expenses that are not cashed are reflected as liabilities.

Unrestricted illiquid assets represent investments in common stock and limited partnership interests which are not liquid since these are not publicly traded.

This statement does not include any assets of Home's branches outside of the United States. In 2006 the Canadian Provisional Liquidator of Home's Canadian branch repatriated approximately $7 million in US dollars, to the Liquidator.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

2) Marketable Securities

The carrying values and estimated fair values of marketable bonds and common stock by major category are summarized as follows:

	March 31, 2007			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable Bonds:				
U.S. Treasury notes	$ 25,769,727	$ 94,922	$ (934,764)	$ 24,929,885
Government agencies	149,786,200	10,500	(921,895)	148,874,805
Corporate	222,751,621	331,754	(7,165,660)	215,917,715
Mortgage Backed	111,300,816	16,109	(2,331,982)	108,984,943
Asset Backed	84,138,882	729,501	(277,805)	84,590,578
Total Marketable Bonds	$ 593,747,246	$ 1,182,786	$(11,632,106)	$ 583,297,926
Common Stock	1,628,052	-	(1,614,612)	13,440
Total Common Stock	$ 1,628,052	$ -	$ (1,614,612)	$ 13,440

The book value of unrestricted marketable bonds is $589,881,306. Based on such book value, gross unrealized gains are $987,119 and gross unrealized losses are $7,570,499.

	December 31, 2006			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable Bonds:				
U.S. Treasury notes	$ 25,769,727	$ 67,187	$ (1,076,369)	$ 24,760,545
Government agencies	145,206,200	16,930	(1,428,770)	143,794,360
Corporate	233,807,601	113,747	(8,439,579)	225,481,769
Mortgage Backed	114,951,309	19,984	(2,677,683)	112,293,610
Asset Backed	88,364,997	593,078	(319,497)	88,638,578
Total Marketable Bonds	$ 608,099,834	$ 810,926	$(13,941,898)	$ 594,968,862
Common Stock	1,628,052	-	(1,617,693)	10,359
Total Common Stock	$ 1,628,052	$ -	$ (1,617,693)	$ 10,359

The book value of unrestricted marketable bonds is $604,027,660. Based on such book value, gross unrealized gains are $694,549 and gross unrealized losses are $9,753,348.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

The carrying value and fair values of marketable bonds by contractual maturity are as follows:

Marketable Bonds	**Unrestricted**	
	Cost	**Fair Value**
March 31, 2007		
One year or less	$ 41,943,860	$ 40,715,336
Over one year through five years	250,043,058	245,582,551
Over five years through twenty years	106,320,630	103,424,518
Mortgage Backed	111,300,816	108,984,943
Asset Backed	84,138,882	84,590,578
Total	$ 593,747,246	$ 583,297,926

Marketable Bonds	**Unrestricted**	
	Cost	**Fair Value**
December 31, 2006		
One year or less	$ 25,792,320	$ 24,407,979
Over one year through five years	262,588,608	257,015,638
Over five years through twenty years	116,402,600	112,613,057
Mortgage Backed	114,951,309	112,293,610
Asset Backed	88,364,997	88,638,578
Total	$ 608,099,834	$ 594,968,862

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued administrative expenses incurred in the normal course of Home's liquidation, but unpaid as of March 31, 2007, are as follows:

Human resources costs	**$966,350**
Consultant and outside service fees	**546,012**
General office and rent expense	**243,160**
Legal and auditing fees	**187,008**
Computer and equipment costs	**94,271**
Other administration costs	**72,655**
Total accrued administrative expenses	**$2,109,456**
Accrued investment expenses	**155,817**
Total accrued expenses	**$2,265,273**

The amount of accrued expenses at December 31, 2006 was $6,241,428 and net assets for 2007 increased by $3,976,155 due to the decrease in the accrual.

Substantially all full-time employees of Home are covered by various employee incentive plans, which were approved by Merrimack County Superior Court of the State of New Hampshire (the Court) on January 29, 2007. The costs of these plans are primarily payable in 2008, but are based on 2007 service and are being accrued over the service period in 2007. Accrued administrative expense includes $966,135 of incentive plan costs.

4) Receivable from US International Reinsurance Company (USI Re)

At March 31, 2007 and December 31, 2006, Home had amounts receivable of $33,392 and $34,682, respectively, from USI Re for administrative expenses incurred by Home on behalf of USI Re. Home was reimbursed $43,997 for such expenses in 2007.

5) Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) upon receiving notices of cancellation or notices of non-renewal from the issuing bank. Such LOC draw downs relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled between the beneficial owner and the Liquidator. Restricted funds related to reinsurance recoveries total $542,606 at the end of March 31, 2007.

6) Securities on Deposit

Investments on deposit at the original cost with various states were $1,856,751, $1,955,732 and $73,947,287 at March 31, 2007, December 31, 2006, and June 11, 2003, respectively. As described in Note 1, the Liquidator does not record the amount of these assets, as such amounts have not been settled and agreed to with the states.

Various states have withdrawn such deposits at par value of $48,102,110, and market value as of March 31, 2007 of $49,516,486, for use by the related state guaranty associations, and these amounts may be offset against future distributions to such guaranty associations.

7) Early Access Distribution

On October 15, 2004, the Court approved a first early access distribution to insurance guaranty associations based on reported guaranty association payments less recoveries through June 30, 2004. In 2005, the Liquidator paid $35,321,789 relating to this early access distribution.

On December 9, 2005, the Court approved a second early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2005. In 2006, the Liquidator paid $57,334,437 relating to this early access distribution. The Liquidator may periodically make additional early access distributions in the future, subject to Court approval.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

(Notes to Financial Statements (continued)

7) Early Access Distribution (continued)

Early access distributions and related advances are not recorded as assets in the accompanying Statement of Net Assets although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions amongst members of the same class of creditor of Home. The following summary represents early access distributions and related advances that are not reflected in the Statement of Net Assets.

Early Access Distributions paid in cash	$92,656,226
Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 7)	49,557,548
Other deemed Early Access advances paid in cash	3,221,557
Total	$145,435,331

8) Allowed Claims

As of March 31, 2007, the Liquidator has allowed, and the Court has approved, $14,644,885 of Class I claims, $200,714,506 of Class II claims, $45,050,551 of Class V claims and $42,124 of Class VIII claims. The Class I claims include $14,618,698 for Guaranty Associations administrative costs, and $26,187 for other creditors. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

Exhibit B

US INTERNATIONAL REINSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

March 31, 2007 and December 31, 2006
(Unaudited)

US International Reinsurance Company In Liquidation

Statement of Net Assets
(Modified Cash Basis)
(Unaudited)

	March 31, 2007	December 31, 2006
Assets		
Unrestricted liquid short-term investments and cash at cost:		
Short-term investments	$3,909,406	$3,880,904
Cash and cash equivalents	1,014,144	1,015,837
Total unrestricted liquid short-term investments and cash at cost	**4,923,550**	**4,896,741**
Restricted liquid assets:		
Bonds, at cost (Note 4)	339,109	-
Short-term investments	126,853	457,541
Total restricted liquid bonds and short-term investments at cost	**465,962**	**457,541**
Interest income due and accrued	1,443	-
Total restricted liquid assets	**467,405**	**457,541**
Total assets, excluding certain amounts	**5,390,955**	**5,354,282**
Liabilities		
Incurred but unpaid administrative expenses (Note 6)	197	2,998
Payable to The Home Insurance Company in Liquidation (Note 3 & 6)	33,392	34,682
Net assets, excluding certain amounts	**$5,357,366**	**$5,316,602**

See accompanying notes.

US International Reinsurance Company In Liquidation

Statements of Receipts and Disbursements, and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis) (Unaudited)

	January 1, 2007 To March 31, 2007	January 1, 2006 To December 31, 2006
Cash and marketable securities received:		
Reinsurance collections	$ 40,851	$ 586,455
Net investment income	43,778	139,051
Sale of investment (Note 2)	-	1,865,495
All other	-	16,314
Total cash and marketable securities received	84,629	2,607,315
Cash operating disbursements:		
Consultant and outside service fees	-	47,020
Net payments to Home Insurance Company (Note 3)	43,997	412,965
All other	5,402	-
Total cash operating disbursements	49,399	459,985
Excess (deficiency) of receipts over operating disbursements	35,230	2,147,330
Beginning cash and marketable securities, at cost	5,354,282	3,206,952
Ending cash and marketable securities, at cost	$ 5,389,512	$ 5,354,282

See accompanying notes.

US International Reinsurance Company in Liquidation

Statement of Changes in Net Assets
(Modified Cash Basis)
(Unaudited)

	January 1, 2007 To March 31, 2007	January 1, 2006 To December 31, 2006
Net Assets, beginning of period	$5,316,602	$3,087,915
Excess (deficiency) of receipts over operating disbursements	35,230	2,147,330
Other changes in net assets:		
Interest income due and accrued	1,443	(13,535)
Incurred but unpaid administrative expenses	2,801	732
Payable to The Home Insurance Company in Liquidation	1,290	94,160
Net Assets, end of period	$5,357,366	$5,316,602

See accompanying notes.

US International Reinsurance Company in Liquidation ("USI Re")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

March 31, 2007

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, RSA 402-C:44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

2) Sale of Investment

In the fourth quarter of 2006, USI Re received $1,865,495 for the sale of an investment that was previously considered illiquid and had not been reflected on the balance sheet.

3) Net Liabilities to Home Insurance Company

At March 31, 2007 and December 31, 2006, the Liquidator accrued liabilities of $33,392 and $34,682, respectively, to Home for USI Re's allocated share of various administrative expenses incurred. In 2006, the amount paid to Home was $412,965 for such expenses.

US International Reinsurance Company in Liquidation ("USI Re")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

4) Marketable Securities

The carrying values and estimated fair values of marketable bonds at March 31, 2007, by major category, are summarized as follows:

	March 31, 2007			
Restricted Marketable Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Debt Securities:				
U.S. Treasury notes	$ 339,109	$ 309	$ -	$ 339,418
Total	$ 339,109	$ 309	$ -	$ 339,418

For the period ending December 31, 2006, USI Re investments were comprised of short term and cash equivalent securities including certain restricted short-term investments. There were no unrestricted or restricted marketable bonds.

The carrying value and fair values of marketable debt securities by contractual maturity are as follows:

	Restricted	
Marketable Debt Securities	**Cost**	**Fair Value**
March 31, 2007		
One year or less	$ 339,109	$ 339,418
Total	$ 339,109	$ 339,418

5) Securities on Deposit

Investments on deposit with various states were $464,337, $464,337, and $4,964,360 at March 31, 2007, December 31, 2006, and June 13, 2003, respectively. As described in Note 1, the Liquidator does not record the amount of these assets, as such amounts have not been settled and agreed to with the states.

At December 31, 2006, the Statement of Restricted and Unrestricted Net Assets reflects restricted assets for New Mexico of $126,853 and for Oregon of $339,109. These funds are held for the policyholders and creditors, as such amounts have not been yet settled and agreed to with the states.

6) Incurred But Unpaid Administrative Expenses

USI Re incurred administrative expenses relating to outside service fees of $33,589, in the normal course of liquidation, that were unpaid as of March 31, 2007.

7) Allowed Claims

As of March 31, 2007, the Liquidator has allowed, and the Court has approved, $3 of Class I, $34 of Class II, $2,735,615 of Class V claims and $37 of Class VIII. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

8) Subsequent Event

On May 16, 2007, the Liquidator entered into a Letter of Intent to sell 100% of the issued and outstanding capital stock of the Company to an unrelated third party. The proposed transaction is subject to a number of conditions, including approvals by the New Hampshire Department of Insurance and the Liquidation Court, the transfer of all assets and liabilities of the Company to a liquidating trust (Liquidating Trust) to be established simultaneously with the sale, and entering a reasonably suitable injunction barring claims against the Company and channeling such claims to the Liquidating Trust. Proceeds from the sale of the stock of the Company will be paid to The Liquidating Trust.

Exhibit C

THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

Years ended December 31, 2006 and 2005 with Report of Independent Auditors

The Home Insurance Company in Liquidation

Financial Statements
(Modified Cash Basis)

Years ended December 31, 2006 and 2005

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Report of Independent Auditors

Special Deputy Liquidator
The Home Insurance Company in Liquidation

We have audited the accompanying statements of restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of The Home Insurance Company in Liquidation (the Liquidating Company) as of December 31, 2006 and 2005, and the related statements of restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended. These financial statements are the responsibility of the Liquidating Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Liquidating Company's internal controls over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Liquidating Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements have been prepared on a modified cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of The Home Insurance Company in Liquidation as of December 31, 2006 and 2005, the restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended.

This report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire (the Liquidator), and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 23, 2007

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	December 31	
	2006	**2005**
Assets		
Unrestricted bonds, short-term investments and cash at cost:		
Fixed income securities	**$ 608,099,834**	$ 553,994,879
Short-term investments	**42,812,345**	31,014,119
Cash and cash equivalents	**144,429,307**	157,778,126
Total unrestricted bonds, short-term investments and cash at cost	**795,341,486**	742,787,124
Common stocks, marketable, at fair value	**10,359**	156,570
Interest income due and accrued	**6,400,611**	5,531,287
Total unrestricted liquid assets	**801,752,456**	748,474,981
Unrestricted illiquid assets:		
Surplus notes, at fair value	**146,800**	146,800
Common stocks, at fair value	**1,935,076**	1,898,952
Limited partnership interests, at fair value	**2,294,513**	2,679,098
Total unrestricted illiquid assets	**4,376,389**	4,724,850
Restricted liquid assets:		
Cash and cash equivalents	**542,606**	30,702,606
Total restricted liquid assets	**542,606**	30,702,606
Due from affiliate	**34,682**	128,842
Total restricted and unrestricted assets, excluding certain amounts	**806,706,133**	784,031,279
Liabilities		
Incurred but unpaid administrative expenses, loss adjustment expenses and investment expenses	**6,241,428**	5,739,948
Notices of Determination approved for Class I creditors	**5,252,213**	–
Claim checks payable	**11,125**	–
Reserve related to real estate tax refund	**–**	171,214
Total liabilities	**11,504,766**	5,911,162
Restricted and unrestricted net assets, excluding certain amounts	**$ 795,201,367**	$ 778,120,117

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Cash Receipts and Disbursements, and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis)

	Year ended December 31, 2006		Year ended December 31, 2005	
	Unrestricted	**Restricted**	**Unrestricted**	**Restricted**
Cash receipts:				
Reinsurance collections	**$ 42,983,597**	**$ –**	$ 31,295,567	$ 30,160,000
Net investment income	**36,578,417**	**–**	28,348,367	–
Repatriation of funds – Canadian branch	**6,999,990**	**–**	22,000,000	–
Return of special deposits	**–**	**–**	19,862,425	–
Salvage, subrogation and other claim recoveries	**6,062,086**	**–**	15,405,157	–
Remittance to the Home of funds held	**4,607,379**	**–**	4,344,793	–
Agents' balances	**4,800,526**	**–**	4,605,499	–
Proceeds from distribution by subsidiary	**–**	**–**	4,249,800	–
Proceeds from sale of certificates of deposit	**–**	**–**	4,180,000	–
Receivable collected from affiliate	**412,965**	**–**	1,601,337	–
Proceeds from sale of common stock	**112,747**	**–**	12,671,469	–
Other	**2,536,044**	**–**	1,175,700	–
Total cash receipts	**105,093,751**	**–**	149,740,114	30,160,000
Cash operating disbursements:				
Human resources costs	**13,629,000**	**–**	14,307,327	–
Consultant and outside service fees	**3,274,997**	**–**	3,343,660	–
General office and rent expense	**2,769,434**	**–**	3,144,184	–
Legal fees	**1,631,758**	**–**	1,943,942	–
Losses and loss expenses paid	**1,011,573**	**–**	966,221	–
Computers and other equipment expense	**991,293**	**–**	895,336	–
Investment expenses	**597,340**	**–**	669,683	–
Administration costs	**596,323**	**–**	1,329,698	–
Temporary services	**35,620**	**–**	304,936	–
Computer equipment – disaster recovery	**10,700**	**–**	236,447	–
Other	**816,914**	**–**	2,915,248	221,781
Total cash operating disbursements	**25,364,952**	**–**	30,056,682	221,781
Excess of cash receipts over cash operating disbursements	**79,728,799**	**–**	119,683,432	29,938,219
Distribution to state guaranty associations	**(57,334,437)**	**–**	(35,321,789)	–
Cash receipts in excess of disbursements and distributions	**22,394,362**	**–**	84,361,643	29,938,219
Reclassification of restricted funds *(Note 5)*	**30,160,000**	**(30,160,000)**	53,783,427	(53,783,427)
Cash receipts in excess of disbursements and distributions after reclassification	**52,554,362**	**(30,160,000)**	138,145,070	(23,845,208)
Beginning cash, bonds, short-term investments, and cash equivalents, at cost	**742,787,124**	**30,702,606**	604,642,054	54,547,814
Ending cash, bonds, short-term investments, and cash equivalents, at cost	**$ 795,341,486**	**$ 542,606**	$ 742,787,124	$ 30,702,606

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	Year ended December 31	
	2006	**2005**
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	**$ 778,120,117**	$ 671,964,599
Excess of unrestricted and restricted cash receipts in excess of cash operating disbursements	**22,394,362**	114,299,862
Other changes in net assets:		
Fair value of marketable common stocks, liquid	**(146,211)**	(240,178)
Fair market of common stocks, illiquid	**36,124**	(12,101,048)
Fair value of surplus notes, illiquid	**–**	17,600
Fair value of limited partnership interests, illiquid	**(384,585)**	(818,675)
Interest income due and accrued	**869,324**	1,467,118
Fixed assets	**–**	(424,106)
Due from affiliate	**(94,160)**	(987,071)
Incurred but unpaid administrative expenses, loss adjustment expenses and investment expenses	**(501,480)**	(131,883)
Notices of Determination approved for Class I creditors	**(5,252,213)**	–
Claim checks payable	**(11,125)**	–
Reserve related to real estate tax refund	**171,214**	5,073,899
Restricted and unrestricted net assets, excluding certain amounts, end of year	**$ 795,201,367**	$ 778,120,117

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements
(Modified Cash Basis)

Year ended December 31, 2006

1. Background and Significant Accounting Policies

The Home Insurance Company (the Company) was declared insolvent on June 11, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 11, 2003, The Home Insurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1995, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of determining claims under policies issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements, and collecting assets to distribute to creditors. On June 13, 2003, the Liquidation Court issued a revised Liquidation Order, which did not change the effective date of the insolvency.

The following represent the significant accounting policies affecting The Home Insurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements. These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily liquid and illiquid investments and cash, certain receivables, and fixed assets are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies (Revised Statutes Section (RSA) 402-C:44). Since only Class I liabilities are currently being paid, only incurred but unpaid Class I (Administration Costs) liabilities, which is a creditor class superior to all other classes, are presented in the financial statements. These financial statements reflect the restricted and unrestricted net assets and the cash receipt, cash disbursements and other changes in net assets on the basis described above.

1. Background and Significant Accounting Policies (continued)

Basis of Accounting (continued)

Under this basis of accounting, the Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties.

These statements do not include any assets of the Liquidating Company's branches outside of the United States, which are subject to liquidation proceedings in those locations and are not under the control of the Liquidator.

"Restricted" is a term used to denote certain assets held and managed by the Liquidating Company for parties at interest. The right of ownership to these assets is conditional upon future events. Accordingly, such amounts are shown separately where appropriate. See Note 5.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions by management that affects amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Fixed Income Securities

Fixed income securities are carried at cost. Amounts received over or under original cost are treated as a gain or loss upon disposition. Fixed income securities are generally held until maturity. The types of fixed income securities that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. Government and U.S. Government agency securities and other high-credit quality corporate and asset backed debt instruments. The Company accrues interest according to the accounting policy previously discussed as the known amount.

Cash and Cash Equivalents

Cash and cash equivalents are presented at cost which approximates fair value. Cash equivalents consist principally of money market accounts, commercial paper and United States Treasury Bills with maturities of less than 90 days.

1. Background and Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are reported at cost, which approximates fair value and consists primarily of United States Treasury securities and high quality commercial paper, with maturities of less than one year.

Marketable Common Stocks

Marketable common stocks are carried at fair value based upon the closing price on a national exchange.

Illiquid Common Stocks

Common stocks that are illiquid are comprised of an investment in a 71%-owned company. Fair value of this instrument has been estimated by the percentage of equity owned. In 2005, the Liquidating Company's shares in a privately held corporation were sold for $12,671,469.

Limited Partnership Interests

Limited partnership interests are illiquid assets that comprise an 18% investment in a partnership. Fair value of this investment has been estimated by the percentage of equity owned.

Due from Affiliate

Due from affiliate represents amounts receivable from US International Reinsurance Company in Liquidation (USI Re), a wholly owned subsidiary of the Liquidating Company. At December 31, 2006 and 2005, the receivable relates to expenses incurred by the Liquidating Company on behalf of USI Re for administrative expenses. In 2006 and 2005 USI Re paid the Home $412,965 and $1,601,337, respectively, for administrative expenses. See Note 7.

1. Background and Significant Accounting Policies (continued)

Losses and Loss Expenses Paid

The amount shown for losses and loss expenses paid in the statement of cash receipts and disbursements, and changes in cash, bonds, short-term investments and cash equivalents primarily represents (1) loss expenses accorded administrative expense priority by the rehabilitation order and liquidation order, and (2) expenses relating to obtaining claim recoveries. Checks issued for such losses and loss expenses that are not cashed are reflected as liabilities.

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court. The costs incurred for these plans are based on the year of service but are paid in the subsequent year. The amount accrued was $3,903,720 and $3,323,552 at December 31, 2006 and 2005, respectively. The amount paid in 2006 and 2005 was $3,468,216 and $3,149,094, respectively.

Priority of Claims and Distributions to Creditors

The Liquidating Company will distribute funds to policyholder/creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company. The RSA establishes the following classes of creditors:

Class I: Payment of all administration expenses of closing the business and liquidating the Company.

Class II: Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant).

Class III: Claims of the federal government.

Class IV: Debts due to employees for services performed.

Class V: All other claims, including claims of any state or local government, not falling within other classes.

Class VI: Claims based solely on judgments.

1. Background and Significant Accounting Policies (continued)

Priority of Claims and Distributions to Creditors (continued)

Class VII: Interest on claims already paid.

Class VIII: Miscellaneous subordinated claims.

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies.

Class X: The claims of shareholders or other owners.

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying only Class I (Administration Costs) creditors. However, it is anticipated that payments will be made in the future, after court approval. It is management's judgment that there will not be sufficient assets to pay any claims below Class II.

As of December 31, 2006, the Liquidator has allowed, and the Court has approved, \$5,295,697 of Class I claims, \$165,079,172 of Class II claims, \$38,045,352 of Class V claims and \$42,124 of Class VIII claims. The Class I claims are expected to be paid in 2007, net of offset amounts of \$43,484, and include \$5,226,026 payable for Guaranty Associations administrative costs, and \$26,187 for other creditors.

2. Marketable Securities

The cost and fair values of fixed income securities and common stock by major category are summarized as follows:

	December 31, 2006			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 25,769,727	$ 67,187	$ (1,076,369)	$ 24,760,545
Government agencies	145,206,200	16,930	(1,428,770)	143,794,360
Corporate	233,807,601	113,747	(8,439,579)	225,481,769
Mortgage backed	114,951,309	19,984	(2,677,683)	112,293,610
Asset backed	88,364,997	593,078	(319,497)	88,638,578
Total	$ 608,099,834	$ 810,926	$(13,941,898)	$ 594,968,862
Common stock	$ 1,628,052	$ –	$ (1,617,693)	$ 10,359

2. Marketable Securities (continued)

	December 31, 2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury Notes	$ 47,628,613	$ 80,212	$ (927,783)	$ 46,781,042
Government Agencies	160,198,925	–	(2,551,091)	157,647,834
Corporate	188,360,020	47,197	(6,197,330)	182,209,887
Mortgage backed	115,410,730	–	(2,503,837)	112,906,893
Asset backed	42,396,591	7,678	(410,418)	41,993,851
Total	$ 553,994,879	$ 135,087	$(12,590,459)	$ 541,539,507
Common stock	$ 1,628,052	$ 101,348	$ (1,572,830)	$ 156,570

The fair value of debt securities is less than the cost as of December 31, 2006 and 2005 as a result of changes in the general level of interest rates since the acquisition of the securities. No individual security has a gross unrealized loss in excess of 5% of the cost. The liquidating company generally intends to hold debt securities to maturity.

The cost and fair values of marketable bonds by contractual maturity as of December 31, 2006 is as follows:

	Cost	Fair Value
Unrestricted marketable debt securities		
December 31, 2006		
One year or less	$ 25,792,320	$ 24,407,979
Over one year through five years	262,588,608	257,015,638
Over five years through twenty years	116,402,600	112,613,057
Mortgage backed	114,951,309	112,293,610
Asset backed	88,364,997	88,638,578
Total	$ 608,099,834	$ 594,968,862

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

3. Securities on Deposit

Investments on deposit at the original cost with various states were $1,855,732 and $2,103,374 at December 31, 2006 and 2005, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as such amounts have not been settled and agreed to with the states. In 2005, the Liquidating Company received $19,862,425 of securities previously on deposit with various states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations and the amounts withdrawn may be offset against future distributions to such guaranty associations. During 2006 and 2005, deposits were withdrawn with market value of $230,000 and $13,476,249, respectively, and par value of $230,000 and $13,443,000, respectively. Since June 11, 2003, deposits with market value of $49,657,548 and par value of $48,202,110 have been withdrawn for use by state guaranty associations.

The Liquidating Company has pledged commercial money market accounts in the amount of $790,397 at December 31, 2006 and certificates of deposits in the amount of $790,397 at December 31, 2005 as collateral for letters of credit. As the commercial money market accounts are pledged as collateral, the Liquidating Company does not record them as assets.

4. Class I Liabilities: Incurred But Unpaid Administrative Expenses, Including Loss Adjustment Expenses and Investment Expenses

Class I liabilities represent accrued administrative expenses, including loss adjustment expenses and investment expenses, incurred in the normal course of the Liquidating Company and consist of the following accruals at December 31, 2006 and 2005:

	December 31	
	2006	**2005**
Human resources costs	**$ 3,904,653**	$ 3,324,133
Consultant and outside service fees	**1,041,005**	967,844
Legal and professional fees	**609,029**	606,107
General office and rent expense	**324,359**	224,546
Other administration costs	**156,733**	211,832
Accrued investment expenses	**154,625**	144,615
Computers and equipment costs	**51,024**	255,420
Temporary services	**–**	5,451
	$ 6,241,428	$ 5,739,948

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total $542,606 for the years ended December 31, 2006 and 2005. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner. In 2005, $84,302 was recognized as unrestricted reinsurance recoveries, and net restricted funds of $221,781 were returned to the reinsurers.

The Liquidating Company received proceeds in 2004 from commutations, which were restricted pending certain future contingencies. Bonds with par value of $53.8 million were purchased with such restricted funds, and these bonds are no longer restricted as of December 31, 2005, as the future contingency was resolved.

In 2005, the Liquidating Company received $30.2 million of proceeds from commutations which were restricted pending certain future contingencies. At December 31, 2006, these cash equivalent assets are no longer restricted as the future contingencies were resolved.

6. Commitments

The Liquidating Company leases office space and equipment under operating leases expiring in various years through December 31, 2010.

Minimum future rental payments under noncancelable operating leases having remaining terms are:

Year ending December 31,	
2007	$ 1,514,144
2008	1,382,092
2009	1,250,076
2010	1,250,075
	$ 5,396,387

6. Commitments (continued)

Rent expense incurred was $1,338,728 and $1,877,868 for the years ended December 31, 2006 and 2005, respectively. In 2005, the Liquidator negotiated and agreed with the landlord at 59 Maiden Lane in New York that the Company would vacate the basement storage space for $200,000 and to extend the remaining lease to December 31, 2010 (with *a further option). The Manchester, New Hampshire office lease expires on July 31, 2007.* The new lease terms have not yet been finalized.

7. Asset Transfer Agreement

In connection with an Asset Transfer Agreement approved by the Liquidation Court on August 6, 2003, the Liquidating Company paid Risk Enterprise Management (REM) $7,500,000 for the right, title and interest to certain tangible and intangible technology, including computer systems and software and related applications. Included in the technology assets was an amount for an assumed reinsurance system, of which $2,898,000 of this cost was allocated to USI Re. USI Re paid $1,115,913 on this receivable in 2004 and the balance was paid in 2005. At December 31, 2006 and 2005, the receivable from USI Re relates to expenses incurred by the Liquidating Company on behalf of USI Re for administrative expenses.

8. Real Estate Tax Refund

In the year ended December 31, 2004, the Liquidator collected $16,455,195 in a tax settlement with New York City concerning the previously owned property at 59 Maiden Lane, New York, New York (59 Maiden Lane). The tax settlement resulted in a refund of real estate tax for the years 1991/92 through 1995/96. In connection with this settlement, $1,210,082 was paid as a legal contingency fee and a reserve of $5,245,113 at December 2004 was established for amounts that may be payable to other tenants of 59 Maiden Lane. On October 11, 2005, the Liquidator paid $2,727,524 in refunds and in January 2006, an additional refund of $171,214 was paid. The Liquidator believes that such payments fully satisfy amounts payable to other tenants and no additional reserve is required.

9. Early Access Distribution

On October 15, 2004, the Liquidation Court approved a first early access distribution to insurance guaranty associations based on reported guaranty association payments less recoveries through June 30, 2004. In 2005, the Liquidator paid $35,321,789 relating to this early access distribution.

On December 9, 2005, the Court approved a second early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2005. In 2006, the Liquidator paid $57,334,437 relating to this early access distribution. The Liquidator may periodically make additional early access distributions in the future, subject to Court approval.

Early access distributions and related advances are not recorded as assets in the accompanying statement of net assets although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions amongst members of the same class of creditor of the Company. The following summary represents early access distributions and related advances that are not reflected in the statement of net assets.

	2006	**2005**
Total Early Access Distributions and related advances, beginning of year	**$ 87,970,894**	$ 35,951,299
Early Access Distributions paid in cash	**57,334,437**	35,321,789
Assets withdrawn from special deposits held by states to pay Home claims (market value, see Note 3)	**230,000**	13,476,249
Other deemed Early Access advances paid in cash	–	3,221,557
Total Early Access Distributions and related advances, end of year	**$ 145,535,331**	$ 87,970,894

10. Income Taxes

The Liquidating Company reported a net operating loss carryforward of $1,881,479,659 of December 31, 2005. These operating loss carryforwards expire in various amounts from 2018 to 2025. The 2006 income tax return has not been filed but is expected to reflect additional tax losses.

Exhibit D

US International Reinsurance Company in Liquidation

Financial Statements (Modified Cash Basis)

Years ended December 31, 2006 and 2005 with Report of Independent Auditors

0704-0826422-PH

US International Reinsurance Company in Liquidation

Financial Statements
(Modified Cash Basis)

Years ended December 31, 2006 and 2005

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Report of Independent Auditors

Special Deputy Liquidator
US International Reinsurance Company in Liquidation

We have audited the accompanying statements of restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of US International Reinsurance Company in Liquidation (the Liquidating Company) as of December 31, 2006 and 2005, and the related statements of restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis) and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended. These financial statements are the responsibility of the Liquidating Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Liquidating Company's internal controls over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Liquidating Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements have been prepared on a modified cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of US International Reinsurance Company in Liquidation as of December 31, 2006 and 2005, the restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire (the Liquidator) and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 23, 2007

US International Reinsurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	December 31	
	2006	**2005**
Assets		
Unrestricted bonds, short-term investments, and cash and cash equivalents at cost:		
Bonds	$ –	$ 1,865,237
Short-term investments	**3,880,904**	420,970
Cash and cash equivalents	**1,015,837**	461,795
Total unrestricted bonds, short-term investments, and cash and cash equivalents at cost	**4,896,741**	2,748,002
Interest income due and accrued	–	13,535
Total unrestricted assets	**4,896,741**	2,761,537
Restricted assets:		
Bonds, at cost	–	128,950
Short-term investments	**457,541**	–
Cash and cash equivalents	–	330,000
Total restricted assets	**457,541**	458,950
Total restricted and unrestricted assets, excluding certain amounts	**5,354,282**	3,220,487
Liabilities		
Incurred but unpaid administrative expenses	**2,998**	3,730
Payable to The Home Insurance Company in Liquidation	**34,682**	128,842
Net assets excluding certain amounts	**$ 5,316,602**	$ 3,087,915

See accompanying notes.

US International Reinsurance Company in Liquidation

Statements of Cash Receipts and Disbursements and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis)

	Year ended December 31	
	2006	**2005**
Cash and marketable securities received		
Reinsurance collections	**$ 586,455**	$ 410,697
Net investment income	**139,051**	187,813
Return of special deposits	**–**	580,000
Sale of investments	**1,865,495**	–
Other	**16,314**	7,018
Total cash and marketable securities received	***2,607,315***	*1,185,528*
Cash operating disbursements		
Consultant and outside service fees	**47,020**	31,498
Net payments to The Home Insurance Company in Liquidation	**412,965**	1,601,336
Other	**–**	98,701
Total cash operating disbursements	**459,985**	1,731,535
Excess (deficiency) of receipts over operating disbursements	**2,147,330**	(546,007)
Beginning cash, cash equivalents, and short-term investments, at cost	**3,206,952**	3,752,959
Ending cash, cash equivalents, and short-term investments, at cost	**$ 5,354,282**	$ 3,206,952

See accompanying notes.

US International Reinsurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	Year ended December 31	
	2006	**2005**
Net assets, excluding certain amounts, beginning of year	**$ 3,087,915**	$ 2,555,914
Excess (deficiency) of unrestricted and restricted receipts over operating disbursements	**2,147,330**	(546,007)
Other changes in net assets:		
Interest income due and accrued	***(13,535)***	*(32,087)*
Incurred but unpaid administrative expenses	**732**	8,052
Payable to The Home Insurance Company in Liquidation	**94,160**	1,102,043
Net assets, excluding certain amounts, end of year	**$ 5,316,602**	$ 3,087,915

See accompanying notes.

US International Reinsurance Company in Liquidation

Notes to Financial Statements
(Modified Cash Basis)

Years ended December 31, 2006 and 2005

1. Background and Significant Accounting Policies

US International Reinsurance Company (the Company or USI Re), a wholly owned subsidiary of The Home Insurance Company in Liquidation (The Home), was declared insolvent on June 13, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 13, 2003, US International Reinsurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1990, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of determining claims under contracts issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements and collecting assets to distribute to creditors.

The following represent the significant accounting policies affecting US International Reinsurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements. These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States. These financial statements reflect certain net assets and the operating expenses. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily cash, cash equivalents, bonds, and short-term investments are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, (Revised State Section (RSA) 402-C:44). Since only Class I liabilities are currently being paid, only incurred but unpaid Class I (Administration Costs) liabilities, which is a creditor class superior to all other classes, are presented in the financial statements.

1. Significant Accounting Policies (continued)

Basis of Accounting (continued)

The Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions by management that affects amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Cash and Cash Equivalents, Short-term Investments and Bonds

Cash and cash equivalents are presented at cost which approximates fair value. Cash equivalents consist principally of money market accounts.

Short-term investments are reported at cost, which approximates fair value and consists of a United States Treasury security.

Marketable bonds are carried at cost. Amounts received over or under original cost are treated as a gain or loss upon disposition. Bonds are generally held until maturity. The types of bonds that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. Government securities.

Priority of Claims and Distributions to Creditors

The Company will distribute funds to creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company. The RSA establishes the following classes of creditors:

Class I: Payment of all administration expenses of closing the business and liquidating the Company.

Class II: Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant).

1. Significant Accounting Policies (continued)

Priority of Claims and Distributions to Creditors (continued)

Class III: Claims of the federal government.

Class IV: Debts due to employees for services performed.

Class V: All other claims, including claims of any state or local government, not falling within other classes.

Class VI: Claims based solely on judgments.

Class VII: Interest on claims already paid.

Class VIII: Miscellaneous subordinated claims.

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies.

Class X: The claims of shareholders or other owners.

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying only Class I (Administration Costs) creditors. It is uncertain whether there will be sufficient assets to pay any claims below Class I (Administration Costs).

2. Marketable Securities

For the period ending December 31, 2006, USI Re investments are comprised of short term and cash equivalent securities including certain restricted short-term investments. There were no unrestricted or restricted marketable bonds.

2. Marketable Securities (continued)

The carrying values and estimated fair values of marketable securities at December 31, 2005, by major category, are summarized as follows:

	December 31, 2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 1,865,237	$ 13,900	$ –	$ 1,879,137
Total	$ 1,865,237	$ 13,900	$ –	$ 1,879,137
Restricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 128,950	$ 115	$ –	$ 129,065
Total	$ 128,950	$ 115	$ –	$ 129,065

3. Securities on Deposit

Investments on deposit at original cost with various states were $464,337 and $460,232 at December 31, 2006 and 2005, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets; as such amounts have not been settled and agreed to with the states. In 2005, the Liquidating Company received $250,000 of securities previously on deposit with various states, of which $128,950, including interest, is related to the State of Oregon and was reflected in the 2005 Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts as a restricted asset. The remaining balance of $121,050 was reflected in the statement of restricted and unrestricted net assets excluding certain amounts as an unrestricted asset.

Effective November 15, 2005, the state of New Mexico agreed to release to USI Re a special deposit of $330,000 in trust for the benefit of New Mexico policyholders and creditors. This amount is reflected in the 2005 statement of restricted and unrestricted net assets, excluding certain amounts as of December 31, 2005 as restricted assets.

3. Securities on Deposit (continued)

The Liquidating Company has pledged commercial money market accounts in the amount of $116,877 at December 31, 2006 and certificates of deposit of $116,877 at December 31, 2005, as collateral for letters of credit placed for the benefit of reinsurers. As the commercial money market accounts are pledged as collateral, the Liquidating Company does not record them as assets.

4. Payable to the Home

In connection with an Asset Transfer Agreement approved by the Liquidation Court, The Home paid $7,500,000 for the right, title and interest in a number of technology assets. Included in the technology assets was an amount for an assumed reinsurance system. The Liquidating Company's allocated share of this cost was $2,898,000 and for which the final payment of $1,782,087 was paid to the Home in 2005.

At December 31, 2006 and 2005, the payable to the Home of $34,682 and $128,842, respectively, related to expenses incurred by the Home on behalf of the Liquidating Company for administrative expenses.

5. Sale of Investment

In the fourth quarter of 2006, USI Re received $1,865,495 for the sale of an investment that was previously considered illiquid and had not been reflected on the balance sheet.

6. Income Taxes

The Liquidating Company is included in The Home's consolidated Federal income tax return. The Home has a written income tax agreement with the Liquidating Company, which provides for the amounts and times of payments by the Liquidating Company to The Home with respect to any federal income tax liability of the Liquidating Company. To date, the Liquidating Company has not incurred any tax obligations under this income tax agreement.

7. Incurred But Unpaid Administrative Expenses

The Liquidating Company incurred administrative expenses relating to outside service fees of $2,998, in the normal course of liquidation, that were unpaid as of December 31, 2006.

8. Allowed Claims

As of December 31, 2006, the Liquidator has allowed, and the Court has approved, $3 of Class I, $26 of Class II, $1,777,136 of Class V and $28 of Class VIII claims. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

9. Subsequent Event

On May 16, 2007, the Liquidator entered into a Letter of Intent to sell 100% of the issued and outstanding capital stock of the Company to an unrelated third party. The proposed transaction is subject to a number of conditions, including approvals by the New Hampshire Department of Insurance and the Liquidation Court, the transfer of all assets and liabilities of the Company to a liquidating trust (Liquidating Trust) to be established simultaneously with the sale, and entering a reasonably suitable injunction barring claims against the Company and channeling such claims to the Liquidating Trust. Proceeds from the sale of the stock of the Company will be paid to the Liquidating Trust.

Exhibit E

The Home Insurance Company in Liquidation
US International Reinsurance Company in Liquidation
G&A Expenses (Actual vs Budget)
March 31, 2007

General & Administrative Expense	YTD Actual 2007	YTD Budget 2007	YTD Variance 2007	Full Year Budget
Salary and Benefits	3,498,849	3,370,886	127,963	13,504,952
Travel	15,571	45,086	(29,515)	201,532
Rent	544,487	592,235	(47,748)	2,382,292
Equipment	143,168	231,525	(88,357)	932,100
Printing and Stationery	23,942	24,549	(607)	86,700
Postage	8,828	14,298	(5,470)	57,192
Telephone	79,121	107,190	(28,069)	435,400
Disaster Recovery	-	2,700	(2,700)	10,700
Outside Services, including Special Deputy	548,848	749,976	(201,128)	2,998,461
Licensing Fees	22,611	-	22,611	-
Legal and Auditing	14,371	506,000	(491,629)	1,908,973
Bank Fees	42,125	37,998	4,127	152,000
Corporate Insurance	-	400	(400)	146,600
Miscellaneous Expenses	6,088	900	5,188	3,600
Total US Expenses Incurred	4,948,008	5,683,743	(735,735)	22,820,502
UK Liquidation expenses paid by the US liquidator	10,840	-	10,840	-
Total US and UK Expenses Incurred	4,958,848	5,683,743	(724,895)	22,820,502

Exhibit F

The Home Insurance Company in Liquidation
Portfolio Summary Report- Bonds and Short Term Investments
Securities Held as of March 31, 2007
(000's)

Conning Managed: % of Av		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 3/31/07	
Fixed Income									
15%	Short Term	100,903	100,903	-	0.04	5.22	Aaa	1,370	
4%	Government	25,594	24,930	(664)	5.52	4.05	Aaa	256	
22%	Agency	149,874	148,875	(999)	2.81	4.76	Aaa	1,536	
32%	Corporate	219,199	215,918	(3,281)	3.99	4.56	A1	2,571	
12%	Mortgage Backed	83,583	82,232	(1,351)	5.70	5.21	Aaa	1,102	
4%	Commercial Mortgage Backed	27,419	26,753	(667)	4.38	4.58	Aaa	317	
12%	Asset Backed	84,213	84,591	378	3.30	5.18	Aaa	1,111	
100%	Total	690,784	684,201	(6,583)	3.35	4.84	Aa1	8,262	
Other investments- Home Insurance									
100%	US Treasury Bills	43,900	43,900	-	0.25	4.90	Aaa	517	
Total Home Insurance		734,684	728,101	(6,583)	3.16	4.84	Aa1	8,779	
Other investments- USI Re									
100%	US Treasury Bills and Notes	4,432	4,432	-	0.28	4.90	Aaa	52	
Grand total (1)		739,116	732,533	(6,583)	3.15	4.84	Aa1	8,831	(2)

(1) Investment balances do not include cash amounts invested in sweep accounts of Citizens Bank and investments in common stocks and limited partnerships.
(2) On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of March 31, 2007, would be $34.6 million.