

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 THIRTIETH 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 Thirtieth Report on the liquidations of the Companies, as of September 9, 2008, 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 60 new proofs of claim for Home between the last Liquidator's report and September 1, 2008. The proofs of claim submitted now total 20,199 (19,941 for Home and 258 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) those 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 claim continues. Since the last Liquidator's report, the Liquidator has issued partial or final notices of determination addressing 444 proofs of claim for Home pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005. As of September 1, 2008, the notices of determination issued since the beginning of the process have addressed 6,881 proofs of claim (6,801 for Home and 80 for USI Re). Three hundred nine claimants have filed requests for review and 105 of these have been sent notices of redetermination. Included among the requests for review are 82 requests filed by guaranty associations concerning the priority of certain claim expenses and unallocated expenses. There now are nine unresolved disputed claim proceedings pending before the Referee, plus one (2005-HICIL-4) that has been stayed. 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. There is currently a total of \$17.6 million in determinations in the pipeline pending the 60-day period running for submission to the Court. Since the last Liquidator's report, the Liquidator has submitted three further reports of claims and recommendations to the Court. The Liquidator has now presented and the Court has approved claims recommendations, including settlements, for a total of 6,204 claims (6,147 for Home and 57 for USI Re) involving a total allowed amount of \$564.9 million.

3. Financial reports. Copies of the unaudited June 30, 2008 financial statements for Home and USI Re are attached as Exhibits A and B to this report. The June 30, 2008 Home statements reflect \$858,567,042 in assets under the Liquidator's direct control at June 30, 2008, and \$43,377,017 in reinsurance collections, net investment income, and other receipts and \$13,416,997 in operating disbursements from January 1 through June 30, 2008. The June 30, 2008 USI Re statements reflect \$5,499,231 in assets under the Liquidator's direct control at

June 30, 2008, and \$132,874 in reinsurance collections, net investment income and other receipts and \$110,131 in operating disbursements from January 1 through June 30, 2008.

4. 2008 budget. A comparison of the actual and budgeted general and administrative expenses, on an incurred basis, through June 30, 2008 is attached as Exhibit C. As of June 30, 2008, actual expenses were below budget by approximately \$658,000 or 6.2%, 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	\$21.5
2008	\$21.4	

The Liquidator filed a copy of the 2008 Expense Budget on November 12, 2007 as part of the Liquidator's Filing Regarding Status Report.

5. Investment update. A summary of the Companies' holdings of bonds and short-term investments as of June 30, 2008 is attached as Exhibit D, and a report listing the individual holdings of Home as of that date is attached as Exhibit E (the groupings on Exhibit D differ from those on Exhibit E). The book value of Home's bonds and short-term investments managed by Conning Asset Management ("Conning") at June 30, 2008, was approximately \$787 million compared to the market value of approximately \$784 million, an unrealized loss of \$3 million, a deterioration of \$14.4 million since the end of the first quarter due to increases in interest rates as credit spreads widened and investors took refuge in US Treasury securities. In July, 2008, Conning sold approximately \$33.1 million of agency and corporate bonds (\$10.3 million and \$22.8 million respectively) realizing a \$776,000 capital loss. The securities were sold to reduce

investment bank, banking and corporate portfolio exposures and invest in replacement treasury securities until credit markets stabilize. Short-term holdings in the Conning portfolio at June 30, 2008 were \$70.2 million. The average credit rating for portfolio holdings continues to be AA by Moody's and S&P. The Liquidator also continues to maintain, outside of Conning's control, investments in US Treasury bills and notes. As of June 30, 2008, such investments respecting Home and USI Re had a market value of approximately \$9.7 million and \$4.4 million, respectively. These assets, along with sweep bank accounts, will be used to fund operating requirements.

6. Investment Comments. Home owns residential mortgage backed securities ("MBS") comprised of pools of residential mortgages, all but two of which are issued and to some extent guaranteed by government agencies or the U.S. Government.. The MBS had a book value of \$157.2 million and a market value of \$157.3 million as of September 4, 2008. On September 4, 2008, the Liquidator sold approximately \$31 million of MBS issued by Federal National Mortgage Association ("FNMA") for a slight loss of \$7,000 and used the proceeds to purchase Government National Mortgage Association ("GNMA") MBS, which are the only MBS guaranteed by the U.S. Government. Incremental investment income of about \$130,000 per year will be realized on the swap of \$31 million of FNMA MBS for GNMA MBS. Additionally, on August 28, 2008, the Liquidator purchased \$19 million of GNMA MBS with available cash.

Home also owns commercial mortgage backed securities ("CMBS") comprised of pools of commercial properties. The CMBS had a book value of \$23.9 million and a market value of \$23.1 million as of September 4, 2008.

The Liquidator may increase Home's investments in GNMA MBS but will not increase positions in other types of MBS or CMBS. The Liquidator may increase GNMA MBS by swaps with other types of MBS as was done on September 4, 2008, if the economic benefits warrant such trades; otherwise, the Liquidator expects to hold the MBS and CMBS securities to maturity.

As of June 30, 2008, Home had one remaining position in securities backed by subprime collateral with a book value of \$24,113. Those securities were fully paid off as of August 15, 2008.

Consistent with the investment guidelines, the Liquidator and Conning have focused on (1) preservation of capital on investments, (2) maintaining a high quality portfolio, and (3) maximizing current income. The Liquidator and Conning believe that all securities in the portfolio will pay full amounts of principal in spite of fluctuating market values.

7. Early access distributions to guaranty funds. As described in the Liquidator's previous reports, the Liquidator has made four early access distributions to guaranty funds in early 2005, 2006, 2007 and 2008 after obtaining approval from the Court and the required "claw back" agreements with the guaranty funds, which provide for the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. See RSA 402-C: 29, III. Cash early access payments from the Home liquidation to guaranty funds now total \$165.6 million.

8. Significant litigation. Century Indemnity Company ("CIC") – On November 14, 2007, CIC filed an appeal with the New Hampshire Supreme Court of the Superior Court's October 18, 2007 Order on Claimant's Motion to Recommit. On July 25, 2008, the Supreme Court issued a decision reversing the Superior Court's order and allowing setoff of certain reinsurer assignee claims under RSA 402-C: 34. On June 6, 2008, the Liquidator filed an appeal

of the Superior Court's May 9, 2008 Order on Liquidator's Motion to Recommit. The appeal concerns the application of RSA 402-C:34, II(b) to an asserted setoff regarding CIC's PECO claim. The Liquidator filed his brief with the New Hampshire Supreme Court on August 11, 2008.

Sheiness, Scott, Grossman & Cohn, LLP ("SSGC") – On June 19, 2008, SSGC filed an appeal with the New Hampshire Supreme Court of the Superior Court's May 22, 2008 Order on Claimant's Motion to Recommit. The appeal concerns the priority under RSA 402-C:44 of SSGC's claim for pre-receivership attorney's fees. SSGC filed its brief on August 18, 2008.

9. Reinsurance commutations and settlements. The Liquidator reports, in accordance with the Court's March 23, 2004 order, that since his last report he has completed four additional Home commutations. The first is a ceded commutation with Areas Assurances, France, formally Caisse Mutuelle d'Assurances et de Prevoyance, France, and the second is a ceded and assumed commutation with Kyoei Fire & Marine Insurance Company Ltd., Japan. The details of these commutations are included in the confidential appendix submitted with this report. The Liquidator also entered a reinsurance commutation agreement with Arran Insurance Company Ltd (formerly known as Ancon Insurance Company (UK) Ltd.) with respect to Home's ceded business with that company. The Court approved the commutation on July 23, 2008. Finally, the Liquidator entered a commutation with respect to all of Home's assumed and ceded business with Scor Global P & C. The Court approved that commutation on July 23, 2008. There have been no ceded commutations with respect to USI Re.

10. 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.

11. Ancillary proceedings in the United States. Ancillary receiverships for Home remain pending in Oregon, New York, Massachusetts, and New Mexico. There are no pending ancillary proceedings for USI Re.

12. Relocation of the Manchester Operation. On July 10, 2008, the Liquidator successfully relocated the New Hampshire operations from 286 Commercial Street in Manchester to 55 South Commercial Street, also in Manchester. The phone number and post office box addresses for general inquiries with respect to the liquidations remain unchanged. As part of the relocation of the Manchester office, the disaster recovery data center at the old location was moved to the new office facility and the Office of the Liquidation Clerk was relocated from 286 Commercial Street to the Merrimack County Superior Court.

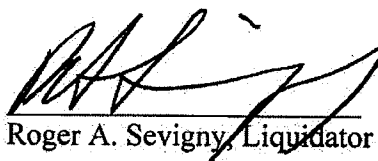
13. Computer Systems. The Liquidator is working with the National Conference of Insurance Guaranty Funds ("NCIGF") on methods to facilitate information transfer between the funds and insurer liquidations. A secure facility has been created and is operational to receive claims and financial data from the various guaranty funds through the NCIGF's "SUDS" site. An initiative is also underway to develop standards for imaging to reduce the paper flow between receivers and guaranty funds. Home is participating in this effort and has developed a working model to exchange imaged files.

14. USI Re Claim Amendment Deadline. On July 18, 2008, the Liquidator filed a motion seeking Court approval to establish a claim amendment deadline in the USI Re liquidation. On August 19, 2008, the Court granted the motion and issued an Order Approving

Claim Amendment Deadline. The Order established December 31, 2008 as the Claim Amendment Deadline for the final submission or amendment of proofs of claim in the USI Re liquidation. It provided that proofs of claim and amendments received by the Liquidator after the Claim Amendment Deadline will be deemed to prejudice the orderly administration of the liquidation and shall not be considered. In accordance with the Order, the Liquidator has (i) mailed notice of the Claim Amendment Deadline to the 215 persons who have either submitted Proofs of Claim to the Liquidator or submitted claims to the Liquidator in the ordinary course of business since the Order of Liquidation (as provided in the Order, this does not include those claimants/cedents whose claims have been resolved by a commutation agreement with the Liquidator that precludes the submission of additional claims), and (ii) posted a copy of the Order in the Merrimack Court Superior Court Files and Key Documents sections of the liquidation website, and by reference on the website of the New Hampshire Department of Insurance.

15. Storage Costs. By Order dated August 19, 2008, the Court granted Liquidator's Third Motion for Approval of Disposal of Certain Records. The Court's prior two orders were issued on August 12, 2005, and December 16, 2004. The Order expands the categories of records which are authorized for destruction as they are no longer useful. The Liquidator is disposing of records in accordance with the orders to reduce storage costs.

Respectfully submitted,

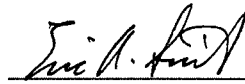

Roger A. Sevigny, Liquidator

September 19, 2008

CERTIFICATE OF SERVICE

I hereby certify that on September 23, 2008, a copy of the Liquidator's Thirtieth Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: September 23, 2008



Eric A. Smith

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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The Home Insurance Company
Docket No. 03-E-0106

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THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

**June 30, 2008 and December 31, 2007
(Unaudited)**

The Home Insurance Company In Liquidation

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

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Assets		
Unrestricted bonds, short-term investments and cash at cost:		
Bonds (Note 2)	\$730,949,311	\$735,099,733
Short-term investments	-	10,771,262
Cash and cash equivalents	<u>119,230,048</u>	<u>108,145,048</u>
Total unrestricted bonds, short-term investments and cash at cost	850,179,359	854,016,043
Common stocks, marketable, at market value (Note 2)	423	1,078
Interest income due and accrued	7,514,623	7,505,546
Receivable from US International Reinsurance Company (Note 4)	<u>30,478</u>	<u>26,056</u>
Total unrestricted liquid assets	857,724,883	861,548,723
Unrestricted illiquid assets: (Note 1)		
Surplus notes, at fair value	146,800	146,800
Common stocks, at fair value	1,707,003	1,745,251
Limited partnership interests, at fair value	<u>2,014,731</u>	<u>1,903,995</u>
Total unrestricted illiquid assets	3,868,534	3,796,046
Restricted liquid assets - cash and cash equivalents (Note 5)	340,917	340,917
Total assets, excluding certain amounts	<u>861,934,334</u>	<u>865,685,686</u>
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	3,273,259	6,069,256
Notices of Determination approved for Class I creditors (Note 8)	80,610	80,610
Claims checks payable (Note 1)	<u>13,424</u>	<u>22,134</u>
Total liabilities	<u>3,367,293</u>	<u>6,172,000</u>
Net assets, excluding certain amounts	<u><u>\$858,567,042</u></u>	<u><u>\$859,513,686</u></u>

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, 2008 To June 30, 2008	January 1, 2007 To December 31, 2007
Cash and marketable securities received:		
Net investment income	\$ 21,983,496	\$ 38,566,462
Reinsurance collections - unrestricted	16,740,926	86,785,739
Agents' balances	1,496,943	3,882,353
Realized capital gains on sale of bonds (Note 1)	1,234,846	94,493
Miscellaneous income	1,234,386	712,915
Salvage, subrogation and other claim recoveries	575,468	5,477,364
Receivable collected from USI Re	56,243	135,884
Deposits with outside claim adjusters	-	420
All other	54,709	505,500
Total cash receipts	43,377,017	136,161,130
Cash operating disbursements:		
Human resources costs (Note 3)	8,748,489	13,734,534
Consultant and outside service fees	1,565,295	2,817,804
General office and rent expense	1,400,461	2,889,005
Legal and audit fees	699,609	1,321,503
Investment expenses	329,023	614,293
Losses and loss expenses paid (Note 1)	294,303	890,523
Computers and equipment cost	254,556	557,361
Administration costs	104,763	218,086
Realized capital losses on sale of bonds (Note 1)	-	436,714
All other	20,498	734,484
Total cash operating disbursements	13,416,997	24,214,307
Excess of receipts over operating disbursements	29,960,020	111,946,823
Distributions to state guaranty associations (Note 8)	33,796,704	39,166,827
Class I Distributions	-	14,307,128
(Deficiency) excess of receipts over disbursements and distributions	(3,836,684)	58,472,868
Beginning cash and marketable securities, at cost	854,356,960	795,884,092
Ending cash and marketable securities, at cost	\$ 850,520,276	\$ 854,356,960

See accompanying notes.

The Home Insurance Company in Liquidation

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

	January 1, 2008 To June 30, 2008	January 1, 2007 To December 31, 2007
Net Assets, beginning of period	\$859,513,686	\$795,201,367
(Deficiency) excess of unrestricted and restricted receipts over disbursements and distributions	(3,836,684)	58,472,868
Other changes in net assets:		
Fair value of marketable common stocks, liquid	(655)	(9,281)
Fair value of common stocks, including stock sale, illiquid (Note 1)	(38,248)	(189,825)
Fair value of limited partnership interests, illiquid	110,736	(390,518)
Interest income due and accrued	9,078	1,104,935
Due from USI Reinsurance	4,422	(8,626)
Incurred but unpaid administrative and investment expenses (Note 3)	2,795,997	172,172
Notices of Determination approved for Class I creditors (Note 8)	-	5,171,603
Claims checks payable	8,710	(11,009)
Reserve related to real estate tax refund	-	-
Net Assets, end of period	\$858,567,042	\$859,513,686

See accompanying notes.

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

Notes to Financial Statements

June 30, 2008

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 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.

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

Realized capital gains and losses on sale of bonds are calculated based on original cost of the bonds. Proceeds received above or below cost on maturity of bonds is included as part of net investment income.

This statement does not include any assets of Home's branches outside of the United States.

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:

	June 30, 2008			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable Bonds:				
U.S. Treasury notes	\$ 30,414,955	\$ 442,772	\$ (85,726)	\$ 30,772,001
Government agencies	145,559,230	2,257,558	(576,990)	147,239,798
Corporate	323,711,980	1,535,632	(9,680,129)	315,567,483
Mortgage Backed	165,526,331	579,252	(2,489,842)	163,615,741
Asset Backed	<u>65,736,815</u>	<u>1,137,959</u>	<u>(930,035)</u>	<u>65,944,739</u>
Total Marketable Bonds	<u>\$ 730,949,311</u>	<u>\$ 5,953,173</u>	<u>\$ (13,762,722)</u>	<u>\$ 723,139,762</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,627,629)	\$ 423

The book value of unrestricted marketable bonds is \$726,356,101. Based on such book value, gross unrealized gains are \$5,838,119 and gross unrealized losses are \$9,054,457.

	December 31, 2007			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable Bonds:				
U.S. Treasury notes	\$ 58,868,862	\$ 605,358	\$ (42,969)	\$ 59,431,251
Government agencies	164,515,040	3,268,410	-	167,783,450
Corporate	268,409,464	1,935,231	(6,176,732)	264,167,963
Mortgage Backed	174,215,686	652,441	(1,403,564)	173,464,563
Asset Backed	<u>69,090,681</u>	<u>1,516,701</u>	<u>(302,986)</u>	<u>70,304,396</u>
Total Marketable Bonds	<u>\$ 735,099,733</u>	<u>\$ 7,978,141</u>	<u>\$ (7,926,251)</u>	<u>\$ 735,151,623</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,626,974)	\$ 1,078

The book value of unrestricted marketable bonds is \$731,117,077. Based on such book value, gross unrealized gains are \$7,809,368 and gross unrealized losses are \$3,774,822.

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

Notes to Financial Statements (continued)

2) Marketable Securities (continued)

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

Marketable Bonds	<u>Unrestricted</u>	
	<u>Cost</u>	<u>Fair Value</u>
June 30, 2008		
One year or less	\$ 25,776,263	\$ 24,871,457
Over one year through five years	361,689,067	358,140,371
Over five years through twenty years	112,220,835	110,567,454
Mortgage Backed	165,526,331	163,615,741
Asset Backed	65,736,815	65,944,739
Total	<u>\$ 730,949,311</u>	<u>\$ 723,139,762</u>

Marketable Bonds	<u>Unrestricted</u>	
	<u>Cost</u>	<u>Fair Value</u>
December 31, 2007		
One year or less	\$ 74,865,155	\$ 74,294,176
Over one year through five years	290,922,071	290,208,646
Over five years through twenty years	126,006,140	126,879,842
Mortgage Backed	174,215,686	173,464,563
Asset Backed	69,090,681	70,304,396
Total	<u>\$ 735,099,733</u>	<u>\$ 735,151,623</u>

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, 2008, are as follows:

Human resources costs	\$1,937,328
Consultant and outside service fees	801,370
Legal and auditing fees	114,606
General office and rent expense	113,139
Other administration costs	119,631
Computer and equipment costs	<u>18,050</u>
Total accrued administrative expenses	<u>\$3,104,124</u>
Accrued investment expenses	<u>169,135</u>
Total accrued expenses	<u>\$3,273,259</u>

The amount of accrued expenses at December 31, 2007 was \$6,069,256 and net assets for 2008 increased by \$2,795,997 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, 2008. The costs of these plans are primarily payable in 2009, but are based on 2008 service and were being accrued over the service period in 2008. Accrued administrative expense includes \$1,936,782 of incentive plan costs.

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

At June 30, 2008 and December 31, 2007, Home had amounts receivable of \$30,478 and \$26,056, respectively, from USI Re for administrative expenses incurred by Home on behalf of USI Re. Home was reimbursed \$56,243 and \$135,884 for such expenses in 2008 and 2007 respectively.

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

(Notes to Financial Statements (continued))

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 \$340,917 at the end of June 30, 2008.

6) Securities on Deposit

Investments on deposit at the original cost with various states were \$1,899,170, \$1,869,677 and \$73,947,287 at June 30, 2008, December 31, 2007, 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 June 30, 2008 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 November 19, 2007, the Court approved a fourth early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2007. The Liquidator paid \$33,796,704 in February 2008 relating to this early access distribution. Early access payments through June 30, 2008 were \$165.6 million. 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	\$165,619,757
Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 7)	49,516,486
Other deemed Early Access advances paid in cash	<u>3,152,304</u>
Total	<u>\$218,288,547</u>

8) Allowed Claims

As of June 30, 2008, the Liquidator has allowed, and the Court has approved, \$14,770,818 of Class I claims, \$475,388,184 of Class II claims, \$67,590,841 of Class V claims and \$5,315 of Class VIII claims. The Class I claims, which were primarily paid in April 2007, include \$14,744,631 for Guaranty Associations administrative costs (net of offsets), and \$26,187 for other creditors. Class I claims for Guaranty Association administrative costs of \$80,610 are unpaid at June 30, 2008. 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.

US INTERNATIONAL REINSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

**June 30, 2008 and December 31, 2007
(Unaudited)**

US International Reinsurance Company In Liquidation

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

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Assets		
Unrestricted liquid bonds, short-term investments and cash at cost:		
Bonds, at cost (Note 3)	\$ 2,024,821	\$ 442,082
Short-term investments	2,043,544	3,530,746
Cash and cash equivalents	<u>1,097,068</u>	<u>1,174,240</u>
Total unrestricted liquid bonds, short-term investments and cash at cost	5,165,433	5,147,068
Interest income due and accrued	<u>19,168</u>	<u>1,884</u>
Total unrestricted liquid assets	5,184,601	5,148,952
Restricted liquid assets:		
Bonds, at cost (Note 3)	<u>343,487</u>	<u>339,109</u>
Total restricted liquid bonds at cost	343,487	339,109
Interest income due and accrued	<u>3,828</u>	<u>4,385</u>
Total restricted liquid assets	347,315	343,494
Total assets, excluding certain amounts	5,531,916	5,492,446
Liabilities		
Incurred but unpaid administrative expenses (Note 6)	2,207	11,466
Payable to The Home Insurance Company in Liquidation (Note 2 & 5)	<u>30,478</u>	26,056
Net assets, excluding certain amounts	\$ <u>5,499,231</u>	\$ <u>5,454,924</u>

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)**

	<u>January 1, 2008 To June 30, 2008</u>	<u>January 1, 2007 To December 31, 2007</u>
Cash and marketable securities received:		
Reinsurance collections	\$ 4,733	\$ 121,574
Net investment income	128,141	208,735
All other	-	9,804
Total cash and marketable securities received	<u>132,874</u>	<u>340,113</u>
Cash operating disbursements:		
Consultant and outside service fees	49,348	61,500
Net payments to Home Insurance Company (Note 2)	56,243	135,884
All other	4,540	10,834
Total cash operating disbursements	<u>110,131</u>	<u>208,218</u>
Excess of receipts over operating disbursements	22,743	131,895
Beginning cash and marketable securities, at cost	<u>5,486,177</u>	<u>5,354,282</u>
Ending cash and marketable securities, at cost	<u>\$ 5,508,920</u>	<u>\$ 5,486,177</u>

See accompanying notes.

US International Reinsurance Company in Liquidation

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

	<u>January 1, 2008 To June 30, 2008</u>	<u>January 1, 2007 To December 31, 2007</u>
Net Assets, beginning of period	\$5,454,924	\$5,316,602
Excess of receipts over operating disbursements	22,743	131,895
Other changes in net assets:		
Interest income due and accrued	16,727	6,269
Incurred but unpaid administrative expenses	9,259	(8,468)
Payable to The Home Insurance Company in Liquidation	<u>(4,422)</u>	<u>8,626</u>
Net Assets, end of period	<u><u>\$5,499,231</u></u>	<u><u>\$5,454,924</u></u>

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

Notes to Financial Statements

June 30, 2008

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) Net Liabilities to Home Insurance Company

At June 30, 2008 and December 31, 2007, the Liquidator accrued liabilities of \$30,478 and \$26,056, respectively, to Home for USI Re's allocated share of various administrative expenses incurred. In 2008, the amount paid to Home was \$56,243 for such expenses.

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

Notes to Financial Statements (continued)

3) Marketable Securities

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

	<u>June 30, 2008</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	
Unrestricted Marketable Bonds				
U.S. Treasury notes	\$ 2,024,821	\$ -	\$ (23,496)	\$ 2,001,325
Restricted Marketable Bonds				
U.S. Treasury notes	\$ 343,487	\$ -	\$ (2,765)	\$ 340,722
	<u>December 31, 2007</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	
Unrestricted Marketable Bonds				
U.S. Treasury notes	\$ 442,082	\$ 2,610	\$ -	\$ 444,692
Restricted Marketable Bonds				
U.S. Treasury notes	\$ 339,109	\$ 4,919	\$ -	\$ 344,028

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

Notes to Financial Statements (continued)

3) Marketable Securities (continued)

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

Marketable Bonds	Unrestricted		Restricted	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2008				
One year or less	\$ 2,024,821	\$ 2,001,325	\$ 343,487	\$ 340,722

Marketable Bonds	Unrestricted		Restricted	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
December 31, 2007				
One year or less	\$ 442,082	\$ 444,692	\$ 339,109	\$ 344,028

4) Securities on Deposit

Investments on deposit with various states were \$487,277, \$477,938, and \$4,964,360 at June 30, 2008, December 31, 2007, 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 June 30, 2008 and December 31, 2007, the Statement of Restricted and Unrestricted Net Assets reflects restricted bonds for New Mexico of \$343,487 and \$339,109 respectively. These funds are held for the policyholders and creditors, as such amounts have not been settled and agreed to with New Mexico.

5) Incurred But Unpaid Administrative Expenses

USI Re incurred administrative expenses relating to outside service fees of \$32,685, in the normal course of liquidation, that were unpaid as of June 30, 2008.

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

Notes to Financial Statements (continued)

6) Allowed Claims

As of June 30, 2008, the Liquidator has allowed, and the Court has approved, \$2,884,736 of Class V 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.

The Home Insurance Company in Liquidation
US International Reinsurance Company in Liquidation
G&A Expenses (Actual vs Budget)
June 30, 2008

General & Administrative Expense	YTD			Full Year Budget
	Actual 2008	Budget 2008	Variance 2008	
Salary and Benefits	6,813,111	6,832,995	(19,884)	13,672,394
Travel	24,532	85,452	(60,920)	166,598
Rent	1,083,991	1,127,374	(43,383)	2,254,765
Equipment	187,407	278,750	(91,343)	557,500
Printing and Stationery	28,344	45,932	(17,588)	91,767
Postage	21,131	26,366	(5,235)	52,636
Telephone	154,264	182,800	(28,536)	365,600
Disaster Recovery	10,700	5,400	5,300	10,800
Outside Services, including Special Deputy	1,287,591	1,363,962	(76,371)	2,727,628
Licensing Fees	1,291	1,000	291	1,000
Legal and Auditing	315,586	638,200	(322,614)	1,221,900
Bank Fees	74,401	76,500	(2,099)	153,000
Corporate Insurance	17,555	798	16,757	116,600
Miscellaneous Expenses	(9,663)	3,058	(12,721)	6,120
Total US Expenses Incurred	10,010,240	10,668,587	(658,347)	21,398,308
UK Liquidation expenses paid by the US liquidator	-	-	-	-
Total US and UK Expenses Incurred	10,010,240	10,668,587	(658,347)	21,398,308

The Home Insurance Company in Liquidation
 Portfolio Summary Report- Bonds and Short Term Investments
 Securities Held as of June 30, 2008
 (000's)

Conning Managed:		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 6/30/08
% of Av								
Fixed Income								
9%	Short Term	70,218	70,218	-	0.03	2.31	Aaa	754
3%	Government	20,375	21,047	672	4.07	4.10	Aaa	477
19%	Agency	145,582	147,240	1,658	3.31	4.69	Aaa	3,624
41%	Corporate	319,654	315,567	(4,087)	4.00	4.84	A1	6,994
18%	Mortgage Backed	141,160	140,402	(758)	3.22	5.17	Aaa	3,856
3%	Commercial Mortgage Backed	23,967	23,214	(753)	3.41	4.43	Aaa	529
8%	Asset Backed	65,864	65,945	81	2.67	5.30	Aa1	1,763
100%	Total	786,820	783,633	(3,187)	3.25	4.65	Aa2	17,998
Other investments- Home Insurance								
100%	US Treasury Bills and Notes	9,754	9,725	(29)	0.25	2.02	Aaa	686
Total Home Insurance		796,574	793,358	(3,216)	3.21	4.62	Aa1	18,684
Other investments- USI Re								
100%	US Treasury Bills and Notes	4,417	4,406	(11)	0.28	1.67	Aaa	58
Grand total (1)		800,991	797,764	(3,227)	3.19	4.60	Aa1	18,742 (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 June 30, 2008, would be \$ 38.4 million.

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF JUNE 30, 2008**

CUSIP	DESCRIPTION	CPN MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
313384YX1	FED HOME LN DISCOUNT NOTE	0.000 07/03/2008	10,000,000.00	9,998,972.20	9,998,972.20
313384ZF9	FED HOME LN DISCOUNT NOTE	0.000 07/11/2008	20,000,000.00	19,988,333.40	19,988,333.40
313384ZN2	FED HOME LN DISCOUNT NOTE	0.000 07/18/2008	10,000,000.00	9,989,752.80	9,989,752.80
177366101	CITIZENSSELECT PRIME MMF	2.630 07/15/2008	30,240,856.61	30,240,856.61	30,240,856.61
TOTAL CASH EQUIVALENTS			70,240,856.61	70,217,915.01	70,217,915.01
U S TREASURY					
9128277B2	US TREASURY N/B	5.000 08/15/2011	5,000,000.00	5,182,756.30	5,308,985.00
912828AJ9	US TREASURY N/B	4.375 08/15/2012	5,000,000.00	5,124,067.95	5,237,890.00
912828CT5	US TREASURY N/B	4.250 08/15/2014	5,000,000.00	5,088,713.25	5,223,830.00
912828FH8	US TREASURY N/B	4.875 05/31/2011	5,000,000.00	4,979,882.85	5,276,560.00
912828GT1	US TREASURY N/B	4.875 05/31/2009	9,510,000.00	9,754,115.03	9,724,735.80
TOTAL U S TREASURY			29,510,000.00	30,129,535.38	30,772,000.80
GOVERNMENT AGENCIES					
3128X3VA8	FREDDIE MAC	4.125 09/01/2009	10,000,000.00	9,992,819.10	10,136,830.00
3128X4N56	FREDDIE MAC	5.250 02/24/2011	5,000,000.00	4,983,212.05	5,062,160.00
3128X5LP1	FREDDIE MAC	5.250 10/06/2011	35,000,000.00	34,978,289.20	35,153,125.00
3128X6NS1	FREDDIE MAC	5.050 10/15/2012	10,000,000.00	9,986,914.90	10,223,620.00
3134A4UK8	FREDDIE MAC	4.875 11/15/2013	10,000,000.00	10,599,488.70	10,290,625.00
3134A4VG6	FREDDIE MAC	4.750 11/17/2015	10,000,000.00	9,981,224.80	10,125,000.00
31359MA45	FANNIE MAE	5.000 04/15/2015	10,000,000.00	9,735,044.50	10,337,500.00
31359MXJ7	FANNIE MAE	4.350 01/25/2010	35,000,000.00	34,998,934.25	35,667,187.50
3137EABE8	FREDDIE MAC	4.125 12/21/2012	10,000,000.00	10,255,985.90	10,034,375.00
31398AGR7	FANNIE MAE	5.200 09/10/2012	10,000,000.00	10,069,939.80	10,209,375.00
TOTAL GOVERNMENT AGENCIES			145,000,000.00	145,581,853.20	147,239,797.50
TOTAL GOVERNMENT & AGENCIES			174,510,000.00	175,711,388.58	178,011,798.30
CORPORATE					
00206RAF9	AT&T INC	4.950 01/15/2013	2,000,000.00	1,998,617.98	1,993,068.00
013817AD3	ALCOA INC	6.500 06/01/2011	3,000,000.00	3,160,835.55	3,087,714.00
025816AQ2	AMERICAN EXPRESS	4.875 07/15/2013	3,000,000.00	3,010,630.56	2,888,784.00
02581FYM5	AMERICAN EXPR CENTURION	5.200 11/26/2010	4,250,000.00	4,247,927.53	4,255,988.25
03076CAA4	AMERIPRISE FINANCIAL INC	5.350 11/15/2010	3,000,000.00	2,988,351.66	3,009,840.00
031162AJ9	AMGEN INC	4.850 11/18/2014	7,000,000.00	6,718,640.99	6,721,603.00
035229CH4	ANHEUSER-BUSCH COS INC	6.000 04/15/2011	5,000,000.00	5,215,163.60	5,118,145.00
037411AQ8	APACHE CORP	6.250 04/15/2012	3,000,000.00	3,163,232.55	3,152,466.00
054937AC1	BB&T CORP	6.500 08/01/2011	4,000,000.00	4,137,269.04	4,053,476.00
06406HBE8	BANK OF NEW YORK MELLON	4.950 11/01/2012	4,000,000.00	3,971,748.92	3,988,372.00
07385TAJ5	BEAR STEARNS CO INC	5.700 11/15/2014	5,000,000.00	5,221,916.95	4,832,085.00
084664AR2	BERKSHIRE HATHAWAY FIN	4.125 01/15/2010	3,000,000.00	2,998,253.25	3,029,616.00
097014AG9	BOEING CAPITAL CORP	6.500 02/15/2012	4,000,000.00	4,370,978.04	4,245,284.00
097014AJ3	BOEING CAPITAL CORP	4.750 08/25/2008	3,000,000.00	3,004,683.06	3,011,421.00
125577AZ9	CIT GROUP INC	7.625 11/30/2012	3,425,000.00	3,393,598.23	2,846,784.65
125581AR9	CIT GROUP INC	5.000 02/01/2015	2,000,000.00	1,922,133.32	1,382,924.00
126650AV2	CVS CORP	4.875 09/15/2014	3,000,000.00	3,021,867.06	2,911,920.00

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF JUNE 30, 2008**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
134429AM1	CAMPBELL SOUP COMPANY	6.750	02/15/2011	3,000,000.00	3,156,206.94	3,177,342.00
14912L2M2	CATERPILLAR FIN SERV CRP	4.750	02/17/2015	4,000,000.00	3,830,339.36	3,860,256.00
14912L3G4	CATERPILLAR FIN SERV CRP	5.125	10/12/2011	2,000,000.00	1,993,565.54	2,053,594.00
17275RAB8	CISCO SYSTEMS INC	5.250	02/22/2011	4,000,000.00	3,994,055.20	4,118,356.00
172967BP5	CITIGROUP INC	5.625	08/27/2012	5,000,000.00	5,164,332.85	4,919,055.00
172967EL1	CITIGROUP INC	5.300	10/17/2012	2,000,000.00	2,013,181.78	1,950,892.00
20825UAB0	CONOCO FUNDING CO	6.350	10/15/2011	5,000,000.00	5,236,266.15	5,287,780.00
22541LAC7	CREDIT SUISSE FB USA INC	6.500	01/15/2012	5,000,000.00	5,260,277.18	5,188,775.00
24422EQM4	JOHN DEERE CAPITAL CORP	4.950	12/17/2012	6,500,000.00	6,494,068.10	6,528,730.00
2515A0NY5	DEUTSCHE BANK AG LONDON	4.875	05/20/2013	5,000,000.00	5,015,688.45	4,918,540.00
278058DF6	EATON CORP	4.900	05/15/2013	7,000,000.00	7,006,884.99	6,981,709.00
291011AU8	EMERSON ELECTRIC	4.750	10/15/2015	3,000,000.00	2,902,373.64	2,924,238.00
302570AJ5	FPL GROUP CAPITAL INC	7.375	06/01/2009	3,000,000.00	3,089,687.10	3,101,298.00
31677QAB5	FIFTH THIRD BANK	3.375	08/15/2008	3,000,000.00	2,999,665.05	2,990,160.00
33738MAD3	FIRST UNION NATL BANK	7.875	03/15/2010	3,000,000.00	3,171,205.92	3,134,097.00
341081EN3	FLORIDA POWER & LIGHT	4.850	02/01/2013	2,000,000.00	2,032,498.86	2,005,132.00
341099BZ1	FLORIDA POWER CORP	6.650	07/15/2011	2,000,000.00	2,144,258.48	2,111,562.00
368710AG4	GENENTECH INC	4.750	07/15/2015	3,000,000.00	2,889,442.47	2,974,149.00
369550AM0	GENERAL DYNAMICS CORP	5.375	08/15/2015	3,000,000.00	3,004,556.70	3,071,766.00
36962GP65	GENERAL ELEC CAP CORP	4.875	03/04/2015	5,000,000.00	4,859,977.20	4,939,025.00
36962GYY4	GENERAL ELEC CAP CORP	6.000	06/15/2012	5,000,000.00	5,153,400.45	5,166,930.00
37247XAC6	GENWORTH GLOBAL FUNDING	5.125	03/15/2011	3,270,000.00	3,264,693.57	3,237,450.42
373334FN6	GEORGIA POWER COMPANY	5.125	11/15/2012	4,000,000.00	4,076,661.12	4,060,500.00
377372AA5	GLAXOSMITHKLINE CAP INC	4.375	04/15/2014	5,000,000.00	4,946,397.20	4,854,275.00
38143UAW1	GOLDMAN SACHS GROUP INC	5.000	10/01/2014	4,500,000.00	4,416,581.57	4,296,645.00
41283DAA1	HARLEY-DAVIDSON FUNDING	5.250	12/15/2012	7,000,000.00	6,992,854.26	6,764,037.00
41659EEV5	HARTFORD LIFE GLOB FUND	5.200	02/15/2011	4,000,000.00	3,993,996.20	4,031,252.00
427866AK4	HERSHEY CO	6.950	08/15/2012	2,000,000.00	2,133,526.44	2,144,110.00
428236AQ6	HEWLETT-PACKARD CO	4.500	02/28/2013	5,000,000.00	5,003,821.05	4,952,120.00
438516AK2	HONEYWELL INTERNATIONAL	7.500	03/01/2010	3,000,000.00	3,148,080.42	3,192,126.00
441812KA1	HSBC FINANCE CORP	6.375	11/27/2012	2,000,000.00	2,116,170.74	2,050,798.00
459200BA8	IBM CORP	4.750	11/29/2012	3,000,000.00	3,008,170.71	3,041,520.00
459745FM2	INTL LEASE FINANCE CORP	4.750	07/01/2009	3,000,000.00	3,004,783.68	2,940,777.00
49337WAB6	KEYSPAN CORP	7.625	11/15/2010	3,000,000.00	3,203,616.45	3,199,674.00
52517PK59	LEHMAN BROTHERS HOLDINGS	5.750	07/18/2011	2,000,000.00	2,026,074.90	1,931,010.00
548661CH8	LOWES COMPANIES INC	5.000	10/15/2015	3,000,000.00	2,916,199.92	2,956,242.00
585515AD1	MELLON FUNDING CORP	5.000	12/01/2014	3,000,000.00	3,059,505.63	2,792,112.00
59018YTTZ4	MERRILL LYNCH & CO	5.450	07/15/2014	3,000,000.00	3,048,687.54	2,812,914.00
61747YCE3	MORGAN STANLEY	6.000	04/28/2015	5,000,000.00	4,974,107.60	4,780,095.00
629491AA9	NYSE EURONEXT	4.800	06/28/2013	7,000,000.00	6,983,446.82	6,903,673.00
637432CV5	NATIONAL RURAL UTILITIES	5.750	08/28/2009	3,000,000.00	3,053,559.12	3,059,691.00
638585AN9	BANK OF AMERICA CORP	7.750	08/15/2015	2,000,000.00	2,262,707.42	2,152,982.00
67021CAA5	NSTAR ELECTRIC CO	4.875	10/15/2012	5,000,000.00	5,067,701.10	5,026,310.00
670346AE5	NUCOR CORP	4.875	10/01/2012	5,475,000.00	5,576,928.57	5,440,447.28
695114BU1	PACIFICORP	6.900	11/15/2011	3,000,000.00	3,221,627.67	3,194,820.00
713448BG2	PEPSICO INC	4.650	02/15/2013	7,000,000.00	6,998,346.88	7,103,908.00
724479AG5	PITNEY BOWES INC	5.000	03/15/2015	2,000,000.00	1,943,028.04	1,974,470.00
72447WU3	PITNEY BOWES INC	4.875	08/15/2014	3,000,000.00	2,987,930.76	2,945,853.00
74005PAJ3	PRAXAIR INC	6.375	04/01/2012	2,000,000.00	2,151,450.58	2,116,728.00
74254PLA8	PRINCIPAL LIFE INC FDG	5.125	03/01/2011	4,000,000.00	3,988,099.92	3,945,568.00
742718BZ1	PROCTER & GAMBLE CO	4.850	12/15/2015	3,000,000.00	2,917,374.84	3,012,768.00
74367FAB4	PROTECTIVE LIFE SECD TR	4.000	04/01/2011	4,000,000.00	3,873,956.32	3,896,832.00
744448BU4	PUBLIC SERV CO OF COLO	7.875	10/01/2012	2,000,000.00	2,241,668.46	2,230,486.00
78387GAS2	AT&T INC	5.300	11/15/2010	5,000,000.00	4,991,649.30	5,113,365.00
78442FBG2	SLM CORP	5.000	10/01/2013	3,000,000.00	2,964,363.66	2,593,992.00
87612EAG1	TARGET CORP	5.400	10/01/2008	3,000,000.00	3,013,931.19	3,013,419.00
88319QJ20	TEXTRON FINANCIAL CORP	5.125	02/03/2011	3,000,000.00	2,976,331.83	3,033,111.00
893526CC5	TRANS-CANADA PIPELINES	8.625	05/15/2012	2,000,000.00	2,272,714.10	2,212,192.00
90331VBA9	US BANK NA	5.700	12/15/2008	3,000,000.00	3,028,126.20	3,030,423.00
911312AG1	UNITED PARCEL SERVICE	4.500	01/15/2013	7,000,000.00	7,160,542.27	7,014,119.00

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913017BF5	UNITED TECHNOLOGIES CORP	6.100	05/15/2012	3,000,000.00	3,269,786.19	3,174,213.00
913017BG3	UNITED TECHNOLOGIES CORP	4.375	05/01/2010	4,000,000.00	3,994,573.14	4,081,416.00
91324PAK8	UNITEDHEALTH GROUP INC	4.125	08/15/2009	3,000,000.00	2,997,041.19	2,972,829.00
92857WAF7	VODAFONE GROUP PLC	5.000	12/16/2013	3,000,000.00	2,980,514.16	2,911,401.00
931142BV4	WAL-MART STORES	4.125	02/15/2011	3,000,000.00	3,011,314.35	3,020,526.00
949746CL3	WELLS FARGO & COMPANY	5.125	09/01/2012	2,000,000.00	1,997,413.08	1,992,830.00
96008YAA3	WSTFLD CAP/WT FIN/WEA	4.375	11/15/2010	4,500,000.00	4,440,700.49	4,416,120.00
98151GAA3	WORLD SAVINGS BANK FSB	4.125	12/15/2009	3,000,000.00	2,997,109.68	2,980,242.00
982526AA3	WM WRIGLEY JR CO	4.300	07/15/2010	5,000,000.00	4,998,251.07	5,032,215.00
TOTAL CORPORATE				315,920,000.00	319,653,898.10	315,567,483.60

MORTGAGE BACKED

07383FA57	BSCMS 2004-T14 A2	4.170	01/12/2041	1,703,720.43	1,704,046.79	1,699,291.95
07383FQ50	BSCMS 2004-PWR5 A5	4.978	07/11/2042	5,000,000.00	5,108,752.65	4,791,804.50
3128L0DF6	FHLMC POOL A68202	6.000	11/01/2037	2,240,010.32	2,295,657.10	2,265,166.69
3128L0EF5	FHLMC POOL A68234	6.000	10/31/2037	9,571,026.50	9,639,710.00	9,678,513.63
3128MJAD2	FHLMC POOL G08003	6.000	07/01/2034	4,668,346.90	4,758,138.26	4,733,904.36
31292JBR0	FHLMC POOL C01848	6.000	06/01/2034	4,942,529.79	5,084,303.29	5,020,022.78
31297ECP9	FHLMC POOL A2-6378	6.000	09/01/2034	3,582,607.90	3,677,527.73	3,632,918.36
31297HX46	FHLMC POOL A2-9699	5.000	01/01/2035	3,600,762.60	3,601,973.18	3,462,428.61
31335H5U3	FHLMC POOL C90859	5.500	10/01/2024	5,634,822.70	5,761,169.06	5,623,872.72
31376KEL6	FNMA POOL 357539	5.500	04/01/2034	5,574,475.60	5,567,685.11	5,516,879.95
31395RAR9	FHRR R001 AE	4.375	04/15/2015	8,692,678.60	8,627,577.13	8,670,763.49
31396LYT1	FNBR 2006-B2 AB	5.500	05/24/2014	6,091,770.20	6,126,309.01	6,204,326.01
31396NPF7	FHRR R007 AC	5.875	05/14/2016	7,961,327.66	7,987,361.52	8,137,970.41
31396V2P2	FNBR 2007-B2 AB	5.500	12/24/2020	8,580,882.40	8,588,812.42	8,626,009.26
31397G7M6	FHRR R011 AB	5.500	12/14/2020	8,469,334.60	8,532,890.77	8,541,049.54
31405CLM9	FNMA POOL 785232	5.000	06/01/2019	5,625,577.75	5,674,378.57	5,604,423.21
31405QUE6	FNMA POOL 796281	5.500	12/01/2034	5,931,252.20	5,978,873.63	5,869,970.32
31407AMT5	FNMA POOL 824870	5.500	08/01/2035	3,901,179.40	3,921,079.82	3,857,214.94
31407K5D7	FNMA POOL 833444	6.000	09/01/2035	3,146,989.70	3,202,947.68	3,182,331.87
31409XW88	FNMA POOL 881871	5.486	04/01/2036	6,614,325.39	6,637,416.20	6,727,214.46
31413FGK2	FNMA POOL 944002	6.000	08/01/2037	9,534,043.20	9,474,706.75	9,630,150.84
31413KC58	FNMA POOL 947492	5.346	10/01/2037	7,663,351.27	7,728,292.27	7,748,081.80
31414HVF1	FNMA POOL 966914	5.569	12/01/2037	1,630,227.01	1,662,716.20	1,648,394.63
36202D5C1	GNMA 2M POOL 3543	5.000	04/19/2034	5,386,834.90	5,380,102.92	5,214,363.96
36202EAK5	GNMA 2M POOL 3610	5.500	09/20/2034	5,325,978.40	5,427,754.60	5,301,249.83
396789JR1	GCCFC 2005-GG3 A2	4.305	08/10/2042	3,000,000.00	3,003,802.05	2,978,448.30
466247TW3	JPMMT 2005-A6 3A2	5.209	09/25/2035	3,979,000.00	3,970,962.44	3,722,938.22
52108H4U5	LBUBS 2005-C3 AAB	4.664	07/15/2030	3,000,000.00	3,009,231.36	2,869,833.90
52108HE34	LBUBS 2004-C4 A3	4.975	06/15/2029	3,000,000.00	3,056,716.89	2,980,983.30
52108HE42	LBUBS 2004-C4 A4	5.125	06/15/2029	2,000,000.00	2,068,714.90	1,973,001.60
61745ML27	MSC 2004-T15 A2	4.690	06/13/2041	3,000,000.00	3,008,195.49	2,990,274.30
61745MW25	MSC 2005-T17 A4	4.520	12/13/2041	3,000,000.00	3,007,437.54	2,929,902.90
94981UAF6	WFMBS 2005-AR2 2A2	4.541	03/25/2035	1,845,241.14	1,851,476.82	1,782,040.71
TOTAL MORTGAGE BACKED				163,898,296.56	165,126,720.15	163,615,741.35

ASSET BACKED

030612AC9	AMCAR 2006-RM A3	5.530	01/06/2014	5,000,000.00	4,999,136.95	4,588,788.50
048312AF9	ACETF 2003-1 A2	4.460	10/20/2016	3,500,000.00	3,422,490.65	3,467,018.10
14041NCU3	COMET 2006-A6 A6	5.300	02/17/2014	5,000,000.00	4,990,711.09	5,075,622.00
14041NDA6	COMET 2006-A10 A10	5.150	06/15/2014	3,000,000.00	2,976,718.68	3,042,454.20
161571AQ7	CHAIT 2005-A7 A7	4.550	03/15/2013	5,000,000.00	4,948,642.74	5,023,545.00
161571AW4	CHAIT 2005-A10 A10	4.650	12/17/2012	5,000,000.00	4,920,130.90	5,044,356.00
17305ECU7	CCCIT 2005-A7 A7	4.750	10/22/2012	7,500,000.00	7,426,950.85	7,569,327.00

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17305EDF9	CCCIT 2006-A4 A4	5.450	05/10/2013	5,000,000.00	4,997,304.65	5,119,856.50
233046AA9	DUNKN 2006-1 A2	5.779	06/20/2031	5,000,000.00	5,003,587.88	4,600,750.00
41283ABJ7	HDMOT 2004-1 B	2.000	11/15/2011	721,067.10	719,474.23	718,510.63
477876AD8	JDOT 2007-A A4	5.070	04/15/2014	5,000,000.00	4,987,987.05	5,026,851.50
55264TDE8	MBNAS 2005-A6 A6	4.500	01/15/2013	5,000,000.00	4,912,990.40	5,029,208.00
693401AE1	PERF 2005-1 A5	4.470	12/25/2014	3,250,000.00	3,250,000.00	3,214,490.83
69361YAF0	PEGTF 2001-1 A6	6.610	06/15/2015	4,000,000.00	4,224,459.95	4,259,094.00
705220AM3	PECO 2001-A A1	6.520	12/31/2010	3,000,000.00	3,059,440.59	3,143,097.60
7609854R9	RAMP 2004-RZ2 AI3	4.300	01/25/2031	24,112.56	24,112.56	23,927.59
962215AG4	WESTO 2005-3 B	4.500	05/17/2013	1,000,000.00	999,954.84	997,841.60
TOTAL ASSET BACKED				65,995,179.66	65,864,094.01	65,944,739.05
TOTAL MARKETABLE SECURITIES				720,323,476.22	726,356,100.84	723,139,762.30
TOTAL MARKETABLE AND C/E				790,564,332.83	796,574,015.85	793,357,677.31