

**EXHIBIT F**

**PROJECTED FINANCIAL AND OPERATING RESULTS ASSOCIATED WITH SCENARIO THREE**

**(revised as of October 21, 2010)**

**Balance Sheet**

(Dollars in Millions)

	6/30/10	Pre-Consumption 12/31/10	Adjustment for Consumption Transactions	Post-Consumption 12/31/10	Projections for End of Year:						
					2011	2012	2013	2014	2015	2016	2017
<b>Assets</b>											
Invested assets											
Bonds <sup>(1)</sup>	\$4,268	\$4,508	\$(451)	\$4,056	\$4,854	\$4,962	\$6,536	\$6,637	\$7,045	\$7,356	\$7,571
Stocks	511	175	0	175	161	186	192	197	203	209	216
Intercompany Loans	790	732	0	732	596	499	330	449	541	513	636
Cash & Cash Equivalents	313	313	0	313	313	313	313	313	50	50	50
Total Cash and Investments	5,881	5,728	(451)	5,277	5,944	5,960	7,370	7,596	7,839	8,129	8,472
Other Assets <sup>(1)</sup>	323	67	(60)	8	8	8	8	8	8	8	8
<b>Total Assets</b>	<b>\$6,204</b>	<b>\$5,796</b>	<b>\$(511)</b>	<b>\$5,285</b>	<b>\$5,952</b>	<b>\$5,968</b>	<b>\$7,378</b>	<b>\$7,604</b>	<b>\$7,847</b>	<b>\$8,136</b>	<b>\$8,480</b>
<b>Liabilities</b>											
Unearned Premiums Reserve	\$2,211	\$1,946	\$0	\$1,946	\$1,753	\$1,573	\$1,407	\$1,257	\$1,124	\$1,003	\$891
Loss and LAE Reserves	2,022	4,071	(1,900)	2,170	1,938	2,688	3,846	3,457	3,158	2,973	2,843
Other Liabilities	91	24	0	24	24	24	24	24	24	24	24
Contingency Reserve	380	429	0	429	517	597	675	745	808	865	917
<b>Total Liabilities</b>	<b>\$4,705</b>	<b>\$6,470</b>	<b>\$(1,900)</b>	<b>\$4,570</b>	<b>\$4,232</b>	<b>\$4,883</b>	<b>\$5,952</b>	<b>\$5,484</b>	<b>\$5,115</b>	<b>\$4,866</b>	<b>\$4,676</b>
<b>Surplus as regards Policyholders</b>	<b>\$1,500</b>	<b>\$(675)</b>	<b>\$1,389</b>	<b>\$715</b>	<b>\$1,720</b>	<b>\$1,086</b>	<b>\$1,426</b>	<b>\$2,120</b>	<b>\$2,732</b>	<b>\$3,270</b>	<b>\$3,804</b>
<b>Total Liabilities and Surplus</b>	<b>\$6,204</b>	<b>\$5,796</b>	<b>\$(511)</b>	<b>\$5,285</b>	<b>\$5,952</b>	<b>\$5,968</b>	<b>\$7,378</b>	<b>\$7,604</b>	<b>\$7,847</b>	<b>\$8,136</b>	<b>\$8,480</b>
<b>Qualified Statutory Capital</b>	<b>\$1,880</b>	<b>\$(245)</b>	<b>\$1,389</b>	<b>\$1,144</b>	<b>\$2,237</b>	<b>\$1,683</b>	<b>\$2,101</b>	<b>\$2,865</b>	<b>\$3,540</b>	<b>\$4,135</b>	<b>\$4,721</b>

<sup>(1)</sup> Reclassifies approx. \$8 million "Other Assets" as "Bonds"

	6/30/10	Pre-Consumption 12/31/10	Adjustment for Consumption Transactions	Post-Consumption 12/31/10	Projections for End of Year:						
					2011	2012	2013	2014	2015	2016	2017
<b>Surplus Reconciliation</b>											
Common Stock	\$82	\$82	\$0	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82
Preferred Stock	26	26	0	26	26	26	26	26	26	26	26
Gross Paid-in and Contributed Surplus	3,552	3,552	0	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Unassigned Surplus	(4,161)	(6,385)	35	(6,350)	(6,939)	(8,276)	(8,440)	(8,081)	(7,711)	(7,365)	(6,932)
Bank Settlement Notes	2,000	2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Segregated Account Surplus Notes	0	50	1,354	1,404	2,998	3,701	4,205	4,540	4,783	4,975	5,075
Junior Surplus Notes	0	0	0	0	0	0	0	0	0	0	0
<b>Total Surplus</b>	<b>\$1,500</b>	<b>\$(675)</b>	<b>\$1,389</b>	<b>\$715</b>	<b>\$1,720</b>	<b>\$1,086</b>	<b>\$1,426</b>	<b>\$2,120</b>	<b>\$2,732</b>	<b>\$3,270</b>	<b>\$3,804</b>
<b>Unassigned Surplus Reconciliation</b>											
Beginning Balance	\$0	\$(4,161)	\$0	\$(4,161)	\$(6,350)	\$(6,939)	\$(8,276)	\$(8,440)	\$(8,081)	\$(7,711)	\$(7,365)
Net Income	0	(1,840)	35	(1,805)	(506)	(1,262)	(92)	423	427	397	479
Change in Equity in Affiliates	0	(335)	0	(335)	5	5	6	6	6	6	6
Additions to Contingency Reserves	0	(49)	0	(49)	(87)	(80)	(78)	(71)	(63)	(57)	(52)
Release of Contingency Reserves	0	0	0	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	<b>\$(4,161)</b>	<b>\$(6,385)</b>	<b>\$35</b>	<b>\$(6,350)</b>	<b>\$(6,939)</b>	<b>\$(8,276)</b>	<b>\$(8,440)</b>	<b>\$(8,081)</b>	<b>\$(7,711)</b>	<b>\$(7,365)</b>	<b>\$(6,932)</b>

Scenario 3

**Balance Sheet**  
(Dollars in Millions)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Assets</b>													
Invested assets													
Bonds <sup>(1)</sup>	\$7,965	\$8,770	\$9,192	\$9,671	\$10,211	\$10,809	\$11,429	\$12,238	\$12,965	\$13,666	\$14,395	\$15,165	\$15,963
Stocks	222	229	236	243	250	258	265	0	0	0	0	0	0
Intercompany Loans	605	190	172	154	141	143	141	198	208	221	235	239	252
Cash & Cash Equivalents	50	50	50	50	50	50	50	50	50	50	50	50	50
Total Cash and Investments	8,843	9,240	9,649	10,118	10,652	11,259	11,885	12,536	13,224	13,939	14,681	15,453	16,265
Other Assets <sup>(1)</sup>	8	8	8	8	8	8	8	8	8	8	8	8	8
<b>Total Assets</b>	<b>\$8,851</b>	<b>\$9,247</b>	<b>\$9,657</b>	<b>\$10,126</b>	<b>\$10,660</b>	<b>\$11,267</b>	<b>\$11,893</b>	<b>\$12,544</b>	<b>\$13,231</b>	<b>\$13,947</b>	<b>\$14,688</b>	<b>\$15,461</b>	<b>\$16,273</b>
<b>Liabilities</b>													
Unearned Premiums Reserve	\$787	\$696	\$613	\$535	\$466	\$408	\$355	\$307	\$262	\$222	\$185	\$153	\$120
Loss and LAE Reserves	2,768	2,708	2,638	2,608	2,641	2,733	2,835	2,942	3,061	3,184	3,311	3,444	3,587
Other Liabilities	24	24	24	24	24	24	24	24	24	24	24	24	24
Contingency Reserve	966	1,009	1,048	1,084	1,116	1,143	1,168	1,190	1,211	1,229	1,246	881	897
<b>Total Liabilities</b>	<b>\$4,545</b>	<b>\$4,437</b>	<b>\$4,323</b>	<b>\$4,252</b>	<b>\$4,248</b>	<b>\$4,308</b>	<b>\$4,382</b>	<b>\$4,463</b>	<b>\$4,558</b>	<b>\$4,660</b>	<b>\$4,767</b>	<b>\$4,502</b>	<b>\$4,628</b>
<b>Surplus as regards Policyholders</b>	<b>\$4,305</b>	<b>\$4,811</b>	<b>\$5,334</b>	<b>\$5,874</b>	<b>\$6,412</b>	<b>\$6,959</b>	<b>\$7,510</b>	<b>\$8,081</b>	<b>\$8,673</b>	<b>\$9,287</b>	<b>\$9,921</b>	<b>\$10,959</b>	<b>\$11,644</b>
<b>Total Liabilities and Surplus</b>	<b>\$8,850</b>	<b>\$9,247</b>	<b>\$9,657</b>	<b>\$10,126</b>	<b>\$10,660</b>	<b>\$11,267</b>	<b>\$11,892</b>	<b>\$12,544</b>	<b>\$13,231</b>	<b>\$13,947</b>	<b>\$14,688</b>	<b>\$15,461</b>	<b>\$16,273</b>
<b>Qualified Statutory Capital</b>	<b>\$5,271</b>	<b>\$5,819</b>	<b>\$6,381</b>	<b>\$6,958</b>	<b>\$7,528</b>	<b>\$8,102</b>	<b>\$8,678</b>	<b>\$9,271</b>	<b>\$9,884</b>	<b>\$10,517</b>	<b>\$11,168</b>	<b>\$11,840</b>	<b>\$12,541</b>

<sup>(1)</sup> Reclassifies approx. \$8 million "Other Assets" as "Bonds"

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Surplus Reconciliation</b>													
Common Stock	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82
Preferred Stock	26	26	26	26	26	26	26	26	26	26	26	26	26
Gross Paid-in and Contributed Surplus	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Unassigned Surplus	(6,505)	(6,043)	(5,703)	(5,197)	(4,688)	(4,168)	(3,639)	(3,092)	(2,520)	(1,927)	(1,316)	(302)	363
Bank Settlement Notes	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Segregated Account Surplus Notes	5,150	5,193	5,239	5,274	5,303	5,329	5,352	5,375	5,396	5,417	5,440	5,463	5,484
Junior Surplus Notes	0	0	137	137	137	137	137	137	137	137	137	137	137
<b>Total Surplus</b>	<b>\$4,305</b>	<b>\$4,811</b>	<b>\$5,334</b>	<b>\$5,874</b>	<b>\$6,412</b>	<b>\$6,959</b>	<b>\$7,510</b>	<b>\$8,081</b>	<b>\$8,673</b>	<b>\$9,287</b>	<b>\$9,921</b>	<b>\$10,959</b>	<b>\$11,644</b>
<b>Unassigned Surplus Reconciliation</b>													
Beginning Balance	\$(6,932)	\$(6,505)	\$(6,043)	\$(5,703)	\$(5,197)	\$(4,688)	\$(4,168)	\$(3,639)	\$(3,092)	\$(2,520)	\$(1,927)	\$(1,316)	\$(302)
Net Income	469	498	372	535	534	540	546	561	592	612	628	649	681
Change in Equity in Affiliates	6	7	7	7	7	8	8	8	0	0	0	0	0
Additions to Contingency Reserves	(49)	(42)	(39)	(37)	(32)	(27)	(25)	(22)	(21)	(18)	(17)	(15)	(16)
Release of Contingency Reserves	0	0	0	0	0	0	0	0	0	0	0	380	0
<b>Ending Balance</b>	<b>\$(6,505)</b>	<b>\$(6,043)</b>	<b>\$(5,703)</b>	<b>\$(5,197)</b>	<b>\$(4,688)</b>	<b>\$(4,168)</b>	<b>\$(3,639)</b>	<b>\$(3,092)</b>	<b>\$(2,520)</b>	<b>\$(1,927)</b>	<b>\$(1,316)</b>	<b>\$(302)</b>	<b>\$363</b>

Scenario 3

**Balance Sheet**  
(Dollars in Millions)

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Assets</b>													
Invested assets													
Bonds <sup>(1)</sup>	\$16,841	\$17,733	\$18,662	\$19,622	\$19,673	\$20,742	\$21,619	\$22,708	\$23,855	\$25,056	\$26,332	\$27,670	\$29,076
Stocks	0	0	0	0	0	0	0	0	0	0	0	0	0
Intercompany Loans	106	116	125	135	143	146	149	152	151	153	155	157	159
Cash & Cash Equivalents	50	50	50	50	50	50	50	50	50	50	50	50	50
Total Cash and Investments	16,997	17,899	18,837	19,807	19,866	20,938	21,818	22,910	24,056	25,259	26,537	27,877	29,284
Other Assets <sup>(1)</sup>	8	8	8	8	8	8	8	8	8	8	8	8	8
<b>Total Assets</b>	<b>\$17,005</b>	<b>\$17,907</b>	<b>\$18,845</b>	<b>\$19,815</b>	<b>\$19,874</b>	<b>\$20,946</b>	<b>\$21,826</b>	<b>\$22,918</b>	<b>\$24,064</b>	<b>\$25,267</b>	<b>\$26,545</b>	<b>\$27,885</b>	<b>\$29,292</b>
<b>Liabilities</b>													
Unearned Premiums Reserve	\$97	\$80	\$65	\$53	\$43	\$33	\$25	\$21	\$18	\$16	\$14	\$12	\$11
Loss and LAE Reserves	3,771	3,962	4,156	4,345	724	726	110	75	37	(9)	(7)	(6)	(4)
Other Liabilities	24	24	24	24	24	24	24	24	24	24	24	24	24
Contingency Reserve	820	747	676	611	553	501	451	404	363	325	290	259	232
<b>Total Liabilities</b>	<b>\$4,712</b>	<b>\$4,813</b>	<b>\$4,921</b>	<b>\$5,033</b>	<b>\$1,344</b>	<b>\$1,284</b>	<b>\$610</b>	<b>\$525</b>	<b>\$443</b>	<b>\$357</b>	<b>\$321</b>	<b>\$290</b>	<b>\$263</b>
<b>Surplus as regards Policyholders</b>	<b>\$12,293</b>	<b>\$13,094</b>	<b>\$13,923</b>	<b>\$14,782</b>	<b>\$18,530</b>	<b>\$19,661</b>	<b>\$21,216</b>	<b>\$22,394</b>	<b>\$23,621</b>	<b>\$24,910</b>	<b>\$26,224</b>	<b>\$27,595</b>	<b>\$29,029</b>
<b>Total Liabilities and Surplus</b>	<b>\$17,005</b>	<b>\$17,907</b>	<b>\$18,844</b>	<b>\$19,815</b>	<b>\$19,874</b>	<b>\$20,946</b>	<b>\$21,826</b>	<b>\$22,918</b>	<b>\$24,064</b>	<b>\$25,267</b>	<b>\$26,545</b>	<b>\$27,885</b>	<b>\$29,292</b>
<b>Qualified Statutory Capital</b>	<b>\$13,112</b>	<b>\$13,841</b>	<b>\$14,599</b>	<b>\$15,393</b>	<b>\$19,083</b>	<b>\$20,162</b>	<b>\$21,567</b>	<b>\$22,798</b>	<b>\$23,984</b>	<b>\$25,235</b>	<b>\$26,513</b>	<b>\$27,854</b>	<b>\$29,261</b>

<sup>(1)</sup> Reclassifies approx. \$8 million "Other Assets" as "Bonds"

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Surplus Reconciliation</b>													
Common Stock	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82
Preferred Stock	26	26	26	26	26	26	26	26	26	26	26	26	26
Gross Paid-in and Contributed Surplus	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Unassigned Surplus	992	1,776	2,591	3,433	4,299	5,404	6,513	7,661	8,857	10,110	11,426	12,798	14,233
Bank Settlement Notes	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Segregated Account Surplus Notes	5,503	5,520	5,534	5,552	8,434	8,460	8,905	8,935	8,967	9,002	9,001	8,999	8,998
Junior Surplus Notes	137	137	137	137	137	137	137	137	137	137	137	137	137
<b>Total Surplus</b>	<b>\$12,293</b>	<b>\$13,094</b>	<b>\$13,923</b>	<b>\$14,782</b>	<b>\$18,530</b>	<b>\$19,661</b>	<b>\$21,216</b>	<b>\$22,394</b>	<b>\$23,621</b>	<b>\$24,910</b>	<b>\$26,224</b>	<b>\$27,595</b>	<b>\$29,029</b>
<b>Unassigned Surplus Reconciliation</b>													
Beginning Balance	\$363	\$992	\$1,776	\$2,591	\$3,433	\$4,299	\$5,404	\$6,513	\$7,661	\$8,857	\$10,110	\$11,426	\$12,798
Net Income	551	712	744	776	808	1,053	1,059	1,101	1,155	1,215	1,280	1,342	1,408
Change in Equity in Affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions to Contingency Reserves	(10)	(8)	(7)	(5)	(5)	(4)	(3)	(2)	(1)	(1)	(1)	(1)	(1)
Release of Contingency Reserves	87	80	78	71	63	57	52	49	42	39	37	32	27
<b>Ending Balance</b>	<b>\$992</b>	<b>\$1,776</b>	<b>\$2,591</b>	<b>\$3,433</b>	<b>\$4,299</b>	<b>\$5,404</b>	<b>\$6,513</b>	<b>\$7,661</b>	<b>\$8,857</b>	<b>\$10,110</b>	<b>\$11,426</b>	<b>\$12,798</b>	<b>\$14,233</b>

Scenario 3

**Balance Sheet**  
(Dollars in Millions)

	2044	2045	2046	2047	2048	2049	2050
<b>Assets</b>							
Invested assets							
Bonds <sup>(1)</sup>	\$30,549	\$32,097	\$33,723	\$35,431	\$37,226	\$39,112	\$41,093
Stocks	0	0	0	0	0	0	0
Intercompany Loans	160	161	162	163	163	164	0
Cash & Cash Equivalents	50	50	50	50	50	50	50
Total Cash and Investments	30,759	32,308	33,935	35,644	37,439	39,325	41,143
Other Assets <sup>(1)</sup>	8	8	8	8	8	8	8
<b>Total Assets</b>	<b>\$30,767</b>	<b>\$32,316</b>	<b>\$33,943</b>	<b>\$35,652</b>	<b>\$37,447</b>	<b>\$39,333</b>	<b>\$41,150</b>
<b>Liabilities</b>							
Unearned Premiums Reserve	\$10	\$9	\$8	\$7	\$5	\$4	\$3
Loss and LAE Reserves	(3)	(1)	0	0	0	0	0
Other Liabilities	24	24	24	24	24	24	24
Contingency Reserve	208	187	166	148	132	117	0
<b>Total Liabilities</b>	<b>\$239</b>	<b>\$218</b>	<b>\$198</b>	<b>\$179</b>	<b>\$161</b>	<b>\$146</b>	<b>\$28</b>
<b>Surplus as regards Policyholders</b>	<b>\$30,527</b>	<b>\$32,097</b>	<b>\$33,745</b>	<b>\$35,473</b>	<b>\$37,286</b>	<b>\$39,187</b>	<b>\$41,123</b>
<b>Total Liabilities and Surplus</b>	<b>\$30,767</b>	<b>\$32,316</b>	<b>\$33,943</b>	<b>\$35,652</b>	<b>\$37,447</b>	<b>\$39,333</b>	<b>\$41,150</b>
<b>Qualified Statutory Capital</b>	<b>\$30,735</b>	<b>\$32,284</b>	<b>\$33,910</b>	<b>\$35,621</b>	<b>\$37,417</b>	<b>\$39,304</b>	<b>\$41,123</b>

<sup>(1)</sup> Reclassifies approx. \$8 million "Other Assets" as "Bonds"

	2044	2045	2046	2047	2048	2049	2050
<b>Surplus Reconciliation</b>							
Common Stock	\$82	\$82	\$82	\$82	\$82	\$82	\$82
Preferred Stock	26	26	26	26	26	26	26
Gross Paid-in and Contributed Surplus	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Unassigned Surplus	15,733	17,304	18,952	20,680	22,493	24,395	26,330
Bank Settlement Notes	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Segregated Account Surplus Notes	8,997	8,995	8,995	8,995	8,995	8,995	8,995
Junior Surplus Notes	137	137	137	137	137	137	137
<b>Total Surplus</b>	<b>\$30,527</b>	<b>\$32,097</b>	<b>\$33,745</b>	<b>\$35,473</b>	<b>\$37,286</b>	<b>\$39,187</b>	<b>\$41,123</b>
<b>Unassigned Surplus Reconciliation</b>							
Beginning Balance	\$14,233	\$15,733	\$17,304	\$18,952	\$20,680	\$22,493	\$24,395
Net Income	1,475	1,550	1,628	1,710	1,796	1,887	1,818
Change in Equity in Affiliates	0	0	0	0	0	0	0
Additions to Contingency Reserves	(1)	(1)	(0)	(1)	(1)	(1)	(1)
Release of Contingency Reserves	25	22	21	18	17	15	118
<b>Ending Balance</b>	<b>\$15,733</b>	<b>\$17,304</b>	<b>\$18,952</b>	<b>\$20,680</b>	<b>\$22,493</b>	<b>\$24,395</b>	<b>\$26,330</b>

**Income Statement**

(Dollars in Millions)

	Pre- Consummation 2nd Half 2010	Adjustment for Consummation Transactions	Post- Consummation 2nd Half 2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenue</b>										
Premiums Earned	\$360	\$0	\$360	\$369	\$324	\$289	\$245	\$216	\$196	\$178
Investment Income	140	35	174	333	322	318	447	429	449	479
Contractual Adjustment to XOL	0	0	0	0	0	0	0	0	0	0
Fee and Other Income	10	0	10	12	11	10	9	8	7	6
<b>Total Revenue</b>	<b>\$510</b>	<b>\$35</b>	<b>\$545</b>	<b>\$714</b>	<b>\$657</b>	<b>\$617</b>	<b>\$701</b>	<b>\$652</b>	<b>\$652</b>	<b>\$663</b>
<b>Loss and Expenses</b>										
Losses and LAE	\$2,249	\$0	\$2,249	\$1,100	\$1,827	\$631	\$216	\$176	\$217	\$152
Operating Expenses	63	0	63	120	93	78	62	49	37	32
Additional Write-downs	38	0	38	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total Loss and Expenses</b>	<b>\$2,350</b>	<b>\$0</b>	<b>\$2,350</b>	<b>\$1,220</b>	<b>\$1,919</b>	<b>\$709</b>	<b>\$277</b>	<b>\$226</b>	<b>\$255</b>	<b>\$184</b>
Pre-tax Income	\$(1,840)	\$35	\$(1,805)	\$(506)	\$(1,262)	\$(92)	\$423	\$427	\$397	\$479
Taxes	0	0	0	0	0	0	0	0	0	0
<b>Net Income</b>	<b>\$(1,840)</b>	<b>\$35</b>	<b>\$(1,805)</b>	<b>\$(506)</b>	<b>\$(1,262)</b>	<b>\$(92)</b>	<b>\$423</b>	<b>\$427</b>	<b>\$397</b>	<b>\$479</b>

Scenario 3

**Income Statement**

(Dollars in Millions)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Revenue</b>													
Premiums Earned	\$166	\$148	\$136	\$125	\$112	\$98	\$90	\$81	\$76	\$67	\$61	\$55	\$53
Investment Income	493	515	535	569	578	600	619	647	688	722	751	784	824
Contractual Adjustment to XOL	0	0	0	0	0	0	0	0	0	0	0	0	0
Fee and Other Income	5	4	3	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>\$663</b>	<b>\$667</b>	<b>\$673</b>	<b>\$694</b>	<b>\$690</b>	<b>\$698</b>	<b>\$708</b>	<b>\$728</b>	<b>\$764</b>	<b>\$789</b>	<b>\$812</b>	<b>\$839</b>	<b>\$877</b>
<b>Loss and Expenses</b>													
Losses and LAE	\$165	\$141	\$275	\$135	\$133	\$135	\$140	\$145	\$150	\$156	\$163	\$169	\$176
Operating Expenses	30	27	26	25	23	23	22	22	22	21	21	21	21
Additional Write-downs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Loss and Expenses</b>	<b>\$194</b>	<b>\$168</b>	<b>\$301</b>	<b>\$159</b>	<b>\$156</b>	<b>\$158</b>	<b>\$162</b>	<b>\$167</b>	<b>\$172</b>	<b>\$177</b>	<b>\$184</b>	<b>\$190</b>	<b>\$197</b>
Pre-tax Income	\$469	\$498	\$372	\$535	\$534	\$540	\$546	\$561	\$592	\$612	\$628	\$649	\$681
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income</b>	<b>\$469</b>	<b>\$498</b>	<b>\$372</b>	<b>\$535</b>	<b>\$534</b>	<b>\$540</b>	<b>\$546</b>	<b>\$561</b>	<b>\$592</b>	<b>\$612</b>	<b>\$628</b>	<b>\$649</b>	<b>\$681</b>

Scenario 3

**Income Statement**

(Dollars in Millions)

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Revenue</b>													
Premiums Earned	\$42	\$34	\$30	\$25	\$22	\$19	\$15	\$10	\$8	\$6	\$6	\$5	\$4
Investment Income	860	892	937	984	1,029	1,092	1,102	1,118	1,172	1,232	1,295	1,357	1,425
Contractual Adjustment to XOL	0	0	0	0	0	0	0	0	0	0	0	0	0
Fee and Other Income	(146)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>\$755</b>	<b>\$926</b>	<b>\$967</b>	<b>\$1,009</b>	<b>\$1,051</b>	<b>\$1,111</b>	<b>\$1,117</b>	<b>\$1,128</b>	<b>\$1,180</b>	<b>\$1,238</b>	<b>\$1,300</b>	<b>\$1,363</b>	<b>\$1,429</b>
<b>Loss and Expenses</b>													
Losses and LAE	\$183	\$193	\$202	\$212	\$222	\$37	\$37	\$6	\$4	\$2	\$0	\$0	\$0
Operating Expenses	21	21	21	21	21	21	21	21	21	21	21	21	21
Additional Write-downs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Loss and Expenses</b>	<b>\$204</b>	<b>\$214</b>	<b>\$223</b>	<b>\$233</b>	<b>\$243</b>	<b>\$58</b>	<b>\$58</b>	<b>\$27</b>	<b>\$25</b>	<b>\$23</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>
Pre-tax Income	\$551	\$712	\$744	\$776	\$808	\$1,053	\$1,059	\$1,101	\$1,155	\$1,215	\$1,280	\$1,342	\$1,408
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income</b>	<b>\$551</b>	<b>\$712</b>	<b>\$744</b>	<b>\$776</b>	<b>\$808</b>	<b>\$1,053</b>	<b>\$1,059</b>	<b>\$1,101</b>	<b>\$1,155</b>	<b>\$1,215</b>	<b>\$1,280</b>	<b>\$1,342</b>	<b>\$1,408</b>



**Income Statement**

(Dollars in Millions)

	2044	2045	2046	2047	2048	2049	2050
<b>Revenue</b>							
Premiums Earned	\$4	\$3	\$2	\$3	\$2	\$2	\$2
Investment Income	1,493	1,568	1,646	1,729	1,815	1,906	2,002
Contractual Adjustment to XOL	0	0	0	0	0	0	0
Fee and Other Income	0	0	0	0	0	0	(154)
<b>Total Revenue</b>	<b>\$1,496</b>	<b>\$1,571</b>	<b>\$1,649</b>	<b>\$1,731</b>	<b>\$1,817</b>	<b>\$1,908</b>	<b>\$1,840</b>
<b>Loss and Expenses</b>							
Losses and LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	21	21	21	21	21	21	21
Additional Write-downs	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Total Loss and Expenses</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>
Pre-tax Income	\$1,475	\$1,550	\$1,628	\$1,710	\$1,796	\$1,887	\$1,818
Taxes	0	0	0	0	0	0	0
<b>Net Income</b>	<b>\$1,475</b>	<b>\$1,550</b>	<b>\$1,628</b>	<b>\$1,710</b>	<b>\$1,796</b>	<b>\$1,887</b>	<b>\$1,818</b>

**Cash Flow Statement**  
(Dollars in Millions)

	Pre-Consummation 2nd Half 2010	Adjustment for Consummation Transactions	Post-Consummation 2nd Half 2010	Projections for End of Year:						
				2011	2012	2013	2014	2015	2016	2017
<b>Cash From Operations</b>										
Net Installment Premiums	\$88	\$0	\$88	\$176	\$145	\$123	\$96	\$82	\$75	\$66
Investment Portfolio Receipts	44	12	57	198	231	253	331	353	385	415
Securities Receivable	0	11	11	0	0	0	0	0	0	0
Reinsurer Commutation	6	0	6	0	0	0	0	0	0	0
Accrued Premiums	16	0	16	0	0	0	0	0	0	0
Receivable From Affiliates	6	0	6	0	0	0	0	0	0	0
Fee Income	6	0	6	12	11	10	9	8	7	6
Dividends from Everspan	0	0	0	0	0	0	0	0	0	0
Accrued Interest Receivable	40	0	40	0	0	0	0	0	0	0
Loss Payments	(25)	(475)	(501)	321	(336)	1,057	(250)	(218)	(201)	(174)
Operating Expenses	(63)	0	(63)	(120)	(93)	(78)	(62)	(49)	(37)	(32)
Interest Expense	0	0	0	0	0	0	0	0	0	0
Accrued Other Expenses	(58)	0	(58)	0	0	0	0	0	0	0
Tax Refund (Payment)	(3)	0	(3)	0	0	0	0	0	0	0
Reinsurance Recovery	205	0	205	0	0	0	0	0	0	0
Commutations and Other	(126)	0	(126)	0	0	0	0	0	0	0
<b>Net Cash from Operations</b>	<b>\$137</b>	<b>\$(451)</b>	<b>\$(314)</b>	<b>\$587</b>	<b>\$(42)</b>	<b>\$1,365</b>	<b>\$123</b>	<b>\$176</b>	<b>\$229</b>	<b>\$281</b>
<b>Cash From Investments</b>										
Investments (Acquired)/Sold	\$(429)	\$451	\$23	\$(1,048)	\$(357)	\$(1,853)	\$(413)	\$(667)	\$(588)	\$(487)
Principal Amortization (Including Intercompany Loans)	292	0	292	461	400	488	289	229	359	207
<b>Net Cash from Investments</b>	<b>\$(137)</b>	<b>\$451</b>	<b>\$314</b>	<b>\$(587)</b>	<b>\$42</b>	<b>\$(1,365)</b>	<b>\$(123)</b>	<b>\$(439)</b>	<b>\$(229)</b>	<b>\$(281)</b>
<b>Cash from Financing</b>										
Capital and Paid-in Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends to AFG	0	0	0	0	0	0	0	0	0	0
Dividends on AMPS	0	0	0	0	0	0	0	0	0	0
Amortization of Debt / Preferred	0	0	0	0	0	0	0	0	0	0
Amortization of Bank Settlement Notes	0	0	0	0	0	0	0	0	0	0
Amortization of Segregated Account Surplus Notes	0	0	0	0	0	0	0	0	0	0
<b>Net Cash from Financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$(263)</b>	<b>\$0</b>	<b>\$0</b>
Cash Equivalents - Beginning of Period	\$313	\$313	\$313	\$313	\$313	\$313	\$313	\$313	\$50	\$50
Cash Equivalents - End of Period	\$313	\$313	\$313	\$313	\$313	\$313	\$313	\$50	\$50	\$50

Scenario 3

**Cash Flow Statement**

(Dollars in Millions)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Cash From Operations</b>													
Net Installment Premiums	\$61	\$57	\$53	\$47	\$43	\$39	\$37	\$33	\$30	\$27	\$25	\$23	\$20
Investment Portfolio Receipts	430	441	473	450	513	540	570	598	640	673	707	743	780
Securities Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurer Commutation	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Premiums	0	0	0	0	0	0	0	0	0	0	0	0	0
Receivable From Affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
Fee Income	5	4	3	0	0	0	0	0	0	0	0	0	0
Dividends from Everspan	0	0	0	0	0	0	0	273	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss Payments	(160)	(155)	(159)	(123)	(70)	(16)	(15)	(14)	(9)	(12)	(13)	(13)	(11)
Operating Expenses	(30)	(27)	(26)	(25)	(23)	(23)	(22)	(22)	(22)	(21)	(21)	(21)	(21)
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Refund (Payment)	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Commutations and Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash from Operations</b>	<b>\$307</b>	<b>\$320</b>	<b>\$344</b>	<b>\$384</b>	<b>\$463</b>	<b>\$540</b>	<b>\$570</b>	<b>\$668</b>	<b>\$640</b>	<b>\$667</b>	<b>\$697</b>	<b>\$732</b>	<b>\$767</b>
<b>Cash From Investments</b>													
Investments (Acquired)/Sold	\$(633)	\$(1,126)	\$(713)	\$(868)	\$(873)	\$(1,070)	\$(980)	\$(1,300)	\$(1,024)	\$(1,105)	\$(1,116)	\$(1,107)	\$(1,165)
Principal Amortization (Including Intercompany Loans)	326	806	370	484	410	530	411	432	384	438	419	375	398
<b>Net Cash from Investments</b>	<b>\$(307)</b>	<b>\$(320)</b>	<b>\$(344)</b>	<b>\$(384)</b>	<b>\$(463)</b>	<b>\$(540)</b>	<b>\$(570)</b>	<b>\$(868)</b>	<b>\$(640)</b>	<b>\$(667)</b>	<b>\$(697)</b>	<b>\$(732)</b>	<b>\$(767)</b>
<b>Cash from Financing</b>													
Capital and Paid-in Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends to AFG	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends on AMPS	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Debt / Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Bank Settlement Notes	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Segregated Account Surplus Notes	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash from Financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash Equivalents - Beginning of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Cash Equivalents - End of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50

**Cash Flow Statement**

(Dollars in Millions)

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Cash From Operations</b>													
Net Installment Premiums	\$18	\$17	\$15	\$13	\$11	\$9	\$8	\$5	\$5	\$4	\$4	\$3	\$3
Investment Portfolio Receipts	817	848	890	935	981	978	1,031	1,072	1,124	1,181	1,239	1,301	1,365
Securities Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurer Commutation	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Premiums	0	0	0	0	0	0	0	0	0	0	0	0	0
Receivable From Affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
Fee Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends from Everspan	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss Payments	21	14	6	(6)	(961)	(9)	(163)	(10)	(10)	(12)	0	0	0
Operating Expenses	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Refund (Payment)	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Commutations and Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash from Operations</b>	<b>\$835</b>	<b>\$858</b>	<b>\$891</b>	<b>\$921</b>	<b>\$10</b>	<b>\$957</b>	<b>\$854</b>	<b>\$1,047</b>	<b>\$1,098</b>	<b>\$1,152</b>	<b>\$1,222</b>	<b>\$1,283</b>	<b>\$1,347</b>
<b>Cash From Investments</b>													
Investments (Acquired)/Sold	\$(1,263)	\$(1,276)	\$(1,338)	\$(1,413)	\$(527)	\$(1,618)	\$(1,397)	\$(1,598)	\$(1,733)	\$(1,771)	\$(1,881)	\$(1,976)	\$(2,079)
Principal Amortization (including Intercompany Loans)	428	418	447	492	517	660	543	551	636	618	659	693	732
<b>Net Cash from Investments</b>	<b>\$(835)</b>	<b>\$(858)</b>	<b>\$(891)</b>	<b>\$(921)</b>	<b>\$(10)</b>	<b>\$(957)</b>	<b>\$(654)</b>	<b>\$(1,047)</b>	<b>\$(1,098)</b>	<b>\$(1,152)</b>	<b>\$(1,222)</b>	<b>\$(1,283)</b>	<b>\$(1,347)</b>
<b>Cash from Financing</b>													
Capital and Paid-in Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends to AFG	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends on AMPS	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Debt / Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Bank Settlement Notes	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Segregated Account Surplus Notes	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash from Financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash Equivalents - Beginning of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Cash Equivalents - End of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50

**Cash Flow Statement**

(Dollars in Millions)

	2044	2045	2046	2047	2048	2049	2050
<b>Cash From Operations</b>							
Net Installment Premiums	\$2	\$2	\$2	\$1	\$1	\$1	\$0
Investment Portfolio Receipts	1,433	1,505	1,580	1,658	1,741	1,828	1,919
Securities Receivable	0	0	0	0	0	0	0
Reinsurer Commutation	0	0	0	0	0	0	0
Accrued Premiums	0	0	0	0	0	0	0
Receivable From Affiliates	0	0	0	0	0	0	0
Fee Income	0	0	0	0	0	0	0
Dividends from Everspan	0	0	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0	0	0
Loss Payments	0	0	0	0	0	0	0
Operating Expenses	(21)	(21)	(21)	(21)	(21)	(21)	(21)
Interest Expense	0	0	0	0	0	0	0
Accrued Other Expenses	0	0	0	0	0	0	0
Tax Refund (Payment)	0	0	0	0	0	0	0
Reinsurance Recovery	0	0	0	0	0	0	0
Commutations and Other	0	0	0	0	0	0	0
<b>Net Cash from Operations</b>	<b>\$1,415</b>	<b>\$1,486</b>	<b>\$1,561</b>	<b>\$1,639</b>	<b>\$1,721</b>	<b>\$1,808</b>	<b>\$1,899</b>
<b>Cash From Investments</b>							
Investments (Acquired)/Sold	\$(2,181)	\$(2,296)	\$(2,416)	\$(2,543)	\$(2,677)	\$(2,817)	\$(2,964)
Principal Amortization (including Intercompany Loans)	766	810	856	904	956	1,009	1,066
<b>Net Cash from Investments</b>	<b>\$(1,415)</b>	<b>\$(1,486)</b>	<b>\$(1,561)</b>	<b>\$(1,639)</b>	<b>\$(1,721)</b>	<b>\$(1,808)</b>	<b>\$(1,899)</b>
<b>Cash from Financing</b>							
Capital and Paid-in Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends to AFG	0	0	0	0	0	0	0
Dividends on AMPS	0	0	0	0	0	0	0
Amortization of Debt / Preferred	0	0	0	0	0	0	0
Amortization of Bank Settlement Notes	0	0	0	0	0	0	0
Amortization of Segregated Account Surplus Notes	0	0	0	0	0	0	0
<b>Net Cash from Financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash Equivalents - Beginning of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Cash Equivalents - End of Period	\$50	\$50	\$50	\$50	\$50	\$50	\$50

**Memo Items:**

(Dollars in Millions)

	Pre-Consumption 12/31/10	Adjustment for Consumption Transactions	Post-Consumption 12/31/10	Projections for End of Year:						
				2011	2012	2013	2014	2015	2016	2017
<b>Bank Settlement Notes</b>										
Beginning Balance	\$2,000	\$0	\$2,000	\$2,051	\$2,156	\$2,266	\$2,381	\$2,503	\$2,630	\$2,764
PIK Interest	51	0	51	105	110	116	121	128	134	141
Amortization	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$2,051	\$0	\$2,051	\$2,156	\$2,266	\$2,381	\$2,503	\$2,630	\$2,764	\$2,905
<b>Segregated Account Surplus Notes (Net of Surplus Notes Received by AAC)</b>										
Beginning Balance	\$0	\$0	\$0	\$1,404	\$3,070	\$3,929	\$4,634	\$5,205	\$5,713	\$6,197
PIK Interest	0	0	0	72	157	200	236	265	291	316
Additions	50	1,425	1,475	1,653	740	530	354	257	202	107
Surplus Notes Received by AAC	0	(71)	(71)	(60)	(38)	(26)	(19)	(14)	(10)	(7)
Amortization	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$50	\$1,354	\$1,404	\$3,070	\$3,929	\$4,634	\$5,205	\$5,713	\$6,197	\$6,613
<b>Junior Surplus Notes</b>										
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PIK Interest	0	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Surplus Notes Received by AAC</b>										
Beg Balance	\$0	\$0	\$0	\$71	\$134	\$179	\$214	\$244	\$271	\$294
Additions	0	71	71	60	38	26	19	14	10	7
PIK Interest	0	0	0	4	7	9	11	12	14	15
Amortization	0	0	0	0	0	0	0	0	0	0
End Balance	\$0	\$71	\$71	\$134	\$179	\$214	\$244	\$271	\$294	\$317
<b>Loss Payments - General Account:</b>										
Loss Payments - Gross of Remediation	\$26	\$0	\$26	\$40	\$93	\$146	\$136	\$135	\$136	\$140
Remediation	(1)	0	(1)	(3)	(4)	(3)	(4)	(3)	(3)	(2)
Net Loss Payments	\$25	\$0	\$25	\$38	\$89	\$142	\$132	\$132	\$133	\$138
<b>Cash Loss Payments</b>										
Cash Loss Payments	\$26	\$0	\$26	\$40	\$93	\$146	\$136	\$135	\$136	\$140
Cash Remediation Receipts	(1)	0	(1)	(3)	(4)	(3)	(4)	(3)	(3)	(2)
	\$25	\$0	\$25	\$38	\$89	\$142	\$132	\$132	\$133	\$138
<b>Loss Payments - Segregated Account:</b>										
Loss Payments - Gross of Remediation	\$176	\$1,900	\$2,076	\$2,204	\$987	\$707	\$472	\$343	\$269	\$143
Remediation	0	0	0	(909)	0	(1,377)	0	0	0	0
Net Loss Payments	\$176	\$1,900	\$2,076	\$1,295	\$987	\$(670)	\$472	\$343	\$269	\$143
<b>Cash Loss Payments</b>										
Cash Loss Payments	\$126	\$475	\$601	\$551	\$247	\$177	\$118	\$86	\$67	\$36
Remediation Receipts	0	0	0	(909)	0	(1,377)	0	0	0	0
Segregated Account Surplus Notes	50	1,425	1,475	1,653	740	530	354	257	202	107
Junior Surplus Notes	0	0	0	0	0	0	0	0	0	0
	\$176	\$1,900	\$2,076	\$1,295	\$987	\$(670)	\$472	\$343	\$269	\$143

Scenario 3

**Memo Items:**  
(Dollars in Millions)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Bank Settlement Notes</b>													
Beginning Balance	\$2,905	\$3,053	\$3,209	\$3,373	\$3,545	\$3,726	\$3,916	\$4,115	\$4,325	\$4,546	\$4,778	\$5,021	\$5,277
PIK Interest	148	156	164	172	181	190	200	210	221	232	244	256	269
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$3,053	\$3,209	\$3,373	\$3,545	\$3,726	\$3,916	\$4,115	\$4,325	\$4,546	\$4,778	\$5,021	\$5,277	\$5,547
<b>Segregated Account Surplus Notes (Net of Surplus Notes Received by AAC)</b>													
Beginning Balance	\$6,613	\$7,025	\$7,426	\$7,851	\$8,286	\$8,738	\$9,209	\$9,702	\$10,220	\$10,762	\$11,332	\$11,933	\$12,565
PIK Interest	337	358	379	400	423	446	470	495	521	549	578	609	641
Additions	80	46	49	37	30	27	23	24	21	21	23	23	21
Surplus Notes Received by AAC	(5)	(4)	(3)	(2)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$7,025	\$7,426	\$7,851	\$8,286	\$8,738	\$9,209	\$9,702	\$10,220	\$10,762	\$11,332	\$11,933	\$12,565	\$13,226
<b>Junior Surplus Notes</b>													
Beginning Balance	\$0	\$0	\$0	\$137	\$140	\$144	\$148	\$152	\$155	\$159	\$163	\$168	\$172
PIK Interest	0	0	0	3	4	4	4	4	4	4	4	4	4
Additions	0	0	137	0	0	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$137	\$140	\$144	\$148	\$152	\$155	\$159	\$163	\$168	\$172	\$176
<b>Surplus Notes Received by AAC</b>													
Beg Balance	\$317	\$338	\$359	\$380	\$401	\$423	\$445	\$468	\$493	\$518	\$545	\$573	\$602
Additions	5	4	3	2	1	1	1	0	0	0	0	0	0
PIK Interest	16	17	18	19	20	22	23	24	25	26	28	29	31
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
End Balance	\$338	\$359	\$380	\$401	\$423	\$445	\$468	\$493	\$518	\$545	\$573	\$602	\$633
<b>Loss Payments - General Account:</b>													
Loss Payments - Gross of Remediation	\$138	\$143	\$142	\$116	\$60	\$7	\$7	\$6	\$2	\$5	\$5	\$5	\$5
Remediation	(5)	(4)	0	0	0	0	0	0	0	0	0	0	0
Net Loss Payments	\$133	\$139	\$142	\$116	\$60	\$7	\$7	\$6	\$2	\$5	\$5	\$5	\$5
<b>Cash Loss Payments</b>													
Cash Loss Payments	\$138	\$143	\$142	\$116	\$60	\$7	\$7	\$6	\$2	\$5	\$5	\$5	\$5
Cash Remediation Receipts	(5)	(4)	0	0	0	0	0	0	0	0	0	0	0
	\$133	\$139	\$142	\$116	\$60	\$7	\$7	\$6	\$2	\$5	\$5	\$5	\$5
<b>Loss Payments - Segregated Account:</b>													
Loss Payments - Gross of Remediation	\$107	\$62	\$202	\$49	\$40	\$36	\$31	\$32	\$29	\$28	\$31	\$31	\$28
Remediation	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Loss Payments	\$107	\$62	\$202	\$49	\$40	\$36	\$31	\$32	\$29	\$28	\$31	\$31	\$28
<b>Cash Loss Payments</b>													
Cash Loss Payments	\$27	\$15	\$16	\$12	\$10	\$9	\$8	\$8	\$7	\$7	\$8	\$8	\$7
Remediation Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
Segregated Account Surplus Notes	80	46	49	37	30	27	23	24	21	21	23	23	21
Junior Surplus Notes	0	0	137	0	0	0	0	0	0	0	0	0	0
	\$107	\$62	\$202	\$49	\$40	\$36	\$31	\$32	\$29	\$28	\$31	\$31	\$28

**Memo Items:**

(Dollars in Millions)

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Bank Settlement Notes</b>													
Beginning Balance	\$5,547	\$5,829	\$6,127	\$6,439	\$6,768	\$7,113	\$7,475	\$7,857	\$8,257	\$8,678	\$9,121	\$9,586	\$10,075
PIK Interest	283	297	312	328	345	363	381	401	421	443	465	489	514
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$5,829	\$6,127	\$6,439	\$6,768	\$7,113	\$7,475	\$7,857	\$8,257	\$8,678	\$9,121	\$9,586	\$10,075	\$10,589
<b>Segregated Account Surplus Notes (Net of Surplus Notes Received by AAC)</b>													
Beginning Balance	\$13,226	\$13,921	\$14,647	\$15,408	\$16,211	\$19,920	\$20,962	\$22,477	\$23,653	\$24,891	\$26,196	\$27,530	\$28,933
PIK Interest	675	710	747	786	827	1,016	1,069	1,146	1,206	1,269	1,336	1,404	1,476
Additions	20	16	14	17	2,882	26	490	30	31	36	(1)	(1)	(1)
Surplus Notes Received by AAC	(0)	0	0	0	0	(0)	(45)	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$13,921	\$14,647	\$15,408	\$16,211	\$19,920	\$20,962	\$22,477	\$23,653	\$24,891	\$26,196	\$27,530	\$28,933	\$30,407
<b>Junior Surplus Notes</b>													
Beginning Balance	\$176	\$181	\$185	\$190	\$195	\$200	\$205	\$210	\$216	\$221	\$227	\$232	\$238
PIK Interest	4	5	5	5	5	5	5	5	5	6	6	6	6
Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$181	\$185	\$190	\$195	\$200	\$205	\$210	\$216	\$221	\$227	\$232	\$238	\$244
<b>Surplus Notes Received by AAC</b>													
Beg Balance	\$633	\$665	\$699	\$734	\$772	\$811	\$853	\$941	\$989	\$1,039	\$1,092	\$1,148	\$1,207
Additions	0	(0)	(0)	(0)	(0)	0	45	(0)	(0)	(0)	(0)	(0)	(0)
PIK Interest	32	34	36	37	39	41	43	48	50	53	56	59	62
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
End Balance	\$665	\$699	\$734	\$772	\$811	\$853	\$941	\$989	\$1,039	\$1,092	\$1,148	\$1,207	\$1,268
<b>Loss Payments - General Account:</b>													
Loss Payments - Gross of Remediation	\$(27)	\$(20)	\$(11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remediation	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Loss Payments	\$(27)	\$(20)	\$(11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Loss Payments</b>													
Cash Loss Payments	\$(27)	\$(20)	\$(11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Remediation Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
	\$(27)	\$(20)	\$(11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Loss Payments - Segregated Account:</b>													
Loss Payments - Gross of Remediation	\$26	\$22	\$19	\$23	\$3,843	\$35	\$654	\$40	\$42	\$47	\$(2)	\$(2)	\$(2)
Remediation	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Loss Payments	\$26	\$22	\$19	\$23	\$3,843	\$35	\$654	\$40	\$42	\$47	\$(2)	\$(2)	\$(2)
<b>Cash Loss Payments</b>													
Cash Loss Payments	\$7	\$5	\$5	\$6	\$961	\$9	\$163	\$10	\$10	\$12	\$(0)	\$(0)	\$(0)
Remediation Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
Segregated Account Surplus Notes	20	16	14	17	2,882	26	490	30	31	36	(1)	(1)	(1)
Junior Surplus Notes	0	0	0	0	0	0	0	0	0	0	0	0	0
	\$26	\$22	\$19	\$23	\$3,843	\$35	\$654	\$40	\$42	\$47	\$(2)	\$(2)	\$(2)



**Memo Items:**

(Dollars in Millions)

	2044	2045	2046	2047	2048	2049	2050
<b>Bank Settlement Notes</b>							
Beginning Balance	\$10,589	\$11,129	\$11,697	\$12,293	\$12,920	\$13,579	\$14,272
PIK Interest	540	568	597	627	659	693	728
Amortization	0	0	0	0	0	0	0
Ending Balance	\$11,129	\$11,697	\$12,293	\$12,920	\$13,579	\$14,272	\$14,999
<b>Segregated Account Surplus Notes (Net of Surplus Notes Received by AAC)</b>							
Beginning Balance	\$30,407	\$31,957	\$33,585	\$35,297	\$37,097	\$38,989	\$40,978
PIK Interest	1,551	1,630	1,713	1,800	1,892	1,988	2,090
Additions	(1)	(1)	(1)	(0)	(0)	(0)	(0)
Surplus Notes Received by AAC	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0
Ending Balance	\$31,957	\$33,585	\$35,297	\$37,097	\$38,989	\$40,978	\$43,068
<b>Junior Surplus Notes</b>							
Beginning Balance	\$244	\$251	\$257	\$264	\$270	\$277	\$284
PIK Interest	6	6	7	7	7	7	7
Additions	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0
Ending Balance	\$251	\$257	\$264	\$270	\$277	\$284	\$292
<b>Surplus Notes Received by AAC</b>							
Beg Balance	\$1,268	\$1,333	\$1,401	\$1,472	\$1,547	\$1,626	\$1,709
Additions	(0)	(0)	(0)	(0)	(0)	(0)	(0)
PIK Interest	65	68	71	75	79	83	87
Amortization	0	0	0	0	0	0	0
End Balance	\$1,333	\$1,401	\$1,472	\$1,547	\$1,626	\$1,709	\$1,796
<b>Loss Payments - General Account:</b>							
Loss Payments - Gross of Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remediation	0	0	0	0	0	0	0
Net Loss Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Loss Payments</b>							
Cash Loss Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Remediation Receipts	0	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Loss Payments - Segregated Account:</b>							
Loss Payments - Gross of Remediation	\$(2)	\$(2)	\$(1)	\$(0)	\$(0)	\$(0)	\$(0)
Remediation	0	0	0	0	0	0	0
Net Loss Payments	\$(2)	\$(2)	\$(1)	\$(0)	\$(0)	\$(0)	\$(0)
<b>Cash Loss Payments</b>							
Cash Loss Payments	\$(0)	\$(0)	\$(0)	\$(0)	\$(0)	\$(0)	\$(0)
Remediation Receipts	0	0	0	0	0	0	0
Segregated Account Surplus Notes	(1)	(1)	(1)	(0)	(0)	(0)	(0)
Junior Surplus Notes	0	0	0	0	0	0	0
	\$(2)	\$(2)	\$(1)	\$(0)	\$(0)	\$(0)	\$(0)

Scenario 3

**Ambac Assurance Corporation**  
**Recovery of Surplus Note Principal and Interest Supporting Calculations**  
(Dollars in Millions)

<b>Year</b>	<b>2050</b>
Bonds	\$41,093
Investments in Subsidiaries (Stocks)	0
Cash & Cash Equivalents	50
Intercompany Loans	0
<b>Total Claims Paying Resources</b>	<b>\$41,143</b>
Segregated Account Surplus Notes (Net of Surplus Notes Received by AAC)	\$43,068
Bank Settlement Notes	\$14,999
<b>Total Surplus Notes</b>	<b>\$58,067</b>
<b>Recovery of Surplus Note Principal and Interest</b>	<b>71%</b>
Excess Claims Paying Resources	\$0
Junior Surplus Notes	\$292
<b>Recovery of Junior Surplus Note Principal and Interest</b>	<b>0%</b>