

GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN REHABILITATION

FINANCIAL STATEMENTS

Year ended December 31, 2000



ACCOUNTANTS' COMPILATION REPORT

To Albert Riederer, Special Deputy Rehabilitator

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

We have compiled the statement of net assets of General American Mutual Holding Company In Rehabilitation as of December 31, 2000, and the related statements of changes in net assets, receipts, and disbursements for the year ended December 31, 2000 included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Missouri Department of Insurance information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements, including related disclosures, are presented in accordance with the requirements of the Missouri Department of Insurance, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Mayer Hoffman McCann L.C.

March 2, 2001

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2000

ASSETS

Type of Asset	<u>Subtotal Column</u>	<u>Total</u>
Cash		\$ 27,109
Short-term Obligations		26,471,481
Deposits Held for Other States		-
Bonds:		
U.S. Government, including mortgage backed	\$ 348,766,967	
Industrials, Public Utilities	98,791,271	
Municipal/Non-revenue	577,335,395	
Railroad	-	
Banks, Insurance and Other Financial Institutions	218,171,083	
MVA on Bonds	<u>10,540,388</u>	
Total Bonds		1,253,605,104
Stocks:		
Preferred	-	
Common	-	
MVA	<u>-</u>	
Total Stock		-
Mortgage Loans		-
MVA		-
Real Estate		-
MVA		-
Policy Loans		-
Other Invested Assets		
Asset 1	-	
Asset 2	-	
Asset 3	-	
Any applicable MVA or adj. for uncollectible	<u>-</u>	
Total of Other Invested Assets		-
Advances to Guaranty Associations		-
Recoverable from Reinsurers:		
Paid Losses	-	
Paid LAE	-	
Known Case Loss Reserves	-	
Known Case LAE Reserves	-	
IBNR Loss Reserves	-	
IBNR LAE Reserves	-	
Unearned Ceded Premiums	-	
Contingent Commissions (If not claims)	-	
MVA	<u>-</u>	
Total Recoverable from Reinsurers		-
Federal Income Tax Recoverable		-
Other Taxes Recoverable		-
Salvage and Subrogation Recoverables		-
Premiums Due and Accrued		-
Agents' Balances		-
Receivable from Affiliates		-
Accrued Investment Income – Purchased interest		1,393,561
Equipment, Furnishings and Supplies		993
Other Fixed Assets		-
Depreciation on Equipment & Other Fixed Assets		(55)
Other Assets:		
Asset 1 – Accounts receivable on pending investment sales	22,003	
Asset 2 –	-	
Asset 3 –	-	
Any applicable MVA or adj. for uncollectible	<u>-</u>	
Total Other Assets		<u>22,003</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2000

<u>ASSETS</u>	Type of Asset	<u>Subtotal Column</u>	<u>Total</u>
Total Unrestricted Assets			\$ 1,281,520,196
Restricted Assets			<u>-</u>
Total Assets			<u>\$ 1,281,520,196</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2000

LIABILITIES

Type of Liability	<u>Subtotal Column</u>	<u>Total</u>
Secured Claims		\$ -
Class 1 Administrative Claims:		
GF	\$ -	
General Administrative Expenses Pending	125,001	
Total Class 1 Claims		125,001
Class 2 Policy Benefit Claims:		
GF Covered	-	
Ancillary	-	
NGC	-	
Total Class 2 Claims		-
Class 3 U.S. Government		-
Class 4 Employee Compensation		-
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
Total Class 5 Claims		-
Class 6 State & Local Government		-
Class 7 Late Filed		-
Class 8 Surplus Note		-
Class 9 Ownership Related		-
Total Liabilities		125,001
Excess (Deficiency) of Assets Over Liabilities		<u>1,281,395,195</u>
Total		<u>\$ 1,281,520,196</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2000

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
Net Assets at December 31, 1999	\$	(90,326)
Increases in Net Assets:		
Premium	\$	-
Commission		-
Rental Income		-
Mortgage Receipts (Principal & Interest)		-
Policy Loan Receipts (Principal & Interest)		-
Proceeds from Sales of Real Estate		-
Proceeds from Sales of PP&E		-
Reinsurance Recoveries on Losses		-
Reinsurance Recoveries on LAE		-
Agents Balances Received		-
Collection of Affiliate Receivables		-
Salvage and Subrogation Recoveries		-
Recovery of Taxes Previously Paid	43,717,670	
Interest & Dividend Income	53,610,848	
Other Income – Unrealized appreciation of investments	10,532,617	
Proceeds from Sales and Maturities of Investments	-	
Proceeds from sale of GAMHC to MetLife	1,202,818,368	
Proceeds from 1999 income tax refund	33,705,000	
Proceeds from MetLife for 1999 income tax refund	33,705,000	
Proceeds from MetLife for recovery of taxes previously paid	<u>43,717,670</u>	
Total Increase in Net Assets		1,421,807,173
Decreases in Net Assets:		
Secured Claims		
Class 1 Administrative Claims:		
Legal fees	(649,584)	
Audit, accounting, and actuarial fees	(580,599)	
Special Deputy Receiver fees	(300,000)	
Consulting fees	-	
Policy holder notification expenses	(374,680)	
Salaries	-	
Employee benefits	-	
Payroll and other taxes	(6,930)	
Rent and related expenses	(8,722)	
Office expenses	(4,865)	
Acquisition of fixed assets	-	
Investment expenses	(1,570,040)	
Other disbursements – Interest expense	(3,562)	
Other disbursements – Quarterly federal and state income tax payments	(59,400,000)	
Other disbursements – Repayment to GALIC for 1999 income tax refund	(33,705,000)	
Other disbursements – Repayment to GALIC for recovery of taxes previously paid	<u>(43,717,670)</u>	
Total Class 1 Claims	<u>(140,321,652)</u>	
Class 2 Policy Benefit Claims:		
GF Covered Paid Loss	-	
GF Covered Open Loss	-	
GF Covered Paid LAE	-	
GF Covered Open LAE	-	
Ancillary Paid	-	
Ancillary Open	-	
NGC Paid	-	

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2000

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
NGC Open	\$ -	
Total Class 2 Claims	-	
Class 3 U.S. Government	-	
Class 4 Employee Compensation	-	
Class 5 Premium and General Creditor Claims:	-	
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
Total Class 5 Claim	-	
Class 6 State & Local Government	-	
Class 7 Late Filed	-	
Class 8 Surplus Note	-	
Class 9 Ownership Related	-	
Amounts Expensed for Investment Purchases		
Total decrease in net assets		(140,321,652)
Net assets at December 31, 2000		\$ <u>1,281,395,195</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF RECEIPTS

For the year ended December 31, 2000

<u>Type of Receipt</u>	<u>Current Period to Date</u>	<u>From November 30, 1999 to Present</u>
Premium Receipts	\$ -	\$ -
Commission Receipts	-	-
Rental Receipts	-	-
Mortgage Receipts:		
Principal	-	-
Interest	-	-
Policy Loan Receipts:		
Principal	-	-
Interest	-	-
Proceeds from Sales:		
Real Estate	-	-
PP&E	-	-
Reinsurance Recoveries	-	-
Agents' Balances Received	-	-
Collection of Affiliate Receivables	-	-
Salvage and Subrogation Recoveries	-	-
Recovery of Taxes Previously Paid	43,717,670	43,717,670
Interest and Dividend Receipts	52,681,267	52,694,795
Other Receipts:		
Receipt 1 – Advance from GALIC	-	4,985,445
Receipt 2 – Proceeds from sale of GAMHC to MetLife	1,201,318,368	1,201,318,368
Receipt 3 – Deposit from GALIC for expected income tax liability for 2000	125,000	125,000
Receipt 4 – Proceeds from 1999 income tax refund	33,705,000	33,705,000
Receipt 5 – Proceeds from MetLife for 1999 income tax refund	33,705,000	33,705,000
Receipt 6 – Proceeds from MetLife for recovery of taxes previously paid	43,717,670	43,717,670
Total Before Proceeds from Investment Sales and Maturities	<u>1,408,969,975</u>	<u>1,413,968,948</u>
Proceeds from Sales and Maturities of:		
Short-term Investments (Net)	911,778,782	997,115,136
Bonds	10,652,816,088	10,652,816,088
Stocks	<u>-</u>	<u>-</u>
Total Proceeds from Investment Sales and Maturities	<u>11,564,594,870</u>	<u>11,649,931,224</u>
Total Cash Receipts	<u>\$ 12,973,564,845</u>	<u>\$ 13,063,900,172</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF DISBURSEMENT

For the year ended December 31, 2000

<u>Disbursement Category</u>	<u>Gen. Admin. Expenses</u>	<u>Claims Admin. Expenses</u>	<u>Asset Recovery Expenses</u>	<u>Total Disbursements</u>
Disbursements:				
Loss/Benefit Payments	\$ -	\$ -	\$ -	\$ -
LAE Payments	-	-	-	-
Reinsurance Payments	-	-	-	-
Legal Fees	649,584	-	-	649,584
Audit, Accounting, & Actuarial Fees	580,599	-	-	580,599
Special Deputy Receiver Fees	300,000	-	-	300,000
Consulting Fees	-	-	-	-
Policy Holder Notification Expenses	374,680	-	-	374,680
Salaries	-	-	-	-
Employee Benefit	-	-	-	-
Payroll and Other Taxes	6,930	-	-	6,930
Rent and Related Expenses	8,722	-	-	8,722
Office Expenses	4,810	-	-	4,810
Acquisition of Fixed Assets	993	-	-	993
Investment Expenses	1,570,040	-	-	1,570,040
Other Disbursements:				
Disbursement 1 – Repayment of GALIC note, plus accrued interest	3,600,616	-	-	3,600,616
Disbursement 2 – Purchased interest	-	-	14,893,907	14,893,907
Disbursement 3 – December 31, 2000 estimated income tax payments	59,400,000	-	-	59,400,000
Disbursement 4 – Repayment of 1999 income tax refund to GALIC	33,705,000	-	-	33,705,000
Disbursement 5 – Repayment of amended income tax refund to GALIC	<u>43,717,670</u>	<u>-</u>	<u>-</u>	<u>43,717,670</u>
Total Disbursements Before Distributions And Investment Purchases	<u>143,919,644</u>	<u>-</u>	<u>14,893,907</u>	<u>158,813,551</u>
Distributions:				
Early access distributions	-	-	-	-
Interim or final distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements and Distributions Before Investment Purchases	<u>143,919,644</u>	<u>-</u>	<u>14,893,907</u>	<u>158,813,551</u>
Investment Purchases:				
Short-term Investments	-	-	915,840,571	915,840,571
Bonds	-	-	11,898,896,548	11,898,896,548
Stocks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Purchase Transactions	<u>-</u>	<u>-</u>	<u>12,814,737,119</u>	<u>12,814,737,119</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF DISBURSEMENT

For the year ended December 31, 2000

<u>Disbursement Category</u>	<u>Gen. Admin. Expenses</u>	<u>Claims Admin. Expenses</u>	<u>Asset Recovery Expenses</u>	<u>Total Disbursements</u>
Total Disbursements, Distributions, and Investment Purchases	<u>\$ 143,919,644</u>	<u>\$ -</u>	<u>\$ 12,829,631,026</u>	<u>\$ 12,973,550,670</u>
Net Increase in Cash				14,175
Cash at Beginning of Period				<u>12,934</u>
Cash at End of Period				<u>\$ 27,109</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Notes to Financial Statements are not a requirement under the prescribed format of the Missouri Department of Insurance. The accompanying disclosures include selected information that is not intended to be all-inclusive.

Principles of accounting – These financial statements represent an accounting for the assets and liabilities of General American Mutual Holding Company (GAMHC) from the point in time the respective assets and liabilities were transferred to the control of the Special Deputy Rehabilitator until such time as the assets and liabilities are liquidated or the control of these items are transferred from the Special Deputy Rehabilitator to another party.

The following items have been transferred to the control of the Special Deputy Rehabilitator since November 30, 1999:

- a) On November 30, 1999, GAMHC in Rehabilitation received a cash advance \$4,985,445 from GALIC.
- b) On December 1, 1999, a \$5,000,000 loan payable, dated September 19, 1999, from GAMHC to General American Life Insurance Company (GALIC), maturing January 2000 at a 6.5% interest rate was received.
- c) On January 6, 2000, \$1,202,818,368, including interest, was received from Metropolitan Life Insurance Company (MetLife) in connection with the stock purchase agreement with GenAmerica Corporation. At the time of closing, \$1,500,000 of the sale proceeds were paid directly to GALIC to satisfy a portion of the outstanding note payable. The remaining amounts due on the note payable, including interest totaling \$100,616, were paid to GALIC in January 2000 by GAMHC in Rehabilitation.
- d) On April 17, 2000, \$125,000 was received from GALIC as a deposit of their portion of state income taxes for the first quarter of 2000.
- e) In January, 2000, \$33,705,000 was received relating to the 1999 income tax refund of GAMHC. Per a court order dated, February, 2000, GAMHC in Rehabilitation was required to repay this amount to GALIC upon receipt of a like amount from MetLife.
- f) In November, 2000, a \$43,717,670 refund was received relating to the amended federal income tax returns for the years ending 1994, 1996, 1997 and 1998 for GAMHC. GAMHC in Rehabilitation repaid this amount to GALIC upon receipt of a like amount from MetLife.

See Accountants' Compilation Report

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Organization - GAMHC entered into a \$1,200,000,000 stock purchase agreement with Metropolitan Life Insurance Company (MetLife) on August 26, 1999 to sell the common stock of GenAmerica Corporation. In accordance with this stock purchase agreement, the funds, once received, are to be held in an account and used to indemnify MetLife with respect to outstanding claims and losses set forth in the purchase agreement, and to pay certain taxes and expenses of GAMHC, including those associated with the Rehabilitation. The purchase agreement was closed on January 6, 2000.

Income taxes – Income taxes are being recorded on a cash basis due to several uncertainties, the most significant of which is the fact the Company has six years of income tax returns under review by the Internal Revenue Service.

Claims payable – No filed or pending claims have been reflected in the financial statements, except for those approved by the Special Deputy Rehabilitator. The filed or pending claims could have a material impact on the financial statements.

See Accountants' Compilation Report