

**GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN LIQUIDATION**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2007



Mayer Hoffman McCann P.C.

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ACCOUNTANTS' COMPILATION REPORT

To Albert Riederer, Special Deputy Liquidator

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

We have compiled the statement of net assets of General American Mutual Holding Company In Liquidation as of December 31, 2007, and the related statements of changes in net assets, receipts, and disbursements for the year ended December 31, 2007 and the statement of receipts from November 30, 1999 to December 31, 2007, 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.

Leawood, Kansas
February 23, 2008

Mayer Hoffman McCann P.C.

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2007

ASSETS

Type of Asset	Subtotal Column	Total
Cash		\$ 282,397
Short-term Obligations		83,972,783
Deposits Held for Other States		-
Bonds:		
U.S. Government, including mortgage backed	\$ 47,057,162	
Industrials, Public Utilities	-	
Municipal/Non-revenue	8,951,950	
Railroad	-	
Banks, Insurance and Other Financial Institutions	-	
Market Value Adjustment on Bonds	(4,387)	
Total Bonds		56,004,725
Stocks:		
Preferred	-	
Common	-	
MVA	-	
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	-	
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	-	
Total Recoverable from Reinsurers		-

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2007

ASSETS

Type of Asset	Subtotal Column	Total
Federal Income Tax Recoverable		\$ -
Other Taxes Recoverable		-
Salvage and Subrogation Recoverables		-
Premiums Due and Accrued		-
Agents' Balances		-
Receivable from Affiliates		-
Accrued Investment Income		152,899
Equipment, Furnishings and Supplies		33,494
Other Fixed Assets		-
Depreciation on Equipment & Other Fixed Assets		(22,628)
Other Assets:		
Asset 1 – Prepaid expenses	\$ 105,746	
Asset 2 –	-	
Asset 3 –	-	
Any applicable MVA or adj. for uncollectible	-	
Total Other Assets		105,746
Total Unrestricted Assets		140,529,416
Restricted Assets		-
Total Assets		\$ 140,529,416

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2007

LIABILITIES

Type of Liability	Subtotal Column	Total
Secured Claims		\$ -
Class 1 Administrative Claims:		
GF	\$ -	
General Administrative Expenses Pending	-	
Total Class 1 Claims	-	-
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 – unpaid distribution checks		<u>57,804,045</u>
Total Liabilities		57,804,045
Excess (Deficiency) of Assets Over Liabilities		<u>82,725,371</u>
Total		<u>\$ 140,529,416</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2007

<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, 2006		\$ 259,932,908
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	-	
Interest & Dividend Income	11,814,164	
Other Income – 1998 & 2000 federal income tax refund	24,122,381	
Other Income – 2002 federal income tax refund	132,583	
Other Income – 2003 federal income tax refund	99,436	
Other Income – 2004 federal income tax refund	5,424	
Other Income – 2006 federal income tax refund	10,575	
Other Income – Miscellaneous legal	249	
Other Income – 2005 federal income tax refund	-	
Other Income – 2005 state income tax refunds	-	
Other Income – Refund of interest and penalty expense from the IRS	7,779,911	
Other Income – Proceeds from settlement of lawsuit	-	
Other Income – Unrealized increase in investments	89,939	
Proceeds from Sales and Maturities of Investments	<u>-</u>	
Total Increase in Net Assets		<u>44,054,662</u>
Decreases in Net Assets:		
Secured Claims	<u>-</u>	
Class 1 Administrative Claims:		
Legal fees	(507,729)	
Audit, accounting, and actuarial fees	(211,092)	
Special Deputy Liquidator fees	(300,000)	
Consulting fees	-	
Policy holder notification expenses	(882,722)	
Salaries	-	
Employee benefits	(38,584)	
Payroll and related taxes	(101,084)	
Rent and related expenses	(26,061)	
Office expenses	(35,664)	
Acquisition of fixed assets	-	
Investment expenses	(409,871)	
Other disbursements – Loss on sale of investments	(57,894)	
Other disbursements – Federal and state income tax payments	(26,547,471)	
Other disbursements – Prepaid litigation expenditures	-	
Other disbursements – MetLife Indemnity	<u>(41,003,146)</u>	
Total Class 1 Claims		(70,121,318)

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2007

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</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	-	
NGC Open	-	
	<hr/>	
Total Class 2 Claims	<hr/> -	
Class 3 U.S. Government	<hr/> -	
Class 4 Employee Compensation	<hr/> -	
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
	<hr/>	
Total Class 5 Claims	<hr/> -	
Class 6 State & Local Government	<hr/> -	
Class 7 Late Filed	<hr/> -	
Class 8 Surplus Note	<hr/> -	
Class 9 Ownership Related – Liquidating Distributions		(151,140,881)
Amounts Expensed for Investment Purchases	<hr/> -	
Total decrease in net assets		<hr/> (221,262,199)
Net assets at December 31, 2007		<u>\$ 82,725,371</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF RECEIPTS

For the Year Ended December 31, 2007 and the
Period from November 30, 1999 to December 31, 2007

<u>Type of Receipt</u>	<u>Year Ended December 31, 2007</u>	<u>Period from November 30, 1999 to December 31, 2007</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	24,370,399	90,373,302
Interest and Dividend Receipts	12,905,343	272,726,958
Other Receipts:		
Receipt 1 – Advance from GALIC	-	4,985,445
Receipt 2 – Proceeds from sale of GAMHC to MetLife	-	1,201,318,368
Receipt 3 – Deposit from GALIC for expected income tax liability for 2000	-	125,000
Receipt 4 – Proceeds from 1999 income tax refund	-	33,705,000
Receipt 5 – Proceeds from MetLife for 1999 income tax refund	-	33,705,000
Receipt 6 – Proceeds from MetLife for recovery of taxes previously paid	-	43,717,670
Receipt 7 – Legal settlement	-	1,811,808
Receipt 8 – Legal settlement	-	29,500,000
Receipt 9 – Settlement of Article VIII claims with MetLife	-	35,872,550
Receipt 10 – Miscellaneous	249	2,676
Receipt 11 – Lawsuit settlement	-	113,000,000
Receipt 12 – Refund of interest expense from the IRS	7,779,901	9,355,293
Receipt 13 – Refund of tax penalties from the IRS	10	139,269
Receipt 14 – Income tax receipts from pre-closing payments	-	32,849,860
Receipt 15 – Gain on sale of investments	-	1,848
Total Before Proceeds from Investment Sales and Maturities	45,055,902	1,903,190,047
Proceeds from Sales and Maturities of:		
Short-term Investments (Net)	5,664,066,780	59,725,847,224
Bonds	9,222,013,311	44,033,642,290
Stocks	-	-
Total Proceeds from Investment Sales and Maturities	14,886,080,091	103,759,489,514
Total Cash Receipts	\$ 14,931,135,993	\$ 105,662,679,561

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2007

<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	507,729	-	-	507,729
Audit, Accounting, & Actuarial Fees	211,092	-	-	211,092
Special Deputy Receiver Fees	300,000	-	-	300,000
Consulting Fees	-	-	-	-
Policy Holder Notification Expenses	-	882,722	-	882,722
Salaries	-	-	-	-
Employee Benefit	38,584	-	-	38,584
Payroll and Related Taxes	101,084	-	-	101,084
Rent and Related Expenses	26,061	-	-	26,061
Office Expenses	30,870	-	-	30,870
Additions to fixed assets	8,650	-	-	8,650
Investment Expenses	409,871	-	-	409,871
Other Disbursements:				
Disbursement 1 – Federal and state income tax payments	26,547,471	-	-	26,547,471
Disbursement 2 – Prepaid litigation	105,746	-	-	105,746
Disbursement 3 – MetLife Article 10 Indemnification	-	39,000,000	-	39,000,000
Disbursement 4 – Expenses associated with MetLife Indemnification claims	-	2,003,146	-	2,003,146
Total Disbursements Before Distributions And Investment Purchases	<u>28,287,158</u>	<u>41,885,868</u>	<u>-</u>	<u>70,173,026</u>
Distributions:				
Early access distributions	-	-	-	-
Interim or final distributions	-	103,329,018	-	103,329,018
Total Distributions	<u>-</u>	<u>103,329,018</u>	<u>-</u>	<u>103,329,018</u>
Total Disbursements and Distributions Before Investment Purchases	<u>28,287,158</u>	<u>145,214,886</u>	<u>-</u>	<u>173,502,044</u>
Investment Purchases:				
Short-term Investments	-	-	5,705,683,881	5,705,683,881
Bonds	-	-	9,051,656,125	9,051,656,125
Stocks	-	-	-	-
Total Investment Purchase Transactions	<u>-</u>	<u>-</u>	<u>14,757,340,006</u>	<u>14,757,340,006</u>

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2007

<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>\$ 28,287,158</u>	<u>\$ 145,214,886</u>	<u>\$ 14,757,340,006</u>	<u>\$ 14,930,842,050</u>
Change in Cash				293,943
Cash at Beginning of Period				<u>(11,546)</u>
Cash at End of Period				<u>\$ 282,397</u>

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See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

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.

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 Liquidation. The purchase agreement was closed on January 6, 2000.

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 Liquidator until such time as the assets and liabilities are liquidated or the control of these items are transferred from the Special Deputy Liquidator to another party. Included in these financial statements are the accounts of General American Mutual Holding Company in Liquidation (GAMHCIL) and two Qualified Settlement Funds established to hold proceeds from legal settlements for the benefit of members.

Income taxes – Income taxes have consistently been recorded on a cash basis by the receivership. The receivership has federal and state income tax refunds due of approximately \$5 million at December 31, 2007.

Investments – Investments which are classified as available-for-sale are recorded at their aggregate fair value. Unrealized holding gains and losses are included as a separate component of receivership corpus until ultimately realized. Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Premiums and discounts are recognized using the interest method over the period to maturity.

Claims payable – No filed or pending claims have been reflected in the financial statements. The filed or pending claims could have a material impact on the financial statements.

Accrued expenses – Liabilities incurred but not paid as of December 31, 2007 have not been reflected in the financial statements. The accrued liabilities could have a material impact on the financial statements.

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS

(2) Claims against the Receivership assets

The Receivership has various unresolved claims and potential claims against the receivership's assets. The largest known claims are discussed in the following paragraph.

On January 13, 2003, General American Mutual Holding Company in Receivership (GAMHCIR) received a summary of "Three Year Indemnity Claims" from MetLife (MetLife Claims). This summary was required by the Plan of Re-Organization. The MetLife Claims included two categories: Article VIII – Income Taxes and Article X – Other Claims. The Article VIII claims were settled with MetLife in 2003. The Article X claims were settled for \$39 million and were paid in July 2007.