

**GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN LIQUIDATION**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

ACCOUNTANTS' COMPILATION REPORT

To Albert Riederer, Special Deputy Liquidator

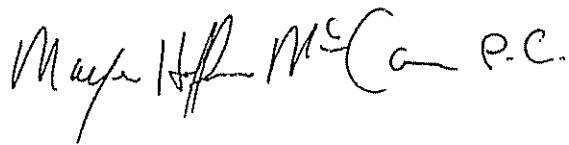
GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

We have compiled the statement of net assets of General American Mutual Holding Company In Liquidation as of December 31, 2004, and the related statements of changes in net assets, receipts, and disbursements for the year ended December 31, 2004 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 22, 2005

Handwritten signature in black ink, appearing to read "Mayer H. McCa P.C." with a stylized flourish at the end.

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2004

ASSETS

| Type of Asset | Subtotal Column | Total |
|---|--------------------|-------------|
| Cash | | \$ (79,989) |
| Short-term Obligations | | 45,441,787 |
| Deposits Held for Other States | | - |
| Bonds: | | |
| U S Government, including mortgage backed | \$ 239,536,332 | |
| Industrials, Public Utilities | 5,027,521 | |
| Municipal/Non-revenue | 125,826,822 | |
| Railroad | - | |
| Banks, Insurance and Other Financial Institutions | 1,543,809 | |
| Market Value Adjustment on Bonds | <u>(1,243,612)</u> | |
| Total Bonds | | 370,690,872 |
| 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 | | - |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2004

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 | | 1,038,373 |
| Equipment, Furnishings and Supplies | | 23,849 |
| Other Fixed Assets | | - |
| Depreciation on Equipment & Other Fixed Assets | | (11,389) |
| Other Assets: | | |
| Asset 1 – Prepaid expenses | - | |
| Asset 2 – | - | |
| Asset 3 – | - | |
| Any applicable MVA or adj for uncollectible | - | |
| Total Other Assets | ----- | ----- |
| | | - |
| Total Unrestricted Assets | | 417,103,503 |
| Restricted Assets | | ----- |
| | | - |
| Total Assets | | <u>\$ 417,103,503</u> |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF NET ASSETS

December 31, 2004

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>25,364,319</u> |
| Total Liabilities | | 25,364,319 |
| Excess (Deficiency) of Assets Over Liabilities | | <u>391,739,184</u> |
| Total | | <u>\$ 417,103,503</u> |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2004

| <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, 2003 | | \$ 391,495,021 |
| 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 | 6,684,191 | |
| Other Income -- 2000 federal and state income tax refunds | 8,195,344 | |
| Other Income -- Tax penalties refund from the IRS | 139,204 | |
| Other Income -- Lawsuit settlement | 18,000,000 | |
| Other Income -- Refund of interest expense from the IRS | 1,533,953 | |
| Other Income -- Income tax receipts from pre-closing payments | 32,849,860 | |
| Proceeds from Sales and Maturities of Investments | - | |
| | <hr/> | 67,402,552 |
| Total Increase in Net Assets | | |
| Decreases in Net Assets: | | |
| Secured Claims | <hr/> - | |
| Class 1 Administrative Claims: | | |
| Legal fees | (1,362,019) | |
| Audit, accounting, and actuarial fees | (263,221) | |
| Special Deputy Liquidator fees | (300,000) | |
| Consulting fees | (23,033) | |
| Policy holder notification expenses | (1,053,114) | |
| Salaries | - | |
| Employee benefits | (24,411) | |
| Payroll and related taxes | (171,070) | |
| Rent and related expenses | (21,194) | |
| Office expenses | (49,812) | |
| Acquisition of fixed assets | - | |
| Investment expenses | (561,811) | |
| Other disbursements -- Quarterly federal and state income tax payments | (8,628,708) | |
| Other disbursements -- 2003 federal and state income tax payments | (1,503,712) | |
| Other disbursements -- Unrealized depreciation of investments | (1,145,633) | |
| Other disbursements -- MetLife Article 10 Indemnification | (484,455) | |
| Other disbursements -- Loss on sale of investments | (479,975) | |
| Other disbursements -- Expenses associated with lawsuit settlement | (6,458,063) | |
| | <hr/> | |
| Total Class 1 Claims | <hr/> (22,530,231) | |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2004

| <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 | <hr/> (44,628,158) | |
| Amounts Expensed for Investment Purchases | <hr/> - | |
| Total decrease in net assets | | <hr/> (67,158,389) |
| Net assets at December 31, 2004 | | <hr/> \$ 391,739,184 |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF RECEIPTS

For the Year Ended December 31, 2004

| <u>Type of Receipt</u> | <u>Year Ended December 31, 2004</u> | <u>Period from November 30, 1999 to December 31, 2004</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 | 8,070,344 | 65,484,220 |
| Interest and Dividend Receipts | 7,026,131 | 242,187,782 |
| 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 | - | 2,427 |
| Receipt 11 -- Lawsuit settlement | 18,000,000 | 18,000,000 |
| Receipt 12 -- Refund of interest expense from the IRS | 1,533,953 | 1,533,953 |
| Receipt 13 -- Refund of tax penalties from the IRS | 139,204 | 139,204 |
| Receipt 14 -- Income tax receipts from pre-closing payments | <u>32,849,860</u> | <u>32,849,860</u> |
| Total Before Proceeds from Investment Sales and Maturities | <u>67,619,492</u> | <u>1,744,938,287</u> |
| Proceeds from Sales and Maturities of: | | |
| Short-term Investments (Net) | 12,979,912,235 | 37,601,145,747 |
| Bonds | 995,076,764 | 31,971,781,820 |
| Stocks | - | - |
| Total Proceeds from Investment Sales and Maturities | <u>13,974,988,999</u> | <u>69,572,927,567</u> |
| Total Cash Receipts | <u>\$ 14,042,608,491</u> | <u>\$ 71,317,865,854</u> |

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See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2004

| <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 | 1,362,019 | - | - | 1,362,019 |
| Audit, Accounting, & Actuarial Fees | 263,221 | - | - | 263,221 |
| Special Deputy Receiver Fees | 275,000 | - | - | 275,000 |
| Consulting Fees | 23,033 | - | - | 23,033 |
| Policy Holder Notification Expenses | - | 1,053,114 | - | 1,053,114 |
| Salaries | - | - | - | - |
| Employee Benefit | 24,411 | - | - | 24,411 |
| Payroll and Related Taxes | 171,070 | - | - | 171,070 |
| Rent and Related Expenses | 21,194 | - | - | 21,194 |
| Office Expenses | 40,563 | - | - | 40,563 |
| Investment Expenses | 561,811 | - | - | 561,811 |
| Other Disbursements: | | | | |
| Disbursement 1 – Quarterly federal and state income tax payments | 8,628,708 | - | - | 8,628,708 |
| Disbursement 2 – Purchased interest | - | - | 792,801 | 792,801 |
| Disbursement 3 – 2003 federal and state income tax payments | 1,503,712 | - | - | 1,503,712 |
| Disbursement 4 – MetLife Article 10 Indemnification | 484,455 | - | - | 484,455 |
| Disbursement 5 – Expenses associated with lawsuit settlement | <u>6,458,063</u> | <u>-</u> | <u>-</u> | <u>6,458,063</u> |
| Total Disbursements Before Distributions And Investment Purchases | <u>19,817,260</u> | <u>1,053,114</u> | <u>792,801</u> | <u>21,663,175</u> |
| Distributions: | | | | |
| Early access distributions | - | - | - | - |
| Interim or final distributions | <u>-</u> | <u>82,480,200</u> | <u>-</u> | <u>82,480,200</u> |
| Total Distributions | <u>-</u> | <u>82,480,200</u> | <u>-</u> | <u>82,480,200</u> |
| Total Disbursements and Distributions Before Investment Purchases | <u>19,817,260</u> | <u>83,533,314</u> | <u>792,801</u> | <u>104,143,375</u> |
| Investment Purchases: | | | | |
| Short-term Investments | - | - | 12,909,393,873 | 12,909,393,873 |
| Bonds | - | - | 1,029,178,657 | 1,029,178,657 |
| Stocks | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Investment Purchase Transactions | <u>-</u> | <u>-</u> | <u>13,938,572,530</u> | <u>13,938,572,530</u> |

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GENERAL AMERICAN MUTUAL HOLDING COMPANY IN LIQUIDATION

STATEMENT OF DISBURSEMENTS

For the Year Ended December 31, 2004

| <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>\$ 19,817,260</u> | <u>\$ 83,533,314</u> | <u>\$ 13,939,365,331</u> | <u>\$ 14,042,715,905</u> |
| Change In Cash | | | | (107,414) |
| Cash at Beginning of Period | | | | <u>27,425</u> |
| Cash at End of Period | | | | <u>\$ (79,989)</u> |

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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.

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, except for those approved by the Special Deputy Liquidator. 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, 2004 have not been reflected in the financial statements. The accrued liabilities could have a material impact on the financial statements.

Reclassifications – Certain reclassifications have been made to the 2004 financial statements as compared to the 2003 financial statements. Checks issued to but uncashed by members have been reflected as Class 9 claims as opposed to secured claims.

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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 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 totaling \$123 million are currently being litigated by the Special Deputy Liquidator and MetLife. The outcome of this dispute cannot be reasonably estimated at this time.

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