

MINEHAN EXHIBIT "A-2"

**INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
CONSERVATION & LIQUIDATION OFFICE**

**FINANCIAL STATEMENTS OF  
MISSION INSURANCE COMPANY - ESTATE IN LIQUIDATION**  
As of September 30, 2005

(Prepared on a Liquidation Basis of Accounting)

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Note: These unaudited financial statements should be read in conjunction with the Report on Audits of Combined Financial Statements of Estates in Conservation, with opinion by independent public accountants.

Date of Conservation: 10/31/1985  
Date of Liquidation: 2/24/1987  
Date of Report: 9/30/2005

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
CONSERVATION & LIQUIDATION OFFICE

**MISSION INSURANCE COMPANY - ESTATE IN LIQUIDATION**

STATEMENT OF ASSETS AND LIABILITIES

(Liquidation Basis of Accounting)

**ASSETS**

	As of		Change
	09/30/05	12/31/97	
Cash and cash equivalents:			
Unrestricted	\$ 75,020,755	\$ 217,610	\$ 74,803,145
Restricted	4,681,911	16,455,223	(11,773,312)
Participation in pooled investments, at market			
Unrestricted	405,619,469	480,851,923	(75,232,454)
Non-pooled investments, at market:			
Common stock	3,847,026	0	3,847,026
Accrued investment income	454,706	0	454,706
Statutory deposits held by other states	17,088,826	16,677,901	410,925
Recoverable from reinsurers	14,270,017	63,758,552	(49,488,535)
Salvage & subrogation recoveries	432,997	0	432,997
Receivable from Affiliates	69,084,477	91,265,656	(22,181,179)
Other Receivables	248,494	0	248,494
Property and equipment (net of accumulated depreciation)	1,798	0	1,798
Other assets	0	256,437	(256,437)
<b>Total assets</b>	<b>590,750,475</b>	<b>669,483,302</b>	<b>(78,732,826)</b>

**LIABILITIES**

Secured claims	1,680,140	0	1,680,140
Administrative expenses (Class 1)	573,286	0	573,286
Federal claims having preference (Class 3)	64,111,132	0	64,111,132
Claims against policies, including guarantee associations (Class 5)	268,818,585	784,277,837	(515,459,252)
All other claims (Class 6)	464,066,890	1,024,261,559	(560,194,669)
<b>Total liabilities</b>	<b>799,250,033</b>	<b>1,808,539,396</b>	<b>(1,009,289,363)</b>
<b>Net excess (deficiency) in assets</b>	<b>\$ (208,499,558)</b>	<b>\$(1,139,056,094)</b>	<b>\$ 930,556,537</b>

CONSERVATION & LIQUIDATION OFFICE  
MISSION INSURANCE COMPANY - ESTATE IN LIQUIDATION

STATEMENT OF REVENUES AND EXPENSES

(Liquidation Basis of Accounting)

	Year to date 09/30/05	01/01/98 to 09/30/05
<b>Revenues:</b>		
Premium income, net of adjustments to unearned premium reserves	\$ -	\$ 2,987.89
Income from settlement of litigation	0	2,545,259
Salvage and subrogation recoveries	12,462	17,745,384
Net investment income	4,777,091	201,429,085
Fees collected	30	138,312
Other income	2,826	331,618
<b>Total revenues</b>	<b>4,792,409</b>	<b>222,192,647</b>
<b>Expenses:</b>		
<b>Claims expenses:</b>		
Incurred losses and loss adjustment expenses Note (A)	4,516,232	(777,479,142) (A)
Reinsurance payments	686,407	686,407
<b>Total claims expense (reserve reductions)</b>	<b>5,202,639</b>	<b>(776,792,735)</b>
<b>Operating expenses:</b>		
General and administrative expenses	311,377	15,703,175
Professional fees	134,802	4,973,812
Legal fees	184,229	2,918,784
Depreciation & amortization expense	4,087	131,864
Allocated expenses	766,635	4,689,808
Change in allowance for uncollectible balances	(18,651,571)	(25,342,122)
<b>Total Operating expenses</b>	<b>(17,250,442)</b>	<b>3,075,321</b>
<b>Total expenses</b>	<b>(12,047,803)</b>	<b>(773,717,414)</b>
<b>Excess of revenue and reserve reductions over operating expenses before federal income taxes</b>	<b>16,840,212</b>	<b>995,910,060</b>
<b>Federal income tax provision (benefit)</b>	<b>2,000,000</b>	<b>65,353,524</b>
<b>Excess (deficiency) of revenue and reserve reductions over operating expenses</b>	<b>\$ 14,840,212</b>	<b>\$ 930,556,537</b>

(A) Reflects reserve reductions as a result of final settlement of claims

**INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
CONSERVATION & LIQUIDATION OFFICE  
MISSION INSURANCE COMPANY - ESTATE IN LIQUIDATION  
STATEMENT OF REVENUES AND EXPENSES**

(Liquidation Basis of Accounting)

	01/01/98 to 09/30/05	9 Months 2005	2004	2003	2002	2001	2000	1999	1998
	Years Ended December 31								
<b>Revenues:</b>									
Premium income, net of adjustments to unearned premium reserves	\$ 2,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988
Income from settlement of litigation	2,645,259	0	0	0	0	483	0	0	2,644,775
Salvage and subrogation recoveries	17,745,584	12,462	0	0	458	263,729	(11,088)	0	2,775
Net investment income	201,423,085	4,777,091	19,185,649	20,210,703	41,323,482	39,653,028	38,182,519	5,107,509	32,988,104
Fees collected	138,312	30	0	0	0	0	0	0	138,282
Other income	331,518	2,826	0	93,974	3,655	2,241	5,585	52,980	170,378
<b>Total revenues</b>	<b>222,192,647</b>	<b>4,792,409</b>	<b>19,185,649</b>	<b>20,304,677</b>	<b>41,327,595</b>	<b>39,919,480</b>	<b>38,177,016</b>	<b>22,637,518</b>	<b>35,848,302</b>
<b>Expenses:</b>									
Claims expenses:									
Incurred losses and loss adjustment expenses	(777,478,142)	4,516,232	(743,013,392)	8,564,472	4,425,822	3,591,184	(35,336,017)	101,393,285	(121,620,729)
Reinsurance payments	686,407	686,407	0	0	0	0	0	0	0
<b>Total claims expense (reserve reductions)</b>	<b>(776,792,735)</b>	<b>5,202,639</b>	<b>(743,013,392)</b>	<b>8,564,472</b>	<b>4,425,822</b>	<b>3,591,184</b>	<b>(35,336,017)</b>	<b>101,393,285</b>	<b>(121,620,729)</b>
Operating expenses:									
General and administrative expenses	15,703,175	311,377	727,240	441,487	517,020	718,603	1,077,578	5,757,593	6,152,267
Professional fees	4,973,812	134,802	1,111,224	280,160	191,287	869,559	1,110,625	840,245	425,909
Legal fees	2,918,764	184,229	210,321	112,488	57,994	91,957	225,794	313,888	1,172,135
Depreciation & amortization expense	131,864	4,087	10,134	0	0	0	0	77,811	39,832
Allocated expenses	4,689,808	766,635	1,600,031	1,488,730	1,459,668	750,947	750,873	171,454	(2,298,530)
Change in allowance for uncollectible balances	(25,342,122)	(18,651,571)	5,239,362	(743,627)	(25,492)	401,067	27,908,944	(22,382,375)	(17,089,530)
<b>Total Operating expenses</b>	<b>3,075,321</b>	<b>(17,250,442)</b>	<b>8,898,313</b>	<b>1,579,346</b>	<b>2,200,477</b>	<b>2,832,132</b>	<b>31,073,815</b>	<b>(15,221,404)</b>	<b>(11,036,916)</b>
<b>Total expenses</b>	<b>(773,717,414)</b>	<b>(12,047,803)</b>	<b>(734,115,079)</b>	<b>10,143,818</b>	<b>6,626,298</b>	<b>6,423,316</b>	<b>(4,262,202)</b>	<b>86,171,882</b>	<b>(132,657,644)</b>
Excess of revenue and reserve reductions over operating expenses before federal income taxes	995,910,060	16,840,212	753,300,729	10,160,858	34,701,297	33,496,164	42,439,218	(63,534,364)	168,505,947
Federal income tax provision (Benefit)	65,353,524	2,000,000	59,593,964	1,000,000	80,399	2,418,963	1,094,635	216,111	(1,050,448)
<b>Excess (deficiency) of revenue and reserve reductions over operating expenses</b>	<b>\$ 930,556,537</b>	<b>\$14,840,212</b>	<b>\$ 693,706,765</b>	<b>\$ 9,160,858</b>	<b>\$ 34,620,898</b>	<b>\$ 31,077,201</b>	<b>\$ 41,344,583</b>	<b>\$ (63,750,475)</b>	<b>\$ 169,656,395</b>