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INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA
CONSERVATION & LIQUIDATION OFFICE

FINANCIAL STATEMENTS OF
ENTERPRISE INSURANCE COMPANY - ESTATE IN LIQUIDATION
As of March 31, 2006

(Prepared on a Liquidation Basis of Accounting)

INDEX

Statement of Net Assets & Liabilities	Page 1
Statement of Revenues and Expenses	Page 2
Estimated closing Budget	Page 3

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: 11/26/1985
Date of Liquidation: 2/24/1987
Date of Report: 3/31/2006

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA
CONSERVATION & LIQUIDATION OFFICE

ENTERPRISE INSURANCE COMPANY - ESTATE IN LIQUIDATION

STATEMENT OF ASSETS AND LIABILITIES

As of March 31, 2006

(Liquidation Basis of Accounting)

	<u>Est Liq Value</u>	<u>01/01/98</u>	<u>Change</u>
ASSETS	<u>03/31/06</u>		
Cash and cash equivalents:			
Unrestricted	\$ -	\$ 29,771,772	\$ (29,771,772)
Participation in pooled investments, at market:			
Unrestricted	642,479	-	642,479
Non-pooled investments, at market:			
Short-term investments	12,069,813	-	12,069,813
Accrued investment income	28,225	-	28,225
Recoverable from reinsurers	-	299,581	(299,581)
Receivable from Affiliates	-	40,108,050	(40,108,050)
Receivable from CIGA	34,369,511	-	34,369,511
Receivable from Covanta	420,705	-	420,705
Other Receivables	57,722	848,164	(790,442)
Total assets	<u>47,588,455</u>	<u>71,027,567</u>	<u>(23,439,112)</u>
LIABILITIES			
Secured claims			
Administrative expenses (Class 1)	463	341,083	(340,620)
Federal Income Taxes (Class 1)	425,000		425,000
Claims against policies, including guarantee associations (Class 5)	120,573,113	75,391,507	45,181,606
Advances to Guarantee Associations (Class 5)	(74,176,939)	-	(74,176,939)
Premium Tax claims having preference (Class 3)	39,680	-	39,680
Distribution (Class 3)	(39,680)	-	(39,680)
All other Claims (Class 6)	36,043,708	18,008,695	18,035,013
Distribution (Class 6)	(5,556)	-	(5,556)
Total liabilities	<u>82,859,789</u>	<u>93,741,285</u>	<u>(10,881,496)</u>
Net excess (deficiency) in assets	<u>\$ (35,271,334)</u>	<u>\$ (22,713,718)</u>	<u>\$ (12,557,616)</u>

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA
CONSERVATION & LIQUIDATION OFFICE

ENTERPRISE INSURANCE COMPANY - ESTATE IN LIQUIDATION

STATEMENT OF REVENUES AND EXPENSES

January 01, 1998 through March 31, 2006

(Liquidation Basis of Accounting)

Revenues:

Income from settlement of litigation	\$	205,000
Salvage and subrogation recoveries		7,402
Net investment income		9,741,725
Other income		14,996
Total revenues		<u>9,969,123</u>

Expenses:

Claims expenses:

Incurred losses and loss adjustment expenses	<u>20,348,082</u>
Total claims expense	<u>20,348,082</u>

General and administrative expenses	5,823
Professional fees	422,926
Legal fees	20,563
Revaluation of assets net of gains/(losses) on sales	(302,198)
Allocated expenses	1,409,620
Investment expense	103,794
	<u>1,660,528</u>

Total operating expenses 1,660,528

Total expenses **22,008,611**

Excess (deficiency) of revenue over expenses
before federal income taxes (12,039,488)

Cumulative Federal income tax expense 518,128

Excess (deficiency) of revenue over expenses **(\$12,557,616)**

**Enterprise Insurance Company
Estimated Administrative Budget
For 2006-2008**

Revised 6/05/2006

Description	Amount
Direct Expenses	
CDI Legal allocation	4,848
Other Legal Expense	<u>137,000</u>
	141,848
Distribution Audit	2006
	<u>20,000</u>
	20,000
Stock Related Distribution	20,000
ADP -Distribution Check processing	10,000
Total Direct Expenses	<u>191,848</u>
Indirect Expenses	
Allocated Expenses: CLO department labor costs	129,061
	<u>129,061</u>
Total Estimated Re-opening Budget	<u>320,909</u>
Remaining Estimated Budget From July 01, 2004 through March 31, 2006	
Total previously approved Closing Budget (as of 07-01- 2004)	352,218
Less incurred expenses	<u>152,739</u>
Remaining Budget (as of 03- 31- 2006)	199,479
Total Estimated Budget	<u><u>520,387</u></u>