AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Statutory Financial Statements and Schedules

December 31, 2005 and 2004

(With Independent Auditors' Report Thereon)

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
American Manufacturers Mutual Insurance Company:

We have audited the accompanying statutory statements of admitted assets, liabilities, and surplus of American Manufacturers Mutual Insurance Company (the Company) as of December 31, 2005 and 2004, and the related statutory statements of operations, surplus, and cash flow for the years then ended. These statutory financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statutory financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statutory financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statutory financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in note 1 to the statutory financial statements, the Company prepared these statutory financial statements using accounting practices prescribed or permitted by the Illinois Department of Financial and Professional Regulation - Division of Insurance (the Division of Insurance), which practices differ from U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the statutory financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of American Manufacturers Mutual Insurance Company as of December 31, 2005 and 2004, or the results of its operations or its cash flows for the years then ended.

Also, in our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of American Manufacturers Mutual Insurance Company as of December 31, 2005 and 2004, and the results of its operations and its cash flow for the years then ended, on the basis of accounting described in note 1.

Our audits were made for the purpose of forming an opinion on the basic statutory financial statements taken as a whole. The supplementary information included on the Supplemental Schedule of Investments and Supplemental Schedule of Investment Risk Interrogatories is presented for purposes of additional analysis and is not a required part of the basic statutory financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic statutory financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole.

The accompanying statutory financial statements and supplementary information have been prepared assuming that the Company will continue as a going concern. The Company is exposed to credit risk related to reinsurance recoverables as discussed in notes 5 and 9 and operating risk related to administrative sharing agreements, including a shared management group, as discussed in note 7 with Lumbermens Mutual Casualty Company (LMC), an affiliated company. As discussed in note 8 to the statutory financial statements, the Division of Insurance imposes risk-based capital (RBC) requirements on insurance enterprises, including the Company. As of December 31, 2005, the Company's total adjusted capital, as reported in the 2005 Annual Statement filed with the Division of Insurance, was above any action levels based on the RBC calculation required by the Division of Insurance; however, LMC's RBC was at the "mandatory control level." At this level, the Division of Insurance has substantial authority to exercise control over LMC, its subsidiaries and affiliates, including the company. The Division of Insurance is mandated to place a company at this level under its control, except where, as is the case with LMC, such company is a property and casualty insurance company that is no longer writing new business and is running off its existing business, in which case the Director of the Division of Insurance has discretion to allow the continued run-off. In the first half of 2003, as a result of a combination of various business factors including certain ratings downgrades and LMC's deteriorating statutory surplus, LMC, its subsidiaries and affiliates, including the Company, substantially ceased underwriting activities. Since July 2003, LMC and most of its subsidiaries and affiliates, including the Company, have been subject to a Corrective Order by the Division of Insurance not to write any new or renewal business except as necessary to comply with contractual commitments or as expressly permitted by the Division of Insurance. On March 19, 2004, LMC, along with the Company, submitted to the Division of Insurance its commercial run-off plan which was approved on June 9, 2004.

The Division of Insurance could seek to place LMC, its subsidiaries and affiliates, in formal proceeding (receivership, rehabilitation, or other) at any time based on LMC's financial condition or operating performance. This risk of a proceeding would be further increased if LMC fails to execute successfully on its commercial run-off plan, if LMC fails to have sufficient liquid assets to meet its current obligations, or if LMC's reported statutory liabilities at any time would exceed its reported statutory assets as discussed in note 8 to the statutory financial statements.

There are a number of factors that could adversely affect the Company's surplus and liquidity position and its adequacy through future years. There can be no assurance that LMC will be successful to the extent necessary to avoid a negative surplus in future years.

The matters discussed in the previous three paragraphs raise substantial doubt about the ability of the Company to continue as a going concern. The ability of the Company to continue as a going concern is dependent on many factors, the most important of which is regulatory action, including the continued acceptance of LMC's comprehensive run-off plan and the continued collection of reinsurance recoverables from LMC. Management's plans in regard to these matters are described throughout the notes to the statutory financial statements. The accompanying statutory financial statements and the supplementary information do not include any adjustments that might result from the outcome of this uncertainty.

KPMG LLP

May 30, 2006

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Statutory Statements of Admitted Assets, Liabilities, and Surplus

December 31, 2005 and 2004

Admitted Assets		**2005**	**2004**
Cash, cash equivalents, and short-term investments	$	4,005,007	19,793,166
Common stocks		2,486	—
Bonds		6,809,557	6,122,574
Total cash and invested assets		10,817,050	25,915,740
Investment income due and accrued		79,662	72,002
Total admitted assets	$	10,896,712	25,987,742
Liabilities and Surplus			
Liabilities:			
Payable to affiliates	$	622,843	15,577,425
Other expenses payable		1,000	1,300
Total liabilities		623,843	15,578,725
Surplus:			
Guaranty fund		1,500,000	1,500,000
Unassigned surplus		8,772,869	8,909,017
Total surplus		10,272,869	10,409,017
Total liabilities and surplus	$	10,896,712	25,987,742

See accompanying notes to statutory financial statements.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Statutory Statements of Operations

Years ended December 31, 2005 and 2004

		2005	2004
Net investment income	$	446,156	409,017
Other expenses		(304,001)	—
Income before Federal income taxes		142,155	409,017
Federal income taxes		—	—
Net income	$	142,155	409,017

See accompanying notes to statutory financial statements.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Statutory Statements of Surplus

Years ended December 31, 2005 and 2004

		2005	2004
Surplus at the beginning of the year	$	10,409,017	10,000,000
Net income		142,155	409,017
Other increases (decreases) in surplus			
Net unrealized capital losses		(4,554)	—
Correction of error		(297,083)	—
Changes in:			
Net deferred income taxes		213,727	(3,922,998)
Nonadmitted assets		(190,393)	3,922,998
Net (decrease) increase in surplus		(136,148)	409,017
Total surplus	$	10,272,869	10,409,017

See accompanying notes to statutory financial statements.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Statutory Statements of Cash Flow

Years ended December 31, 2005 and 2004

		2005	2004
Cash flows from operations:			
Net investment income	$	408,287	414,383
Other expenses paid		(577,750)	—
Net cash (used in) provided by operations		(169,463)	414,383
Cash flows from investing activity:			
Proceeds from bonds sold, matured, or repaid		1,031,748	3,148,000
Cost of investments acquired:			
Bonds		(1,688,822)	(4,932,227)
Stocks		(7,040)	—
Net cash used in investing		(664,114)	(1,784,227)
Cash flows from financing and miscellaneous sources:			
Net transfers (to) from affiliates		(14,954,582)	15,577,425
Net cash (used in) provided by financing and miscellaneous sources		(14,954,582)	15,577,425
Net change in cash, cash equivalents, and short-term investments		(15,788,159)	14,207,581
Cash, cash equivalents, and short-term investments:			
Beginning of year		19,793,166	5,585,585
End of year	$	4,005,007	19,793,166

See accompanying notes to statutory financial statements.

(1) Business Operations and Summary of Significant Accounting Policies

Basis of Presentation

American Manufacturers Mutual Insurance Company (the "Company") is a mutual property and casualty insurance company domiciled in the state of Illinois. Under common management with Lumbermens Mutual Casualty Company ("LMC"), the Company cedes 100% of its premiums, losses, and loss adjustment expenses ("LAE") to LMC under an intercompany pooling agreement. LMC is the lead company of a group of insurers, now in run-off status, which have operated under the trade name of the Kemper Insurance Companies ("Kemper"). LMC is incorporated under the insurance laws of the state of Illinois and is headquartered in Long Grove, Illinois. The Company, LMC, and all Kemper affiliates substantially ceased underwriting activities in early 2003. Prior to that, the Company offered most types of personal and commercial property and casualty insurance in all fifty states and the District of Columbia.

The Company's risk-based capital ratio exceeds any regulatory action levels; however, LMC's risk-based capital ratio is at the "mandatory control level" as of December 31, 2005 and 2004 (see note 8). Because of the Company's heavy reliance on reinsurance recoveries and operations support from LMC, the regulatory and financial status of LMC has had and will continue to have a significant impact on the Company's liquidity and operations.

Accounting Policies

The accompanying statutory financial statements have been prepared in accordance with the National Association of Insurance Commissioners (the "NAIC") *Accounting Practices and Procedures Manual* (the "Manual"), and in conformity with prescribed accounting practices (including accounting allowances under Corrective Orders) or permitted accounting practices by the Illinois Department of Financial and Professional Regulation – Division of Insurance (the "Division of Insurance"), which vary in some respects from U.S. generally accepted accounting principles ("GAAP"). The most significant of these differences are as follows:

- the costs related to acquiring business are charged to income when incurred rather than deferred and amortized over the life of the related insurance policy;
- investments in bonds are generally carried at amortized cost, while under GAAP, such fixed maturity investments are designated at purchase as held-to-maturity, available-for-sale, or trading. Held-to-maturity investments are reported at amortized cost. Available-for-sale and trading investments are reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of stockholder's equity, net of applicable deferred income taxes, for those designated as available-for-sale;
- assets are included in the statutory statements of admitted assets, liabilities, and surplus (the "statutory balance sheet") at admitted asset value, and nonadmitted assets are excluded through a charge against surplus, while under GAAP, such assets would be recognized at the lower of cost or net realizable value;
- the realizability of deferred tax assets under GAAP is evaluated utilizing a "more than likely than not" standard. A valuation allowance is established for deferred tax assets deemed not realizable using this standard. Under statutory accounting principles, the realizability of deferred tax assets is determined utilizing an admissibility test outlined in Statement of Statutory Accounting Principles

(Continued)

("SSAP") No. 10 – *Income Taxes*. Any gross deferred tax assets determined not to be realizable are nonadmitted for statutory accounting purposes. Additionally, changes in the balances of deferred tax assets and liabilities result in increases or decreases in net income under GAAP, whereas under statutory accounting principles, these changes are charged or credited to surplus;

- ceded reinsurance balances are netted against direct and assumed balances on the statutory balance sheet rather than shown gross under GAAP;
- liabilities for losses and LAE liabilities are discounted using discount rates prescribed by the Division of Insurance;
- the correction of errors related to previously issued financial statements are charged directly to surplus rather than restating prior period results;
- the statutory statements of cash flow are presented in a specified format which differs from the formats prescribed by Statement of Financial Accounting Standards No. 95, *Statement of Cash Flows*; and
- comprehensive income is not determined for statutory reporting purposes.

The effects of such differences on the statutory financial statements have not been determined but are presumed to be material.

Invested Assets and Related Income

Bonds, cash equivalents, and short-term investments are valued at amortized cost. The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts using a level effective yield method to maturity, or in the case of asset-backed securities, over the estimated life of the security. Such amortization is included in investment income. Amortization of the discount or premium from asset-backed securities is recognized based on the estimated timing and amount of prepayments of the underlying assets and is adjusted to reflect differences which arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. To the extent the estimated lives of such securities change as a result of changes in prepayment rates, the adjustment is also included in investment income. Prepayment assumptions used for asset-backed securities were obtained from an external securities information service and are consistent with the current interest rate and economic environment.

The Company defines cash and cash equivalents as cash in banks or short-term, highly liquid investments that are both readily convertible to cash and have original maturities of three months or less. The Company considers all other highly liquid investments with an original maturity of one year or less to be short-term investments.

Investments in unaffiliated common stocks are carried at market values provided by the Securities Valuation Office of the NAIC (the "SVO").

Realized gains or losses, including on the sale of investments, the recognition of other-than-temporary declines in value, or in situations where the Company has made a decision to sell a security at an amount below the security's carrying value, are determined on the basis of specific identification of the acquisition lots of the respective investment sold or written down and are reflected as a component of operations. Unrealized gains or losses on revaluation of investments are credited or charged to surplus.

The Company does not accrue interest income on fixed maturities deemed to be impaired on an other-than-temporary basis when it determines that the likelihood of collection of interest is doubtful.

Premiums and Policy Acquisition Costs

Premiums are earned on a daily pro-rata basis over the term of the policies and are net of reinsurance placed with reinsurers. Unearned premiums are also stated after deduction for premiums ceded to reinsurers. Premiums received in advance are recorded as a liability and are not considered income until due. Agents' balances and uncollected premiums receivable are recorded at the effective date of the underlying contract or in the case of audit premiums in accordance with the terms of the underlying contracts. The Company evaluates the collectibility of all receivables for possible impairment. When the Company determines it is probable a receivable balance will not be collected, such amounts are written off and charged to other income. Policy acquisition costs such as commissions, premium taxes, and other underwriting and agency expenses are charged to income as incurred. The Company anticipates investment income as a factor in determining premium deficiency liability; however, as of December 31, 2005 and 2004, the Company did not require an ending premium deficiency liability.

Liability for Losses and Loss Adjustment Expenses

The Company records liabilities for unpaid claims, losses, and related loss adjustment expenses based upon management's best estimate of aggregate case-basis estimates for losses reported, estimates received from ceding reinsurers, and estimates of incurred but not reported ("IBNR") losses related to direct and assumed business, less amounts ceded to reinsurers. Liabilities for unreported losses are established using various statistical and actuarial techniques reflecting historical patterns of development of paid and reported losses adjusted for current trends.

Because the ultimate settlement of claims is subject to future events, no single loss or LAE liability can be considered accurate with certainty. The Company's analysis of the reasonableness of loss or LAE liability estimates includes an analysis of the amount of variability in the estimate. The Company develops its estimate considering a range of liability estimates bounded by a high and a low estimate. The high and low ends of the range do not correspond to an absolute best-and-worst case scenario of ultimate settlements because such estimates may be the result of unlikely assumptions. Management's best estimate therefore does not include the set of all possible outcomes but only those outcomes that are considered reasonable.

Management believes the liabilities for losses and LAE are adequate to cover the ultimate liability; however, due to the underlying risks and high degree of uncertainty associated with the determination of the liability for losses, such estimates may be more or less than the amounts ultimately paid when the claims are settled. In the event reinsurance companies are unable to pay their portion of any claim under reinsured policies, the Company would remain liable for such payments.

Federal Income Taxes

The Company's Federal income tax return is not consolidated with any other entities. Federal income taxes are charged to operations based on income that is currently taxable. The Company provides, as a component of surplus, an estimate of deferred income tax assets and liabilities which reflect the expected future tax consequences of unrealized capital gains or losses and the temporary differences generated between statutory accounting and the tax bases of assets and liabilities that are anticipated to reverse within one year or can be recovered through loss carrybacks.

Nonadmitted Assets

Assets included in the statutory balance sheet are at admitted asset value. Nonadmitted assets, consisting of deferred tax and prepaid assets, are excluded through a charge against surplus.

Correction of Error

The Company has identified a correction of error related to the 2004 statutory financial statements which has been reported as an adjustment to the Company's surplus balance as of January 1, 2005 in accordance with SSAP No. 3 *Accounting Changes and Corrections of Errors*. During 2004, $297 thousand of certain of the Company's expenses had been incorrectly incurred and paid by LMC.

Use of Estimates

The preparation of the statutory financial statements requires management to make estimates and assumptions that affect the reported financial statement balances as well as the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from management estimates.

As further discussed in the accompanying notes to the statutory financial statements, significant estimates and assumptions affect various provisions including losses and policyholder dividends. The liabilities for losses and LAE, although supported by actuarial analysis and other data, are ultimately based on management's reasoned expectations of future events. As further described in note 4, estimates of losses and LAE related to environmental and asbestos claims are also subject to a greater degree of uncertainty and variability.

(2) Significant Transactions

Reinsurance Transaction between the Company and LMC

LMC shares with the Company common management and a substantially overlapping board of directors. The Company has been one of the Kemper Insurance Companies for over 50 years. During most of that time, the Company quota share pooled its business with LMC. Effective December 31, 2003, however, the intercompany pooling agreement was amended so that 100% of all business written by the Company is ceded to LMC. At the same time, LMC assumed most of the Company's liabilities, agreed to perform for the Company all insurance policy-related obligations including handling and paying claims, and issued an LMC policy to each holder of a policy ever issued by the Company, including any policy no longer in force but excluding any policy that is cut-through reinsured by Trinity Universal Insurance Company, a subsidiary of Unitrin, Inc. The additional LMC policy is substantively identical to the policy previously issued by the Company, although the LMC policy is non-participating and non-voting with respect to LMC's corporate governance. The additional LMC policy assures affected policyholders of the Company that their claims will be treated equally with the claims of other LMC policyholders not only in the event of a managed run-off of the Company and LMC but also in the event of any insolvency proceedings with respect to the two companies. The Company remains liable for its policy liabilities in the event LMC does not comply with all the terms of the affected policies.

The Company's reinsurance recoverables from LMC, all unsecured, totaled approximately $435.3 million at December 31, 2005 and $600.0 million at December 31, 2004. Under the intercompany pooling agreement pursuant to which the Company cedes 100% of its premiums, losses, and LAE to LMC, LMC provides virtually all facilities and administrative services to Company.

(3) Invested Assets

Bonds

The fair values of the Company's bonds have been determined using market prices provided by the SVO, or when such values are not available from the SVO, using prices from independent pricing services that use market quotations, prices provided by brokers, or estimates of fair values obtained from yield data relating to instruments or securities with similar characteristics or prices determined in good faith by the Company's engaged portfolio manager. Such values are referred to in the accompanying tables as "NAIC fair value."

The statement value and NAIC fair value of bonds at December 31, 2005 and 2004 were as follows:

	2005			
	Statement value	**Gross unrealized gains**	**Gross unrealized losses**	**NAIC fair value**
	(In thousands)			
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 5,270	—	(96)	5,174
State, political subdivision, and special revenue obligations	411	42	—	453
Debt securities issued by foreign governments	78	2	—	80
Asset-backed securities	1,051	—	(1)	1,050
Total bonds	$ 6,810	44	(97)	6,757

	2004			
	Statement value	**Gross unrealized gains**	**Gross unrealized losses**	**NAIC fair value**
		(In thousands)		
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 5,633	18	(33)	5,618
State, political subdivision, and special revenue obligations	412	51	—	463
Debt securities issued by foreign governments	78	6	—	84
Total bonds	$ 6,123	75	(33)	6,165

As of December 31, 2005 and 2004, the unrealized losses on bonds were $97 thousand and $33 thousand, respectively. Of the 2005 unrealized losses on bonds, 1 issue totaling $91 thousand was in that position for more than 12 months while the remaining losses were represented by 3 issues in that position for less than 12 months. All of the 2004 unrealized losses, represented by 1 issue were in that position for less than 12 months.

Bonds in an unrealized loss position are regularly reviewed for other-than-temporary declines in value. Factors considered in determining whether a decline is other-than-temporary include the length of time a bond has been in an unrealized loss position and the reasons for the decline in value. Assessments include judgments about an obligor's current and projected financial position, an issuer's current and projected ability to service and repay its debt obligations, the existence of, and realizable value for, any collateral backing obligations, and the macro-economic and micro-economic outlooks for specific industries and issuers. Assessing the duration of loan-backed securities can also involve assumptions regarding underlying collateral such as prepayment rates, default and recovery rates, and third-party servicing abilities.

In performing its other-than-temporary impairment reviews, the Company considers the relevant facts and circumstances relating to each investment and exercises judgment in determining whether a bond is other-than-temporarily impaired. Among the factors considered is whether the decline in fair value results from a change in the quality of the security itself, or from a downward movement in the market as a whole, and the likelihood of recovering the carrying value based on the current and short-term prospects of the issuer. Unrealized losses that are considered to be primarily the result of market conditions, such as increasing interest rates, unusual market volatility or industry-related events, and where the Company also believes there exists a reasonable expectation of recovery and, furthermore, has the intent to hold the investment until maturity or the market recovery, are usually determined to be temporary.

The Company's bonds are subject to normal market fluctuations. The Company intends to hold them until they mature or recover in value. However, if the specific facts and circumstances surrounding a bond or the outlook for its industry sector change, the Company may sell the bond and realize a loss.

(Continued)

The risks inherent in reviewing the impairment of any investment include the risk that market results may differ from expectations; facts and circumstances may change in the future and differ from estimates and assumptions; or the Company may later decide to sell the security as a result of changed circumstances.

The following table sets forth the maturity aging schedule of bonds at December 31, 2005. The actual maturities may differ from the contractual maturities because debtors may have the right to call or prepay obligations with or without call or prepayment penalties.

		Statement value	NAIC fair value
		(In thousands)	
Over one year through five years	$	5,865	5,769
Over five years through ten years		78	80
Over ten years		411	453
Securities not due at a single maturity date		456	455
Total bonds	$	6,810	6,757

Bonds carried at $4.2 million and $4.3 million at December 31, 2005 and 2004, respectively, were on deposit with government authorities as required by law.

There were no sales of investments in bonds prior to maturity during 2005 and 2004.

Net Investment Income

The sources of the Company's net investment income as of December 31, 2005 and 2004 were as follows:

		2005	2004
		(In thousands)	
Bonds	$	222	259
Cash, cash equivalents, and short-term investments		174	152
Other invested assets		84	33
Total investment income		480	444
Investment expenses		(34)	(35)
Net investment income	$	446	409

(4) Losses and Loss Adjustment Expenses

The Company establishes a liability for losses and LAE to cover its estimated ultimate liability for property and casualty losses and LAE with respect to reported claims and claims incurred but not yet reported as of the end of each accounting period. Loss and LAE liabilities are estimates of what the Company expects the ultimate settlement and administration of claims will cost based on facts and circumstances then known, predictions of future events and estimates of future trends in claims severity and frequency, judicial theories of liability, and other factors. The inherent uncertainties of estimating insurance liabilities are generally greater for liability coverages or where judicial and political climates involving certain types of

(Continued)

claims are changing, than for property coverages due to the longer periods of time (the tail) that elapse before a definitive determination of ultimate loss may be made.

The Company's liabilities for losses and LAE are 100% ceded to LMC at December 31, 2005 and 2004.

The Company's gross exposure to asbestos and environmental claims arise principally from general liability insurance contracts. Establishing liabilities for asbestos and environmental claims is subject to greater uncertainties than those presented by other types of claims. Among the complications are lack of historical data, long reporting delays, uncertainty as to the number and identity of insurers with potential exposure, and unresolved legal issues regarding policy coverage and the extent and timing of any such contractual liability. The legal issues concerning the interpretation of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered are complex. Courts have reached different and sometimes inconsistent conclusions as to when the loss occurred and what policies provided coverage; what claims are covered; whether there is an insured obligation to defend; how policy limits are determined; how policy exclusions are applied and interpreted; and whether clean-up costs are covered as insured property damage. Based on the foregoing, liabilities for asbestos and environmental claims cannot be estimated with traditional loss reserving techniques. Liabilities for losses including IBNR have been established when sufficient information has been developed to indicate the involvement of a specific insurance policy. The Company estimates the impact of these exposures by establishing case basis liabilities on all known losses and LAE and by computing IBNR losses based on previous experience.

Asbestos-related Losses

The asbestos-related losses (including coverage dispute costs) as of December 31, 2005 and 2004, gross of reinsurance, were as follows:

		2005	**2004**
		(In thousands)	
Beginning liability	$	27,449	59,330
Incurred losses and LAE		2,748	5,033
Calendar year payments for losses and LAE		(1,742)	(36,914)
Ending liability	$	28,455	27,449

The asbestos-related losses (including coverage dispute costs) as of December 31, 2005 and 2004, net of reinsurance, were $0.

The total asbestos liability for losses and LAE at December 31, 2005 and 2004 included IBNR liabilities in the amount of $8.9 million and $4.7 gross of reinsurance, respectively. Net of reinsurance is $0 for both years. These IBNR liabilities and the comparable amounts for prior years covered both losses and defense and cost containment expenses. The Company also included adjusting and other expenses in the amounts shown above.

Environmental-related Losses

The environmental-related losses (including coverage dispute costs) as of December 31, 2005 and 2004, gross of reinsurance, were as follows:

		2005	2004
		(In thousands)	
Beginning liability	$	1,496	12,639
Incurred losses and LAE		3,117	(824)
Calendar year payments for losses and LAE		(3,210)	(10,319)
Ending liability	$	1,403	1,496

The environmental-related losses (including coverage dispute costs) as of December 31, 2005 and 2004, net of reinsurance, were $0.

The total environmental liability for losses and LAE at December 31, 2005 and 2004 included IBNR liabilities in the amount of $177 thousand and $580 thousand gross of reinsurance, respectively. Net of reinsurance is $0 for both years. These IBNR liabilities and the comparable amounts for prior years covered both losses and defense and cost containment expenses. The Company also included adjusting and other expenses in the amounts shown above.

(5) Reinsurance

The Company cedes 100% of its premiums, losses, and LAE to LMC pursuant to an intercompany pooling agreement. All reinsurance recoverables from LMC are unsecured, and the Company remains primarily liable as the direct insurer on all risks reinsured if LMC is unable to pay such claims. As noted elsewhere in these notes, the Company's liquidity, surplus, and ability to operate in a commercial run-off outside a formal insolvency proceeding are dependent on LMC's financial and regulatory status.

(Continued)

The Company's assumptions from and cessions to unaffiliated reinsurers were $0 in 2005 and as follows for 2004:

		Assumed	Ceded
		(In thousands)	
2004:			
Written premiums	$	—	—
Unearned premiums		—	—
Outstanding losses and LAE (including IBNR)		—	—
Paid losses		—	(1)

The Company's assumptions from and cessions to LMC were as follows:

		Assumed	Ceded
		(In thousands)	
2005:			
Written premiums	$	—	3,225
Unearned premiums		—	1,274
Outstanding losses and LAE (including IBNR)		—	434,005
Paid losses		—	201,980

		Assumed	Ceded
		(In thousands)	
2004:			
Written premiums	$	(8,833)	(2,934)
Unearned premiums		—	3,740
Outstanding losses and LAE (including IBNR)		—	596,819
Paid losses		303,880	636,415

LMC reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and protect surplus. LMC cedes to reinsurers a portion of these risks and pays premiums based upon the risk and exposure of the policies subject to such reinsurance. Reinsurance is subject to collectibility in all cases and to aggregate loss limits in certain cases. Although the reinsurer is liable to the extent of the reinsurance limits purchased, LMC remains primarily liable as the direct insurer on all risks reinsured. LMC also holds collateral, including escrow funds, letters of credit, and trust funds, under certain reinsurance agreements. LMC monitors the financial condition of reinsurers on an ongoing basis, and reviews its reinsurance arrangements periodically. Reinsurers are selected based on their financial condition and business practices.

(Continued)

The estimated maximum amount of return commission due LMC if all of the Company's reinsurance was canceled as of December 31, 2005 is as follows:

	Assumed reinsurance		Ceded reinsurance		Net	
	Unearned premium liability	Commission equity	Unearned premium liability	Commission equity	Unearned premium liability	Commission equity
Affiliates	$ —	—	1,273,941	92,353	(1,273,941)	(92,353)
All other	—	—	—	—	—	—
Total	$ —	—	1,273,941	92,353	(1,273,941)	(92,353)

There were no additional or return commissions resulting from existing contractual arrangements, predicated on loss experience or on any other form of profit sharing arrangements, as of December 31, 2005.

Events of September 11, 2001

Through December 31, 2005, the Company's inception-to-date gross incurred loss and LAE related to the September 11 events are estimated to be $22.8 million. LMC reinsures 100% of the Company's gross liabilities under an intercompany pooling agreement, and the net loss and loss adjustment expense incurred by the Company is zero.

(6) Federal Income Taxes

The components of the Company's net deferred tax asset as of December 31, 2005 and 2004 were as follows:

	2005	2004
	(In thousands)	
Total of gross deferred tax assets	$ 100,651	100,429
Total of deferred tax liabilities	(14)	(6)
Net deferred tax asset	100,637	100,423
Deferred tax asset nonadmitted	(100,637)	(100,423)
Net admitted deferred tax asset	$ —	—
Increase (decrease) in nonadmitted asset	$ 214	(3,923)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2005 and 2004 were as follows:

		2005	2004
		(In thousands)	
Deferred tax assets:			
Section 197 intangible	$	69,073	74,421
Loss carryforwards		31,567	26,008
Other, net		11	—
Total deferred tax assets		100,651	100,429
Nonadmitted deferred tax assets		(100,637)	(100,423)
Admitted deferred tax assets		14	6
Deferred tax liabilities:			
Other, net		(14)	(6)
Net admitted deferred tax asset	$	—	—

The change in net deferred income taxes as of December 31, 2005 and 2004 was comprised of the following:

		2005	2004		Change
			(In thousands)		
Total deferred tax assets	$	100,651	100,429		222
Total deferred tax liabilities		(14)	(6)		(8)
Net deferred tax asset	$	100,637	100,423		214
Tax effect of unrealized gains or losses					—
Increase in net deferred income tax in surplus				$	214

(Continued)

The actual federal income tax expense as of December 31, 2005 and 2004 differed from "expected" tax expense ("expected" tax is computed by applying the corporate tax rate of 35% to income before federal income taxes) as follows:

		2005	2004
		(In thousands)	
Computed "expected" expense	$	(50)	(143)
Section 197 intangible		5,348	5,348
Operating loss carryforward adjustment		(5,305)	(5,205)
Other, net		7	—
Federal income tax expense	$	—	—
Provision computed at statutory rate	$	(50)	(143)
Section 197 intangible		—	(446)
Loss carryforward		254	(3,333)
Other, net		10	(1)
Total statutory income taxes	$	214	(3,923)
Federal income tax expense	$	—	—
Change in net deferred income taxes		214	(3,923)
Total statutory income taxes	$	214	(3,923)

At December 31, 2005, the Company had $89.7 million of operating loss carryforward which originated and expires as follows:

Origination year	Expiration year		Amount
			(In thousands)
2003	2023	$	59,440
2004	2024		15,151
2005	2025		15,158
		$	89,749

There are no income taxes incurred in the current year and prior year that will be available for recoupment in the event of future net losses. Tax returns for the years through 2001 are closed for IRS examination. The Company is not currently under examination by the Internal Revenue Service for any open tax years.

(7) Transactions with Affiliates and Related Parties

The Company utilizes the employees and the office facilities of LMC pursuant to the terms of an intercompany pooling agreement. Charges for these services, which include benefit plan expenses for such employees, are allocated to the Company. Such charges are based on time spent and facilities used in order to provide for an appropriate matching of revenues and expenses. Under the existing reinsurance agreement, all such charges, are ceded to LMC, resulting in no net impact to incurred expenses.

As mentioned elsewhere in the notes, the Company is largely dependent on LMC's financial and regulatory status. If LMC does not or cannot meet its reinsurance obligations to the Company, the Company's liquidity and financial status would be significantly affected.

LMC and its affiliates, including the Company, jointly participate in a corporate insurance program, including D&O coverage. An LMC subsidiary, Specialty Surplus Insurance Company, entered into a reinsurance agreement, effective January 1, 2005 for a three-year period ending December 31, 2007, facultatively reinsuring a corresponding three-year management liability policy issued by an unaffiliated third party to LMC and the Company.

In various other notes to the financial statements, transactions with affiliates and related parties are also discussed. At December 31, 2005, the Company has an obligation to LMC of $623 thousand, while at December 31, 2004, the Company had an obligation to LMC of $15.6 million, for services and payments made on behalf of the Company. Intercompany balances are settled on a quarterly basis, to the extent that the Company has sufficient unencumbered assets to make the payment.

(8) Risk-Based Capital

The NAIC utilizes a risk-based capital ("RBC") formula intended for regulatory monitoring of property-casualty insurers. Under risk-based capital rules in Illinois, state regulators may mandate remedial action for inadequately capitalized companies. The focus of the capital rules is a risk-based formula that applies prescribed factors to various risk elements in an insurer's business and investments to develop a minimum capital requirement designed to be proportional to the amount of risk assumed by the insurer. At year-end 2005 and 2004, LMC's level of capital and surplus was determined to be at the "mandatory control level" under the risk-based capital rules. At this level, the Division of Insurance has substantial authority to exercise control over LMC and its affiliates, including the Company. The Division of Insurance is mandated to place a company at this level under its control, except where, as is the case with LMC, such company is a property and casualty insurance company that is no longer writing new business and is running off its existing business, in which case the Director of the Division of Insurance (the "Director") has discretion to allow the continued run-off. Exercising its supervisory authority, the Division of Insurance has issued Corrective Orders to the Illinois-domiciled Kemper Insurance Companies.

On March 19, 2004, LMC and the other Illinois-domiciled Kemper Insurance Companies filed a commercial run-off plan with the Division of Insurance. On June 9, 2004, the Division of Insurance gave Kemper permission to proceed with the run-off plan as submitted. LMC updates the plan based on current information from time to time. Details of the plan are confidential, pursuant to the state's risk-based capital statute. The plan is designed to help Kemper meet its goal of resolving, to the maximum extent possible, all valid policyholder claims. The Company prepared and filed a supplement to the run-off plan on April 13, 2006 and April 15, 2005.

Risks and uncertainties involved in implementing the plan include the needs to achieve significant policy buybacks and novations; to conclude other surplus transactions; to commute certain reinsurance agreements; to conclude other liquidity-enhancing transactions, to hire and retain the staff and resources necessary to implement the plan; to further reduce expenses; and to consummate agreements with regulators and other third parties. Achieving the surplus and liquidity projections in the run-off plan requires the consummation of agreements with insureds for policy buybacks and novations; the timely performance of payment and other contractual obligations owed to Kemper and the Company by various third parties, including reinsurers as well as insureds and agents; agreements with regulators in various jurisdictions; and the absence of significant additional disputes not only with reinsurers but also with creditors, including insureds and certain states, which could involve judicial or other actions to seek either to force Kemper to collateralize its unsecured obligations or to not timely release collateral back to Kemper. Therefore, no assurance can be given that the plan will be successfully implemented.

The Division of Insurance continues to closely monitor Kemper's progress in achieving the objectives of the run-off plan. As has been the case for three years, the Division of Insurance retains the discretion at any time to seek to place Kemper and the Company in a formal proceeding (conservatorship or receivership, rehabilitation or liquidation). The risk of a proceeding would be exacerbated if Kemper fails to have sufficient liquid assets to meet current obligations, or if the reported liabilities of Kemper at any time exceed reported assets, or if Kemper fails to meet the surplus and liquidity projections set forth in the plan.

Having entered into voluntary run-off in the first half of 2003, Kemper has been operating under guidance provided within certain agreed-to Corrective Orders with the Division of Insurance, pursuant to which Kemper and the Company have ceased to write virtually all insurance business and are settling liabilities under the administrative supervision of the Division of Insurance. The Company has also entered into consent agreements with certain states under which the Company agreed to cease writing business in those jurisdictions. In addition, the Company has voluntarily agreed for its license to be suspended in Florida and Tennessee, with the Company permitted to maintain its license but not permitted to write any new business.

The Company's risk-based capital ratio exceeds any regulatory action levels; however, LMC's risk-based capital ratio is at the "mandatory control level" as of December 31, 2005 and 2004. Because of the Company's heavy reliance on reinsurance recoveries and operations support from LMC, the regulatory and financial status of LMC has had and will continue to have a significant impact on the Company's liquidity and operations.

(9) Commitments, Contingent Liabilities, Liquidity, and Other Contingencies

Ratings

In early 2005, LMC requested that A.M. Best cease rating Kemper, including the Company. As of December 31, 2004, A.M. Best had assigned the Company a D (poor) rating. In June and July 2003, respectively, Moody's Investor Services and Standard & Poors last downgraded the Company's financial strength ratings to Caa3 (very poor) and CCC (very weak), respectively, when, also at LMC's request, they ceased rating Kemper. The downgrades to below A- beginning in late 2002 effectively ended Kemper's ability to write new commercial lines of business or retain existing policyholders. By mid-2003, therefore, as a result of a combination of various business factors including the ratings downgrades and the Kemper Insurance Companies' deteriorating statutory surplus, and in compliance with Corrective Orders issued by the Division of Insurance to the Illinois-domiciled Kemper Insurance Companies, the Company substantially ceased underwriting activities other than as required by contract or law.

Liquidity

Although the Company's positive operating cash flow (along with the portion of the investment portfolio that is held in cash and highly liquid short-term securities) have historically met the liquidity requirements of the Company's operations, the Company is heavily dependent on its reinsurance with LMC to meet its current obligations and maintain its surplus. Other than reinsurance recoverables from business ceded to LMC, the Company's cash inflow consists primarily of income from investments and sales and maturities of investments. Thus, it is critical for the Company to be able to collect its reinsurance recoverables from LMC. However, Corrective Orders prohibit the transfer of assets from, or liabilities to, any affiliated parties without the prior written approval of the Director.

Other Items

In the ordinary course of business, the Company is involved in various legal actions for which it establishes liabilities where appropriate. In the opinion of the Company's management, based upon the advice of legal counsel, contingent liabilities arising from litigation, tax, and compliance matters are not expected to have a material adverse effect on the Company's statutory financial statements due to established liabilities and anticipated insurance and reinsurance recoverables.

(10) Fair Value of Financial Instruments

Fair value estimates are made at specific points in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Fair value estimates for financial instruments are generally determined using discounted cash flow models and assumptions that are based on judgments regarding current and future economic conditions and the risk characteristics of the investments. Although fair value estimates are calculated using assumptions that management believes are appropriate, changes in assumptions could significantly affect the estimates, and such estimates should be used with care.

Fair value estimates are determined for existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and certain liabilities that are not considered financial instruments. Accordingly, the aggregate fair value estimates presented do not represent the underlying value of the Company. In addition, tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash equivalents, short-term investments, bonds, and unaffiliated stocks: Fair values for cash equivalents, short-term investments, bonds and unaffiliated stocks have been determined using prices provided by the SVO, or when such values are not available from the SVO, using prices from independent pricing services that use market quotations, prices provided by brokers, or estimates of fair values obtained from yield data relating to instruments or securities with similar characteristics or prices determined in good faith by the Company's engaged portfolio manager.

Cash: The statement value reported for cash approximates fair value.

The statement values and estimated fair values of the Company's financial instruments at December 31, 2005 and 2004 were as follows:

	2005		2004	
	Statement value	**Estimated fair value**	**Statement value**	**Estimated fair value**
	(In thousands)			
Financial instruments recorded as assets:				
Bonds	$ 6,810	6,757	6,123	6,165
Cash, cash equivalents, and short-term investments	4,005	4,004	19,793	19,793
Unaffiliated stocks	2	2	—	—

(11) Reconciliation of 2005 Audited Statutory Financial Statements to 2005 Annual Statement as Filed

Subsequent to the completion of the Company's 2005 Annual Statement, as filed with the Division of Insurance on or about March 1, 2006, the Company became aware of facts that provided additional evidence with respect to conditions or circumstances that existed at the date of filing. These additional facts affected the estimates inherent in the process of preparing the 2005 Annual Statement and are referred to as Type I subsequent events in SSAP No. 9, *Subsequent Events* ("SSAP No. 9"). In accordance with SSAP No. 9, all information that becomes available prior to the issuance of the statutory financial statements relating to a material Type I subsequent event shall be used by management to determine the related accounting estimate.

As such, the Company has recorded the following adjustments in the accompanying statutory financial statements which are different from the amounts as filed in the Company's 2005 Annual Statement:

	Net income	**Surplus**
As filed in 2005 Annual Statement	$ 130,489	10,272,869
Adjustment related to the presentation of certain prepaid assets	11,666	—
As per accompanying financial statements	$ 142,155	10,272,869

Schedule I

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Supplemental Schedule of Investments

December 31, 2005

The following is a summary of certain financial data as of December 31, 2005 and for the year then ended for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual*. Such data is included in the Company's 2005 Annual Statement as filed with the Division of Insurance.

Investment categories	Gross investment holdings Amount	Gross investment holdings Percentage	Admitted assets as reported in the annual statement Amount	Admitted assets as reported in the annual statement Percentage
Bonds:				
U.S. Treasury securities	$ 5,270,386	48.723%	$ 5,270,386	48.723%
Foreign government (including Canada, excluding mortgage-backed securities)	77,575	0.717%	77,575	0.717
Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
Revenue and assessment obligations	410,730	3.797%	410,730	3.797
Other debt and other fixed income securities (excluding short-term):				
Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,050,866	9.715%	1,050,866	9.715
Equity interests:				
Other unaffiliated securities	2,486	0.023%	2,486	0.023
Cash, cash equivalents and short-term investments	4,005,007	37.025%	4,005,007	37.025
Total invested assets	$ 10,817,050	100.000%	$ 10,817,050	100.000%

See accompanying independent auditors' report.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Supplemental Schedule of Investment Risks Interrogatories

December 31, 2005

The following interrogatories as of December 31, 2005 and for the year then ended are for the purpose of complying with the National Association of Insurance Commissioners *Accounting Practices and Procedures Manual.*

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on page 2 of the annual statement: $10,896,712

2. Ten largest exposures to a single issuer/borrower/investment.

Issuer	Description of exposure		Amount	Percentage of total admitted assets
1. JP Morgan Prime MMkt Fd - Inst	Class 1 MMF - Cat. 8	$	2,502,069	23.0%
2. Beethoven Funding Corp CP	Cash Equivalent Bond - Cat. 8		999,064	9.2%
3. FCCMT 2003-A A	Bond - Cat. 2.1		594,614	5.5%
4. Reed Elsevier Capital	ST Bond - Cat. 8		503,874	4.6%
5. GEEST 2005-1 A1	Bond - Cat. 2.1		456,252	4.2%
6. Chicago IL Pub Bldg ETM	Bond - Cat. 1.43		410,730	3.8%
7. Hydro-Quebec	Bond - Cat. 1.3		77,575	0.7%
8. Lucent Technologies	Common Stock - Cat. 3.42		2,486	—%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds		Amount	Percentage of total admitted assets	Preferred stocks		Amount	Percentage of total admitted assets
NAIC-1	$	10,814,564	99.2%	P/RP-1	$	—	—%
NAIC-2		—	—	P/RP-2		—	—
NAIC-3		—	—	P/RP-3		—	—
NAIC-4		—	—	P/RP-4		—	—
NAIC-5		—	—	P/RP-5		—	—
NAIC-6		—	—	P/RP-6		—	—

(Continued)

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Supplemental Schedule of Investment Risks Interrogatories

December 31, 2005

4. Assets held in foreign investments:

1.	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?			Yes [ ] No [X]
2.	Total admitted assets held in foreign investments	$	503,874	4.6%
3.	Foreign-currency-denominated investments	$	—	—%
4.	Insurance liabilities denominated in that same foreign currency	$	—	—%

If response to 1. above is yes, responses are not required for interrogatories 5 – 10.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

Countries rated NAIC-1	$	503,874	4.6%

6. Two largest foreign investment exposures in a single country, categorized by NAIC sovereign rating:

Countries rated NAIC-1: United Kingdom	$	503,874	4.6%

7. Aggregate unhedged foreign currency exposure:

None.

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

None.

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

None.

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

Reed Elsevier Capital	$	503,874	4.6%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response is yes, detail is not required for the remainder of interrogatory 11.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Supplemental Schedule of Investment Risks Interrogatories

December 31, 2005

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

    Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 12.

13. Amounts and percentages of admitted assets held in the largest 10 equity interests.

    Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 13.

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities.

    Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 14.

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests.

    Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 15.

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans.

    Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 16 and interrogatory 17.

17. Not applicable.

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Supplemental Schedule of Investment Risks Interrogatories

December 31, 2005

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate.

    Are assets held in real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

    If response is yes, responses are not required for the remainder of interrogatory 18.

19. State the amounts and percentages of the reporting entity's total admitted assets subject to securities lending agreements, repurchase and reverse repurchase agreements, and dollar repurchase and dollar reverse repurchase agreements:

    None.

20. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

    None.

21. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

    None.

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

    None.

See accompanying independent auditors' report.