



# QUARTERLY STATEMENT

As of June 30, 2007  
of the Condition and Affairs of the

## Life Insurance Company of the Southwest

NAIC Group Code.....634, 634 (Current Period) (Prior Period) NAIC Company Code..... 65528 Employer's ID Number..... 75-0953004

Organized under the Laws of Texas State of Domicile or Port of Entry Texas Country of Domicile US  
Incorporated/Organized..... March 7, 1955 Commenced Business..... January 2, 1956

Statutory Home Office 1300 West Mockingbird Lane..... Dallas ..... TX ..... 75247-4921  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1300 West Mockingbird Lane..... Dallas ..... TX ..... 75247-4921 214-638-7100  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P. O. Box 569080..... Dallas ..... TX ..... 75356-9080  
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1300 West Mockingbird Lane..... Dallas ..... TX ..... 75247-4921 214-638-7100  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.lifeofsouthwest.com

Statutory Statement Contact Michele Renee Hollifield 214-638-9335  
(Name) (Area Code) (Telephone Number) (Extension)  
mhollifield@nationallife.com 214-638-9170  
(E-Mail Address) (Fax Number)

Policyowner Relations Contact 1300 West Mockingbird Lane..... Dallas ..... TX ..... 75247-4921 1-800-579-2878  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

### OFFICERS

| Name                  | Title           | Name                    | Title                  |
|-----------------------|-----------------|-------------------------|------------------------|
| 1. Wade Hampton Mayo  | President & CEO | 2. Jacque Lynn Crawford | Secretary              |
| 3. Robert Earl Cotton | Treasurer       | 4. Craig Alan Smith     | VP & Appointed Actuary |

### OTHER

|                         |                          |                      |                          |
|-------------------------|--------------------------|----------------------|--------------------------|
| Thomas Hyde Brownell    | Sr. Vice President       | Jesse Cleveland Bugg | Sr. Vice President       |
| Gregory Henry Doremus   | Sr. Vice President       | Maryann (nmn) Ellis  | Vice President           |
| Michele Susan Gatto     | Executive Vice President | Erick Richard Grinde | Sr. Vice President       |
| Eric (nmn) Lopez        | Vice President           | Carl Joseph Lutz     | Executive Vice President |
| Elizabeth Hill MacGowan | Vice President           | Ruth Barra Smith     | Sr. Vice President       |
| Alfred Joseph Warburton | Vice President           | Michael Curran Ward  | Vice President           |
| Keith William Young     | Vice President           |                      |                          |

### DIRECTORS OR TRUSTEES

|                     |                      |                  |                        |
|---------------------|----------------------|------------------|------------------------|
| Mehran (nmn) Assadi | Thomas Hyde Brownell | Carl Joseph Lutz | Thomas Henry MacLeay # |
| Wade Hampton Mayo   |                      |                  |                        |

State of..... Texas  
County of..... Dallas

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

|  |   |   |
|--|---|---|
| _____<br>(Signature)<br>Wade Hampton Mayo<br>_____<br>1. (Printed Name)<br>President & CEO<br>_____<br>(Title) | _____<br>(Signature)<br>Jacque Lynn Crawford<br>_____<br>2. (Printed Name)<br>Secretary<br>_____<br>(Title) | _____<br>(Signature)<br>Robert Earl Cotton<br>_____<br>3. (Printed Name)<br>Treasurer<br>_____<br>(Title) |
|--|---|---|

Subscribed and sworn to before me

This 2nd day of August, 2007

a. Is this an original filing? Yes [ X ] No [ ]

b. If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

## ASSETS

|  | Current Statement Date |                            |  | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|--|------------------------|----------------------------|--|---|
|  | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds.....  | 4,340,558,079          |                            | 4,340,558,079                                | 4,035,846,295   |
| 2. Stocks:   |                        |                            |  |   |
| 2.1 Preferred stocks.....  | 26,059,120             |                            | 26,059,120                                   | 31,294,576  |
| 2.2 Common stocks.....   | 27,030                 |                            | 27,030                                       | 28,517  |
| 3. Mortgage loans on real estate:  |                        |                            |  |   |
| 3.1 First liens.....   | 752,767,721            |                            | 752,767,721                                  | 739,164,077   |
| 3.2 Other than first liens.....  |                        |                            | 0  |   |
| 4. Real estate:  |                        |                            |  |   |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....   |                        |                            | 0  |   |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....   |                        |                            | 0  |   |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....   |                        |                            | 0  | 2,489,582   |
| 5. Cash (\$.....(11,988,094)), cash equivalents (\$.....0) and short-term investments (\$.....58,888,517).....                                       | 46,900,423             |                            | 46,900,423                                   | 93,230,417  |
| 6. Contract loans (including \$.....0 premium notes).....  | 130,445,618            |                            | 130,445,618                                  | 127,602,761   |
| 7. Other invested assets.....  | 12,964,323             |                            | 12,964,323                                   | 14,155,944  |
| 8. Receivables for securities.....   | 1,677,093              |                            | 1,677,093                                    |   |
| 9. Aggregate write-ins for invested assets.....  | 236,561,032            | 0                          | 236,561,032                                  | 222,518,163   |
| 10. Subtotals, cash and invested assets (Lines 1 to 9).....  | 5,547,960,439          | 0                          | 5,547,960,439                                | 5,266,330,332   |
| 11. Title Plants less \$.....0 charged off (for Title insurers only).....  |                        |                            | 0  |   |
| 12. Investment income due and accrued.....   | 54,963,334             |                            | 54,963,334                                   | 50,003,805  |
| 13. Premiums and considerations:   |                        |                            |  |   |
| 13.1 Uncollected premiums and agents' balances in the course of collection.....  | 161,415                |                            | 161,415                                      | 174,771   |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | 5,277,465              |                            | 5,277,465                                    | 5,126,477   |
| 13.3 Accrued retrospective premiums.....   |                        |                            | 0  |   |
| 14. Reinsurance:   |                        |                            |  |   |
| 14.1 Amounts recoverable from reinsurers.....  | 394,424                |                            | 394,424                                      | 27,924  |
| 14.2 Funds held by or deposited with reinsured companies.....  | 166,591                |                            | 166,591                                      | 228,724   |
| 14.3 Other amounts receivable under reinsurance contracts.....   | 5,844                  |                            | 5,844  | 5,088   |
| 15. Amounts receivable relating to uninsured plans.....  |                        |                            | 0  |   |
| 16.1 Current federal and foreign income tax recoverable and interest thereon.....  | 7,212,976              |                            | 7,212,976                                    | 5,693,631   |
| 16.2 Net deferred tax asset.....   | 28,235,519             | 19,699,220                 | 8,536,298                                    | 8,536,299   |
| 17. Guaranty funds receivable or on deposit.....   | 342,880                |                            | 342,880                                      | 359,305   |
| 18. Electronic data processing equipment and software.....   | 124,275                | 79,894                     | 44,382                                       | 54,927  |
| 19. Furniture and equipment, including health care delivery assets (\$.....0).....   | 16,879                 | 16,879                     | 0  |   |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....  |                        |                            | 0  |   |
| 21. Receivables from parent, subsidiaries and affiliates.....  | 3,838,941              |                            | 3,838,941                                    | 15,340,350  |
| 22. Health care (\$.....0) and other amounts receivable.....   | 9,057,590              | 9,057,590                  | 0  |   |
| 23. Aggregate write-ins for other than invested assets.....  | 10,085,724             | 79,162                     | 10,006,562                                   | 944,411   |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....                             | 5,667,844,297          | 28,932,745                 | 5,638,911,552                                | 5,352,826,044   |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |                        |                            | 0  |   |
| 26. TOTALS (Lines 24 and 25).....  | 5,667,844,297          | 28,932,745                 | 5,638,911,552                                | 5,352,826,044   |

### DETAILS OF WRITE-INS

|  |             |        |             |             |
|--|-------------|--------|-------------|-------------|
| 0901. Spx options - long positions.....                                  | 234,513,377 |        | 234,513,377 | 220,110,160 |
| 0902. Futures contracts.....   | 2,047,655   |        | 2,047,655   | 2,408,003   |
| 0903. ....   |             |        | 0           |             |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | 0           | 0      | 0           | 0           |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | 236,561,032 | 0      | 236,561,032 | 222,518,163 |
| 2301. Items not allocated.....   | 819,129     |        | 819,129     | 944,411     |
| 2302. Prepaid Expenses.....  | 38,141      | 38,141 | 0           |             |
| 2303. REO Utility Deposit.....   | 6,249       | 6,249  | 0           |             |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | 9,222,204   | 34,771 | 9,187,433   | 0           |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....       | 10,085,724  | 79,162 | 10,006,562  | 944,411     |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|--|--------------------------------|--------------------------------|
| 1. Aggregate reserve for life contracts \$.....5,149,219,679 less \$.....0 included in Line 6.3 (including \$.....427,031 Modco Reserve).....  | 5,149,219,679                  | 4,888,470,312                  |
| 2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....   | 815,355                        | 846,675                        |
| 3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....  | 10,598,602                     | 9,698,759                      |
| 4. Contract claims:  |                                |                                |
| 4.1 Life.....  | 3,945,801                      | 5,020,960                      |
| 4.2 Accident and health.....   | 34,300                         | 34,300                         |
| 5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....  |                                |                                |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:  |                                |                                |
| 6.1 Dividends apportioned for payment (including \$.....0 Modco).....  | 22,685                         | 22,501                         |
| 6.2 Dividends not yet apportioned (including \$.....0 Modco).....  |                                |                                |
| 6.3 Coupons and similar benefits (including \$.....0 Modco).....   |                                |                                |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6.....  |                                |                                |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....3,096 accident and health premiums..... | 141,129                        | 137,849                        |
| 9. Contract liabilities not included elsewhere:  |                                |                                |
| 9.1 Surrender values on canceled contracts.....  |                                |                                |
| 9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....   |                                |                                |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....   |                                |                                |
| 9.4 Interest Maintenance Reserve.....  |                                |                                |
| 10. Commissions to agents due or accrued - life and annuity contracts \$....2,097,557, accident and health \$.....0 and deposit-type contract funds \$.....0.....                      | 2,097,557                      | 3,297,117                      |
| 11. Commissions and expense allowances payable on reinsurance assumed.....   |                                |                                |
| 12. General expenses due or accrued.....   | 2,973,789                      | 4,106,550                      |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....                   |                                |                                |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....   | 524,175                        | 977,108                        |
| 15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....  |                                |                                |
| 15.2 Net deferred tax liability.....   |                                |                                |
| 16. Unearned investment income.....  | 177,658                        | 174,095                        |
| 17. Amounts withheld or retained by company as agent or trustee.....   | 882,212                        | 1,544,600                      |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances.....  | 430,429                        | 623,202                        |
| 19. Remittances and items not allocated.....   | 5,523,982                      | 3,712,732                      |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....  |                                |                                |
| 21. Liability for benefits for employees and agents if not included above.....   |                                | 134,209                        |
| 22. Borrowed money \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 23. Dividends to stockholders declared and unpaid.....   |                                |                                |
| 24. Miscellaneous liabilities:   |                                |                                |
| 24.1 Asset valuation reserve.....  | 40,882,355                     | 35,345,163                     |
| 24.2 Reinsurance in unauthorized companies.....  |                                |                                |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....   | 202,757                        | 270,659                        |
| 24.4 Payable to parent, subsidiaries and affiliates.....   |                                |                                |
| 24.5 Drafts outstanding.....   |                                |                                |
| 24.6 Liability for amounts held under uninsured plans.....   |                                |                                |
| 24.7 Funds held under coinsurance.....   |                                |                                |
| 24.8 Payable for securities.....   |                                | 23,369,764                     |
| 24.9 Capital notes \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 25. Aggregate write-ins for liabilities.....   | 98,392,242                     | 82,135,873                     |
| 26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25).....  | 5,316,864,707                  | 5,059,922,425                  |
| 27. From Separate Accounts Statement.....  |                                |                                |
| 28. Total Liabilities (Line 26 and 27).....  | 5,316,864,707                  | 5,059,922,425                  |
| 29. Common capital stock.....  | 3,000,000                      | 3,000,000                      |
| 30. Preferred capital stock.....   |                                |                                |
| 31. Aggregate write-ins for other than special surplus funds.....  | 0                              | 0                              |
| 32. Surplus notes.....   | 30,000,000                     | 30,000,000                     |
| 33. Gross paid in and contributed surplus.....   | 66,024,375                     | 66,024,375                     |
| 34. Aggregate write-ins for special surplus funds.....   | 0                              | 0                              |
| 35. Unassigned funds (surplus).....  | 223,022,471                    | 193,879,243                    |
| 36. Less treasury stock, at cost:  |                                |                                |
| 36.1 .....0.000 shares common (value included in Line 29 \$.....0).....  |                                |                                |
| 36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....   |                                |                                |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....   | 319,046,846                    | 289,903,618                    |
| 38. Totals of Lines 29, 30 and 37.....   | 322,046,846                    | 292,903,618                    |
| 39. Totals of Lines 28 and 38.....   | 5,638,911,552                  | 5,352,826,043                  |

**DETAILS OF WRITE-INS**

|  |            |            |
|--|------------|------------|
| 2501. Spx options - short positions.....                                 | 95,487,523 | 80,423,846 |
| 2502. Interest payable surplus note.....                                 | 2,005,051  | 880,051    |
| 2503. Uncashed checks pending escheatment.....                           | 264,394    | 241,098    |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 635,273    | 590,878    |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 98,392,242 | 82,135,873 |
| 3101. ....   |            |            |
| 3102. ....   |            |            |
| 3103. ....   |            |            |
| 3198. Summary of remaining write-ins for Line 31 from overflow page..... | 0          | 0          |
| 3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....       | 0          | 0          |
| 3401. ....   |            |            |
| 3402. ....   |            |            |
| 3403. ....   |            |            |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | 0          | 0          |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0          | 0          |

# Life Insurance Company of the Southwest

## SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

|   | 1<br>Current<br>Year to Date | 2<br>Prior<br>Year to Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 1. Premiums and annuity considerations for life and accident and health contracts.....  | 416,957,259                  | 391,243,548                | 823,601,641                          |
| 2. Considerations for supplementary contracts with life contingencies.....  |                              |                            |                                      |
| 3. Net investment income.....   | 188,018,343                  | 137,955,546                | 358,045,479                          |
| 4. Amortization of Interest Maintenance Reserve (IMR).....  | (172,195)                    | 481,981                    | 745,172                              |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses.....   |                              |                            |                                      |
| 6. Commissions and expense allowances on reinsurance ceded.....   | 196,838                      | 131,763                    | 322,594                              |
| 7. Reserve adjustments on reinsurance ceded.....  | 56,146                       | 51,155                     | 134,944                              |
| 8. Miscellaneous Income:  |                              |                            |                                      |
| 8.1 Income from fees associated with investment management, administration and contract guarantees<br>from Separate Accounts.....   |                              |                            |                                      |
| 8.2 Charges and fees for deposit-type contracts.....  |                              | 8,202                      |                                      |
| 8.3 Aggregate write-ins for miscellaneous income.....   | 293,648                      | 537,054                    | 538,864                              |
| 9. Totals (Lines 1 to 8.3).....   | 605,350,038                  | 530,409,249                | 1,183,388,695                        |
| 10. Death benefits.....   | 8,109,469                    | 7,451,157                  | 15,500,588                           |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....   | 9,387                        | 14,497                     | 28,176                               |
| 12. Annuity benefits.....   | 11,573,239                   | 18,737,009                 | 36,586,351                           |
| 13. Disability benefits and benefits under accident and health contracts.....   | 541,216                      | 510,819                    | 936,471                              |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  |                              |                            |                                      |
| 15. Surrender benefits and withdrawals for life contracts.....  | 209,679,700                  | 152,559,963                | 332,742,855                          |
| 16. Group conversions.....  |                              |                            |                                      |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | 203,809                      | 418,283                    | 713,889                              |
| 18. Payments on supplementary contracts with life contingencies.....  | 51,475                       | 56,880                     | 108,205                              |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 260,718,047                  | 256,221,671                | 587,483,125                          |
| 20. Totals (Lines 10 to 19).....  | 490,886,343                  | 435,970,279                | 974,099,660                          |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....   | 55,444,229                   | 53,995,304                 | 111,380,723                          |
| 22. Commissions and expense allowances on reinsurance assumed.....  |                              |                            |                                      |
| 23. General insurance expenses.....   | 15,271,828                   | 15,077,989                 | 30,757,316                           |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes.....   | 2,219,726                    | 1,830,442                  | 3,682,575                            |
| 25. Increase in loading on deferred and uncollected premiums.....   | (281,990)                    | (133,568)                  | (242,749)                            |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  |                              |                            |                                      |
| 27. Aggregate write-ins for deductions.....   | 5,726                        | 51,114                     | 92,101                               |
| 28. Totals (Lines 20 to 27).....  | 563,545,861                  | 506,791,560                | 1,119,769,625                        |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | 41,804,177                   | 23,617,689                 | 63,619,070                           |
| 30. Dividends to policyholders.....   | 19,396                       | (5,508)                    | 36,072                               |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....  | 41,784,782                   | 23,623,197                 | 63,582,998                           |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains).....   | 5,693,367                    | 4,497,560                  | 19,055,749                           |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized<br>capital gains or (losses) (Line 31 minus Line 32).....  | 36,091,415                   | 19,125,637                 | 44,527,249                           |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains<br>tax of \$.....(1,212,712) (excluding taxes of \$.....(663,621) transferred to the IMR)..... | 181,651                      | (178,420)                  | 1,705,252                            |
| 35. Net income (Line 33 plus Line 34).....  | 36,273,067                   | 18,947,217                 | 46,232,502                           |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                              |                            |                                      |
| 36. Capital and surplus, December 31, prior year.....   | 292,903,618                  | 240,642,408                | 240,642,408                          |
| 37. Net income (Line 35).....   | 36,273,067                   | 18,947,217                 | 46,232,502                           |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....   | 8,678                        | 16,662                     | (45,982)                             |
| 39. Change in net unrealized foreign exchange capital gain (loss).....  |                              |                            |                                      |
| 40. Change in net deferred income tax.....  |                              |                            | 1,070,790                            |
| 41. Change in nonadmitted assets and related items.....   | (1,601,324)                  | 696,699                    | (1,249,101)                          |
| 42. Change in liability for reinsurance in unauthorized companies.....  |                              |                            |                                      |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease.....  |                              |                            |                                      |
| 44. Change in asset valuation reserve.....  | (5,537,192)                  | (13,237,036)               | 6,226,475                            |
| 45. Change in treasury stock.....   |                              |                            |                                      |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period.....  |                              |                            |                                      |
| 47. Other changes in surplus in Separate Accounts Statement.....  |                              |                            |                                      |
| 48. Change in surplus notes.....  |                              |                            |                                      |
| 49. Cumulative effect of changes in accounting principles.....  |                              |                            |                                      |
| 50. Capital changes:  |                              |                            |                                      |
| 50.1 Paid in.....   |                              |                            |                                      |
| 50.2 Transferred from surplus (Stock Dividend).....   |                              |                            |                                      |
| 50.3 Transferred to surplus.....  |                              |                            |                                      |
| 51. Surplus adjustment:   |                              |                            |                                      |
| 51.1 Paid in.....   |                              |                            |                                      |
| 51.2 Transferred to capital (Stock Dividend).....   |                              |                            |                                      |
| 51.3 Transferred from capital.....  |                              |                            |                                      |
| 51.4 Change in surplus as a result of reinsurance.....  |                              |                            |                                      |
| 52. Dividends to stockholders.....  |                              |                            |                                      |
| 53. Aggregate write-ins for gains and losses in surplus.....  | 0                            | 25                         | 26,527                               |
| 54. Net change in capital and surplus (Lines 37 through 53).....  | 29,143,228                   | 6,423,567                  | 52,261,211                           |
| 55. Capital and surplus as of statement date (Lines 36 + 54).....   | 322,046,846                  | 247,065,975                | 292,903,618                          |
| <b>DETAILS OF WRITE-INS</b>   |                              |                            |                                      |
| 08.301. Interest on reserve adjustments on reinsurance ceded.....   | (9,147)                      | 5,060                      | (470)                                |
| 08.302. Interest on agents debit balances.....  | 92,965                       | 299,549                    | 414,681                              |
| 08.303. Miscellaneous income(expense).....  | 94,701                       | 49,419                     | 113,902                              |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....   | 115,129                      | 183,026                    | 10,751                               |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....   | 293,648                      | 537,054                    | 538,864                              |
| 2701. Miscellaneous deductions.....   | 2,393                        | 25,521                     | 38,766                               |
| 2702. Changes in agents def comp.....   | 3,333                        | 25,593                     | 53,334                               |
| 2703. ....  |                              |                            |                                      |
| 2798. Summary of remaining write-ins for Line 27 from overflow page.....  | 0                            | 0                          | 0                                    |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....  | 5,726                        | 51,114                     | 92,101                               |
| 5301. Change in Deficiency Reserves.....  |                              | 25                         | 26,527                               |
| 5302. ....  |                              |                            |                                      |
| 5303. ....  |                              |                            |                                      |
| 5398. Summary of remaining write-ins for Line 53 from overflow page.....  | 0                            | 0                          | 0                                    |
| 5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....  | 0                            | 25                         | 26,527                               |

## CASH FLOW

|  | 1<br>Current Year<br>to Date | 2<br>Prior Year Ended<br>December 31 |
|--|------------------------------|--------------------------------------|
| <b>CASH FROM OPERATIONS</b>  |                              |                                      |
| 1. Premiums collected net of reinsurance.....  | 417,104,897                  | 823,608,448                          |
| 2. Net investment income.....  | 195,077,862                  | 356,927,274                          |
| 3. Miscellaneous income.....   | 557,998                      | 947,914                              |
| 4. Total (Lines 1 through 3).....  | 612,740,757                  | 1,181,483,636                        |
| 5. Benefit and loss related payments.....  | 231,542,168                  | 384,371,445                          |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                              |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 75,710,338                   | 130,132,938                          |
| 8. Dividends paid to policyholders.....  | 19,212                       | 24,868                               |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | 6,000,000                    | 15,453,019                           |
| 10. Total (Lines 5 through 9).....   | 313,271,717                  | 529,982,270                          |
| 11. Net cash from operations (Line 4 minus Line 10).....   | 299,469,040                  | 651,501,366                          |
| <b>CASH FROM INVESTMENTS</b>   |                              |                                      |
| 12. Proceeds from investments sold, matured or repaid:   |                              |                                      |
| 12.1 Bonds.....  | 478,734,183                  | 851,838,355                          |
| 12.2 Stocks.....   | 10,325,400                   | 17,818,168                           |
| 12.3 Mortgage loans.....   | 43,491,356                   | 61,538,045                           |
| 12.4 Real estate.....  | 2,571,147                    |                                      |
| 12.5 Other invested assets.....  |                              | 59,209                               |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                              |                                      |
| 12.7 Miscellaneous proceeds.....   |                              | 0                                    |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 535,122,086                  | 931,253,777                          |
| 13. Cost of investments acquired (long-term only):   |                              |                                      |
| 13.1 Bonds.....  | 792,548,247                  | 1,286,368,714                        |
| 13.2 Stocks.....   |                              | 5,189,646                            |
| 13.3 Mortgage loans.....   | 57,095,000                   | 200,742,000                          |
| 13.4 Real estate.....  |                              | (1,257,500)                          |
| 13.5 Other invested assets.....  |                              |                                      |
| 13.6 Miscellaneous applications.....   | 32,320,851                   | 35,436,225                           |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 881,964,098                  | 1,526,479,085                        |
| 14. Net increase (decrease) in contract loans and premium notes.....   | 2,842,857                    | 10,981,294                           |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....                                     | (349,684,869)                | (606,206,602)                        |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>   |                              |                                      |
| 16. Cash provided (applied):   |                              |                                      |
| 16.1 Surplus notes, capital notes.....   |                              |                                      |
| 16.2 Capital and paid in surplus, less treasury stock.....   |                              |                                      |
| 16.3 Borrowed funds.....   |                              |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               | 876,977                      | 2,367,024                            |
| 16.5 Dividends to stockholders.....  |                              |                                      |
| 16.6 Other cash provided (applied).....  | 3,008,858                    | (30,247,433)                         |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 3,885,835                    | (27,880,409)                         |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                     |                              |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | (46,329,994)                 | 17,414,356                           |
| 19. Cash, cash equivalents and short-term investments:   |                              |                                      |
| 19.1 Beginning of year.....  | 93,230,417                   | 75,816,061                           |
| 19.2 End of period (Line 18 plus Line 19.1).....   | 46,900,423                   | 93,230,417                           |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

|   | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 1. Industrial life.....                           |                              |                            |                                      |
| 2. Ordinary life insurance.....                   | 64,379,149                   | 51,183,863                 | 105,894,168                          |
| 3. Ordinary individual annuities.....             | 304,410,295                  | 286,365,776                | 619,237,666                          |
| 4. Credit life (group and individual).....        |                              |                            |                                      |
| 5. Group life insurance.....                      | 21,508                       | 23,987                     | 51,030                               |
| 6. Group annuities.....                           | 51,191,888                   | 56,350,822                 | 104,431,701                          |
| 7. A&H - group.....                               |                              |                            |                                      |
| 8. A&H - credit (group and individual).....       |                              |                            |                                      |
| 9. A&H - other.....                               | 55,130                       | 58,897                     | 116,980                              |
| 10. Aggregate of all other lines of business..... | .0                           | .0                         | .0                                   |
| 11. Subtotal.....                                 | 420,057,970                  | 393,983,345                | 829,731,545                          |
| 12. Deposit-type contracts.....                   |                              |                            |                                      |
| 13. Total.....                                    | 420,057,970                  | 393,983,345                | 829,731,545                          |

**DETAILS OF WRITE-INS**

|  |    |    |    |
|--|----|----|----|
| 1001. ....   |    |    |    |
| 1002. ....   |    |    |    |
| 1003. ....   |    |    |    |
| 1098. Summary of remaining write-ins for Line 10 from overflow page..... | .0 | .0 | .0 |
| 1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....        | .0 | .0 | .0 |

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1 - Summary of Significant Accounting Policies**

No significant change.

### **Note 2 - Accounting Changes and Corrections of Errors**

No significant change.

### **Note 3 - Business Combinations and Goodwill**

No significant change.

### **Note 4 - Discontinued Operations**

No significant change.

### **Note 5 - Investments**

No significant change.

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

### **Note 7 - Investment Income**

No significant change.

### **Note 8 - Derivative Instruments**

No significant change.

### **Note 9 - Income Taxes**

No significant change.

### **Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

No significant change.

### **Note 11 - Debt**

No significant change.

### **Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No significant change.

### **Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

No significant change.

### **Note 14 - Contingencies**

No significant change.

### **Note 15 - Leases**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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**Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. Wash Sales: None

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant change.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant change.

**Note 20 - September 11 Events**

No significant change.

**Note 21 - Other Items**

No significant change.

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

No significant change.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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**Note 31 - Reserves for Life Contracts and Deposit-Type Contracts**

No significant change.

**Note 32 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

No significant change.

**Note 33 - Premiums and Annuity Considerations Deferred and Uncollected**

No significant change.

**Note 34 - Separate Accounts**

No significant change.

**Note 35 - Loss/Claim Adjustment Expenses**

No significant change.

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]
- 2.2 If yes, date of change: .....
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC<br>Company Code | 3<br>State of<br>Domicile |
|---------------------|---------------------------|---------------------------|
|                     |                           |                           |

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]  
If yes, attach an explanation.

\_\_\_\_\_

\_\_\_\_\_

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/08/2006.....
- 6.4 By what department or departments?  
Texas Department of Insurance

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]
- 7.2 If yes, give full information:  
\_\_\_\_\_

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
\_\_\_\_\_

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]
- 8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
|                     |                             |          |          |          |           |          |

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
  - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.

- 9.11 If the response to 9.1 is No, please explain:  
\_\_\_\_\_

- 9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
\_\_\_\_\_

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
\_\_\_\_\_

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES**

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....3,838,941

**INVESTMENT**

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [ X ]
- 11.2 If yes, explain:

\_\_\_\_\_

- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

- 12.2 If yes, give full and complete information relating thereto:
- \_\_\_\_\_

- 13. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....3,928,003
- 14. Amount of real estate and mortgages held in short-term investments: \$.....0
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

15.2 If yes, please complete the following:

|  | 1<br>Prior Year-End<br>Book/Adjusted Carrying Value | 2<br>Current Quarter<br>Book/Adjusted Carrying Value |
|--|---|--|
| 15.21 Bonds.....   | \$.....0  | \$.....0   |
| 15.22 Preferred Stock.....   | \$.....0  | \$.....0   |
| 15.23 Common Stock.....  | \$.....0  | \$.....0   |
| 15.24 Short-Term Investments.....  | \$.....0  | \$.....0   |
| 15.25 Mortgages, Loans or Real Estate.....   | \$.....0  | \$.....0   |
| 15.26 All Other.....   | \$.....0  | \$.....0   |
| 15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)..... | \$.....0  | \$.....0   |
| 15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above .....                      | \$.....0  | \$.....0   |

- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ X ] No [ ]
- 16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes [ X ] No [ ]
- 17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1<br>Name of Custodian(s) | 2<br>Custodian Address                               |
|---------------------------|--|
| J P Morgan Chase          | 3 Chase Metrotech Center, Floor 6, Brooklyn NY 11245 |

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [ X ]
- 17.4 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

- 17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository | 2<br>Name(s)              | 3<br>Address                             |
|--------------------------------------|---------------------------|--|
| 109396                               | Sentinel Asset Management | One National Drive, Montpelier, VT 05604 |

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]
- 18.2 If no, list exceptions:

\_\_\_\_\_

**GENERAL INTERROGATORIES (continued)**

**PART 2 - LIFE & HEALTH**

|      |  |                    |
|------|--|--------------------|
| 1.   | Report the statement value of mortgage loans at the end of this reporting period for the following categories: | 1                  |
| 1.1  | Long-term mortgages in good standing   | Amount             |
| 1.11 | Farm mortgages.....  | \$.....            |
| 1.12 | Residential mortgages.....   | \$.....            |
| 1.13 | Commercial mortgages.....  | \$.....752,767,721 |
| 1.14 | Total mortgages in good standing.....  | \$.....752,767,721 |
| 1.2  | Long-term mortgages in good standing with restructured terms   |                    |
| 1.21 | Total mortgages in good standing with restructured terms.....  | \$.....            |
| 1.3  | Long-term mortgage loans upon which interest is overdue more than three months                                 |                    |
| 1.31 | Farm mortgages.....  | \$.....            |
| 1.32 | Residential mortgages.....   | \$.....            |
| 1.33 | Commercial mortgages.....  | \$.....            |
| 1.34 | Total mortgages with interest overdue more than three months.....  | \$.....0           |
| 1.4  | Long-term mortgage loans in process of foreclosure   |                    |
| 1.41 | Farm mortgages.....  | \$.....            |
| 1.42 | Residential mortgages.....   | \$.....            |
| 1.43 | Commercial mortgages.....  | \$.....            |
| 1.44 | Total mortgages in process of foreclosure.....   | \$.....0           |
| 1.5  | Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)                     | \$.....752,767,721 |
| 1.6  | Long-term mortgages foreclosed, properties transferred to real estate in current quarter                       |                    |
| 1.61 | Farm mortgages.....  | \$.....            |
| 1.62 | Residential mortgages.....   | \$.....            |
| 1.63 | Commercial mortgages.....  | \$.....            |
| 1.64 | Total mortgages foreclosed and transferred to real estate.....   | \$.....0           |

## Life Insurance Company of the Southwest SCHEDULE A - VERIFICATION

### Real Estate

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                                  | 2,489,583         | 3,795,637                            |
| 2. Increase (decrease) by adjustment.....  |                   | (1,306,054)                          |
| 3. Cost of acquired.....   |                   |                                      |
| 4. Cost of additions to and permanent improvements.....  |                   |                                      |
| 5. Total profit (loss) on sales.....   | 81,564            |                                      |
| 6. Increase (decrease) by foreign exchange adjustment.....                                       |                   |                                      |
| 7. Amount received on sales.....   | 2,571,147         |                                      |
| 8. Book/adjusted carrying value at end of current period.....                                    | 0                 | 2,489,583                            |
| 9. Total valuation allowance.....  |                   |                                      |
| 10. Subtotal (Lines 8 plus 9).....   | 0                 | 2,489,583                            |
| 11. Total nonadmitted amounts.....   |                   |                                      |
| 12. Statement value, current period (Page 2, real estate lines, net admitted assets column)..... | 0                 | 2,489,583                            |

## SCHEDULE B - VERIFICATION

### Mortgage Loans

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....           | 739,164,077       | 599,967,588                          |
| 2. Amount loaned during period:   |                   |                                      |
| 2.1 Actual cost at time of acquisitions.....  | 57,095,000        | 197,237,000                          |
| 2.2 Additional investment made after acquisitions.....  |                   | 3,505,000                            |
| 3. Accrual of discount and mortgage interest points and commitment fees.....  |                   |                                      |
| 4. Increase (decrease) by adjustment.....   |                   | 2,300                                |
| 5. Total profit (loss) on sale.....   |                   | (9,766)                              |
| 6. Amounts paid on account or in full during the period.....  | 43,491,356        | 61,538,045                           |
| 7. Amortization of premium.....   |                   |                                      |
| 8. Increase (decrease) by foreign exchange adjustment.....  |                   |                                      |
| 9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....             | 752,767,721       | 739,164,077                          |
| 10. Total valuation allowance.....  |                   |                                      |
| 11. Subtotal (Lines 9 plus 10).....   | 752,767,721       | 739,164,077                          |
| 12. Total nonadmitted amounts.....  |                   |                                      |
| 13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)..... | 752,767,721       | 739,164,077                          |

## SCHEDULE BA - VERIFICATION

### Other Invested Assets

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....        | 14,155,943        | 18,769,013                           |
| 2. Cost of acquisitions during period:  |                   |                                      |
| 2.1 Actual cost at time of acquisitions.....  |                   |                                      |
| 2.2 Additional investment made after acquisitions.....  |                   |                                      |
| 3. Accrual of discount.....   | 143               | 274                                  |
| 4. Increase (decrease) by adjustment.....   | 10,164            | (54,181)                             |
| 5. Total profit (loss) on sale.....   |                   |                                      |
| 6. Amounts paid on account or in full during the period.....  |                   | 5,028                                |
| 7. Amortization of premium.....   | 1,201,928         | 4,554,135                            |
| 8. Increase (decrease) by foreign exchange adjustment.....  |                   |                                      |
| 9. Book adjusted/carrying value of long-term invested assets at end of current period.....                | 12,964,322        | 14,155,943                           |
| 10. Total valuation allowance.....  |                   |                                      |
| 11. Subtotal (Lines 9 plus 10).....   | 12,964,322        | 14,155,943                           |
| 12. Total nonadmitted amounts.....  |                   |                                      |
| 13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)..... | 12,964,322        | 14,155,943                           |

## SCHEDULE D - VERIFICATION

### Bonds and Stocks

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year..... | 4,067,169,385     | 3,664,309,644                        |
| 2. Cost of bonds and stocks acquired.....   | 792,548,249       | 1,291,558,361                        |
| 3. Accrual of discount.....   | 1,125,462         | 1,894,113                            |
| 4. Increase (decrease) by adjustment.....   | (1,487)           | 8,199                                |
| 5. Increase (decrease) by foreign exchange adjustment.....                          |                   |                                      |
| 6. Total profit (loss) on disposal.....   | (2,618,564)       | (16,168,033)                         |
| 7. Consideration for bonds and stocks disposed of.....                              | 489,059,582       | 869,656,524                          |
| 8. Amortization of premium.....   | 2,519,237         | 4,776,375                            |
| 9. Book/adjusted carrying value, current period.....                                | 4,366,644,226     | 4,067,169,385                        |
| 10. Total valuation allowance.....  |                   |                                      |
| 11. Subtotal (Lines 9 plus 10).....   | 4,366,644,226     | 4,067,169,385                        |
| 12. Total nonadmitted amounts.....  |                   |                                      |
| 13. Statement value.....  | 4,366,644,226     | 4,067,169,385                        |

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

|  | 1   | 2                                   | 3                                   | 4   | 5   | 6  | 7   | 8   |
|--|---|-------------------------------------|-------------------------------------|---|---|--|---|---|
|  | Book/Adjusted Carrying Value Beginning of Current Quarter | Acquisitions During Current Quarter | Dispositions During Current Quarter | Non-Trading Activity During Current Quarter | Book/Adjusted Carrying Value End of First Quarter | Book/Adjusted Carrying Value End of Second Quarter | Book/Adjusted Carrying Value End of Third Quarter | Book/Adjusted Carrying Value December 31 Prior Year |
| <b>BONDS</b>                             |   |                                     |                                     |   |   |  |   |   |
| 1. Class 1.....                          | 2,653,383,400   | 1,213,241,771                       | 1,216,137,844                       | 10,997,791                                  | 2,653,383,400                                     | 2,661,485,118                                      |   | 2,705,404,532                                       |
| 2. Class 2.....                          | 1,365,772,274   | 204,019,070                         | 49,205,936                          | (29,835,129)                                | 1,365,772,274                                     | 1,490,750,279                                      |   | 1,237,482,791                                       |
| 3. Class 3.....                          | 168,864,331   | 6,937,660                           | 16,284,237                          | 15,727,246                                  | 168,864,331                                       | 175,245,000  |   | 145,308,946   |
| 4. Class 4.....                          | 65,920,165  | 15,634,740                          | 7,058,255                           | (4,444,598)                                 | 65,920,165  | 70,052,052   |   | 45,031,703  |
| 5. Class 5.....                          |   |                                     |                                     | 1,914,146                                   |   | 1,914,146  |   |   |
| 6. Class 6.....                          |   |                                     |                                     |   |   |  |   |   |
| 7. Total Bonds.....                      | 4,253,940,170   | 1,439,833,241                       | 1,288,686,272                       | (5,640,544)                                 | 4,253,940,170                                     | 4,399,446,595                                      | .0  | 4,133,227,972                                       |
| <b>PREFERRED STOCK</b>                   |   |                                     |                                     |   |   |  |   |   |
| 8. Class 1.....                          | 17,123,254  |                                     | 5,000,000                           | 89  | 17,123,254  | 12,123,343   |   | 17,123,147  |
| 9. Class 2.....                          | 14,173,404  |                                     | 5,239,400                           | (3,934,004)                                 | 14,173,404  | 5,000,000  |   | 14,171,428  |
| 10. Class 3.....                         |   |                                     |                                     | 8,935,777                                   |   | 8,935,777  |   |   |
| 11. Class 4.....                         |   |                                     |                                     |   |   |  |   |   |
| 12. Class 5.....                         |   |                                     |                                     |   |   |  |   |   |
| 13. Class 6.....                         |   |                                     |                                     |   |   |  |   |   |
| 14. Total Preferred Stock.....           | 31,296,658  | .0                                  | 10,239,400                          | 5,001,862                                   | 31,296,658  | 26,059,120   | .0  | 31,294,575  |
| 15. Total Bonds and Preferred Stock..... | 4,285,236,828   | 1,439,833,241                       | 1,298,925,672                       | (638,682)                                   | 4,285,236,828                                     | 4,425,505,715                                      | .0  | 4,164,522,547                                       |

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## SCHEDULE DA - PART 1

### Short-Term Investments Owned End of Current Quarter

|                      | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Par Value | 3<br>Actual<br>Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued Interest<br>Year To Date |
|----------------------|--------------------------------------|----------------|---------------------|---|--|
| 8299999. Totals..... | 58,888,517                           | XXX            | 58,888,517          | 174,013                                 |  |

## SCHEDULE DA - PART 2 - Verification

### Short-Term Investments Owned

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....      | 97,381,678        | 80,863,486                           |
| 2. Cost of short-term investments acquired.....                      | 1,804,020,205     | 3,790,805,201                        |
| 3. Increase (decrease) by adjustment.....                            |                   |                                      |
| 4. Increase (decrease) by foreign exchange adjustment.....           |                   |                                      |
| 5. Total profit (loss) on disposal of short-term investments.....    |                   |                                      |
| 6. Consideration received on disposal of short-term investments..... | 1,842,513,365     | 3,774,287,009                        |
| 7. Book/adjusted carrying value, current period.....                 | 58,888,518        | 97,381,678                           |
| 8. Total valuation allowance.....                                    |                   |                                      |
| 9. Subtotal (Lines 7 plus 8).....                                    | 58,888,518        | 97,381,678                           |
| 10. Total nonadmitted amounts.....                                   |                   |                                      |
| 11. Statement value (Lines 9 minus 10).....                          | 58,888,518        | 97,381,678                           |
| 12. Income collected during period.....                              | 1,629,246         | 2,731,388                            |
| 13. Income earned during period.....                                 | 1,616,915         | 2,727,326                            |

**Sch. DB-Part F-Section 1**  
**NONE**

**Sch. DB-Part F-Section 2**  
**NONE**

**Sch. S**  
**NONE**

# Life Insurance Company of the Southwest

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

|  | 1   | Life Contracts                   |                         | 4           | 5      | 6           | 7 |
|--|-----|----------------------------------|-------------------------|-------------|--------|-------------|---|
|  |     | Is Insurer Licensed? (Yes or No) | Life Insurance Premiums |             |        |             |   |
| States, Etc.   |     |                                  |                         |             |        |             |   |
| 1. Alabama   | AL  | YES                              | 2,339,093               | 5,258,043   | 315    | 7,597,450   |   |
| 2. Alaska  | AK  | YES                              | 17,268                  | 15,513      | 80     | 32,861      |   |
| 3. Arizona   | AZ  | YES                              | 1,727,359               | 5,338,139   | 39     | 7,065,537   |   |
| 4. Arkansas  | AR  | YES                              | 229,326                 | 378,335     | 206    | 607,866     |   |
| 5. California  | CA  | YES                              | 22,781,441              | 113,259,673 | 751    | 136,041,865 |   |
| 6. Colorado  | CO  | YES                              | 2,341,076               | 1,992,514   | 1,192  | 4,334,782   |   |
| 7. Connecticut   | CT  | YES                              | 22,868                  | 2,365,306   |        | 2,388,175   |   |
| 8. Delaware  | DE  | YES                              | 826,103                 | 560,353     | 46     | 1,386,502   |   |
| 9. District of Columbia  | DC  | YES                              | 324,390                 | 376,302     |        | 700,692     |   |
| 10. Florida  | FL  | YES                              | 6,125,092               | 36,838,285  | 206    | 42,963,583  |   |
| 11. Georgia  | GA  | YES                              | 2,210,469               | 10,237,317  |        | 12,447,786  |   |
| 12. Hawaii   | HI  | YES                              | 219,169                 | 2,014,048   |        | 2,233,217   |   |
| 13. Idaho  | ID  | YES                              | 79,587                  | 506,416     | 63     | 586,066     |   |
| 14. Illinois   | IL  | YES                              | 1,388,783               | 4,396,649   | 52     | 5,785,484   |   |
| 15. Indiana  | IN  | YES                              | 206,748                 | 5,102,595   | 46     | 5,309,389   |   |
| 16. Iowa   | IA  | YES                              | 45,388                  | 2,007,026   |        | 2,052,413   |   |
| 17. Kansas   | KS  | YES                              | 51,370                  | 2,263,327   | 392    | 2,315,090   |   |
| 18. Kentucky   | KY  | YES                              | 210,416                 | 1,309,918   | 52     | 1,520,387   |   |
| 19. Louisiana  | LA  | YES                              | 226,443                 | 4,558,011   | 11,189 | 4,795,643   |   |
| 20. Maine  | ME  | YES                              | 46,574                  | 1,832,658   |        | 1,879,233   |   |
| 21. Maryland   | MD  | YES                              | 3,011,558               | 5,720,766   |        | 8,732,324   |   |
| 22. Massachusetts  | MA  | YES                              | 79,210                  | 5,205,448   |        | 5,284,658   |   |
| 23. Michigan   | MI  | YES                              | 892,991                 | 7,311,039   | 75     | 8,204,106   |   |
| 24. Minnesota  | MN  | YES                              | 222,432                 | 792,167     | 26     | 1,014,624   |   |
| 25. Mississippi  | MS  | YES                              | 149,332                 | 700,758     | 866    | 850,956     |   |
| 26. Missouri   | MO  | YES                              | 678,952                 | 921,654     | 153    | 1,600,758   |   |
| 27. Montana  | MT  | YES                              | 5,524                   | 26,296      | 374    | 32,195      |   |
| 28. Nebraska   | NE  | YES                              | 767,531                 | 30,725      | 159    | 798,416     |   |
| 29. Nevada   | NV  | YES                              | 1,038,769               | 2,945,898   | 120    | 3,984,787   |   |
| 30. New Hampshire  | NH  | YES                              | 12,854                  | 2,151,782   |        | 2,164,636   |   |
| 31. New Jersey   | NJ  | YES                              | 581,580                 | 4,549,974   |        | 5,131,554   |   |
| 32. New Mexico   | NM  | YES                              | 43,309                  | 2,027,255   | 1,499  | 2,072,063   |   |
| 33. New York   | NY  | NO                               | 267,762                 | 3,341,182   |        | 3,608,944   |   |
| 34. North Carolina   | NC  | YES                              | 2,985,556               | 8,586,253   | 92     | 11,571,901  |   |
| 35. North Dakota   | ND  | YES                              | 116,041                 | 438,385     | 536    | 554,962     |   |
| 36. Ohio   | OH  | YES                              | 528,894                 | 6,418,325   | 96     | 6,947,315   |   |
| 37. Oklahoma   | OK  | YES                              | 276,355                 | 11,570,141  | 5,672  | 11,852,168  |   |
| 38. Oregon   | OR  | YES                              | 262,219                 | 123,612     |        | 385,831     |   |
| 39. Pennsylvania   | PA  | YES                              | 1,015,686               | 7,886,404   | 105    | 8,902,195   |   |
| 40. Rhode Island   | RI  | YES                              | 38,581                  | 844,934     |        | 883,515     |   |
| 41. South Carolina   | SC  | YES                              | 773,213                 | 3,187,588   | 26     | 3,960,827   |   |
| 42. South Dakota   | SD  | YES                              | 6,584                   | 189,527     |        | 196,110     |   |
| 43. Tennessee  | TN  | YES                              | 706,080                 | 4,332,156   | 186    | 5,038,423   |   |
| 44. Texas  | TX  | YES                              | 4,264,221               | 48,518,887  | 32,409 | 52,815,517  |   |
| 45. Utah   | UT  | YES                              | 377,617                 | 11,686,510  | 455    | 12,064,583  |   |
| 46. Vermont  | VT  | YES                              | 94,203                  | 7,802,350   |        | 7,896,552   |   |
| 47. Virginia   | VA  | YES                              | 1,346,330               | 2,860,416   |        | 4,206,745   |   |
| 48. Washington   | WA  | YES                              | 2,159,238               | 1,243,835   | 26     | 3,403,099   |   |
| 49. West Virginia  | WV  | YES                              | 24,819                  | 756,775     | 18     | 781,612     |   |
| 50. Wisconsin  | WI  | YES                              | 131,310                 | 2,626,112   |        | 2,757,422   |   |
| 51. Wyoming  | WY  | YES                              | 21,034                  | 138,551     | 801    | 160,386     |   |
| 52. American Samoa   | AS  | NO                               |                         |             |        | 0           |   |
| 53. Guam   | GU  | NO                               |                         |             |        | 0           |   |
| 54. Puerto Rico  | PR  | NO                               | 440                     | 2,344       |        | 2,784       |   |
| 55. US Virgin Islands  | VI  | NO                               |                         | 44,742      |        | 44,742      |   |
| 56. Northern Mariana Islands   | MP  | NO                               |                         |             |        | 0           |   |
| 57. Canada   | CN  | NO                               | 136                     |             |        | 136         |   |
| 58. Aggregate Other Alien  | OT  | XXX                              | 206,554                 | 8,967       | 0      | 215,522     | 0 |
| 59. Subtotal   | (a) | 50                               | 64,505,881              | 355,602,184 | 58,325 | 420,166,390 | 0 |
| 90. Reporting entity contributions for employee benefit plans                              | XXX |                                  |                         |             |        | 0           |   |
| 91. Dividends or refunds applied to purchase paid-up additions and annuities               | XXX |                                  | 116                     |             |        | 116         |   |
| 92. Dividends or refunds applied to shorten endowment or premium paying period             | XXX |                                  |                         |             |        | 0           |   |
| 93. Premium or annuity considerations waived under disability or other contract provisions | XXX |                                  | 47,236                  |             |        | 47,236      |   |
| 94. Aggregate other amounts not allocable by State   | XXX |                                  | 0                       | 0           | 0      | 0           | 0 |
| 95. Totals (Direct Business)   | XXX |                                  | 64,553,232              | 355,602,184 | 58,325 | 420,213,741 | 0 |
| 96. Plus Reinsurance Assumed   | XXX |                                  | 173,214                 |             |        | 173,214     |   |
| 97. Totals (All Business)  | XXX |                                  | 64,726,446              | 355,602,184 | 58,325 | 420,386,955 | 0 |
| 98. Less Reinsurance Ceded   | XXX |                                  | 3,281,716               |             | 342    | 3,282,058   |   |
| 99. Totals (All Business) less Reinsurance Ceded   | XXX |                                  | 61,444,730              | 355,602,184 | 57,984 | 417,104,897 | 0 |

**DETAILS OF WRITE-INS**

|   |     |  |         |       |   |         |   |
|---|-----|--|---------|-------|---|---------|---|
| 5801. Other foreign   | XXX |  | 206,554 | 8,967 |   | 215,522 |   |
| 5802.   | XXX |  |         |       |   | 0       |   |
| 5803.   | XXX |  |         |       |   | 0       |   |
| 5898. Summary of remaining write-ins for line 58 from overflow page | XXX |  | 0       | 0     | 0 | 0       | 0 |
| 5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)        | XXX |  | 206,554 | 8,967 | 0 | 215,522 | 0 |
| 9401.   | XXX |  |         |       |   | 0       |   |
| 9402.   | XXX |  |         |       |   | 0       |   |
| 9403.   | XXX |  |         |       |   | 0       |   |
| 9498. Summary of remaining write-ins for line 94 from overflow page | XXX |  | 0       | 0     | 0 | 0       | 0 |
| 9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above)        | XXX |  | 0       | 0     | 0 | 0       | 0 |

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 – ORGANIZATIONAL CHART

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# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**Response**

1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?

NO

2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

**Explanations:**

**Bar Code:**



# Life Insurance Company of the Southwest

## Overflow Page for Write-Ins

**Additional Write-ins for Assets:**

|   | Current Statement Date |                            |  | 4<br>December 31,<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|----------------------------|--|--|
|   | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |  |
| 2304. Returned checks.....                            | 27,992                 | 27,992                     | 0  |  |
| 2305. Employee Travel Advance.....                    | 6,780                  | 6,780                      | 0  |  |
| 2306. Corporate Owned Life Insurance.....             | 9,187,433              |                            | 9,187,433                                    |  |
| 2397. Summary of remaining write-ins for Line 23..... | 9,222,204              | 34,771                     | 9,187,433                                    | 0  |

**Additional Write-ins for Liabilities:**

|   | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|---|--------------------------------|--------------------------------|
| 2504. Guaranty fund.....                              | 635,273                        | 590,878                        |
| 2597. Summary of remaining write-ins for Line 25..... | 635,273                        | 590,878                        |

**Additional Write-ins for Summary of Operations:**

|   | 1<br>Current<br>Year to Date | 2<br>Prior<br>Year to Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 08.304. Interest on funds withheld reinsurance assumed..... | 8,371                        | 4,077                      | 10,751                               |
| 08.305. Reinsurance Assumption of IIL.....                  |                              | 178,949                    |                                      |
| 08.306. COLI valuation change.....                          | 106,758                      |                            |                                      |
| 08.397. Summary of remaining write-ins for Line 8.3.....    | 115,129                      | 183,026                    | 10,751                               |

### SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

| 1<br>Description of Property | Location  |            | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Actual Cost | 7<br>Amount of Encumbrances | 8<br>Book/Adjusted Carrying Value Less Encumbrances | 9<br>Expended for Additions and Permanent Improvements |
|------------------------------|-----------|------------|--------------------|---------------------|------------------|-----------------------------|---|--|
|                              | 2<br>City | 3<br>State |                    |                     |                  |                             |   |  |

**NONE**

### SCHEDULE A - PART 3

Showing all Real Estate SOLD During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

EO1

| 1<br>Description of Property | Location |  | 4<br>Disposal Date | 5<br>Name of Purchaser | 6<br>Actual Cost | 7<br>Book/Adjusted Carrying Value Less Encumbrances Prior Year | 8<br>Increase (Decrease) by Adjustment | 9<br>Increase (Decrease) by Foreign Exchange Adjustment | 10<br>Expended for Additions, Permanent Improvements and Changes in Encumbrances | 11<br>Book/Adjusted Carrying Value Less Encumbrances | 12<br>Amounts Received | 13<br>Foreign Exchange Profit (Loss) on Sale | 14<br>Realized Profit (Loss) on Sale | 15<br>Total Profit (Loss) on Sale | 16<br>Gross Income Earned Less Interest Incurred on Encumbrances | 17<br>Taxes, Repairs, and Expenses Incurred |
|------------------------------|----------|--|--------------------|------------------------|------------------|--|--|---|--|--|------------------------|--|--------------------------------------|-----------------------------------|--|---|
|------------------------------|----------|--|--------------------|------------------------|------------------|--|--|---|--|--|------------------------|--|--------------------------------------|-----------------------------------|--|---|

**Property Sold**

|                      |            |        |            |                              |                |                |        |        |        |                |                |        |             |             |             |             |
|----------------------|------------|--------|------------|------------------------------|----------------|----------------|--------|--------|--------|----------------|----------------|--------|-------------|-------------|-------------|-------------|
| Elmgrove Park.....   | Gates..... | NY.... | 05/31/2007 | Elgrove Park Realty, LLC.... | .....1,889,583 | .....1,389,583 | .....  | .....  | .....  | .....1,389,583 | .....1,400,497 | .....  | .....10,914 | .....10,914 | .....96,647 | .....67,026 |
| 0199999. Totals..... |            |        |            |                              | .....1,889,583 | .....1,389,583 | .....0 | .....0 | .....0 | .....1,389,583 | .....1,400,497 | .....0 | .....10,914 | .....10,914 | .....96,647 | .....67,026 |
| 9999999. Totals..... |            |        |            |                              | .....1,889,583 | .....1,389,583 | .....0 | .....0 | .....0 | .....1,389,583 | .....1,400,497 | .....0 | .....10,914 | .....10,914 | .....96,647 | .....67,026 |

**SCHEDULE B - PART 1**

Showing all Mortgage Loans ACQUIRED During the Current Quarter

| 1<br>Loan Number                        | Location  |            | 4<br>Loan Type | 5<br>Actual Cost | 6<br>Date Acquired | 7<br>Rate of Interest | 8<br>Book Value/Recorded Investment Excluding Accrued Interest | 9<br>Increase (Decrease) by Adjustment | 10<br>Increase (Decrease) by Foreign Exchange Adjustment | 11<br>Value of Land and Buildings | 12<br>Date of Last Appraisal or Valuation |
|---|---|------------|----------------|------------------|--------------------|-----------------------|--|--|--|-----------------------------------|---|
|   | 2<br>City   | 3<br>State |                |                  |                    |                       |  |  |  |                                   |   |
| <b>Mortgages in Good Standing</b>       |   |            |                |                  |                    |                       |  |  |  |                                   |   |
| <b>Commercial Mortgages - All Other</b> |   |            |                |                  |                    |                       |  |  |  |                                   |   |
| 210479                                  | BARDSTOWN   | KY         |                | 2,425,000        | 06/08/2007         | 6.100                 | 2,425,000  |  |  | 3,650,000                         | 12/31/2006                                |
| 210481                                  | YPSILANTI   | MI         |                | 4,100,000        | 05/03/2007         | 6.200                 | 4,100,000  |  |  | 5,500,000                         | 01/31/2007                                |
| 210482                                  | HOUSTON   | TX         |                | 1,740,000        | 04/02/2007         | 6.250                 | 1,736,157  |  |  | 2,320,000                         | 02/06/2007                                |
| 210483                                  | SCOTTSDALE  | AZ         |                | 4,125,000        | 04/11/2007         | 6.250                 | 4,119,273  |  |  | 7,920,000                         | 04/03/2007                                |
| 210484                                  | SCOTTSDALE  | AZ         |                | 3,100,000        | 04/12/2007         | 6.250                 | 3,095,696  |  |  | 6,250,000                         | 04/03/2007                                |
| 210485                                  | ALEPPO TOWNSHIP   | PA         |                | 2,100,000        | 06/07/2007         | 6.160                 | 2,100,000  |  |  | 2,800,000                         | 01/31/2007                                |
| 210486                                  | PLYMOUTH  | MI         |                | 2,800,000        | 05/02/2007         | 6.120                 | 2,796,844  |  |  | 3,880,000                         | 01/31/2007                                |
| 210488                                  | MELROSE PARK  | IL         |                | 14,000,000       | 05/09/2007         | 6.180                 | 13,986,536   |  |  | 19,500,000                        | 03/15/2007                                |
| 210492                                  | WESTFIELD   | MA         |                | 1,875,000        | 06/21/2007         | 6.180                 | 1,875,000  |  |  | 2,580,000                         | 03/23/2007                                |
| 210495                                  | AUSTIN  | TX         |                | 4,300,000        | 06/22/2007         | 6.060                 | 4,300,000  |  |  | 6,600,000                         | 05/08/2007                                |
| 0599999                                 | Total - Mortgages in Good Standing - Commercial Mortgages - All Other |            |                | 40,565,000       | XXX                | XXX                   | 40,534,506   | 0                                      | 0  | 61,000,000                        | XXX                                       |
| 0899999                                 | Total - Mortgages in Good Standing                                    |            |                | 40,565,000       | XXX                | XXX                   | 40,534,506   | 0                                      | 0  | 61,000,000                        | XXX                                       |
| 9999999                                 | Totals  |            |                | 40,565,000       | XXX                | XXX                   | 40,534,506   | 0                                      | 0  | 61,000,000                        | XXX                                       |

E02

**SCHEDULE B - PART 2**

Showing all Mortgage Loans SOLD, Transferred or Paid in Full During the Current Quarter

| 1<br>Loan Number                     | Location                              |            | 4<br>Loan Type | 5<br>Date Acquired | 6<br>Book Value/Recorded Investment Excluding Accrued Interest Prior Year | 7<br>Increase (Decrease) by Adjustment | 8<br>Increase (Decrease) by Foreign Exchange Adjustment | 9<br>Book Value/Recorded Investment Excluding Accrued Interest at Disposition | 10<br>Consideration Received | 11<br>Foreign Exchange Profit (Loss) on Sale | 12<br>Realized Profit (Loss) on Sale | 13<br>Total Profit (Loss) on Sale |
|--------------------------------------|---------------------------------------|------------|----------------|--------------------|---|--|---|---|------------------------------|--|--------------------------------------|-----------------------------------|
|                                      | 2<br>City                             | 3<br>State |                |                    |   |  |   |   |                              |  |                                      |                                   |
| <b>Mortgages Closed by Repayment</b> |                                       |            |                |                    |   |  |   |   |                              |  |                                      |                                   |
| 210263                               | OXNARD                                | CA         |                | 09/29/1998         | 904,988   |  |   | 888,784   | 888,784                      |  |                                      | 0                                 |
| 210270                               | SAN FERNANDO                          | CA         |                | 01/15/1999         | 895,212   |  |   | 875,557   | 875,557                      |  |                                      | 0                                 |
| 210273                               | WHITE PLAINS                          | NY         |                | 02/08/1999         | 1,918,185   |  |   | 1,894,530   | 1,894,530                    |  |                                      | 0                                 |
| 210322                               | GREENSBORO                            | NC         |                | 08/22/2001         | 2,084,895   |  |   | 2,073,527   | 2,073,527                    |  |                                      | 0                                 |
| 210331                               | GREENSBORO                            | NC         |                | 08/26/2002         | 6,606,953   |  |   | 6,572,701   | 6,572,701                    |  |                                      | 0                                 |
| 210404                               | TAMPA                                 | FL         |                | 05/09/2005         | 6,894,463   |  |   | 6,835,282   | 6,835,282                    |  |                                      | 0                                 |
| 210440                               | CANTON                                | MI         |                | 12/30/2005         | 5,300,000   |  |   | 5,300,000   | 5,300,000                    |  |                                      | 0                                 |
| 910015                               | SCOTTSDALE                            | AZ         |                | 03/03/1999         | 1,316,833   |  |   | 1,303,705   | 1,303,705                    |  |                                      | 0                                 |
| 0199999                              | Total - Mortgages Closed by Repayment |            |                |                    | 25,921,530  | 0                                      | 0   | 25,744,086  | 25,744,086                   | 0  | 0                                    | 0                                 |
| <b>Mortgages Sold</b>                |                                       |            |                |                    |   |  |   |   |                              |  |                                      |                                   |
| 210300                               | GENESEE                               | CO         |                | 06/02/2000         | 3,421,807   |  |   | 3,396,171   | 3,396,171                    |  |                                      | 0                                 |
| 021300B                              | GENESEE                               | CO         |                | 08/22/2001         | 182,858   |  |   | 181,488   | 181,488                      |  |                                      | 0                                 |
| 0299999                              | Total - Mortgages Sold                |            |                |                    | 3,604,664   | 0                                      | 0   | 3,577,659   | 3,577,659                    | 0  | 0                                    | 0                                 |
| 9999999                              | Totals                                |            |                |                    | 29,526,194  | 0                                      | 0   | 29,321,745  | 29,321,745                   | 0  | 0                                    | 0                                 |

### SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

| 1<br>CUSIP<br>Identification | 2<br>Name or<br>Description | Location  |            | 5<br>Name of<br>Vendor or<br>General Partner | 6<br>NAIC<br>Designation | 7<br>Date<br>Originally<br>Acquired | 8<br>Type<br>and<br>Strategy | 9<br>Actual<br>Cost | 10<br>Amount of<br>Encumbrances | 11<br>Book/Adjusted<br>Carrying Value<br>Less<br>Encumbrances | 12<br>Fair<br>Value | 13<br>Increase<br>(Decrease)<br>by Adjustment | 14<br>Increase<br>(Decrease) by<br>Foreign Exchange<br>Adjustment | 15<br>Commitment<br>for<br>Additional<br>Investment | 16<br>Percentage<br>of<br>Ownership |
|------------------------------|-----------------------------|-----------|------------|--|--------------------------|-------------------------------------|------------------------------|---------------------|---------------------------------|---|---------------------|---|---|---|-------------------------------------|
|                              |                             | 3<br>City | 4<br>State |  |                          |                                     |                              |                     |                                 |   |                     |   |   |   |                                     |

**NONE**

E03

### SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

| 1<br>CUSIP<br>Identification | 2<br>Name or<br>Description | Location  |            | 5<br>Name of Purchaser or<br>Nature of Disposal | 6<br>Date<br>Originally<br>Acquired | 7<br>Book/Adjusted<br>Carrying Value<br>Less<br>Encumbrances,<br>Prior Year | 8<br>Increase<br>(Decrease)<br>by Adjustment | 9<br>Increase<br>(Decrease) by<br>Foreign Exchange<br>Adjustment | 10<br>Book/Adjusted<br>Carrying Value<br>Less<br>Encumbrances<br>on Disposal | 11<br>Consideration<br>Received | 12<br>Foreign<br>Exchange<br>Gain (Loss)<br>on Disposal | 13<br>Realized<br>Gain (Loss)<br>on Disposal | 14<br>Total<br>Gain (Loss)<br>on Disposal | 15<br>Investment<br>Income |
|------------------------------|-----------------------------|-----------|------------|---|-------------------------------------|---|--|--|--|---------------------------------|---|--|---|----------------------------|
|                              |                             | 3<br>City | 4<br>State |   |                                     |   |  |  |  |                                 |   |  |   |                            |

**NONE**

## SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

| 1   | 2   | 3       | 4             | 5                          | 6                         | 7           | 8          | 9                                       | 10                                       |
|---|---|---------|---------------|----------------------------|---------------------------|-------------|------------|---|--|
| CUSIP Identification                                  | Description   | Foreign | Date Acquired | Name of Vendor             | Number of Shares of Stock | Actual Cost | Par Value  | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator (a) |
| <b>Bonds - U.S. Government</b>                        |   |         |               |                            |                           |             |            |   |  |
| 912828 GS 3   | United States Treasury 4.500% 05/15/17                |         | 06/07/2007    | Cantor Fitzgerald          |                           | 19,115,625  | 20,000,000 | 68,478                                  | 1FE                                      |
| 0399999.  | Total - Bonds - U.S. Government                       |         |               |                            |                           | 19,115,625  | 20,000,000 | 68,478                                  | XXX                                      |
| <b>Bonds - Special Revenue and Special Assessment</b> |   |         |               |                            |                           |             |            |   |  |
| 313921 HS 0   | Federal Natl Mtg Assn 6.500% 10/25/31                 |         | 06/01/2007    | Interest Capitalization    |                           | 233,440     | 233,440    |   | 1FE                                      |
| 31395F FW 9   | Federal Home Ln Mtg 5.500% 02/15/33                   |         | 05/18/2007    | JP Morgan                  |                           | 14,697,656  | 15,000,000 | 50,417                                  | 1FE                                      |
| 31395G JR 4   | Federal Home Ln Mtg 5.500% 09/15/34                   |         | 06/01/2007    | Interest Capitalization    |                           | 150,520     | 150,520    |   | 1FE                                      |
| 31395L PD 7   | Federal Home Ln Mtg 5.500% 09/15/31                   |         | 06/01/2007    | Interest Capitalization    |                           | 377,352     | 377,352    |   | 1FE                                      |
| 31395T KM 5   | Federal Home Ln Mtg 5.500% 11/15/33                   |         | 04/27/2007    | Dain Rauscher              |                           | 6,885,156   | 7,000,000  | 1,069                                   | 1FE                                      |
| 31395U RQ 6   | Federal Home Ln Mtg 6.000% 05/15/35                   |         | 06/01/2007    | Interest Capitalization    |                           | 168,234     | 168,234    |   | 1FE                                      |
| 31396G 2U 4   | Federal Home Ln Mtg 6.000% 12/15/35                   |         | 06/01/2007    | Interest Capitalization    |                           | 162,462     | 162,462    |   | 1FE                                      |
| 31396K KS 0   | Federal Natl Mtg Assn 6.500% 08/25/36                 |         | 05/16/2007    | Lehman Brothers            |                           | 9,837,819   | 9,562,886  | 34,533                                  | 1FE                                      |
| 31396K KS 0   | Federal Natl Mtg Assn 6.500% 08/25/36                 |         | 06/01/2007    | Interest Capitalization    |                           | 51,799      | 51,799     |   | 1FE                                      |
| 31396P K7 5   | Federal Natl Mtg Assn 6.500% 08/25/36                 |         | 06/12/2007    | Dain Rauscher              |                           | 9,962,500   | 10,000,000 | 25,278                                  | 1FE                                      |
| 31396R MH 7   | Federal Home Ln Mtg 5.500% 03/15/30                   |         | 06/01/2007    | Interest Capitalization    |                           | 260,270     | 260,270    |   | 1FE                                      |
| 31396U XA 3   | Federal Home Ln Mtg 6.000% 09/15/35                   |         | 04/02/2007    | Barclays Capital           |                           | 18,326,971  | 18,009,000 | 12,006                                  | 1FE                                      |
| 31397A JW 4   | Federal Home Ln Mtg 5.500% 02/15/34                   |         | 06/01/2007    | Interest Capitalization    |                           | 213,936     | 213,936    |   | 1FE                                      |
| 31397A KG 7   | Federal Home Ln Mtg 5.500% 02/15/34                   |         | 04/04/2007    | Jefferies & Co.            |                           | 15,478,821  | 15,764,554 | 21,676                                  | 1FE                                      |
| 31412W NN 2   | Federal Natl Mtg Assn 6.000% 06/01/37                 |         | 06/08/2007    | Jefferies & Co.            |                           | 14,080,391  | 14,281,221 | 26,182                                  | 1FE                                      |
| 3199999.  | Total - Bonds - Special Revenue & Special Assessments |         |               |                            |                           | 90,887,327  | 91,235,674 | 171,161                                 | XXX                                      |
| <b>Bonds - Public Utilities</b>                       |   |         |               |                            |                           |             |            |   |  |
| 00113* AA 2   | AEP Generating Company 6.330% 09/30/37                |         | 06/28/2007    | Direct-Private Placement   |                           | 9,000,000   | 9,000,000  |   | 2Z                                       |
| 02360F AA 4   | Amerenue 5.100% 10/01/19                              |         | 04/30/2007    | Banc of America Securities |                           | 4,430,886   | 4,776,000  | 21,651                                  | 2FE                                      |
| 281023 AS 0   | Edison Mission Energy 1 7.000% 05/15/17               |         | 05/01/2007    | KBC Financial              |                           | 5,025,000   | 5,000,000  |   | 4FE                                      |
| 624758 AA 6   | Mueller Water Products 7.375% 06/01/17                |         | 05/23/2007    | KBC Financial              |                           | 1,524,375   | 1,500,000  | 1,536                                   | 4FE                                      |
| 668074 AM 9   | Northwestern Corp 5.875% 11/01/14                     |         | 06/04/2007    | Merrill Lynch              |                           | 802,837     | 820,000    | 4,818                                   | 2FE                                      |
| 83614K AA 7   | Source Gas LLC 144A 5.900% 04/01/17                   |         | 04/12/2007    | Various                    |                           | 9,977,980   | 10,000,000 | 492                                     | 2FE                                      |
| 875127 AW 2   | Tampa Elec Co 6.150% 05/15/37                         |         | 05/23/2007    | Various                    |                           | 4,973,260   | 5,000,000  | 683                                     | 2FE                                      |
| 88031V AA 7   | Tenaska Gateway Partner 6.052% 12/30/23               |         | 05/31/2007    | Paribas                    |                           | 6,000,000   | 6,000,000  |   | 2FE                                      |
| 89407# AC 2   | Transwestern Pipeline 5.640% 05/24/17                 |         | 05/24/2007    | Direct-Private Placement   |                           | 2,000,000   | 2,000,000  |   | 2Z                                       |
| 96432W AA 3   | White Pine Hydro Port 6.310% 07/10/17                 |         | 05/30/2007    | Credit Suisse              |                           | 4,000,000   | 4,000,000  |   | 2FE                                      |
| 3899999.  | Total - Bonds - Public Utilities                      |         |               |                            |                           | 47,734,338  | 48,096,000 | 29,180                                  | XXX                                      |
| <b>Bonds - Industrial and Miscellaneous</b>           |   |         |               |                            |                           |             |            |   |  |
| 01439@ AG 2   | ALDI Inc Series C 5.940% 04/04/22                     |         | 04/04/2007    | Direct-Private Placement   |                           | 10,000,000  | 10,000,000 |   | 2Z                                       |
| 023771 Q9 2   | American Airlines Inc 7.250% 02/05/09                 |         | 05/29/2007    | Piper Jaffary              |                           | 3,272,000   | 3,200,000  | 74,756                                  | 2FE                                      |
| 031162 AS 9   | Amgen Inc 144A 5.850% 06/01/17                        |         | 05/24/2007    | Morgan Stanley DWD         |                           | 2,496,075   | 2,500,000  |   | 1FE                                      |
| 035229 CT 8   | Anheuser Busch Cos Inc 5.350% 05/15/23                |         | 05/29/2007    | UBS                        |                           | 6,975,000   | 7,500,000  | 17,833                                  | 1FE                                      |
| 064207 UV 3   | Bank of Oklahoma 5.750% 05/15/17                      |         | 05/14/2007    | UBS                        |                           | 9,985,600   | 10,000,000 |   | 2FE                                      |
| 080555 AH 8   | Belo (AH) Corp 6.750% 05/30/13                        |         | 05/23/2007    | Banc of America Securities |                           | 2,587,225   | 2,500,000  | 83,906                                  | 2FE                                      |
| 084423 AP 7   | Berkley WR 6.250% 02/15/37                            |         | 04/10/2007    | Cantor Fitzgerald          |                           | 4,894,300   | 5,000,000  | 51,215                                  | 2FE                                      |
| 126650 BH 2   | CVS Caremark Corp 5.750% 06/01/17                     |         | 05/23/2007    | Robert W. Baird & Co       |                           | 4,972,100   | 5,000,000  | 3,194                                   | 2FE                                      |
| 126650 BJ 8   | CVS Caremark Corp 6.250% 06/01/27                     |         | 05/23/2007    | Various                    |                           | 2,984,460   | 3,000,000  | 1,389                                   | 2FE                                      |
| 140661 AA 7   | Capmark Financial Group 6.300% 05/10/17               |         | 05/04/2007    | Various                    |                           | 5,003,450   | 5,000,000  |   | 2FE                                      |
| 191098 AH 5   | Coca Cola Bottling 5.000% 06/15/16                    |         | 05/01/2007    | Robert W. Baird & Co       |                           | 7,096,650   | 7,500,000  | 144,792                                 | 2FE                                      |
| 191219 AQ 7   | Coca Cola Enterprises 8.000% 09/15/22                 |         | 06/14/2007    | Credit Suisse              |                           | 5,804,750   | 5,000,000  | 104,444                                 | 1FE                                      |
| 219023 AD 0   | Corn Products Intl Inc 6.000% 04/15/17                |         | 04/04/2007    | Citigroup Global           |                           | 9,976,800   | 10,000,000 |   | 2FE                                      |
| 222862 AG 9   | Coventry Health Care 5.950% 03/15/17                  |         | 05/31/2007    | JP Morgan                  |                           | 4,939,800   | 5,000,000  | 61,979                                  | 3FE                                      |
| 231021 AJ 5   | Cummins Engine 7.125% 03/01/28                        |         | 05/30/2007    | Cantor Fitzgerald          |                           | 1,169,674   | 1,140,000  | 20,983                                  | 2FE                                      |
| 23307* AB 8   | DC Arena LP 6.200% 11/30/23                           |         | 05/21/2007    | Direct-Private Placement   |                           | 1,500,000   | 1,500,000  |   | 2Z                                       |
| 23307* AC 6   | DC Arena LP 6.560% 11/30/23                           |         | 05/21/2007    | Tax Free Exchange          |                           | 2,500,000   | 2,500,000  | 76,713                                  | 2Z                                       |
| 294429 AF 2   | Equifax Inc 6.300% 07/01/17                           |         | 06/25/2007    | Banc of America Securities |                           | 3,492,265   | 3,500,000  |   | 2FE                                      |
| 345397 VG 5   | Ford Mtr Cr Co 7.800% 06/01/12                        |         | 05/15/2007    | JP Morgan                  |                           | 2,994,990   | 3,000,000  |   | 4FE                                      |
| 360271 AH 3   | Fulton Financial Corp 5.750% 05/01/17                 |         | 04/27/2007    | Keefe Bruyette & Woods     |                           | 4,985,700   | 5,000,000  |   | 1FE                                      |

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### SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

| 1<br>CUSIP<br>Identification | 2<br>Description                           | 3<br>Foreign | 4<br>Date<br>Acquired | 5<br>Name of Vendor        | 6<br>Number of<br>Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for<br>Accrued Interest<br>and Dividends | 10<br>NAIC Designation<br>or Market<br>Indicator (a) |
|------------------------------|--|--------------|-----------------------|----------------------------|-----------------------------------|------------------|----------------|--|--|
| 38238Q AL 0                  | Goodrich Corp 7.100% 11/15/27              |              | 04/30/2007            | Banc of America Securities |                                   | 4,808,559        | 4,425,000      | 146,615  | 2FE  |
| 47102X AF 2                  | Janus Capital Group Inc 6.700% 06/15/17    |              | 06/08/2007            | Citigroup Global           |                                   | 10,031,000       | 10,000,000     |  | 2FE  |
| 69351H AD 4                  | Prime Property Funding 5.700% 04/15/17     |              | 04/05/2007            | Morgan Stanley DWD         |                                   | 4,981,100        | 5,000,000      |  | 1FE  |
| 708160 BQ 8                  | Penney JC Inc 7.950% 04/01/17              |              | 04/18/2007            | Jefferies & Co             |                                   | 2,288,680        | 2,000,000      | 9,717  | 2FE  |
| 709631 F# 7                  | Pentair Inc Series D 5.870% 05/17/17       |              | 05/17/2007            | Direct-Private Placement   |                                   | 15,000,000       | 15,000,000     |  | 2Z   |
| 716745 AB 0                  | Petroplus Finance LTD 7.000% 05/01/17      |              | 05/01/2007            | RBC Dain                   |                                   | 3,039,375        | 3,000,000      | 1,167  | 4FE  |
| 75884R AQ 6                  | Regency Centers LP 5.875% 06/15/17         |              | 06/01/2007            | Wachovia Corp              |                                   | 4,976,350        | 5,000,000      |  | 2FE  |
| 76113B AE 9                  | Residential Captial LLC 6.875% 06/30/15    |              | 05/31/2007            | Citigroup Global           |                                   | 5,037,450        | 5,000,000      | 148,003  | 2FE  |
| 88732J AC 2                  | Time Warner Cable Inc 5.850% 05/01/17      |              | 04/04/2007            | Citigroup Global           |                                   | 2,494,225        | 2,500,000      |  | 2FE  |
| 902917 AH 6                  | USA Waste Services Inc 7.000% 07/15/28     |              | 06/08/2007            | Credit Suisse              |                                   | 9,982,700        | 10,000,000     | 287,778  | 2FE  |
| 912909 AC 2                  | United States Steel 6.050% 06/01/17        |              | 05/16/2007            | JP Morgan                  |                                   | 1,997,860        | 2,000,000      |  | 3FE  |
| 947074 AF 7                  | Weatherford Intl Inc 14 6.350% 06/15/17    |              | 06/13/2007            | Morgan Stanley DWD         |                                   | 4,996,000        | 5,000,000      |  | 2FE  |
| 98372P AK 4                  | XL Capital Ltd 6.250% 05/15/27             |              | 05/02/2007            | Goldman Sachs & Company    |                                   | 4,990,250        | 5,000,000      |  | 1FE  |
| 984121 BS 1                  | Xerox Corp 5.500% 05/15/12                 |              | 05/14/2007            | Citigroup Global           |                                   | 4,980,650        | 5,000,000      |  | 2FE  |
| 13645R AF 1                  | Canadian Pacific RR Co 5.950% 05/15/37     | I            | 05/03/2007            | Morgan Stanley DWD         |                                   | 4,915,450        | 5,000,000      |  | 2FE  |
| 29250N AC 9                  | Enbridge Inc 5.800% 06/15/14               | I            | 05/31/2007            | Citigroup Global           |                                   | 4,995,300        | 5,000,000      |  | 2FE  |
| 65334H AF 9                  | Nexen Inc 5.650% 05/15/17                  | I            | 05/01/2007            | Deutsche Asset Management  |                                   | 4,984,000        | 5,000,000      |  | 2FE  |
| 77531Q AM 0                  | Rogers Wireless Inc 7.500% 03/15/15        | I            | 04/30/2007            | UBS                        |                                   | 11,504,018       | 10,466,000     | 104,660  | 2FE  |
| 92658T AG 3                  | Videotron LTEE 6.875% 01/15/14             | I            | 04/09/2007            | UBS                        |                                   | 3,051,000        | 3,000,000      | 49,844   | 4FE  |
| 87927V AF 5                  | Telecom Italia Capital 6.375% 11/15/33     | F            | 05/23/2007            | RBC Dain                   |                                   | 2,405,200        | 2,500,000      | 6,198  | 2FE  |
| 4599999                      | Total - Bonds - Industrial & Miscellaneous |              |                       |                            |                                   | 209,090,006      | 207,731,000    | 1,395,186  | XXX  |
| 6099997                      | Total - Bonds - Part 3                     |              |                       |                            |                                   | 366,827,296      | 367,062,674    | 1,664,005  | XXX  |
| 6099999                      | Total - Bonds                              |              |                       |                            |                                   | 366,827,296      | 367,062,674    | 1,664,005  | XXX  |
| 7499999                      | Total - Bonds, Preferred and Common Stocks |              |                       |                            |                                   | 366,827,296      | XXX            | 1,664,005  | XXX  |

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(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

| 1   | 2   | 3        | 4             | 5                        | 6                         | 7             | 8          | 9           | 10                                       | Change in Book/Adjusted Carrying Value    |  |   |                                      |  | 16   | 17                                       | 18                               | 19                            | 20  | 21            | 22                                       |
|---|---|----------|---------------|--------------------------|---------------------------|---------------|------------|-------------|--|---|--|---|--------------------------------------|--|--|--|----------------------------------|-------------------------------|---|---------------|--|
|   |   |          |               |                          |                           |               |            |             |  | 11  | 12                                       | 13  | 14                                   | 15   |  |  |                                  |                               |   |               |  |
| CUSIP Identification                                  | Description                                       | For eign | Disposal Date | Name of Purchaser        | Number of Shares of Stock | Consideration | Par Value  | Actual Cost | Prior Year Book/ Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value At Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/ Stock Dividends Received During Year | Maturity Date | NAIC Designation or Market Indicator (a) |
| <b>Bonds - U.S. Government</b>                        |   |          |               |                          |                           |               |            |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |  |
| 36225A PD 6   | Government Natl Mtg 7.500% 08/15/26.....          |          | 06/01/2007    | Paydown.....             |                           | 7,850         | 7,850      | 8,053       | 8,038                                    |   | (188)                                    |   | (188)                                |  | 7,850  |  |                                  | 0                             | 269   | 08/15/2026    | 1FE.....                                 |
| 36225A UH 1   | Government Natl Mtg 7.000% 06/15/27.....          |          | 06/01/2007    | Paydown.....             |                           | 9,008         | 9,008      | 9,095       | 9,089                                    |   | (81)                                     |   | (81)                                 |  | 9,008  |  |                                  | 0                             | 261   | 06/15/2027    | 1FE.....                                 |
| 664355 B9 4   | Northeast 1985-1 FHA 8.581% 12/24/20.....         |          | 06/01/2007    | Paydown.....             |                           | 97,756        | 97,756     | 100,536     | 100,471                                  |   | (2,714)                                  |   | (2,714)                              |  | 97,756   |  |                                  | 0                             | (86,632)  | 12/24/2020    | 1FE.....                                 |
| 912828 GS 3   | United States Treasury 4.500% 05/15/17.....       |          | 06/19/2007    | Barclays Capital.....    |                           | 19,115,625    | 20,000,000 | 19,115,625  |  |   | 1,934                                    |   | 1,934                                |  | 19,117,559                                     |  |                                  | (1,934)                       | (1,934)   | 05/15/2017    | 1FE.....                                 |
| 0399999.  | Total - Bonds - U.S. Government.....              |          |               |                          |                           | 19,230,239    | 20,114,614 | 19,233,309  | 117,598                                  | 0   | (1,049)                                  | 0   | (1,049)                              | 0  | 19,232,173                                     | 0  | (1,934)                          | (1,934)                       | 6,833   | XXX           | XXX                                      |
| <b>Bonds - All Other Government</b>                   |   |          |               |                          |                           |               |            |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |  |
| 465138 TZ 8   | Israel St Government 7.500% 05/31/07.....         | F        | 05/31/2007    | Maturity.....            |                           | 5,000,000     | 5,000,000  | 5,000,000   | 5,000,000                                |   |  |   | 0                                    |  | 5,000,000                                      |  |                                  | 0                             | 187,500   | 05/31/2007    | 1.....                                   |
| 1099999.  | Total - Bonds - All Other Government.....         |          |               |                          |                           | 5,000,000     | 5,000,000  | 5,000,000   | 5,000,000                                | 0   | 0  | 0   | 0                                    | 0  | 5,000,000                                      | 0  | 0                                | 0                             | 187,500   | XXX           | XXX                                      |
| <b>Bonds - Special Revenue and Special Assessment</b> |   |          |               |                          |                           |               |            |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |  |
| 31292J BR 0   | Federal Home Ln Mtg 6.000% 06/01/34.....          |          | 06/01/2007    | Paydown.....             |                           | 200,597       | 200,597    | 205,095     | 205,017                                  |   | (4,420)                                  |   | (4,420)                              |  | 200,597  |  |                                  | 0                             | 5,070   | 06/01/2034    | 1FE.....                                 |
| 31297U V2 3   | Federal Home Ln Mtg 5.500% 02/01/35.....          |          | 06/01/2007    | Paydown.....             |                           | 126,356       | 126,356    | 127,817     | 127,779                                  |   | (1,423)                                  |   | (1,423)                              |  | 126,356  |  |                                  | 0                             | 3,393   | 02/01/2035    | 1FE.....                                 |
| 31297U V3 1   | Federal Home Ln Mtg 5.500% 02/01/35.....          |          | 06/01/2007    | Paydown.....             |                           | 402,350       | 402,350    | 406,886     | 407,003                                  |   | (4,535)                                  |   | (4,535)                              |  | 402,350  |  |                                  | 0                             | 8,474   | 02/01/2035    | 1FE.....                                 |
| 31359M MP 5   | Federal Natl Mtg Assn 5.250% 04/15/07.....        |          | 04/15/2007    | Maturity.....            |                           | 39,000,000    | 39,000,000 | 39,054,360  | 39,015,412                               |   | (15,412)                                 |   | (15,412)                             |  | 39,000,000                                     |  |                                  | 0                             | 1,023,750   | 04/15/2007    | 1FE.....                                 |
| 31371G HP 8   | Federal Natl Mtg Assn 9.500% 09/01/17.....        |          | 06/01/2007    | Paydown.....             |                           | 487           | 487        | 524         | 510                                      |   | (23)                                     |   | (23)                                 |  | 487  |  |                                  | 0                             | 20  | 09/01/2017    | 1FE.....                                 |
| 31373T S9 2   | Federal Natl Mtg Assn 7.500% 10/01/09.....        |          | 06/01/2007    | Paydown.....             |                           | 23,450        | 23,450     | 23,853      | 23,577                                   |   | (127)                                    |   | (127)                                |  | 23,450   |  |                                  | 0                             | 820   | 10/01/2009    | 1FE.....                                 |
| 31382Y UG 1   | Federal Natl Mtg Assn 8.000% 12/01/09.....        |          | 06/01/2007    | Paydown.....             |                           | 12,404        | 12,404     | 12,683      | 12,510                                   |   | (105)                                    |   | (105)                                |  | 12,404   |  |                                  | 0                             | 1,293   | 12/01/2009    | 1FE.....                                 |
| 31393M A4 3   | Federal Home Ln Mtg 5.500% 04/15/23.....          |          | 05/18/2007    | Countrywide Funding..... |                           | 14,752,822    | 14,813,000 | 14,880,121  | 14,845,305                               |   | (5,986)                                  |   | (5,986)                              |  | 14,839,318                                     |  | (86,496)                         | (86,496)                      | 389,253   | 08/15/2014    | 1FE.....                                 |
| 31394L HP 0   | Federal Home Ln Mtg 6.000% 03/15/20.....          |          | 06/01/2007    | Paydown.....             |                           | 221,189       | 221,189    | 222,986     | 222,546                                  |   | (1,357)                                  |   | (1,357)                              |  | 221,189  |  |                                  | 0                             | 5,687   | 01/15/2012    | 1FE.....                                 |
| 31394U C6 7   | Federal Natl Mtg Assn 6.000% 05/25/30.....        |          | 04/02/2007    | Greenwich Capital.....   |                           | 16,944,590    | 16,730,234 | 17,080,523  | 17,021,011                               |   | (16,543)                                 |   | (16,543)                             |  | 17,004,469                                     |  | (59,879)                         | (59,879)                      | 345,758   | 11/25/2012    | 1FE.....                                 |
| 31394U ZQ 8   | Federal Natl Mtg Assn 6.000% 10/25/32.....        |          | 04/04/2007    | Jefferies & Co.....      |                           | 12,292,230    | 12,144,222 | 12,379,516  | 12,348,013                               |   | (8,625)                                  |   | (8,625)                              |  | 12,339,387                                     |  | (47,158)                         | (47,158)                      | 261,101   | 09/25/2013    | 1FE.....                                 |
| 38373T K2 0   | Government Natl Mtg 6.500% 11/20/31.....          |          | 06/01/2007    | Paydown.....             |                           | 435,545       | 435,545    | 444,256     | 436,363                                  |   | (817)                                    |   | (817)                                |  | 435,545  |  |                                  | 0                             | 12,563  | 05/20/2009    | 1FE.....                                 |
| 3837H0 JB 0   | Government Natl Mtg 8.050% 06/16/25.....          |          | 06/01/2007    | Paydown.....             |                           | 10,602        | 10,602     | 10,915      | 10,793                                   |   | (191)                                    |   | (191)                                |  | 10,602   |  |                                  | 0                             | 352   | 06/16/2025    | 1FE.....                                 |
| 71781L AH 2   | Philadelphia Development 5.690% 04/15/0.....      |          | 04/15/2007    | Maturity.....            |                           | 7,500,000     | 7,500,000  | 7,500,000   | 7,500,000                                |   |  |   | 0                                    |  | 7,500,000                                      |  |                                  | 0                             | 213,375   | 04/15/2007    | 1FE.....                                 |
| 3199999.  | Total - Bonds - Special Revenue & Assessment..... |          |               |                          |                           | 91,922,622    | 91,620,436 | 92,349,652  | 92,175,722                               | 0   | (59,564)                                 | 0   | (59,564)                             | 0  | 92,116,154                                     | 0  | (193,533)                        | (193,533)                     | 2,270,909   | XXX           | XXX                                      |
| <b>Bonds - Public Utilities</b>                       |   |          |               |                          |                           |               |            |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |  |
| 00111@ AA 2   | AES Hawaii Inc 6.870% 06/30/22.....               |          | 06/30/2007    | Redemption 100.0000..... |                           | 40,000        | 40,000     | 40,000      | 40,000                                   |   |  |   | 0                                    |  | 40,000   |  |                                  | 0                             | 1,380   | 06/30/2022    | 2.....                                   |
| 49228R AC 7   | Kern River Funding Corp 6.676% 07/31/16.....      |          | 05/31/2007    | Redemption 100.0000..... |                           | 76,471        | 76,471     | 76,471      | 76,471                                   |   |  |   | 0                                    |  | 76,471   |  |                                  | 0                             | 1,716   | 07/31/2016    | 1FE.....                                 |
| 624284 AJ 4   | Mountain States Tel 6.000% 08/01/07.....          |          | 06/07/2007    | Call 100.0000.....       |                           | 5,000,000     | 5,000,000  | 4,931,850   | 4,995,767                                |   | 3,128                                    |   | 3,128                                |  | 4,998,894                                      |  | 1,106                            | 1,106                         | 255,000   | 08/01/2007    | 3FE.....                                 |
| 664787 AF 5   | Northern Border Pipeline 6.250% 05/01/07.....     |          | 05/01/2007    | Maturity.....            |                           | 5,000,000     | 5,000,000  | 4,997,650   | 4,999,824                                |   | 176                                      |   | 176                                  |  | 5,000,000                                      |  |                                  | 0                             | 156,250   | 05/01/2007    | 1FE.....                                 |
| 693659 AC 8   | PVNGS II Funding Arizona 8.000% 12/30/1.....      |          | 06/30/2007    | Redemption 100.0000..... |                           | 123,101       | 123,101    | 133,013     | 127,360                                  |   | (393)                                    |   | (393)                                |  | 126,967  |  | (3,866)                          | (3,866)                       | 4,924   | 12/30/2015    | 2FE.....                                 |
| 693927 AE 5   | PNPP II Funding Corp 9.120% 05/30/16.....         |          | 05/30/2007    | Call 100.0000.....       |                           | 385,000       | 385,000    | 447,678     | 424,100                                  |   | (1,194)                                  |   | (1,194)                              |  | 422,905  |  | (37,905)                         | (37,905)                      | 17,556  | 05/30/2016    | 1FE.....                                 |
| 795770 AN 6   | Saiton Sea Funding 7.475% 11/30/18.....           |          | 05/31/2007    | Redemption 100.0000..... |                           | 11,419        | 11,419     | 11,813      | 11,770                                   |   | (8)                                      |   | (8)                                  |  | 11,762   |  | (343)                            | (343)                         | 427   | 11/30/2018    | 2FE.....                                 |
| 924172 E* 6   | Vermont Electric Power 7.420% 01/01/12.....       |          | 04/01/2007    | Redemption 100.0000..... |                           | 20,000        | 20,000     | 20,000      | 20,000                                   |   |  |   | 0                                    |  | 20,000   |  |                                  | 0                             | 745   | 01/01/2012    | 2.....                                   |
| 98389B AJ 9   | Xcel Energy Inc 144A 5.613% 04/01/17.....         |          | 04/03/2007    | Direct.....              |                           | 250           | 250        | 242         |  |   |  | 0   |                                      | 242  |  |  | 8                                | 8                             |   | 04/01/2017    | 2FE.....                                 |
| 3899999.  | Total - Bonds - Public Utilities.....             |          |               |                          |                           | 10,656,241    | 10,656,241 | 10,658,717  | 10,695,292                               | 0   | 1,709                                    | 0   | 1,709                                | 0  | 10,697,241                                     | 0  | (41,000)                         | (41,000)                      | 437,998   | XXX           | XXX                                      |
| <b>Bonds - Industrial and Miscellaneous</b>           |   |          |               |                          |                           |               |            |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |  |
| 013817 AJ 0   | Alcoa Inc 5.900% 02/01/27.....                    |          | 05/08/2007    | UBS.....                 |                           | 4,838,300     | 5,000,000  | 5,033,350   |  |   |  | 0   |                                      | 5,033,350                                  |  | (195,050)                                | (195,050)                        | 86,861                        | 02/01/2027  | 2FE.....      |  |
| 01958X BK 2   | Allied Waste North 6.375% 04/15/11.....           |          | 06/05/2007    | RBC Dain.....            |                           | 2,010,000     | 2,000,000  | 2,000,000   | 2,000,000                                |   |  |   | 0                                    |  | 2,000,000                                      |  | 10,000                           | 10,000                        | 82,521  | 04/15/2011    | 4FE.....                                 |
| 03235M AA 0   | Amtrak Penn Stn Lease 9.250% 06/15/17.....        |          | 06/15/2007    | Redemption 100.0000..... |                           | 41,367        | 41,367     | 41,367      | 41,367                                   |   |  |   | 0                                    |  | 41,367   |  |                                  | 0                             | 1,965   | 06/15/2017    | 1.....                                   |
| 04004# AA 2   | Center Operating Co 8.200% 09/30/23.....          |          | 06/30/2007    | Redemption 100.0000..... |                           | 13,379        | 13,379     | 13,379      | 13,379                                   |   |  |   | 0                                    |  | 13,379   |  |                                  | 0                             | 870   | 09/30/2023    | 2FE.....                                 |
| 066748 AB 0   | Banque Paribas 8.350% 06/15/07.....               |          | 06/15/2007    | Maturity.....            |                           | 5,692,000     | 5,692,000  | 5,993,050   | 5,710,916                                |   | (18,916)                                 |   | (18,916)                             |  | 5,692,000                                      |  |                                  | 0                             | 237,641   | 06/15/2007    | 1FE.....                                 |
| 076036 AB 8   | Bedford CDO Ltd 144A 6.610% 05/11/11.....         |          | 05/11/2007    | Redemption 100.0000..... |                           | 602,864       | 602,864    | 602,864     | 602,864                                  |   |  |   | 0                                    |  | 602,864  |  |                                  | 0                             | 19,925  | 05/11/2011    | 1FE.....                                 |
| 125509 BA 6   | Cigna Corp 7.400% 05/15/07.....                   |          | 05/15/2007    | Maturity.....            |                           | 2,000,000     | 2,000,000  | 2,107,300   | 2,006,230                                |   | (6,230)                                  |   | (6,230)                              |  | 2,000,000                                      |  |                                  | 0                             | 74,000  | 05/15/2007    | 2FE.....                                 |
| 12644@ AB 1   | Home Depot Nanuet 6.860% 04/15/10.....            |          | 04/15/2007    | Redemption 100.0000..... |                           | 13,864        | 13,864     | 13,864      | 13,864                                   |   |  |   | 0                                    |  | 13,864   |  |                                  | 0                             | 476   | 04/15/2010    | 1.....                                   |
| 171912 AB 4   | Cigna CBO 1996-1 Ser A 6.460% 11/15/08.....       |          | 05/15/2007    | Paydown.....             |                           | 596,163       | 596,163    | 602,125     | 604,405                                  |   | (8,241)                                  |   | (8,241)                              |  | 596,163  |  |                                  | 0                             | 17,311  | 11/15/2008    | 1FE.....                                 |
| 22540A FU 7   | CS First Boston Mtg Sec 1.164% 04/17/30.....      |          | 06/01/2007    | Paydown.....             |                           |               |            | 12,234      | 12,234                                   |   | (12,234)                                 |   | (12,234)                             |  |  |  |                                  | 0                             | 2,085   | 04/17/2030    | 1FE.....                                 |
| 22540A FU 7   | CS First Boston Mtg Sec 1.164% 04/17/30.....      |          | 06/30/2007    | Basis Adjustment.....    |                           |               |            | 48,122      | 48,122                                   |   | (48,121)                                 |   | (48,121)                             |  |  |  |                                  | 0                             |   | 04/17/2030    | 1FE.....                                 |
| 23307* AA 0   | DC Arena LP 6.460% 11/30/23.....                  |          | 05/21/2007    | Tax Free Exchange.....   |                           | 2,500,000     | 2,500,000  | 2,500,000   | 2,500,000                                |   |  |   | 0                                    |  | 2,500,000                                      |  |                                  | 0                             | 76,713  | 11/30/2023    | 2Z.....                                  |

E05

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

| 1  | 2  | 3                       | 4             | 5                        | 6                         | 7             | 8           | 9           | 10                                       | Change in Book/Adjusted Carrying Value    |  |   |                                      |  | 16   | 17                                       | 18                               | 19                            | 20  | 21            | 22                                   |
|--|--|-------------------------|---------------|--------------------------|---------------------------|---------------|-------------|-------------|--|---|--|---|--------------------------------------|--|--|--|----------------------------------|-------------------------------|---|---------------|--------------------------------------|
|  |  |                         |               |                          |                           |               |             |             |  | 11  | 12                                       | 13  | 14                                   | 15   |  |  |                                  |                               |   |               |                                      |
| CUSIP Identification   | Description  | For<br>e<br>i<br>g<br>n | Disposal Date | Name of Purchaser        | Number of Shares of Stock | Consideration | Par Value   | Actual Cost | Prior Year Book/ Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value At Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/ Stock Dividends Received During Year | Maturity Date | NAIC Designation or Market Indicator |
| 246688 AE 5  | Delhaize America Inc 8.125% 04/15/11.....                          |                         | 06/28/2007    | Redemption 100.1515..... |                           | 5,007,574     | 5,000,000   | 5,016,100   | 5,008,395                                |   | (822)                                    |   | (822)                                |  | 5,007,574                                      |  |                                  | 0                             | 706,426   | 04/15/2011    | 3FE.....                             |
| 26882P AT 9  | Erac USA Finance Co 144 5.900% 11/15/11.....                       |                         | 04/05/2007    | Credit Suisse.....       |                           | 2,994,600     | 3,000,000   | 2,990,820   | 2,991,610                                |   | 201                                      |   | 201                                  |  | 2,991,811                                      |  | 2,789                            | 2,789                         | 71,783  | 11/15/2015    | 2FE.....                             |
| 319963 AM 6  | First Data Corp 4.950% 06/15/15.....                               |                         | 04/03/2007    | JP Morgan.....           |                           | 5,324,165     | 5,500,000   | 5,498,935   | 5,499,237                                |   | 20                                       |   | 20                                   |  | 5,499,256                                      |  | (175,091)                        | (175,091)                     | 86,213  | 06/15/2015    | 1FE.....                             |
| 345397 SM 6  | Ford Mtr Cr Co 7.375% 10/28/09.....                                |                         | 05/15/2007    | JP Morgan.....           |                           | 4,030,000     | 4,000,000   | 4,126,600   | 4,050,473                                |   | (6,171)                                  |   | (6,171)                              |  | 4,044,302                                      |  | (14,302)                         | (14,302)                      | 163,889   | 10/28/2009    | 4FE.....                             |
| 349631 AL 5  | Fortune Brands Inc 5.375% 01/15/16.....                            |                         | 04/19/2007    | Cantor Fitzgerald.....   |                           | 4,776,550     | 5,000,000   | 4,982,000   | 4,983,382                                |   | 451                                      |   | 451                                  |  | 4,983,833                                      |  | (207,283)                        | (207,283)                     | 208,281   | 01/15/2016    | 2FE.....                             |
| 349631 AM 3  | Fortune Brands Inc 5.125% 01/15/11.....                            |                         | 04/20/2007    | Credit Suisse.....       |                           | 2,965,200     | 3,000,000   | 2,996,580   | 2,997,190                                |   | 199                                      |   | 199                                  |  | 2,997,389                                      |  | (32,189)                         | (32,189)                      | 119,583   | 01/15/2011    | 2FE.....                             |
| 413627 AN 0  | Harrahs Operating Co 5.375% 12/15/13.....                          |                         | 05/14/2007    | Lehman Brothers.....     |                           | 4,468,750     | 5,000,000   | 4,771,400   | 4,819,503                                |   | 7,932                                    |   | 7,932                                |  | 4,827,435                                      |  | (358,685)                        | (358,685)                     | 113,472   | 12/15/2013    | 3FE.....                             |
| 52467@ AJ 4  | Stop & Shop 7.539% 11/15/26.....                                   |                         | 06/15/2007    | Redemption 100.0000..... |                           | 14,991        | 14,991      | 15,146      | 15,142                                   |   | (2)                                      |   | (2)                                  |  | 15,140   |  | (149)                            | (149)                         | 472   | 11/15/2026    | 3.....                               |
| 576203 AD 5  | Massey Energy Co 6.625% 11/15/10.....                              |                         | 06/14/2007    | UBS.....                 |                           | 990,000       | 1,000,000   | 1,022,500   | 1,016,431                                |   | (2,478)                                  |   | (2,478)                              |  | 1,013,953                                      |  | (23,953)                         | (23,953)                      | 39,382  | 11/15/2010    | 4FE.....                             |
| 577778 BS 1  | May Dept Stores 144A 5.750% 07/15/14.....                          |                         | 04/16/2007    | JP Morgan.....           |                           | 3,951,920     | 4,000,000   | 3,994,640   | 3,995,653                                |   | 139                                      |   | 139                                  |  | 3,995,792                                      |  | (43,872)                         | (43,872)                      | 175,056   | 07/15/2014    | 2FE.....                             |
| 61910D DC 3  | Mortgage Capital Fdg 1.298% 11/20/12.....                          |                         | 06/01/2007    | Paydown.....             |                           |               |             | 8,924       | 8,924                                    |   | (8,924)                                  |   | (8,924)                              |  |  |  |                                  |                               | 14,413  | 11/20/2012    | 1FE.....                             |
| 61910D DC 3  | Mortgage Capital Fdg 1.298% 11/20/12.....                          |                         | 06/30/2007    | Basis Adjustment.....    |                           |               |             | 9,936       | 9,936                                    |   | (9,937)                                  |   | (9,937)                              |  |  |  |                                  |                               |   | 11/20/2012    | 1FE.....                             |
| 63615# AB 7  | National Football 6.560% 10/15/17.....                             |                         | 04/15/2007    | Redemption 100.0000..... |                           | 170,369       | 170,369     | 170,369     | 170,369                                  |   |  |   |                                      |  | 170,369  |  |                                  |                               | 5,588   | 10/15/2017    | 1.....                               |
| 69359* AA 0  | PGA Tour Investments 7.400% 06/15/19.....                          |                         | 06/15/2007    | Redemption 100.0000..... |                           | 99,648        | 99,648      | 99,648      | 99,648                                   |   |  |   |                                      |  | 99,648   |  |                                  |                               | 3,687   | 06/15/2019    | 3.....                               |
| 708160 BP 0  | Penney JC Inc 7.600% 04/01/07.....                                 |                         | 04/01/2007    | Maturity.....            |                           | 3,000,000     | 3,000,000   | 3,000,000   | 3,000,000                                |   |  |   |                                      |  | 3,000,000                                      |  |                                  |                               | 114,000   | 04/01/2007    | 2FE.....                             |
| 755111 AN 1  | Raytheon Co 6.150% 11/01/08.....                                   |                         | 04/27/2007    | Call 100.0000.....       |                           | 5,000,000     | 5,000,000   | 4,814,450   | 4,954,551                                |   | 7,530                                    |   | 7,530                                |  | 4,962,081                                      |  | 37,919                           | 37,919                        | 232,983   | 11/01/2008    | 2FE.....                             |
| 75621L A* 5  | Reckson Operating 7.200% 08/28/07.....                             |                         | 04/27/2007    | Redemption 100.0000..... |                           | 4,500,000     | 4,500,000   | 4,500,000   | 4,500,000                                |   |  |   |                                      |  | 4,500,000                                      |  |                                  |                               | 245,100   | 08/28/2007    | 2.....                               |
| 803111 AQ 6  | Sara Lee Corp 3.875% 06/15/13.....                                 |                         | 04/04/2007    | Citigroup Global.....    |                           | 4,556,700     | 5,000,000   | 4,288,000   | 4,330,560                                |   | 23,132                                   |   | 23,132                               |  | 4,353,692                                      |  | 203,008                          | 203,008                       | 61,892  | 06/15/2013    | 2FE.....                             |
| 829809 AE 2  | Sithe/Independence Fdg 8.500% 06/30/07.....                        |                         | 06/30/2007    | Redemption 100.0000..... |                           | 339,682       | 339,682     | 339,489     | 339,670                                  |   | 13                                       |   | 13                                   |  | 339,682  |  |                                  |                               | 14,437  | 06/30/2007    | 3FE.....                             |
| 84254Q AA 7  | Southern Capital Corp 5.700% 06/30/22.....                         |                         | 06/30/2007    | Redemption 100.0000..... |                           | 152,663       | 152,663     | 152,663     | 152,663                                  |   |  |   |                                      |  | 152,663  |  |                                  |                               | 4,351   | 06/30/2022    | 1FE.....                             |
| 844741 AX 6  | Southwest Airlines 5.125% 03/01/17.....                            |                         | 04/19/2007    | Barclays Capital.....    |                           | 6,443,010     | 7,000,000   | 6,961,850   | 6,966,588                                |   | 782                                      |   | 782                                  |  | 6,967,370                                      |  | (524,360)                        | (524,360)                     | 232,191   | 03/01/2017    | 1FE.....                             |
| 84474E AA 8  | Southwest Air 6.540% 06/29/09.....                                 |                         | 06/29/2007    | Redemption 100.0000..... |                           | 370,624       | 370,624     | 370,624     | 370,624                                  |   |  |   |                                      |  | 370,624  |  |                                  |                               | 12,119  | 06/29/2009    | 1FE.....                             |
| 87929D AJ 5  | Telecom De Puerto Rico 6.800% 05/15/09.....                        |                         | 06/29/2007    | Call 100.0000.....       |                           | 2,250,000     | 2,250,000   | 2,147,400   | 2,218,387                                |   | 6,129                                    |   | 6,129                                |  | 2,224,515                                      |  | 25,485                           | 25,485                        | 165,828   | 05/15/2009    | 2FE.....                             |
| 896047 AF 4  | Tribune Co 5.250% 08/15/15.....                                    |                         | 04/04/2007    | Citigroup Global.....    |                           | 855,000       | 1,000,000   | 995,240     | 995,758                                  |   | 106                                      |   | 106                                  |  | 995,864  |  | (140,864)                        | (140,864)                     | 45,521  | 08/15/2015    | 3FE.....                             |
| 908594 A* 5  | Union Tank Car Company 6.820% 06/01/16.....                        |                         | 06/01/2007    | Redemption 100.0000..... |                           | 187,328       | 187,328     | 187,328     | 187,328                                  |   |  |   |                                      |  | 187,328  |  |                                  |                               | 6,388   | 06/01/2016    | 1.....                               |
| 92978* AA 3  | International Gr 6.245% 03/31/25.....                              |                         | 06/10/2007    | Redemption 100.0000..... |                           | 29,288        | 29,288      | 29,288      | 29,288                                   |   |  |   |                                      |  | 29,288   |  |                                  |                               | 766   | 03/31/2025    | 2.....                               |
| 959802 AB 5  | Western Union Co 144A 5.930% 10/01/16.....                         |                         | 04/13/2007    | Credit Suisse.....       |                           | 4,993,700     | 5,000,000   | 4,998,100   | 4,998,148                                |   | 53                                       |   | 53                                   |  | 4,998,201                                      |  | (4,501)                          | (4,501)                       | 163,899   | 10/01/2016    | 1FE.....                             |
| 1013716 AT 2   | Alcan Inc 5.200% 01/15/14.....                                     |                         | 05/08/2007    | UBS.....                 |                           | 4,879,650     | 5,000,000   | 5,006,940   | 5,005,522                                |   | (238)                                    |   | (238)                                |  | 5,005,284                                      |  | (125,634)                        | (125,634)                     | 291,778   | 01/15/2014    | 2FE.....                             |
| 060340 A* 7  | Banistmo CC Receivables 5.858% 12/15/11.....                       |                         | 06/15/2007    | Redemption 100.0000..... |                           | 166,551       | 166,551     | 166,551     | 166,551                                  |   |  |   |                                      |  | 166,551  |  |                                  |                               | 4,181   | 12/15/2011    | 2.....                               |
| 706448 AD 9  | Pemex Finance 144A 8.020% 05/15/07.....                            |                         | 05/15/2007    | Redemption 100.0000..... |                           | 250,000       | 250,000     | 249,990     | 249,987                                  |   | 13                                       |   | 13                                   |  | 250,000  |  |                                  |                               | 15,038  | 05/15/2007    | 2FE.....                             |
| 4599999.   | Total - Bonds - Industrial & Miscellaneous.....                    |                         |               |                          |                           | 91,075,900    | 93,490,781  | 92,879,166  | 87,684,899                               |   | 0  |   | (75,614)                             |  | 92,642,632                                     |  | (1,566,732)                      | (1,566,732)                   | 3,919,085   | XXX           | XXX                                  |
| <b>Bonds - Credit Tenant Loans</b>                             |  |                         |               |                          |                           |               |             |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |                                      |
| 92923W AA 8  | WHC - IRS Trust 6.980% 05/15/15.....                               |                         | 05/15/2007    | Redemption 100.0000..... |                           | 130,465       | 130,465     | 130,398     | 130,422                                  |   | 15                                       |   | 15                                   |  | 130,437  |  | 28                               | 28                            | 4,553   | 05/15/2015    | 1FE.....                             |
| 4699999.   | Total - Bonds - Credit Tenant Loans.....                           |                         |               |                          |                           | 130,465       | 130,465     | 130,398     | 130,422                                  |   | 0  |   | 15                                   |  | 130,437  |  | 28                               | 28                            | 4,553   | XXX           | XXX                                  |
| 6099997.   | Total - Bonds - Part 4.....  |                         |               |                          |                           | 218,015,467   | 221,012,537 | 220,251,242 | 195,803,933                              |   | 0  |   | (134,503)                            |  | 219,818,637                                    |  | (1,803,171)                      | (1,803,171)                   | 6,826,878   | XXX           | XXX                                  |
| 6099999.   | Total - Bonds.....   |                         |               |                          |                           | 218,015,467   | 221,012,537 | 220,251,242 | 195,803,933                              |   | 0  |   | (134,503)                            |  | 219,818,637                                    |  | (1,803,171)                      | (1,803,171)                   | 6,826,878   | XXX           | XXX                                  |
| <b>Preferred Stocks - Banks, Trust and Insurance Companies</b> |  |                         |               |                          |                           |               |             |             |  |   |  |   |                                      |  |  |  |                                  |                               |   |               |                                      |
| 06738C AF 6  | Barclays Bank PLC 144A.....  |                         | 06/05/2007    | Barclays Capital.....    |                           | 50,000,000    | 5,325,400   | 5,239,400   | 5,239,400                                |   |  |   | 0                                    |  | 5,239,400                                      |  | 86,000                           | 86,000                        | 177,205   | XXX           | P2L.....                             |
| 248204 AA 7  | Den Danske Bk 144A 7.400% 06/15/07.....                            |                         | 06/15/2007    | Maturity.....            |                           | 50,000,000    | 5,000,000   | 4,996,800   | 4,999,804                                |   | 196                                      |   | 196                                  |  | 5,000,000                                      |  |                                  |                               | 185,000   | XXX           | P1LFE.....                           |
| 6299999.   | Total - Preferred Stocks - Banks, Trust & Insurance Companies..... |                         |               |                          |                           | 10,325,400    | XXX         | 10,236,200  | 10,239,204                               |   | 0  |   | 196                                  |  | 10,239,400                                     |  | 86,000                           | 86,000                        | 362,205   | XXX           | XXX                                  |
| 6599997.   | Total - Preferred Stocks - Part 4.....                             |                         |               |                          |                           | 10,325,400    | XXX         | 10,236,200  | 10,239,204                               |   | 0  |   | 196                                  |  | 10,239,400                                     |  | 86,000                           | 86,000                        | 362,205   | XXX           | XXX                                  |
| 6599999.   | Total - Preferred Stocks.....                                      |                         |               |                          |                           | 10,325,400    | XXX         | 10,236,200  | 10,239,204                               |   | 0  |   | 196                                  |  | 10,239,400                                     |  | 86,000                           | 86,000                        | 362,205   | XXX           | XXX                                  |
| 7399999.   | Total - Preferred and Common Stocks.....                           |                         |               |                          |                           | 10,325,400    | XXX         | 10,236,200  | 10,239,204                               |   | 0  |   | 196                                  |  | 10,239,400                                     |  | 86,000                           | 86,000                        | 362,205   | XXX           | XXX                                  |
| 7499999.   | Total - Bonds, Preferred and Common Stocks.....                    |                         |               |                          |                           | 228,340,867   | XXX         | 230,487,442 | 206,043,137                              |   | 0  |   | (134,307)                            |  | 230,058,037                                    |  | (1,717,171)                      | (1,717,171)                   | 7,189,083   | XXX           | XXX                                  |

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(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**SCHEDULE DB - PART A - SECTION 1**

Showing All Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date

| 1  | 2                                      | 3                                       | 4                           | 5                   | 6                        | 7                   | 8          | 9 | 10              | 11         | 12  | 13                                  | 14                                     |
|--|--|---|-----------------------------|---------------------|--------------------------|---------------------|------------|---|-----------------|------------|---|-------------------------------------|--|
| Description                                | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Acquisition | Exchange or Counterparty | Cost/Option Premium | Book Value | * | Statement Value | Fair Value | Year to Date Increase/ (Decrease) by Adjustment | Used to Adjust Basis of Hedged Item | Other Investment/ Miscellaneous Income |
| <b>Call Options - Hedging Transactions</b> |  |   |                             |                     |                          |                     |            |   |                 |            |   |                                     |  |
| S&P 500 OTC Option                         | 14,271                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | JPMorgan                 | 1,415,969           | 3,788,959  |   | 3,788,959       | 3,788,959  | 780,086   |                                     |  |
| S&P 500 OTC Option                         | 19,995                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | Barclays Capital         | 2,008,698           | 5,506,105  |   | 5,506,105       | 5,506,105  | 1,183,312                                       |                                     |  |
| S&P 500 OTC Option                         | 28,864                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | JPMorgan                 | 2,863,886           | 7,663,409  |   | 7,663,409       | 7,663,409  | 1,577,773                                       |                                     |  |
| S&P 500 OTC Option                         | 22,978                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | JPMorgan                 | 2,279,877           | 6,100,673  |   | 6,100,673       | 6,100,673  | 1,256,030                                       |                                     |  |
| S&P 500 OTC Option                         | 25,639                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | Merrill Lynch            | 2,566,208           | 6,809,359  |   | 6,809,359       | 6,809,359  | 1,396,674                                       |                                     |  |
| S&P 500 OTC Option                         | 25,279                                 | .08/21/2007                             | 1,297.52                    | 08/21/2006          | Goldman Sachs            | 2,463,186           | 5,412,697  |   | 5,412,697       | 5,412,697  | 1,181,305                                       |                                     |  |
| S&P 500 OTC Option                         | 38,766                                 | .08/21/2007                             | 1,297.52                    | 08/21/2006          | Goldman Sachs            | 3,777,359           | 8,300,510  |   | 8,300,510       | 8,300,510  | 1,811,562                                       |                                     |  |
| S&P 500 OTC Option                         | 19,113                                 | .08/21/2007                             | 1,297.52                    | 08/21/2006          | Goldman Sachs            | 1,862,371           | 4,092,443  |   | 4,092,443       | 4,092,443  | 893,164   |                                     |  |
| S&P 500 OTC Option                         | 27,668                                 | .08/21/2007                             | 1,297.52                    | 08/21/2006          | Goldman Sachs            | 2,695,970           | 5,924,225  |   | 5,924,225       | 5,924,225  | 1,292,945                                       |                                     |  |
| S&P 500 OTC Option                         | 26,175                                 | .09/21/2007                             | 1,318.03                    | 09/21/2006          | Barclays Capital         | 2,549,445           | 5,502,901  |   | 5,502,901       | 5,502,901  | 1,289,072                                       |                                     |  |
| S&P 500 OTC Option                         | 33,838                                 | .09/21/2007                             | 1,318.03                    | 09/21/2006          | Barclays Capital         | 3,295,821           | 7,113,932  |   | 7,113,932       | 7,113,932  | 1,666,461                                       |                                     |  |
| S&P 500 OTC Option                         | 24,961                                 | .09/21/2007                             | 1,318.03                    | 09/21/2006          | Barclays Capital         | 2,431,201           | 5,247,676  |   | 5,247,676       | 5,247,676  | 1,229,284                                       |                                     |  |
| S&P 500 OTC Option                         | 32,624                                 | .09/21/2007                             | 1,318.03                    | 09/21/2006          | Barclays Capital         | 3,177,578           | 6,858,707  |   | 6,858,707       | 6,858,707  | 1,606,673                                       |                                     |  |
| S&P 500 OTC Option                         | 20,020                                 | .10/19/2007                             | 1,368.6                     | 10/20/2006          | JPMorgan                 | 1,961,760           | 3,252,743  |   | 3,252,743       | 3,252,743  | 773,236   |                                     |  |
| S&P 500 OTC Option                         | 38,287                                 | .10/19/2007                             | 1,368.6                     | 10/20/2006          | JPMorgan                 | 3,751,743           | 6,220,669  |   | 6,220,669       | 6,220,669  | 1,478,766                                       |                                     |  |
| S&P 500 OTC Option                         | 19,582                                 | .10/19/2007                             | 1,368.6                     | 10/20/2006          | JPMorgan                 | 1,918,840           | 3,181,580  |   | 3,181,580       | 3,181,580  | 756,320   |                                     |  |
| S&P 500 OTC Option                         | 33,319                                 | .10/19/2007                             | 1,368.6                     | 10/20/2006          | JPMorgan                 | 3,264,929           | 5,413,495  |   | 5,413,495       | 5,413,495  | 1,286,886                                       |                                     |  |
| S&P 500 OTC Option                         | 56,672                                 | .11/21/2007                             | 1,402.81                    | 11/21/2006          | JPMorgan                 | 5,485,850           | 7,994,951  |   | 7,994,951       | 7,994,951  | 1,974,056                                       |                                     |  |
| S&P 500 OTC Option                         | 21,885                                 | .11/21/2007                             | 1,402.81                    | 11/21/2006          | JPMorgan                 | 2,118,468           | 3,087,407  |   | 3,087,407       | 3,087,407  | 762,320   |                                     |  |
| S&P 500 OTC Option                         | 22,455                                 | .11/21/2007                             | 1,402.81                    | 11/21/2006          | Merrill Lynch            | 2,085,845           | 3,189,297  |   | 3,189,297       | 3,189,297  | 812,959   |                                     |  |
| S&P 500 OTC Option                         | 13,188                                 | .11/21/2007                             | 1,402.81                    | 11/21/2006          | Merrill Lynch            | 1,225,033           | 1,873,100  |   | 1,873,100       | 1,873,100  | 477,457   |                                     |  |
| S&P 500 OTC Option                         | 14,806                                 | .12/21/2007                             | 1,418.3                     | 12/21/2006          | JPMorgan                 | 1,503,549           | 2,007,809  |   | 2,007,809       | 2,007,809  | 501,103   |                                     |  |
| S&P 500 OTC Option                         | 45,900                                 | .12/21/2007                             | 1,418.3                     | 12/21/2006          | JPMorgan                 | 4,661,145           | 6,224,398  |   | 6,224,398       | 6,224,398  | 1,553,467                                       |                                     |  |
| S&P 500 OTC Option                         | 16,076                                 | .12/21/2007                             | 1,418.3                     | 12/21/2006          | Credit Suisse            | 1,662,098           | 2,182,188  |   | 2,182,188       | 2,182,188  | 552,355   |                                     |  |
| S&P 500 OTC Option                         | 41,106                                 | .12/21/2007                             | 1,418.3                     | 12/21/2006          | JPMorgan                 | 4,174,314           | 5,574,294  |   | 5,574,294       | 5,574,294  | 1,391,216                                       |                                     |  |
| S&P 500 OTC Option                         | 20,902                                 | .01/18/2008                             | 1,430.5                     | 01/19/2007          | Merrill Lynch            | 2,101,905           | 2,815,698  |   | 2,815,698       | 2,815,698  | 713,793   |                                     |  |
| S&P 500 OTC Option                         | 35,372                                 | .01/18/2008                             | 1,430.5                     | 01/19/2007          | Merrill Lynch            | 3,557,008           | 4,764,944  |   | 4,764,944       | 4,764,944  | 1,207,936                                       |                                     |  |
| S&P 500 OTC Option                         | 42,223                                 | .01/18/2008                             | 1,430.5                     | 01/19/2007          | Merrill Lynch            | 4,245,945           | 5,687,839  |   | 5,687,839       | 5,687,839  | 1,441,894                                       |                                     |  |
| S&P 500 OTC Option                         | 24,217                                 | .02/21/2008                             | 1,457.63                    | 02/21/2007          | Bear Stearns             | 2,467,470           | 2,969,244  |   | 2,969,244       | 2,969,244  | 501,774   |                                     |  |
| S&P 500 OTC Option                         | 33,205                                 | .02/21/2008                             | 1,457.63                    | 02/21/2007          | Bear Stearns             | 3,383,257           | 4,071,262  |   | 4,071,262       | 4,071,262  | 688,004   |                                     |  |
| S&P 500 OTC Option                         | 46,514                                 | .02/21/2008                             | 1,457.63                    | 02/21/2007          | Bear Stearns             | 4,739,311           | 5,703,077  |   | 5,703,077       | 5,703,077  | 963,765   |                                     |  |
| S&P 500 OTC Option                         | 27,734                                 | .03/20/2008                             | 1,435.04                    | 03/21/2007          | JPMorgan                 | 2,822,767           | 3,998,131  |   | 3,998,131       | 3,998,131  | 1,175,364                                       |                                     |  |
| S&P 500 OTC Option                         | 21,881                                 | .03/20/2008                             | 1,435.04                    | 03/21/2007          | JPMorgan                 | 2,227,048           | 3,154,363  |   | 3,154,363       | 3,154,363  | 927,315   |                                     |  |
| S&P 500 OTC Option                         | 20,418                                 | .03/20/2008                             | 1,435.04                    | 03/21/2007          | JPMorgan                 | 2,078,144           | 2,943,457  |   | 2,943,457       | 2,943,457  | 865,313   |                                     |  |
| S&P 500 OTC Option                         | 49,197                                 | .03/20/2008                             | 1,435.04                    | 03/21/2007          | JPMorgan                 | 5,007,271           | 7,092,235  |   | 7,092,235       | 7,092,235  | 2,084,964                                       |                                     |  |
| S&P 500 OTC Option                         | 16,169                                 | .04/21/2008                             | 1,484.35                    | 04/20/2007          | Bear Stearns             | 1,691,277           | 1,909,126  |   | 1,909,126       | 1,909,126  | 217,848   |                                     |  |
| S&P 500 OTC Option                         | 50,258                                 | .04/21/2008                             | 1,484.35                    | 04/20/2007          | Bear Stearns             | 5,256,987           | 5,934,123  |   | 5,934,123       | 5,934,123  | 677,136   |                                     |  |
| S&P 500 OTC Option                         | 16,640                                 | .04/21/2008                             | 1,484.35                    | 04/20/2007          | Bear Stearns             | 1,740,544           | 1,964,738  |   | 1,964,738       | 1,964,738  | 224,194   |                                     |  |
| S&P 500 OTC Option                         | 47,361                                 | .04/21/2008                             | 1,484.35                    | 04/20/2007          | Bear Stearns             | 4,953,961           | 5,592,065  |   | 5,592,065       | 5,592,065  | 638,104   |                                     |  |
| S&P 500 OTC Option                         | 56,718                                 | .05/21/2008                             | 1,525.1                     | 05/21/2007          | JPMorgan                 | 6,409,701           | 5,660,973  |   | 5,660,973       | 5,660,973  | (748,729)                                       |                                     |  |
| S&P 500 OTC Option                         | 31,145                                 | .05/21/2008                             | 1,525.1                     | 05/21/2007          | JPMorgan                 | 3,519,696           | 3,108,554  |   | 3,108,554       | 3,108,554  | (411,142)                                       |                                     |  |
| S&P 500 OTC Option                         | 21,966                                 | .05/21/2008                             | 1,525.1                     | 05/21/2007          | Goldman Sachs            | 2,468,978           | 2,179,943  |   | 2,179,943       | 2,179,943  | (289,035)                                       |                                     |  |
| S&P 500 OTC Option                         | 9,526                                  | .06/20/2008                             | 1,522.19                    | 06/21/2007          | JPMorgan                 | 1,129,593           | 1,026,634  |   | 1,026,634       | 1,026,634  | (102,959)                                       |                                     |  |
| S&P 500 OTC Option                         | 41,322                                 | .06/20/2008                             | 1,522.19                    | 06/21/2007          | JPMorgan                 | 4,899,963           | 4,453,346  |   | 4,453,346       | 4,453,346  | (446,616)                                       |                                     |  |
| S&P 500 OTC Option                         | 15,701                                 | .06/20/2008                             | 1,522.19                    | 06/21/2007          | JPMorgan                 | 1,861,825           | 1,692,125  |   | 1,692,125       | 1,692,125  | (169,700)                                       |                                     |  |
| S&P 500 OTC Option                         | 17,146                                 | .06/20/2008                             | 1,522.19                    | 06/21/2007          | JPMorgan                 | 2,033,173           | 1,847,855  |   | 1,847,855       | 1,847,855  | (185,317)                                       |                                     |  |
| S&P 500 OTC Option                         | 35,738                                 | .06/20/2008                             | 1,522.19                    | 06/21/2007          | JPMorgan                 | 4,237,812           | 3,851,549  |   | 3,851,549       | 3,851,549  | (386,263)                                       |                                     |  |
| S&P Asian OTC Call Option                  | 24,188                                 | .07/20/2007                             | 1,240.29                    | 07/21/2006          | Credit Suisse            | 1,313,892           | 4,171,484  |   | 4,171,484       | 4,171,484  | 531,079   |                                     |  |
| S&P Asian OTC Call Option                  | 23,661                                 | .08/21/2007                             | 1,297.52                    | 08/21/2006          | JPMorgan                 | 1,218,778           | 3,169,831  |   | 3,169,831       | 3,169,831  | 578,450   |                                     |  |
| S&P Asian OTC Call Option                  | 23,520                                 | .09/21/2007                             | 1,318.03                    | 09/21/2006          | Credit Suisse            | 1,221,394           | 3,087,720  |   | 3,087,720       | 3,087,720  | 648,493   |                                     |  |
| S&P Asian OTC Call Option                  | 23,820                                 | .10/19/2007                             | 1,368.6                     | 10/20/2006          | JPMorgan                 | 1,219,346           | 2,126,421  |   | 2,126,421       | 2,126,421  | 427,345   |                                     |  |
| S&P Asian OTC Call Option                  | 20,958                                 | .11/21/2007                             | 1,402.81                    | 11/21/2006          | JPMorgan                 | 1,040,774           | 1,441,881  |   | 1,441,881       | 1,441,881  | 282,267   |                                     |  |

E06

### SCHEDULE DB - PART A - SECTION 1

Showing All Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date

| 1  | 2                                      | 3                                       | 4                           | 5                   | 6                        | 7                   | 8           | 9     | 10              | 11          | 12  | 13                                  | 14                                     |
|--|--|---|-----------------------------|---------------------|--------------------------|---------------------|-------------|-------|-----------------|-------------|---|-------------------------------------|--|
| Description  | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Acquisition | Exchange or Counterparty | Cost/Option Premium | Book Value  | *     | Statement Value | Fair Value  | Year to Date Increase/ (Decrease) by Adjustment | Used to Adjust Basis of Hedged Item | Other Investment/ Miscellaneous Income |
| S&P Asian OTC Call Option.....                               | 22,069                                 | 12/21/2007...                           | 1,418.3                     | 12/21/2006...       | Barclays Capital.....    | 1,208,278           | 1,626,854   | ..... | 1,626,854       | 1,626,854   | 386,053   | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 20,972                                 | 01/18/2008...                           | 1,430.5                     | 01/19/2007...       | JPMorgan.....            | 1,103,966           | 1,429,261   | ..... | 1,429,261       | 1,429,261   | 325,295   | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 20,444                                 | 02/21/2008...                           | 1,457.63                    | 02/21/2007...       | JPMorgan.....            | 1,054,910           | 1,150,915   | ..... | 1,150,915       | 1,150,915   | 96,005  | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 19,512                                 | 03/20/2008...                           | 1,435.04                    | 03/21/2007...       | Barclays Capital.....    | 1,038,819           | 1,769,325   | ..... | 1,769,325       | 1,769,325   | 730,506   | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 24,994                                 | 04/21/2008...                           | 1,484.35                    | 04/20/2007...       | Credit Suisse.....       | 1,368,921           | 1,469,242   | ..... | 1,469,242       | 1,469,242   | 100,321   | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 20,982                                 | 05/21/2008...                           | 1,525.1                     | 05/21/2007...       | Credit Suisse.....       | 1,254,304           | 884,236     | ..... | 884,236         | 884,236     | (370,068)                                       | .....                               | .....                                  |
| S&P Asian OTC Call Option.....                               | 24,307                                 | 06/20/2008...                           | 1,522.19                    | 06/21/2007...       | Credit Suisse.....       | 1,550,300           | 1,241,400   | ..... | 1,241,400       | 1,241,400   | (308,901)                                       | .....                               | .....                                  |
| 0199999. Subtotal - Call Options - Hedging Transactions..... |  |   |                             |                     |                          | 154,628,461         | 234,513,378 | XXX   | 234,513,378     | 234,513,378 | 42,498,972                                      | 0                                   | 0                                      |
| 0499999. Subtotal - Call Options.....                        |  |   |                             |                     |                          | 154,628,461         | 234,513,378 | XXX   | 234,513,378     | 234,513,378 | 42,498,972                                      | 0                                   | 0                                      |
| 2599999. Subtotal - Hedging Transactions.....                |  |   |                             |                     |                          | 154,628,461         | 234,513,378 | XXX   | 234,513,378     | 234,513,378 | 42,498,972                                      | 0                                   | 0                                      |
| 9999999. Totals.....   |  |   |                             |                     |                          | 154,628,461         | 234,513,378 | XXX   | 234,513,378     | 234,513,378 | 42,498,972                                      | 0                                   | 0                                      |

### SCHEDULE DB - PART B - SECTION 1

Showing All Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date

| 1  | 2                                      | 3                                       | 4                           | 5                          | 6                        | 7                      | 8          | 9     | 10              | 11         | 12  | 13                   | 14                                     |
|--|--|---|-----------------------------|----------------------------|--------------------------|------------------------|------------|-------|-----------------|------------|---|----------------------|--|
| Description                                | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Issuance/ Purchase | Exchange or Counterparty | Consideration Received | Book Value | *     | Statement Value | Fair Value | Year to Date Increase/ (Decrease) by Adjustment | Used to Adjust Basis | Other Investment/ Miscellaneous Income |
| <b>Call Options - Hedging Transactions</b> |  |   |                             |                            |                          |                        |            |       |                 |            |   |                      |  |
| S&P 500 OTC Option 17700000 Notional.....  | 14,271                                 | 07/20/2007...                           | 1,386.02                    | 07/21/2006...              | JPMorgan.....            | 401,729                | 1,755,815  | ..... | 1,755,815       | 1,755,815  | 434,719   | .....                | .....                                  |
| S&P 500 OTC Option 24800000 Notional.....  | 19,995                                 | 07/20/2007...                           | 1,373.62                    | 07/21/2006...              | Barclays Capital.....    | 669,433                | 2,866,833  | ..... | 2,866,833       | 2,866,833  | 756,017   | .....                | .....                                  |
| S&P 500 OTC Option 35800000 Notional.....  | 28,864                                 | 07/20/2007...                           | 1,364.32                    | 07/21/2006...              | JPMorgan.....            | 1,041,702              | 4,151,137  | ..... | 4,151,137       | 4,151,137  | 1,021,341                                       | .....                | .....                                  |
| S&P 500 OTC Option 28500000 Notional.....  | 22,978                                 | 07/20/2007...                           | 1,345.71                    | 07/21/2006...              | JPMorgan.....            | 994,488                | 3,718,010  | ..... | 3,718,010       | 3,718,010  | 899,727   | .....                | .....                                  |
| S&P 500 OTC Option 31800000 Notional.....  | 25,639                                 | 07/20/2007...                           | 1,330.21                    | 07/21/2006...              | Merrill Lynch.....       | 1,306,820              | 4,525,140  | ..... | 4,525,140       | 4,525,140  | 1,067,867                                       | .....                | .....                                  |
| S&P 500 OTC Option 32800000 Notional.....  | 25,279                                 | 08/21/2007...                           | 1,443.49                    | 08/21/2006...              | Goldman Sachs.....       | 672,421                | 2,079,842  | ..... | 2,079,842       | 2,079,842  | 506,280   | .....                | .....                                  |
| S&P 500 OTC Option 50300000 Notional.....  | 38,766                                 | 08/21/2007...                           | 1,427.27                    | 08/21/2006...              | Goldman Sachs.....       | 1,242,063              | 3,709,666  | ..... | 3,709,666       | 3,709,666  | 919,584   | .....                | .....                                  |
| S&P 500 OTC Option 24800000 Notional.....  | 19,113                                 | 08/21/2007...                           | 1,407.81                    | 08/21/2006...              | Goldman Sachs.....       | 756,301                | 2,147,923  | ..... | 2,147,923       | 2,147,923  | 534,128   | .....                | .....                                  |
| S&P 500 OTC Option 35900000 Notional.....  | 27,668                                 | 08/21/2007...                           | 1,385.1                     | 08/21/2006...              | Goldman Sachs.....       | 1,364,032              | 3,665,861  | ..... | 3,665,861       | 3,665,861  | 900,217   | .....                | .....                                  |
| S&P 500 OTC Option 34500000 Notional.....  | 26,175                                 | 09/21/2007...                           | 1,469.6                     | 09/21/2006...              | Barclays Capital.....    | 648,617                | 2,065,791  | ..... | 2,065,791       | 2,065,791  | 576,554   | .....                | .....                                  |
| S&P 500 OTC Option 44600000 Notional.....  | 33,838                                 | 09/21/2007...                           | 1,449.83                    | 09/21/2006...              | Barclays Capital.....    | 1,052,362              | 3,188,284  | ..... | 3,188,284       | 3,188,284  | 886,194   | .....                | .....                                  |
| S&P 500 OTC Option 32900000 Notional.....  | 24,961                                 | 09/21/2007...                           | 1,430.06                    | 09/21/2006...              | Barclays Capital.....    | 957,254                | 2,752,589  | ..... | 2,752,589       | 2,752,589  | 754,152   | .....                | .....                                  |
| S&P 500 OTC Option 43000000 Notional.....  | 32,624                                 | 09/21/2007...                           | 1,407.                      | 09/21/2006...              | Barclays Capital.....    | 1,564,973              | 4,233,979  | ..... | 4,233,979       | 4,233,979  | 1,131,873                                       | .....                | .....                                  |
| S&P 500 OTC Option 27400000 Notional.....  | 20,020                                 | 10/19/2007...                           | 1,519.15                    | 10/20/2006...              | JPMorgan.....            | 520,520                | 1,008,269  | ..... | 1,008,269       | 1,008,269  | 264,032   | .....                | .....                                  |
| S&P 500 OTC Option 52400000 Notional.....  | 38,287                                 | 10/19/2007...                           | 1,505.46                    | 10/20/2006...              | JPMorgan.....            | 1,163,159              | 2,236,053  | ..... | 2,236,053       | 2,236,053  | 592,920   | .....                | .....                                  |
| S&P 500 OTC Option 26800000 Notional.....  | 19,582                                 | 10/19/2007...                           | 1,484.93                    | 10/20/2006...              | JPMorgan.....            | 739,612                | 1,399,941  | ..... | 1,399,941       | 1,399,941  | 373,301   | .....                | .....                                  |
| S&P 500 OTC Option 45600000 Notional.....  | 33,319                                 | 10/19/2007...                           | 1,460.98                    | 10/20/2006...              | JPMorgan.....            | 1,591,315              | 2,937,133  | ..... | 2,937,133       | 2,937,133  | 776,952   | .....                | .....                                  |
| S&P 500 OTC Option 79500000 Notional.....  | 56,672                                 | 11/21/2007...                           | 1,543.09                    | 11/21/2006...              | JPMorgan.....            | 1,606,084              | 2,628,600  | ..... | 2,628,600       | 2,628,600  | 728,439   | .....                | .....                                  |
| S&P 500 OTC Option 30700000 Notional.....  | 21,885                                 | 11/21/2007...                           | 1,515.03                    | 11/21/2006...              | JPMorgan.....            | 835,132                | 1,349,433  | ..... | 1,349,433       | 1,349,433  | 374,693   | .....                | .....                                  |
| S&P 500 OTC Option 31500000 Notional.....  | 22,455                                 | 11/21/2007...                           | 1,501.01                    | 11/21/2006...              | Merrill Lynch.....       | 898,200                | 1,589,486  | ..... | 1,589,486       | 1,589,486  | 474,537   | .....                | .....                                  |
| S&P 500 OTC Option 18500000 Notional.....  | 13,188                                 | 11/21/2007...                           | 1,493.99                    | 11/21/2006...              | Merrill Lynch.....       | 568,271                | 992,605    | ..... | 992,605         | 992,605    | 293,727   | .....                | .....                                  |
| S&P 500 OTC Option 21000000 Notional.....  | 14,806                                 | 12/21/2007...                           | 1,570.77                    | 12/21/2006...              | JPMorgan.....            | 403,167                | 597,478    | ..... | 597,478         | 597,478    | 171,202   | .....                | .....                                  |
| S&P 500 OTC Option 65100000 Notional.....  | 45,900                                 | 12/21/2007...                           | 1,560.13                    | 12/21/2006...              | JPMorgan.....            | 1,419,228              | 2,075,249  | ..... | 2,075,249       | 2,075,249  | 595,975   | .....                | .....                                  |
| S&P 500 OTC Option 22800000 Notional.....  | 16,076                                 | 12/21/2007...                           | 1,528.22                    | 12/21/2006...              | Credit Suisse.....       | 715,864                | 977,987    | ..... | 977,987         | 977,987    | 276,613   | .....                | .....                                  |
| S&P 500 OTC Option 58300000 Notional.....  | 41,106                                 | 12/21/2007...                           | 1,517.58                    | 12/21/2006...              | JPMorgan.....            | 1,941,436              | 2,781,211  | ..... | 2,781,211       | 2,781,211  | 785,396   | .....                | .....                                  |
| S&P 500 OTC Option 29900000 Notional.....  | 20,902                                 | 01/18/2008...                           | 1,595.01                    | 01/19/2007...              | Merrill Lynch.....       | 475,311                | 769,152    | ..... | 769,152         | 769,152    | 293,840   | .....                | .....                                  |
| S&P 500 OTC Option 50600000 Notional.....  | 35,372                                 | 01/18/2008...                           | 1,573.55                    | 01/19/2007...              | Merrill Lynch.....       | 1,037,107              | 1,633,207  | ..... | 1,633,207       | 1,633,207  | 596,100   | .....                | .....                                  |
| S&P 500 OTC Option 60400000 Notional.....  | 42,223                                 | 01/18/2008...                           | 1,530.64                    | 01/19/2007...              | Merrill Lynch.....       | 1,938,458              | 2,888,032  | ..... | 2,888,032       | 2,888,032  | 949,574   | .....                | .....                                  |

E06.1

**SCHEDULE DB - PART B - SECTION 1**

Showing All Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date

| 1  | 2                                      | 3                                       | 4                           | 5                          | 6                        | 7                      | 8          | 9     | 10              | 11         | 12  | 13                   | 14                                     |
|--|--|---|-----------------------------|----------------------------|--------------------------|------------------------|------------|-------|-----------------|------------|---|----------------------|--|
| Description  | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Issuance/ Purchase | Exchange or Counterparty | Consideration Received | Book Value | *     | Statement Value | Fair Value | Year to Date Increase/ (Decrease) by Adjustment | Used to Adjust Basis | Other Investment/ Miscellaneous Income |
| S&P 500 OTC Option 35300000 Notional.....                    | 24,217                                 | .02/21/2008...                          | 1,625.26                    | .02/21/2007...             | Bear Stearns.....        | 568,373                | 789,339    | ..... | 789,339         | 789,339    | 220,966   | .....                | .....                                  |
| S&P 500 OTC Option 48400000 Notional.....                    | 33,205                                 | .02/21/2008...                          | 1,603.39                    | .02/21/2007...             | Bear Stearns.....        | 992,165                | 1,355,564  | ..... | 1,355,564       | 1,355,564  | 363,399   | .....                | .....                                  |
| S&P 500 OTC Option 67800000 Notional.....                    | 46,514                                 | .02/21/2008...                          | 1,563.31                    | .02/21/2007...             | Bear Stearns.....        | 2,081,502              | 2,738,344  | ..... | 2,738,344       | 2,738,344  | 656,843   | .....                | .....                                  |
| S&P 500 OTC Option 42500000 Notional.....                    | 27,734                                 | .03/20/2008...                          | 1,592.89                    | .03/21/2007...             | JPMorgan.....            | 725,244                | 1,422,432  | ..... | 1,422,432       | 1,422,432  | 697,188   | .....                | .....                                  |
| S&P 500 OTC Option 31400000 Notional.....                    | 21,881                                 | .03/20/2008...                          | 1,578.54                    | .03/21/2007...             | JPMorgan.....            | 675,904                | 1,264,089  | ..... | 1,264,089       | 1,264,089  | 588,185   | .....                | .....                                  |
| S&P 500 OTC Option 29300000 Notional.....                    | 20,418                                 | .03/20/2008...                          | 1,567.78                    | .03/21/2007...             | JPMorgan.....            | 706,871                | 1,284,647  | ..... | 1,284,647       | 1,284,647  | 577,776   | .....                | .....                                  |
| S&P 500 OTC Option 70600000 Notional.....                    | 49,197                                 | .03/20/2008...                          | 1,535.49                    | .03/21/2007...             | JPMorgan.....            | 2,324,558              | 3,924,956  | ..... | 3,924,956       | 3,924,956  | 1,600,398                                       | .....                | .....                                  |
| S&P 500 OTC Option 26300000 Notional.....                    | 16,169                                 | .04/21/2008...                          | 1,655.05                    | .04/20/2007...             | Bear Stearns.....        | 388,056                | 539,728    | ..... | 539,728         | 539,728    | 151,672   | .....                | .....                                  |
| S&P 500 OTC Option 74600000 Notional.....                    | 50,258                                 | .04/21/2008...                          | 1,632.79                    | .04/20/2007...             | Bear Stearns.....        | 1,564,029              | 2,067,232  | ..... | 2,067,232       | 2,067,232  | 503,203   | .....                | .....                                  |
| S&P 500 OTC Option 24700000 Notional.....                    | 16,640                                 | .04/21/2008...                          | 1,606.81                    | .04/20/2007...             | Bear Stearns.....        | 678,413                | 857,013    | ..... | 857,013         | 857,013    | 178,600   | .....                | .....                                  |
| S&P 500 OTC Option 70300000 Notional.....                    | 47,361                                 | .04/21/2008...                          | 1,588.25                    | .04/20/2007...             | Bear Stearns.....        | 2,275,696              | 2,830,933  | ..... | 2,830,933       | 2,830,933  | 555,237   | .....                | .....                                  |
| S&P 500 OTC Option 88200000 Notional.....                    | 56,718                                 | .05/21/2008...                          | 1,677.61                    | .05/21/2007...             | JPMorgan.....            | 2,067,371              | 1,838,826  | ..... | 1,838,826       | 1,838,826  | (228,545)                                       | .....                | .....                                  |
| S&P 500 OTC Option 47500000 Notional.....                    | 31,145                                 | .05/21/2008...                          | 1,639.48                    | .05/21/2007...             | JPMorgan.....            | 1,586,526              | 1,408,542  | ..... | 1,408,542       | 1,408,542  | (177,984)                                       | .....                | .....                                  |
| S&P 500 OTC Option 33500000 Notional.....                    | 21,966                                 | .05/21/2008...                          | 1,631.86                    | .05/21/2007...             | Goldman Sachs.....       | 1,182,649              | 1,017,375  | ..... | 1,017,375       | 1,017,375  | (165,274)                                       | .....                | .....                                  |
| S&P 500 OTC Option 17800000 Notional.....                    | 9,526                                  | .06/20/2008...                          | 1,693.44                    | .06/21/2007...             | JPMorgan.....            | 342,269                | 309,834    | ..... | 309,834         | 309,834    | (32,435)  | .....                | .....                                  |
| S&P 500 OTC Option 62900000 Notional.....                    | 41,322                                 | .06/20/2008...                          | 1,674.41                    | .06/21/2007...             | JPMorgan.....            | 1,761,144              | 1,584,785  | ..... | 1,584,785       | 1,584,785  | (176,358)                                       | .....                | .....                                  |
| S&P 500 OTC Option 23900000 Notional.....                    | 15,701                                 | .06/20/2008...                          | 1,651.58                    | .06/21/2007...             | JPMorgan.....            | 803,106                | 725,149    | ..... | 725,149         | 725,149    | (77,957)  | .....                | .....                                  |
| S&P 500 OTC Option 27100000 Notional.....                    | 17,146                                 | .06/20/2008...                          | 1,643.97                    | .06/21/2007...             | JPMorgan.....            | 931,714                | 840,190    | ..... | 840,190         | 840,190    | (91,524)  | .....                | .....                                  |
| S&P 500 OTC Option 54400000 Notional.....                    | 35,738                                 | .06/20/2008...                          | 1,628.74                    | .06/21/2007...             | JPMorgan.....            | 2,181,448              | 1,963,835  | ..... | 1,963,835       | 1,963,835  | (217,612)                                       | .....                | .....                                  |
| 0199999. Subtotal - Call Options - Hedging Transactions..... |  |   |                             |                            |                          | 52,362,097             | 95,487,519 | XXX   | 95,487,519      | 95,487,519 | 22,861,732                                      | 0                    | 0                                      |
| 0499999. Subtotal - Call Options.....                        |  |   |                             |                            |                          | 52,362,097             | 95,487,519 | XXX   | 95,487,519      | 95,487,519 | 22,861,732                                      | 0                    | 0                                      |
| 2599999. Subtotal - Hedging Transactions.....                |  |   |                             |                            |                          | 52,362,097             | 95,487,519 | XXX   | 95,487,519      | 95,487,519 | 22,861,732                                      | 0                    | 0                                      |
| 9999999. Totals.....   |  |   |                             |                            |                          | 52,362,097             | 95,487,519 | XXX   | 95,487,519      | 95,487,519 | 22,861,732                                      | 0                    | 0                                      |

E06.2

### SCHEDULE DB - PART C - SECTION 1

Showing All Collar, Swap and Forwards Open at Current Statement Date

| 1           | 2               | 3                                       | 4                                     | 5                                     | 6                        | 7                                | 8          | 9 | 10              | 11         | 12  | 13                                  | 14                                     | 15                 |
|-------------|-----------------|---|---------------------------------------|---------------------------------------|--------------------------|----------------------------------|------------|---|-----------------|------------|---|-------------------------------------|--|--------------------|
| Description | Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index Rec (Pay) | Date of Opening Position or Agreement | Exchange or Counterparty | Cost or (Consideration Received) | Book Value | * | Statement Value | Fair Value | Year to Date Increase/ (Decrease) by Adjustment | Used to Adjust Basis of Hedged Item | Other Investment/ Miscellaneous Income | Potential Exposure |

# NONE

### SCHEDULE DB - PART D - SECTION 1

Showing All Futures Contracts and Insurance Futures Contracts at Current Statement Date

| 1           | 2                   | 3             | 4              | 5             | 6                | 7                        | 8                        | 9            | Variation Margin Information |                                     |          | 13                 |
|-------------|---------------------|---------------|----------------|---------------|------------------|--------------------------|--------------------------|--------------|------------------------------|-------------------------------------|----------|--------------------|
|             |                     |               |                |               |                  |                          |                          |              | 10                           | 11                                  | 12       |                    |
| Description | Number of Contracts | Maturity Date | Original Value | Current Value | Variation Margin | Date of Opening Position | Exchange or Counterparty | Cash Deposit | Recognized                   | Used to Adjust Basis of Hedged Item | Deferred | Potential Exposure |

E07

**Long Futures Positions - Other Derivative Transactions**

|   |    |              |           |           |           |              |          |         |           |           |   |         |
|---|----|--------------|-----------|-----------|-----------|--------------|----------|---------|-----------|-----------|---|---------|
| S&P 500 Index.....  | 22 | 09/21/2007.. | 8,517,300 | 8,334,700 | (182,600) | 06/06/2007.. | S&P..... |         | (182,600) | (182,600) |   | 308,000 |
| Total Cash Deposits.....  |    |              |           |           | 0         |              |          | 971,865 |           |           |   |         |
| 0399999. Subtotal - Long Futures Positions - Other Derivative Transactions..... |    |              | 8,517,300 | 8,334,700 | (182,600) | XXX.....     | XXX..... | 971,865 | (182,600) | (182,600) | 0 | 308,000 |
| 0499999. Subtotal - Long Futures Positions.....                                 |    |              | 8,517,300 | 8,334,700 | (182,600) | XXX.....     | XXX..... | 971,865 | (182,600) | (182,600) | 0 | 308,000 |
| 2799999. Subtotal - Other Derivative Transactions.....                          |    |              | 8,517,300 | 8,334,700 | (182,600) | XXX.....     | XXX..... | 971,865 | (182,600) | (182,600) | 0 | 308,000 |
| 9999999. Totals.....  |    |              | 8,517,300 | 8,334,700 | (182,600) | XXX.....     | XXX..... | 971,865 | (182,600) | (182,600) | 0 | 308,000 |

**Brokers**

|                    |         |
|--------------------|---------|
| Goldman Sachs..... | 971,865 |
| Broker Totals..... | 971,865 |

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

| 1<br>Depository                        | 2<br>Code           | 3<br>Rate of Interest | 4<br>Amount of Interest Received During Current Quarter | 5<br>Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter |                   |                  | 9<br>*       |     |
|--|---------------------|-----------------------|---|---|--|-------------------|------------------|--------------|-----|
|  |                     |                       |   |   | 6<br>First Month   | 7<br>Second Month | 8<br>Third Month |              |     |
| <b>Open Depositories</b>               |                     |                       |   |   |  |                   |                  |              |     |
| Chase Bank.....                        | New York, NY.....   | .....                 | .....   | .....   | .....  | 125,685           | 6,815,447        | 381,094      | XXX |
| Chase Bank.....                        | Dallas, TX.....     | .....                 | .....   | .....   | .....  | 2,932,516         | 2,808,719        | 1,461,647    | XXX |
| Chase Bank.....                        | San Angelo, TX..... | .....                 | .....   | .....   | .....  | (19,559,121)      | (9,552,918)      | (13,857,278) | XXX |
| State Street Bank.....                 | Boston, MA.....     | .....                 | .....   | .....   | .....  | 213,142           | 86,285           | 24,419       | XXX |
| 0199999. Total Open Depositories.....  | XXX.....            | XXX.....              | 0.....  | 0.....  | .....  | (16,287,778)      | 157,533          | (11,990,118) | XXX |
| 0399999. Total Cash on Deposit.....    | XXX.....            | XXX.....              | 0.....  | 0.....  | .....  | (16,287,778)      | 157,533          | (11,990,118) | XXX |
| 0499999. Cash in Company's Office..... | XXX.....            | XXX.....              | XXX.....  | XXX.....  | .....  | 2,024             | 2,024            | 2,024        | XXX |
| 0599999. Total Cash.....               | XXX.....            | XXX.....              | 0.....  | 0.....  | .....  | (16,285,754)      | 159,557          | (11,988,094) | XXX |

### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1<br>Description | 2<br>Code | 3<br>Date<br>Acquired | 4<br>Rate of<br>Interest | 5<br>Maturity<br>Date | 6<br>Book/Adjusted<br>Carrying Value | 7<br>Amount of Interest<br>Due & Accrued | 8<br>Gross Investment<br>Income |
|------------------|-----------|-----------------------|--------------------------|-----------------------|--------------------------------------|--|---------------------------------|
|------------------|-----------|-----------------------|--------------------------|-----------------------|--------------------------------------|--|---------------------------------|

**NONE**