IN THE COMMONWEALTH COURT OF PENNSYLVANIA

ROBERT L. PRATTER, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Liquidator of Reliance Insurance Company,	:	
Plaintiff,	:	No. 269 M.D. 2001
v.	:	
RELIANCE INSURANCE COMPANY,	:	
Defendant.	:	

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COMMONWEALTH COURT

QUARTERLY REPORT OF THE LIQUIDATOR ON THE STATUS OF THE LIQUIDATION OF RELIANCE INSURANCE COMPANY AS OF DECEMBER 31, 2010

I. INTRODUCTION

Michael F. Consedine, successor to Robert L. Pratter and Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Reliance Insurance Company ("Reliance or Estate"), through his undersigned counsel, hereby submits this report on the status of the liquidation of Reliance, incorporating financial results and claims information through December 31, 2010 ("Report").

II. REPORT

A. Financial Statements

1. Special Purpose Statement of Assets and Liabilities

Reliance has prepared and attached as Exhibit A, a Special Purpose Statement of Assets and Liabilities showing the financial position of Reliance at December 31, 2010 and December 31, 2009 ("Statement"). The amounts set forth on this Statement for all other estimated reserves, for class (b) liabilities on direct business, reinsurance recoverables and several other categories at December 31, 2010 are based upon independent actuarial estimates (see paragraph A.9), utilizing data as of September 30, 2008. These estimates utilized Guaranty Association ("GA") claim data, Proof of Claim ("POC") and Notice of Determination ("NOD") data, pre-liquidation historical data and industry data. Actual liability figures will not be known for several years because, among other things, many of the claims will not develop for some time or are contingent claims dependent on a resolution of underlying litigation which may not be resolved for several years. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from the effect of the liquidation process, the actual emergence of losses may be significantly different than the estimates included in the Statement.

The reinsurance receivables and reinsurance recoverables shown on the Statement may also change significantly over time because, among other things: a) the amount of reinsurance recoverable will not be known until all valid POCs have been evaluated and allowed amounts determined; and b) reinsurance collection will be affected by valid offsets, disputes and uncollectible amounts due to the financial condition of reinsurers.

Thus, the Statement does not fully reflect the effects of the liquidation upon many assets and liabilities and also does not include an estimate of the liquidation expenses that will be incurred by Reliance and the GAs in administering the Estate over time. Reliance liquidation expenses are class (a) first priority payments under the Insurance Department Act of 1921, 40 P.S. §221.1 et seq. ("Act"), as are certain GA expenses to the extent permitted by the Act. Both Liquidator and GA expenses will be significant and will be paid before distributions for claims under policies for losses, class (b) priority, and other lower classes of creditors. Consequently, the ultimate distribution to creditors is unknown at this time. For this reason, third parties should not rely on the financial information contained herein as providing any certainty as to the ultimate distribution that will be made from Reliance. The Notes to the Special Purpose Statements, attached as Exhibit D, describe the limitations of the Statements and should be included in any review of Reliance's financial information.

As of December 31, 2010, the Statement shows estimated total assets were $5.4 billion, with the most significant balance, $2.1 billion, relating to total invested assets. Early access advances to GAs total $2.1 billion (see paragraph C.2). Reinsurance receivables and future reinsurance recoverables were $1.1 billion.

Total estimated liabilities at December 31, 2010 were $9 billion. The largest class of liabilities is class (b) creditor claims which total $7.6 billion. The $7.6 billion is comprised of GA paid losses of $2.8 billion, GA reported reserves of $1.2 billion, NODs issued by the Estate of $795.7 million, and $3 billion for all other reserves. A reduction is shown for $190.7 million in distribution payments already issued to class (b) creditors. The $3 billion for all other reserves is comprised of estimated reserves for current claims, including POCs where a NOD has not yet

been issued, estimated amounts for future claims to be reported to the Estate and reserves for GA claims in excess of GA reported reserves. The second largest class of liabilities are class (e) general creditor claims under 40 P.S. §221.44 which total $1.2 billion, subject to valid offsets. However, the Liquidator has issued thousands of class only NODs at the class (e) level, deferring any determination of amount as it is unlikely that distributions will reach the class (e) level. Therefore, class (e) liabilities are undoubtedly higher than the figures reported in the Statement.

Attached to this report as Exhibit B is a Special Purpose Statement of Changes in Policyholders' Surplus for the year ended December 31, 2010 and for the period from October 3, 2001 to December 31, 2010. The estimated net deficit at December 31, 2010 was $3.5 billion, up from $2.7 billion at the date of liquidation, but is subject to change as noted above.

2. Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments

Attached to this report as Exhibit C is a Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments ("Cash Flow Statement") for the period from January 1, 2010 through December 31, 2010. Short and intermediate duration investments available at the beginning of the period were $2.16 billion, decreasing to $2 billion at the end of the period.

Reinsurance collections, totaling $234.6 million, were the primary source of cash receipts for the period. For further explanation of reinsurance collections, see paragraph A.8. Other sources of receipts included premium collections, claim recoveries and investment income. Total cash receipts were $347.9 million for the period.

Cash disbursements for the year consisted of early access advances to the GAs of $375.1

million, payments under the second interim distribution to class (b) creditors of $96 million (see paragraph D.2), operating expenses of $101 million, and losses and allocated loss adjustment expenses ("ALAE") of $1.8 million. Additional detail is provided for operating expenses in paragraph B.2. Total cash disbursements were $573.9 million.

The increase in market value of short and intermediate duration investments managed by investment managers, which is considered a non-cash item, was $36.6 million for the year ended December 31, 2010, as compared to an increase of $164.3 million experienced during 2009. The total investment return for the portfolio for the year ended December 31, 2010 was 5.96%. Overall, short and intermediate duration investments decreased for the year ended December 31, 2010 by $189.4 million.

3. Short and Intermediate Duration Investments

Due to strong positive cash flows since the beginning of the liquidation, primarily reinsurance collections and asset sales, the investment portfolio is $2 billion as of December 31, 2010. Excess cash flows over and above the immediate operating needs of the Estate are transferred to investment managers and invested in short and intermediate duration bond portfolios and an equity index fund. An Investment Committee oversees the investment operations at Reliance under approved investment guidelines. The Committee utilizes investment advisors, money managers, valuation consultants and other professionals in its oversight duties. Specific securities held in the portfolio are regularly traded as the managers actively manage the portfolio in accordance with the guidelines. A comparative sector analysis of securities managed by investment managers at December 31, 2010 and December 31, 2009 along with details of investments held at December 31, 2010 are listed in Exhibit E.

4. Investments Held in Segregated Accounts

At December 31, 2010, Reliance held $3.8 million in trust for specific obligations to secured creditors relating primarily to losses on assumed reinsurance business. In addition, Reliance held $2.6 million, representing collections under large deductible policies, which are not Estate assets and will be administered and paid to GAs and other claimants in accordance with 40 P.S. §221.23a.

At December 31, 2010, Reliance held $14.9 million solely for the benefit of uncovered claimants (claimants whose class (b) losses are not covered by GAs). This balance consists of funds received from the settlement of the large deductible reimbursement dispute with the GAs, plus accrued interest.

5. Real Estate

On April 26, 2010 this Court approved the sale of the last remaining piece of real estate, 3 acres in Loudoun County, VA, and the proceeds of $474,215 were received.

6. Affiliates and Subsidiaries / Non-Liquid Investments

In December 2010, Reliance received $8.8 million in deferred compensation related to the sale of Reliance's former Singapore subsidiary in 2004. Reliance continues to monitor all remaining assets in this category to determine the best strategy and timing for maximizing value. Included in these assets are the Reliance Canadian branch (currently in a separate liquidation proceeding in Canada); RCGIT, the information technology indirect subsidiary of Reliance; deferred compensation from the sale of the former Reliance UK subsidiary; and various other illiquid securities, including the investment in Onyx (a private real estate company) whose underlying properties may provide some value in the future.

7. Premium Balances

As of December 31, 2010, Reliance estimates current and future premium receivables of $41.9 million which includes billed receivables and an estimate of $31.7 million for future billings under retrospectively rated policies, where future premium billings will be based on paid losses. Premiums on retrospective policies will be billed and collected on an ongoing basis. Reliance is aggressively pursuing receivable amounts due the Estate and legal proceedings have been initiated where appropriate.

8. Reinsurance

a. Reinsurance Billings and Collections

As of December 31, 2010, reinsurance receivables and future reinsurance recoverables were $1.1 billion after deductions for estimated future uncollectible amounts and offsets. At December 31, 2010, Reliance held approximately $302 million in collateral from certain reinsurers as security for parts of this exposure. Reinsurance collections for the year ended December 31, 2010, totaled $234.6 million with total collections of over $3.37 billion since the date of liquidation. These totals are inclusive of receipts on ordinary ceded loss billings, dispute settlements, commutations, releases of funds from reinsurance trusts and distributions from insolvent reinsurers.

The inventory of billed reinsurance receivables was $73 million as of December 31, 2010, with a significant portion either in dispute, claimed by reinsurers as offsets, or due from insolvent or financially distressed companies. The amount readily available to collect was estimated at $37 million. Included as Exhibit F is a listing of balances due from reinsurers at December 31, 2010.

On a monthly basis, Reliance receives GA data feeds reflecting paid and outstanding claim information. This GA data plus the NODs issued by the Liquidator have generated over $2.1 billion of post-liquidation reinsurance billings.

Reliance deals with many reinsurers who have significant offset balances due to assumed reinsurance business written by Reliance. The research and reconciliation analysis required for the offset process will continue for several years as claims from the assumed business mature and are reported to the Estate.

b. Reinsurance Collection Issues

Reinsurance is one of the largest assets of Reliance and the structure, procedures and controls within the Reinsurance Department and throughout the Estate operations have been designed to maximize collections in a liquidation environment. Reliance has dedicated staff, many of whom have extensive reinsurance experience, coordinating with reinsurers to provide appropriate claims documentation, respond to inquiries, resolve disputes and verify proper offsets. Reliance also continues to seek additional cooperation and support from insureds, claimants and the GAs in providing timely, complete and accurate claims documentation and data to support reinsurance billings. Reliance has completed 20 reinsurance reviews at various GAs during 2010.

Notwithstanding these efforts, reinsurance collections are a difficult and lengthy process in liquidation. In almost all cases, time frames for responses and payments from reinsurers have lengthened considerably. While there are some reinsurers who have dealt with Reliance in a professional, responsive manner, many do not fall into this category. Many reinsurers now require much more documentation - significantly more than prior to liquidation and often more

than is contractually required. The reinsurers then respond with many questions in a series of inquiries before even stating their payment position on the billings. Numerous requests for reinsurer audits have been accommodated and these requests will continue in the future. Some of the audits are used by the reinsurers to inflate perceived or minor discrepancies, which provide reinsurers with a contrived basis for delay, forced compromise, commutation settlement or for trying to avoid liability altogether. Formal and informal dispute resolution actions continue against several reinsurers with substantial overdue balances. At December 31, 2010, Reliance had legal actions pending against CNA, Markel International Insurance Co, Ltd., Odyssey Re and Republic Western, as well as two legal actions pending against Underwriters at Lloyds. Reliance expects to commence additional legal actions against recalcitrant reinsurers in the future, whenever necessary, to enforce its rights.

Collections in this environment result from constant, intensive day-to-day "blocking and tackling" by the Reinsurance Department, assisted by the Claims Department and other Reliance staff at all levels. Liquidator and Reliance staffs have decades of experience in reinsurance collections, specifically including collections in a run-off or liquidation environment. In addition, they are intimately familiar with the several thousand complex treaties and facultative placements covering the wide variety of Reliance products marketed over the last 20 years. Reliance is in constant contact with its major reinsurers and will continue its aggressive collection efforts.

Reliance also uses commutations as an alternative in dealing with reinsurers. In a commutation, Reliance receives a lump sum payment today from its reinsurer representing an estimate of all known and future unknown losses. During 2007, Reliance targeted a small select

group of companies for commutation, where significant data was available on known loss exposures. During 2008 and 2009, as more updated claims information became available and the independent actuarial review was completed, the program expanded and commutations will continue to be a significant source of collections going forward. Reliance is now capable of evaluating commutations for any aspect of its insurance business – by line of business, by reinsurance contract and by reinsurer. Where applicable, commutations are submitted for approval consistent with the asset guidelines previously communicated by this Court.

Reinsurer financial strength remains a problem for the insurance industry in general - particularly in the current economic environment - and will continue to be a major concern for the duration of the liquidation proceedings. Reliance has dedicated resources to monitor the financial condition of its significant reinsurers and where possible will attempt to settle its overall exposure with distressed companies through commutation. In these distressed commutation situations, it is likely that Reliance will accept substantial discounts for its recoverables. Similar to many ongoing insurance entities, Reliance experiences significant write-offs for uncollectible reinsurance and disputes. Thus, an appropriate bad debt reserve has been established.

9. Independent Actuarial Review

In June 2009, PricewaterhouseCoopers LLP ("PwC") completed a post-liquidation independent actuarial review of estimated direct losses and ALAE exposures, both known and unknown, as well as related future reinsurance recoverables. Estimates were based on information as of September 30, 2008, including GA claim data, POC and NOD data, pre-liquidation historical data and industry data modified for current trends as well as prevailing

economic, legal and social conditions. The PwC central estimate, which was first reflected in the June 30, 2009 Statement, represents one possible value in the range of acceptable estimates. Actual results will differ from these point estimates, and perhaps significantly. Estimates of ultimate losses and ALAE, which are reflected in the current Statement under class (b) liabilities, have not been updated to reflect any loss experience subsequent to September 30, 2008.

B. Expenses

1. Losses and Allocated Loss Adjustment Expenses

Losses and ALAE shown on the Cash Flow Statement, Exhibit C, represent amounts incurred by the Estate for handling certain creditor claims, POCs, NODs and the related objection process.

2. Operating Expenses

The operating expenses of Reliance relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Reliance policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties responsible for the insolvency of Reliance.

Attached as Exhibit G is the Annual Budget/Historical Report which indicates the total budget dollar amount estimated for each expense category for the year ended December 31, 2011 compared to the actual operating expenses for the years ended December 31, 2003 through 2010 and the fifteen months ended December 31, 2002.

Attached as Exhibit H is an Operating Expense Analysis which indicates the total dollars paid for each expense category for the year ended December 31, 2010 and compares actual

performance to budgeted amounts and prior year's actual expenses. As detailed in the Operating Expense Analysis and supporting schedules, the administrative expenses of Reliance for the year ended December 31, 2010, totaled $55.5 million, compared to a budget of $59.1 million and actual expenses in 2009 of $64.7 million. Reliance paid expense reimbursements to GAs of $45.5 million compared to a budget of $45.0 million and actual expenses in 2009 of $6.3 million. Brief explanations regarding certain aspects of the expenses are provided below, by category.

On September 27, 2010, this Court approved the administrative expenses paid by the Liquidator for 2009 in the amount of $64.7 million. Through December 31, 2010, this Court has approved a total of approximately $814.5 million in administrative expenses incurred and paid by the Liquidator.

a. Salaries, Employee Benefits and Taxes

At December 31, 2010, Reliance had a total of 160 employees in both the Philadelphia and New York City offices. Since January of 2010, staff count has declined by 26 employees. Reliance also uses consultants to support the operations, especially in the Information Technology ("IT") area. At December 31, 2010, there were 38 consultants of whom 35 were related to the IT business application systems and production environment.

b. IT Services

The third party provider outsourcing agreement with Acxiom to maintain the IT technical infrastructure necessary to execute Reliance's business application systems ended November 30, 2010. The agreement had covered data center and network equipment, software and services, plus support services for help desk, desktops, on-site servers, and operational and disaster recovery. In late 2010 Reliance's outsourcing requirements were reduced, when Reliance

completed expense reduction initiatives which included moving from a mainframe computer to a more cost effective in-house server environment. The IT services previously provided through Acxiom are now provided through a combination of other outsourcing arrangements and in-house resources at significantly reduced costs with improved flexibility. RCG IT, which is a wholly owned subsidiary of Reliance, continues to provide production support, maintenance, security, and development services for Reliance's business application systems.

c. Legal Fees and Expenses

Attached as Exhibit I is a schedule containing the legal expense detail by firm (excluding ALAE) for the year ended December 31, 2010. In addition to law firms, the schedule includes referees for disputed NOD matters, reinsurance arbitrators and other litigation and legal support service providers. The legal expenses of the Reliance Estate can be divided into two general categories of legal matters: (1) Estate administration and (2) general asset recovery. Issues arising from the administration of the Estate, which include ordinary operations and the complex Reliance products and business structures, implicate the laws of many jurisdictions, including state, federal and foreign.

Reliance has also undertaken numerous plaintiff actions to recover assets owed to the Estate, including the recovery of reinsurance. Some of these actions seek recovery of deductible amounts that benefit only the GAs. As of December 31, 2010, the pending actions include both litigation and arbitrations, for (1) approximately $500,000 sought from agencies, third party administrators, brokers or program managers; (2) approximately $3 million sought in bankruptcy proceedings from financially distressed insureds for which Reliance has no collateral, insufficient collateral, or the collateral is disputed; (3) approximately $6.3 million sought in

subrogation matters; (4) approximately $2.8 million sought in premium and large deductible collections; (5) approximately $12.7 million sought in reinsurance recoveries; and (6) approximately $2 million sought in other litigation. In the fourth quarter of 2010, Reliance recovered approximately $4.2 million through legal actions. Since January 2003 through the fourth quarter of 2010, Reliance has recovered in excess of $342 million through legal actions, a portion of which benefits the GAs.

d. Professional Services Expenses

Attached as Exhibit J is a schedule containing the professional service expense detail by vendor name for the year ended December 31, 2010. The individual professionals and firms listed in the schedule include, among other things, investment managers, London market broker services, imaging services, auditing services, actuarial services, and permanent and temporary staffing services which provide resources for the IT, Claims and Reinsurance Departments as needed. The professional service expense schedule also contains entries for professional services provided to Reliance by the Pennsylvania Insurance Department, either directly by the professional staff of the Office of Liquidations, Rehabilitations and Special Funds, or through specialized consultants hired to assist the Liquidator in administering the liquidation of Reliance.

e. Rent

Rent is primarily attributable to office space in New York and Philadelphia. Reliance reconfigures workspace wherever possible in order to reduce costs by consolidating space requirements.

f. Guaranty Association Expenses

The Operating Expense Analysis, Exhibit H, lists as administrative expenses of the Estate

certain expenses of the GAs which are incurred in handling claims of Reliance policyholders and claimants, pursuant to 40 P.S. §221.44(a). Reliance receives regular quarterly reports from most GAs and their valid class (a) administrative expenses have been reimbursed on a regular basis. In the future, administrative expenses will be paid to the GAs after approval by this Court. The total GA administrative expenses paid by Reliance from inception of the liquidation through December 31, 2010, was $254 million. Attached as Exhibit K is a schedule showing the administrative expenses reported to Reliance by GAs as of December 31, 2010.

Reliance conducts periodic desk and on-site reviews of GA administrative expenses and makes appropriate adjustments. With respect to inaccurate administrative expense data, overpayments, reductions, reclassifications or adjustments, both the Liquidator and the GAs have reserved their respective rights to seek appropriate relief, if and as needed. As Reliance ultimately evaluates these expenses, the vast majority will be allowable as class (a) claims. However, there are certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

C. National Conference of Insurance Guaranty Funds ("NCIGF")

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective statutes. The liquidation of Reliance, as the largest U.S. property and casualty liquidation, has been challenging for all involved, including GAs. From the start of the liquidation, Reliance met regularly with a task force and various working groups organized through the NCIGF, whose members include almost all of the state property and casualty insurance GAs in the United States. The meetings have focused on continuing operational issues such as large deductible

reimbursements; claim handling and closed claim procedures; communication protocols; GA data reporting and UDS protocol; reconciliation issues; the priority, classification and reporting of administrative expenses and related reviews; and Reliance product and policy information. Another area of continuous discussion is the necessity for coordination of reinsurance reviews and loss reporting to maximize reinsurance collections. The NCIGF, most GAs, and Reliance have established a close working relationship and will continue to address the extensive and complex issues involved in the Reliance Estate in a professional, mutually cooperative and beneficial manner.

1. Status of Uniform Data Standards ("UDS")

A dedicated department within Reliance was established early in the liquidation to coordinate with the various GAs and their vendors in managing the data reporting process and reviewing exception items. There are now 58 GAs reporting monthly paid and outstanding loss information through a UDS automated interface, both of which are subsequently processed in Reliance operating systems to update claim records and generate the related reinsurance billings and notices. Two small GAs are reporting on a manual basis to the Estate. Over 99% of GA payments and reserves have been matched to Reliance systems.

2. Early Access

On December 29, 2009, the Liquidator filed his Fifth Early Access Proposal, and on February 23, 2010, this Court approved the proposed early access advance based on 55% of the loss claims incurred by each GA, up to a maximum of each GA's paid loss claims. The approved payments totaled approximately $400 million which has been paid to the GAs. Those GAs who had already received more than 55% of their incurred loss claims through previous

early access distributions, have refunded excess amounts of approximately $28.6 million to the Liquidator.

3. Large Deductible Policies

Pursuant to large deductible agreements with certain insureds executed prior to liquidation, those insureds either made arrangements for Reliance to process their claims within the deductible while the insured funded the claims payments, or in some cases, Reliance paid all claims and subsequently billed and collected the deductible amounts from the insureds. In either event, most insureds with large deductible policies were required to provide collateral to Reliance to secure their obligations to pay or to reimburse Reliance for claims paid by Reliance within the deductible.

The provisions of 40 P.S. §221.23a, adopted in 2004 by the Pennsylvania legislature, conferred the benefit of the large deductible reimbursements solely on the GAs and created numerous additional duties and responsibilities for a liquidator in the handling of insured collateral and collection of deductibles. The GAs are coordinating with Reliance to ensure a cooperative implementation of 40 P.S. §221.23a. On a gross basis, approximately $121 million of deductible collections has been distributed to the GAs.

D. Claims Process

The deadline for filing POCs was December 31, 2003. As of December 31, 2010, Reliance has received a total of 160,073 POCs. Of these 160,073 POCs, 11,303 were received after the claim filing deadline, including 78 new POCs received in the fourth quarter of 2010. Notwithstanding the claim filing deadline, Reliance continues to receive new POCs and many of these POCs may be considered timely filed if the claimant can show good cause for the late

filing.

1. Status of POCs

As of December 31, 2010, Reliance has issued NODs for 154,068 of the 160,073 POCs for a total allowed amount of $893,940,397. Reliance has now issued NODs for more than 96% of the POCs filed with the Estate. This Court has approved 151,411 of those NODs, as of December 31, 2010, for a total allowed amount of $825,947,725. Exhibit L breaks down this information by priority class and Exhibit M provides the same information for only the fourth quarter of 2010. Although Reliance has addressed a significant portion of the pending POCs, it is expected that new POCs will continue to be filed as claims, previously unknown or contingent, continue to develop. On January 27, 2011, this Court approved the Liquidator's Report and Recommendation on Resolved Claims as of June 30, 2010, approving an additional 1,448 NODs for a total allowed amount of $37,948,570.

Exhibit N indicates the status of all 160,073 POCs received as of December 31, 2010. Of the 6,005 POCs remaining to be evaluated, 1,628 relate to claims currently being handled by the GAs and these POCs will be addressed by Reliance once the GAs close their claim files and return them to Reliance. In total, GAs are currently handling approximately 7,567 open Reliance claims. Approximately 1,564 of the 6,005 POCs are either 1) POCs where the claimant has identified a specific claim but the underlying claim has not yet been resolved ("contingent claim") or proper documentation has not been provided to Reliance or 2) POCs where the claimant has notified Reliance that there may be a claim in the future, but has not yet identified

any particular claim.[1] It is expected that additional claims will develop under the POCs filed without identification of any particular claim.

Approximately 2,641 POCs are in various stages of review and evaluation and therefore, in one or more aspects, the Estate is awaiting information. As part of that process, Reliance requests additional information from the claimant, or other sources, as necessary. When complete information is provided quickly, the POC will move to the next category of ready to evaluate. As of December 31, 2010, there were 172 POCs ready to evaluate and for which NODs will be issued within 180 days. The movement of POCs through the various categories is a continuous process when adequate information is provided by claimants. In 2007, this Court issued Orders on May 1, and November 19, requiring claimants to submit complete information about their claims in a timely fashion. Those Orders continue to assist the Liquidator in obtaining current and timely information from claimants.

2. Status of Distribution

On January 17, 2008, this Court approved the Liquidator's Petition for First Interim Distribution allowing a 20% distribution to all class (b) claimants whose NOD is approved by this Court. On March 29, 2010, this Court issued its order approving the Liquidator's Petition for Second Interim Distribution. The recommended 10% increase in the distribution percentage was approved for all class (b) Eligible Claimants for a total cumulative interim distribution of

[1] Reliance wrote a variety of long tail lines of business, including: (1) workers compensation; (2) medical malpractice; (3) construction defect; (4) errors & omissions; (5) directors & officers liability; (6) environmental (asbestos and pollution); and (7) professional liability. For reasons unrelated to the Reliance receivership, but based rather on the nature of the insurance coverage written by Reliance and the claims under those policies, it will be many years before some of these long tail claims will be resolved so that they can proceed through the review and evaluation process.

30% of the allowed amount of each NOD (subject to the aggregate safety factor) which has been approved by the Court.

On February 23, 2010, this Court approved the Liquidator's Petition to Supplement the Court's November 19, 2007 First Aggregate Order, reducing by 20% (from 60% to 40%) the safety factor percentage applicable to any distribution calculation to Eligible Claimants on Court approved NODs representing claims under aggregate policies. The safety factor percentage is designed to hold back a portion of the aggregate limits for any future adverse claims development. At December 31, 2010, the total aggregate safety factor as applied to the distribution calculation was $31.5 million.

The Liquidator has continued to periodically issue distribution checks to claimants whose NOD is subsequently approved by the Court. As of December 31, 2010, $190.7 million has been distributed to class (b) claimants for approximately 5,000 NODs.

3. Objections to NODs

As of December 31, 2010, the Liquidator has received a total of 1,329 objections to the 154,068 NODs issued, an objection rate of approximately 0.8%. Large groups of these objections relate to several claimants with similar types of claims and thus are resolved collectively through the dispute resolution process. Of the 1,329 objections received, 1,006 have been resolved and 72 of the 251 unresolved objections have been assigned to referees. Exhibit O indicates the status of all objections received through December 31, 2010 and Exhibit P breaks down this information by priority class and also includes the allowed amounts for objections in each priority class.

4. GA Claims

In addition to the individual POCs filed by claimants, the GAs have each filed omnibus POCs representing their claim against the Estate. In addition to evaluating all POCs filed by policyholders and other claimants, it is also necessary to review and evaluate administrative expense claims, loss and ALAE claims, unearned premium claims, and any other claims submitted by the GAs, and reconcile the GA quarterly expense reports and UDS data with Reliance books and records. As a group, the GAs represent the largest creditor of the Estate. On November 19, 2007, this Court issued its Order ("GA Claims Order") approving the Liquidator's Amended Petition to Supplement the September 9, 2002 Claims Procedures Order To Address the Administration of GA Claims. The GA claims process presents several unique issues and this Order approved procedures which allowed the Liquidator to address those issues.

a. Administrative Expense Claims

Certain allowed GA administrative expenses are priority class (a) claims under 40 P.S. §221.44. As previously noted, most GAs report their administrative expenses on a quarterly basis. As of December 31, 2010, the GAs have reported administrative expenses totaling approximately $301.8 million. Paragraph B.2.f above explains the review process for these administrative expense claims in some detail. On February 8, 2011, this Court approved the Liquidator's Report and Recommendation on Undisputed Guaranty Association Administrative Expenses through December 31, 2008, approving administrative expenses for 45 GAs totaling $41,569,684. In total, this Court has now approved approximately $116.5 million in GA administrative expenses.

b. Loss and ALAE Payments

Most GAs report their loss and ALAE payments through the UDS interface (see paragraph C.1 above). As of December 31, 2010, the GAs have paid approximately $2.9 billion for losses and ALAE under Reliance policies and $1.65 billion of cash advance distributions have been made to them through early access, in addition to $421 million held in special deposits. The GAs' outstanding reserve for remaining losses and ALAE totals approximately $1.153 billion. Therefore, in total through the end of the liquidation, the GAs have estimated approximately $4.06 billion in loss claims and ALAE. Exhibit K shows the total losses and ALAE paid as well as losses and ALAE reserves reported by each GA at December 31, 2010.

Both the paid amounts and outstanding reserves reported by GAs over time are graphically shown in Exhibit Q attached hereto. As indicated by the graph, the GAs have paid approximately 71% of the total dollar amount that they ultimately expect to incur for all claims. These totals do not include past or future GA administrative expenses.

As of December 31, 2010, this Court has approved class (b) claims totaling $956,894,414 for GAs, some of which may be subject to 40 P.S. §221.40(d) regarding aggregate limits.

c. Life and Health Guaranty Associations

On August 3, 2010, this Court approved the first Liquidator's Petition for Approval of Report and Recommendations on Undisputed Life and Health Guaranty Association Claims through December 31, 2009. The Life and Health GAs covered the contractual obligations under accident and health policies issued by Reliance. The Order approved administrative expense claims for 49 Life and Health GAs totaling $6,445,970 and loss/ALAE claims for 51 Life and Health GAs totaling $32,073,449.

d. Guaranty Association Notices of Determination

On January 27, 2010, this Court approved the Liquidator's first Report and Recommendations on Guaranty Association Notices of Determination through December 31, 2008 ("GA NOD Report") approving 36 NODs issued to the GAs, to which the GAs did not object, for a total allowed amount of $1,929,234.

Pursuant to the GA Claims Order, NODs are issued to the GAs only when a GA claim, or portion of a GA claim, will not be allowed by the Liquidator. Some of the NODs issued to the GAs may be disputed by the GAs and those will be resolved through the objection process set forth in the September 9, 2002 and December 12, 2008 case management orders. Only undisputed GA NODs or those GA NODs which are resolved by the Liquidator after an objection is filed will be included on the GA NOD Report. When GA claims are allowed in full, the claims will be included in the Report and Recommendation on Undisputed GA Claims.

E. Other Operational Updates

1. Collateral Release

Pursuant to the November 30, 2001 Order of this Court, the Liquidator has established a structured process to carefully review requests for the release of collateral held to secure obligations for direct insureds (primarily large deductible policies), certain reinsurers (including captive reinsurers), and premium receivables. The extensive review process includes input from several Reliance departments, including Policy Finance and Administration, Actuarial, Claims, and Finance. As of December 31, 2010, Reliance held collateral of $733 million to secure current and future obligations. For the year ended December 31, 2010, 171 accounts were reviewed, resulting in a release of $70 million for 91 accounts; no collateral was released for 45

accounts; and the remaining 35 accounts were otherwise resolved (e.g., closeouts, no remaining collateral).

2. Reinsurance Cut-Throughs

A committee was established to review and recommend action for reinsurance cut-through requests submitted to the Liquidator. Since the implementation of the guidelines, 38 cut-through requests have been submitted to the Liquidator. The Liquidator has approved 25 of these requests. Of these 25, 24 have been approved by the Court and 1 was pending before the Court. Of the remaining 13 requests, 8 were disapproved by the Liquidator, 2 were withdrawn and 3 were pending before the Liquidator as of the end of the fourth quarter. Two of the 8 requests that were disapproved by the Liquidator were never contested, 2 were also disapproved by the Court and 4 were disputed. As of December 31, 2010, 1 of the 4 disputed matters had been stayed by the Court upon the consent of the parties, 1 was dismissed with prejudice upon stipulation of the parties and approval of the Court, and 2 were approved the Court.

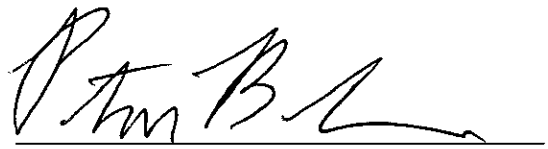
3. Ancillary and Foreign Receiverships

Ancillary receivership proceedings were initiated in Arizona, Arkansas, Florida, Idaho, Maryland, Massachusetts, New Mexico, New York, North Carolina, Oregon, Puerto Rico, and South Carolina, primarily to trigger the obligations of GAs in those states or to take possession of the statutory deposits so that they could be transferred to the appropriate state GA. Both Florida and Idaho have both closed their ancillary receiverships and Arkansas has initiated discussions to close their ancillary receivership. There has been limited activity in the other ancillary estates.

As previously reported, the Reliance Canadian ("CN") branch was placed in liquidation

in Canada and the Reliance Liquidator was appointed as an inspector in those proceedings. KPMG, in its capacity as liquidator of the CN branch, oversees daily operations. The CN court ordered a final claims bar date of December 17, 2010 for all policy loss claims and received over 3,500 claims in response; approximately 90% of those claims were contingent. Reliance Claims staff will conduct an on-site review of those claims in the second quarter of 2011. Although a long-term run-off plan has been developed and is being monitored by KPMG and Reliance, a sales or assumption transaction may be possible, depending on market conditions, and would be considered at the appropriate time.

Respectfully submitted:

By: 

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Dated: March 24, 2011

CERTIFICATE OF SERVICE

I, Marilyn K. Kincaid, hereby certify that on or about this day, pursuant to the Court's Orders of April 1, 2004 and December 12, 2008, service of the foregoing Quarterly Report of the Liquidator on the Status of the Liquidation of Reliance Insurance Company as of December 31, 2009 was made on the attached Master Service List and Objector's List through the transmission of a Notice of Filing and through posting of a true and correct copy in PDF file format on the Reliance Documents website (www.reliancedocuments.com).

Dated: March 24, 2011

Marilyn K Kincaid

MARILYN K. KINCAID

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Exhibit A

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES - UNAUDITED
(In Millions)

ASSETS		December 31, 2010		December 31, 2009 *
Short and intermediate duration investments		$ 1,969.2		$ 2,158.6
Investments held for secured creditors		6.5		15.7
Investments held for uncovered claimants		14.9		14.1
Real estate investments		-		0.5
Invested assets excluding affiliates		1,990.6		2,188.9
Investments in affiliates		130.3		134.8
Total invested assets		2,120.9		2,323.7
Premium balances		41.9		58.7
Reinsurance receivable		72.8		112.7
Reinsurance recoverables		1,060.3		1,195.0
Early access advances to guaranty associations		2,090.9		1,720.1
Other assets		34.2		31.0
Total Assets		5,421.0		5,441.2
LIABILITIES				
Secured Creditors - Funds held		55.2		68.0
Class (a) liabilities				
Liquidator expenses incurred since liquidation	1,049.1		991.8	
Liquidator expenses paid since liquidation	(1,049.1)		(991.8)	
Liquidator expenses - unpaid	-		-	
Guaranty association expenses - submitted	301.8		268.4	
Guaranty association expenses - paid	254.0		208.5	
Guaranty association expenses - unpaid	47.8		59.9	
Other class (a) liabilities	5.1		6.7	
Total class (a) liabilities		52.9		66.6
Class (b) liabilities				
Guaranty association paid losses	2,822.7		2,730.5	
Guaranty association reported reserves	1,153.2		1,207.4	
Notices of determination issued	795.7		743.8	
Gross distribution calculation	(222.2)		(125.9)	
Reduction for aggregate policies	31.5		31.8	
Asset distribution payments	(190.7)		(94.1)	
All other estimated reserves (including IBNR)	3,017.2		3,131.2	
Total class (b) liabilities		7,598.1		7,718.8
Class (c) liabilities		-		-
Class (d) liabilities		-		-
Class (e) liabilities				
Notices of determination issued	81.9		74.2	
Losses and reserves on assumed business	1,122.9		1,108.1	
Other class (e) liabilities	33.1		31.9	
Total class (e) liabilities		1,237.9		1,214.2
Class (f) liabilities		-		-
Class (g) liabilities - Notices of determination issued		16.3		14.3
Class (h) liabilities		-		-
Class (i) liabilities		-		-
Total liabilities		8,960.4		9,081.9
Net deficit		($3,539.4)		($3,640.7)

* December 2009 has been restated see note 1

The special purpose statement of assets and liabilities of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the liquidation, future administration expenses, and various potential exposures, recoveries or benefits. The special purpose statement of assets and liabilities is not intended to be in conformity with, and will vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the NAIC.

The accompanying notes are an integral part of the financial statements.

Exhibit B

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENT OF CHANGES IN POLICYHOLDERS' SURPLUS - UNAUDITED

(In Millions)

	Twelve Months Ended December 31, 2010	Period From Oct. 3, 2001 To December 31, 2010
Policyholders' surplus - beginning of period (1)	($3,640.7)	($2,683.5)
Underwriting loss	(134.2)	(2,227.5)
Net investment income	55.7	410.5
Other income/(expense) (2)	111.0	722.4
Net realized and unrealized capital gains/(losses)	68.8	238.7
Change in policyholders' surplus	101.3	(855.9)
Policyholders' surplus - end of period	($3,539.4)	($3,539.4)

(1) December 2009 restated see note 1

(2) Significant items in the 2010 other income/(expense) includes a benefit related to a change in the estimate for uncollectible reinsurance recoverables. Significant other income/(expense) prior to 2010 includes settlements with director and officers and the parent company as well as the elimination of other liabilities relating primarily to pre-rehabilitation expenses which are class (e) creditor claims and are unlikely to be paid or offset against any other assets of the Estate, and a benefit to a change in the estimated provision for uncollectible reinsurance recoverable.

The special purpose statement of changes in policyholders' surplus of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the future effect of the liquidation and various potential exposures, recoveries or benefits.

The special purpose statement of changes in policyholders' surplus is not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners.

The accompanying notes are an integral part of the financial statements.

Exhibit C

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS
FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010 - UNAUDITED

(In Millions)

Cash Receipts:	
Reinsurance collections	$234.6
Premium collections	8.2
Claim recoveries	5.1
Investment income received	56.6
Other including realized gains and losses	43.4
Total Cash Receipts	347.9
Cash Disbursements:	
Early access advances to guaranty associations	(375.1)
Asset distribution on class (b) NODs	(96.0)
Operating expenses	(101.0)
Loss and allocated loss adjustment expenses	(1.8)
Total Cash Disbursements	(573.9)
Net change in short and intermediate duration investments from cash activity	(226.0)
Non-cash items affecting short and intermediate term investments:	
Change in value of investments managed by investment managers	36.6
Total Non-cash activity	36.6
Net change in short and intermediate duration investments	(189.4)
Beginning Balance - Short and intermediate duration investments	2,158.6
Ending Balance - Short and intermediate duration investments	$1,969.2

The accompanying notes are an integral part of the financial statements.

Exhibit D

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
NOTES TO THE FOLLOWING UNAUDITED STATEMENTS:

SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES,
SPECIAL PURPOSE STATEMENT OF CHANGES
IN POLICYHOLDERS' SURPLUS, AND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS

Note 1 - Nature of operations and basis of presentation

Reliance Insurance Company ("the Company") was placed into rehabilitation by order of the Commonwealth Court of Pennsylvania ("the Court") on May 29, 2001. On October 3, 2001, the Company was declared insolvent by order ("the Order") of the Court. The Order of the Court appointed the Insurance Commissioner of Pennsylvania as Liquidator of the Company ("the Liquidator"). Representatives of the Liquidator oversee the daily operations of the Company. The Order applies to all former subsidiaries of Reliance Insurance Company that were previously merged into Reliance Insurance Company, including Reliance National Indemnity Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Insurance Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York, and Reliance Insurance Company of Illinois. The entity is now known as Reliance Insurance Company (in Liquidation) ("Reliance") or ("the Estate").

The principal activities since the date of liquidation consist of the collection and marshalling of assets and determination of claims. All creditor claims submitted to Reliance must be evaluated through the Proof of Claim ("POC") process to determine and assign the proper class priority and dollar value. The largest class of creditors is claims for losses under policies issued prior to liquidation. Ultimately, the net assets of the Estate are expected to be distributed to creditors.

Priority of Claims and Distribution to Creditors

Reliance will distribute funds to creditors in accordance with the Insurance Department Act of 1921 (the "Act"), 40 P.S. Section §221.44, which governs asset distributions from insolvent insurance estates. The following summarizes the classes of creditors under the Act:

(a) The costs and expenses of administration, including but not limited to the actual and necessary costs of preserving or recovering the assets of the insurer, compensation for all services rendered in the liquidation, reasonable attorney's and other expenses and fees.

(b) All claims under policies for losses wherever incurred, including third-party claims, and all claims against the insurer for liability for bodily injury or for injury

to or destruction of tangible property which are not under policies, shall have the next priority.

(c) Claims of the Federal government.

(d) Debts due to employees for services performed to the extent that they do not exceed $1,000 and represent payment for services performed within one year before the filing of the petition for liquidation.

(e) Claims under nonassessable policies for unearned premium or other premium refunds and claims of general creditors.

(f) Claims of any state or local government.

(g) Claims filed late and certain other special claims.

(h) Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies.

(i) The claims of shareholders or other owners.

Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class.

Claims that are lower than class (b) priority are generally not assigned a dollar value during the POC process. These claimants are being advised that a value will be determined only if the Estate believes that sufficient funds will be available for distributions to creditors below class (b). Claims lower than class (b) are not reported as liabilities on the Special Purpose Statement of Assets and Liabilities with the exception of certain reinsurance liabilities which could have offset implications and claims in which a Notice of Determination ("NOD") has been issued.

Change in accounting basis – Reliance is on a modified cash basis of accounting accepted by the Pennsylvania Department of Insurance which is a cash basis with adjustments. Prior to 2010, these adjustments consisted of adjustments to the carrying value of investments to fair value, accruals for estimates of liabilities for losses and loss adjustment expenses and accruals for premiums due to Reliance and estimated premiums due to Reliance in the future based on loss experience. In 2010, an accrual for the liability owed to the Guaranty Association ("GA") for administrative expenses incurred by the GAs in processing Reliance's claims was also recorded. This accrual was based on the GA submitted expenses to Reliance less amounts paid. The December 2009 balance sheet presented has been restated to include a GA expense liability of $59.9 million and the associated equity adjustment. These GA expense accruals are not an estimate of all future administrative expenses to be incurred by the GAs.

The Special Purpose Statements of Assets and Liabilities and Changes in Policyholders' Surplus ("Statements") of Reliance are prepared on a unique financial reporting basis, in that, the Statements do not fully reflect the effect of the Estate's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the Special Purpose Statement of Assets and Liabilities. The Statements do not include an estimate of liquidation administrative expenses or any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The Statements and the Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments are not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners. The statements include Reliance and its domestic property and casualty insurance operations. Loss and loss adjustment expenses are presented gross of reinsurance.

The preparation of financial statements requires the use of estimates and assumptions that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Note 2 – Cash disbursements

Cash disbursements for which checks have been issued, but which are outstanding at the date of the Special Purpose Statements of Assets and Liabilities are not recorded as deductions to short and intermediate duration investments. Check disbursements are recorded as deductions to short and intermediate duration investments only when presented to the bank.

Note 3 – Short and intermediate duration investments

Short and intermediate duration investments consist primarily of short-term investments and marketable bonds and notes. Such investments are recorded at fair value using recognized national pricing services. However, no accrued but unpaid interest income is reported in the Special Purpose Statements of Assets and Liabilities related to such investments.

Note 4 – Investments held in segregated accounts

Investments held in segregated accounts, which consist primarily of short-term fixed maturity investments, are reported at fair value. However, no accrued or unpaid interest is reported in the accompanying financial statements. These investments include amounts to secure obligations of Reliance arising from certain reinsurance contracts and funds collected on large deductible policies. Funds collected on large deductible policies, which are not assets of the Estate, are $2.6 million and $9.6 million at December 31, 2010 and December 31, 2009, respectively and will be administered and paid to the GAs and creditors in accordance with the Act , 40 P.S. §221.23a.

Investments held for uncovered claimants are held pursuant to a settlement agreement entered into as of February 10, 2006 ("Settlement Agreement") with various state GAs. Pursuant to the Settlement Agreement, Reliance reduced the large deductible reimbursements otherwise due and owed to each of the various state GAs and established a fund for the exclusive benefit of uncovered (not covered by a GA) class (b) claimants.

Note 5 – Real estate investments

Real estate investments include direct ownership of real estate which is reported at net realizable value.

Note 6 – Investments in affiliates

Investments in affiliates include the net assets of the Estate's non-insurance subsidiaries, foreign insurance subsidiaries (residual interest) and Canadian branch, which is under liquidation proceedings in Canada. The carrying value of certain of these investments has been adjusted to reflect an estimate of net realizable value. Market values are not available for these entities, therefore proceeds from the ultimate disposition of these entities may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 7 – Premium balances

Premium balances include accrued retrospective premiums of $31.7 million and $32.8 million at December 31, 2010 and December 31, 2009, respectively. Accrued retrospective premiums are based upon actuarial loss estimates and will be adjusted based on changes in loss estimates. Premiums on retrospective rated policies will be billed and collected on an ongoing basis. Premium balances also include billings related to large deductible policies of $5.8 million and $16.8 million at December 31, 2010 and December 31, 2009, respectively. Other premium balances include estimates and may not reflect all transactions processed by agents, insureds and program managers. Certain balances may only be collectible through legal proceedings. Due to these uncertainties, balances ultimately collectible may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 8 – Reinsurance recoverable, Class (b) liabilities and Class (e) losses and reserves on assumed business

Class (b) liabilities is comprised of GA paid losses, GA reported reserves, NODs issued by the Estate and all other estimated reserves. The NOD issued amount is adjusted by $190.7 million in distribution payments to creditors. All other estimated reserves is comprised of estimated reserves for future claims, including POCs where a NOD has not yet been issued, estimated amounts for future claims to be reported to the Estate (IBNR) or estimated reserves for GA claims in excess of reported reserves. All other estimated reserves do not include an estimate for the administrative costs of adjusting claims and have not been discounted to present value. All other estimated reserves are net of anticipated salvage and subrogation and second injury fund recoveries.

The estimate of class (b) liabilities at December 31, 2010 was calculated using data as of September 30, 2008. Reliance engaged PriceWaterhouseCoopers LLP to perform an analysis of loss and allocated loss expense reserves on direct business. The selected best estimate, reflected in the Special Purpose Statements of Assets and Liabilities, represents one possible value in a range of acceptable estimates. Estimates of ultimate loss and allocated loss adjustment expenses have not been updated to reflect any loss experience subsequent to September 30, 2008.

There are numerous factors that contribute to the inherent uncertainty in the process of establishing loss reserves. Among these factors are changes in the inflation rate related to covered damages such as medical care; changes in judicial interpretation of policy provisions; changes in the general attitude of juries in the determination of liability and damages; legislative changes; changes in the medical condition of claimants; and changes in the estimates of the number and/or severity of claims that have been incurred but not reported. In addition, Reliance's regulatory status increases the variability of loss reserves due to its effect on data quality and credibility. The ultimate liability to class (b) claimants will be based solely on POCs filed by claimants and the Liquidator's determination of their value. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from Reliance's regulatory status, the actual emergence of losses may be significantly different than the amounts reflected in the December 31, 2010 and December 31, 2009 Special Purpose Statements of Assets and Liabilities.

Reinsurance recoverables represents an estimate of the portion of gross loss reserves that will be recovered from reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the gross losses associated with the reinsured policies. A provision for estimated uncollectible reinsurance is recorded based on an evaluation of balances due from reinsurers, changes in the credit standing of the reinsurers, existing coverage disputes as well as an estimate of future disputes with reinsurers and permitted offsets of assumed reinsurance. In light of the inherent uncertainties relating to future insolvencies, settlement compromises and dispute resolutions, the actual uncollectible amounts and offsets may be significantly different than the reserve included in the Special Purpose Statement of Assets and Liabilities.

Note 9 – Early access advances to GAs

During 2003, 2004, 2005, 2007 and 2010, the Commonwealth Court approved Early Access petitions in accordance with Section §221.36 of the Act which provides a mechanism for early distribution of assets to various state GAs to assist those associations in fulfilling their obligation to pay certain policy claims of the Estate. The related agreements executed by the GAs provide that they agree to return assets under certain circumstances to ensure pro rata distributions amongst members of the same class of creditors of Reliance.

Payments made to various state GAs under Early Access petitions are recorded as assets in the accompanying Special Purpose Statement of Assets and Liabilities as they represent payments made in advance of distributions to other claimants. GA advances

will be reclassified and no longer recorded as assets when the Commonwealth Court of Pennsylvania approves the distributions to the GAs.

At December 31, 2010 total early access amounts include early access cash payments to the GAs of $1.65 billion, statutory deposits of $421 million, and payments made by Reliance on behalf of certain GAs shortly after October 3, 2001.

Note 10 – Secured Creditors – Funds held

Funds held represent liabilities arising from cash received as collateral on large deductible policies and reinsurance contracts. Funds held liabilities relating to collateral are expected to continue to decrease as policyholders and reinsurers honor their obligations under policies and contracts and the related cash collateral is released. Cash collateral related to large deductible policies is included in "Other assets" in the Special Purpose Statements of Assets and Liabilities.

Note 11 - Guaranty Association expenses unpaid

Guaranty Association expenses unpaid represent total GA submitted expenses to Reliance less the portion reimbursed. Reliance conducts periodic desk and on-site reviews of GA administrative expenses to verify the validity of these expenses. The majority of the unpaid amounts will be valid class (a) expenses and will be reimbursed to the GAs. Reliance withholds payment of expenses it believes are not valid administrative expenses. There will likely be certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

Note 12 – Class (a) other liabilities

Class (a) other liabilities are principally outstanding checks.

Note 13 – Guaranty Association paid losses

Guaranty Association paid losses include payments reported by GAs and processed in the Estate's operating systems.

Note 14 – Guaranty Association reported reserves

Guaranty Association reported reserves include case reserves reported by GAs and processed in the Estate's operating systems.

Note 15 – Notices of Determination issued

NODs are issued by the Estate in response to a POC filed against the Estate. The NOD includes the classification and value, if any, of the claim as determined by the Estate. NODs issued by the Estate are subject to an objection period, during which the claimant can disagree with the value and classification assigned, and NODs are subject to Court approval. NODs are included in the Special Purpose Statements of Assets and Liabilities when issued.

Note 16 – Asset distributions to class (b) creditors

On March 29, 2010, the Court approved the Liquidator's Petition for a Second Interim Distribution, allowing a 30% distribution to all class (b) claimants whose NODs has been approved by the Court. Distribution amounts for claims under Aggregate Policies were subject to an adjustment calculated pursuant to the Orders issued by the Court on November 19, 2007 and February 23, 2010 approving the Liquidator's Petitions to Address Claims Under Aggregate Policies. Asset distributions through December 31, 2010 and December 31, 2009 totaled $190.7 and $94.1 million, respectively. Distribution payments will continue to be issued on a quarterly basis to claimants whose NODs are subsequently approved by the Court.

Note 17 – Reduction for aggregate policies

The reduction for aggregate policies represents an adjustment to the distribution calculation to interim distributions on NODs under aggregate policies to ensure pro-rata distribution amongst all claimants on the policies. An aggregate limit is a provision in the policy that limits the maximum liability of an insurer under that policy. In accordance with the Act Section §221.40(d), claims under an aggregate limit policy that exceeds the aggregate limit in total should be reduced by a proportional amount such that the total equals the policy limit. As the ultimate losses under these polices have not yet been determined, the ultimate proportional share each claim should receive cannot be determined. Reliance has therefore adjusted the distribution amount by a safety factor approved by the Court for claims under policies with an aggregate limit to allow for potential adverse development that may cause the proportional share of individual claims to change.

Note 19 – Commitments

As of December 31, 2010, Reliance leases office space under operating leases primarily expiring in 2011. The minimum future rental payments under noncancelable operating leases as of December 31, 2010 total $1.7 million, all for 2011.

Note 20 – Litigation

The Estate is a party to litigation both as a plaintiff and as a defendant. The ultimate effect of litigation on the financial condition of the Estate is uncertain and cannot be reasonably estimated, but may be material.

Note 21 – Other collateral held

The Estate holds significant levels of other collateral from policyholders and reinsurers in the form of letters of credit and surety bonds. This collateral is not included in the Special Purpose Statement of Assets and Liabilities and will be utilized when payment and other obligations under policies and contracts are not honored by the policyholders or reinsurers.

Exhibit E

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENT OF INVESTED ASSETS
DECEMBER 31, 2010

(In Millions)

Short and intermediate duration investments	**Amount**	
Securities managed by investment managers		
Pyramis Global Advisors	$ 524.5	
Western Asset Management	531.3	
JP Morgan Asset Management	309.0	
Standish Mellon Asset Mgmt	309.3	
Federated Investment Counseling	145.7	
Vanguard	130.1	
BNY Mellon CIS	58.9	
	2,008.8	
Securities managed by RIL	0.1	
Subtotal	2,008.9	
Investments held for Uncovered Claimants	(14.9)	
Reclassification of restricted cash	(24.8)	
Short and intermediate duration investments		1,969.2
Investments held for secured creditors		6.5
Investments held for uncovered claimants		14.9
Invested assets excluding affiliates		1,990.6
Investments in affiliates		130.3
Total invested assets		$ 2,120.9

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SECURITIES MANAGED BY INVESTMENT MANAGERS
BY MAJOR CATEGORY - UNAUDITED
(in millions of dollars)

Category	12/31/2010	% total	12/31/2009	% total
Cash and money market funds	$ 27.5	1.4	$ 499.1	22.8
Short term investment fund (STIF Plus)	58.9	2.9	531.4	24.2
U.S. government, agencies and government sponsored entities	591.2	29.4	233.3	10.6
MBS - Agency	465.8	23.2	257.6	11.7
MBS - Non Agency	67.7	3.4	43.5	2.0
Corporate bonds - investment grade	486.4	24.2	316.2	14.4
Corporate bonds - below investment grade	37.7	1.9	113.2	5.2
Emerging market bonds	13.0	0.6	32.0	1.5
Asset-backed securities	130.5	6.5	16.0	0.7
Municipal bonds	-	-	-	-
Total Fixed Income	1,878.7	93.5	2,042.4	93.1
Equity index mutual fund (S&P 500)	130.1	6.5	150.4	6.9
Total securities managed by investment managers	$ 2,008.8	100.0	$ 2,192.8	$ 100.0

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
MANAGED BY PYRAMIS GLOBAL ADVISORS			
DREYFUS TREAS & AGENCY CASH	VAR RT 12/31/2049 DD 04/09/97	4,964,861	4,964,861
AMB PPTY L P MEDIUM TERM NTS	6.300% 06/01/2013 DD 05/01/08	395,000	426,561
AT&T INC	5.500% 02/01/2018 DD 02/01/08	1,500,000	1,666,320
ABBEY NATL TREASURY SERV 144A	3.875% 11/10/2014 DD 11/10/09	500,000	495,470
AETNA INC SR NT	7.875% 03/01/2011 DD 03/02/01	370,000	374,166
ALABAMA POWER CO	3.375% 10/01/2020 DD 10/05/10	214,000	202,412
ALLSTATE CORP	6.200% 05/16/2014 DD 05/13/09	542,000	612,953
AMOT 2010-1 A	VAR RT 01/15/2015 DD 02/12/10	600,000	610,872
AMOT 2010-3 A	2.880% 04/15/2013 DD 05/06/10	760,000	778,339
ALLY AUTO RECEIVABLES TRU A A4	3.000% 10/15/2015 DD 09/11/09	130,000	134,805
ALLYA 2009-B A3	1.980% 10/15/2013 DD 11/10/09	490,000	497,330
ALLY AUTO RECEIVABLES TRU 1 A4	2.300% 12/15/2014 DD 03/25/10	560,000	571,155
ALLY AUTO RECEIVABLES TRUST	0.910% 11/17/2014 DD 11/12/10	500,000	496,800
ALTRIA GROUP INC NT	9.700% 11/10/2018 DD 11/10/08	236,000	311,338
ALTRIA GROUP INC NT	9.250% 08/06/2019 DD 02/06/09	500,000	652,520
AMERICA MOVIL SAB DE CV	3.625% 03/30/2015 DD 03/30/10	800,000	822,584
AMERICAN EXPRESS CO	2.750% 09/15/2015 DD 09/13/10	700,000	688,583
AMERICAN HONDA FINANCE 144A	2.375% 03/18/2013 DD 03/16/10	150,000	152,522
AMERICAN HONDA FINANCE	2.500% 09/21/2015 DD 09/21/10	370,000	365,386
AMERICREDIT AUTOMOBILE RE A3	1.270% 04/08/2015 DD 11/18/10	480,000	479,640
AMVESCAP PLC SR NT	5.625% 04/17/2012 DD 04/17/07	664,000	689,830
ANGLO AMERICAN CAPITAL 144A	2.150% 09/27/2013 DD 09/27/10	500,000	504,300
ANHEUSER-BUSCH INBEV WOR	5.375% 11/15/2014 DD 05/14/09	413,000	455,023
ANHEUSER-BUSCH INBEV WOR	6.875% 11/15/2019 DD 05/14/09	400,000	476,808
AON CORP	3.500% 09/30/2015 DD 09/10/10	500,000	500,245
ARKLE MASTER 06-1A CL 4A1 144A	VAR RT 02/17/2052 DD 11/06/06	900,000	896,856
AVALONBAY CMNTY INC TR #00010	5.500% 01/15/2012 DD 09/25/06	1,023,000	1,064,708
BB&T CORPORATION	3.375% 09/25/2013 DD 09/25/09	300,000	314,175
BHP BILLITON FIN USA LTD GTD	5.500% 04/01/2014 DD 03/25/09	335,000	370,721
BMW VEHICLE LEASE TRUST 1 A3	1.180% 04/15/2013 DD 09/23/10	500,000	499,395
BNP PARIBAS	2.125% 12/21/2012 DD 12/21/09	180,000	182,902
BNP PARIBAS	3.250% 03/11/2015 DD 03/11/10	300,000	303,204
BALTIMORE GAS & ELECTRIC CO NT	6.125% 07/01/2013 DD 06/26/08	325,000	358,686
BAFC 2010-R4 2A1	4.500% 03/26/2037 DD 03/01/10	282,945	285,014
BANK AMER CORP MEDIUM TERM NTS	3.125% 06/15/2012 DD 12/04/08	207,000	214,394
BANK AMER CORP MTN SER L	2.100% 04/30/2012 DD 01/30/09	240,000	244,982
BANK OF AMERICA CORP	3.700% 09/01/2015 DD 08/20/10	1,900,000	1,883,603
BAAT 2009-1A A4	3.520% 06/15/2016 DD 07/14/09	200,000	207,672
BAAT 2009-2A A3	2.130% 09/16/2013 DD 09/11/09	194,176	195,818

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
BAAT 2009-3A A3	1.670% 12/15/2013 DD 11/10/09	500,000	503,725
BANK OF AMERICA AUTO TRUS 2 A3	1.310% 07/15/2014 DD 06/24/10	630,000	634,927
BANK OF MONTREAL	2.125% 06/28/2013 DD 06/28/10	700,000	712,418
BANK OF NEW YORK MELLON CORP/T	4.950% 11/01/2012 DD 11/01/07	513,000	550,418
BANK OF NEW YORK MELLON	2.950% 06/18/2015 DD 06/18/10	800,000	810,264
BANK OF NOVA SCOTIA	2.050% 10/07/2015 DD 10/07/10	1,690,000	1,648,561
BERKSHIRE HATHWY BRK	3.200% 02/11/2015 DD 02/11/10	600,000	619,128
BIOMED REALTY LP 144A	6.125% 04/15/2020 DD 04/29/10	138,000	145,710
CANADIAN NAT RES LTD NT	5.700% 05/15/2017 DD 03/19/07	835,000	952,034
CANADIAN NAT RES LTD NT	5.900% 02/01/2018 DD 01/17/08	105,000	119,585
CAPITAL AUTO RECEIVABLES A 2 B	5.070% 12/15/2011 DD 12/14/06	83,305	83,527
CAPITAL AUTO RECEIVABLES 2 A4A	5.390% 02/15/2014 DD 08/23/07	190,553	194,219
CAPITAL ONE FINL CORP SR NT	5.700% 09/15/2011 DD 09/12/06	165,000	170,331
CAPITAL ONE MULTI-ASSET A3 A3	5.050% 02/16/2016 DD 04/16/08	200,000	216,606
CAPITAL ONE AUTO FINANCE C A4	5.230% 07/15/2014 DD 10/11/07	400,000	412,952
CATERPILLAR FINL SVCS CORP	2.000% 04/05/2013 DD 04/06/10	304,000	309,259
CATERPILLAR FINANCIAL SE	2.750% 06/24/2015 DD 06/24/10	197,000	199,862
CELGENE CORP	2.450% 10/15/2015 DD 10/07/10	400,000	388,532
CENOVUS ENERGY INC	4.500% 09/15/2014 DD 03/15/10	500,000	535,775
CENTURY LINK	6.150% 09/15/2019 DD 09/21/09	267,000	267,809
CHASE ISSUANCE TRUST A17 A	5.120% 10/15/2014 DD 10/15/07	850,000	912,883
CHASE ISSUANCE TRUST A4 A4	4.650% 03/15/2015 DD 04/02/08	710,000	763,839
CHASE MORTGAGE FINANCE A1 1A5	VAR RT 02/25/2037 DD 02/01/07	31,938	31,183
CHRYSLER FINANCIAL LEASE 144A	1.780% 06/15/2011 DD 03/11/10	245,863	246,175
CHRYSLER FINANCIAL AUTO S A A3	1.100% 08/08/2013 DD 09/29/10	300,000	299,886
CHUBB CORP SR NT	5.750% 05/15/2018 DD 05/06/08	215,000	238,880
CFAIT 2009-1 A3	2.590% 10/15/2013 DD 10/09/09	600,000	609,486
CITIGROUP INC GLOBAL SR NT	5.125% 05/05/2014 DD 05/05/04	357,000	378,795
CITIGROUP INC	6.375% 08/12/2014 DD 08/12/09	2,027,000	2,240,261
CITIGROUP INC	4.750% 05/19/2015 DD 05/19/10	190,000	198,949
CITIBANK CR CARD 06-A4 A4	5.450% 05/10/2013 DD 05/03/06	300,000	305,156
CITIBANK CREDIT CARD ISS A5 A5	4.850% 04/22/2015 DD 04/22/08	400,000	432,392
CITIBANK CREDIT CARD ISS A5 A5	2.250% 12/23/2014 DD 12/23/09	750,000	766,695
CITIGROUP FUNDING INC	2.250% 12/10/2012 DD 08/06/09	770,000	792,030
CITIGROUP FUNDING INC	1.875% 11/15/2012 DD 10/06/09	700,000	714,112
COCA-COLA ENTERPRISES	1.125% 11/12/2013 DD 11/12/10	405,000	401,051
COMCAST CORP	5.150% 03/01/2020 DD 03/01/10	309,000	324,555
COMERICA INC	3.000% 09/16/2015 DD 09/16/10	43,000	42,509
COMM 06-CN2A CL AJFX 144A	5.478% 02/05/2019 DD 02/01/06	210,000	209,063
GREENWICH CAPITAL COMME GG7 A2	VAR RT 07/10/2038 DD 07/01/06	545,921	551,566

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
GREENWICH CAPITAL COMME GG9 A2	5.381% 03/10/2039 DD 03/01/07	771,259	792,337
COMMONWEALTH BANK AUST	2.900% 09/17/2014 DD 09/17/09	1,350,000	1,410,062
COMMONWEALTH EDISON SER 105	5.400% 12/15/2011 DD 12/19/06	109,000	113,688
CONOCOPHILLIPS CANADA FUNDING	5.625% 10/15/2016 DD 10/13/06	1,000,000	1,136,580
CONSOLIDATED EDISON CO OF NEW	5.550% 04/01/2014 DD 03/25/09	361,000	397,035
CONS EDISON CO OF NY	4.450% 06/15/2020 DD 06/07/10	700,000	725,508
COSTCO WHSL CORP NEW SR NT	5.300% 03/15/2012 DD 02/20/07	935,000	983,657
COVIDIEN INTL FIN S A SR NT	5.450% 10/15/2012 DD 04/15/08	220,000	237,131
COVIDIEN INTL FINANCE SA	2.800% 06/15/2015 DD 06/28/10	1,030,000	1,033,801
CREDIT SUISSE FIRST BOSTON N Y	5.000% 05/15/2013 DD 05/06/08	393,000	422,978
CREDIT SUISSE NEWYORK	3.500% 03/23/2015 DD 03/23/10	1,100,000	1,126,730
DCP MIDSTREAM LLC 144A	5.350% 03/15/2020 DD 03/11/10	148,000	153,393
DAIMLER FINANCE NORTH AMERICA	6.500% 11/15/2013 DD 11/06/03	325,000	367,923
DEUTSCHE TELEKOM INTL FIN B V	5.875% 08/20/2013 DD 08/18/08	435,000	479,122
DEVELOPERS DIVERSIFIED R	7.500% 04/01/2017 DD 03/19/10	193,000	215,598
DIAGEO CAP PLC GTD NT	5.200% 01/30/2013 DD 10/26/07	380,000	409,796
DIRECTV HOLDINGS/FING	4.750% 10/01/2014 DD 04/01/10	592,000	630,930
DISCOVERY COMMUNICATIONS	3.700% 06/01/2015 DD 06/03/10	488,000	505,246
DISCOVERY COMMUNICATIONS	5.050% 06/01/2020 DD 06/03/10	180,000	190,343
DOMINION RES INC VA NEW SR NT	6.250% 06/30/2012 DD 06/27/02	675,000	725,389
DOMINION RESOURCES INC	2.250% 09/01/2015 DD 09/02/10	245,000	241,460
DOW CHEMICAL CO/THE	7.600% 05/15/2014 DD 05/13/09	385,000	444,055
EI DU PONT DE NEMOUR & C	3.250% 01/15/2015 DD 11/09/09	290,000	300,985
DUKE ENERGY CORP	3.950% 09/15/2014 DD 08/28/09	400,000	419,168
DUKE RLTY LTD PARTNERSHIP DEBT	5.400% 08/15/2014 DD 08/16/04	396,000	417,384
DUKE RLTY LTD PARTNERSHIP NEW	6.250% 05/15/2013 DD 05/08/08	218,000	234,254
DUKE RLTY CORP NT	5.875% 08/15/2012 DD 08/26/02	50,000	52,727
EDP FIN B V AMSTERDAM NT 144A	5.375% 11/02/2012 DD 11/02/07	680,000	688,860
EDP FINANCE BV	4.900% 10/01/2019 DD 09/29/09	100,000	85,244
ERP OPERATING LP	6.625% 03/15/2012 DD 03/14/02	95,000	101,022
ERP OPER LTD PARTNERSHIP NT	5.500% 10/01/2012 DD 06/04/07	625,000	667,413
ERP OPERATING LP	4.750% 07/15/2020 DD 07/15/10	272,000	274,135
EDISON INTERNATIONAL	3.750% 09/15/2017 DD 09/17/10	236,000	234,334
ENTERPRISE PRODUCTS OPER	4.600% 08/01/2012 DD 06/10/09	650,000	682,201
EQUITY ONE INC	6.250% 12/15/2014 DD 12/09/09	164,000	173,066
EXELON GENERATION CO LLC	5.200% 10/01/2019 DD 09/23/09	1,000,000	1,046,150
EXPRESS SCRIPTS INC	5.250% 06/15/2012 DD 06/09/09	372,000	392,631
EXPRESS SCRIPTS INC	6.250% 06/15/2014 DD 06/09/09	220,000	245,951
FHLMC POOL #E8-1698	8.000% 05/01/2015 DD 10/01/00	220,909	241,950
FHLMC POOL #1B-4513	VAR RT 12/01/2039 DD 11/01/09	225,955	233,815

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
FHLMC POOL #1B-4627	VAR RT 02/01/2040 DD 02/01/10	473,479	492,172
FHLMC POOL #1B-4657	VAR RT 04/01/2040 DD 04/01/10	280,415	290,025
FHLMC POOL #1B-4702	VAR RT 04/01/2040 DD 04/01/10	252,130	261,423
FHLMC POOL #84-7569	VAR RT 05/01/2036 DD 05/01/06	612,060	653,179
FHLMC POOL #84-7790	VAR RT 08/01/2037 DD 07/01/07	474,684	503,488
FHLMC POOL #84-8090	VAR RT 02/01/2035 DD 04/01/09	854,713	888,730
FHLMC POOL #A4-5798	8.000% 05/01/2031 DD 06/01/05	101,675	118,742
FHLMC POOL #A4-8052	5.500% 12/01/2035 DD 12/01/05	416,665	447,019
FHLMC POOL #G1-3844	4.500% 07/01/2025 DD 06/01/10	479,919	503,315
FHLMC POOL #G0-3205	5.500% 07/01/2035 DD 08/01/07	515,772	553,831
FHLMC POOL #G0-5423	5.000% 12/01/2034 DD 04/01/09	2,716,027	2,867,228
FHLMC POOL #G0-5651	5.000% 09/01/2039 DD 09/01/09	446,823	475,608
FHLMC POOL #G0-5898	5.000% 06/01/2040 DD 05/01/10	887,840	941,705
FHLMC POOL #G0-6021	5.500% 01/01/2040 DD 10/01/10	15,002,184	16,006,130
FHLMC POOL #1G-1312	VAR RT 10/01/2036 DD 10/01/06	394,384	417,054
FHLMC POOL #N3-0717	6.500% 10/01/2030 DD 10/01/00	1,337	1,489
FHLMC POOL #G0-1704	5.500% 07/01/2033 DD 06/01/04	773,054	830,097
FHLMC POOL #G1-1510	8.000% 07/01/2016 DD 01/01/04	23,221	25,499
FHLMC POOL #P0-0032	5.000% 05/01/2023 DD 05/01/03	235,906	247,586
FHLMC POOL #P6-0087	6.500% 03/01/2016 DD 01/01/03	603,217	644,447
FHLMC POOL #P6-0101	6.000% 01/01/2017 DD 03/01/03	90,430	94,219
FHLMC POOL #55-5425	9.000% 04/01/2017 DD 05/01/99	65,308	73,308
FHLMC POOL #77-2635	8.500% 02/01/2019 DD 12/01/04	41,979	47,027
FHLMC POOL #C0-1582	5.500% 07/01/2033 DD 07/01/03	319,927	343,736
FHLMC POOL #C0-3491	5.000% 08/01/2040 DD 08/01/10	943,462	990,087
FHLMC MULTICLASS MTG	VAR RT 12/25/2030 DD 10/01/00	191,461	208,798
FHLMC POOL #G9-0020	6.500% 06/17/2014 DD 08/01/02	3,021	3,106
FEDERAL HOME LN BK CONS BD	0.875% 12/27/2013 DD 11/18/10	315,000	312,237
FHLMC POOL #78-1135	VAR RT 01/01/2034 DD 12/01/03	77,184	80,281
FHLMC MULTICLASS MTG 3777 AC	3.500% 12/15/2025 DD 12/01/10	770,000	783,352
FEDERAL HOME LN MTG CORP	4.125% 12/21/2012 DD 12/17/07	220,000	234,489
FEDERAL HOME LN MTG CORP	2.125% 03/23/2012 DD 02/19/09	130,000	132,591
FEDERAL HOME LN MTG CORP	1.750% 06/15/2012 DD 05/21/09	680,000	691,968
FEDERAL HOME LN MTG CORP	1.125% 07/27/2012 DD 05/28/10	790,000	797,118
FEDERAL HOME LN MTG CORP	0.375% 11/30/2012 DD 10/22/10	1,030,000	1,023,872
FEDERAL HOME LN MTG CORP	0.625% 12/28/2012 DD 12/02/10	2,000,000	1,996,358
FNMA POOL #0255265	5.500% 04/01/2014 DD 04/01/04	145,573	152,019
FNMA POOL #0255508	5.500% 11/01/2014 DD 10/01/04	178,513	187,374
FNMA POOL #0255793	5.000% 06/01/2015 DD 05/01/05	770,478	808,078
FNMA POOL #0257262	5.500% 07/01/2038 DD 06/01/08	892,580	955,552

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FNMA POOL #0303837	7.500% 04/01/2011 DD 03/01/96	8	8
FNMA POOL #0303875	8.000% 09/01/2011 DD 04/01/96	22	23
FNMA POOL #0313386	7.000% 03/01/2012 DD 02/01/97	2,260	2,308
FNMA POOL #0426848	7.500% 12/01/2013 DD 04/01/98	9,243	9,296
FNMA POOL #0AH0624	4.000% 01/01/2041 DD 12/01/10	1,000,000	995,800
FNMA POOL #0AH1556	3.500% 12/01/2040 DD 12/01/10	247,435	236,548
FNMA POOL #0AH1557	3.500% 01/01/2041 DD 12/01/10	2,532,361	2,420,937
FNMA POOL #0AH2680	3.500% 01/01/2041 DD 12/01/10	2,230,204	2,132,075
FNMA POOL #0458140	VAR RT 11/15/2016 DD 08/01/04	76,286	81,472
FNMA POOL #0458171	16.000% 11/15/2012 DD 06/01/05	18,733	19,714
FNMA POOL #0535515	8.000% 10/01/2014 DD 08/01/00	1,623	1,695
FNMA POOL #0555276	7.500% 03/01/2025 DD 02/01/03	40,596	44,374
FNMA POOL #0555880	5.500% 11/01/2033 DD 10/01/03	261,087	281,426
FNMA POOL #0583112	9.000% 05/01/2013 DD 05/01/01	3,402	3,439
FNMA POOL #0665394	6.000% 09/01/2012 DD 09/01/02	183,567	193,557
FHLMC MULTICLASS MTG	3.614% 09/27/2012 DD 09/01/02	277,562	280,185
FNMA GTD REMIC P/T 03-T4 2A5	VAR RT 09/26/2033 DD 04/01/03	173,312	171,594
FEDERAL NATL MTG ASSN	4.750% 11/19/2012 DD 10/18/07	576,000	619,782
FEDERAL NATL MTG ASSN	1.125% 07/30/2012 DD 06/07/10	1,040,000	1,049,090
FEDERAL NATL MTG ASSN	2.750% 03/13/2014 DD 03/13/09	1,038,000	1,084,928
FEDERAL NATL MTG ASSN	1.000% 09/23/2013 DD 08/06/10	1,870,000	1,867,176
FEDERAL NATL MTG ASSN MTN	0.500% 10/30/2012 DD 10/08/10	2,531,000	2,524,318
FEDERAL NATL MTG ASSN	0.750% 12/18/2013 DD 11/01/10	2,673,000	2,643,143
FEDERAL NATL MTG ASSN	0.375% 12/28/2012 DD 11/09/10	2,400,000	2,384,760
FNMA GTD REMIC P/T 10-123 DL	3.500% 11/25/2025 DD 10/01/10	360,028	373,543
FNMA GTD REMIC P/T 10-143 B	3.500% 12/25/2025 DD 11/01/10	563,765	585,436
FNMA POOL #0688970	8.000% 05/01/2024 DD 05/01/03	16,430	18,594
FNMA POOL #0725162	6.000% 02/01/2034 DD 01/01/04	4,393,817	4,840,229
FNMA POOL #0725580	9.000% 07/01/2020 DD 06/01/04	96,918	108,033
FNMA POOL #0725857	4.500% 11/01/2018 DD 10/01/04	105,794	112,075
FNMA POOL #0730721	4.500% 08/01/2018 DD 07/01/03	78,914	83,599
FNMA POOL #0731994	VAR RT 09/01/2033 DD 08/01/03	264,219	274,675
FNMA POOL #0735264	6.500% 08/01/2017 DD 01/01/05	86,843	94,645
FNMA POOL #0735467	VAR RT 04/01/2035 DD 03/01/05	939,488	983,118
FNMA POOL #0835569	8.000% 10/01/2016 DD 04/01/05	45,931	50,556
FNMA POOL #0735580	5.000% 06/01/2035 DD 05/01/05	780,000	823,992
FNMA POOL #0745278	4.500% 06/01/2019 DD 01/01/06	268,351	284,283
FNMA POOL #0745336	5.000% 03/01/2036 DD 02/01/06	1,748,212	1,845,727

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SECURITY NAME		SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
FNMA	POOL #0745626	VAR RT 05/01/2036 DD 05/01/06	1,350,681	1,436,868
FNMA	POOL #0745874	4.500% 07/01/2020 DD 09/01/06	114,124	120,900
FNMA	POOL #0745884	5.500% 09/01/2036 DD 09/01/06	1,812,270	1,943,243
FNMA	POOL #0765242	9.000% 08/01/2022 DD 03/01/04	58,233	66,301
FNMA	POOL #0765470	10.000% 08/01/2019 DD 02/01/05	46,187	51,681
FNMA	POOL #0795756	7.500% 03/01/2015 DD 08/01/04	12,973	13,863
FNMA	POOL #0849913	5.000% 09/01/2035 DD 11/01/05	408,445	431,992
FNMA	POOL #0879091	VAR RT 06/01/2036 DD 05/01/06	1,365,958	1,462,326
FNMA	POOL #0888173	5.500% 11/01/2036 DD 01/01/07	347,323	373,511
FNMA	POOL #0888209	5.500% 05/01/2036 DD 02/01/07	1,744,913	1,876,480
FNMA	POOL #0888653	4.500% 07/01/2020 DD 08/01/07	134,112	142,075
FNMA	POOL #0889117	5.000% 10/01/2035 DD 01/01/08	1,720,000	1,817,541
FNMA	POOL #0889506	6.000% 03/01/2037 DD 05/01/08	3,998,266	4,363,268
FNMA	POOL #0889519	5.500% 12/01/2035 DD 05/01/08	1,852,125	1,991,776
FNMA	POOL #0889572	5.500% 06/01/2038 DD 05/01/08	2,789,292	2,986,523
FNMA	POOL #0889634	6.000% 02/01/2023 DD 05/01/08	1,156,361	1,261,693
FNMA	POOL #0889683	6.000% 07/01/2038 DD 06/01/08	3,071,612	3,341,453
FNMA	POOL #0889691	6.000% 07/01/2038 DD 06/01/08	994,438	1,082,118
FNMA	POOL #0889744	VAR RT 10/01/2033 DD 06/01/08	2,754,666	2,825,075
FNMA	POOL #0918521	VAR RT 05/01/2037 DD 05/01/07	215,335	228,240
FNMA	POOL #0930678	5.000% 03/01/2039 DD 03/01/09	848,659	898,119
FNMA	POOL #0930848	4.000% 04/01/2024 DD 04/01/09	378,221	390,101
FNMA	POOL #0931504	4.500% 07/01/2039 DD 07/01/09	2,031,643	2,089,850
FNMA	POOL #0931755	4.500% 08/01/2039 DD 08/01/09	934,126	964,691
FNMA	POOL #0932279	5.000% 12/01/2039 DD 11/01/09	2,778,548	2,940,482
FNMA	POOL #0932806	4.000% 09/01/2040 DD 08/01/10	974,013	969,922
FNMA	POOL #0946609	VAR RT 09/01/2037 DD 08/01/07	510,488	542,143
FNMA	POOL #0977014	5.500% 05/01/2038 DD 05/01/08	269,919	289,934
FNMA	POOL #0995024	5.500% 08/01/2037 DD 10/01/08	2,636,779	2,838,070
FNMA	POOL #0995084	5.500% 08/01/2037 DD 11/01/08	542,138	583,524
FNMA	POOL #0995112	5.500% 07/01/2036 DD 11/01/08	522,294	562,166
FNMA	POOL #0995174	6.500% 08/01/2036 DD 12/01/08	739,679	831,710
FNMA	POOL #0995234	5.000% 07/01/2019 DD 12/01/08	776,937	830,957
FNMA	POOL #0995416	VAR RT 10/01/2035 DD 01/01/09	66,677	69,752
FNMA	POOL #0995754	4.000% 05/01/2024 DD 05/01/09	488,390	503,731
FNMA	POOL #0995902	5.000% 05/01/2019 DD 07/01/09	1,741,278	1,862,349
FNMA	POOL #0AA4372	4.000% 05/01/2024 DD 04/01/09	486,595	501,879
FNMA	POOL #0AA5893	4.500% 07/01/2039 DD 07/01/09	213,885	220,883

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
FNMA POOL #0AB1335	4.500% 08/01/2040 DD 07/01/10	1,916,740	1,969,259
FNMA POOL #0AB1462	4.000% 09/01/2040 DD 08/01/10	898,853	895,914
FNMA POOL #0AC0599	VAR RT 01/01/2040 DD 01/01/10	271,954	281,641
FNMA POOL #0AC1878	4.500% 09/01/2039 DD 08/01/09	240,108	247,964
FNMA POOL #00301LB	VAR RT 12/01/2039 DD 12/01/09	1,244,336	1,288,759
FNMA POOL #0MA0442	4.500% 06/01/2025 DD 05/01/10	940,004	987,587
FNMA POOL #0AD0013	VAR RT 09/01/2035 DD 07/01/09	1,084,101	1,132,538
FNMA POOL #0AD0069	VAR RT 10/01/2035 DD 07/01/09	2,082,747	2,180,345
FNMA POOL #0AD0117	4.500% 10/01/2018 DD 08/01/09	1,830,574	1,939,255
FNMA POOL #0AD0176	VAR RT 05/01/2035 DD 08/01/09	322,021	335,942
FNMA POOL #0AD0687	6.000% 11/01/2035 DD 01/01/10	698,237	769,574
FNMA POOL #0AD0710	VAR RT 11/01/2036 DD 01/01/10	213,382	222,610
FNMA POOL #0AD1555	VAR RT 03/01/2040 DD 03/01/10	408,742	424,413
FNMA POOL #0AD7773	4.500% 07/01/2040 DD 07/01/10	1,670,331	1,723,932
FNMA POOL #0AD8038	5.000% 08/01/2040 DD 07/01/10	984,195	1,035,403
FNMA POOL #0AD9725	3.500% 10/01/2040 DD 10/01/10	499,951	477,953
FNMA POOL #0AE0037	5.500% 09/01/2024 DD 05/01/10	898,909	967,595
FNMA POOL #0AE0126	5.000% 06/01/2020 DD 06/01/10	1,774,565	1,900,169
FNMA POOL #0AE0368	3.500% 12/01/2025 DD 11/01/10	11,376,941	11,481,836
FNMA POOL #0AE0370	5.000% 08/01/2040 DD 09/01/10	497,716	523,658
FNMA POOL #0AE0392	5.500% 12/01/2039 DD 09/01/10	1,809,614	1,934,957
FNMA POOL #0AE0682	6.000% 04/01/2039 DD 12/01/10	193,564	210,631
FNMA POOL #0AE3874	4.500% 11/01/2040 DD 10/01/10	498,331	511,985
FNMA POOL #0AE4103	4.500% 09/01/2040 DD 09/01/10	992,563	1,019,759
FNMA POOL #0AE4113	4.000% 10/01/2040 DD 09/01/10	941,782	938,411
FNMA POOL #0AE4287	3.500% 09/01/2040 DD 09/01/10	999,901	955,905
FNMA POOL #0AE4627	4.000% 10/01/2025 DD 10/01/10	504,588	521,618
FNMA POOL #0AE8394	3.500% 11/01/2040 DD 10/01/10	2,000,001	1,912,001
FIFTH THIRD BANCORP SUB NT	8.250% 03/01/2038 DD 03/04/08	130,000	149,611
FIRST NIAGARA FIN GRP	6.750% 03/19/2020 DD 03/19/10	358,000	372,807
FIRSTENERGY SOLUTIONS CO	4.800% 02/15/2015 DD 08/07/09	80,000	84,006
FIRSTENERGY SOLUTIONS CO	6.050% 08/15/2021 DD 08/07/09	340,000	349,272
FORD CREDIT AUTO LEA B A3 144A	0.800% 07/15/2013 DD 10/28/10	510,000	509,230
FORDO 2009-B A3	2.790% 08/15/2013 DD 06/09/09	310,238	314,317
FORD CREDIT AUTO OWNER TR C A4	4.430% 11/15/2014 DD 07/14/09	310,000	329,880
FORDO 2009-D A3	2.170% 10/15/2013 DD 09/11/09	200,000	202,262
FORD CREDIT AUTO OWNER TR D A4	2.980% 08/15/2014 DD 09/11/09	310,000	321,182
FORD CREDIT AUTO OWNER TR E A3	1.510% 01/15/2014 DD 11/30/09	300,000	302,280
FORDL 2010-A A2	1.040% 03/15/2013 DD 02/05/10	232,302	232,497
FORD CREDIT AUTO OWNER TR B A4	1.580% 09/15/2015 DD 08/04/10	740,000	742,945

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FORTUNE BRANDS INC NT	5.375% 01/15/2016 DD 01/12/06	600,000	620,490
FRANCE TELECOM	2.125% 09/16/2015 DD 09/16/10	123,000	119,733
GE CAPITAL CREDIT CARD MAS 3 A	2.540% 09/15/2014 DD 09/21/09	700,000	708,407
GMAC LLC	1.750% 10/30/2012 DD 10/30/09	700,000	712,397
GNMA POOL #0724679	5.000% 04/15/2040 DD 04/01/10	981,467	1,054,567
GNMA POOL #0726095	5.000% 11/15/2039 DD 11/01/09	937,596	1,007,428
GNMA POOL #0726921	5.000% 11/15/2039 DD 11/01/09	971,359	1,043,706
GNMA POOL #0720064	4.500% 06/15/2039 DD 06/01/09	2,825,636	2,953,355
GNMA POOL #0720068	4.500% 06/15/2039 DD 06/01/09	1,508,183	1,567,877
GNMA POOL #0720091	4.500% 06/15/2039 DD 06/01/09	585,494	608,667
GNMA POOL #0720107	4.500% 06/15/2039 DD 06/01/09	516,054	540,670
GNMA POOL #0720164	4.500% 07/15/2039 DD 07/01/09	797,890	829,470
GNMA II POOL #0721573	5.493% 11/20/2059 DD 12/01/09	3,055,015	3,245,038
GNMA POOL #0603718	4.500% 05/15/2018 DD 05/01/03	46,180	49,146
GNMA II POOL #0003306	5.500% 11/20/2032 DD 11/01/02	10,294	11,153
GNMA II POOL #0003652	5.500% 12/20/2034 DD 12/01/04	1,656,336	1,791,361
GNMA II POOL #0003774	5.500% 10/20/2035 DD 10/01/05	461,343	498,864
GNMA POOL #0561886	4.500% 06/15/2039 DD 07/01/09	487,953	507,267
GNMA POOL #0780969	6.000% 02/15/2014 DD 02/01/99	220,871	234,569
GNMA POOL #0781335	7.000% 02/15/2012 DD 10/01/01	2,584	2,647
GNMA POOL #0781382	8.000% 11/15/2014 DD 01/01/02	22,877	23,239
GS MORTGAGE SECURITIES GG4 A3	4.607% 07/10/2039 DD 06/01/05	230,000	233,496
GS MORTGAGE SECURITIES GG6 A2	VAR RT 04/10/2038 DD 03/01/06	203,174	204,239
GNMA POOL #0783008	4.500% 06/15/2040 DD 07/01/10	178,380	185,487
GNMA POOL #0783124	4.000% 10/15/2025 DD 10/01/10	808,279	838,129
GNMA POOL #0783125	4.000% 09/15/2025 DD 10/01/10	73,865	76,649
GS MORTGAGE SECURITIES GG10 A2	5.778% 07/10/2017 DD 07/01/07	520,000	534,186
GNMA POOL #0672758	5.500% 06/15/2038 DD 06/01/08	446,292	487,221
GNMA POOL #0676892	5.500% 03/15/2038 DD 03/01/08	261,290	286,559
GNMA II POOL #0678654	4.000% 02/15/2040 DD 02/01/10	199,047	201,042
GNMA POOL #0690867	5.500% 06/15/2038 DD 06/01/08	465,412	510,422
GNMA POOL #0697370	4.500% 05/15/2039 DD 05/01/09	420,892	437,551
GNMA POOL #0697577	5.500% 11/15/2038 DD 11/01/08	199,241	218,510
GNMA POOL #0702744	5.500% 12/15/2038 DD 12/01/08	360,714	395,598
GNMA POOL #0702851	4.500% 01/15/2039 DD 01/01/09	191,534	199,833
GNMA POOL #0704628	5.000% 07/15/2039 DD 07/01/09	977,801	1,050,627
GNMA POOL #0710868	5.500% 09/15/2039 DD 09/01/09	280,041	305,723
GNMA POOL #0711223	4.500% 03/15/2040 DD 03/01/10	1,962,446	2,056,054
GNMA POOL #0711476	4.000% 12/15/2039 DD 12/01/09	199,118	201,113
GNMA POOL #0712600	4.500% 07/15/2039 DD 07/01/09	492,796	512,301

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
GNMA POOL #0713327	5.000% 05/15/2039 DD 05/01/09	961,811	1,033,447
GENERAL ELEC CAP CORP	3.500% 06/29/2015 DD 06/28/10	1,777,000	1,808,133
GENERAL ELC CAP CORP	2.250% 11/09/2015 DD 11/09/10	1,227,000	1,179,576
GENERAL ELEC CAP CORP	2.000% 09/28/2012 DD 07/28/09	910,000	929,520
GOLDMAN SACHS GROUP INC/THE	5.375% 03/15/2020 DD 03/08/10	400,000	413,344
GOLDMAN SACHS GROUP INC	3.700% 08/01/2015 DD 07/28/10	306,000	311,786
GOLDMAN SACHS GROUP INC/THE	5.950% 01/18/2018 DD 01/18/08	615,000	667,201
GOLDMAN SACHS GROUP INC/THE	6.150% 04/01/2018 DD 04/01/08	935,000	1,029,613
GOLDMAN SACHS GROUP INC FDIC	3.250% 06/15/2012 DD 12/01/08	99,000	102,771
HBOS PLC MTN TR #SB 0000 144A	6.750% 05/21/2018 DD 05/21/08	256,000	239,703
HONDA AUTO RECEIVABLES OW 1 A4	1.980% 05/23/2016 DD 02/24/10	130,000	132,257
HONDA AUTO RECEIVABLES OW 3 A3	0.700% 04/21/2014 DD 10/28/10	500,000	498,085
HUNTINGTON BANCSHARES IN	7.000% 12/15/2020 DD 12/17/10	101,000	106,342
HUTCHINSON WHAMPOA FINANC	5.750% 09/11/2019 DD 09/11/09	200,000	214,184
HART 2009-A A3	2.030% 08/15/2013 DD 09/11/09	160,000	161,818
ING BANK NV	2.000% 10/18/2013 DD 10/20/10	500,000	494,035
JPMORGAN CHASE & CO	6.000% 01/15/2018 DD 12/20/07	2,200,000	2,456,850
JPMORGAN CHASE & CO	3.400% 06/24/2015 DD 06/24/10	259,000	264,115
JP MORGAN CHASE COMMER LDP2 A3	4.697% 07/15/2042 DD 06/01/05	410,000	419,984
JP MORGAN CHASE COMMER LDP7 A2	VAR RT 04/15/2045 DD 06/01/06	175,040	177,025
J P MORGAN CHASE 06-FL2A CL A2	VAR RT 11/15/2018 DD 11/28/06	850,000	812,898
JP MORGAN CHASE COMME LDPX A2S	5.305% 01/15/2049 DD 03/01/07	580,000	593,711
JOHN DEERE OWNER TRUST B A4	2.330% 05/16/2016 DD 10/09/09	390,000	398,089
JOHNSON & JOHNSON	2.950% 09/01/2020 DD 08/17/10	700,000	669,781
JP MORGAN CHASE NK NA NEW YORK	6.000% 10/01/2017 DD 09/24/07	500,000	554,280
KANEB PIPE LINE OPER SR NT	7.750% 02/15/2012 DD 02/21/02	410,000	434,920
KEY BK N A MTN # SB00008	5.800% 07/01/2014 DD 06/14/04	808,000	865,780
KRAFT FOODS INC NT	6.250% 06/01/2012 DD 05/20/02	90,000	96,276
KRAFT FOODS INC NT	6.125% 02/01/2018 DD 12/12/07	1,108,000	1,265,668
LB-UBS COMMERCIAL MORTGA C6 A2	5.262% 09/15/2039 DD 09/11/06	345,000	349,675
LB-UBS COMMERCIAL MORTGA C2 A3	5.430% 02/15/2040 DD 04/11/07	3,000,000	3,093,600
LG&E & KU ENERGY LLC	2.125% 11/15/2015 DD 11/12/10	265,000	254,220
LIBERTY PROPERTY LP	4.750% 10/01/2020 DD 09/27/10	700,000	692,685
LILLY ELI & CO NT	4.200% 03/06/2014 DD 03/06/09	540,000	578,907
LINCOLN NATIONAL CORP	4.300% 06/15/2015 DD 06/18/10	900,000	927,126
LOWE'S COMPANIES INC	4.625% 04/15/2020 DD 04/15/10	400,000	421,636
MEDCO HEALTH SOLUTIONS I	2.750% 09/15/2015 DD 09/10/10	500,000	496,070
MERCK & CO INC	5.000% 06/30/2019 DD 06/25/09	256,000	282,102
MERRILL LYNCH & CO INC MEDIUM	6.875% 04/25/2018 DD 04/25/08	1,364,000	1,492,707
MET LIFE GLOB FUNDING I	2.500% 09/29/2015 DD 09/29/10	1,300,000	1,281,124

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
MIDCONTINENT EXPRESS PIP	5.450% 09/15/2014 DD 09/16/09	400,000	427,072
MONUMENTAL GLOBAL FDG II NT	5.650% 07/14/2011 DD 07/21/06	295,000	296,246
MORGAN STANLEY	6.000% 05/13/2014 DD 05/13/09	420,000	453,802
MORGAN STANLEY	7.300% 05/13/2019 DD 05/13/09	437,000	491,905
MORGAN STANLEY	5.625% 09/23/2019 DD 09/23/09	450,000	458,856
MORGAN STANLEY	4.100% 01/26/2015 DD 01/26/10	1,200,000	1,217,424
NBC UNIVERSAL 144A	3.650% 04/30/2015 DD 04/30/10	600,000	615,420
NATIONAL AUSTRALIA BANK 144A	2.350% 11/16/2012 DD 11/16/09	679,000	691,853
NEW YORK LIFE GLOBAL FDG	2.250% 12/14/2012 DD 10/16/09	470,000	481,492
NEW YORK LIFE GLOBAL FDG 144A	4.650% 05/09/2013 DD 05/09/08	390,000	419,394
NEWS AMERICA INC	6.900% 03/01/2019 DD 02/13/09	340,000	407,347
NIAGARA MOHAWK POWER	3.553% 10/01/2014 DD 09/28/09	583,000	605,801
NISSAN AUTO LEASE TRUST B A3	2.070% 01/15/2015 DD 09/11/09	350,000	352,363
NISSAN AUTO LEASE TRUST B A3	1.120% 12/15/2013 DD 11/17/10	350,000	349,412
NISSAN AUTO LEASE TRUST A A2	1.100% 03/15/2013 DD 05/25/10	300,000	300,414
NISSAN AUTO LEASE TRUST A A3	2.920% 12/15/2011 DD 06/09/09	110,055	110,681
NORDEA BANK AB	1.750% 10/04/2013 DD 10/04/10	500,000	497,530
NOVA SCOTIA PROVINCE	2.375% 07/21/2015 DD 07/21/10	1,300,000	1,301,326
ONTARIO (PROVINCE OF)	2.700% 06/16/2015 DD 06/16/10	2,800,000	2,850,512
ORACLE CORP 144A	3.875% 07/15/2020 DD 07/19/10	500,000	497,045
PNC FUNDING CORP	6.700% 06/10/2019 DD 06/09/09	280,000	322,375
PNC FUNDING CORP	3.625% 02/08/2015 DD 02/08/10	346,000	357,747
PPL ENERGY SUPPLY LLC SR NT	6.500% 05/01/2018 DD 03/14/08	500,000	556,710
PSEG POWER LLC	2.500% 04/15/2013 DD 04/05/10	702,000	716,145
PACIFIC LIFE GLOBAL FDG 144A	5.150% 04/15/2013 DD 04/15/08	375,000	400,905
PEPCO HOLDINGS INC	2.700% 10/01/2015 DD 10/01/10	250,000	243,668
PEPSICO INC SR NT	7.900% 11/01/2018 DD 10/24/08	437,000	562,249
PERTO-CDA SR NT	6.050% 05/15/2018 DD 05/15/08	170,000	193,147
PETROBRAS INTERNATIONAL FINANC	7.875% 03/15/2019 DD 02/11/09	279,000	329,825
PETROBRAS INTL FIN CO	5.750% 01/20/2020 DD 10/30/09	700,000	726,299
PFIZER INC NT	5.350% 03/15/2015 DD 03/24/09	2,505,000	2,816,021
PHILIP MORRIS INTL INC	4.500% 03/26/2020 DD 03/26/10	1,000,000	1,032,730
PLAINS ALL AMER PIPELINE	5.750% 01/15/2020 DD 09/04/09	200,000	213,028
PLAINS ALL AMER PIPELINE	3.950% 09/15/2015 DD 07/14/10	206,000	212,856
PROCTER & GAMBLE CO/THE	1.800% 11/15/2015 DD 11/18/10	300,000	294,108
PPGLP 2000-C1 A1	7.750% 07/20/2016 DD 11/02/00	86,703	86,811
PRUDENTIAL FINANCIAL INC	4.750% 09/17/2015 DD 09/15/09	300,000	317,394
PRUDENTIAL FINANCIAL INC	4.500% 11/15/2020 DD 11/18/10	300,000	293,385
PUB SVC ELEC & GAS	2.700% 05/01/2015 DD 05/20/10	300,000	302,670
QUEBEC PROVINCE	3.500% 07/29/2020 DD 07/29/10	600,000	580,836

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
RABOBANK NEDERLAND	2.650% 08/17/2012 DD 08/17/09	1,476,000	1,514,037
RAS LAFFAN LNG 3	4.500% 09/30/2012 DD 07/23/09	250,000	262,513
REGION BK BIRMINGHAM ALA	7.500% 05/15/2018 DD 05/16/08	250,000	257,500
RIO TINTO FINANCE PLC	8.950% 05/01/2014 DD 04/17/09	500,000	605,360
ROYAL BANK OF CANADA	2.625% 12/15/2015 DD 07/14/10	700,000	701,414
ROYAL BK OF SCOTLAND PLC	4.875% 08/25/2014 DD 08/25/09	500,000	512,085
ROYAL BK SCOTLND GRP PLC	1.500% 03/30/2012 DD 11/30/09	800,000	806,888
SLM CORP MEDIUM TERM NTS BOOK	VAR RT 03/15/2011 DD 03/17/06	50,000	49,820
SLM CORP MTN TRANCHE # TR00101	VAR RT 10/25/2011 DD 10/31/06	100,000	98,602
SANTANDER DRIVE AUTO RECE 2 A2	0.950% 08/15/2013 DD 08/25/10	900,000	901,053
SHELL INTERNATIONAL FIN	3.100% 06/28/2015 DD 06/28/10	500,000	513,475
SIMON PROPERTY GROUP LP	6.750% 05/15/2014 DD 05/15/09	300,000	337,710
SIMON PROPERTY GROUP LP	4.200% 02/01/2015 DD 01/25/10	114,000	119,202
SOUTHEAST SUPPLY HEADER	4.850% 08/15/2014 DD 08/13/09	434,000	455,062
SOUTHERN CO	2.375% 09/15/2015 DD 09/17/10	294,000	289,411
SPECTRA ENERGY CAPITAL	5.650% 03/01/2020 DD 08/28/09	364,000	386,677
SPRINT CAPITAL CORP	7.625% 01/30/2011 DD 01/25/01	470,000	471,175
SPRINT NEXTEL CORP NT	6.000% 12/01/2016 DD 11/20/06	870,000	840,638
STAPLES INC SR NT	7.375% 10/01/2012 DD 09/30/02	653,000	715,270
STATE STREET CORP	4.300% 05/30/2014 DD 05/22/09	80,000	85,592
SUNCOR ENERGY INC NT	6.100% 06/01/2018 DD 06/06/08	520,000	597,886
SVENSKA HANDELSBANKEN AB	2.875% 09/14/2012 DD 09/14/09	1,024,000	1,048,842
TAMPA ELECTRIC CO 144A	5.400% 05/15/2021 DD 12/09/10	133,000	142,783
TANGER PPTYS LTD PARTNERSHIP	6.150% 11/15/2015 DD 11/04/05	33,000	35,801
TANGER FACTORY OUTLET	6.125% 06/01/2020 DD 06/07/10	158,000	169,602
TARGET CORP	3.875% 07/15/2020 DD 07/16/10	500,000	497,830
TECO FINANCE INC	4.000% 03/15/2016 DD 03/15/10	84,000	85,651
TECO FINANCE INC	5.150% 03/15/2020 DD 03/15/10	121,000	125,449
TELECOM ITALIA CAP GTD SR NT	VAR RT 07/18/2011 DD 07/18/06	755,000	753,120
TELEFONICA EMISIONES SAU	3.729% 04/27/2015 DD 04/26/10	1,072,000	1,063,445
TEVA PHARMA FIN II/III	3.000% 06/15/2015 DD 06/18/10	700,000	712,236
TIME WARNER INC	4.875% 03/15/2020 DD 03/11/10	1,100,000	1,145,595
TIME WARNER CABLE INC NT	5.400% 07/02/2012 DD 07/02/07	1,310,000	1,390,735
TOYOTA AUTO RECEIVABLES O B A3	1.040% 02/18/2014 DD 07/22/10	220,000	220,933
TYCO ELECTRONICS GROUP S A GTD	5.950% 01/15/2014 DD 07/14/08	410,000	453,005
UBS AG STAMFORD BRH MEDIUM	5.750% 04/25/2018 DD 04/25/08	590,000	641,171
UBS AG	3.875% 01/15/2015 DD 01/15/10	400,000	412,248
USAA AUTO OWNER TRUST 1 A4	4.770% 09/15/2014 DD 04/22/09	220,000	232,738
USAA AUTO OWNER TRUST 2 A3	1.540% 02/18/2014 DD 11/13/09	410,000	412,964
US CENTRAL FEDERAL CRED	1.900% 10/19/2012 DD 10/19/09	440,000	449,222

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
UNION BANK NA	2.125% 12/16/2013 DD 12/16/10	1,100,000	1,098,086
US BANCORP	3.150% 03/04/2015 DD 03/04/10	152,000	156,364
US BANCORP	1.375% 09/13/2013 DD 09/13/10	900,000	899,568
U S TREASURY NOTE	1.750% 03/31/2014 DD 03/31/09	350,000	356,864
U S TREASURY NOTE	3.625% 02/15/2020 DD 02/15/10	21,760,000	22,582,746
U S TREASURY NOTE	1.750% 04/15/2013 DD 04/15/10	7,430,000	7,600,667
U S TREASURY NOTE	2.500% 04/30/2015 DD 04/30/10	2,341,000	2,420,196
U S TREASURY NOTE	1.000% 04/30/2012 DD 04/30/10	59,690,000	60,172,892
U S TREASURY NOTE	3.500% 05/15/2020 DD 05/15/10	45,026,000	46,123,734
U S TREASURY NOTE	2.125% 05/31/2015 DD 05/31/10	270,000	274,304
U S TREASURY NOTE	1.875% 06/30/2015 DD 06/30/10	9,467,000	9,504,679
U S TREASURY NOTE	1.750% 07/31/2015 DD 07/31/10	6,860,000	6,838,048
U S TREASURY NOTE	0.375% 09/30/2012 DD 09/30/10	18,328,000	18,284,379
UNITEDHEALTH GROUP INC	3.875% 10/15/2020 DD 10/25/10	500,000	477,010
UNUM GROUP	7.125% 09/30/2016 DD 09/30/09	400,000	449,284
UNUM GROUP	5.625% 09/15/2020 DD 09/15/10	199,000	199,748
VERIZON COMMUNICATIONS INC NT	5.250% 04/15/2013 DD 04/04/08	345,000	375,115
VERIZON COMMUNICATIONS INC NT	6.350% 04/01/2019 DD 03/27/09	750,000	865,613
CELLCO PART VERI WIRELSS	7.375% 11/15/2013 DD 05/15/09	1,350,000	1,564,056
CELLCO PART/VERI WIRELSS	3.750% 05/20/2011 DD 05/22/09	686,000	694,410
VIACOM INC	4.375% 09/15/2014 DD 08/26/09	334,000	355,583
VODAFONE GROUP PLC NEW NT	5.625% 02/27/2017 DD 02/27/07	240,000	267,924
VWALT 2009-A A3	3.410% 04/16/2012 DD 05/12/09	595,872	602,201
VOLKSWAGEN AUTO LEASE TRU A A3	0.850% 11/20/2013 DD 11/04/10	780,000	778,362
VOLKSWAGEN INTL FIN NV	1.625% 08/12/2013 DD 08/12/10	307,000	306,843
WACHOVIA CORP GLOBAL MED TERM	5.750% 02/01/2018 DD 01/31/08	2,000,000	2,220,600
WACHOVIA BANK COMMERCIA C31 A2	5.421% 04/15/2047 DD 05/01/07	438,000	452,362
WACHOVIA BANK COMMERCIA C32 A3	VAR RT 06/15/2049 DD 06/01/07	2,068,646	2,140,221
WAL-MART STORES INC	2.250% 07/08/2015 DD 07/08/10	454,000	451,076
WEATHERFORD INTL LTD GTD SR NT	5.150% 03/15/2013 DD 03/25/08	415,000	440,207
WEATHERFORD INTL LTD GTD SR NT	6.000% 03/15/2018 DD 03/25/08	285,000	306,757
WELLPOINT INC	4.350% 08/15/2020 DD 08/12/10	500,000	496,105
WELS FARGO BANK NA	3.625% 04/15/2015 DD 03/30/10	425,000	440,700
WELLS FARGO & CO	4.375% 01/31/2013 DD 01/31/08	500,000	529,125
WELLS FARGO MORTGAGE B AR3 2A1	VAR RT 03/25/2035 DD 02/01/05	44,904	43,169
WESTPAC BANKING CORP	1.900% 12/14/2012 DD 12/14/09	700,000	711,837
WESTPAC BANKING CORP	2.100% 08/02/2013 DD 08/03/10	165,000	166,676
WESTPAC BANKING CORP	1.850% 12/09/2013 DD 12/09/10	535,000	536,445
WHIRLPOOL CORP	8.000% 05/01/2012 DD 05/04/09	500,000	538,810
XTO ENERGY INC SR NT	4.900% 02/01/2014 DD 01/22/04	366,000	403,936

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
XEROX CORPORATION	4.250% 02/15/2015 DD 12/04/09	400,000	418,544
YALE UNIVERSITY YALUNI	2.900% 10/15/2014 DD 11/10/09	230,000	237,229
ZFS FIN USA TR 144A	VAR RT 05/09/2032 DD 05/09/07	500,000	487,875
COMMIT TO PUR FNMA SF MTG	4.500% 01/01/2041 DD 01/01/11	5,750,000	5,901,858
COMMIT TO PUR FNMA SF MTG	5.000% 01/01/2041 DD 01/01/11	7,000,000	7,358,750
COMMIT TO PUR FNMA SF MTG	3.000% 01/01/2026 DD 01/01/11	2,000,000	1,957,820
COMMIT TO PUR GNMA II JUMBOS	4.500% 01/20/2041 DD 01/01/11	1,500,000	1,557,195
COMMIT TO PUR GNMA SF MTG	4.500% 01/15/2041 DD 01/01/11	(6,000,000)	(6,228,780)
COMMIT TO PUR FHLMC GOLD SFM	4.500% 01/01/2041 DD 01/01/11	9,500,000	9,734,555
COMMIT TO PUR GNMA II JUMBOS	4.000% 01/20/2041 DD 01/01/11	4,300,000	4,324,897
COMMIT TO PUR FNMA SF MTG	3.500% 01/01/2026 DD 01/01/11	1,000,000	1,006,880
COMMIT TO PUR FNMA SF MTG	3.500% 01/01/2041 DD 01/01/11	(7,000,000)	(6,685,000)
COMMIT TO PUR FNMA SF MTG	5.000% 01/01/2025 DD 01/01/10	(2,000,000)	(2,121,880)
COMMIT TO PUR FNMA SF MTG	6.000% 01/01/2041 DD 01/01/11	4,900,000	5,325,712
COMMIT TO PUR FHLMC GOLD SFM	5.500% 01/01/2041 DD 01/01/11	(14,360,000)	(15,302,447)
COMMIT TO PUR FNMA SF MTG	6.500% 01/01/2041 DD 01/01/11	(300,000)	(333,375)
COMMIT TO PUR FNMA SF MTG	6.500% 12/01/2040 DD 12/01/10	(500,000)	(554,935)
COMMIT TO PUR FNMA SF MTG	5.500% 01/01/2041 DD 01/01/11	2,950,000	3,156,028
COMMIT TO PUR FHLMC GOLD SFM	6.000% 01/01/2041 DD 01/01/11	1,300,000	1,408,069
COMMIT TO PUR FNMA SF MTG	4.000% 01/01/2041 DD 01/01/11	6,000,000	5,968,140
COMMIT TO PUR FNMA SF MTG	4.000% 01/01/2041 DD 01/01/11	(5,500,000)	(5,470,795)
COMMIT TO PUR FNMA SF MTG	4.000% 02/01/2025 DD 02/01/10	850,000	873,239
TOTAL PYRAMIS GLOBAL ADVISORS			**524,453,351**

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
MANAGED BY WESTERN ASSET MANAGEMENT			
FEDERAL NATL MTG ASSN DISC	MAT 07/08/2011	11,900,000	11,868,366
IBRD DISC NT	MAT 04/19/2011	5,420,000	5,416,086
DREYFUS TREAS & AGENCY CASH	VAR RT 12/31/2049 DD 04/09/97	9,354,940	9,354,940
BSDT-LATE MONEY DEPOSIT ACCT	0.250% 12/31/2049 DD 06/26/97	34,991	34,991
MUFG CAP FIN 1 LTD USD	VAR RT 07/29/2049 DD 03/17/06	1,170,000	1,178,997
TNK-BP FINANCE SA MTN	6.875% 18-JUL-2011 USD	400,000	410,500
ANZ NATIONAL (INTL) LTD	2.375% 12/21/2012 DD 12/22/09	1,680,000	1,705,922
AT&T WIRELESS SVCS INC SR NT	8.125% 05/01/2012 DD 04/16/02	895,000	977,680
SWEDISH EXPORT CREDIT	1.750% 10/20/2015 DD 10/20/10	2,060,000	1,986,891
ABBOTT LABORATORIES	5.125% 04/01/2019 DD 03/03/09	840,000	924,890
ACE SECURITIES CORP GP1 A	VAR RT 02/25/2031 DD 05/31/06	123,854	93,170
COMMIT TO PUR FNMA SF MTG	3.500% 01/01/2026 DD 01/01/11	14,500,000	14,599,760
COMMIT TO PUR FNMA SF MTG	4.000% 01/01/2041 DD 01/01/11	16,100,000	16,014,509
COMMIT TO PUR FNMA SF MTG	4.500% 01/01/2041 DD 01/01/11	273,225	273,225
COMMIT TO PUR FNMA SF MTG	5.000% 01/01/2041 DD 01/01/11	(3,148)	(3,148)
COMMIT TO PUR FNMA SF MTG	5.500% 01/01/2041 DD 01/01/11	3,900,000	3,979,518
COMMIT TO PUR FNMA SF MTG	5.500% 02/01/2041 DD 02/01/11	16,200,000	17,301,114
COMMIT TO PUR FNMA SF MTG	6.000% 12/01/2040 DD 12/01/10	500,000	542,845
COMMIT TO PUR FNMA SF MTG	6.000% 12/01/2040 DD 12/01/10	(500,000)	(542,845)
COMMIT TO PUR FNMA SF MTG	6.000% 01/01/2041 DD 01/01/11	24,095	24,095
COMMIT TO PUR FNMA SF MTG	6.000% 02/01/2041 DD 02/01/11	8,594	8,594
COMMIT TO PUR GNMA SF MTG	3.500% 01/15/2041 DD 01/01/11	47	47
COMMIT TO PUR GNMA SF MTG	5.500% 01/15/2041 DD 01/01/11	31,053	31,053
COMMIT TO PUR GNMA SF MTG	6.000% 01/15/2041 DD 01/01/11	2,077	2,077
ALCOA INC NT	6.000% 07/15/2013 DD 07/15/08	50,000	55,021
ALLIED WASTE NORTH AMER SR NT	7.125% 05/15/2016 DD 05/17/06	1,190,000	1,259,913
COMMIT TO PUR FHLMC GOLD SFM	5.500% 01/01/2041 DD 01/01/11	1,799	1,799
ALLSTATE LIFE GLOBAL FDG SECD	5.375% 04/30/2013 DD 04/30/08	490,000	533,590
ALLY FINANCIAL INC	7.500% 09/15/2020 DD 08/12/10	1,270,000	1,331,913
ALTRIA GROUP INC	8.500% 11/10/2013 DD 11/10/08	420,000	497,129
ALTRIA GROUP INC NT	9.250% 08/06/2019 DD 02/06/09	500,000	652,520
AMERICA MOVIL S A B DE C V GTD	5.625% 11/15/2017 DD 10/30/07	350,000	381,556
AMERICA MOVIL SAB DE CV	3.625% 03/30/2015 DD 03/30/10	750,000	771,173
AMER EXPRESS CREDIT CO	5.125% 08/25/2014 DD 08/25/09	150,000	161,727
AMERICAN EXPRESS CO SUB DEB	VAR RT 09/01/2066 DD 08/01/06	570,000	564,300
AMERICAN HONDA FINANCE 144A	3.500% 03/16/2015 DD 03/16/10	1,040,000	1,065,823
AMERICAN INTL GROUP INC MEDIUM	5.850% 01/16/2018 DD 12/12/07	160,000	164,982
AMERICAN INTERNATIONAL GROUP I	8.250% 08/15/2018 DD 02/15/09	400,000	460,828
AMERIQUEST MORTGAGE SECU R8 M1	VAR RT 09/25/2034 DD 08/05/04	1,300,000	1,090,817

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
ANADARKO PETROLEUM CORP	5.950% 09/15/2016 DD 09/19/06	1,370,000	1,471,777
ANADARKO PETROLEUM CORP	6.375% 09/15/2017 DD 08/12/10	360,000	392,152
ANHEUSER-BUSCH INBEV WOR	5.375% 01/15/2020 DD 10/16/09	1,060,000	1,148,605
ANHEUSER-BUSCH INBEV WORLDWIDE	5.000% 04/15/2020 DD 03/29/10	100,000	105,693
BA CREDIT CARD TRUST A1 A1	VAR RT 09/15/2015 DD 05/14/10	2,580,000	2,579,355
BB&T CORPORATION	3.850% 07/27/2012 DD 07/27/09	640,000	665,786
BHP BILLITON FIN USA LTD GTD	6.500% 04/01/2019 DD 03/25/09	710,000	844,289
BP CAPITAL MARKETS PLC	5.250% 11/07/2013 DD 11/07/08	800,000	866,408
BP CAP MKTS P L C GTD NT	3.125% 03/10/2012 DD 03/10/09	330,000	337,438
BP CAPITAL MARKETS PLC	3.125% 10/01/2015 DD 10/01/10	290,000	289,800
BNP PARIBAS	2.125% 12/21/2012 DD 12/21/09	700,000	711,284
GROUPE BPCE 144A	2.375% 10/04/2013 DD 10/06/10	1,080,000	1,076,058
BANK OF AMERICA CORP	6.500% 08/01/2016 DD 07/28/09	150,000	162,764
BANK OF AMERICA CORP	4.500% 04/01/2015 DD 03/11/10	300,000	304,899
BANK OF NEW YORK MELLON	5.450% 05/15/2019 DD 05/12/09	820,000	900,762
BANK OF NOVA SCOTIA	1.650% 10/29/2015 DD 10/29/10	2,710,000	2,590,435
BK TOKYO-MITSUBISHI UFJ 144A	2.600% 01/22/2013 DD 01/22/10	390,000	398,178
BK OF TOKYO-MITSUBISHI 144A	3.850% 01/22/2015 DD 01/22/10	1,750,000	1,824,533
BARCLAYS BANK PLC	10.179% 06/12/2021 DD 06/12/09	480,000	597,725
BARCLAYS BANK PLC	5.200% 07/10/2014 DD 07/10/09	220,000	237,618
BARCLAYS BK PLC SUB NT 144A	6.050% 12/04/2017 DD 12/04/07	910,000	933,478
BAYVIEW COML 05-1 A-2 144A	VAR RT 04/25/2035 DD 02/25/05	247,949	174,797
BEAR STEARNS ASSET BACK SD2 1A	VAR RT 06/25/2043 DD 10/01/03	634,372	599,640
BEAR STEARNS ASSET BACK AC5 A3	VAR RT 10/25/2033 DD 09/30/03	453,123	411,168
BEAR STEARNS ASSET BACK AQ2 A3	VAR RT 09/25/2035 DD 11/30/05	219,440	197,340
BEAVER VY II FDG CORP SECD LSE	9.000% 06/01/2017 DD 04/15/92	1,388,000	1,509,214
BERKSHIRE HATHWY BRK	3.200% 02/11/2015 DD 02/11/10	1,660,000	1,712,921
BOEING CO SR NT	6.000% 03/15/2019 DD 03/13/09	1,020,000	1,173,530
BOTTLING GROUP LLC SR NT	6.950% 03/15/2014 DD 10/24/08	850,000	984,989
CDP FINANCIAL 144A	4.400% 11/25/2019 DD 11/25/09	910,000	925,179
CIT HOME EQ LN TR 03-1 CL A-6	VAR RT 10/20/2032 DD 03/01/03	1,254,112	1,210,920
CVS CAREMARK CORP SR NT	5.750% 06/01/2017 DD 05/25/07	300,000	333,795
CVS PASS-THROUGH TRUST	6.036% 12/10/2028 DD 06/01/09	918,865	942,378
COUNTRYWIDE ALTERNATIVE 56 1A1	VAR RT 11/25/2035 DD 09/29/05	2,508,837	1,550,787
COUNTRYWIDE HOME LOAN M 25 2A1	VAR RT 02/25/2035 DD 12/30/04	350,280	265,537
COUNTRYWIDE HOME LOAN R1 1AF1	VAR RT 03/25/2035 DD 03/25/05	165,422	136,369
CALPINE CORP	7.500% 02/15/2021 DD 10/22/10	840,000	827,400
CATERPILLAR FINANCIAL SE	1.900% 12/17/2012 DD 12/17/09	1,170,000	1,188,919
CHESAPEAKE ENERGY CORP	6.875% 08/15/2018 DD 08/17/10	50,000	50,750
CHESAPEAKE ENERGY CORP	6.625% 08/15/2020 DD 08/17/10	510,000	502,350

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CITIGROUP INC	5.000% 09/15/2014 DD 09/16/04	1,370,000	1,417,238
CITIGROUP INC	6.375% 08/12/2014 DD 08/12/09	1,540,000	1,702,023
CITIGROUP INC	5.500% 10/15/2014 DD 09/24/09	440,000	474,078
CITIGROUP INC	6.010% 01/15/2015 DD 12/15/09	1,150,000	1,261,585
CITIGROUP INC	6.000% 12/13/2013 DD 06/15/10	1,330,000	1,453,331
CITIBANK CREDIT CARD ISS A5 A5	2.250% 12/23/2014 DD 12/23/09	3,020,000	3,087,225
CITIGROUP MORTGAGE LOA OPT1 M1	VAR RT 10/25/2034 DD 09/02/04	2,340,000	1,981,629
CITIGROUP MORTGAGE LOAN HE2 A	VAR RT 05/25/2035 DD 06/30/05	122,860	116,356
CITIGROUP FUNDING INC	2.250% 12/10/2012 DD 08/06/09	5,670,000	5,832,219
CITIGROUP MORTGAGE LOAN 7 4A1	VAR RT 09/25/2037 DD 07/01/10	1,538,184	1,514,834
CMA CGM S A SR NT 144A	7.250% 02/01/2013 DD 02/10/06	1,200,000	1,200,900
COMCAST CORP NEW GTD NT	5.900% 03/15/2016 DD 03/02/06	2,200,000	2,462,966
COMMONWEALTH BANK AUST 144A	3.750% 10/15/2014 DD 10/15/09	590,000	612,066
COMMONWEALTH BANK AUST	2.900% 09/17/2014 DD 09/17/09	4,340,000	4,533,087
CIE FINANCEMENT FONCIER	2.125% 04/22/2013 DD 04/22/10	2,100,000	2,117,871
CONOCOPHILLIPS GTD NT	5.200% 05/15/2018 DD 05/08/08	30,000	33,185
CONOCOPHILLIPS GTD NT	5.750% 02/01/2019 DD 02/03/09	1,040,000	1,185,194
COMMIT TO PUR GNMA II JUMBOS	4.000% 01/20/2041 DD 01/01/11	46,453	115,933
COMMIT TO PUR GNMA II JUMBOS	4.500% 01/20/2041 DD 01/01/11	112,000	117,446
COMMIT TO PUR GNMA II JUMBOS	5.500% 01/20/2041 DD 01/01/11	1,313	1,313
COMMIT TO PUR GNMA II JUMBOS	6.000% 01/20/2041 DD 01/01/11	62,749	62,749
COMMIT TO PUR GNMA II JUMBOS	6.500% 01/20/2041 DD 01/01/11	8,626	8,626
CONTINENTAL AIRLINES INC	6.750% 09/15/2015 DD 08/18/10	800,000	824,000
RABOBANK NEDERLAND	2.125% 10/13/2015 DD 10/13/10	2,320,000	2,243,672
SSGN 2010-L1A A3	0.000% 10/25/2013 DD 03/16/10	1,300,000	1,233,518
COUNTRYWIDE FINL CORP SUB NT	6.250% 05/15/2016 DD 05/16/06	3,170,000	3,250,803
COUNTRYWIDE FINL CORP MEDIUM	5.800% 06/07/2012 DD 06/07/07	1,300,000	1,367,730
CREDIT AGRICOLE SA 144A	VAR RT 12/31/2019 DD 10/13/09	1,270,000	1,304,925
CREDIT SUISSE FIRST BO AR5 3M1	VAR RT 01/25/2033 DD 02/28/03	1,444,988	1,311,615
CRUSADE GLOBAL TRUST 1 A1	VAR RT 01/16/2035 DD 02/26/04	62,359	55,509
DAIMLER FINANCE NORTH AMERICA	6.500% 11/15/2013 DD 11/06/03	1,200,000	1,358,484
DANSKE BANK A/S	3.750% 04/01/2015 DD 03/16/10	1,560,000	1,586,816
DAVITA INC	6.625% 11/01/2020 DD 10/20/10	200,000	198,000
DELEK & AVNER YAM TETHYS 144A	5.326% 08/01/2013 DD 03/09/05	347,448	349,112
DEXIA CREDIT LOCAL SA NY 144A	2.000% 03/05/2013 DD 03/05/10	5,010,000	5,038,256
DIAGEO CAPITAL PLC	4.828% 07/15/2020 DD 05/14/10	1,670,000	1,762,134
DOMINION RES INC VA NEW SR NT	8.875% 01/15/2019 DD 12/01/08	1,150,000	1,490,067
DOW CHEM CO NT	6.000% 10/01/2012 DD 08/29/02	1,700,000	1,831,461
DOW CHEM CO SR NT	5.700% 05/15/2018 DD 05/06/08	50,000	54,087
DUKE ENERGY CORP SR NT	6.300% 02/01/2014 DD 01/26/09	1,940,000	2,160,869

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EDUCATION FUNDING CAPITAL 1 A5	VAR RT 06/15/2043 DD 05/12/04	250,000	232,651
EL PASO NAT GAS CO SR NT	5.950% 04/15/2017 DD 10/15/07	2,600,000	2,788,864
EMBARQ CORP NT	7.082% 06/01/2016 DD 05/17/06	1,300,000	1,437,683
ENBRIDGE ENERGY PARTNERS LP	9.875% 03/01/2019 DD 12/22/08	430,000	565,446
ENERGY TRANSFER PARTNERS L P	9.700% 03/15/2019 DD 12/23/08	660,000	853,024
ENERGY TRANSFER PARNTERS L P	9.000% 04/15/2019 DD 04/07/09	400,000	501,112
ENTERPRISE PRODUCTS OPER	5.250% 01/31/2020 DD 10/05/09	320,000	332,861
ENTERPRISE PRODS OPER LP	6.375% 02/01/2013 DD 01/22/03	400,000	436,092
ENTERPRISE PRODS OPER LP SR NT	5.600% 10/15/2014 DD 10/04/04	500,000	552,155
EUROPEAN INVT BK GLOBAL BD	3.250% 10/14/2011 DD 09/03/08	5,450,000	5,565,813
SSGN 2010-S1 1A	VAR RT 02/25/2048 DD 03/11/10	1,561,511	1,563,963
FDIC GUARNT NOTES 2010-S2 144A	VAR RT 12/29/2045 DD 10/19/10	2,652,077	2,652,068
FARMER MAC GTD NTS 07-1 144A	5.125% 04/19/2017 DD 04/19/07	3,690,000	4,014,425
FHLMC POOL #G0-3092	5.500% 07/01/2037 DD 06/01/07	624,263	670,134
FHLMC POOL #1N-1626	6.264% 06/01/2037 DD 07/01/07	177,012	193,695
FHLMC POOL #1G-3655	VAR RT 06/01/2037 DD 07/01/07	233,368	256,928
FEDERAL HOME LN MTG CORP	1.125% 06/01/2011 DD 06/01/09	11,900,000	11,945,815
FHLMC POOL #G0-1737	5.000% 12/01/2034 DD 11/01/04	658,046	693,857
FHLMC POOL #A2-9586	5.000% 01/01/2035 DD 01/01/05	364,670	386,795
FHLMC POOL #A3-5950	5.000% 07/01/2035 DD 07/01/05	387,194	408,022
FHLMC POOL #A3-9036	5.000% 05/01/2035 DD 05/01/05	345,601	364,191
FEDERAL HOME LN BK CONS BD	0.320% 11/30/2011 DD 11/30/10	5,450,000	5,447,057
FEDERAL HOME LN BK CONS BD	0.500% 12/23/2011 DD 12/14/10	4,390,000	4,385,830
FEDERAL NATL MTG ASSN	0.000% 10/09/2019 DD 10/09/84	6,900,000	4,356,798
FEDERAL NATL MTG ASSN	5.250% 08/01/2012 DD 07/26/02	1,790,000	1,912,257
FEDERAL NATL MTG ASSN	4.625% 05/01/2013 DD 04/21/03	1,460,000	1,569,529
FHLMC MULTICLASS MTG 3702 FG	VAR RT 08/15/2032 DD 08/15/10	1,907,101	1,903,039
FNMA POOL #0254767	5.500% 06/01/2033 DD 05/01/03	330,345	356,079
FHLMC MULTICLASS MTG T-75 A1	VAR RT 11/25/2036 DD 07/30/07	1,485,492	1,476,461
FEDERAL NATL MTG ASSN	1.875% 05/06/2013 DD 05/06/10	2,720,000	2,733,660
FNMA POOL #0725232	5.000% 03/01/2034 DD 02/01/04	1,347,204	1,424,870
FNMA POOL #0745248	7.500% 08/01/2034 DD 12/01/05	758,108	868,754
FNMA POOL #0745802	6.000% 07/01/2036 DD 08/01/06	366,332	406,416
FNMA POOL #0836398	VAR RT 10/01/2035 DD 09/01/05	257,716	263,891
FNMA POOL #0838559	VAR RT 10/01/2035 DD 10/01/05	387,678	407,562
FNMA POOL #0844052	VAR RT 11/01/2035 DD 10/01/05	241,021	247,003
FNMA POOL #0844148	VAR RT 11/01/2035 DD 10/01/05	205,881	211,223
FNMA POOL #0844237	VAR RT 11/01/2035 DD 11/01/05	208,691	214,378
FNMA POOL #0844789	VAR RT 11/01/2035 DD 10/01/05	281,382	288,577
FNMA POOL #0865915	VAR RT 03/01/2036 DD 02/01/06	126,163	130,487

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FNMA POOL #0888470	5.500% 08/01/2034 DD 06/01/07	287,615	309,660
FNMA POOL #0888635	5.500% 09/01/2036 DD 08/01/07	467,739	504,176
FNMA POOL #0888893	5.500% 08/01/2037 DD 11/01/07	288,040	309,758
FNMA POOL #0MA0647	6.000% 12/01/2040 DD 12/01/10	344,600	374,766
GE CAPITAL COMMERCIAL MOR 2 A4	6.290% 08/11/2033 DD 08/01/01	2,179,467	2,208,650
GNMA POOL #0733600	5.000% 04/15/2040 DD 04/01/10	196,366	210,271
GNMA POOL #0733627	5.000% 05/15/2040 DD 05/01/10	587,189	628,768
GNMA II POOL #0892614	VAR RT 08/20/2060 DD 08/01/10	1,808,337	1,927,506
GNMA II POOL #0892399	VAR RT 01/20/2060 DD 02/01/10	2,131,525	2,175,648
GSAMP TRUST FM1 M1	VAR RT 03/20/2033 DD 03/27/03	137,111	111,468
GS MTG SECS 03-SEA2 CL A-1	VAR RT 07/25/2033 DD 10/01/03	629,383	529,274
GS MTG SECS CORP 05-RP3 144A	VAR RT 09/25/2035 DD 08/25/05	1,364,800	1,132,224
GS MTG SECS CORP 05-RP2 144A	VAR RT 03/25/2035 DD 04/25/05	418,543	351,698
GS MTG SECS 05-RP1 1AF 144A	VAR RT 01/25/2035 DD 02/25/05	179,503	152,441
GSMPS MTG LN TR 05-CT1 144A A1	VAR RT 02/25/2035 DD 07/29/05	66,580	58,938
GAZ CAP SA LUXEMBOURG 144A	6.212% 11/22/2016 DD 11/22/06	120,000	127,200
GEN ELEC CAP CORP MTN TR 00804	VAR RT 11/15/2067 DD 11/15/07	760,000	752,400
GENERAL ELEC CAP CORP MEDIUM	5.625% 05/01/2018 DD 04/21/08	2,480,000	2,704,465
GENERAL ELECTRIC CAPITAL CORP	5.900% 05/13/2014 DD 05/13/09	820,000	907,543
GLAXOSMITHKLINE CAP INC GTD NT	5.650% 05/15/2018 DD 05/13/08	1,120,000	1,280,642
GLITNIR BANKI HF MTN 144A	VAR RT 01/18/2012 DD 01/18/07	700,000	208,250
GLITNIR BANKI HF NON CUM 144A	VAR RT 09/14/2049 DD 09/14/06	1,850,000	2,313
GOLDMAN SACHS GROUP INC/THE	5.375% 03/15/2020 DD 03/08/10	500,000	516,680
GOLDMAN SACHS GROUP INC SR NT	5.250% 04/01/2013 DD 03/31/03	970,000	1,041,334
GOLDMAN SACHS GROUP INC/THE	5.250% 10/15/2013 DD 10/14/03	240,000	259,733
GOLDMAN SACHS GROUP INC SUB NT	5.625% 01/15/2017 DD 01/10/07	825,000	872,388
GOLDMAN SACHS CAPITAL II	VAR RT 12/29/2049 DD 05/15/07	5,390,000	4,568,025
GOLDMAN SACHS GROUP INC SR NT	5.450% 11/01/2012 DD 10/18/07	40,000	42,781
GNMA GTD REMIC P/T 10-H111 FA	VAR RT 06/20/2060 DD 07/20/10	5,592,395	5,644,963
GNMA GTD REMIC P/T 10-61 CE	4.500% 11/20/2038 DD 05/01/10	1,600,000	1,621,792
HSBC FINANCE CORP 144A	6.676% 01/15/2021 DD 12/03/10	1,220,000	1,232,542
HEALTH CARE REIT INC NT	6.200% 06/01/2016 DD 12/02/05	860,000	951,590
HERTZ VEHICLE FINANCING 2A A1	4.260% 03/25/2014 DD 10/23/09	2,060,000	2,155,543
HERTZ 2009-2A A2	5.290% 03/25/2016 DD 10/23/09	380,000	412,741
HOMEBANC MORTGAGE TRUST 1 2A	VAR RT 02/25/2035 DD 03/30/07	149,567	109,500
HOMESTAR MORTGAGE ACCEPTA 5 A4	VAR RT 10/25/2034 DD 10/01/04	1,196,630	1,051,814
HOMESTAR MORTGAGE ACCEPT 6 A3A	VAR RT 01/25/2035 DD 11/19/04	873,184	809,590
HORACE MANN EDUCATORS CORP NEW	6.850% 04/15/2016 DD 04/21/06	485,000	516,331
ILLINOIS STUDENT ASSISTAN 1 A3	VAR RT 07/25/2045 DD 10/27/10	2,700,000	2,564,082
INDYMAC INDA MORTGAGE AR7 1A1	VAR RT 11/25/2037 DD 09/01/07	1,243,246	999,060

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INTL BK RECON & DEVELOP	1.125% 07/06/2012 DD 07/06/10	3,000,000	3,014,014
INTL LEASE FINANCE CORP	6.500% 09/01/2014 DD 08/20/10	360,000	381,600
INTL LEASE FINANCE CORP	6.750% 09/01/2016 DD 08/20/10	1,820,000	1,942,850
INTESA SANPAOLO SPA	3.625% 08/12/2015 DD 08/12/10	510,000	493,037
JP MORGAN CHASE & CO GLOBAL NT	5.125% 09/15/2014 DD 09/15/04	1,180,000	1,255,603
JMAC 2009-A 4A	0.568% 07/25/2035 DD 05/25/09	190,295	448,905
JMAC 2009-A 6A	0.658% 10/25/2035 DD 04/25/09	442,453	427,348
JMAC 2009-A 7A	0.638% 10/25/2035 DD 05/25/09	174,672	258,182
JMAC 2009-A -A	1.440% 02/25/2036 DD 05/01/09	296,793	358,311
JMAC 2009-A 14A	0.628% 08/25/2035 DD 05/25/09	591,143	728,914
JMAC 2009-A 16A	0.598% 05/25/2035 DD 05/25/09	331,957	292,566
JMAC 2009-A 17A	0.588% 11/25/2035 DD 05/25/09	758,865	873,096
JEFFERIES & CO 19A-A	VAR RT 06/25/2046 DD 05/25/09	18	32
JMAC 2009-A 22A	0.578% 02/25/2036 DD 05/25/09	95,511	297,937
JMAC 2009-A 23A	0.478% 02/25/2037 DD 05/25/09	119,237	141,242
JMAC 2009-A 24A	0.628% 05/25/2036 DD 05/25/09	492,619	416,116
JMAC 2009-A 31A	0.648% 07/25/2045 DD 05/01/09	160,055	178,829
JMAC 2009-A 37A	0.558% 07/20/2035 DD 05/20/09	195,743	893,644
JMAC 2009-A 43A	0.418% 02/25/2037 DD 05/25/09	12	13
JMAC 2009-A 48A	3.477% 06/19/2045 DD 05/19/09	263,357	258,030
JAPAN FINANCE CORP	2.875% 02/02/2015 DD 02/02/10	2,740,000	2,803,020
JOHNSON & JOHNSON NT	5.550% 08/15/2017 DD 08/16/07	1,240,000	1,456,702
JPMORGAN CHASE CAP XXII GTD CA	6.450% 02/02/2037 DD 02/02/07	1,600,000	1,593,760
KAUPTHING BK HF MTN 144A	7.625% 02/28/2015 DD 02/28/08	4,820,000	1,289,350
KINDER MORGAN ENERGY PRTNS LP	6.000% 02/01/2017 DD 01/30/07	1,000,000	1,104,050
KRAFT FOODS INC	5.375% 02/10/2020 DD 02/08/10	1,300,000	1,399,151
KREDITANSTALT FUR WIEDERAUFBAU	4.625% 01/20/2011 DD 01/20/06	3,260,000	3,264,988
KREDITANSTALT FUR WIEDERAUFBAU	3.500% 03/10/2014 DD 03/10/09	2,300,000	2,447,108
KROGER CO/THE	3.900% 10/01/2015 DD 10/01/09	900,000	945,639
LANDSBANKI IS HF CAP NTS 144A	VAR RT 12/19/2049 DD 10/19/07	1,910,000	2,388
LEHMAN BROS HLDGS INC	VAR RT 05/29/2049 DD 05/17/07	160,000	16
LLOYDS TSB BANK PLC	5.800% 01/13/2020 DD 01/12/10	100,000	98,736
LUBRIZOL CORP SR NT	8.875% 02/01/2019 DD 01/27/09	890,000	1,120,029
MADISON AVENUE MANUFACTUR A A1	VAR RT 03/25/2032 DD 03/28/02	17,895	17,867
MASTR ADJUSTABLE RATE M 13 2A1	VAR RT 04/21/2034 DD 11/01/04	1,161,461	1,119,730
MASTR SECOND LIEN TRUST 1 A	VAR RT 09/25/2035 DD 09/29/05	3,464	3,424
MAY DEPT STORES CO NT	5.750% 07/15/2014 DD 07/20/04	1,200,000	1,269,000
MEDTRONIC INC	4.450% 03/15/2020 DD 03/16/10	390,000	404,890
MERRILL LYNCH & CO INC MEDIUM	6.875% 04/25/2018 DD 04/25/08	1,090,000	1,192,852
MERRILL LYNCH & CO INC SUB NT	5.700% 05/02/2017 DD 05/02/07	1,300,000	1,304,368

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
METLIFE INC	6.750% 06/01/2016 DD 05/29/09	600,000	695,976
MET LIFE GLOB FUNDING I	2.875% 09/17/2012 DD 09/17/09	1,360,000	1,393,905
METROPOLITAN LIFE GLOBAL 144A	5.125% 04/10/2013 DD 04/10/08	490,000	527,593
MIDAMERICAN ENERGY CO SR NT	5.650% 07/15/2012 DD 06/29/07	1,000,000	1,068,460
MORGAN STANLEY	7.300% 05/13/2019 DD 05/13/09	1,720,000	1,936,101
MORGAN STANLEY	VAR RT 05/14/2013 DD 05/14/10	1,700,000	1,761,676
NCUA GUARANTEED NOTES R1 1A	VAR RT 10/07/2020 DD 10/27/10	1,135,534	1,134,115
NCUA GUARANTEED NOTES C1 A2	2.900% 10/29/2020 DD 11/10/10	2,000,000	1,944,560
NCUA GUARANTEED NOTES A1 A	VAR RT 12/07/2020 DD 12/17/10	5,400,000	5,405,670
NELNET EDUCATION LOAN F 2A A5B	VAR RT 02/25/2039 DD 04/29/04	750,000	687,215
NELNET EDUCATION LOAN F 2A A5C	VAR RT 02/25/2039 DD 04/29/04	600,000	543,000
NELNET STUDENT LOAN TRUST 4 A4	VAR RT 04/25/2024 DD 05/20/08	750,000	767,633
NEW YORK MORTGAGE TRUST IN 2 A	VAR RT 08/25/2035 DD 07/28/05	317,553	279,587
NEWS AMER INC BD	5.300% 12/15/2014 DD 12/03/04	50,000	55,252
NOBLE ENERGY INC NT	8.250% 03/01/2019 DD 02/27/09	270,000	337,389
NORDEA BANK AB 144A	3.700% 11/13/2014 DD 11/13/09	800,000	824,616
OMNICOM GROUP INC SR DEBT SECS	5.900% 04/15/2016 DD 03/29/06	610,000	679,833
ONTARIO PROVINCE OF	4.000% 10/07/2019 DD 10/07/09	130,000	133,545
OPTION ONE MORTGAGE LOAN 3 A1	VAR RT 06/25/2033 DD 04/21/03	1,067,834	903,590
PEABODY ENERGY CORP	6.500% 09/15/2020 DD 08/25/10	330,000	352,275
PEMEX PROJ FDG MASTER TR GTD	5.750% 03/01/2018 DD 09/01/08	2,690,000	2,876,121
PETROBRAS INTL FIN CO	5.750% 01/20/2020 DD 10/30/09	885,000	918,249
PFIZER INC NT	6.200% 03/15/2019 DD 03/24/09	940,000	1,101,078
PHILIP MORRIS INTL INC NT	5.650% 05/16/2018 DD 05/16/08	2,000,000	2,254,840
PRUDENTIAL FINANCIAL INC	2.750% 01/14/2013 DD 01/14/10	1,670,000	1,700,478
QEP RESOURCES INC	6.875% 03/01/2021 DD 08/16/10	1,060,000	1,113,000
REYNOLDS GRP ISS/REYNOLD 144A	7.125% 04/15/2019 DD 10/15/10	170,000	172,975
RSHB CAP S A LN PARTN NT 144A	6.299% 05/15/2017 DD 05/14/07	170,000	170,850
RABOBANK NEDERLAND	VAR RT 12/29/2049 DD 06/04/09	700,000	904,750
REED ELSEVIER CAP INC GTD NT	7.750% 01/15/2014 DD 01/16/09	450,000	514,994
RESIDENTIAL ASSET 03-RS8 AI8	VAR RT 09/25/2033 DD 09/01/03	228,015	213,600
RESIDENTIAL ASSET SEC KS10 AI6	4.540% 12/25/2033 DD 11/01/03	1,090,288	1,101,081
RESIDENTIAL ASSET 05-RP2 144A	VAR RT 06/25/2035 DD 08/09/05	157,750	153,189
RESONA PFD GLOBAL SECS 144A	VAR RT 12/29/2049 DD 07/25/05	2,850,000	2,828,654
REYNOLDS AMERN INC SR SECD NT	7.250% 06/01/2013 DD 12/01/06	1,200,000	1,335,204
RIO TINTO FINANCE PLC	8.950% 05/01/2014 DD 04/17/09	1,650,000	1,997,688
ROCHE HLDGS INC	6.000% 03/01/2019 DD 02/25/09	490,000	569,792
ROUSE CO LP SR NT 144A	6.750% 05/01/2013 DD 05/05/06	1,200,000	1,243,500
ROYAL BK SCOTLAND SUB NTS	6.375% 02/01/2011 DD 01/29/96	20,000	20,065
ROYAL BK SCOTLAND SUB NTS	5.000% 10/01/2014 DD 10/02/02	540,000	519,469

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ROYAL BK SCOTLAND GROUP PLC NT	5.050% 01/08/2015 DD 12/08/04	990,000	952,469
ROYAL BK SCOTLAND GRP PLC	6.400% 10/21/2019 DD 10/21/09	1,060,000	1,066,731
ROYAL BK OF SCOTLAND PLC	3.950% 09/21/2015 DD 09/20/10	930,000	914,218
SLM CORP MTN # TR 00104	8.450% 06/15/2018 DD 06/18/08	30,000	31,181
SLM CORP	8.000% 03/25/2020 DD 03/22/10	1,490,000	1,510,726
SLM STUDENT LN TR 03-4 144A	VAR RT 03/15/2033 DD 04/16/03	3,193,358	3,157,401
SLMA 2003-11 A6	VAR RT 12/15/2025 DD 10/30/03	2,300,000	2,293,790
SLM STUDENT LN 05-10 CL A-3	VAR RT 10/25/2016 DD 12/14/05	59,653	59,639
SAFEWAY INC NT	6.500% 03/01/2011 DD 03/05/01	1,000,000	1,007,810
SAFEWAY INC	3.950% 08/15/2020 DD 08/03/10	450,000	426,305
SANTANDER US DEB SA UNI 144A	3.724% 01/20/2015 DD 01/19/10	800,000	757,968
SEARS HOLDING CORP	6.625% 10/15/2018 DD 10/12/10	230,000	214,475
SHELL INTL FIN B V GTD NT	4.000% 03/21/2014 DD 03/23/09	2,030,000	2,160,123
SOUNDVIEW HOME EQUITY LOA 1 M1	VAR RT 08/25/2031 DD 08/15/03	1,002,842	997,066
SPAREBANKEN 1 BOLIGKREDI	1.250% 10/25/2013 DD 10/26/10	1,600,000	1,589,264
STRUCTURED ADJUSTABLE R 15 2A1	VAR RT 07/25/2035 DD 06/01/05	2,105,652	1,794,921
STRUCTURED ADJUSTABLE RA 4 3A2	VAR RT 04/25/2034 DD 03/01/04	880,746	776,378
SASC 2005-RF1 A	VAR RT 03/25/2035 DD 04/29/05	507,677	419,357
STUDENT LN CONSLDTN 02A 144A	VAR RT 003/01/2042 DD 04/05/02	1,700,000	1,542,240
SUMITOMO MITSUI BANKING 144A	3.150% 07/22/2015 DD 07/22/10	900,000	916,011
SUNTRUST CAP VIII GTD TR PFD	VAR RT 12/15/2036 DD 12/06/06	50,000	45,750
TNK BP FIN S A SR MTN 144A	7.500% 03/13/2013 DD 10/10/07	460,000	496,800
TEACHERS INSUR & ANNUITY	6.850% 12/16/2039 DD 12/16/09	340,000	397,800
TELECOM ITALIA CAP GTD SR NT	6.999% 06/04/2018 DD 06/04/08	1,540,000	1,630,598
TELEFONICA EMISIONES SAU	5.134% 04/27/2020 DD 04/26/10	680,000	654,663
TENNESSEE VALLEY AUTH BD	5.250% 09/15/2039 DD 09/15/09	1,020,000	1,078,364
THORNBURG MORTGAGE SECUR 4 1A1	VAR RT 09/25/2037 DD 08/01/07	2,382,339	2,137,268
TIME WARNER CABLE INC NT	8.250% 02/14/2014 DD 11/18/08	1,570,000	1,822,393
TORONTO-DOMINION BANK 144A	2.200% 07/29/2015 DD 07/29/10	2,440,000	2,400,179
TOTAL CAPITAL SA	4.450% 06/24/2020 DD 06/24/10	160,000	165,845
UBS AG	3.875% 01/15/2015 DD 01/15/10	3,070,000	3,164,003
US BANCORP	4.200% 05/15/2014 DD 05/14/09	730,000	779,801
US TREAS-CPI INFLAT	1.750% 01/15/2028 DD 01/15/08	4,060,927	4,133,901
US TREAS-CPI INFLATION INDEX	2.500% 01/15/2029 DD 01/15/09	1,792,806	2,034,279
U S TREASURY BOND	4.250% 11/15/2040 DD 11/15/10	250,000	245,938
U S TREASURY NOTE	3.500% 05/15/2020 DD 05/15/10	22,180,000	22,720,748
U S TREASURY NOTE	2.625% 11/15/2020 DD 11/15/10	8,790,000	8,291,431
U S TREASURY NOTE	2.250% 11/30/2017 DD 11/30/10	9,700,000	9,432,474
U S TREASURY NOTES	2.125% 12/31/2015 DD 12/31/10	2,690,000	2,704,284
U S TREASURY NOTE	2.750% 12/31/2017 DD 12/31/10	2,671,950	2,675,695

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UNITED TECHNOLOGIES CORP	4.500% 04/15/2020 DD 02/26/10	820,000	860,738
UNITEDHEALTH GROUP INC	3.875% 10/15/2020 DD 10/25/10	380,000	362,528
UNUMPROVIDENT FIN CO DEB 144A	6.850% 11/15/2015 DD 11/16/05	1,200,000	1,331,148
VIP FIN IRELAND NT CL B 144A	8.375% 04/30/2013 DD 04/30/08	190,000	205,200
VALE OVERSEAS LTD GTD NT	6.250% 01/23/2017 DD 11/21/06	1,140,000	1,271,214
VEDANTA RES PLC SR 144A	8.750% 01/15/2014 DD 07/02/08	450,000	480,375
VERIZON COMMUNICATIONS INC NT	6.100% 04/15/2018 DD 04/04/08	800,000	908,736
VERIZON COMMUNICATIONS INC	8.750% 11/01/2018 DD 11/04/08	540,000	705,143
WAMU MTG P/T CTFS 04-AR13 144A	VAR RT 11/22/2044 DD 11/23/04	561,873	494,555
WAMU MORTGAGE PASS TH AR6 2A1A	VAR RT 04/25/2045 DD 04/26/05	564,193	472,433
WAMU MORTGAGE PASS TH AR8 1A1A	VAR RT 07/25/2045 DD 07/15/05	317,555	266,711
WMC MORTGAGE LOAN PASS-TH B A2	FLTG RT 09/20/2028 DD 09/04/98	860,303	811,592
WACHOVIA CAP TR III FIXED FLTG	VAR RT 03/15/2042 DD 02/01/06	5,790,000	5,022,825
WAL-MART STORES INC NT	4.250% 04/15/2013 DD 04/15/08	500,000	537,180
WALGREEN CO NT	5.250% 01/15/2019 DD 01/13/09	390,000	433,641
WELLPOINT INC	5.875% 06/15/2017 DD 06/08/07	60,000	67,068
WELLPOINT INC	4.350% 08/15/2020 DD 08/12/10	670,000	664,781
WELLS FARGO CAP X GTD CAP SECS	5.950% 12/15/2036 DD 12/05/06	2,940,000	2,837,864
WESTPAC SECURITIES NZ LT	2.500% 05/25/2012 DD 05/27/09	1,400,000	1,432,606
WESTAPC BKG CORP SR MTN 144A	3.250% 12/16/2011 DD 12/16/08	500,000	512,445
WESTPAC BANKING CORP	2.900% 09/10/2014 DD 09/10/09	830,000	857,714
CDX SP UL NA.IG.HVOL.10_5YR	R 350BPS 2013 JUN 20	(7,186,641)	(7,186,641)
CDX_SP UL NA.IG.HVOL.10_5YR	R 350BPS 2013 JUN 20	7,186,641	7,424,203
TRS EL US BCC1DPK71	P US0001M LIBOR 2040 JAN 12	2,759,258	2,761,634
TRS FL US BCC1DPK71	P US 0001M LIBOR 2040 JAN 12	(2,759,258)	(2,759,346)
WA FLTG RATE HI INCOME FD		344,199	5,256,946
WA YANKEE ONSHORE FEEDER	COMMINGLED FUND	61,584	846,097
WAMCO OPP LOC MKT DEBT SEC	W90000014	723,649	12,985,873
WAMCO OPPORTUNISTIC US$ HIGH	YIELD SEC PORT LLC	1,017,360	22,097,054
WAMCO OPPORTUNISTIC INTL	INVESTMENT GRADE SEC LLC	273,947	6,566,784
FREDDIE MAC FXD PFD SHS		52,225	32,850
FEDERAL NATL MTG ASSN PFD	SER S	37,475	20,986
US TREAS BD FUTURE (CBT)	EXP MAR 11	(7)	26,055
US 10YR TREAS NTS FUTURE (CBT)	EXP MAR 11	167	(272,578)
US 10YR TREAS NTS FUT MAR 11	CALL FEB 11 122.00 ED 01/21/11	(35)	(12,578)
US 10 YR TREAS NTS FUT MAR 11	CALL FEB 11 121.000 ED 1/21/11	(37)	(26,016)
US 10 YR TREAS NTS FUT MAR 11	PUT FEB 11 117.000 ED 01/21/11	(76)	(9,500)
90DAY EURODOLLAR FUTURE MAR 11	CALL MAR 11 099.625 ED 3/14/11	(230)	(40,250)
90DAY EURODOLLAR FUTURE MAR 11	CALL MAR 11 099.250 ED 3/14/11	4	4,100
90DAY EURODOLLAR FUTURE SEP 11	CALL SEP 11 099.625 ED 9/19/11	84	11,550

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90DAY EURODOLLAR FUTURE MAR 11	PUT MAR 11 099.625 ED 03/14/11	(230)	(34,500)
90DAY EURODOLLAR FUTURE MAR 11	PUT MAR 11 099.250 ED 03/14/11	4	250
EURO$ 2YR MID-CRV MAR 13	CALL MAR 11 098.250 ED 3/11/11	57	19,238
EURO$ 2YR MID-CRV FUT MAR 13	CALL MAR 11 098.500 ED 3/11/11	(57)	(6,413)
EURO$ 2YR MID-CRV FUT MAR 13	CALL MAR 11 098.000 ED 031111	(28)	(15,750)
EURO$ 2YR MID-CRV FUT MAR 11	PUT MAR 11 097.875 ED 3/11/11	(28)	(7,350)
US 5YR TREAS NTS FUTURE (CBT)	EXP MAR 11	(255)	475,586
US 2YR TREAS NTS FUT (CBT)	EXP MAR 11	(58)	7,406
TOTAL WESTERN ASSET MANAGEMENT			**531,325,685**
MANAGED BY JP MORGAN ASSET MANAGEMENT			
DREYFUS TREAS & AGENCY CASH	VAR RT 12/31/2049 DD 04/09/97	1,100,284	1,100,284
AT & T INC GLOBAL NT	4.950% 01/15/2013 DD 12/06/07	995,000	1,066,511
ABBOOTT LABORATORIES	2.700% 05/27/2015 DD 05/27/10	85,000	86,662
AIR PRODS & CHEMICALS INC NT	4.150% 02/01/2013 DD 02/06/08	133,000	139,718
ALABAMA PWR CO SR NT SER 2008B	5.800% 11/15/2013 DD 11/21/08	240,000	268,826
ALLSTATE LIFE GLOBAL FDG SECD	5.375% 04/30/2013 DD 04/30/08	250,000	272,240
ALLYA 2009-A A2	1.320% 06/15/2011 DD 09/11/09	552,493	553,355
ALLYA 2009-B A2	1.210% 06/15/2012 DD 11/10/09	591,616	592,716
ALLYA 2009-B A4 144A	3.050% 12/15/2014 DD 11/10/09	1,000,000	1,040,710
ALLY AUTO RECEIVABLES TRU 1 A3	1.450% 05/15/2014 DD 03/25/10	215,000	216,329
ALLY AUTO RECEIVABLES TRU 3 A4	1.550% 08/17/2015 DD 08/18/10	257,000	253,888
ALLY AUTO RECEIVABLES TRUST	0.910% 11/17/2014 DD 11/12/10	195,000	193,752
AMERICAN EXPRESS CR CORP MTN	5.875% 05/02/2013 DD 06/02/08	340,000	369,764
AMERICAN EXPRESS CR CORP MTN	7.300% 08/20/2013 DD 08/20/08	225,000	253,544
AMER EXPRESS CREDIT CO	5.125% 08/25/2014 DD 08/25/09	100,000	107,818
AMERICAN EXPRESS CO	7.250% 05/20/2014 DD 05/18/09	100,000	113,923
AMERICAN HONDA FIN CORP 144A	4.625% 04/02/2013 DD 04/02/08	150,000	159,798
AMERICAN HONDA FIN CORP 144A	6.700% 10/01/2013 DD 10/01/08	160,000	181,013
AMERICREDIT AUTOMOBILE RE 1 A2	3.150% 05/15/2012 DD 07/14/09	500,394	501,305
AMCAR 2010-1 A2	0.980% 01/15/2013 DD 02/12/10	95,265	95,300
AMERICREDIT AUTOMOBILE RE 1 A3	1.770% 03/17/2014 DD 02/12/10	220,000	221,243
ANADARKO PETE CORP SR NT	7.625% 03/15/2014 DD 03/05/09	120,000	134,525
AON CORP	3.500% 09/30/2015 DD 09/10/10	27,000	27,013
AUILA INC DEL NEW SR NT	11.875% 07/01/2012 DD 01/01/03	80,000	90,745
ARROW ELECTRS INC NT	6.875% 07/01/2013 DD 06/27/03	250,000	274,808
ATOMS ENERGY CORP SR NT	7.375% 05/15/2011 DD 05/22/01	260,000	265,889
ATMOS ENERGY CORP SR NT	4.950% 10/15/2014 DD 10/22/04	170,000	182,182
BAE SYS HLDGS INC GTD NT 144A	5.200% 08/15/2015 DD 07/25/05	60,000	63,988
BB&T CORPORATION	3.375% 09/25/2013 DD 09/25/09	525,000	549,806

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
BP CAPITAL MARKETS PLC	5.250% 11/07/2013 DD 11/07/08	275,000	297,828
BANK AMER AUTO 08-1 A-3-A 144A	4.970% 09/20/2012 DD 09/17/08	321,684	325,975
BAAT 2009-1A A4	3.520% 06/15/2016 DD 07/14/09	400,000	415,344
BAAT 2009-3A A4 144A	2.670% 12/15/2016 DD 11/10/09	1,300,000	1,336,985
BAAT 2010-1A A3	1.390% 03/17/2014 DD 01/28/10	230,000	231,286
BAAT 2010-1A A4	2.180% 02/15/2017 DD 01/28/10	260,000	264,589
BANK OF AMERICA AUTO TRUS 2 A3	1.310% 07/15/2014 DD 06/24/10	120,000	120,938
BANK OF NEW YORK MELLON CORP/T	4.950% 11/01/2012 DD 11/01/07	100,000	107,294
BANK OF NEW YORK MELLON CORP/T	4.300% 05/15/2014 DD 05/12/09	400,000	426,796
BANK OF NOVA SCOTIA	2.250% 01/22/2013 DD 01/22/10	130,000	132,367
BANK OF NOVA SCOTIA	1.650% 10/29/2015 DD 10/29/10	152,000	145,294
BK TOKYO-MITSUBISHI UFJ 144A	2.600% 01/22/2013 DD 01/22/10	107,000	109,244
BARCLAYS BANK PLC	5.200% 07/10/2014 DD 07/10/09	100,000	108,008
BARCLAYS BANK PLC	2.500% 01/23/2013 DD 11/23/09	300,000	304,872
BAXTER INTERNATIONAL INC	1.800% 03/15/2013 DD 03/09/10	55,000	55,866
BERKSHIRE HATHAWAY FIN	4.000% 04/15/2012 DD 04/02/09	375,000	389,996
BERKSHIRE HATHAWAY FIN	2.450% 12/15/2015 DD 12/15/10	133,000	132,183
BERKSHIRE HATHAWAY INC DEL NT	4.750% 05/15/2012 DD 05/18/05	297,000	312,741
BLACKROCK INC	3.500% 12/10/2014 DD 12/10/09	210,000	217,774
BOEING CO SR NT	5.000% 03/15/2014 DD 03/13/09	350,000	383,943
CME GROUP INC NT	5.750% 02/15/2014 DD 02/09/09	475,000	525,944
CNA FINL CORP NT	5.850% 12/15/2014 DD 12/15/04	135,000	142,433
CNH EQUIPMENT TRUST A A3	1.540% 03/25/2040 DD 03/25/10	445,000	448,600
CNH 2009-B A3	2.970% 03/15/2013 DD 05/12/09	348,404	349,913
CNH EQUIPMENT TRUST B A4	5.170% 10/15/2014 DD 05/12/09	650,000	683,345
CSX CORP NT	6.300% 03/15/2012 DD 03/08/02	125,000	132,628
CANADIAN NATL RY CO NT	4.400% 03/15/2013 DD 03/10/03	50,000	53,292
CAPITAL AUTO RECEIVABLES 3 A4	5.210% 03/17/2014 DD 09/27/07	438,100	447,896
CAPITAL AUTO REC 08-1 CL A-3A	3.860% 08/15/2012 DD 02/01/08	486,537	490,892
CAPITAL AUTO RECEIVABLES 2 A3A	4.680% 10/15/2012 DD 05/14/08	748,013	760,549
CAPITAL AUTO RECEIVABLES 2 A4	5.420% 12/15/2014 DD 05/14/08	445,000	471,073
CAPITAL ONE FINANCIAL CO	7.375% 05/23/2014 DD 05/22/09	100,000	113,793
CAPITAL ONE MULTI 06-2 A	4.850% 11/15/2013 DD 02/03/06	685,000	686,165
CAPITAL ONE MULTI-ASSET A6 A6	5.300% 02/18/2014 DD 04/25/06	325,000	329,466
CAPITAL ONE MULTI-ASSET A5 A5	4.850% 02/18/2014 DD 05/12/08	250,000	253,110
CAPITAL ONE MULTI-ASSET A2 A2	3.200% 04/15/2014 DD 06/16/09	150,000	151,755
CARGILL INC NT 144A	4.375% 06/01/2013 DD 05/16/03	120,000	127,949
CARMAX AUTO OWNER 09-1 CL A-3	4.120% 03/15/2013 DD 04/14/09	332,560	338,360
CARMAX AUTO OWNER TRUST 2 A3	1.740% 04/15/2014 DD 11/10/09	2,243,000	2,266,664
CATERPILLAR FINL MTN #TR00784	4.700% 03/15/2012 DD 03/11/05	80,000	83,536

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CATERPILLAR FINL SVCS CORP	4.250% 02/08/2013 DD 02/08/08	250,000	265,578
CENTERPOINT ENERGY RES SR NT	5.950% 01/15/2014 DD 11/03/03	140,000	152,372
CENTERPOINT ENERGY HOUSTON	7.000% 03/01/2014 DD 01/09/09	50,000	57,143
CHRYSLER FINANCIAL AUTO S B A2	1.150% 11/08/2011 DD 11/24/09	115,031	115,182
CHRYSLER FINANCIAL AUTO S A A3	2.820% 01/15/2016 DD 07/14/09	2,297,089	2,333,705
CHRYSLER FINANCIAL AUTO S A A3	1.100% 08/08/2013 DD 09/29/10	933,000	932,645
CISCO SYSTEMS INC	2.900% 11/17/2014 DD 11/17/09	71,000	73,647
CFAIT 2009-1 A3	2.590% 10/15/2013 DD 10/09/09	1,000,000	1,015,810
CITIGROUP INC GLOBAL SR NT	5.500% 04/11/2013 DD 04/11/08	1,075,000	1,144,692
CITIGROUP INC	6.000% 12/13/2013 DD 06/15/10	795,000	868,720
CITIBANK CREDIT CARD I A10 A10	4.750% 12/10/2015 DD 12/12/03	1,202,000	1,308,834
CITIBANK CREDIT CARD ISS A5 A5	4.850% 04/22/2015 DD 04/22/08	1,200,000	1,297,176
CITIGROUP FUNDING INC	2.125% 07/12/2012 DD 06/30/09	1,600,000	1,636,304
COCA-COLA ENTERPRISES INC	7.375% 03/03/2014 DD 11/03/08	110,000	128,230
COMCAST CABLE COMM INC SR NT	7.125% 06/15/2013 DD 06/04/01	100,000	112,204
COMCAST CORP	5.300% 01/15/2014 DD 05/15/03	150,000	163,404
CONOCOPHILLIPS AUSTRALIA FDG	5.500% 04/15/2013 DD 04/11/06	350,000	383,779
CREDIT SUISSE FIRST BOSTON N Y	5.000% 05/15/2013 DD 05/06/08	200,000	215,256
CREDIT SUISSE USA INC	5.125% 01/15/2014 DD 01/09/04	881,000	958,704
DAIMLERCHRYSLER NA HLDG CORP	7.300% 01/15/2012 DD 01/16/02	120,000	127,498
DAIMLER FINANCE NORTH AMERICA	6.500% 11/15/2013 DD 11/06/03	125,000	141,509
DEERE JOHN CAP CORP MTN	5.400% 10/17/2011 DD 10/17/06	400,000	416,112
DEERE JOHN CAP CORP MEDIUM	4.950% 12/17/2012 DD 12/17/07	80,000	86,290
JOHN DEERE CAPITAL CORP	4.900% 09/09/2013 DD 09/08/08	120,000	130,842
DELL INC NT	4.700% 04/15/2013 DD 10/15/08	85,000	91,244
DEUTSCHE BK AG GLOBAL MEDIUM	5.375% 10/12/2012 DD 10/12/07	500,000	537,365
DEUTSCHE BK AG GLOBAL MEDIUM	4.875% 05/20/2013 DD 05/20/08	100,000	107,223
DEUTSCHE BANK AG LONDON	3.875% 08/18/2014 DD 08/18/09	250,000	262,438
DEUTSCHE TELEKOM INTL FIN B V	5.875% 08/20/2013 DD 08/18/08	100,000	110,143
DIAGEO FIN BV GTD NT	5.500% 04/01/2013 DD 03/30/06	150,000	163,731
DISNEY WALT CO MTN #TR 00046	6.375% 03/01/2012 DD 02/28/02	200,000	212,998
DISCOVER CARD EXECUTION 08 A3	5.100% 10/15/2013 DD 04/30/08	900,000	911,916
DU PONT E I DE NEMOURS & CO NT	5.875% 01/15/2014 DD 12/12/08	38,000	42,358
DUKE CAP LLC SR NT	5.668% 08/15/2014 DD 08/19/04	75,000	82,673
DUKE ENERGY CORP SR NT	6.300% 02/01/2014 DD 01/26/09	165,000	183,785
ERAC USA FINANCE COMPANY 144A	2.750% 07/01/2013 DD 07/01/10	110,000	111,965
ELECTRONIC DATA SYS CORP NEW	VAR RT 08/01/2013 DD 06/30/03	375,000	417,990
EMERSON ELEC CO NT	5.000% 12/15/2014 DD 12/11/02	180,000	199,555
FHLMC POOL #G1-3647	6.000% 01/01/2024 DD 08/01/09	439,394	479,831
FHLMC POOL #G0-5467	6.000% 06/01/2034 DD 05/01/09	651,071	715,520

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FHLMC POOL #G1-1652	6.000% 01/01/2020 DD 01/01/05	536,441	583,466
FEDERAL HOME LN BK CONS BD	4.625% 08/15/2012 DD 09/06/02	500,000	532,590
FEDERAL HOME LN BK CONS BD	6.395% 06/03/2014 DD 06/03/99	700,000	817,495
FEDERAL HOME LN BK CONS BD	5.375% 06/14/2013 DD 05/08/06	710,000	786,339
FEDERAL HOME LN BK CONS BD	5.250% 09/13/2013 DD 08/07/06	525,000	583,611
FEDERAL HOME LN BK CONS BD	4.875% 12/13/2013 DD 11/16/06	4,140,000	4,581,283
FEDERAL HOME LN BK CONS BD	5.000% 03/09/2012 DD 02/05/07	2,500,000	2,633,900
FEDERAL HOME LN BK CONS BD	5.375% 06/13/2014 DD 06/11/07	1,000,000	1,133,860
FEDERAL HOME LN BK CONS BD	4.250% 06/14/2013 DD 06/02/08	7,000,000	7,562,730
FEDERAL HOME LN BK CONS BD	3.750% 06/14/2013 DD 05/06/08	3,000,000	3,200,490
FEDERAL HOME LN BK CONS BD	3.125% 12/13/2013 DD 12/04/08	5,550,000	5,854,973
FEDERAL HOME LN BK CONS BD	4.110% 09/27/2013 DD 08/29/08	3,000,000	3,246,360
FEDERAL HOME LN BK CONS BD	1.800% 05/04/2012 DD 05/04/09	1,500,000	1,526,235
FEDERAL HOME LN BK CONS BD	2.750% 12/12/2014 DD 11/04/09	5,000,000	5,232,100
FEDERAL HOME LN BK CONS BD	1.000% 12/28/2011 DD 11/16/09	2,500,000	2,514,750
FEDERAL FARM CR BK CONS BD	4.550% 03/28/2013 DD 03/28/03	345,000	373,535
FEDERAL FARM CR BK CONS BD	4.900% 03/06/2013 DD 03/06/07	226,000	246,035
FEDERAL HOME LN MTG CORP	5.125% 07/15/2012 DD 07/16/02	2,000,000	2,138,180
FNMA GTD REMIC P/T 94-43 PK	6.350% 02/25/2024 DD 03/01/94	375,000	419,123
FEDERAL NATL MTG ASSN	4.625% 10/15/2013 DD 09/26/03	1,500,000	1,646,475
FNMA GTD REMIC P/T	6.000% 07/25/2029 DD 06/01/99	444,678	489,911
FEDERAL NATL MTG ASSN	4.125% 05/28/2013 DD 05/28/08	1,000,000	1,076,510
FEDERAL HOME LN MTG CORP	4.750% 03/05/2012 DD 03/02/07	5,000,000	5,250,500
FEDERAL HOME LN MTG CORP	4.125% 09/27/2013 DD 08/20/08	750,000	812,723
FEDERAL HOME LN MTG CORP	2.125% 03/23/2012 DD 02/19/09	3,000,000	3,059,790
FEDERAL HOME LN MTG CORP	1.750% 06/15/2012 DD 05/21/09	3,000,000	3,052,800
FEDERAL HOME LN MTG CORP	1.750% 09/10/2015 DD 09/10/10	1,000,000	982,930
FNMA POOL #0254634	5.500% 02/01/2023 DD 01/01/03	453,414	490,948
FNMA POOL #0256045	5.000% 12/01/2025 DD 11/01/05	824,733	877,030
FNMA POOL #0257007	6.000% 12/01/2027 DD 11/01/07	966,590	1,051,205
FNMA POOL #0323732	6.500% 04/01/2014 DD 04/01/99	75,993	82,820
FNMA GTD REMIC P/T SER 02-5 PJ	6.000% 10/25/2021 DD 01/01/02	180,028	190,030
FNMA GTD REMIC P/T	6.000% 04/25/2017 DD 03/01/02	362,357	394,375
FNMA GTD REMIC P/T	5.000% 11/25/2032 DD 10/01/02	197,229	211,232
FNMA GTD REMIC P/T 02-93 CM	5.500% 10/25/2031 DD 12/01/02	369,660	387,060
FNMA GTD REMIC P/T 02-91 LC	5.000% 06/25/2022 DD 12/01/02	258,598	269,743
FNMA GTD REMIC P/T	3.500% 03/25/2033 DD 02/01/03	451,582	468,178
FHLMC MULTICLASS MTG	6.000% 03/15/2022 DD 05/01/02	1,090,475	1,169,283
FHLMC MULTICLASS MTG 2520 LL	5.500% 11/15/2022 DD 11/01/02	431,000	447,029
FNMA GTD REMIC P/T	4.500% 05/25/2033 DD 04/01/03	127,474	135,413

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FNMA GTD REMIC P/T 03-84 PG	5.000% 03/25/2032 DD 08/01/03	600,000	639,918
FNMA GTD REMIC P/T 03-86 OE	5.000% 03/25/2032 DD 08/01/03	385,000	408,135
FHLMC MULTICLASS MTG	5.000% 01/15/2018 DD 01/01/03	293,000	317,307
FHLMC MULTICLASS MTG 2575 DJ	5.000% 08/15/2022 DD 02/01/03	197,693	207,572
FHLMC MULTICLASS MTG 2564 HJ	5.000% 02/15/2018 DD 02/01/03	500,000	536,460
FHLMC MULTICLASS MTG 2574 PD	5.500% 07/15/2031 DD 02/01/03	252,386	258,839
FHLMC MULTICLASS MTG 2622 PE	4.500% 05/15/2018 DD 05/01/03	940,000	1,010,227
FHLMC MULTICLASS MTG	4.500% 05/15/2018 DD 05/01/03	870,000	905,766
FHLMC MULTICLASS MTG 2627 BM	4.500% 06/15/2018 DD 06/01/03	1,000,000	1,073,760
FHLMC MULTICLASS MTG	4.500% 05/15/2018 DD 05/01/03	920,000	984,915
FNMA GTD REMIC P/T 03-92 PE	4.500% 09/25/2018 DD 08/01/03	1,000,000	1,075,310
FNMA GTD REMIC P/T 03-119 ME	4.500% 04/25/2033 DD 11/01/03	218,026	230,551
FNMA GTD REMIC P/T	5.000% 08/25/2023 DD 12/01/03	1,200,000	1,289,772
FNMA GTD REMIC P/T 2005-16 PE	5.000% 03/25/2034 DD 02/01/05	672,000	709,928
FNMA GTD REMIC P/T 05-35 VB	5.000% 01/25/2021 DD 03/01/05	617,000	660,949
FNMA GTD REMIC P/T 05-48 AR	5.500% 02/25/2035 DD 05/01/05	169,052	185,325
FNMA GTD REMIC P/T 05-22 UC	5.500% 01/25/2031 DD 03/01/05	993,682	1,031,661
FNMA GTD REMIC P/T 05-64 PL	5.500% 07/25/2035 DD 06/01/05	855,537	943,058
FNMA GTD REMIC P/T 05-59 PB	5.500% 10/25/2028 DD 06/01/05	583,330	597,715
FNMA GTD REMIC P/T 2005-68 PG	5.500% 08/25/2035 DD 07/01/05	686,692	755,526
FNMA GTD REMIC P/T 2005-79 LA	5.500% 10/25/2035 DD 09/01/05	585,875	646,268
FNMA GTD REMIC P/T 2005-84 TK	5.250% 09/25/2035 DD 09/01/05	210,000	223,388
FNMA GTD REMIC P/T 05-91 DA	4.500% 10/25/2020 DD 09/01/05	324,934	343,527
FHLMC MULTICLASS MTG	4.500% 07/15/2018 DD 07/01/03	607,804	645,579
FHLMC MULTICLASS MTG 2655 QA	5.000% 02/15/2033 DD 08/01/03	216,784	230,173
FHLMC MULTICLASS CTFS 2656 BG	5.000% 10/15/2032 DD 08/01/03	400,000	429,644
FHLMC MULTICLASS MTG	5.000% 09/15/2018 DD 09/01/03	287,369	302,637
FHLMC MULTICLASS MTG	4.500% 11/15/2018 DD 11/01/03	800,000	863,448
FHLMC MULTICLASS MTG	4.000% 10/15/2018 DD 10/01/03	231,000	244,338
FHLMC MULTICLASS MTG 2719 WD	4.500% 08/15/2021 DD 12/01/03	227,498	232,674
FHLMC MULTICLASS MTG 2750 HE	5.000% 02/15/2019 DD 02/01/04	262,848	280,561
FHLMC MULTICLASS MTG	4.500% 02/15/2019 DD 02/01/04	555,000	597,746
FHLMC MULTICLASS MTG 2764 DE	4.500% 03/15/2019 DD 03/01/04	525,000	549,659
FNMA GTD REMIC P/T 05-101 ND	5.000% 06/25/2034 DD 10/01/05	160,000	170,885
FNMA GTD REMIC P/T 06-75 CM	6.500% 12/25/2033 DD 07/01/06	383,278	390,680
FHLMC MULTICLASS MTG	5.000% 06/15/2019 DD 06/01/04	539,573	574,602
FHLMC MULTICLASS MTG 2810 YA	5.500% 06/15/2034 DD 06/01/04	1,226,920	1,350,324
FHLMC MULTICLASS MTG	5.500% 03/15/2033 DD 07/01/04	685,000	741,067
FHLMC MULTICLASS MTG 2833 NB	4.500% 08/15/2019 DD 08/01/04	1,000,000	1,072,890
FHLMC MULTICLASS MTG	5.500% 07/15/2033 DD 09/01/04	1,255,000	1,384,629

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FHLMC MULTICLASS MTG	5.000% 05/15/2033 DD 11/01/04	310,000	330,488
FHLMC MULTICLASS MTG 2934 CI	5.000% 01/15/2034 DD 02/01/05	417,000	445,552
FNMA GTD REMIC P/T 06-59 DA	6.500% 12/25/2033 DD 06/01/06	208,652	214,110
FHLMC MULTICLASS CTFS 2958 QD	4.500% 04/15/2020 DD 04/01/05	760,000	820,572
FHLMC MULTICLASS MTG 3002 BN	3.000% 07/15/2035 DD 07/01/05	1,116,373	1,197,645
FHLMC MULTICLASS MTG	3.900% 01/15/2023 DD 07/01/05	745,000	779,881
FHLMC MULTICLASS CTFS 3018 MD	5.500% 01/15/2035 DD 08/01/05	448,000	493,329
FHLMC MULTICLASS MTG 3080 VB	5.000% 06/15/2025 DD 12/01/05	439,000	469,361
FHLMC MULTICLASS MTG 3095 UA	5.500% 06/15/2032 DD 01/01/06	193,920	199,309
FNMA GTD REMIC P/T 07-24 GA	5.500% 01/25/2034 DD 02/01/07	277,500	289,921
FHLMC MULTICLASS MTG 3153 JB	5.500% 01/15/2028 DD 05/01/06	121,624	122,504
FNMA GTD REMIC P/T 2007-27 MQ	5.500% 04/25/2027 DD 03/01/07	515,490	562,868
FNMA GTD REMIC P/T 07-59 AQ	5.750% 07/25/2035 DD 05/01/07	648,022	701,620
FNMA GTD REMIC P/T 07-95 A1	VAR RT 08/27/2036 DD 08/30/07	662,677	661,300
FNMA GTD REMIC P/T 08-14 VA	5.500% 08/25/2015 DD 02/01/08	364,955	398,151
FHLMC MULTICLASS MTG 3204 MA	5.500% 02/15/2034 DD 08/01/06	309,088	323,779
FHLMC MULTICLASS MTG 3211 PA	5.500% 11/15/2029 DD 09/01/06	624,665	641,799
FNMA GTD REMIC P/T 08-77 VA	6.000% 07/25/2019 DD 08/01/08	1,001,313	1,108,273
FHLMC MULTICLASS MTG 3461 BV	5.000% 06/15/2019 DD 06/01/08	695,327	744,278
FEDERAL NATL MTG ASSN	0.875% 01/12/2012 DD 12/04/09	6,000,000	6,026,040
FEDERAL NATL MTG ASSN	1.000% 04/04/2012 DD 03/02/10	1,700,000	1,711,152
FEDERAL NATL MTG ASSN	2.500% 05/15/2014 DD 05/15/09	1,000,000	1,037,510
FNMA GTD REMIC P/T 09-71 AJ	4.500% 02/25/2028 DD 08/01/09	396,350	413,358
FNMA GTD REMIC P/T 10-19 VB	5.000% 02/25/2021 DD 02/01/10	1,412,042	1,524,596
FNMA GTD REMIC P/T 10-64 DM	5.000% 06/25/2040 DD 05/01/10	1,701,494	1,793,443
FNMA GTD REMIC P/T 10-64 EH	5.000% 10/25/2035 DD 05/01/10	628,717	667,207
FNMA POOL #0725193	6.000% 11/01/2018 DD 01/01/04	264,338	287,755
FNMA POOL #0725680	6.500% 07/01/2017 DD 07/01/04	237,032	258,623
FNMA POOL #0735439	6.000% 09/01/2019 DD 03/01/05	318,275	346,471
FNMA POOL #0735503	6.000% 04/01/2035 DD 04/01/05	619,311	682,233
FNMA POOL #0735716	6.500% 02/01/2019 DD 07/01/05	660,604	720,778
FNMA POOL #0888233	5.000% 11/01/2035 DD 02/01/07	855,167	902,869
FNMA POOL #0888366	7.000% 04/01/2037 DD 04/01/07	440,590	498,950
FNMA POOL #0888601	5.500% 06/01/2020 DD 07/01/07	423,483	456,633
FNMA POOL #0AD0471	5.500% 01/01/2024 DD 11/01/09	754,659	812,323
FNMA POOL #0AE0081	6.000% 07/01/2024 DD 06/01/10	469,948	512,599
FORD CREDIT AUTO OWNER TR A A4	6.070% 05/15/2014 DD 03/25/09	1,400,000	1,512,252
FORD CREDIT AUTO OWNER T A A4A	5.470% 06/15/2012 DD 06/27/07	322,635	328,461
FORD CREDIT AUTO OWNER TR B A4	4.500% 07/15/2014 DD 06/09/09	1,440,000	1,529,899
GE CAPITAL CREDIT CARD MAS 2 A	3.690% 07/15/2015 DD 08/13/09	2,200,000	2,285,294

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GE CAPITAL CREDIT CARD MAS 4 A	3.800% 11/15/2017 DD 11/24/09	350,000	369,327
GEMNT 2010-3 A	2.210% 06/15/2013 DD 06/24/10	1,000,000	1,016,820
GNMA POOL #0782044	6.500% 12/15/2032 DD 01/01/06	558,060	638,678
GENERAL ELECTRIC CAPITAL CORP	6.000% 06/15/2012 DD 06/07/02	465,000	497,090
GENERAL ELEC CAP MTN #TR 00575	5.450% 01/15/2013 DD 12/06/02	2,400,000	2,580,960
GENERAL ELECTRIC CAPITAL CORP	5.900% 05/13/2014 DD 05/13/09	500,000	553,380
GENERAL ELC CAP CORP	2.250% 11/09/2015 DD 11/09/10	307,000	295,134
GENERAL MILLS INC	5.650% 09/10/2012 DD 08/29/07	125,000	134,553
GOLDMAN SACHS GROUP INC	3.700% 08/01/2015 DD 07/28/10	150,000	152,837
GOLDMAN SACHS GROUP INC SR NT	5.500% 11/15/2014 DD 11/15/02	1,500,000	1,622,175
GNMA GTD REMIC P/T 03-18 OA	5.000% 10/20/2031 DD 03/01/03	454,767	486,419
GNMA GTD REMIC P/T 03-15 PE	5.500% 02/20/2033 DD 02/01/03	552,491	606,132
GNMA GTD REMIC P/T 03-105 VH	4.500% 01/16/2028 DD 11/01/03	850,000	901,910
GNMA GTD REMIC P/T 04-42 AG	6.000% 03/20/2032 DD 06/01/04	137,232	145,595
GNMA GTD REMIC P/T 06-17 KY	5.000% 04/20/2036 DD 04/01/06	311,107	330,567
GNMA GTD REMIC P/T 2009-44 MV	6.000% 04/20/2020 DD 06/01/09	448,295	496,204
GNMA GTD REMIC P/T 08-51 PG	5.000% 06/20/2038 DD 06/01/08	593,422	630,137
GNMA GTD REMIC P/T 08-47 ME	5.000% 10/16/2037 DD 06/01/08	366,708	389,382
GNMA GTD REMIC P/T 08-49 PG	5.250% 11/20/2037 DD 06/01/08	305,146	326,176
HSBC HLDGS PLC SUB NT	5.250% 12/12/2012 DD 12/12/02	125,000	132,934
HARLEY-DAVIDSON MOTORCYCL 3 A3	1.740% 04/15/2017 DD 10/09/09	1,810,000	1,823,991
HARLEY-DAVIDSON MOTORCYCL 4 A3	1.870% 02/17/2014 DD 12/10/09	1,080,000	1,088,964
HEWLETT PACKARD CO GLOBAL NT	4.500% 03/01/2013 DD 03/03/08	125,000	133,795
HEWLETT PACKARD CO GLOBAL NT	6.125% 03/01/2014 DD 12/05/08	115,000	130,228
HOME DEPOT INC SR NT	5.250% 12/16/2013 DD 12/19/06	125,000	137,194
HAROT 2010-2 A3	1.340% 05/20/2013 DD 05/18/10	75,000	75,559
HONDA AUTO RECEIVABLES OW 2 A3	2.790% 07/15/2011 DD 05/12/09	697,478	705,290
HONEYWELL INTL INC SR NT	4.250% 03/01/2013 DD 02/29/08	150,000	160,424
HSBC FINANCE CORP	7.000% 05/15/2012 DD 05/22/02	951,000	1,020,366
HUNT 2009-1A A3	3.940% 06/17/2013 DD 03/25/09	455,111	462,061
HUNT 2009-1A A4	5.730% 01/15/2014 DD 03/25/09	1,350,000	1,428,840
HART 2009-A A3	2.030% 08/15/2013 DD 09/11/09	400,000	404,544
HYUNDAI AUTO RECEIVABLES A A4	3.150% 03/15/2016 DD 09/11/09	1,450,000	1,509,972
HYUNDAI AUTO RECEIVABLES B A3	0.970% 04/15/2015 DD 08/26/10	110,000	109,975
HYUNDAI AUTO RECEIVABLES B A4	1.630% 03/15/2017 DD 08/26/10	275,000	272,269
INTERNATIONAL BUSINESS MACHS	6.500% 10/15/2013 DD 10/15/08	300,000	341,904
INTUIT SR NT	5.400% 03/15/2012 DD 03/12/07	75,000	78,542
JACKSON NATL LIFE MTN 144A	5.375% 05/08/2013 DD 05/08/08	250,000	268,170
JOHNSON CTLS INC NT	4.875% 09/15/2013 DD 09/18/03	85,000	91,334
KRAFT FOODS INC NT	5.250% 10/01/2013 DD 09/25/03	130,000	142,116

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
KRAFT FOOD INC BD	6.000% 02/11/2013 DD 08/13/07	80,000	87,605
MMCA 2009-A A3	3.930% 03/15/2013 DD 05/12/09	949,855	968,149
MANITOBA (PROVINCE OF)	2.125% 04/22/2013 DD 01/21/10	10,000	10,224
MASSMUTUAL GLOBAL FUNDIN	3.625% 07/16/2012 DD 07/02/09	100,000	103,635
MCDONALDS CORP DEBS 8.875%	04/01/2011 DD 04/01/1991	150,000	153,036
MERCEDES-BENZ AUTO RECEIV 1 A3	1.670% 01/15/2014 DD 10/09/09	1,005,000	1,015,010
MERRILL AUTO TRUST SECUR 1 A4A	6.150% 04/15/2015 DD 07/25/08	185,000	191,876
MERRILL LYNCH & CO MTN TR00432	5.450% 07/15/2014 DD 07/19/04	1,500,000	1,577,010
MERRILL LYNCH & CO MTN TR00453	5.000% 01/15/2015 DD 11/22/04	200,000	208,258
MET LIFE GLOB FUNDING I	2.875% 09/17/2012 DD 09/17/09	500,000	512,465
MILLER BREWING CO GTD NT 144A	5.500% 08/15/2013 DD 08/13/03	245,000	265,923
MORGAN STANLEY GLOBAL NT	5.300% 03/01/2013 DD 02/26/03	1,250,000	1,332,025
MORGAN STANLEY	6.000% 05/13/2014 DD 05/13/09	100,000	108,048
NASDAQ OMX GROUP	4.000% 01/15/2015 DD 01/15/10	140,000	142,496
NEW YORK LIFE GLOBAL FDG	3.000% 05/04/2015 DD 05/04/10	260,000	265,398
NISOURCE FIN CORP SR NT	6.150% 03/01/2013 DD 02/19/03	210,000	229,089
NISSAN AUTO RECEIVABLES O 1 A3	5.000% 09/15/2014 DD 02/27/09	102,735	105,399
NISSAN AUTO REC 09-A CL A-4A	4.740% 08/17/2015 DD 03/25/09	800,000	847,816
NOMURA HOLDINGS INC	5.000% 03/04/2015 DD 03/04/10	150,000	156,389
NORTHERN STS PWR CO MINN SER B	8.000% 08/28/2012 DD 02/28/03	35,000	38,893
NORTHERN TR CORP NT	5.500% 08/15/2013 DD 08/13/08	320,000	354,230
OHIO PWR CO SR NT SER L	5.750% 09/01/2013 DD 09/09/08	250,000	273,815
ONCOR ELEC DELIVERY CO SR SECD	6.375% 01/15/2015 DD 07/15/03	50,000	56,700
ONTARIO (PROVINCE OF)	2.950% 02/05/2015 DD 02/05/10	500,000	516,727
ONTARIO (PROVINCE OF)	2.700% 06/16/2015 DD 06/16/10	260,000	264,690
ORACLE CORP NT	4.950% 04/15/2013 DD 04/09/08	140,000	152,516
PNC FUNDING CORP	3.625% 02/08/2015 DD 02/08/10	250,000	258,488
PPG INDS INC NT	5.750% 03/15/2013 DD 03/18/08	100,000	108,536
PSEG POWER LLC	2.500% 04/15/2013 DD 04/05/10	54,000	55,088
PACCAR FINANCIAL CORP	1.950% 12/17/2012 DD 12/16/09	50,000	50,916
PACCAR INC	6.375% 02/15/2012 DD 02/13/09	100,000	105,980
PACIFICORP 1ST MTG	4.950% 08/15/2014 DD 08/24/04	100,000	109,199
PEPSICO INC SR NT	3.750% 03/01/2014 DD 03/02/09	415,000	439,190
PITNEY BOWES INC GLOB #TR00019	4.875% 08/15/2014 DD 08/18/04	75,000	78,990
POTASH CORP-SASKATCHEWAN	3.750% 09/30/2015 DD 09/28/09	40,000	41,348
PRAXAIR INC	1.750% 11/15/2012 DD 11/16/09	275,000	278,594
PRINCIPAL LIFE INCOME FUNDINGS	5.300% 04/24/2013 DD 04/24/08	250,000	270,540
PUB SVC ELEC & GAS	2.700% 05/01/2015 DD 05/20/10	30,000	30,267
RIO TINTO FINANCE PLC	8.950% 05/01/2014 DD 04/17/09	255,000	308,734
SBC COMMN INC GLOBAL NT	5.875% 08/15/2012 DD 08/19/02	150,000	161,610

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
SANTANDER DRIVE AUTO RECE 3 A3	1.200% 06/16/2014 DD 11/24/10	130,000	130,017
CHARLES SCHWAB CORP	4.950% 06/01/2014 DD 06/05/09	120,000	130,492
SHELL INTL FIN B V GTD NT	4.000% 03/21/2014 DD 03/23/09	305,000	324,551
SHELL INTERNATIONAL FIN	1.875% 03/25/2013 DD 03/25/10	65,000	65,980
SIMON PROPERTY GROUP LP	4.200% 02/01/2015 DD 01/25/10	40,000	41,825
SOUTHERN CALIF GAS CO 1ST MTG	5.500% 03/15/2014 DD 11/21/08	270,000	297,497
STATE STREET CORP	4.300% 05/30/2014 DD 05/22/09	250,000	267,475
SUNTRUST BKS INC SR NT	5.250% 11/05/2012 DD 11/05/07	250,000	263,305
TARGET CORP NT	5.875% 03/01/2012 DD 03/11/02	100,000	105,302
TIME WARNER CABLE INC	3.500% 02/01/2015 DD 12/11/09	265,000	272,285
TOYOTA MTR CR CORP NT	5.450% 05/18/2011 DD 05/18/06	250,000	254,868
TRANSCANADA PIPELINES LTD NT	4.000% 06/15/2013 DD 06/12/03	250,000	264,975
UBS AG	3.875% 01/15/2015 DD 01/15/10	260,000	267,961
USAA AUTO OWNER TRUST 1 A4	4.770% 09/15/2014 DD 04/22/09	360,000	380,844
USAA AUTO OWNER TRUST 2 A3	1.540% 02/18/2014 DD 11/13/09	1,500,000	1,510,845
UNION PAC CORP NT	5.450% 01/31/2013 DD 08/24/07	150,000	162,024
US BANCORP	2.875% 11/20/2014 DD 11/20/09	580,000	593,421
U S TREASURY NOTE	2.750% 10/31/2013 DD 10/31/08	10,000,000	10,511,700
U S TREASURY NOTE	1.125% 01/15/2012 DD 01/15/09	2,000,000	2,016,020
U S TREASURY NOTE	1.375% 02/15/2012 DD 02/15/09	9,000,000	9,101,250
U S TREASURY NOTE	1.375% 05/15/2012 DD 05/15/09	2,500,000	2,533,200
U S TREASURY NOTE	2.625% 07/31/2014 DD 07/31/09	900,000	941,274
U S TREASURY NOTE	1.375% 09/15/2012 DD 09/15/09	4,000,000	4,057,960
U S TREASURY NOTE	2.375% 10/31/2014 DD 10/31/09	550,000	569,294
U S TREASURY NOTE	1.000% 09/30/2011 DD 09/30/09	3,760,000	3,780,266
U S TREASURY NOTE	1.125% 12/15/2012 DD 12/15/09	5,000,000	5,051,350
U S TREASURY NOTE	1.375% 01/15/2013 DD 01/15/10	7,000,000	7,106,610
U S TREASURY NOTE	0.875% 01/31/2012 DD 01/31/10	21,000,000	21,117,390
U S TREASURY NOTE	1.000% 12/31/2011 DD 12/31/09	13,000,000	13,084,760
U S TREASURY NOTE	0.750% 11/30/2011 DD 11/30/09	2,000,000	2,007,880
U S TREASURY NOTE	1.375% 02/15/2013 DD 02/15/10	2,500,000	2,537,700
U S TREASURY NOTE	1.250% 09/30/2015 DD 09/30/10	2,500,000	2,425,575
U S TREASURY NOTE	1.375% 11/30/2015 DD 11/30/10	4,400,000	4,275,920
VERIZON GLOBAL FUNDING CORP	6.875% 06/15/2012 DD 06/21/02	345,000	373,897
VERIZON GLOBAL FUNDING CORP	4.375% 06/01/2013 DD 06/05/03	880,000	940,738
VIRGINIA ELEC & PWR CO SR NT	5.100% 11/30/2012 DD 12/04/07	250,000	268,688
VOLKSWAGEN AUTO LOAN ENHA 1 A3	1.310% 01/20/2014 DD 01/28/10	800,000	804,240
VOLKSWAGEN AUTO LOAN ENHA 1 A4	2.140% 08/22/2016 DD 01/28/10	700,000	713,237
WACHOVIA CORP	5.500% 05/01/2013 DD 04/25/08	1,525,000	1,659,505
WACHOVIA AUTO LN 07-1 CL A-3A	5.290% 04/20/2012 DD 06/07/07	7,574	7,591

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
WAL-MART STORES INC NT	4.250% 04/15/2013 DD 04/15/08	500,000	537,180
WELLPOINT INC NT	5.000% 12/15/2014 DD 12/09/04	100,000	108,495
WELLS FARGO & COMPANY	3.750% 10/01/2014 DD 10/01/09	270,000	281,850
WISCONSIN ELEC PWR CO DEB	6.000% 04/01/2014 DD 10/01/08	55,000	61,716
WORLD OMNI AUTO RECEIVAB B A3A	5.130% 04/15/2013 DD 07/30/08	91,483	92,874
WORLD OMNI AUTO RECEIVABL B A4	5.580% 04/15/2014 DD 07/30/08	1,360,000	1,438,132
WORLD OMNI AUTO RECEIVABL A A4	2.210% 05/15/2015 DD 01/28/10	395,000	403,208
WORLD OMNI AUTO RECEIVABL A A4	5.120% 05/15/2014 DD 04/14/09	500,000	531,400
XEROX CORP	5.500% 05/15/2012 DD 05/17/07	75,000	79,216
XEROX CORP SR NT	5.650% 05/15/2013 DD 04/28/08	55,000	59,612
XEROX CORPORATION	4.250% 02/15/2015 DD 12/04/09	115,000	120,331
TOTAL JP MORGAN ASSET MANAGEMENT			**309,034,912**
MANAGED BY STANDISH MELLON ASSET MGMT			
DREYFUS TREAS & AGENCY CASH	VAR RT 12/31/2049 DD 04/09/97	2,766,532	2,766,532
AT & T INC GLOBAL NT	4.950% 01/15/2013 DD 12/06/07	1,900,000	2,036,553
ACE INA HLDG INC GTD SR NT	5.600% 05/15/2015 DD 05/19/08	625,000	688,694
ALLYA 2009-A A3	2.330% 06/17/2013 DD 09/11/09	2,850,000	2,895,600
ALLY AUTO RECEIVABLES TRU 1 A2	0.750% 04/15/2012 DD 03/25/10	2,205,129	2,206,585
AMERICAN EXPRESS CR CORP MTN	7.300% 08/20/2013 DD 08/20/08	1,250,000	1,408,575
AMCAR 2010-1 A2	0.980% 01/15/2013 DD 02/12/10	889,139	889,468
ANHEUSER-BUSCH INBEV WORLDWIDE	2.500% 03/26/2013 DD 03/29/10	1,012,000	1,035,590
AON CORP	3.500% 09/30/2015 DD 09/10/10	495,000	495,243
APPALACHIAN POWER CO	3.400% 05/24/2015 DD 05/24/10	515,000	526,994
AVALONBAY COMMUNITIES INC	6.125% 11/01/2012 DD 11/05/02	1,318,000	1,422,148
BAAT 2009-1A A3	2.670% 07/15/2013 DD 07/14/09	2,524,544	2,551,506
BARCLAYS BANK PLC	2.500% 01/23/2013 DD 11/23/09	1,000,000	1,016,240
BERKSHIRE HATHAWAY INC	2.125% 02/11/2013 DD 02/11/10	2,700,000	2,757,564
CHN EQUIPMENT TRUST C A2	0.830% 04/15/2013 DD 11/17/10	1,430,000	1,430,672
CARMAX AUTO OWNER TRUST 1 A2	0.830% 11/15/2012 DD 02/19/10	1,152,642	1,153,461
CATERPILLAR FINL SVCS CORP MTN	6.200% 09/30/2013 DD 09/26/08	1,200,000	1,347,216
CHRYSLER FINANCIAL AUTO S A A3	2.820% 01/15/2016 DD 07/14/09	2,650,488	2,692,736
CITIGROUP INC GLOBAL SR NT	6.500% 08/19/2013 DD 08/19/08	2,500,000	2,745,150
COCA-COLA ENTERPRISES	1.125% 11/12/2013 DD 11/12/10	1,550,000	1,534,888
COMCAST CORP	5.300% 01/15/2014 DD 05/15/03	1,225,000	1,334,466
CREDIT SUISSE FIRST BOSTON N Y	5.000% 05/15/2013 DD 05/06/08	1,300,000	1,399,164
JOHN DEERE CAPITAL CORP	5.100% 01/15/2013 DD 01/10/03	1,300,000	1,403,675
DIRECTV HOLDINGS LLC	3.550% 03/15/2015 DD 03/11/10	650,000	660,348
DISCOVERY COMMUNICATIONS	3.700% 06/01/2015 DD 06/03/10	725,000	750,622
DOMINION RESOURCES INC	2.250% 09/01/2015 DD 09/02/10	1,350,000	1,330,493

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
DOW CHEM CO NT	6.000% 10/01/2012 DD 08/29/02	1,000,000	1,077,330
EI DU PONT DE NEMOURS & CO	4.750% 03/15/2015 DD 02/20/09	625,000	683,481
EI DU PONT DE NEMOURS & CO	1.950% 01/15/2016 DD 09/23/10	925,000	894,901
ERAC USA FINANCE COMPANY 144A	2.750% 07/01/2013 DD 07/01/10	355,000	361,340
FHLMC POOL #J1-0606	4.500% 08/01/2019 DD 08/01/09	2,454,715	2,591,246
FEDERAL HOME LN MTG CORP	1.250% 01/26/2012 DD 01/26/10	8,000,000	8,003,520
FHLMC POOL #A9-0390	5.000% 12/01/2039 DD 12/01/09	1,883,065	1,987,896
FHLMC POOL #A9-0559	5.000% 01/01/2040 DD 01/01/10	3,298,270	3,510,745
FHLMC POOL #A9-0878	5.000% 02/01/2040 DD 01/01/10	2,596,326	2,753,845
FEDERAL HOME LN BK CONS BD	4.500% 09/16/2013 DD 09/22/03	8,000,000	8,735,680
FEDERAL NATL MTG ASSN	6.125% 03/15/2012 DD 03/26/02	12,000,000	12,804,960
FEDERAL NATL MTG ASSN	5.000% 02/16/2012 DD 02/15/07	12,500,000	13,129,000
FEDERAL HOME LN MTG CORP	3.000% 07/28/2014 DD 06/19/09	7,000,000	7,368,760
FEDERAL HOME LN MTG CORP	2.125% 09/21/2012 DD 08/06/09	13,300,000	13,640,480
FEDERAL NATL MTG ASSN	1.750% 12/28/2012 DD 12/28/09	8,000,000	8,052,517
FEDERAL NATL MTG ASSN	1.750% 02/22/2013 DD 01/15/10	5,500,000	5,616,105
FEDERAL NATL MTG ASSN	2.875% 12/11/2013 DD 12/11/08	13,000,000	13,665,860
FEDERAL NATL MTG ASSN	2.625% 11/20/2014 DD 10/26/09	5,500,000	5,709,110
FNMA POOL #0725594	5.500% 07/01/2034 DD 06/01/04	1,840,201	1,980,682
FNMA POOL #0842300	6.000% 09/01/2035 DD 09/01/05	1,933,272	2,111,423
FNMA POOL #0905896	5.500% 12/01/2036 DD 12/01/06	1,923,124	2,062,108
FNMA POOL #0932260	5.000% 12/01/2039 DD 11/01/09	2,105,367	2,217,562
FNMA POOL #0937932	5.500% 06/01/2037 DD 06/01/07	1,009,130	1,091,525
FNMA POOL #0AA5783	6.000% 04/01/2039 DD 04/01/09	1,012,938	1,101,611
FNMA POOL #0AC6664	6.000% 12/01/2039 DD 12/01/09	2,297,436	2,517,208
FNMA POOL #0AC6776	5.500% 12/01/2039 DD 12/01/09	2,227,669	2,384,497
FNMA POOL #0AC7000	5.000% 01/01/2025 DD 12/01/09	2,021,981	2,173,953
FNMA POOL #0AC7317	5.500% 12/01/2039 DD 12/01/09	2,243,222	2,415,188
FNMA POOL #0AC7601	6.000% 11/01/2039 DD 11/01/09	1,107,360	1,204,298
FNMA POOL #0AC8588	4.500% 01/01/2020 DD 01/01/10	3,031,072	3,192,083
FNMA POOL #0AC8870	5.000% 12/01/2024 DD 12/01/09	596,049	632,652
FNMA POOL #0AC9561	5.000% 01/01/2025 DD 01/01/10	2,060,972	2,210,722
FNMA POOL #0MA0070	4.000% 05/01/2019 DD 04/01/09	1,077,096	1,127,084
FNMA POOL #0MA0274	5.500% 11/01/2039 DD 11/01/09	1,482,313	1,586,667
FNMA POOL #0MA0323	4.500% 02/01/2020 DD 01/01/10	3,431,647	3,613,936
FNMA POOL #0MA0358	4.500% 03/01/2020 DD 02/01/10	1,812,946	1,909,250
FNMA POOL #0MA0465	4.500% 06/01/2020 DD 05/01/10	1,110,332	1,169,313
FNMA POOL #0MA0548	3.500% 10/01/2020 DD 09/01/10	5,309,558	5,500,384
FNMA POOL #0MA0577	3.500% 11/01/2020 DD 10/01/10	5,689,309	5,893,782
FNMA POOL #0MA0630	4.000% 01/01/2021 DD 12/01/10	6,000,000	6,278,460

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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
FNMA POOL #0AD1919	4.500% 01/01/2025 DD 01/01/10	2,323,937	2,466,278
FNMA POOL #0AE1359	4.500% 09/01/2040 DD 09/01/10	4,361,692	4,494,855
FNMA POOL #0AE6472	4.500% 10/01/2040 DD 10/01/10	1,647,631	1,697,933
GE EQUIPMENT MIDTICKET 1-A3	0.940% 07/14/2014 DD 09/29/10	1,050,000	1,047,848
GENERAL ELEC CAP MTN #TR00698	4.250% 06/15/2012 DD 06/06/05	2,600,000	2,703,896
GENERAL ELC CAP CORP	2.250% 11/09/2015 DD 11/09/10	800,000	769,080
GEORGIA POWER COMPANY	1.300% 09/15/2013 DD 09/23/10	1,025,000	1,026,486
HEWLETT-PACKARD CO	2.200% 12/01/2015 DD 12/02/10	775,000	763,267
HAROT 2010-1 A2	0.620% 02/21/2012 DD 02/24/10	2,952,383	2,953,770
HONDA AUTO RECEIVABLES OW 3 A3	0.700% 04/21/2014 DD 10/28/10	1,775,000	1,768,202
HYUNDAI AUTO RECEIVABLES A A4	5.210% 03/17/2014 DD 09/28/07	3,634,396	3,742,119
HYUNDAI AUTO RECEIVABLES TRUST	0.570% 03/15/2013 DD 08/26/10	1,635,000	1,635,491
INTERNATIONAL BUSINESS MACHINE	2.000% 01/05/2016 DD 12/09/10	1,550,000	1,515,559
KINDER MORGAN ENERGY PARTNERS	7.125% 03/15/2012 DD 03/14/02	1,200,000	1,280,148
KRAFT FOODS INC	2.625% 05/08/2013 DD 02/08/10	725,000	745,605
KROGER CO/THE	7.500% 01/15/2014 DD 11/25/08	800,000	922,360
LOWES COMPANIES LOW	2.125% 04/15/2016 DD 11/22/10	1,575,000	1,540,287
MARATHON GLOBAL FDG CORP GTD	6.000% 07/01/2012 DD 06/21/02	1,450,000	1,549,311
MEDCO HEALTH SOLUTIONS I	2.750% 09/15/2015 DD 09/10/10	335,000	332,367
MERRILL LYNCH & CO INC MEDIUM	5.450% 02/05/2013 DD 02/05/08	1,618,000	1,706,650
METROPOLITAN LIFE GLOBAL 144A	5.125% 04/10/2013 DD 04/10/08	1,500,000	1,615,080
MORGAN STANLEY	4.100% 01/26/2015 DD 01/26/10	1,375,000	1,394,965
NBC UNIVERSAL 144A	2.100% 04/01/2014 DD 10/04/10	1,000,000	997,040
NISSAN AUTO RECEIVABLES O B A4	5.160% 03/17/2014 DD 10/17/07	2,605,721	2,674,668
NISSAN AUTO REC 08-C CL A-3A	5.930% 07/16/2012 DD 12/11/08	1,276,105	1,292,120
NORTHROP GRUMMAN CORP	1.850% 11/15/2015 DD 11/08/10	800,000	767,048
NOVARTIS CAPITAL CORP	1.900% 04/24/2013 DD 03/16/10	1,350,000	1,371,546
ONTARIO PROV CDA BD	4.375% 02/15/2013 DD 02/07/03	1,250,000	1,336,138
PNC FUNDING CORP	3.625% 02/08/2015 DD 02/08/10	700,000	723,765
PSEG POWER LLC	2.500% 04/15/2013 DD 04/05/10	800,000	816,120
PEPCO HOLDINGS INC	2.700% 10/01/2015 DD 10/01/10	460,000	448,348
PLAINS ALL AMER PIPLINE	4.250% 09/01/2012 DD 07/23/09	1,300,000	1,355,640
PRINCIPAL FINANCIAL GROUP INC	7.875% 05/15/2014 DD 05/21/09	1,225,000	1,411,274
PROCTER & GAMBLE CO/THE	1.375% 08/01/2012 DD 02/08/10	1,300,000	1,314,443
PRUDENTIAL FINANCIAL INC	2.750% 01/14/2013 DD 01/14/10	1,350,000	1,374,638
RIO TINTO FINANCE PLC	8.950% 05/01/2014 DD 04/17/09	630,000	762,754
ROYAL BK OF SCOTLAND PLC	3.400% 08/23/2013 DD 08/24/10	700,000	707,112
SANTANDER US DEBT SA UNI 144A	2.485% 01/18/2013 DD 01/19/10	700,000	677,397
SHELL INTERNATIONAL FIN	1.875% 03/25/2013 DD 03/25/10	1,215,000	1,233,322
SIMON PROPERTY GROUP LP	4.200% 02/01/2015 DD 01/25/10	1,365,000	1,427,285

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
TELECOM ITALIA CAP GTD SR NT B	5.250% 11/15/2013 DD 05/15/04	1,300,000	1,354,353
TELEFONICA EMISIONES SAU	2.582% 04/26/2013 DD 04/26/10	800,000	800,648
TIME WARNER CABLE INC NT	8.250% 02/14/2014 DD 11/18/08	1,700,000	1,973,292
UBS AG STAMFORD CT	VAR RT 02/23/2012 DD 02/23/10	675,000	680,697
US BANCORP	2.450% 07/27/2015 DD 07/27/10	1,295,000	1,286,686
US BANCORP	1.125% 10/30/2013 DD 11/02/10	475,000	468,818
U S TREASURY NOTE	1.500% 12/31/2013 DD 12/31/08	13,025,000	13,212,300
U S TREASURY NOTE	1.000% 12/31/2011 DD 12/31/09	13,500,000	13,588,020
VENTAS REALTY LP/CAP CRP	3.125% 11/30/2015 DD 11/16/10	620,000	597,364
VERZION COMMUNICATIONS INC	4.350% 02/15/2013 DD 02/12/08	1,500,000	1,595,115
WEA FIN LLC / WCI FIN LLC 144A	5.400% 10/01/2012 DD 09/28/06	650,000	689,078
WAL-MART STORES INC	3.200% 05/15/2014 DD 05/21/09	3,525,000	3,686,903
WELLS FARGO & COMPANY	3.750% 10/01/2014 DD 10/01/09	2,700,000	2,818,503
WORLD OMNI AUTO RECEIVABLES TR	0.700% 06/15/2012 DD 01/28/10	1,416,653	1,417,205
XEROX CORP	5.500% 05/15/2012 DD 05/17/07	1,250,000	1,320,263
TOTAL STANDISH MELLON ASSET MANAGEMENT			**309,292,800**
MANAGED BY FEDERATED INVESTMENT COUNSELING			
U S TREASURY BILL	0.000% 06/30/2011 DD 07/01/10	7,000,000	6,980,944
DREYFUS TREAS & AGENCY CASH	VAR RT 12/31/2049 DD 04/09/97	5,068,126	5,068,126
ALLY AUTO RECEIVABLES TRU 1 A2	0.750% 04/15/2012 DD 03/25/10	848,127	848,686
AMERICAN EXPRESS BK FSB MTN	VAR RT 06/12/2017 DD 06/12/07	1,000,000	910,610
AMERICAN EXPRESS CREDIT AC 8 B	VAR RT 05/15/2015 DD 10/15/07	145,000	145,186
AMERICREDIT AUTOMOBILE RE A A2	1.460% 01/06/2012 DD 03/31/10	633,206	636,587
BANK AMER CORP MTN SER L	2.100% 04/30/2012 DD 01/30/09	500,000	510,380
BANK AMER NA MTN #TR00205	VAR RT 06/15/2016 DD 06/26/06	500,000	446,255
BANK AMER N A CHARLOTTE N C ME	VAR RT 06/15/2017 DD 06/19/07	400,000	347,184
BEAR STEARNS COS LLC	VAR RT 08/10/2012 DD 08/10/07	1,500,000	1,529,235
CME GROUP INDEX SERVICES 144A	4.400% 03/15/2018 DD 03/18/10	250,000	251,605
CNA FINL CORP	6.000% 08/15/2011 DD 08/08/06	500,000	513,220
CNH 2010-B A2	0.670% 01/15/2013 DD 08/12/10	1,000,000	1,000,630
CVS CORP SR NT	5.750% 08/15/2011 DD 08/15/06	500,000	515,505
CAPITAL ONE FINL CORP SR NT	5.700% 09/15/2011 DD 09/12/06	1,000,000	1,032,310
CAPITAL ONE MULTI-ASSET A12 A	VAR RT 07/15/2016 DD 10/05/06	700,000	692,167
CENTURYTEL INC SR NT	7.875% 08/15/2012 DD 02/15/03	500,000	540,770
CITIGROUP INC SUB NT	VAR RT 06/09/2016 DD 06/09/06	1,000,000	892,330
CITIBANK CREDIT CARD ISS B5 B5	VAR RT 11/07/2014 DD 10/31/07	1,000,000	995,730
CITIBANK OMNI MASTER TRU A8 A8	VAR RT 05/15/2016 DD 06/09/09	1,000,000	1,012,390
CITIGROUP FUNDING INC	1.875% 10/22/2012 DD 09/22/09	1,500,000	1,530,045
CITIBANK NA	1.750% 12/28/2012 DD 10/27/09	500,000	510,115

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
CONOCOPHILLIPS	4.600% 01/15/2015 DD 05/21/09	500,000	544,970
COX COMMUNICATIONS INC NEW NT	7.125% 10/01/2012 DD 09/20/02	500,000	548,360
DAIMLERCHRYSLER NA HLDG CORP	7.300% 01/15/2012 DD 01/16/02	1,000,000	1,062,480
DIAGEO CAPITAL PLC NT	5.125% 01/30/2012 DD 09/28/06	500,000	522,300
DISCOVERY COMMUNICATIONS	5.050% 06/01/2020 DD 06/03/10	500,000	528,730
ENTERPRISE PRODUCTS OPER	4.600% 08/01/2012 DD 06/10/09	750,000	787,155
FHLMC POOL #G0-3806	5.000% 01/01/2038 DD 01/01/08	1,598,861	1,679,876
FHLMC POOL #G0-5407	5.500% 08/01/2038 DD 04/01/09	1,522,286	1,623,670
FHLMC POOL #G0-5766	5.000% 01/01/2040 DD 12/01/09	4,159,895	4,365,477
FHLMC POOL #J0-8525	5.500% 08/01/2023 DD 08/01/08	492,310	527,924
FHLMC POOL #J1-1269	4.500% 12/01/2024 DD 11/01/09	1,683,063	1,758,801
FHLMC POOL #A9-3746	4.000% 09/01/2040 DD 09/01/10	1,987,025	1,974,645
FHLMC POOL #A9-5404	4.000% 12/01/2040 DD 11/01/10	3,995,306	3,970,415
FEDERAL FARM CR BK CONS BD	1.750% 02/21/2013 DD 01/15/10	3,000,000	3,061,343
FEDERAL HOME LN MTG CORP	6.750% 03/15/2031 DD 10/25/00	500,000	640,225
FEDERAL HOME LN MTG CORP	4.125% 12/21/2012 DD 12/17/07	3,000,000	3,197,580
FNMA POOL #0257043	6.000% 01/01/2038 DD 12/01/07	1,003,021	1,091,458
FEDERAL NATL MTG ASSN	1.750% 02/22/2013 DD 01/15/10	5,000,000	5,105,550
FEDERAL NATL MTG ASSN	2.375% 07/28/2015 DD 06/14/10	1,000,000	1,014,140
FNMA POOL #0973561	5.000% 03/01/2023 DD 02/01/08	598,327	635,070
FRANKLIN RESOURCES INC	4.625% 05/20/2020 DD 05/20/10	400,000	415,700
ALLY FINANCIAL INC	2.200% 12/19/2012 DD 06/08/09	500,000	514,265
GNMA POOL #0724257	5.500% 09/15/2039 DD 09/01/09	294,414	318,471
GNMA POOL #0698207	5.000% 06/15/2039 DD 06/01/09	370,043	393,670
GENERAL ELEC CAP CORP NTS	VAR RT 08/15/2036 DD 08/15/06	500,000	378,085
GENERAL ELEC CAP CORP MTN	VAR RT 05/11/2016 DD 05/11/07	490,000	460,796
GENERAL ELECTRIC CAPITAL CORP	2.125% 12/21/2012 DD 05/12/09	1,500,000	1,541,160
GENERAL ELECTRIC CAPITAL CORP	2.625% 12/28/2012 DD 06/18/09	500,000	518,595
GOLDMAN SACHS GRP MTN #TR00222	VAR RT 07/22/2015 DD 07/22/05	500,000	479,065
GOLDMAN SACHS GROUP INC NT	VAR RT 09/29/2014 DD 09/29/04	995,000	973,339
GOLDMAN SACHS GROUP INC FDIC	3.250% 06/15/2012 DD 12/01/08	1,000,000	1,038,090
GALC 2009-1 A3	2.540% 03/12/2013 DD 11/10/09	1,000,000	1,009,080
GALC 2009-1 A4 144A	3.190% 12/15/2013 DD 11/10/09	1,000,000	1,024,150
HSBC FIN CORP GLOBAL NT	VAR RT 06/01/2016 DD 05/30/06	500,000	460,230
HASBRO INC	6.125% 05/15/2014 DD 05/13/09	500,000	542,285
JOHNSON CTLS INC NT	5.250% 01/15/2011 DD 01/17/06	500,000	500,580
JPMORGAN CHASE & CO FDIC GTD	2.125% 12/26/2012 DD 04/06/09	500,000	513,770
KINDER MORGAN ENERGY L P NT	6.750% 03/15/2011 DD 03/12/01	500,000	505,550
KRAFT FOODS INC	5.625% 11/01/2011 DD 11/02/01	500,000	519,445
METLIFE INC	6.125% 12/01/2011 DD 11/27/01	500,000	524,410

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
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SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
MIDAMERICAN ENERGY HLDGS	3.150% 07/15/2012 DD 07/07/09	500,000	514,960
MORGAN STANLEY	5.625% 01/09/2012 DD 08/09/06	350,000	365,449
MORGAN STANLEY SR MTN SER F	VAR RT 10/18/2016 DD 10/18/06	750,000	692,685
MORGAN STANLEY FDIC TLGP GTD	2.250% 03/13/2012 DD 03/13/09	500,000	509,900
NATIONAL CITY BK MTN #TR00006	VAR RT 12/15/2016 DD 12/12/06	500,000	453,755
NATIONAL CITY BK CLEVELAND OH	VAR RT 06/07/2017 DD 06/07/07	1,500,000	1,351,875
PFSFC 2010-CA A	VAR RT 02/15/2014 DD 03/11/10	1,000,000	1,000,000
PROLOGIS NT	5.500% 04/01/2012 DD 03/27/06	500,000	516,120
PRUDENTIAL FINANCIAL INC	3.625% 09/17/2012 DD 09/15/09	1,000,000	1,037,810
REPUBLIC SVCS INC NT	6.750% 08/15/2011 DD 08/15/01	300,000	309,693
SIMON PPTY GROUP LP NT	5.600% 09/01/2011 DD 08/29/06	750,000	762,038
STATE STR CORP FDIC GTD TLGP	2.150% 04/30/2012 DD 03/06/09	500,000	510,445
TANGER PPTYS LTD PARTNERSHIP	6.150% 11/15/2015 DD 11/04/05	600,000	650,934
TELECOM ITALIA CAP GTD SR NT B	5.250% 11/15/2013 DD 05/15/04	750,000	781,358
TIME WARNER CABLE INC NT	5.400% 07/02/2012 DD 07/02/07	750,000	796,223
U S TREASURY BONDS	3.875% 08/15/2040 DD 08/15/10	1,200,000	1,105,308
US TREAS-CPI INFLAT	2.375% 04/15/2011 DD 04/15/06	3,856,475	3,890,836
U S TREASURY NOTE	4.500% 04/30/2012 DD 04/30/07	7,000,000	7,385,280
U S TREASURY NOTE	2.625% 12/31/2014 DD 12/31/09	3,000,000	3,128,190
U S TREASURY NOTE	1.375% 01/15/2013 DD 01/15/10	10,000,000	10,152,300
U S TREASURY NOTE	1.000% 12/31/2011 DD 12/31/09	5,000,000	5,032,600
U S TREASURY NOTE	0.750% 05/31/2012 DD 05/31/10	2,000,000	2,009,540
U S TREASURY NOTE	1.125% 06/15/2013 DD 06/15/10	1,200,000	1,209,840
US TREAS-CPI INFLAT	1.250% 07/15/2020 DD 07/15/10	1,002,830	1,026,808
U S TREASURY NOTE	0.625% 06/30/2012 DD 06/30/10	4,500,000	4,513,365
U S TREASURY NOTE	1.875% 09/30/2017 DD 09/30/10	1,500,000	1,428,405
U S TREASURY NOTE	0.375% 10/31/2012 DD 10/31/10	10,000,000	9,969,500
U S TREASURY NOTE	1.375% 11/30/2015 DD 11/30/10	4,000,000	3,887,200
UNITEDHEALTH GROUP INC SR NT	4.875% 02/15/2013 DD 02/07/08	500,000	532,320
VALERO ENERGY CORP NT	6.875% 04/15/2012 DD 04/15/02	750,000	798,135
VERIZON GLOBAL FUNDING CORP	7.375% 09/01/2012 DD 08/26/02	750,000	828,060
VODAFONE GROUP PLC NEW NT	5.500% 06/15/2011 DD 03/16/06	500,000	510,885
VOLKSWAGEN AUTO LEASE TRU A A2	0.690% 11/22/2013 DD 11/04/10	600,000	600,198
WELLS FARGO & CO NEW SR NT	VAR RT 10/28/2015 DD 10/28/05	2,000,000	1,929,360
WHIRLPOOL CORP	8.000% 05/01/2012 DD 05/04/09	750,000	808,215
XTO ENERGY INC SR NT	5.900% 08/01/2012 DD 07/19/07	500,000	541,025
TOTAL FEDERATED INVESTMENT COUNSELING			**145,721,529**
MANAGED BY BNY MELLON CIS			
AMERICAN HONDA FN DISC	01/18/2011	900,000	899,305

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
AMSTERDAM FDG DISC	02/03/2011	750,000	749,664
ANTALIS US FDG CP DISC	02/08/2011	350,000	349,717
ATLANTIC ASSET DISC	01/07/2011	900,000	899,335
AUTOBAHN FDG CO DISC	01/07/2011	425,000	424,897
BNP PARIBAS FIN DISC	02/08/2011	1,000,000	998,924
BPCE DISC	02/22/2011	750,000	749,419
BANK MONTREAL CHI BRH INSTL CD	VAR RT 10/27/2011 DD 10/27/10	300,000	300,000
BARTON CAP CORP DISC	01/07/2011	1,000,000	998,924
CRC FDG LLC DISC	04/13/2011	1,200,000	1,197,888
CHARTA LLC DISC	02/08/2011	1,000,000	998,799
CREDIT AGRICOLE CORP INSTL C/D	0.510% 08/09/2011 DD 11/10/10	300,000	300,000
CROWN POINT CAP DISC	01/10/2011	750,000	749,767
DNB NOR BANK DISC	01/25/2011	1,000,000	999,104
DANSKE CORP DISC	01/05/2011	800,000	799,790
FCAR OWNER TR I DISC	06/01/2011	750,000	748,303
FALCON ASSET SEC DISC	01/18/2011	650,000	649,857
GOVCO LLC DISC	01/12/2011	1,000,000	999,783
HANNOVER FDG CO DISCANY LLC	01/24/2011	975,000	974,703
ING (US) FUNDING DISC	02/23/2011	200,000	199,788
LMA SA & LMA AMER DISC	01/20/2011	800,000	799,790
LLOYDS BK PLC DISC	02/22/2011	850,000	849,448
MONT BLANC CAP DISC	01/19/2011	525,000	524,748
NATIONWIDE BLDG DISC	01/28/2011	1,000,000	998,765
NIEUW AMSTERDAM DISC	01/12/2011	1,000,000	999,203
OLD LINE FDG CORP DISC	03/25/2011	1,100,000	1,099,181
REGENCY MRKTS #1 DISC	01/18/2011	1,300,000	1,299,706
SKANDINAVISKA ENS DISC	01/11/2011	1,000,000	999,074
THAMES ASSET #1 DISC	01/12/2011	900,000	899,604
WINDMILL FDG CORP DISC	01/19/2011	1,200,000	1,198,640
DEXIA BANK TD	0.230% 01/03/2011 DD 12/31/10	2,278,500	2,278,500
BZW CAT 2 REPO	0.270% 01/03/2011 DD 12/31/10	3,968,719	3,968,719
GREENWH CAT 2 REPO	0.250% 01/03/2011 DD 12/31/10	3,067,565	3,067,565
SALI CAT 2 REPO	0.300% 01/03/2011 DD 12/31/10	898,158	898,158
SALI CAT 2 REPO	0.350% 01/03/2011 DD 12/31/10	527,330	527,330
SALI CAT 2 REPO	0.220% 01/03/2011 DD 12/31/10	657,143	657,143
GREENWH CAT 3 REPO	0.250% 01/03/2011 DD 12/31/10	1,489,435	1,489,435
BNP PARIBAS FIN REPO	0.180% 01/03/2011 DD 12/31/10	5,904,697	5,904,697
BOA CAT 3 REPO REPO	0.250% 01/03/2011 DD 12/31/10	8,838,742	8,838,742
MERRILL LYNCH & CO	VAR RT 15-FEB-2011 USD50000	460,000	458,545
COMMONWEALTH BANK OF AUSTRALIA	VAR RT 28-SEPT-2016 USD	655,000	640,377

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
SOCIETE GENERALE	VAR RT 20-OCT-2016 USD50000	675,000	645,301
AVIVA	VAR RT 19-JUN-2017 USD	450,000	411,420
UBS AG JERSEY FRN	VAR RT 18-APR-2016 USD1000	715,000	701,233
WESTPAC BANKING CORP	VAR RT 27-JUL-2017 USD	655,000	634,810
BQE FEDERATIVE DU CRED.MUTUEL	VAR RT 27-SEPT-2016 USD	715,000	664,950
ING BANK	VAR RT 29-SEPT-2016 USD100000	715,000	659,230
CATERPILLAR FINANCIAL SERVICES	VAR RT 11/28/2012 DD 12/10/10	300,000	299,715
COCA-COLA CO/THE	VAR RT 05/15/2012 DD 11/15/10	180,000	180,095
GENERAL ELEC CAP CORP MTN	VAR RT 11/01/2012 DD 11/01/06	450,000	447,615
JP MORGAN CHASE & CO GBL	VAR RT 09/01/2015 DD 08/24/05	450,000	448,790
METROPOLITAN LIFE MTN 144A	VAR RT 08/13/2012 DD 08/12/05	465,000	465,367
TOTAL BNY MELLON CIS			**58,943,863**

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SHORT AND INTERMEDIATE DURATION INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
MANAGED BY VANGUARD			
VANGUARD INSTITUTIONAL INDEX FUND		1,130,963	130,072,007
TOTAL VANGUARD			**130,072,007**
MANAGED BY RIL			
CASH			133,638
TOTAL RIL			133,638
TOTAL			**2,008,977,784**

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
NON-LIQUID INVESTMENTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	ESTIMATED VALUE
AMPHION VENTURES LP	COMMON STOCK	3	0
COMPUTER.COM	CONVERTIBLE PREFERRED	523,615	0
CARDIO TECHNOLOGIES	PREFERRED STOCK	200,000	0
COLOR TILE INC SR NT	10.750% 12/15/2001 DD 12/17/93	993	0
IRI CORP	COMMON STOCK	2,518	0
IRI HOLDINGS	COMMON STOCK	2,518	0
CAVALIER TEXTILES GROUP LP	12% 9/12/2003	3,250,000	0
LAGRAN CANADA INC	12% 4/20/2005	8,666,667	0
XO COMMUNICATIONS INC SR	EXCHANGEABLE PFD 14%	157,073	0
PAIN SUPPRESSION LABS	COMMON STOCK	2,000,000	0
JAMESWAY CORP	COMMON STOCK	219,498	0
BISCOTTI & COMPANY, INC.	PREFERRED STOCK	7,500	0
CERTIFIED CAP CORP	COMMON STOCK	232,000	0
YORK RAILWAY	COMMON STOCK	7,356,000	0
FACILITY INSURANCE HLDG CORP	CLASS A COMMON STOCK	1,345,527	0
LAMBERT COMMUNICATIONS INC	BOND	750,000	0
LAMBERT COMMUNICATIONS INC	COMMON STOCK	1,309,996	0
COLOR TILE INC SR PFD SER A	INCREASING RATE 144A	640,000	0
SPECIALTY FOODS ACQUISITION CORP	COMMON STOCK	472,500	0
STREAMLINE INC	COMMON STOCK	2,597,616	0
SINO-SWEARINGEN	COMMON STOCK	4,368	0
E SPIRE COMMUNS INC PIK PFD	PIK PREFERRED STOCK	197	0
E.SPIRE COMMUNICATIONS INC	REDEEMABLE PFD DUE 2008	218	0
UNDERWRITERS FINANCIAL GROUP	COMMON STOCK	100,000	0
ROSSITER AND CO		250,000	0
TOTAL			**0**

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
INVESTMENTS HELD FOR SECURED CREDITORS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	SECURITY DESCRIPTION	PAR/SHARES	MARKET VALUE
FEDERATED PRIME OBLIGATION FUND - Home State	MONEY MARKET	209,504	209,504
GOLDMAN SACHS ILA - Old Republic Assumed Business	MONEY MARKET	212,732	212,732
JP MORGAN CHASE - USAIG Collateral	MONEY MARKET	844,028	844,028
DREYFUS - Rockwood Casualty Assumed Trust	MONEY MARKET	2,594,920	2,594,920
MELLON BANK - Consolidated Freight	MONEY MARKET	19,987	19,987
MELLON BANK - Large Deductibles	MONEY MARKET	2,609,845	2,609,845
TOTAL			**6,491,015**

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
INVESTMENTS HELD FOR UNCOVERED CLAIMANTS
DECEMBER 31, 2010 - UNAUDITED

SECURITY NAME	MARKET VALUE
PORTFOLIO COMPOSITE	14,859,790

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
INVESTMENTS IN AFFILIATES
DECEMBER 31, 2010 - UNAUDITED

(In thousands)

		Carrying Value
RCG International, Inc.	$	29,000
Reliance Ins. Co. - Canadian Branch		73,500
Reliance National (UK), Ltd		27,800
Investments in affiliates	$	130,300

Exhibit F

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
REINSURANCE RECEIVABLE
DECEMBER 31, 2010 - UNAUDITED

REINSURANCE COMPANY NAME		
OFFSHORE MARINE INDEMNITY	$9,687,285	
PHOENIX LIFE INS CO.	5,933,245	
ODYSSEY REINSURANCE CORP.	5,434,629	
REPUBLIC WESTERN INS CO.	4,537,203	
CONTINENTAL CASUALTY CO	2,913,232	
GORDIAN RUN-OFF LTD./FITZWILLIAM	2,661,958	
ST PAUL FIRE & MARINE INS CO	2,289,457	
HIH CASUALTY & GENERAL IN	2,208,103	
MUNICH REINS AMERICA, INC.	2,192,227	
SWISS REINSURANCE AMERICA CORP	2,145,151	
HARTFORD FIRE INSURANCE CO.	2,026,025	
CONN. GENERAL LIFE INS. CO.	2,017,099	
CAL-SOUTHAMPTON REINSURAN	1,967,532	
SWISS RE LIFE & HEALTH AMERICA	1,750,042	
LIBERTY MUTUAL INSURANCE CO	1,624,983	
PMA CAPITAL INSURANCE CO.	1,593,843	
CSC ASSURANCE LTD	1,573,132	
FREMONT INDEMNITY CO.	1,404,474	
CORNHILL INSURANCE PLC	1,300,928	
LLOYDS 314 /C F PALMER	1,064,442	
LINCOLN NAT. LIFE INS CO	1,011,524	
RECEIVABLES OVER $1 MILLION	57,336,516	79%
RECEIVABLES UNDER $1 MILLION	15,495,846	21%
TOTAL RECEIVABLES	**$ 72,832,362**	**100%**

Exhibit G

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
OPERATING EXPENSES - UNAUDITED
ANNUAL BUDGET / HISTORICAL COMPARISON REPORT
(In Millions)

	Budget	Actual								15 Mo. Ended 12/31/2002
	2011	2010	2009	2008	2007	2006	2005	2004	2003	Actual
Salaries										
Regular Salaries	$ 18.7	$ 21.6	$ 24.7	$ 28.3	$ 30.3	$ 31.4	$ 32.4	$ 35.4	$ 36.6	$ 45.9
Performance-Retention Incentives	4.9	5.6	6.3	6.8	7.2	7.0	7.3	8.0	7.5	4.8
Severance	1.7	2.3	2.4	1.6	1.7	1.6	1.5	2.5	2.3	3.4
Total Salaries	25.3	29.5	33.4	36.7	39.2	40.0	41.2	45.9	46.4	54.1
Employee Benefits										
Health and Disability Benefits	2.0	1.9	2.0	2.2	2.1	2.1	2.0	2.3	2.5	4.0
SIP - Contributions and Fees	1.6	1.8	2.7	2.1	2.4	2.2	2.2	2.2	1.9	.9
Other Benefits	-	-	-	-	.1	-	.1	.2	.3	.1
Total Employee Benefits	3.6	3.7	4.7	4.3	4.6	4.3	4.3	4.7	4.7	5.0
Payroll Taxes	1.6	1.7	2.0	2.2	2.3	2.4	2.5	2.9	2.9	3.3
Total Salaries, Benefits and Taxes	30.5	34.9	40.1	43.2	46.1	46.7	48.0	53.5	54.0	62.4
IT Services										
IT Outside Services	5.4	7.5	7.8	8.6	9.6	11.2	15.8	14.3	19.2	20.9
Computer Equipment	1.1	.9	.8	1.0	.3	.1	.9	1.4	1.2	1.5
Data Processing Software	.5	.6	.6	.9	.4	.4	2.0	2.5	2.8	4.8
IT Services	7.0	9.0	9.2	10.5	10.3	11.7	18.7	18.2	23.2	27.2
Legal Fees	1.6	2.1	3.9	5.1	9.6	7.6	10.4	18.6	13.0	20.6
Professional and Other Services	4.8	4.9	6.2	7.2	7.4	9.7	9.9	10.5	17.7	45.0
Rent										
Corporate Home Office	2.0	2.2	2.2	2.3	2.6	2.7	4.2	6.0	7.0	10.2
Field and other Rent	-	-	-	-	-	-	-	-	(.1)	1.2
Record Archiving Services	.7	.7	.9	.8	.7	.7	.7	.6	.7	.9
Other Rent Items	.1	-	-	.1	.1	.5	.1	.5	.1	.6
Total Rent	2.8	2.9	3.1	3.2	3.4	3.9	5.0	7.1	7.7	12.9
Other Operating										
Travel	.1	.1	.2	.2	.2	.2	.2	.2	.3	.2
Professional Dues & Conferences	-	-	-	-	-	-	.1	-	-	-
Insurance	1.0	1.0	1.0	.7	1.0	1.1	.9	1.8	.3	5.2
Voice and Data Communication	.3	.2	.3	.3	.3	.3	.7	.6	1.2	2.4
Supplies and Subscriptions	.1	.1	.2	.2	.2	.3	.3	.4	.5	.9
Postage, Freight & Express	.1	.1	.1	.2	.1	.1	.1	.2	.2	.7
Proof of Claims Mailing	-	-	-	-	-	-	-	-	.3	1.5
Office Machine Rent & Repair	-	-	-	-	-	.1	.2	.2	.2	.4
Other Equipment	-	-	-	-	-	-	-	-	1.6	.1
Bank Charges	.1	.1	.1	.1	.1	.1	-	.2	.3	.5
Real Estate	-	-	-	-	.1	.1	.8	.7	.7	3.4
Taxes, BBA and Other	.1	.1	.3	.1	.1	.1	-	-	.9	4.8
Total Other Operating	1.8	1.7	2.2	1.8	2.1	2.4	3.3	4.3	6.5	20.1
Subtotal	48.5	55.5	64.7	71.0	78.9	82.0	95.3	112.2	122.1	188.2
Guaranty Association Expenses	6.8	45.5	6.3	11.7	13.8	38.8	34.4	65.1	37.7	.9
Total Operating Expenses	$ 55.3	$ 101.0	$ 71.0	$ 82.7	$ 92.7	$ 120.8	$ 129.7	$ 177.3	$ 159.8	$ 189.1
Loss/LAE	$ 1.3	$ 1.8	$ 2.2	$ 2.7	$ 1.3	$ .8	$ 3.9	$ 5.1	$ 13.0	$ 148.3

The accompanying notes are an integral part of the financial statements.

Exhibit H

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
OPERATING EXPENSE ANALYSIS - UNAUDITED

	Year to Date December 2010		Actual to Budget	%	Year to Date December 2009	Variance to	%
	Actual	Budget	Variance	Change	Actual	Prior Year	Change
Salaries							
Regular Salaries	$21,525,910	$21,680,294	($154,384)	-0.71%	$24,783,488	($3,257,578)	-13.14%
Performance-Retention Incentives	5,649,585	5,657,284	(7,699)	-0.14%	6,304,516	(654,931)	-10.39%
Severance	2,303,596	2,204,449	99,147	4.50%	2,354,971	(51,375)	-2.18%
Total Salaries	**29,479,091**	**29,542,027**	**(62,936)**	**-0.21%**	**33,442,975**	**(3,963,884)**	**-11.85%**
Employee Benefits							
Health and Disability Benefits	1,950,110	2,105,500	(155,390)	-7.38%	1,948,065	2,045	0.10%
SIP-Contributions and Fees	1,775,666	1,854,000	(78,334)	-4.23%	2,733,734	(958,068)	-35.05%
Other Benefits	19,466	26,120	(6,654)	-25.47%	13,408	6,058	45.18%
Total Employee Benefits	**3,745,242**	**3,985,620**	**(240,378)**	**-6.03%**	**4,695,207**	**(949,965)**	**-20.23%**
Payroll Taxes	**1,726,842**	**1,813,745**	**(86,903)**	**-4.79%**	**1,985,938**	**(259,096)**	**-13.05%**
Total Salaries, Benefits and Taxes	**34,951,175**	**35,341,392**	**(390,217)**	**-1.10%**	**40,124,120**	**(5,172,945)**	**-12.89%**
IT Outside Services	7,509,623	8,235,002	(725,379)	-8.81%	7,834,602	(324,979)	-4.15%
Computer Equipment	906,561	629,026	277,535	44.12%	787,737	118,824	15.08%
Data Processing Software	570,538	583,912	(13,374)	-2.29%	564,095	6,443	1.14%
IT Services	**8,986,722**	**9,447,940**	**(461,218)**	**-4.88%**	**9,186,434**	**(199,712)**	**-2.17%**
Legal Fees	**2,076,624**	**3,459,000**	**(1,382,376)**	**-39.96%**	**3,931,830**	**(1,855,206)**	**-47.18%**
Professional and Other Services	**4,910,146**	**5,946,014**	**(1,035,868)**	**-17.42%**	**6,192,194**	**(1,282,048)**	**-20.70%**
Rent							
Corporate Home Office	2,111,735	2,137,536	(25,801)	-1.21%	2,124,821	(13,086)	-0.62%
Record Archiving Services	737,081	822,230	(85,149)	-10.36%	947,112	(210,031)	-22.18%
Other Rent Items	25,016	68,440	(43,424)	-63.45%	39,238	(14,222)	-36.25%
Total Rent	**2,873,832**	**3,028,206**	**(154,374)**	**-5.10%**	**3,111,171**	**(237,339)**	**-7.63%**
Other Operating							
Travel	115,127	170,232	(55,105)	-32.37%	145,743	(30,616)	-21.01%
Professional Dues & Conferences	34,760	42,637	(7,877)	-18.47%	38,079	(3,319)	-8.72%
Insurance	952,519	1,011,001	(58,482)	-5.78%	1,013,763	(61,244)	-6.04%
Voice and Data Communication	246,842	227,180	19,662	8.65%	260,492	(13,650)	-5.24%
Supplies and Subscriptions	128,324	167,595	(39,271)	-23.43%	160,084	(31,760)	-19.84%
Postage, Freight & Express	44,122	58,267	(14,145)	-24.28%	97,116	(52,994)	-54.57%
Office Machine Rent & Repair	14,223	15,720	(1,497)	-9.52%	13,789	434	3.15%
Bank Charges	86,936	126,300	(39,364)	-31.17%	124,624	(37,688)	-30.24%
Real Estate	5,408	23,700	(18,292)	-77.18%	2,735	2,673	97.73%
Taxes, BBA and Other	42,512	53,569	(11,057)	-20.64%	292,671	(250,159)	-85.47%
Total Other Operating	**1,670,773**	**1,896,201**	**(225,428)**	**-11.89%**	**2,149,096**	**(478,323)**	**-22.26%**
Subtotal	**55,469,272**	**59,118,753**	**(3,649,481)**	**-6.17%**	**64,694,845**	**(9,225,573)**	**-14.26%**
Guaranty Association Expenses	**45,481,730**	**45,000,000**	**481,730**	**1.07%**	**6,257,497**	**39,224,233**	**626.84%**
Total Operating Expenses	**$100,951,002**	**$104,118,753**	**($3,167,751)**	**-3.04%**	**$70,952,342**	**$29,998,660**	**42.28%**
Loss/LAE	**$1,800,690**	**$1,657,474**	**$143,216**	**8.64%**	**$2,223,794**	**($423,104)**	**-19.03%**

The accompanying notes are an integral part of the financial statements.

Exhibit I

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
LEGAL FEES AND EXPENSES (EXCLUDING ALAE)
FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010 - UNAUDITED

VENDOR NAME	
YOSS, LLP.	$9,274
ALLEN KUEHNLE STOVALL & NEUMAN LLP	31,841
BLANK ROME LLP	434,280
BRAVERMAN KASKEY	51,310
CLARK THOMAS & WINTERS	6,464
DEUTSCH, KERRIGAN & STILES LLP	11,429
DUANE MORRIS LLP	307,266
FOX, ROTHSCHILD LLP	50,460
G ALAN BAILEY ESQUIRE	5,966
JONATHAN ROSEN	16,750
MARTIN D. HABER ESQ.	20,000
OBERMAYER REBMANN MAXWELL & HIPPEL, LLP.	36,836
PEPPER HAMILTON LLP.	944,174
PETER H BICKFORD ESQ	7,648
ROSENN JENKINS & GREENWALD LLP	12,235
SCRIBNER, HALL & THOMPSON, LLP.	41,512
STRADLEY, RONON, STEVENS, & YOUNG LLP	38,881
VERITEXT NEW YORK REPORTING CO	6,277
WALSH COLUCCI LUBELEY EMRICH & WALSH PC	5,044
TOTAL VENDORS UNDER $5,000	38,977
TOTAL LEGAL FEES AND EXPENSES (EXCLUDING ALAE)	**$2,076,624**

Exhibit J

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
PROFESSIONAL SERVICE EXPENSES
FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010 - UNAUDITED

VENDOR NAME	
ABERDEEN ASSET MANAGEMENT INC.	$123,546
BMS INTERMEDIARIES, LTD.	689,721
BNY MELLON CASH INVESTMENT STRATEGIES	279,033
CALLAN ASSOCIATES INC.	98,113
CERIDIAN CORPORATION	69,412
CHARLES PRINCIPE	14,844
COMMONWEALTH OF MASSACHUSETTS	9,598
DIANE H. CHAIT	9,642
DIRECT CONSULTING	143,791
DORANNE BIGELOW & ASSOCIATES INC	112,118
ERNST & YOUNG	301,143
FEDERATED INVESTORS INC	91,367
FILEX DOCUMENT IMAGING SERVICES, INC.	167,369
JP MORGAN INVESTMENT MANAGEMENT INC	222,393
KATHLEEN STAPOLA	7,324
MARYELLEN R. DURNING	33,158
PA. DEP'T. - LIQUIDATION CONSULTANTS	53,263
PA. DEP'T. - OFFICE OF LIQUIDATIONS	151,727
PRICEWATERHOUSE COOPERS, LLP.	44,590
PYRAMIS GLOBAL ADVISORS TRUST COMPANY	799,708
RCG INFORMATION TECHNOLOGY INC	35,686
ROY MELANDER	136,553
STANDISH MELLON ASSET MANAGEMENT COMPANY LLC	249,154
SUSAN ALTSCHULER	58,101
THE BANK OF NEW YORK MELLON	311,096
W. FRANKLIN MARTIN JR.	11,341
WESTERN ASSET MANAGEMENT COMPANY	506,239
WORLDWIDE CLAIMS MANAGEMENT SERVICES, INC.	161,950
TOTAL OTHER VENDORS UNDER $5,000	18,167
TOTAL PROFESSIONAL SERVICE EXPENSES	**$4,910,146**

Exhibit K

Guaranty Association Data as of
December 31, 2010

STATE	LOCATION	CLAIMS & ALAE PAID	CLAIMS & ALAE RESERVES	ADMIN EXPENSES	TOTAL BY STATE
ALABAMA	P&C	49,550,148.79	64,382,949.24	5,881,665.64	119,814,763.67
ALASKA	P&C	9,529,830.71	4,819,653.14	808,654.46	15,158,138.31
ARIZONA	P&C	6,326,269.26	31,778.70	1,721,285.71	8,079,333.67
ARIZONA	WC	8,201,627.74	10,600,213.73	0.00	18,801,841.47
ARKANSAS	P&C	7,070,400.69	1,257,144.36	362,290.35	8,689,835.40
CALIFORNIA	P&C	657,211,340.56	196,680,737.91	75,682,915.54	929,574,994.01
COLORADO	P&C	22,351,461.73	28,930,416.69	1,749,130.00	53,031,008.42
CONNECTICUT	P&C	46,736,807.50	20,434,748.69	5,725,079.09	72,896,635.28
DELAWARE	P&C	5,397,833.77	2,327,500.51	1,213,891.19	8,939,225.47
DISTRICT OF COLUMBIA	P&C	12,124,052.41	20,991,496.38	908,650.00	34,024,198.79
FLORIDA	P&C	84,213,362.92	1,096,568.69	4,306,988.68	89,616,920.29
FLORIDA	WC	243,057,201.74	50,120,693.54	7,943,479.87	301,121,375.15
GEORGIA	P&C	48,955,093.44	30,294,793.15	5,084,480.56	84,334,367.15
HAWAII	P&C	5,824,266.37	2,300,691.01	680,603.84	8,805,561.22
IDAHO	P&C	2,400,995.58	1,488,584.92	280,638.00	4,170,218.50
ILLINOIS	P&C	53,607,725.59	4,644,615.17	9,287,982.43	67,540,323.19
INDIANA	P&C	5,804,335.03	481,375.82	1,406,564.40	7,692,275.25
IOWA	P&C	10,501,022.95	816,210.09	928,078.43	12,245,311.47
KANSAS	P&C	16,009,922.48	5,895,248.62	1,094,845.00	23,000,016.10
KENTUCKY	L&H	0.00	0.00	989.58	989.58
KENTUCKY	P&C	23,127,752.50	24,588,176.78	1,442,646.72	49,158,576.00
LOUISIANA	P&C	65,507,090.77	136,227,902.51	2,027,415.84	203,762,409.12
MAINE	P&C	4,970,233.30	4,626,813.33	858,875.05	10,455,921.68
MARYLAND	P&C	31,663,375.30	7,715,719.50	7,527,046.81	46,906,141.61
MASSACHUSETTS	P&C	47,821,428.15	35,731,092.49	3,410,017.60	86,962,538.24
MICHIGAN	P&C	57,110,552.57	15,409,873.52	7,095,099.54	79,615,525.63
MINNESOTA	P&C	16,907,487.84	4,161,222.24	1,723,537.55	22,792,247.63
MISSISSIPPI	P&C	36,449,007.51	35,851,408.36	2,771,621.77	75,072,037.64
MISSOURI	P&C	35,759,541.38	8,024,987.21	2,084,442.52	45,868,971.11
MONTANA	P&C	4,186,418.91	2,134,991.14	507,031.00	6,828,441.05
NEBRASKA	P&C	7,441,989.76	5,026,753.85	227,408.80	12,696,152.41
NEVADA	P&C	7,623,793.37	5,505,161.60	1,676,041.66	14,804,996.63
NEW HAMPSHIRE	L&H	0.00	0.00	35,918.35	35,918.35
NEW HAMPSHIRE	P&C	13,791,479.23	12,559,240.75	1,484,073.83	27,834,793.81
NEW JERSEY	P&C	74,641,221.42	4,509,561.62	4,712,452.42	83,863,235.46
NEW JERSEY	WC	48,386,466.28	20,006,232.34	1,943,526.86	70,336,225.48
NEW MEXICO	P&C	7,251,594.77	2,280,027.19	761,059.74	10,292,681.70
NEW YORK	P&C	315,051,468.01	48,392,826.18	65,776,813.00	429,221,107.19
NEW YORK	WC	173,589,490.18	70,271,939.57	0.00	243,861,429.75
NOLHGA		0.00	0.00	7,199,787.00	7,199,787.00
NORTH CAROLINA	P&C	70,451,156.08	20,583,767.55	4,918,586.53	95,953,510.16
NORTH DAKOTA	P&C	245,976.90	0.00	64,023.25	310,000.15
OHIO	P&C	9,361,532.38	511,224.00	1,879,176.65	11,751,933.03
OKLAHOMA	P&C	18,709,286.98	8,136,647.35	1,717,460.98	28,563,395.31
OREGON	P&C	23,064,823.19	7,319,996.38	946,336.97	31,331,156.54
PENNSYLVANIA	P&C	40,097,632.36	10,336,882.07	2,089,429.94	52,523,944.37
PENNSYLVANIA	WC	151,919,718.94	57,893,818.79	13,759,519.60	223,573,057.33
PUERTO RICO	P&C	8,733,475.51	301,000.00	791,565.00	9,826,040.51
RHODE ISLAND	P&C	9,722,852.19	2,683,836.10	874,915.45	13,281,603.74
SOUTH CAROLINA	P&C	29,431,308.62	5,584,834.11	3,711,338.47	38,727,481.20
SOUTH DAKOTA	P&C	1,782,424.67	0.00	152,174.39	1,934,599.06
TENNESSEE	P&C	37,031,023.43	27,264,592.45	4,872,451.70	69,168,067.58
TEXAS	P&C	137,726,777.17	78,956,137.36	17,543,651.23	234,226,565.76
UTAH	P&C	9,227,522.04	4,248,597.36	1,142,291.05	14,618,410.45
VERMONT	P&C	7,722,751.31	11,777,504.40	538,532.48	20,038,788.19
VIRGIN ISLANDS	P&C	464,755.00	49,951.00	0.00	514,706.00
VIRGINIA	P&C	37,332,692.16	20,569,078.40	3,392,715.55	61,294,486.11
WASHINGTON	P&C	31,548,282.37	2,383,615.75	2,908,789.00	36,840,687.12
WEST VIRGINIA	P&C	3,578,889.10	0.00	381,108.99	3,959,998.09
WISCONSIN	P&C	11,105,351.09	4,020,777.21	1,668,216.89	16,794,345.19
WYOMING	P&C	487,998.22	0.00	129,884.00	617,882.22
		2,905,900,320.22	**1,153,241,610.82**	**301,815,196.95**	**4,360,957,127.99**

**** New York WC and NY P&C Administractive Expenses are combined and reported under NY P&C**

Exhibit L

Proof Of Claim Statistics - Inception To Date
December 31, 2010

CLASS DESCRIPTION	TOTAL POCs RECEIVED	POCs RECEIVED AFTER 12-31-03	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	1	1	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	4,023	396	3,719	$0.00	3,627	$0.00
B - POLICY HOLDER CLAIMS	61,424	3,527	57,667	$795,735,722.86	56,318	$743,939,002.51
C - FEDERAL GOVT	9	0	9	$0.00	9	$0.00
D - EMPLOYEES	0	0	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	65,277	3,642	64,373	$81,863,649.14	63,647	$67,712,595.24
F - STATE/LOCAL GOVT	189	3	189	$7,039.85	190	$7,039.85
G - LATE FILED/SUBROGATION	29,147	3,734	28,108	$16,333,986.04	27,617	$14,289,087.53
H - SURPLUS, PREM REFUNDS	0	0	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	3	0	3	$0.00	3	$0.00
TOTAL:	**160,073**	**11,303**	**154,068**	**$893,940,397.89**	**151,411**	**$825,947,725.13**

OTHER COUNTS	INCEPTION TO DATE
POCs With Claims at GAs	1,628
Contingent Unliquidated POCs	1,564
Ready to Evaluate	172
Awaiting Information	2,641
TOTAL:	**6,005**

Exhibit M

Proof Of Claim Statistics - Quarter To Date
December 31, 2010

CLASS DESCRIPTION	TOTAL POCs RECEIVED	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	1	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	1	14	$0.00	0	$0.00
B - POLICY HOLDER CLAIMS	14	242	$8,307,381.01	2	$175,000.00
C - FEDERAL GOVT	0	0	$0.00	0	$0.00
D - EMPLOYEES	0	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	50	55	$408,975.30	0	$0.00
F - STATE/LOCAL GOVT	0	0	$0.00	0	$0.00
G - LATE FILED/SUBROGATION	12	106	$613,815.72	0	$0.00
H - SURPLUS, PREM REFUNDS	0	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	0	$0.00	0	$0.00
TOTAL:	**78**	**417**	**$9,330,172.03**	**2**	**$175,000.00**

Exhibit N

Status of POCs as of 12-31-2010
Total: 160,073

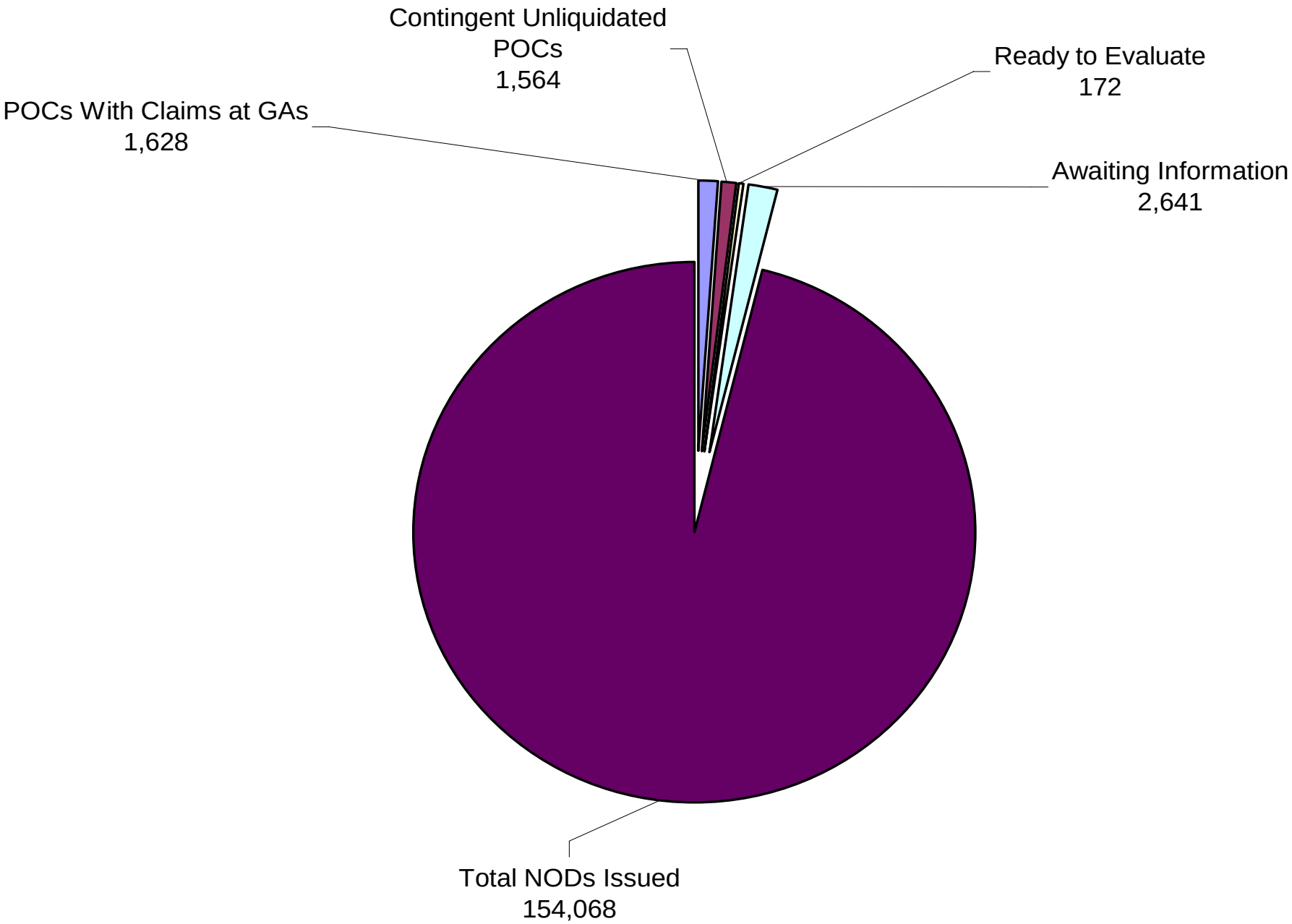


Exhibit O

Status of NOD Objections Received Through 12-31-2010
Total: 1,329

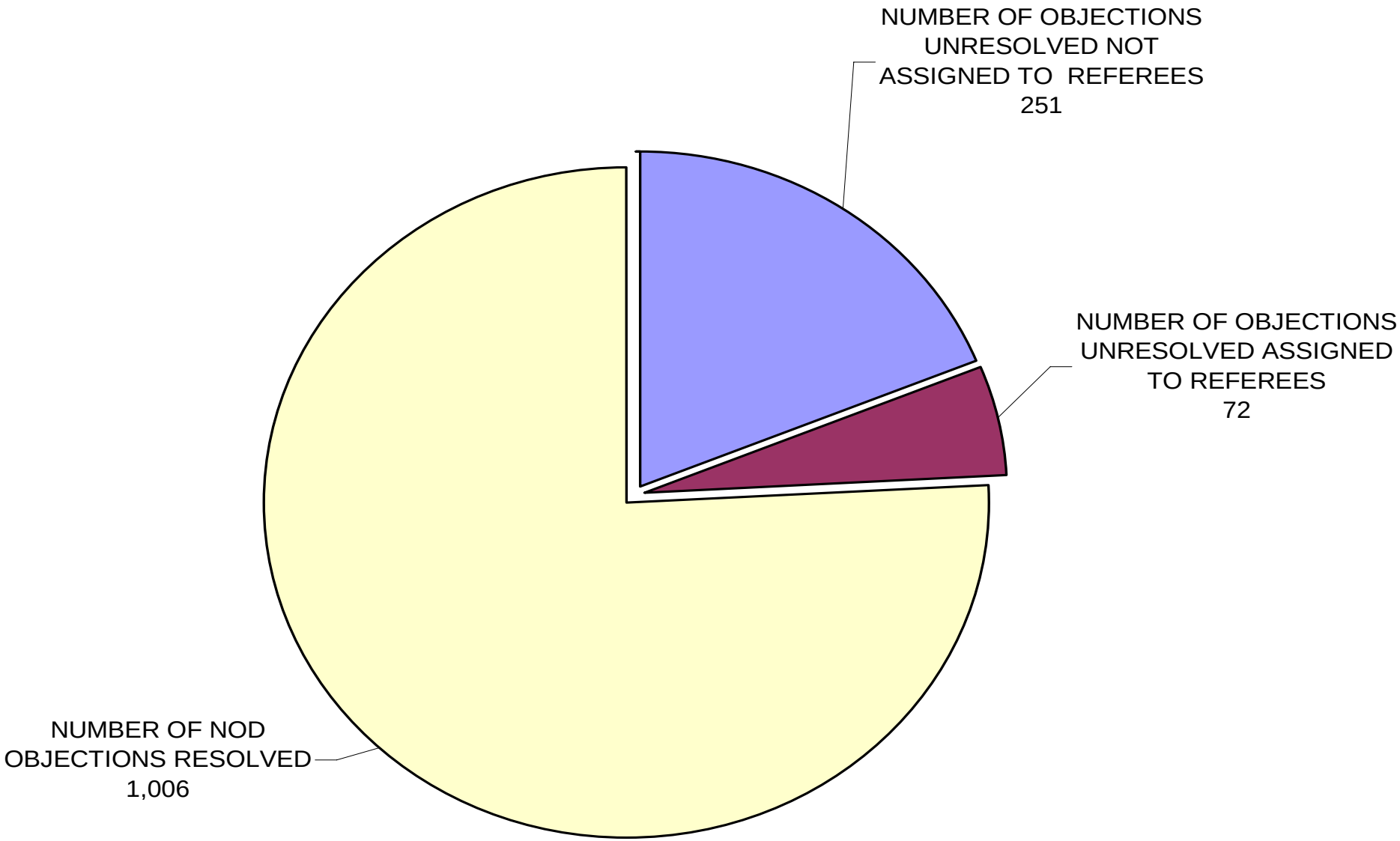


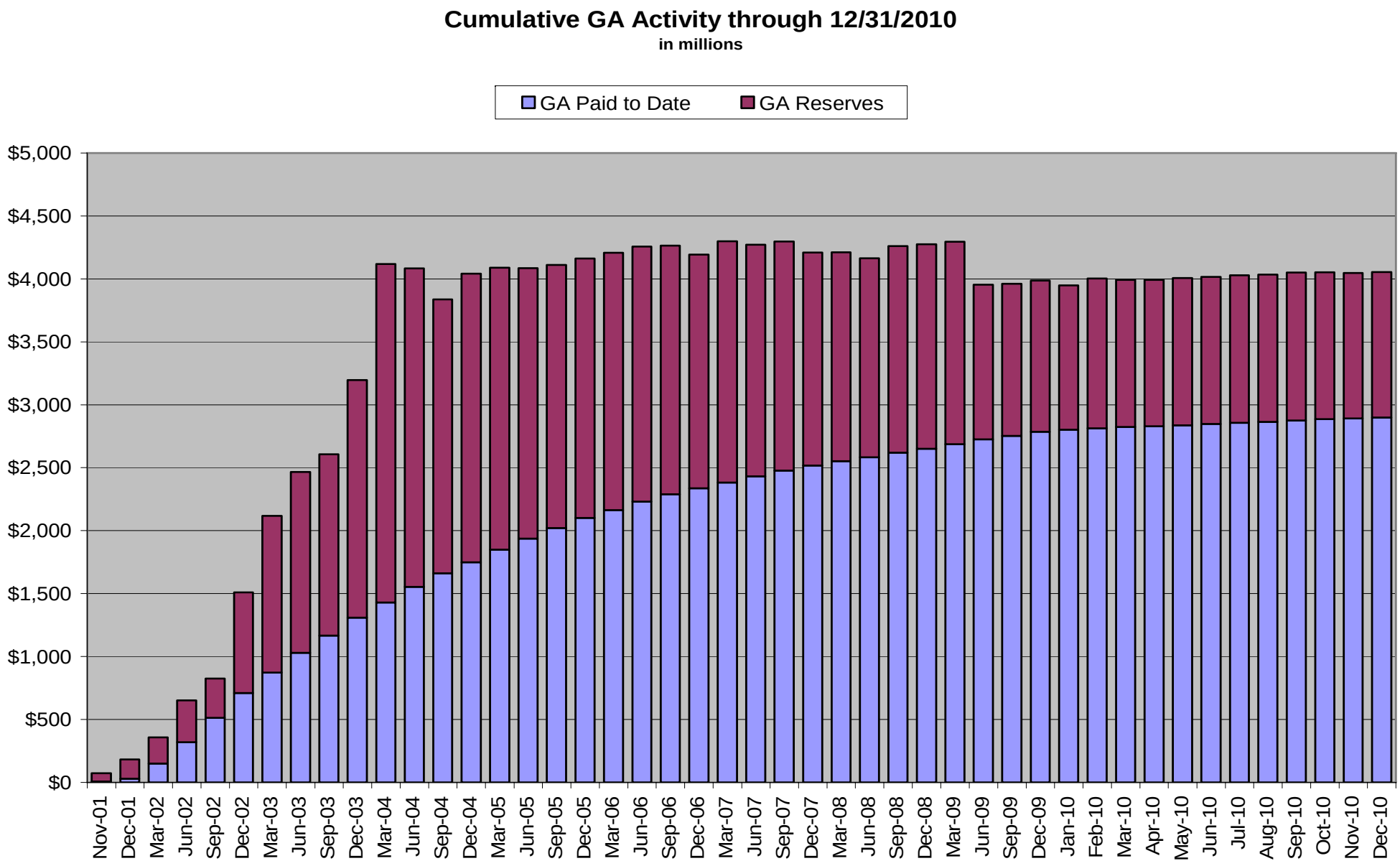
Exhibit P

Objection Statistics - Inception To Date
December 31, 2010

CLASS DESCRIPTION	NUMBER OF NOD OBJECTIONS RECEIVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RECEIVED	NUMBER OF NOD OBJECTIONS RESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RESOLVED
NO CLASS ASSIGNED	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	141	$518.00	141	$518.00
B - POLICY HOLDER CLAIMS	270	$25,302,724.00	239	$25,282,630.00
C - FEDERAL GOVT	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	858	$14,982,190.90	569	$2,953,990.21
F - STATE/LOCAL GOVT	1	$0.00	1	$0.00
G - LATE FILED/SUBROGATION	59	$736,353.50	56	$736,353.50
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00
TOTAL:	**1,329**	**$41,021,786.40**	**1,006**	**$28,973,491.71**

CLASS DESCRIPTION	NUMBER OF OBJECTIONS UNRESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED	NUMBER OF OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	NUMBER OF OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES
NO CLASS ASSIGNED	0	$0.00	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	0	$0.00	0	$0.00	0	$0.00
B - POLICY HOLDER CLAIMS	31	$20,094.00	10	$0.00	21	$20,094.00
C - FEDERAL GOVT	0	$0.00	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	289	$12,028,200.69	62	$5,272,924.35	227	$6,755,276.34
F - STATE/LOCAL GOVT	0	$0.00	0	$0.00	0	$0.00
G - LATE FILED/SUBROGATION	3	$0.00	0	$0.00	3	$0.00
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00	0	$0.00
TOTAL:	**323**	**$12,048,294.69**	**72**	**$5,272,924.35**	**251**	**$6,775,370.34**

Exhibit Q


Cumulative GA Activity through 12/31/2010
in millions
GA Paid to Date
GA Reserves
$5,000
$4,500
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
Nov-01
Dec-01
Mar-02
Jun-02
Sep-02
Dec-02
Mar-03
Jun-03
Sep-03
Dec-03
Mar-04
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Nov-10
Dec-10