

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

**BEFORE THE COURT-APPOINTED REFEREE
IN RE THE LIQUIDATION OF THE HOME INSURANCE COMPANY
DISPUTED CLAIMS DOCKET**

In Re Liquidator Number: 2012-HICIL-55
Proof of Claim Number: EMPL713583
Claimant Name: Linda Faye Peeples
Claimant Number: _____

LIQUIDATOR’S BRIEF REGARDING PRIORITY

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator (“Liquidator”) of The Home Insurance Company (“Home”), submits this brief with respect to the priority of the claim filed by Linda Faye Peeples (“Claimant”) in accordance with the Scheduling Order dated November 13, 2012.

ISSUE PRESENTED

As stated in the Scheduling Order, the issue is whether Claimant’s claim, which the Liquidator assigned to Class V priority, should be reclassified to a higher priority class.

BACKGROUND

Claimant filed a Proof of Claim on May 5, 2010. Exhibit 1. In response to Item 5 on the Proof of Claim, Claimant stated she submitted her claim as an “[e]mployee or former employee” and described her claim as follows:

I was an employee of The Home Insurance Company in September 1986 until November 1990. I invested in The Home Insurance Company 401k plan 6% of my earning and 3% company matched. My claim is The Home Insurance Company invested in junk bonds and I never received anything from my 401k plan.

On July 14, 2011, the Liquidator issued a Notice of Determination on Claimant’s claim.

Exhibit 2. The Notice of Determination assigned the claim to the Class V “Residual

Classification” priority under RSA 402-C:44, V. Since it is not anticipated that there will be sufficient assets to permit a distribution to Class V claimants, the Liquidator deferred addressing the merits of the claim.

On August 9, 2011, the Claimant filed a Request for Review of the priority classification, contending that the claim should be treated as a Class II “Policy Related Claim.” Exhibit 3.

On November 8, 2011, the Liquidator issued a Notice of Redetermination again assigning the claim to Class V priority. Exhibit 4.

On December 13, 2011, the Claimant objected to the Notice of Redetermination. Exhibit 5. This disputed claim proceeding followed.¹

THE PRIORITY STATUTE

The Home liquidation is being conducted pursuant to the New Hampshire Insurers Rehabilitation and Liquidation Act, RSA 402-C (the “Act”). The Act provides that the assets of an insolvent insurer are to be distributed by the liquidator “[u]nder the direction of the court” in accordance with the statutory priorities. RSA 402-C:46, I. The priorities are set forth in RSA 402-C:44 (the “priority statute”). The priority statute provides that every claim in each successive priority class is to be paid in full (or adequate funds retained for payment) before any member of the next class receives any payment. RSA 402-C:44. It sets forth ten priority classes, the first several of which are:

- I. Administration Costs. The costs and expenses of administration, including but not limited to the following: the actual and necessary costs of preserving or recovering the assets of the insurer; compensation for all services rendered in the liquidation; any necessary filing fees; the fees and mileage payable to witnesses; and reasonable attorney’s fees.

¹ Since the assets of the Home estate are not anticipated to be sufficient to make any distribution to priority class below Class II, the Liquidator deferred and did not reach the merits of Claimant’s claim. Accordingly, all matters concerning the merits, including but not limited to questions concerning whether Home is a proper defendant and whether the applicable statute of limitations has run, are reserved. See Scheduling Order dated November 13, 2012.

II. Policy Related Claims. All claims by policyholders, including claims for unearned premiums in excess of \$50, beneficiaries, and insureds arising from and within the coverage of and not in excess of the applicable limits of insurance policies and insurance contracts issued by the company, and liability claims against insureds which claims are within the coverage of and not in excess of the applicable limits of insurance policies and insurance contracts issued by the company and claims of the New Hampshire Insurance Guaranty Association, the New Hampshire Life and Health Insurance Guaranty Association and any similar organization in another state. . . .

III. Claims of the Federal Government. [federal claims that do not fall within Classes I and II above].

IV. Wages. (a) Debts due to employees for services performed, not to exceed \$1,000 to each employee which have been earned within one year before the filing of the petition for liquidation. Officers shall not be entitled to the benefit of this priority. (b) Such priority shall be in lieu of any similar priority authorized by law as to wages or compensation of employees.

V. Residual Classification. All other claims . . . not falling within other classes under this section. . . .

Id. These classes are followed by various subordinated classes. Id.

ARGUMENT

EMPLOYEE CLAIMS CONCERNING INVESTMENT OF THE 401K PLAN FALLS WITHIN THE CLASS V RESIDUAL CLASSIFICATION

Claimant asserts a claim as a former employee of Home seeking redress for alleged breaches of duty with respect to the investment practices of Home's 401k plan. Ex. 3 at 1-2. She alleges that as an employee of Home from September 1986 and November 1990 she invested a percentage of her earnings and a company match in the 401k plan, but that Home invested in "junk bonds" and she never received anything from the plan. Ex. 1, Item 5.

During the period of Claimant's employment, Home provided employees with a savings plan – "The Home Builder Savings Plan" and then the "AmBase Savings Plan – which was converted into a "Section 401(k) Plan" within the meaning of the Internal Revenue Code effective January 1, 1987. Exhibit 6 at 2 (excerpt from Home's Form 10-K for the year ending

December 31, 1989); Exhibit 7 at 3-4 (excerpt from Home's Form 10-K for the year ending December 31, 1990). The Plan provided for employee salary reductions which were considered contributions by the employer, as well as employer matches of a designated percentage of the employee's salary reductions. Id. The plan permitted employees to save a portion of their incomes before-tax and to defer taxes on the before-tax savings, company matching contributions and any investment earnings. See Exhibit 8 at 3, 7 (January 1988 "The Home Builder Savings Plan" description of advantages of before-tax savings and tax deferral of taxes on before-tax savings, company matching contributions and any investment earnings); Exhibit 9 at 3, 6 (January 1990 "AmBase Savings Plan" description of same).

The Liquidator assigned Claimant's claim against Home for alleged breaches of responsibilities in investing the contributions through the 401k plan to Class V "Residual Classification" priority under RSA 402-C:44. The Referee should sustain this classification.

The Claimant has contended that the claim is a Class II claim. Ex. 3. However, the Class II "Policy Related Claims" classification is for obligations under the insolvent insurer's insurance policies. The Claimant's claim concerning investments in a 401k plan is not a claim for coverage under an insurance policy issued by Home, so it is not within Class II.

The Class II priority by its terms encompasses only the policy obligations of the insolvent insurer. The statute provides priority for "Policy Related Claims," which refers to insurance policies and excludes other types of claims. RSA 402-C:44, II. It identifies three types of claimants who can assert such claims: (i) "policyholders, . . . beneficiaries, and insureds," (ii) "liability claims against insureds" – that is, claims by third party claimants permitted to assert direct action claims against the insolvent insurer by RSA 402-C:40, I, and (iii) the two New Hampshire insurance guaranty associations and similar organizations in other states. Id. The

claims must be “within the coverage of and not in excess of the applicable limits of insurance policies and insurance contracts issued by the company.” RSA 402-C:44, II. (This is express as to policyholders, beneficiaries, insureds and third party claimants; guaranty associations’ claims for their payments of “covered claims” are by definition for amounts within the coverage of policies issued by the insurer. See RSA 404-B:5, IV (defining “covered claim”); RSA 404-B:11.

The claim at issue here does not fall in this class. Claimant is not a policyholder, beneficiary, or insured or a third party claimant. She is instead a former employee of Home. The claim she asserts is not for coverage under a policy. She is not seeking to recover amounts “within the coverage of and not in excess of the applicable limits of” an insurance policy issued by Home. See RSA 402-C:44, II. She is instead seeking recovery with respect to the loss of contributions invested through a 401k plan.

An insurance policy provides “coverage by contract whereby for a stipulated consideration one party undertakes to indemnify or guarantee another against loss by a specified contingency or peril.” Webster’s Third New International Dictionary at 1173 (unabridged ed. 2002) (definition of “insurance”). See N.H. Motor Transp. Ass’n Employee Benefit Trust v. N.H. Ins. Guar. Ass’n, 154 N.H. 618, 621 (2006) (discussing nature of insurance); 1 Couch on Insurance 3d § 1:9 at 1-23 (2009 rev. ed.) (“The primary requisite essential to a contract of insurance is the assumption of a risk of loss and the undertaking to indemnify the insured against such loss.”). The employee savings plan is not a policy of insurance under which Home assumed a risk of loss for some contingency. It is instead a vehicle for tax-advantaged saving and investment by employees. See Exhibit 8 at 3, 7 (description of advantages of before-tax savings and tax deferral of taxes on before-tax savings, company matching contributions and any investment earnings); Exhibit 9 at 3, 6 (same); 26 U.S.C. § 401(k)(2) (Internal Revenue Code

requirements for “qualified cash or deferred arrangement[s]” under which “a covered employee may elect to have the employer make payments as contributions to a trust under the plan on behalf of the employee”).

By enacting the “policy related claims” priority, the Legislature has chosen to protect the interests of persons protected by insurance policies. See In the Matter of the Liquidation of The Home Ins. Co., 154 N.H. 472, 488 (2006) (“[T]he purpose of RSA chapter 402-C is to protect preferred creditors by reserving assets for them, including people insured by Home, and people with claims against those insured by Home.”). The priority represents a legislative determination that, when an insurer becomes insolvent, the interests of insurance consumers who purchased the protection of insurance from the insurer are to be favored over the interests of others with claims against the insurer. The priority serves the fundamental goal of insurance regulation – protecting policyholders.

Employee claims regarding investments in a 401k plan are not policy claims and are not intended to be protected by the policy priority. As the Iowa Supreme Court observed with respect to a similar priority statute, the express priority for claims under policies, third party claims against insureds, and guaranty associations “strongly suggests that this particular priority status is aimed at the insolvent insurance company’s obligations to its insureds and not to employee claims.” State ex rel. Hager v. Iowa Nat’l Mut. Ins. Co., 430 N.W.2d 420, 422 (Iowa 1988). The court accordingly held that claims by employees under the insurer’s deferred compensation plan did not fall within the policy related priority class. Id. at 422-23. So here, Claimant’s claim arising from the alleged mis-investment of amounts in the 401k plan is not a policy related claim. Accordingly, it does not fall within Class II.

The claim also does not fall within any of the other preferred priority classes. Class I is for “Administration Costs,” that is, post-liquidation expenses for “authorized activities undertaken in furtherance of the liquidation.” In the Matter of the Liquidation of The Home Ins. Co., 158 N.H. 396, 399 (2009). The claim for investments made long before the liquidation under a pre-liquidation savings plan has nothing to do with the administration of the liquidation. Class III is for claims of the federal government. Class IV is for certain wages – “[d]ebts due to employees for services performed, not to exceed \$1,000 to each employee which have been earned within one year before the filing of the petition for liquidation.” RSA 402-C:44, IV(a). The claim concerns lost investments, not wages for services performed, and in any event the Claimant left Home’s employ in 1990 and so did not earn the amounts within a year before Home’s liquidation began in 2003. See Ex. 1. Since it does not fall in a higher priority class, the claim falls within the Class V “Residual Classification” priority.²

² The 401k plan appears to have been ERISA-subject, but the ERISA preemption provision, 29 U.S.C. § 1144(a), does not apply to the New Hampshire priority statute in light of the “savings clause” which provides that “nothing in this subchapter shall be construed to exempt or relieve any person from any law of any State which regulates insurance, banking, or securities.” 29 U.S.C. § 1144(b)(2)(A). “[F]or a state law to be deemed a ‘law . . . which regulates insurance’ under § 1144(b)(2)(A), it must satisfy two requirements. First, the state law must be specifically directed toward entities engaged in insurance. Second, . . . the state law must substantially affect the risk pooling arrangement between the insurer and the insured.” Kentucky Ass’n of Health Plans v. Miller, 538 U.S. 329, 341-42 (2003). The New Hampshire priority statute is “specifically directed toward entities engaged in insurance,” id., because it provides that “[t]he order of distribution of claims from the insurer’s estate shall be as stated in this section.” RSA 402-C:44 (emphasis added). It also “substantially affect[s] the risk pooling arrangement between the insurer and the insured,” 538 U.S. at 342, by reserving the insurer’s assets for its policyholders and claimants against policyholders. See RSA 402-C:44, II. Without that priority, the distributions on insured’s claims against the insolvent insurer would be diluted by claims of other, non-insured creditors. The Supreme Court’s test “requires only that the state law substantially affect the risk pooling arrangement between the insurer and insured; it does not require that the state law actually spread risk.” Miller, 538 U.S. at 339 n. 3.

CONCLUSION

For the reasons stated, the Referee should sustain the Liquidator's assignment of the claim to Class V priority.

Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE COMMISSIONER
OF THE STATE OF NEW HAMPSHIRE, SOLELY AS
LIQUIDATOR OF THE HOME INSURANCE
COMPANY,

By his attorney,

MICHAEL A. DELANEY,
ATTORNEY GENERAL,

J. Christopher Marshall
NH Bar ID No. 1619
Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3650



Eric A. Smith
NH Bar ID No. 16952
Rackemann, Sawyer & Brewster, P.C.
160 Federal Street
Boston, MA 02110
(617) 542-2300

December 13, 2012

Certificate of Service

I hereby certify that foregoing Liquidator's Brief Regarding Priority was sent by electronic mail and first class mail, postage prepaid to Linda Faye Peeples, P.O. Box 974, Fresno, TX 77545; lfpeeples@yahoo.com, this 13th day of December, 2012.



Eric A. Smith

The Home Insurance Company,

DATE PROOF OF CLAIM RECEIVED

PROOF OF CLAIM

The Home Insurance Company,

Maine County Superior Court, State of New Hampshire 03-E-0106

Read Carefully Before Completing This Form

Please print or type

FOR LIQUIDATOR'S USE ONLY

DATE PROOF OF CLAIM RECEIVED

RECEIVED

MAY 05 2010

HICIL

EMPL 713583

The Deadline for Filing this Form is June 13, 2004.

You should file this Proof of Claim form if you have an actual or potential claim against The Home Insurance Company of any of its former subsidiaries ("The Home") even if the amount of the claim is presently uncertain. To have your claim considered by the Liquidator, this Proof of Claim must be postmarked no later than June 13, 2004. Failure to timely return this completed form will likely result in the DENIAL OF YOUR CLAIM. You are advised to retain a copy of this completed form for your records.

- 1. Claimant's Name: Linda Faye Peoples (Maiden) (Hill)
- 2. Claimant's Address: 1502 W. APRIL RAIN Ct.
MISSOURI CITY, TEXAS 77489
- 3. Claimant's Telephone Number: (281) 438-2877
Fax Number: (281) 438-2877
Email address: L.peoples@yahoo.com
- 4. Claimant's Social Security Number, Tax ID Number or Employer ID Number: _____

If your name, address, e-mail address, or telephone number set forth above are incorrect, or if they change, you must notify the Liquidator so she can advise you of new information.

- 5. Claim is submitted by (check one):
 - a) Policyholder or former policyholder
 - b) Third Party Claimant making a claim against a person insured by The Home
 - c) Employee or former employee
 - d) Broker or Agent
 - e) General Creditor, Reinsurer, or Reinsured
 - f) State or Local Government Entity
 - g) Other; describe: _____

Describe in detail the nature of your claim. You may attach a separate page if desired. Attach relevant documentation in support of your claim, such as copies of outstanding invoices, contracts, or other supporting documentation.

I WAS AN EMPLOYEE OF THE HOME INSURANCE COMPANY IN SEPTEMBER 1986 UNTIL NOVEMBER 1987. I INVESTED IN THE HOME INSURANCE COMPANY 401K PLAN 5% OF MY EARNING AND 5% COMPANY MATCHED. MY CLAIM IS THE HOME INSURANCE COMPANY INVESTED IN JUNK BONDS AND I NEVER RECEIVED ANYTHING FROM MY 401K PLAN.

6. Indicate the total dollar amount of your claim. If the amount of your claim is unknown, write the word "unknown", BUT be sure to attach sufficient documentation to allow for determination of the claim amount.

UNKNOWN (If amount is unknown, write the word "unknown").

7. If you have any security backing up your claim, describe the nature and amount of such security. Attach relevant documentation.

NONE

8. If The Home has made any payments towards the amount of the claim, describe the amount of such payments and the dates paid:

NONE

9. Is there any setoff, counterclaim, or other defense which should be deducted by The Home from your claim?

NONE

10. Do you claim a priority for your claim? If so, why:

N/A

11. Print the name, address and telephone number of the person who has completed this form.

Name: LINDA FAYE PEOPLES (HILL)
Address: 1502 W. APRIL RAIN Ct.
MISSOURI CITY, TEXAS 77489
Phone Number: (281) 438-2877
Email address: L.peoples@yahoo.com

* The Home Indemnity Company, The Home Insurance Company of Indiana, City Insurance Company, Home Lloyds Insurance Company of Texas, The Home Insurance Company of Illinois, and The Home Insurance Company of Wisconsin.

THE HOME INSURANCE COMPANY IN LIQUIDATION
P.O. Box 1720
Manchester, New Hampshire 03105-1720
Tel: (800) 347-0014

Date: July 14, 2011

Class V

Linda Faye Peeples
1502 W. April Rain Ct
Missouri City Texas 77489

RE: NOTICE OF DETERMINATION
Proof of Claim No.: EMPL713583

Determination Summary

Classification Determination: Class V
Amount Allowed by Liquidation: Deferred

Explanation: A partial determination of your claim has been made assigning it a "Class V Residual Classification" under New Hampshire Revised Statute 402-C:44. A determination of the amount of your claim will be made only if it is later concluded that there will be sufficient assets to permit a distribution to Class V claimants. If you disagree with the classification of your claim as Class V, you must request review or file an objection as described below.

Dear Claimant:

The purpose of this letter is to provide you with a determination set forth above of claims you have presented to The Home Insurance Company in Liquidation ("The Home"), under the Proof(s) of Claim specified above. The Home expects to present notice of this determination to the Superior Court for Merrimack County, New Hampshire (the "Court") for approval in accordance with New Hampshire Revised Statute, RSA 402-C:45. Read this Notice of Determination carefully as it sets forth your rights and obligations in detail.

The Home has now made a Determination on the claims as set forth above in accordance with The Home Claim Procedures (the "Procedures")¹ approved by the Court. The claim has been assigned a Class V priority as a "residual claim" pursuant to the Order of Distribution set forth in RSA 402-C:44.

You may have other claims against The Home for which you may receive other Notices of Determination. You will have a separate right to dispute each Notice of Determination. Pursuant to order of the Court, The Home may make distributions of its assets as a percentage of all allowed claims in a particular priority class in The Home estate as

¹ A copy of the January 19, 2005 Restated and Revised Order Establishing Procedures Regarding Claims Filed With The Home Insurance Company in Liquidation may be obtained from the website of the Office of the Liquidation Clerk for The Home Insurance Company in Liquidation and US International Reinsurance Company in Liquidation, www.hicilclerk.org.

approved by the Court. The amount of the final payment for allowed claims will be determined by the final ratio of assets to liabilities and the applicable priority. Please be advised that the final percentage of payment that you receive from The Home, at the time The Home is finally closed, is the total payment amount that you will be entitled to on this claim.

The Liquidator does not expect there to be assets sufficient to make a distribution to creditors in classes below Class II. In the event it is later concluded that there will be sufficient assets to make a distribution to on Class V claims, the Liquidator will address the merits of your claim and issue a further Notice of Determination.

The following instructions apply to this Notice of Determination:

Claim Classification

1. If you agree with the determination, sign and date the enclosed Acknowledgment of Receipt of the Notice of Determination and mail the completed Acknowledgment to The Home.
2. A. If you wish to dispute the determination of a Class V creditor classification for any reason, you may file a Request for Review with the Liquidator. The Request for Review is the first of two steps in the process of disputing a claim determination. The Request for Review must be received by The Home within thirty (30) days from the date of this Notice of Determination.

REQUEST FOR REVIEW FILING REQUIREMENTS:

- (a) Sign and return the attached Acknowledgment of Receipt form.
- (b) On a separate page, state specifically the reasons(s) you believe that the determination is in error and how it should be modified. Please note the Proof of Claim number on that page and sign the page.
- (c) Mail the Request for Review to:

The Home Insurance Company in Liquidation
P.O. Box 1720
Manchester, NH 03105-1720

You should keep a copy of this Notice of Determination, Acknowledgment of Receipt and Request for Review, then mail the Original Request for Review to us by U.S. Certified Mail, Return Receipt Requested.

- (d) The Request for Review must be received by The Home within thirty (30) days from the date of this Notice of Determination. The Request for Review must be in writing.
- (e) The Liquidator will inform you of the outcome of the review and issue to you a Notice of Redetermination.

IF A REQUEST FOR REVIEW IS NOT FILED WITH THE HOME WITHIN THE THIRTY (30) DAY PERIOD, YOU MAY NONETHELESS DIRECTLY FILE AN OBJECTION WITH THE COURT WITHIN SIXTY (60) DAYS FROM THE MAILING OF THIS NOTICE. You do not have to file the Request for Review as a prerequisite to dispute the Notice of Determination. Please see Section 2B (below) for the Objections to Denial of Claims.

- B. If you disagree with the determination of a Class V creditor classification you may file an Objection with the Court at**

**Office of the Clerk, Merrimack County Superior Court
163 N. Main Street, P.O.Box 2880
Concord, New Hampshire 03301
Attention: The Home Docket No.03-E-0106**

within sixty (60) days from the mailing of the Notice of Determination and bypass the Request for Review procedures as noted in Section 2A (above). If the Request for Review is timely filed as outlined in Section 2A, the Liquidator will inform you of the outcome of the review and issue to you a Notice of Redetermination. If the redetermination is to disallow the claim, you may still file an Objection with the Court. You have sixty (60) days from the mailing of the Notice of Redetermination to file your Objection. Please also sign and return the Acknowledgment of Receipt form and mail a copy of the Objection to the Liquidator.

IF YOU DO NOT FILE AN OBJECTION WITH THE COURT WITHIN EITHER SIXTY (60) DAYS FROM THE MAILING OF THIS NOTICE OF DETERMINATION OR SIXTY (60) DAYS FROM THE MAILING OF ANY NOTICE OF REDETERMINATION, YOU MAY NOT FURTHER OBJECT TO THE DETERMINATION.

A timely filed Objection will be treated as a Disputed Claim and will be referred to the Liquidation Clerk's Office for adjudication by a Referee in accordance with the Procedures.

- 3. You must notify The Home of any changes in your mailing address. For purpose of keeping The Home informed of your current address, please notify us at the address given on the letterhead above.**

Sincerely yours,

**Peter Bengelsdorf, Special Deputy Liquidator
For Roger A. Sevigny, Liquidator
of The Home Insurance Company in Liquidation**

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720

Manchester, New Hampshire 03105-1720

Tel: (800) 347-0014

POC # : EMPL713583

Amount Allowed: "Deferred"

Classification: Class V

Linda Faye Peeples
1502 W. April Rain Ct
Missouri City Texas 77489

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge receipt of the Notice of Determination as a Class V Creditor claim and confirm that I understand the content thereof. I further acknowledge and confirm that I understand the Instructions regarding the Notice of Determination of my Claim against The Home Insurance Company in Liquidation and in that regard advise as follows:

(Check off all applicable items).

I agree to the determination.

I reject the determination and want to file a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I reject the determination and intend to file a separate Objection with the Court, without filing a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I request that The Home mail further correspondence to:

Same name as above.

New name _____

Same address as above.

New address _____

This Acknowledgment of Receipt must be completed, signed and returned to The Home.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Linda Faye Peoples
P.O. Box 974
Fresno, Texas 77545
Tel: (713) 436-0666
lfpeeples@att.net

Tuesday, August 9, 2011

The Home Insurance Company in Liquidation
P.O. Box 1720
Manchester, NH 03105-1720

RE: Request for Review
Proof of Claim No.: EMPL713583

Dear Liquidator:

This notice is in accordance with the Determination Summary dated July 14, 2011.

I hereby wish to dispute the determination of a class V "residual claim" pursuant to the order of distribution set forth in RSA 402-C:44. It should be a Class II "policy related claims".

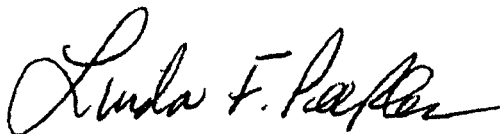
As outlined in RSA 402-C:44: Class II - Policy Related Claims.

All claims by policyholders, including claims for unearned premiums in excess of \$50, beneficiaries, and insured's arising from and within the coverage of and not in excess of the applicable limits of insurance policies and insurance contracts issued by the company, and liability claims against insured's which are within the coverage of and not in excess of the applicable limits of insurance policies and insurance contracts issued by the company and claims of the New Hampshire Insurance Guaranty Association, the New Hampshire Life and Health Insurance Guaranty Association and any similar organization in another state. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds or investment values, shall be treated as loss claims. That portion of any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant shall not included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment made by an employer to an employee shall be treated as a gratuity.

Because I purchased and paid into the ("The Home Group") 401k plan the same as a policyholders my claim should be treated as a Class II "policy related claim". According to The Employee Retirement Income Security Act of 1974 (ERISA) by federal law that protects participants in employee 401k plans offered by employers. I am seeking redress

for breached of fiduciary responsibility and failure to provide adequate disclosures of plan terms or benefit changes. In the retirement plan context, employers are supposed to act prudently, and with the highest regard for the interest of employees. Because of the "The Home Group" engaging in highly risky and illegal business and accounting practices, which misrepresented to me the employee that lead to the financial collapse of the company. As a result of The Home Group representing my 401k plan it was completely eradicated.

Sincerely Your,

A handwritten signature in black ink, appearing to read "Linda F. Peoples". The signature is written in a cursive, flowing style.

Linda Faye Peoples

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720

Manchester, New Hampshire 03105-1720

Tel: (800) 347-0014

POC #: EMPL713583

Amount Allowed: "Deferred"
Classification: Class V

Linda Faye Peebles
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Missouri City Texas 77489

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I request that The Home mail further correspondence to:

Same name as above.

New name _____

Same address as above.

New address P.O. Box 974
FRESNO, TEXAS 77545

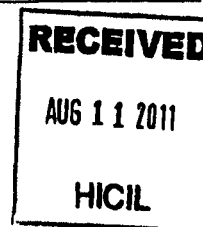
This Acknowledgment of Receipt must be completed, signed and returned to The Home.

Signature: Linda F. Peebles

Printed Name: Linda Faye Peebles

Title: Claimant

Date: August 9, 2011



CF-10

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720

Manchester, New Hampshire 03105-1720

Tel: (800) 347-0014

Date: July 14, 2011

Class V

Linda Faye Peeples
1502 W. April Rain Ct
Missouri City Texas 77489

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The Home has now made a Determination on the claims as set forth above in accordance with The Home Claim Procedures (the "Procedures")¹ approved by the Court. The claim has been assigned a Class V priority as a "residual claim" pursuant to the Order of Distribution set forth in RSA 402-C:44.

You may have other claims against The Home for which you may receive other Notices of Determination. You will have a separate right to dispute each Notice of Determination. Pursuant to order of the Court, The Home may make distributions of its assets as a percentage of all allowed claims in a particular priority class in The Home estate as

¹ A copy of the January 19, 2005 Restated and Revised Order Establishing Procedures Regarding Claims Filed With The Home Insurance Company in Liquidation may be obtained from the website of the Office of the Liquidation Clerk for The Home Insurance Company in Liquidation and US International Reinsurance Company in Liquidation, www.hicilclerk.org.

approved by the Court. The amount of the final payment for allowed claims will be determined by the final ratio of assets to liabilities and the applicable priority. Please be advised that the final percentage of payment that you receive from The Home, at the time The Home is finally closed, is the total payment amount that you will be entitled to on this claim.

The Liquidator does not expect there to be assets sufficient to make a distribution to creditors in classes below Class II. In the event it is later concluded that there will be a sufficient assets to make a distribution to on Class V claims, the Liquidator will address the merits of your claim and issue a further Notice of Determination.

The following instructions apply to this Notice of Determination:

Claim Classification

1. If you agree with the determination, sign and date the enclosed Acknowledgment of Receipt of the Notice of Determination and mail the completed Acknowledgment to The Home.
2. A. If you wish to dispute the determination of a Class V creditor classification for any reason, you may file a Request for Review with the Liquidator. The Request for Review is the first of two steps in the process of disputing a claim determination. The Request for Review must be received by The Home within thirty (30) days from the date of this Notice of Determination.

REQUEST FOR REVIEW FILING REQUIREMENTS:

- (a) Sign and return the attached Acknowledgment of Receipt form.
- (b) On a separate page, state specifically the reasons(s) you believe that the determination is in error and how it should be modified. Please note the Proof of Claim number on that page and sign the page.
- (c) Mail the Request for Review to:

The Home Insurance Company in Liquidation
P.O. Box 1720
Manchester, NH 03105-1720

You should keep a copy of this Notice of Determination, Acknowledgment of Receipt and Request for Review, then mail the Original Request for Review to us by U.S. Certified Mail, Return Receipt Requested.

- (d) The Request for Review must be received by The Home within thirty (30) days from the date of this Notice of Determination. The Request for Review must be in writing.
- (e) The Liquidator will inform you of the outcome of the review and issue to you a Notice of Redetermination.

IF A REQUEST FOR REVIEW IS NOT FILED WITH THE HOME WITHIN THE THIRTY (30) DAY PERIOD, YOU MAY NONETHELESS DIRECTLY FILE AN OBJECTION WITH THE COURT WITHIN SIXTY (60) DAYS FROM THE MAILING OF THIS NOTICE. You do not have to file the Request for Review as a prerequisite to dispute the Notice of Determination. Please see Section 2B (below) for the Objections to Denial of Claims.

- B. If you disagree with the determination of a Class V creditor classification you may file an Objection with the Court at**

**Office of the Clerk, Merrimack County Superior Court
163 N. Main Street, P.O.Box 2880
Concord, New Hampshire 03301
Attention: The Home Docket No.03-E-0106**

within sixty (60) days from the mailing of the Notice of Determination and bypass the Request for Review procedures as noted in Section 2A (above). If the Request for Review is timely filed as outlined in Section 2A, the Liquidator will inform you of the outcome of the review and issue to you a Notice of Redetermination. If the redetermination is to disallow the claim, you may still file an Objection with the Court. You have sixty (60) days from the mailing of the Notice of Redetermination to file your Objection. Please also sign and return the Acknowledgment of Receipt form and mail a copy of the Objection to the Liquidator.

IF YOU DO NOT FILE AN OBJECTION WITH THE COURT WITHIN EITHER SIXTY (60) DAYS FROM THE MAILING OF THIS NOTICE OF DETERMINATION OR SIXTY (60) DAYS FROM THE MAILING OF ANY NOTICE OF REDETERMINATION, YOU MAY NOT FURTHER OBJECT TO THE DETERMINATION.

A timely filed Objection will be treated as a Disputed Claim and will be referred to the Liquidation Clerk's Office for adjudication by a Referee in accordance with the Procedures.

- 3. You must notify The Home of any changes in your mailing address. For purpose of keeping The Home informed of your current address, please notify us at the address given on the letterhead above.**

Sincerely yours,

**Peter Bengelsdorf, Special Deputy Liquidator
For Roger A. Sevigny, Liquidator
of The Home Insurance Company in Liquidation**

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720
 Manchester, New Hampshire 03105-1720
 Tel: (800) 347-0014

Date: November 8, 2011

Class V

Linda Faye Peebles
 P.O. Box 974
 Fresno, Texas 77545

RE: NOTICE OF REDETERMINATION
 Proof of Claim No.: EMPL713583

Redetermination Summary

Class V

Gross Amount of Claim	: Unknown
Amount Allowed by Liquidation	: Deferred

Dear Claimant:

This is in response to your August 9, 2011 "Acknowledgement of Receipt" of the Notice of Determination ("NOD") issued on behalf of the Liquidator of the Home Insurance Company ("Liquidator") regarding your Proof of Claim ("POC") numbered above. With your acknowledgement you rejected the NOD and filed a Request for Review seeking reconsideration of "the Determination of [your] claim as CLASS V."

By virtue of the Re-determination we will elaborate on the reasons why the Class V determination was, and remains, the appropriate classification for your POC. The Home Liquidation is supervised by the Superior Court of Merrimack County, New Hampshire and is subject to NH RSA §402-C relating to Insurers Rehabilitation and Liquidation. Specifically, NH RSA §402-C:44 prescribes the order of distribution of all claims in an insurer's estate. Your POC was determined to fall within the class "V-Residual Classification" category which includes "All other claims including claims of any state or local government, not falling within other classes under this section..." It was correctly determined that your claim could not be characterized as an "Administration Cost" (Class I); "Policy Related Claim" i.e., a Home Insurance Company policy (Class II); "Claim of the Federal Government" (Class III); or "Wage" claim (Class IV). Hence, the lowest possible priority for your claim was that which was assigned, namely, a Class V-Residual Classification.

Accordingly, on behalf of the Liquidator, this Notice of Re-determination affirms the NOD classification of your POC as a Class V claim.

Please review the Notice of Redetermination below as it sets forth your rights and obligations concerning your proof of claim.

The purpose of this letter is to respond to your Request for Review and provide you with a Redetermination set forth above of claims you have presented to The Home Insurance Company in Liquidation ("The Home"), under the Proof(s) of Claim specified above. The Home expects to present notice of this Redetermination to the Superior Court for Merrimack County, New Hampshire (the "Court") for approval in accordance with New Hampshire Revised Statute, RSA 402-C:45. Read this Notice of Redetermination carefully as it sets forth your rights and obligations in detail.

The Home has reviewed your request for review and made a Redetermination on the claim as set forth above in accordance with The Home Claim Procedures (the "Procedures")¹ approved by the Court. If the claim has been allowed, in whole or in part, it has been assigned a Class V priority as a "residual claim" pursuant to the Order of Distribution set forth in RSA 402-C:44 and will be placed in line for distribution as directed by the Court from the assets of The Home.

You may have other claims against The Home for which you may receive other Notices of Determination or Redetermination. You will have a separate right to dispute each Notice of Determination or Redetermination. If your claim has been allowed in whole or in part, this Notice of Redetermination does not mean that your claim will immediately be paid, or that it will be paid in full or at all. Pursuant to order of the Court, The Home may make distributions of its assets as a percentage of all allowed claims in a particular priority class in The Home estate as approved by the Court. The amount of the final payment for allowed claims will be determined by the final ratio of assets to liabilities and the applicable priority. Please be advised that the final percentage of payment that you receive from The Home, at the time The Home is finally closed, is the total payment amount that you will be entitled to on this claim.

The Liquidator does not expect there to be assets sufficient to make a distribution to creditors in classes below Class II.

Any and all distributions of assets may be affected and/or reduced by any payments you have received on this claim from any other sources not listed on the Notice of Distribution. Any such distributions by The Home are based on The Home's knowledge and/or understanding of the amounts you have received in settlement and/or reimbursement of this claim from all other sources at the time of the allowance or thereafter. Should The Home subsequently become aware of prior recoveries from other sources The Home has the right to reduce its future distribution payments to you to the extent of such other recoveries, or to seek and obtain repayment from you with respect to any previous distributions that were made to you.

¹ A copy of the January 19, 2005 Restated and Revised Order Establishing Procedures Regarding Claims Filed with The Home Insurance Company in Liquidation may be obtained from the website of the Office of the Liquidation Clerk for The Home Insurance Company in Liquidation and US International Reinsurance Company in Liquidation, www.hicilclerk.org.

Further, if you seek or receive any future payment from any other source on this claim after you receive a distribution payment from The Home, you must notify The Home at the address below, and The Home has the right to recover from you the distribution payments in whole or in part, to the extent of any such other future recoveries.

As a condition to receipt of any distributions, The Home shall be entitled to any rights to subrogation you may have against any third party and you shall be deemed to have assigned to The Home such rights upon receipt of any distributions. You shall also be obliged to reimburse The Home for any legal fees or other costs associated with The Home recovering from you any distribution payments to which you are not entitled.

The following instructions apply to this Notice of Redetermination:

Claim Allowed

1. If this claim has been allowed in whole or in part and you agree with the Redetermination, sign and date the enclosed Acknowledgment of Receipt of the Notice of Redetermination and mail the completed Acknowledgment to The Home.

Claim Disallowed

2. If all or part of your claim has been disallowed or you wish to dispute the Redetermination or creditors classification or creditors class in whole or in part, you may still file an Objection with the Court at
Office of the Clerk, Merrimack County Superior Court
163 N. Main Street, P.O. Box 2880
Concord, New Hampshire 03301-2880
Attention: The Home Docket No. 03-E-0106

within sixty (60) days from the mailing of the Notice of Redetermination. **You have sixty (60) days from the mailing of the Notice of Redetermination to file your Objection.** Please also sign and return the Acknowledgment of Receipt form and mail a copy of the Objection to the Liquidator while maintaining copies of all documents for your reference.

IF YOU DO NOT FILE AN OBJECTION WITH THE COURT WITHIN SIXTY (60) DAYS FROM THE MAILING OF THIS NOTICE OF REDETERMINATION, YOU MAY NOT FURTHER OBJECT TO THE DETERMINATION.

A timely filed Objection will be treated as a Disputed Claim and will be referred to the Liquidation Clerk's Office for adjudication by a Referee in accordance with the Procedures.

3. You must notify The Home of any changes in your mailing address. This will ensure your participation in future distributions, as applicable. For purposes of keeping The

Home informed of your current address, please notify us at the address given on the letterhead above.

Sincerely yours,

**Peter Bengelsdorf, Special Deputy Liquidator
For Roger A. Sevigny, Liquidator
of THE HOME INSURANCE COMPANY**

THE HOME INSURANCE COMPANY IN LIQUIDATION
P.O. Box 1720
Manchester, New Hampshire 03105-1720
Tel: (800) 347-0014

POC #: EMPL713583

Allowance : \$ Deferred

Linda Faye Peoples
P.O. Box 974
Fresno, Texas 77545

ACKNOWLEDGMENT OF RECEIPT CLASS V

I hereby acknowledge receipt of the Notice of Redetermination as a Class V Creditor claim and confirm that I understand the content thereof. I further acknowledge and confirm that I understand the Instructions regarding the Notice of Redetermination of my Claim against The Home Insurance Company in Liquidation and in that regard advise as follows:

(Check off all applicable items.)

I agree to the Redetermination.

I reject the Redetermination and intend to file an Objection with the Court. (Specific reasons must be included along with return of the signed Acknowledgement).

I request that The Home mail further correspondence to:

Same name as above.

New name _____

Same address as above.

New address _____

This Acknowledgment of Receipt must be completed, signed and returned to The Home in order to be eligible for distributions from The Home estate as directed by the Court.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

December 13, 2011

Office of the Clerk, Merrimack County Superior Court
163 N. Main Street, P.O. Box 2880
Concord, New Hampshire 03301-2880
Attention: The Home Docket No. 03-E-0106

Dear Sirs:

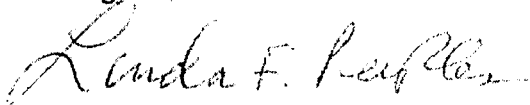
This letter is in regards to POC #: EMPL713583 ~ Allowance: \$ Deferred.

I am, again, disputing the Redetermination class. I strongly feel that my case should be classified as Class II or above. (Please see initial dispute letter attached).

As per my correspondences with Art Wilson, it was stated that no specific dollar amount was declared. Please note that I am declaring a gross amount owed to me from The Home Insurance Company In Liquidation in the amount of 1.5 million USD.

Should you need any further information from me, please don't hesitate to contact me at P.O. 974, Fresno, TX 77545 (in writing) or 713.396.6139 (by phone).

Regards,



Linda Faye Peoples
EMPL713583

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE
 SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1989

TRANSITION REPORT PURSUANT TO SECTION 13 OF THE
 SECURITIES EXCHANGE ACT OF 1934

Commission file no. 1-8963

The Home Insurance Company

(Exact name of registrant as specified in its charter)

NEW HAMPSHIRE
 (State of incorporation)

02-0308052
 (I.R.S. Employer Identification No.)

59 Maiden Lane, New York, New York 10038
 (Address of principal executive offices)

Registrant's telephone number, including area code (212) 530-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
\$2.95 Cumulative Preferred Stock (\$1.00 par value), Series A	The New York Stock Exchange

At March 28, 1990, there were 12,000 shares of registrant's Common Stock, par value \$250 per share, outstanding, all of which were owned by AmBase Corporation. The Common Stock constitutes registrant's only outstanding voting security.

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

The registrant's 1989 Annual Report to Stockholders, filed herewith, is incorporated by reference in Parts II and IV of this Annual Report.

Participants become immediately and fully vested in AmBase Company Contribution Shares upon the occurrence of a Change in Control of AmBase.

Under this Plan, the following AmBase Company Contributions were awarded to the individuals named in the cash compensation table and all executive officers as a group during 1989: Mr. Munson, \$5,000; and all executive officers as a group, \$7,000.

AmBase Savings Plan

The AmBase Savings Plan (formerly The Home Builder Savings Plan) was converted into a "Section 401(k) Plan" within the meaning of the Code, effective January 1, 1987. Notwithstanding such change, pre-1987 Plan accounts of participants are maintained in the Plan and vest over a seven-year period. Substantially all employees of AmBase and certain of its affiliates, including the Company, meeting minimum age and period of service requirements are eligible to participate in the AmBase Savings Plan. Under the Plan, employees may enter into a salary reduction agreement for a percentage of their annual earnings (as defined in the Plan). The amount by which the employee's salary is so reduced is considered a contribution by the employer to the Plan. The employer also matches a designated percentage of employees' salary reductions. The percentage match may vary from year to year at the discretion of the AmBase Board. The employer match is currently 100% of up to 3.5% of the employee's salary. An employee is permitted to make an additional contribution of up to 2.5% of his or her earnings that will not be matched by the employer. All contributions are subject to maximum limitations contained in the Code. Post-1988 employer contributions are 100% vested when made. All contributions are invested in AmBase Common Stock, except for salary reduction contributions made prior to January 1, 1989 by Plan participants age 55 or over who have chosen to keep these contributions in a short-term investment fund. As of February 28, 1990, the Trust established under the Plan held 2,593,451 shares comprising 7.6% of the outstanding AmBase Common Stock (all of which shares may be voted by the trustees). The Plan provides that a participating employee (or his or her beneficiary upon death) will be entitled to receive distribution of his or her vested interest in the Plan upon retirement, death or other termination of employment. In addition, an employee may receive a portion of his or her post-1988 contributions in the event of financial hardship. Such amounts will usually be paid in whole shares of AmBase Common Stock with cash for any fractional share. The employer matching contributions made by the employer to the AmBase Savings Plan during 1989 for the individuals named in the cash compensation table and all executive officers as a group were as follows: Mr. Meenaghan, \$6,000, Mr. Munson, \$6,000, Mr. Phillips, \$6,000, Mr. Mina, \$6,000; Mr. Ladd \$6,000; and all executive officers as a group, \$118,347.

Leveraged Employee Stock Ownership Plan

AmBase's Leveraged Employee Stock Ownership Plan (the "LESOP") was approved by its stockholders in May 1986. The LESOP is intended to qualify as a stock bonus plan exempt from taxation under the Code and as an employee stock ownership plan as defined in Section 4975(e)(7) of the Code. The LESOP is designed to invest primarily in AmBase Common Stock and may borrow the funds necessary to purchase such stock. AmBase Common Stock may be purchased from AmBase, on the open market or in privately negotiated transactions.

Shares purchased are held in a trust (the "LESOP Trust") for the benefit of participants in the LESOP. Generally, to be eligible to participate in the LESOP, an employee must have reached age 21 and must have completed one year of service with AmBase or with an affiliate of AmBase, including the Company, that has adopted the LESOP. The Company adopted the LESOP on February 25, 1987. As of February 28, 1990, the LESOP Trust held 995,834 shares comprising 2.9% of the outstanding AmBase Common Stock.

On March 5, 1987, pursuant to a Loan Agreement dated as of March 1, 1987, the Trust borrowed \$24 million (the "Loan") from The Chase Manhattan Bank, N.A., the proceeds of which were used to purchase 1,000,000 shares of Common Stock from AmBase. A variable rate of interest is in effect under the Loan Agreement, which at March 1, 1990 was 8.8% per year. The Loan is guaranteed by AmBase. The lender has no recourse against the LESOP Trust except with respect to contributions made thereto (other than contributions of AmBase Common Stock) to the extent that the payment schedule of the Loan has not been

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE
 SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1990

TRANSITION REPORT PURSUANT TO SECTION 13 OF THE
 SECURITIES EXCHANGE ACT OF 1934

Commission file no. 1-8963

The Home Insurance Company

(Exact name of registrant as specified in its charter)

NEW HAMPSHIRE
 (State of incorporation)

02-0308052
 (I.R.S. Employer Identification No.)

59 Maiden Lane, New York, New York 10038
 (Address of principal executive offices)

Registrant's telephone number, including area code (212) 530-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
\$2.95 Cumulative Preferred Stock (\$1.00 par value), Series A	The New York Stock Exchange

At March 28, 1991, there were 12,000 shares of registrant's Common Stock, par value \$250 per share, outstanding, all of which were owned by Home Holdings Inc. The Common Stock constitutes registrant's only outstanding voting security.

Indicate by check mark whether registrant(1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

The registrant's 1990 Annual Report to Stockholders, filed herewith, is incorporated by reference in Parts II and IV of this Annual Report.

PART I

Item 1. Business

CORPORATE PROFILE

The Home Insurance Company (the "Company"), is a property and casualty insurance company which owns all the outstanding common stock of Gruntal Financial Corp. ("Gruntal"). The Company was incorporated in New York in 1853 and reincorporated in New Hampshire in 1973.

In February 1991, all the outstanding common stock and 6,227,180 shares of preferred stock of the Company were purchased from AmBase Corporation (AmBase) by Home Holdings Inc. ("Home Holdings"), which is controlled by a consortium led by Trygg-Hansa SPP Group, Industrial Mutual Insurance Company and International Insurance Investors.

For financial information relating to amounts of revenue, income before income taxes and identifiable assets attributable to each of the Company's industry segments, see Financial Review and note 12 to the consolidated financial statements contained in the Company's 1990 Annual Report to Stockholders.

The Company's principal executive offices are located at 59 Maiden Lane, New York, New York 10038. Its telephone number at that location is (212) 530-7000.

PROPERTY AND CASUALTY INSURANCE

The Company, a New Hampshire corporation, and its principal property and casualty insurance subsidiaries (The Home Indemnity Company, The Home Insurance Company of Illinois, The Home Insurance Company of Indiana, The Home Insurance Company of Wisconsin and City Insurance Company) write a full line of property and casualty insurance throughout the United States. In 1990, 13% and 11% of the Company's direct property and casualty insurance premiums were written in California and New York, respectively; the domestic balance (72% of such direct premiums written) was distributed widely through all other states, none of which (except Florida, Pennsylvania and Texas) accounted for more than 5% of such direct premiums written. On the basis of net premiums written of \$2 billion in 1989, the Company ranked 23rd among property and casualty insurance companies in the United States.

USI Re, a wholly owned indirect subsidiary of the Company, was engaged in the business of writing treaty and facultative reinsurance. During the third quarter of 1990, the Company terminated its efforts to sell USI Re and USI Re ceased accepting new or renewal insurance business, except for operations conducted by its subsidiary, City International Insurance Company Limited ("City International"), which writes reinsurance in the London market. Effective September 30, 1990, USI Re entered into a reinsurance agreement covering business other than that written through City International. The agreement provides for the transfer of loss and loss adjustment expense reserves and unearned premiums net of ceding commissions and for the cession of all future premiums which are reported to USI Re. For information regarding the financial effects of this transaction see note 2 of the Company's consolidated financial statements contained in the 1990 Annual Report to Stockholders.

The following table sets forth the amount and percentage distribution of net premiums written attributable to property and casualty classifications of the Company for the last three years:

	1990		1989		1988	
	Amount	Percent	Amount	Percent	Amount	Percent
Major accounts	\$ 829	42%	\$ 749	37%	\$ 645	31%
Commercial lines	481	25	464	23	452	22
Specialty lines	331	17	353	17	361	17
Personal lines	203	10	231	11	262	13
Reinsurance, voluntary pools and international	113	6	248	12	348	17
	\$ 1,957	100%	\$ 2,045	100%	\$ 2,068	100%

loans bear interest at a per annum rate equal to 2% or 2.5% below the prime rate of Manufacturers Hanover Trust Co. Mr. Meenaghan also has an additional outstanding loan as otherwise described below under "Certain Relationships and Related Transactions". With the sale of the Company to Home Holdings in February 1991, the outstanding notes of Company participants in the Stock Purchase and Loan Program were transferred from the Company to Home Holdings. No provision has been made to replace this plan.

Stock Purchase and Bonus Program

Certain executives of the Company and its subsidiaries were eligible to participate in the Stock Purchase and Bonus Program through April 25, 1990. As of that date, the Board of Directors of AmBase suspended participation under the Plan. As of February 13, 1991, the Company and its subsidiaries withdrew from the Plan pursuant to the sale of the Company to Home Holdings. The Plan permitted any employee of AmBase or a subsidiary, including the Company, eligible to receive a cash bonus award to designate up to 50% of such bonus award, if any, for investment in shares of AmBase Common Stock (the "Participant Contributions"). Any employee making such designation was entitled to a matching contribution by his or her respective employer of an amount equal to 20% of the cash bonus award so invested (the "AmBase Company Contributions"). During 1990, 506 employees of the Company and its subsidiaries were eligible to participate in the Plan.

Participants became immediately and fully vested in AmBase Company Contribution Shares upon the sale to Home Holdings. Under this Plan, AmBase Company Contributions awarded to executive officers as a group during 1990 were \$1,400.

AmBase Savings Plan

The AmBase Savings Plan (formerly The Home Builder Savings Plan) was converted into a "Section 401(k) Plan" within the meaning of the Code, effective January 1, 1987. Notwithstanding such change, pre-1987 Plan accounts of participants are maintained in the Plan and have vested over a seven-year period. Pre-1987 accounts of employees of the Company and its subsidiaries which were unvested and had not yet been distributed as of February 13, 1991 were fully vested. Substantially all employees of AmBase and certain of its affiliates, including the Company, meeting minimum age and period of service requirements were eligible to participate in the AmBase Savings Plan through February 13, 1991. Under the Plan, employees may enter into a salary reduction agreement for a percentage of their annual earnings (as defined in the Plan). The amount by which the employee's salary is so reduced is considered a contribution by the employer to the Plan. The employer also matches a designated percentage of employees' salary reductions. The percentage match can vary from year to year at the discretion of the AmBase Board. The employer match is 100% of up to 3.5% of the employee's salary. An employee is permitted to make an additional salary reduction contribution of up to 2.5% of his or her earnings that is not matched by the employer. All contributions are subject to maximum limitations contained in the Code. Post-1986 employer contributions are 100% vested when made. Prior to August 1, 1990 all contributions were invested in AmBase Common Stock, except for salary reduction contributions made prior to January 1, 1989 by Plan participants age 55 or over who had elected to invest in a Bond Fund. Effective August 1, 1990, three additional investment funds (Money Market Fund, Income Fund and Growth Fund) were made available for salary reduction contributions. Amounts held in the Bond Fund have been transferred to one or more of the investment funds or to AmBase Common Stock as elected by the participants. Employer matching contributions have been invested only in AmBase Common Stock. As of February 28, 1991, the Trust established under the Plan held 6,326,626 shares comprising 16.7% of the outstanding AmBase Common Stock (all of which shares may be voted by the trustees). The Plan

provides that a participating employee (or his or her beneficiary upon death) will be entitled to receive distribution of his or her vested interest in the Plan upon retirement, death or other termination of employment. Following the withdrawal of the Company and its subsidiaries from the Plan effective February 13, 1991, pursuant to the sale to Home Holdings, participants' vested interests are being distributed except as otherwise required by the Retirement Equity Act. In addition, an employee may receive a portion of his or her post-1986 contributions in the event of financial hardship. Amounts distributed will usually be paid in whole shares of AmBase Common Stock with cash for any fractional share and amounts invested in any of the three investment funds. The employer matching contributions made by the employer to the Plan during 1990 for the individuals named in the cash compensation table and all executive officers as a group were as follows: Mr. Meenaghan, \$7,979; Mr. Munson, \$7,979; Mr. Phillips, \$5,200; Mr. Mina, \$7,979; Mr. Conroy, \$4,667; and all executive officers as a group, \$165,500.

Effective February 14, 1991, the Company and certain of its subsidiaries adopted a new savings plan to provide benefits substantially similar to those provided by the AmBase Savings Plan, except that no employer securities may be purchased under the new savings plan, and the employer matching contribution currently approved is \$.50 for every dollar contributed by a participant, with a maximum employer match of 3% of the participant's covered earnings.

Leveraged Employee Stock Ownership Plan

AmBase's Leveraged Employee Stock Ownership Plan (the "LESOP") was approved by its stockholders in May 1986 and terminated May 29, 1990. The LESOP was intended to qualify as a stock bonus plan exempt from taxation under the Code and as an employee stock ownership plan as defined in Section 4975(e)(7) of the Code. The LESOP was designed to invest primarily in AmBase Common Stock and borrowed the funds necessary to purchase such stock. Shares purchased are held in a trust (the "LESOP Trust") for the benefit of participants in the LESOP. Generally, to be eligible to participate in the LESOP, an employee must have reached age 21 and must have completed one year of service with AmBase or with an affiliate of AmBase, including the Company, that has adopted the LESOP. The Company adopted the LESOP on February 25, 1987. As of February 28, 1991, the LESOP Trust held 229,264 shares comprising 3.6% of the outstanding AmBase Common Stock.

On March 5, 1987, pursuant to a Loan Agreement dated as of March 1, 1987, the Trust borrowed \$24 million (the "Loan") from The Chase Manhattan Bank, N.A., the proceeds of which were used to purchase 1,000,000 shares of Common Stock from AmBase. A variable rate of interest was in effect under the Loan Agreement, which at March 1, 1990 was 8.8% per year. The Loan was paid in full by AmBase in May 1990.

Separate accounts to which shares of AmBase Common Stock were allocated are established under the LESOP for each participating employee. Cash representing interest earnings under the LESOP Trust was also allocated to participants' accounts. A participant (or his or her beneficiary, in the event of the participant's death) will be entitled to shares of AmBase Common Stock and allocated cash in the participant's account under the LESOP as of the end of the accounting period following his or her termination of employment, if his or her termination of employment occurs as a result of retirement or death. If employment terminates for any other reason, a participant will only be entitled to shares and allocated cash in his or her account as of the end of such accounting period to the extent that he or she has a nonforfeitable vested interest in his or her account. All participants became fully vested in their accounts on May 29, 1990. A participant may generally elect to transfer 80% of his or her vested account balance in the LESOP to the AmBase Retirement Plan. The Trustees of the LESOP are required to vote all shares allocated to participants' accounts in accordance with instructions received from participants with respect to those shares. The Trustees may exercise voting rights with respect to all unallocated shares and all allocated shares with respect to which voting rights are not

The Home Builder Savings Plan

Saving For Your Retirement Years

The Home Builder Savings Plan provides you with an opportunity to save through convenient payroll deductions and to have the Company match a portion of your savings contributions. You are immediately vested in the Company's matching contribution as soon as it is made.

Your savings come out of your *base pay* before your federal (and, in most cases, state and local) income taxes are calculated. By saving with before-tax dollars, you reduce your current taxable income and lower your annual taxes. This results in an immediate increase in your spendable income when compared to saving the same amount with after-tax dollars.

Your contributions are invested in Home Group common stock. However, if you are age 55 or over, you have the added option of investing your before-tax savings in a Bond Fund. The Company's matching contributions are always invested in Home Group common stock.

The Home Builder Savings Plan is a continuation of The Home Builder Plan. If you had a Home Builder account as of December 31, 1986, that account continues as part of The Home Builder Savings Plan. Beginning January 1, 1987, contributions to the Plan are invested in Home Builder Savings Plan accounts.

On the following pages, we'll explain more about how The Home Builder

Savings Plan works, and what it can mean to you and your family.

Your Benefits In More Detail

Before we explain the Plan in greater detail, here is an explanation of some of the terms we'll use in our discussion. These terms will be printed in italics when they appear in the text of the booklet, and you can check back to this section if you have any questions.

- "base pay"** This means your regular base pay. It does not include overtime, bonuses or other special pay.
- "calendar quarter"** This is one of four three-month periods: January through March; April through June; July through September; and October through December.
- "eligibility period"** This is a 12-month period measured from the date you entered or re-entered employment during which you are credited with at least 1,000 *hours of service*.
- "enrollment date"** This is the first day of each *calendar quarter*.
- "hour of service"** This is each hour for which you are paid or entitled to be paid while working for the Company. It includes time off the job for such things as vacations. It also includes time you would have worked if you're on:
- approved leave of absence and you return to work or retire immediately at the end of this leave, or

- military leave and return to work within the time your right to re-employment is protected by law.

In addition, if you are on an approved maternity, paternity or child-rearing leave, you will be credited either in the year the leave begins or in the following calendar year with up to 501 *hours of service* to prevent a *break in service* from occurring.

"matchable contributions" The portion of your contributions the Company will match.

"one-year break in service" This means a calendar year in which you complete 500 or fewer *hours of service*.

"year of service" This is any calendar year (that is, from January 1 to December 31) in which you have at least 1,000 *hours of service*. For purposes of vesting in your Home Builder Plan account (your pre-1987 account), if any, *years of service* includes all service with the Company once you reach age 18.

Enrollment

If you are employed in the U.S., you are eligible to join the Plan on the first day of any *calendar quarter* after you complete an *eligibility period* and attain age 21.

All you need to do is complete and return an enrollment form 30 days before the beginning of the *calendar quarter* in which you begin saving. On the form you:

- authorize payroll deductions for

your before-tax savings

- select the percent of your *base pay* that you want to contribute to the Plan
- specify how you want your savings invested (if you are over age 55)

and

- name your beneficiary.

You can name any person, your estate or a trust as your beneficiary. However, if you are married, you cannot name anyone other than your spouse as beneficiary, unless your spouse consents in writing on a form acceptable to The Home Builder Savings Plan Committee to your naming another beneficiary and his or her consent is notarized. Subject to spousal consent, you can change your beneficiary designation at any time.

How The Plan Works

The Home Builder Savings Plan is designed to help you build financial resources for the future.

The Plan gives you a convenient way to save and invest—with Company matching contributions that boost the value of your own savings and with valuable tax advantages as well.

If you were a participant in The Home Builder Plan as of December 31, 1986, the value of your account will be maintained in The Home Builder Savings Plan. The Company will not make any further contributions to your pre-1987 Plan account.

Your Savings

You can save a percentage of your *base pay*, up to the maximum of \$7,000 in savings, each year through convenient payroll deductions. How much you can save will be determined from time to time by the Committee at its discretion. For 1988, you can save up to 3½% of your *base pay*.

Your savings come out of your *base pay* after your Social Security taxes are withheld, but before your federal income taxes are figured. Your taxable income is reduced by the amount you save, so your federal income taxes—and in most areas, state and local income taxes—are reduced. You pay no taxes on the money you save—or on any investment earnings—until your account is paid to you.

The Before-Tax Savings Advantage

The following example shows the tax advantage of before-tax savings when compared to after-tax savings (saving, for instance, through a savings account). Let's assume that your annual *base pay* is \$25,000 and that you elect to save 3½% of your *base pay* each year, or \$875. Here's the before-tax savings advantage:

	<u>Before-Tax Savings</u>	<u>After-Tax Savings</u>
Base Pay	\$25,000	\$25,000
Home Builder Savings (3½% x \$25,000)	- 875	0
Taxable Income	\$24,125	\$25,000
Estimated Federal Income Taxes*	- 3,499	- 3,630
After-Tax Savings (3½% x \$25,000)	0	- 875
Spendable Income**	\$20,626	\$20,495
Increase in Spendable Income	\$ 131	

As this example shows, your spendable income is greater by \$131 when you elect to save on a before-tax basis. There may be additional savings depending on your state and local income tax laws.

* Based on anticipated 1988 tax rates and assuming you are married, filing jointly and have no other tax deductions or exemptions.

** Does not take into account Social Security or other taxes. Social Security taxes will be deducted from your entire *base pay* up to the Social Security Wage Base.

In addition, you pay no tax on any investment earnings (or Company matching contributions) until the money is paid out to you. The amount you save is adjusted to reflect your share of Plan expenses.

The Company's Matching Contributions

The Company matches a percentage of your Home Builder Savings contributions. In 1988, the Company will match your contributions up to 3% of your *base pay*, although you may contribute up to 3½% of your *base pay*.

So for example, if you earn \$25,000 in 1988 and you save 3% of *base pay*, you will receive a 100% matching contribution equal to \$750, for total Plan savings of \$1,500 a year—before any investment earnings are added. You can save an additional \$125 on an unmatched basis. These savings are adjusted to reflect your share of Plan expenses.

The Company's matching contribution may vary from year to year—at the discretion of the Board of Directors. Prior to the end of the first *calendar quarter* of each calendar year, you will be informed of the Company match for that year. The match may increase, decrease or remain the same from year to year.

Your Pre-1987 And Post-1986 Plan Accounts

The Company sets up Plan account records in your name to reflect the value of:

- your before-tax (post-1986) savings
- Company matching contributions on those savings, and
- your pre-1987 Home Builder Plan account, if any.

After deducting Plan expenses, the value of your accounts—including

investment gains and losses—will be determined as of the last day of each *calendar quarter*. You'll know exactly what's in your account when you receive your participant statements.

How Contributions Are Invested

If You Are Under Age 55

Your pre-1987 Home Builder Plan account, your Home Builder Savings Plan contributions and the Company's matching contributions will be invested in Home Group common stock. Dividends from stock already purchased are used to buy more shares. Your share of dividends is determined by the number of shares in your account.

Since your accounts will be totally invested in stock, their value will fluctuate as the price of the stock fluctuates. However, you should know that, for purposes of crediting stock to your accounts, the Plan Trustees use the average purchase price of Home Group common stock during the quarter for which contributions are credited.

When You're Age 55 Or Older

Your pre-1987 Home Builder Plan account and all Company matching contributions are invested in Home Group common stock. You have the option of investing your before-tax (post-1986) savings in a Bond Fund—in addition to Home Group common stock.

The Bond Fund invests in U.S. government securities and high-quality corporate bonds. The Fund is managed by Chemical Bank—the bank which serves as the custodian for The Home Builder Savings Plan. The investment return on this fund can go down as well as

up—depending on interest rates earned.

You may invest in multiples of 25%. For example, if you invest 25% of your contributions in the Bond Fund, 75% will be invested in Home Group common stock.

You may change the direction of your future contributions as of the first payday in any *calendar quarter*. You may also transfer any account balances based on your before-tax (post-1986) contributions as of the last day of the quarter. Changes in the direction of future contributions and transfers of account balances may be made four times a year. Thirty days' notice must be received by the Plan Administrator before the:

- first day of the applicable *calendar quarter* for changes in future contributions
- last day of the applicable *calendar quarter* for transfers.

Stopping Or Changing Your Contributions

As a member of the Plan, you can stop your contributions at any time by providing written notice to the Plan Administrator. This will go into effect on the first payday practical after the notification has been processed.

If you stop your contributions, you may start them again on the next quarterly *enrollment date* following the date you stopped making contributions. You must re-enroll at least 30 days before then. For example, if your contributions stop as of February 1, you can start contributing again as of April 1 if

your notice is received by the Plan Administrator by March 2.

You may also change—increase or decrease—your contributions four times each year, effective the first payday of the following *calendar quarter*, provided the Plan Administrator receives written notification at least 30 days before the first day of the next quarter.

Withdrawals

Because the primary purpose of The Home Builder Savings Plan is to encourage long-term savings, withdrawals during active service are only allowed in the event of "Financial Hardship."

You are allowed to withdraw only up to the dollar amount of your own before-tax contributions. If the value of your own contributions is less than the dollar amount you put into the Plan, you can only withdraw the lesser amount. Earnings above what you contributed, the value of the Company's matching contributions, and the value attributable to your pre-1987 Home Builder Plan account cannot be withdrawn while you are an active employee.

"Financial Hardship" is a term that the Internal Revenue Service (IRS) has not yet fully defined. Generally, it is taken to mean an immediate and heavy financial need which cannot otherwise be met from other sources. Until the IRS clarifies its definition, we will consider the following situations "Financial Hardship" withdrawals:

- the purchase or renovation of your primary residence

- the payment of educational expenses for yourself or your immediate family
- extraordinary medical or other expenses that affect your or your immediate family's welfare
- an accident or property damage suffered by you or a member of your immediate family.

To receive a "Financial Hardship" withdrawal, you must complete an application in which you detail your hardship and must submit the application to The Home Builder Savings Plan Committee for approval at least 30 days before the last day of a *calendar quarter*. Payment of the approved withdrawal amount will be made within 120 days of the last day of that *calendar quarter*.

Under current law, hardship withdrawals are considered taxable income. A 10% additional tax is imposed on the amount of the withdrawal unless you are age 59½ or unless the hardship withdrawal is for deductible medical expenses in excess of 7½% of adjusted gross income.

Company's matching contributions on those savings.

You become vested in the value of your pre-1987 Home Builder Plan account according to the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 4	0%
4	10%
5	25%
6	30%
7	40%
8	50%
9	60%
10	70%
11	80%
12	90%
13	100%

As you can see, as your service increases, your vesting increases. After 13 *years of service*, you are 100% vested in your pre-1987 account value, adjusted for earnings and Plan expenses. You are also 100% vested in the value of this account at age 60 regardless of your *years of service*. Similarly, if you retire under The Home Insurance Company 1985 Retirement Plan, or die, you (or your beneficiary) are automatically 100% vested in your pre-1987 account value.

Vesting

Vesting refers to the ownership right you have to all or part of the value of your Plan accounts.

You are always 100% vested in the current value (including any investment gains or earnings less Plan expenses) of your before-tax (post-1986) savings and the

Plan Payments When You Leave The Company

Pre-1987 Account

Your full pre-1987 account will be payable to you if you leave the Company because of retirement under The Home Insurance Company 1985 Retirement Plan, or death. (At death, the account will be payable to your beneficiary.)

If you leave the Company for any other reason, you will receive your vested account balance. The balance

that you forfeit, if any, is distributed to other participants with pre-1987 accounts.

**Post-1986
Account**

When you leave the Company—regardless of the reason—your full post-1986 account will be payable to you.

How Payment Is Made

Regardless of when it is made, payment will consist of Home Group common stock (fractional shares will be paid to you in cash). If you are age 55 or over and you participated in the Bond Fund, you can choose cash or Home Group common stock for your interest in that Fund.

Payment will be made as soon as administratively practical. However, if the total value of your accounts exceeds \$3,500, payment will be made according to applicable federal tax rules.

Tax Considerations

By participating in The Home Builder Savings Plan, you defer taxes on:

- your before-tax (post-1986) savings
- Company matching contributions on those savings, and
- any investment earnings.

Your pre-1987 Home Builder Plan account—if any—also continues to share in investment gains and losses on a tax-free basis until paid to you.

Your Plan payment is taxable income when it is received. If you receive your

payment at retirement, you may be in a lower tax bracket and pay less income tax than you would if you had received the money while you were still working. If you wish, you can defer taxes still further if you “roll over” your Plan payment to an Individual Retirement Account (IRA) or another qualified plan.

Under current tax law, any taxable payments received from the Plan prior to age 59½—even those for which you can prove financial hardship—are subject to a special 10% tax in addition to ordinary income tax. This special 10% tax is not payable if the distribution is for any of the following reasons:

- hardship distribution to pay for otherwise deductible medical expenses
- retirement at age 55 or over with at least 10 years of service
- roll over to an IRA or another qualified plan
- death.

Tax law is complex and subject to change. To be sure you’re using your benefits to their fullest advantage, you should check with a tax advisor regarding favorable forms of tax treatment that may apply to your Plan payment.

If You Return To The Company After Having Left

Special provisions apply to your Plan accounts if you leave the Company and then return to work.

**Pre-1987
Account**

If you terminate employment after January 1, 1985, you incur a *one-year break in service* when you fail to complete more than *500 hours of service* in a calendar year. The Company will restore you prior *years of service*:

- if you were vested in your pre-1987 Home Builder Plan account before you left

or

- if the number of consecutive *one-year breaks in service* is less than the greater of:
 - five, or
 - your *years of service* before the break

and

- if you work at least 1,000 hours during the 12-month period after you return.

If you meet these requirements and return to the Company, you haven't incurred a break in service. Any forfeited portion of your pre-1987 account and all of your prior *years of service* are automatically restored.

If you don't meet these requirements and return to the Company, you won't receive vesting credit for your prior *years of service*.

If you terminated employment before January 1, 1985 and are reemployed, contact the Employee Benefits Department, New York Office if you

have any questions about your pre-1987 account.

**Post-1986
Account**

If you terminate your employment after January 1, 1987 and return to the Company, you'll be eligible to join the Plan after reaching age 21 on the later of your re-employment date or the first day of the *calendar quarter* after you complete an *eligibility period* based on your initial hire date.

More You Should Know About

**Rollover
Contributions**

If you receive a total distribution from another employer's plan which is a "qualified" plan under the Internal Revenue Code, you may, once you become eligible to participate, "roll over" that amount to the Plan. Because you cannot become eligible to participate in the Plan until you have completed one *year of service*, you may first have to place your money into a rollover IRA (sometimes called a "conduit" IRA). You have the same investments available for your rollover contribution as your post-1986 contributions. For further information, contact the Employee Benefits Department, New York Office.

Social Security

Social Security tax applies to your compensation up to the Social Security wage base.

Your participation in The Home Builder Savings Plan will not affect your Social Security taxes or benefits. Social Security taxes for your entire *base pay* up to the Social Security Wage Base will be taken from your pay.

The Impact On Other Benefits

Your participation in this Plan also has no effect on your other pay-related benefits—such as life insurance, long-term disability income and pension benefits. These benefits will continue to provide financial security and protection based on your full *base pay*.

Contribution Limitations

The Internal Revenue Service (IRS) requires that the plans like ours that permit before-tax contributions meet a complex test which assures a fair mix of contributions from all participants at all earnings levels. To maintain the proper balance, it may be necessary to adjust the before-tax savings made by higher-paid employees downward to a level considered fair under the law. If such an adjustment becomes necessary, those employees affected will be notified.

Maximum Benefits

IRS regulations impose certain limitations on the benefits paid from, and contributions made to, qualified plans such as ours. These limitations normally only apply to the highest-paid employees. The limitations are subject to periodic change by the IRS. Specific information about this matter is available from the Plan Administrator.

There are also special provisions if the Plan becomes "top-heavy" as defined by the IRS.

The rules regarding maximum benefits and top-heavy provisions are complex. If you should become affected by these rules, you will be notified and given an explanation by the Plan Administrator.

Nonassignment Of Benefits

You (or your beneficiary) cannot assign or transfer amounts payable to you under the Plan. Similarly, amounts from the Plan may not be used to pay debts or other obligations prior to actual payment. However, the Plan will comply with a properly served Qualified Domestic Relations Order (QDRO) which could require the Plan to distribute all or part of your Plan benefits to meet marital or other family support obligations.

Regulatory Information

Plan Identification And Classification

The name of this Plan is The Home Builder Savings Plan. It's a defined contribution plan.

The booklet highlights the Plan. Some of the Plan's details have been simplified in this text due to their complexity. In the event of a discrepancy between this booklet and the actual Plan document, the terms of the Plan document will govern.

The Home Insurance Company, 59 Maiden Lane, New York, New York 10038 is the Plan Sponsor. The business telephone number is (212) 530-7016. (This is the Employee Benefits Department.) The Plan Administrator is The Home Builder Savings Plan Committee at the address and telephone number just given above. The Plan's trustees are two senior officers of The Home Group, Inc. and three independent individuals. Their address is: Trustees of The Home Builder Savings Plan, 59 Maiden Lane, New York, New York 10038.

The Plan is designed for all U.S. employees of participating employers who work at least 1,000 hours in a

[Page inadvertently omitted from Case File]

calendar year. A complete list of the participating employers may be obtained by Plan participants and beneficiaries upon written request to the Plan Administrator, and is available for examination by Plan participants and beneficiaries.

The Home Insurance Company's Employer Identification Number assigned by the Internal Revenue Service is 02-0308052. The Plan Identification Number is 002.

Legal Process

The Chairman, The Home Builder Savings Plan Committee, 59 Maiden Lane, New York, New York 10038, has been designated as agent for service of legal process. Legal process may also be served upon a Plan trustee or the Plan Administrator.

Plan Year

The Plan Year is a calendar year beginning January 1 and ending December 31. All records are kept on that basis. All contributions to the Plan go into a trust fund. Chemical Bank, 55 Water Street, New York, New York 10041, serves as custodian.

Benefits Guarantee

After Plan expenses are paid, all contributions put into the fund on behalf of Plan participants may be used only for the exclusive benefit of Plan participants and their beneficiaries. None of the stock or cash in the fund can be returned to the participating employers. As an individual account plan, The Home Builder Savings Plan is excluded from Title IV of ERISA and is therefore not insured by the Pension Benefit Guaranty Corporation (PBGC).

Claim Appeal Procedure

If your application for Plan benefits is denied in whole or in part, you or your beneficiary will receive written notice from The Home

Builder Savings Plan Committee within 90 days explaining the reasons for the decision. If the Committee is unable to respond within 90 days, an additional 90 days may be taken by the Committee to respond. You'll be notified if this additional time is necessary by the end of the initial 90 day period.

To appeal a claim, you or your beneficiary can write to the Committee—at the address shown earlier—within 60 days of its denial. The request for review should state the reasons why it's felt the benefit should be paid and may include any additional information that could have a bearing on the matter.

The Committee will review the appeal and provide a written response within 60 days of receiving it explaining the specific Plan provisions on which the decision was based. If the Committee is unable to respond within 60 days, an additional 60 days may be taken by the Committee to respond. You'll be notified if this additional time is necessary by the end of the initial 60 day period. The Committee has the exclusive right to interpret the provisions of the Plan, so its decision is binding.

The Plan's Future

The Company expects and intends to continue this Plan indefinitely, but reserves the right to modify, suspend, change or end it at any time. The Company's decision may be due to changes in federal or state law governing the benefits of the Plan, the requirements of the Internal Revenue Code or ERISA, or any other reason. If there is any such action by the Company, it will not reduce the benefits you have earned under the Plan up to that date. If the Plan is

**Your Rights As A
Plan Participant
Under The Employee
Retirement Income
Security Act Of 1974
(ERISA)**

ended, the assets of the trust fund will be used to provide benefits according to provisions in the Plan document and prescribed by law.

As a participant in the Plan, you're entitled to certain rights. For example, you automatically received this booklet describing the Plan and its provisions. You have the right to request a statement once a year of your accrued vested benefits under the Plan—and if you are not vested, notice of the date on which you'll become vested.

You have the right to receive a summary of the Plan's annual report which the Plan Sponsor is required to distribute by law. You also have the right to examine, without charge, or to obtain copies of, all documents relating to the Plan. All Plan documents, including statements filed with governmental agencies and a list of participating employers, are available for inspection any time during regular working hours at The Home Insurance Company, Employee Benefits Department, 59 Maiden Lane, New York, New York, 10038 and at certain other locations. Copies of these items will be made available if you write to the Plan Sponsor requesting them. There may be a reasonable charge for this service.

The people who operate this Plan (called the "fiduciaries") have a duty to do so prudently and in the interest of all Plan participants and beneficiaries. To further ensure that all employees are treated fairly, the law provides that no employer can fire or discriminate against employees to discourage them from exercising

their rights or prevent them from getting their benefits.

If the Plan Administrator fails to furnish within 30 days documents you've requested in writing—unless the materials weren't sent because of matters beyond the control of the Administrator—you have the right to file suit in a federal court. The court may require the Plan Administrator to provide the materials and pay up to \$100 a day until they are received.

If you have been improperly denied a benefit in whole or in part, you may file suit in a state or federal court. If the Plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you're successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees. This could happen, for example, if the court finds your claim frivolous.

If you have any questions about this Plan, check with the Employee Benefits Department at the New York address of Home Insurance. If you have any questions about this booklet or your rights under ERISA, please contact the Employee Benefits Department at the New York Office as well. They'll be glad to help. If you wish, you may contact the nearest office of the U.S. Labor-Management Services Administration, Department of Labor.

**Effect On
Employment**

The Home Builder Savings Plan does not give any employee a right to continued employment. Nor does it limit the right of an employer to terminate an employee at any time or treat an employee without regard to the effect such treatment might have upon him or her as a participant in the Plan.

check back to this section if you have any questions.

AmBase Savings Plan

Saving For Your Retirement Years

The AmBase Savings Plan provides you with an opportunity to save through convenient payroll deductions and to have the Company match a portion of your savings contributions. You are immediately vested in the Company's matching contribution as soon as it is made.

Your savings come out of your *covered earnings* before your federal (and, in most cases, state and local) income taxes are calculated. By saving with before-tax dollars, you reduce your current taxable income and lower your annual taxes. This results in an immediate increase in your spendable income when compared to saving the same amount with after-tax dollars.

Your Plan contributions and the Company matching contributions are invested in AmBase common stock.

The AmBase Savings Plan is a continuation of The Home Builder Plan. If you had a Home Builder account as of December 31, 1986, that account continues as part of the AmBase Savings Plan. Beginning January 1, 1987, contributions to the Plan are invested in AmBase Savings Plan accounts.

On the following pages, we'll explain more about how the AmBase Savings Plan works, and what it can mean to you and your family.

Your Benefits In More Detail

Before we explain the Plan in greater detail, here is an explanation of some of the terms we'll use in our discussion. These terms will be printed in italics when they appear in the text of the booklet, and you can

"covered earnings" This means the sum of your regular base pay, overtime, commissions, tips and any contributions you make on a pre-tax basis under the AmBase Health and Dependent Care Expense Salary Reduction Plan or the Gruntal Group Insurance Contribution Account Plan. It does not include bonuses or other special pay. Beginning January 1, 1989, your *covered earnings*, for Plan purposes, cannot exceed \$200,000 (adjusted upward each year based on IRS regulations). Before October 1, 1989, overtime, commissions and tips were not included in *covered earnings*.

"calendar quarter" This is one of four three-month periods: January through March; April through June; July through September; and October through December.

"eligibility period" This is a 12-month period measured from the date you entered or re-entered employment during which you are credited with at least 1,000 *hours of service*.

"enrollment date" This is the first day of each *calendar quarter*.

"hour of service" This is each hour for which you are paid or entitled to be paid while working for the Company. It includes time off the job for such things as vacations. It also includes time you would have worked if you're on:

- approved leave of absence and you return to work or retire immediately at the end of this leave, or
- military leave and return to work within the time your right to

re-employment is protected by law.

In addition, if you are on an approved maternity, paternity or child-rearing leave, you will be credited either in the year the leave begins or in the following calendar year with up to 501 *hours of service* to prevent a *break in service* from occurring.

"matchable contributions"

The portion of your contributions the Company will match.

"one-year break in service"

This means a calendar year in which you complete 500 or fewer *hours of service*.

"year of service"

This is any calendar year (that is, from January 1 to December 31) in which you have at least 1,000 *hours of service*. For purposes of vesting in your Home Builder Plan account (your pre-1987 account), if any, *years of service* includes all service with the Company once you reach age 18.

Enrollment

If you are employed by a participating employer in the U.S., you are eligible to join the Plan on the first day of any *calendar quarter* after you complete an *eligibility period* and attain age 21.

All you need to do is complete and return an enrollment form 30 days before the beginning of the *calendar quarter* in which you begin saving. On the form you:

- authorize payroll deductions for your before-tax savings
- select the percent of your *covered earnings* that you want to contribute to the Plan

and

- name your beneficiary.

You can name any person, your estate or a trust as your beneficiary. However, if you are legally married, you cannot name anyone other than your spouse as beneficiary, unless your spouse consents in writing on a form acceptable to the AmBase Savings Plan Committee to your naming another beneficiary and his or her consent is notarized. Subject to spousal consent, you can change your beneficiary designation at any time.

How The Plan Works

The AmBase Savings Plan is designed to help you build financial resources for the future.

The Plan gives you a convenient way to save and invest – with Company matching contributions that boost the value of your own savings and with valuable tax advantages as well.

If you were a participant in The Home Builder Plan as of December 31, 1986, the value of your account will be maintained in the AmBase Savings Plan. The Company will not make any further contributions to your pre-1987 Plan account.

Your Savings

You may save a percentage – 1%, 2%, 3%, 3½%, 4%, 5% or 6% as of January 1, 1990 – of your *covered earnings* through convenient payroll deductions.

Plan rules permit the Committee to change these percentages from time to time. In addition, IRS regulations limit the total dollar amount any Plan member may contribute in a year. Under the law in effect in 1989 that amount is \$7,627 and is subject to

adjustment in future years to reflect changes in the cost of living.

Your savings come out of your *covered earnings* after your Social Security taxes are withheld, but before your federal income taxes (and applicable state taxes) are figured. Your taxable income is reduced by the amount you save, so your federal income taxes — and in most areas, state and local income taxes — are reduced. You pay no taxes on the money you save — or on any investment earnings or Company matching contributions — until your account is paid to you.

As this example shows, your spendable income is greater by \$225 when you elect to save on a before-tax basis. There may be additional savings depending on your state and local income tax laws.

* Based on anticipated 1990 tax rates and assuming you are married, filing jointly and have no other tax deductions or exemptions.

** Does not take into account Social Security or other taxes. Social Security taxes will be deducted from your entire *covered earnings* up to the Social Security wage base.

The Before-Tax Savings Advantage

The following example shows the tax advantage of before-tax savings when compared to after-tax savings (saving, for instance, through a savings account). Let's assume that your annual *covered earnings* is \$25,000 and that you elect to save 6% of your *covered earnings* each year, or \$1,500. Here's the before-tax savings advantage:

In addition, you pay no tax on any investment earnings (or Company matching contributions) until the money is paid out to you. The amount you save is adjusted to reflect your share of Plan expenses.

	<u>Before-Tax Savings</u>	<u>After-Tax Savings</u>
Covered Earnings	\$25,000	\$25,000
AmBase Savings (6% x \$25,000)	- 1,500	0
Taxable Income	\$23,500	\$25,000
Estimated Federal Income Taxes*	- 3,525	- 3,750
After-Tax Savings (6% x \$25,000)	0	- 1,500
Spendable Income**	\$19,975	\$19,750
Increase in Spendable Income	\$ 225	

Stopping Or Changing Your Contributions

As a member of the Plan, you can stop your contributions at any time by providing written notice to the Plan Administrator. This will go into effect on the first payday practical after the notification has been processed.

If you stop your contributions, you may start them again on the next quarterly *enrollment date* following the date you stopped making contributions. You must re-enroll at least 30 days before then. For example, if your contributions stop as of February 1, you can start contributing again as of April 1, if your notice is received by the Plan Administrator by March 2.

You may also change — increase or decrease — your contributions four

times each year, effective the first payday of the following *calendar quarter*, provided the Plan Administrator receives written notification at least 30 days before the first day of that *calendar quarter*.

The Company's Matching Contributions

The Company matches a percentage of your AmBase Savings contributions. In 1990, the Company will match your contributions up to 3 ½ % of your *covered earnings*, although you may contribute up to 6% of your *covered earnings*.

So for example, if you earn \$25,000 in 1990 and you save 6% of *covered earnings* (\$1,500), you will receive a 100% Company matching contribution on the first 3 ½ % you save equal to \$875. This makes your total Plan savings \$2,375 a year — and this is before any investment earnings are added. These savings are adjusted to reflect your share of Plan expenses.

The Company's matching contribution may vary from year to year — at the discretion of the Board of Directors. Prior to the end of the first *calendar quarter* of each calendar year, you will be informed of the Company match for that year. The match may increase, decrease or remain the same from year to year.

Your Post-1986 And Pre-1987 Plan Accounts

The Company sets up Plan account records in your name to reflect the value of:

- your before-tax (post-1986) savings
- Company matching contributions on those savings, and

- your pre-1987 Home Builder Plan account, if any.

After deducting Plan expenses, the value of your accounts — including investment gains and losses — will be determined as of the last day of each *calendar quarter*. You'll know exactly what's in your account when you receive your quarterly participant statements.

How Contributions Are Invested

Your pre-1987 Home Builder Plan account, your AmBase Savings Plan contributions and the Company's matching contributions will be invested in AmBase common stock. Dividends from stock already purchased are used to buy more shares. Your share of dividends is determined by the number of shares in your account.

Since your accounts will be totally invested in stock, their value will fluctuate as the price of the stock fluctuates. However, you should know that, for purposes of crediting stock to your accounts, the Plan Trustees use the average purchase price of AmBase common stock during the *calendar quarter* for which contributions are credited.

Withdrawals

Because the primary purpose of the AmBase Savings Plan is to encourage long-term savings, withdrawals during active service are only allowed in the event of "Financial Hardship."

You are allowed to withdraw only up to the dollar amount of your own before-tax contributions. If the value of your own contributions is less than the dollar amount you put into the

Plan, you can only withdraw the lesser amount. Earnings above what you contributed, the value of the Company's matching contributions, and the value attributable to your pre-1987 Home Builder Plan account cannot be withdrawn while you are an active employee.

"Financial Hardship" is determined according to rules established by the Internal Revenue Service (IRS) and generally means an immediate and heavy financial need which cannot be met from other sources. The Plan Administrator, will consider the following situations "Financial Hardship" withdrawals:

- the purchase of your primary residence
- the payment of tuition for the next semester or quarter of post-secondary education for you, your spouse, children, or other qualifying dependents
- extraordinary uninsured medical expenses that affect your welfare or the welfare of your spouse or other qualifying dependents
- prevention of your eviction or the foreclosure on the mortgage on your primary residence

and

- such other situations as the Committee may determine, in accordance with guidelines issued by the Department of the Treasury.

To receive a "Financial Hardship" withdrawal, you must complete an application in which you detail your

hardship and must submit the application to the AmBase Savings Plan Committee for approval at least 30 days before the last day of a *calendar quarter*. Payment of the approved withdrawal amount will be made within 120 days of the last day of that *calendar quarter*.

Your contributions will be suspended for at least twelve months after a hardship withdrawal. When you resume contributions, your dollar limit (a maximum of \$7,627 for 1985 on contributions for that plan year will be reduced by the amount of contributions you made during the plan year in which the hardship withdrawal occurred.

Under current law, hardship withdrawals are considered taxable income. In addition to normal income taxes, a 10% early distribution tax is imposed on the amount of the withdrawal unless you are age 59½ or unless the hardship withdrawal is for deductible medical expenses in excess of 7½% of adjusted gross income.

Vesting

Vesting refers to the ownership right you have to all or part of the value of your Plan accounts.

You are always 100% vested in the current value (including any investment gains or earnings less Plan expenses) of your before-tax (post-1986) savings and the Company's matching contributions on those savings.

If you have a pre-1987 Home Builder Plan account you become vested according to the following schedule:

Years of Service Percentage Vested

Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

As you can see, as your service increases, your vesting increases. After 7 years of service, you are 100% vested in your pre-1987 account value, adjusted for earnings and Plan expenses. You are also 100% vested in the value of this account at age 60 regardless of your years of service. Similarly, if you retire under the AmBase Retirement Plan, or die, you (or your beneficiary) are automatically 100% vested in your pre-1987 account value.

Plan Payments When You Leave The Company

Post-1986 Account

When you leave the Company – regardless of the reason – your full post-1986 account will be payable to you.

Pre-1987 Account

The vested portion of your pre-1987 Home Builder Plan account – determined in accordance with the rules described above – is payable to you when you leave the Company. The balance that you forfeit, if any, is distributed to other participants with pre-1987 Home Builder Plan accounts.

How Payment Is Made

Regardless of when it is made, payment will consist of AmBase common stock (fractional shares will be paid to you in cash). If you are age 55 or over and have amounts invested in the Investment Fund that

was previously available, you can choose cash or AmBase common stock for your interest in that Fund.

Payment will be made as soon as administratively practical. However, if the total value of your accounts exceeds \$3,500 in accordance with federal tax rules payment will be deferred until you reach age 62 unless you request an earlier distribution.

Tax Considerations

By participating in the AmBase Savings Plan, you defer taxes on:

- your before-tax savings
- Company matching contributions on those savings, and
- any investment earnings.

Your pre-1987 Home Builder Plan account – if any – also continues to share in investment gains and losses on a tax-free basis until paid to you.

Your Plan payment is taxable income when it is received. If you receive your payment at retirement, you may be in a lower tax bracket and pay less income tax than you would if you had received the money while you were still working. If you wish, you can defer taxes still further if you “roll over” your Plan payment to an Individual Retirement Account (IRA) or another qualified plan.

Under current tax law, any taxable payments received from the Plan prior to age 59½ – even those for which you can prove financial hardship – are subject to a special 10% tax in addition to ordinary income tax. This special 10% early distribution tax is not payable if the distribution is for any of the following reasons:

- hardship distribution to pay for otherwise deductible medical expenses
- termination of employment after reaching age 55
- rollover to an IRA or another qualified plan
- death.

Tax law is complex and subject to change. To be sure you're using your benefits to their fullest advantage, you should check with a tax advisor regarding favorable forms of tax treatment that may apply to your Plan payment.

- the number of consecutive *one-year breaks in service* is less than the greater of:
 - five, or
 - your *years of service* before the break
- and**
- you work at least 1,000 hours during the 12-month period after you return.

If you meet these requirements and return to the Company, you haven't incurred a *break in service*. Any forfeited portion of your pre-1987 Home Builder Plan account and all of your prior *years of service* are automatically restored.

If you don't meet these requirements and return to the Company, you won't receive vesting credit for your prior *years of service*.

If you terminated employment before January 1, 1985 and are reemployed, contact Benefits Administration if you have any questions about your pre-1987 Home Builder Plan account.

If You Return To The Company After Having Left

Special provisions apply to your Plan accounts if you leave the Company and then return to work.

Post-1986 Account

If you terminate your employment after January 1, 1987 and return to the Company, you'll be eligible to join the Plan on the later of your re-employment date or the first day of the *calendar quarter* after you complete an *eligibility period* based on your initial hire date as long as you're at least age 21.

Pre-1987 Account

If you terminate employment after January 1, 1985, you incur a *one-year break in service* when you fail to complete more than 500 *hours of service* in a calendar year. The Company will restore your prior *years of service* upon your return to the Company if:

- you were vested in your pre-1987 Home Builder Plan account before you left

or

More You Should Know About

Rollover Contributions

If you receive a total distribution from another employer's plan which is a "qualified" plan under the Internal Revenue Code, you may, once you become eligible to participate, "roll over" that amount to the Plan. Because you cannot become eligible to participate in the Plan until you have completed one *year of service* and attained age 21, you may first have to place your

money from the other plan in a rollover IRA (sometimes called a "conduit" IRA). Once you roll your money over to this Plan it will be invested in AmBase common stock. For further information, contact Benefits Administration.

Social Security

Social Security tax applies to your compensation up to the Social Security wage base.

Your participation in the AmBase Savings Plan will not affect your Social Security taxes or benefits. Social Security taxes for your entire *covered earnings* up to the Social Security wage base will be taken from your pay.

The Impact On Other Benefits

Your participation in this Plan also has no effect on your other pay-related benefits. For example, your life insurance and long-term disability income coverage will continue to provide financial security and protection based on your full covered pay for those plans.

Contribution Limitations

The Internal Revenue Service (IRS) requires that the plans like ours that permit before-tax contributions meet a complex test which assures a fair mix of contributions from all participants at all earnings levels. To maintain the proper balance, it may be necessary to adjust the before-tax savings made by higher-paid employees downward to a level considered fair under the law. If such an adjustment becomes necessary, those employees affected will be notified.

Maximum Benefits

IRS regulations impose certain limitations on the benefits paid from, and contributions made to, qualified plans such as ours. These limitations normally only apply to the highest-paid employees. The limitations are subject to periodic change by the IRS. Specific information about this matter is available from the Plan Administrator.

There are also special provisions if the Plan becomes "top-heavy" as defined by the IRS.

The rules regarding maximum benefits and top-heavy provisions are complex. If you should become affected by these rules, you will be notified and given an explanation by the Plan Administrator.

Nonassignment Of Benefits

You (or your beneficiary) cannot assign or transfer amounts payable to you under the Plan. Similarly, amounts from the Plan may not be used to pay debts or other obligations prior to actual payment. However, the Plan will comply with a properly served Qualified Domestic Relations Order (QDRO) which could require the Plan to distribute all or part of your Plan benefits to meet marital or other family support obligations.

Effect On Employment

The AmBase Savings Plan does not give any employee a right to continued employment. Nor does it limit the right of an employer to terminate an employee at any time or treat an employee without regard to the effect such treatment might have upon him or her as a participant in the Plan.

Regulatory Information

Plan Identification And Classification The name of this Plan is the AmBase Savings Plan. It's a defined contribution plan.

AmBase Corporation of New York, 59 Maiden Lane, New York, New York 10038 is the Plan Sponsor. The Employer Identification Number (EIN) assigned by the Internal Revenue Service is 13-3496508. The Plan Identification Number is 002. The business telephone number is (212) 530-7016 - ask for Benefits Administration, Savings Plan Section. The Plan Administrator is the AmBase Savings Plan Committee at the address and telephone number just given above. The Plan's trustees are two senior officers of the AmBase Corporation of New York, and three independent individuals. Their address is: Trustees of the AmBase Savings Plan, 59 Maiden Lane, New York, New York 10038.

The booklet highlights the Plan. Some of the Plan's details have been simplified in this text due to their complexity. In the event of a discrepancy between this booklet and the actual Plan document, the terms of the Plan document will govern.

Legal Process The Chairman, AmBase Savings Plan Committee, 59 Maiden Lane, New York, New York 10038, has been designated as agent for service of legal process. Legal process may also be served upon a Plan trustee or the Plan Administrator.

Plan Year The Plan Year is a calendar year beginning January 1 and ending December 31. All records are kept on that basis. All contributions to the Plan go into a trust fund. Chemical

Bank, 55 Water Street, New York, New York 10041, serves as custodian

Benefits Guarantee

After Plan expenses are paid, all contributions put into the fund on behalf of Plan participants may be used only for the exclusive benefit of Plan participants and their beneficiaries. None of the stock or cash in the fund can be returned to the participating employers. As an individual account plan, the AmBase Savings Plan is excluded from Title IV of ERISA and is therefore not insured by the Pension Benefit Guaranty Corporation (PBGC).

Claim Appeal Procedure

If your application for Plan benefits is denied in whole or in part, you or your beneficiary will receive written notice from the AmBase Savings Plan Committee within 90 days explaining the reasons for the decision. If the Committee is unable to respond within 90 days, an additional 90 days may be taken by the Committee to respond. You'll be notified if this additional time is necessary by the end of the initial 90 day period.

To appeal a claim, you or your beneficiary can write to the Committee - at the address shown earlier - within 60 days of its denial. The request for review should state the reasons why it's felt the benefit should be paid and may include any additional information that could have a bearing on the matter.

The Committee will review the appeal and provide a written response within 60 days of receiving it explaining the specific Plan provisions on which the decision was based. If the Committee is unable to respond within 60 days, an additional 60 days may be taken

by the Committee to respond. You'll be notified if this additional time is necessary by the end of the initial 60 day period. The Committee has the exclusive right to interpret the provisions of the Plan, so its decision is binding.

Participating Companies

The Plan is designed for all U.S. employees of participating employers who meet the Plan's age and service requirements. A complete list of the participating employers may be obtained by Plan participants and beneficiaries upon written request to the Plan Administrator, and is available for examination by Plan participants and beneficiaries.

The Plan's Future

The Company expects and intends to continue this Plan indefinitely, but reserves the right to modify, suspend, change or end it at any time if this is considered necessary or desirable. The Company's decision may be due to changes in federal or state law governing the benefits of the Plan, the requirements of the Internal Revenue Code or ERISA, or any other reason. If there is any such action by the Company, it will not reduce the benefits you have earned under the Plan up to that date. If the Plan is ended, the assets of the trust fund will be used to provide benefits according to provisions in the Plan document and prescribed by law.

Your Rights As A Plan Participant Under The Employee Retirement Income Security Act Of 1974 (ERISA)

As a participant in the Plan, you're entitled to certain rights. For example, you automatically received this booklet describing the Plan and its provisions. You have the right to request a statement once a year of your accrued vested benefits under the Plan — and if you are not vested, notice of the date on which you'll become vested.

You have the right to receive a summary of the Plan's annual report which the Plan Sponsor is required to distribute by law. You also have the right to examine, without charge, or to obtain copies of, all documents relating to the Plan. All Plan documents, including statements filed with governmental agencies and a list of participating employers, are available for inspection any time during regular working hours at AmBase Corporation of New York, Benefits Administration, 59 Maiden Lane, New York, New York, 10038 and at certain other locations. Copies of these items will be made available if you write to the Plan Sponsor requesting them. There may be a reasonable charge for this service.

The people who operate this Plan (called the "fiduciaries") have a duty to do so prudently and in the interest of all Plan participants and beneficiaries. To further ensure that all employees are treated fairly, the law provides that no employer can fire or discriminate against employees to discourage them from exercising their rights or prevent them from getting their benefits.

If the Plan Administrator fails to furnish within 30 days documents you've requested in writing — unless the materials weren't sent because of matters beyond the control of the Administrator — you have the right to file suit in a federal court. The court may require the Plan Administrator to provide the materials and pay up to \$100 a day until they are received.

If you have been improperly denied a benefit in whole or in part, you may file suit in a state or federal court. If the Plan fiduciaries misuse the Plan's money or if you are discriminated

against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you're successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees. This could happen, for example, if the court finds your claim frivolous.

If you have any questions about this Plan, check with Benefits Administration at the New York address of AmBase Corporation of New York. If you have any questions about this booklet or your rights under ERISA, please contact Benefits Administration at the New York Office as well. They'll be glad to help. If you wish, you may contact the nearest office of the U.S. Labor-Management Services Administration, Department of Labor.