

**The Home Insurance Company In Liquidation
(Modified Cash Basis)**

Statement of Assets

September 30, 2003

Assets

Cash and invested assets:	
Cash and cash equivalents	\$100,484,658
Marketable securities, liquid, at cost (Note 2)	318,829,773
Interest income receivable	353,697
Common stock, non liquid, at equity (Note 1)	<u>16,782,023</u>
Total cash and invested assets	436,450,151
Fixed assets (net of accumulated depreciation of \$30,218)	<u>362,621</u>
Total assets, excluding certain amounts	<u>\$436,812,772</u>

Note: The previous filing with the Court of a "List of Assets as of June 10" did not utilize the Modified Cash Basis of Accounting and certain receivables, reinsurance recoverables and other assets were reflected that are not included in this presentation.

See accompanying notes.

The Home Insurance Company in Liquidation
(Modified Cash Basis)

Statements of Receipts and Disbursements, and
Changes in Cash and Marketable Securities

June 11,2003
(inception of
Receivership) to
September 30, 2003

Cash receipts:

Reinsurance collections	\$115,632,223
Salvage, subrogation and other claim recoveries	4,016,127
Net investment income	1,946,155
Agents' balances	1,745,896
Miscellaneous income	23,866
All other	381,606
Total cash receipts	<u>123,745,872</u>

Cash operating disbursements:

Losses and loss expenses paid (Note 1)	13,125,477
Asset Transfer Agreement cost (Note 4)	7,500,000
Consultant and outside service fees	4,746,443
Human resources costs	2,893,952
General office and rent expense	1,069,749
Legal fees	869,763
Computers and equipment cost	780,795
Third party administrator payments	665,748
Administration costs	430,505
Temporary services	276,883
All other	136,244
Total cash operating disbursements	<u>32,495,559</u>
Excess of receipts over operating disbursements	91,250,313

Beginning cash and marketable securities, at cost	328,064,118
Ending cash and marketable securities, at cost	<u><u>\$419,314,431</u></u>

Incurred But Unpaid Administrative Expenses (Note 3)	<u><u>\$86,480</u></u>
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See accompanying notes.

The Home Insurance Company In Liquidation
CASH AND INVESTED ASSETS

	September 30, 2003	June 10, 2003	March 5, 2003
Cash and invested assets:			
Cash and cash equivalents	\$100,484,658	\$38,369,161	(\$953,085)
Marketable securities, liquid, at cost	318,829,773	289,694,957	4,041,613
Interest income receivable	353,697	43,750	38,845
Preferred stock, non liquid, at equity	0	0	10,777,739
Common stock, non liquid, at equity	16,782,023	15,781,436	15,925,398
Total cash and invested assets	<u>\$436,450,151</u>	<u>\$343,889,304</u>	<u>\$29,830,510</u>

The Home Insurance Company in Liquidation
(Modified Cash Basis)

Notes to Financial Statements

September 30, 2003

1) Basis of Accounting

The Home Insurance Company in Liquidation (the Receivership) prepares financial statements using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Receivership and other known amounts for which ultimate realization by the Receivership is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Receivership are prioritized into creditor classes in accordance with New Hampshire statutes governing insurance insolvencies. Only incurred but unpaid Class I liabilities, which is a creditor class superior to all other classes, are presented in these financial statements.

The Receivership does not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

The amount shown for losses and loss expenses paid primarily represent (1) prepayments of worker's compensation benefits pursuant to agreements with state guaranty funds to avoid disruption in payment during the transfer of related claims files to the guaranty funds, (2) loss expenses for services rendered during the March 5, 2003 through June 10, 2003 rehabilitation period and accorded administrative expense priority by the rehabilitation order and liquidation order, and (3) checks issued for loss and loss expenses prior to June 11, 2003, which cleared after inception of the Receivership.

Common stocks, at equity, represent investments in a subsidiary and a privately held corporation which are not liquid since these are not publicly traded.

This statement does not include any assets of the Receivership's branches outside of the United States.

2) Marketable Securities

The carrying values and estimated fair values of marketable securities by major category are summarized as follows:

The Home Insurance Company in Liquidation
(Modified Cash Basis)

Notes to Financial Statements (continued)

Marketable Securities	September 30, 2003			Fair Value
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	
Debt Securities:				
U.S. Treasury bills	\$ 215,226,803	452,346	-	\$ 215,679,149
U.S. Treasury notes	99,578,125	1,765,625	-	101,343,750
Collateralized mortgage Obligations	2,075,197	-	(1,025,369)	1,049,828
Corporate debt	321,942	-	-	321,942
Debt securities - total	317,202,067	2,217,971	(1,025,369)	318,394,669
Common Stock	1,627,706	16,060,917	(1,200,255)	16,488,368
Total	\$ 318,829,773	18,278,888	(2,225,624)	\$ 334,883,037

The carrying value and fair values of marketable debt securities by contractual maturity are as follows:

Marketable Securities	Carrying Value	Fair Value
September 30, 2003		
One year or less	\$ 215,392,189	\$ 215,844,535
Over one year through five years	99,734,681	101,500,306
Collateralized mortgage obligations	2,075,197	1,049,828
	<u>\$ 317,202,067</u>	<u>\$ 318,394,669</u>

The collateralized mortgage obligations at September 30, 2003 represent residual rights to excess periodic cash flow generated by underlying mortgage collateral issued by U.S. government agencies. The expected maturities of such securities will differ from the contractual maturities because of prepayments that may occur on the underlying mortgages.

Common stocks included in marketable securities are publicly traded issues that are liquid.

The Home Insurance Company in Liquidation
(Modified Cash Basis)

Notes to Financial Statements (continued)

3) Incurred But Unpaid Administrative Expenses

Accrued administrative expenses incurred in the normal course of the Receivership at September 30, 2003 are as follows:

Consulting fees	\$ 61,936
Other	<u>24,544</u>
	<u>\$ 86,480</u>

4) Asset Transfer Agreement

In connection with an Asset Transfer Agreement approved by The State of New Hampshire, Merrimack County Superior Court (the Court), the Receivership paid \$7,500,000 for the right, title and interest in a number of technology assets. Such costs are not reflected as fixed assets on the Balance Sheet.