



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
Stonewall Insurance Company

NAIC Group Code 1343 (Current Period) 1343 (Prior Period) NAIC Company Code 22276 Employer's ID Number 63-0202590
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 02/10/1866 Commenced Business 02/10/1866
Statutory Home Office c/o CT Corporate System 441 Vine Street, Cincinnati, OH 45202
Main Administrative Office 2 Central Square, Cambridge, MA 02139-3311
Mail Address 2 Central Square, Cambridge, MA 02139-3311
Primary Location of Books and Records 2 Central Square, Cambridge, MA 02139-3311
Internet Website Address
Statement Contact Pamela S. Sellers-Hoelsken, pam.hoelsken@randallamerica.com
Policyowner Relations Contact 2 Central Square, Cambridge, MA 02139-3311

OFFICERS

President Robert Lynam Barclay Secretary Robert Avery Whitney #
Treasurer Pamela Susan Sellers-Hoelsken

VICE PRESIDENTS

Robert Bouvet Burns Robert Alan Hamwee David Ian Wallis

DIRECTORS OR TRUSTEES

Robert Lynam Barclay Robert Alan Hamwee Mayur Piyush Patel #
Sanjay Hiralal Patel # Kenneth Edward Randall

State of Massachusetts }
County of Middlesex } ss

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

Robert Lynam Barclay President Robert Avery Whitney # Secretary Pamela Susan Sellers-Hoelsken Treasurer

Subscribed and sworn to before me this 11th day of February, 2003
a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE A - PART 1

Showing all Real Estate OWNED December 31 of Current Year

| 1 Description of Property | Location | | 4 Date Acquired | 5 Date of Last Appraisal | 6 Actual Cost | 7 Amount of Encumbrances | 8 Book/Adjusted Carrying Value Less Encumbrances | 9 Fair Value Less Encumbrances | 10 Increase (Decrease) by Adjustment | 11 Increase (Decrease) by Foreign Exchange Adjustment | 12 Amounts Received During Year | 13 Expended for Additions, Permanent Improvements and Changes in Encumbrances During Year | 14 Gross Income Earned Less Interest Incurred on Encumbrances | 15 Taxes, Repairs and Expenses Incurred |
|------------------------------|-----------|------------|--------------------|-----------------------------|------------------|-----------------------------|---|-----------------------------------|---|--|------------------------------------|--|--|--|
| | 2 City | 3 State | | | | | | | | | | | | |
| NONE | | | | | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | | | | | |

E01

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Year

| 1 Description of Property | Location | | 4 Date Acquired | 5 Name of Vendor | 6 Actual Cost | 7 Amount of Encumbrances | 8 Book/Adjusted Carrying Value Less Encumbrances | 9 Expended for Additions and Permanent Improvements |
|------------------------------|-----------|------------|--------------------|---------------------|------------------|-----------------------------|---|--|
| | 2 City | 3 State | | | | | | |
| NONE | | | | | | | | |
| 9999999 - Totals | | | | | | | | |

E02

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Year , including Payments during the Final Year on "Sales under Contract"

| 1 Description of Property | Location | | 4 Disposal Date | 5 Name of Purchaser | 6 Actual Cost | 7 Increase (Decrease) By Adjustment | 8 Increase (Decrease) By Foreign Exchange Adjustment | 9 Expended for Additions, Permanent Improvements and Changes in Encumbrances | 10 Book/ Adjusted Carrying Value Less Encumbrances | 11 Amounts Received | 12 Foreign Exchange Profit (Loss) on Sale | 13 Realized Profit (Loss) on Sale | 14 Total Profit (Loss) on Sale | 15 Gross Income Earned Less Interest Incurred on Encumbrances | 16 Taxes, Repairs and Expenses Incurred |
|------------------------------|-----------|------------|--------------------|------------------------|------------------|--|---|---|---|------------------------|--|--------------------------------------|-----------------------------------|--|--|
| | 2 City | 3 State | | | | | | | | | | | | | |
| NONE | | | | | | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | | | | | | |

E03

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE B - PART 1

Showing all Mortgage Loans OWNED December 31 of Current Year

| 1 Loan Number | Location | | 4 Loan Type | 5 Date Acquired | 6 Rate of Interest | 7 Book Value/Recorded Investment Excluding Accrued Interest | 8 Increase (Decrease) by Adjustment | 9 Increase (Decrease) by Foreign Exchange Adjustment | 10 Value of Land and Buildings | 11 Date of Last Appraisal or Valuation |
|------------------|-----------|------------|----------------|--------------------|-----------------------|--|--|---|-----------------------------------|---|
| | 2 City | 3 State | | | | | | | | |
| NONE | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | XXX |

General Interrogatory:

- | | | | | |
|---|----------|--------------------|----------|--------------------------|
| 1. Mortgages in good standing | \$ | unpaid taxes | \$ | interest due and unpaid. |
| 2. Restructured mortgages | \$ | unpaid taxes | \$ | interest due and unpaid. |
| 3. Mortgages with overdue interest over 90 days not in process of foreclosure | \$ | unpaid taxes | \$ | interest due and unpaid. |
| 4. Mortgages in process of foreclosure | \$ | unpaid taxes | \$ | interest due and unpaid. |

E04

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE B - PART 2

Showing all Mortgage Loans SOLD, transferred or paid in full during the Year

| 1 Loan Number | Location | | 4 Loan Type | 5 Date Acquired | 6 Book Value/Recorded Investment Excluding Accrued Interest Prior Year | 7 Increase (Decrease) by Adjustment | 8 Increase (Decrease) by Foreign Exchange Adjustment | 9 Book Value/Recorded Investment Excluding Accrued Interest at Disposition | 10 Consideration Received | 11 Foreign Exchange Profit (Loss) on Sale | 12 Realized Profit (Loss) on Sale | 13 Total Profit (Loss) on Sale |
|------------------|-----------|------------|----------------|--------------------|---|--|---|---|------------------------------|--|--------------------------------------|-----------------------------------|
| | 2 City | 3 State | | | | | | | | | | |
| NONE | | | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | | | |

E05

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, transferred or paid in full during the Year

| 1 Number of Units and Description | Location | | 4 Name of Purchaser or Nature of Disposition | 5 Date Acquired | 6 Book/Adjusted Carrying Value Less Encumbrances, Prior Year | 7 Increase (Decrease) by Adjustment | 8 Increase (Decrease) by Foreign Exchange Adjustment | 9 Book/Adjusted Carrying Value Less Encumbrances at Disposition | 10 Consideration Received | 11 Foreign Exchange Profit (Loss) on Sale | 12 Realized Profit (Loss) on Sale | 13 Total Profit (Loss) on Sale |
|--------------------------------------|-----------|------------|---|--------------------|---|--|---|--|------------------------------|--|--------------------------------------|-----------------------------------|
| | 2 City | 3 State | | | | | | | | | | |
| NONE | | | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | | | |

E07

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

| 1 | 2 | 3 | Interest | | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | Interest | | 16 | 17 | 18 | 19 | 20 | 21 |
|--|------------------------------------|---|----------|----------|---------------|-------------|-------------------|------------------------------|-----------|--------------------------------|------------|-------------|--|-----------------------------------|-----------------------------------|--|--|------------------|---------------|----------------------------|
| | | | 4 | 5 | | | | | | | | | 14 | 15 | | | | | | |
| CUSIP Identification | Description | * | Rate of | How Paid | Maturity Date | Option Date | Option Call Price | Book/Adjusted Carrying Value | Par Value | Rate Used to Obtain Fair Value | Fair Value | Actual Cost | Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | Gross Amount Received During Year | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | NAIC Designation | Date Acquired | Effective Rate of Interest |
| US GOVERNMENT OBLIGATIONS | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | |
| 912827-4H-2 | U. S. TREASURY NOTES | | 5.500 | MN | 05/31/2003 | | | 1,001,245 | 1,000,000 | 101.7500 | 1,017,500 | 1,012,657 | 4,835 | 55,409 | (3,048) | 0 | 0 | 1 | 07/12/1999 | 5.247 |
| 912827-7J-8 | U. S. TREASURY NOTES | | 6.250 | FA | 02/15/2003 | | | 3,436,323 | 3,435,000 | 100.5940 | 3,455,404 | 3,507,847 | 81,091 | 196,013 | (12,752) | 0 | 0 | 1 | 09/22/1997 | 5.946 |
| 912827-R8-7 | U. S. TREASURY NOTES | | 7.875 | MN | 11/15/2004 | | | 135,356 | 135,000 | 111.6560 | 150,736 | 136,455 | 1,380 | 5,316 | (180) | 0 | 0 | 1 | 01/15/1995 | 7.861 |
| 912827-Z6-2 | US TREASURY NOTE | | 6.500 | AO | 10/15/2006 | | | 1,320,604 | 1,200,000 | 114.8750 | 1,378,500 | 1,354,125 | 16,714 | 56,479 | (29,228) | 0 | 0 | 1 | 11/08/2001 | 3.665 |
| COUNTRY TOTAL - U.S. | | | | | | | | 5,893,528 | 5,770,000 | XXX | 6,002,140 | 6,011,084 | 104,021 | 313,217 | (45,208) | 0 | 0 | XXX | XXX | XXX |
| 0199999 - Total Bonds - U.S. Government - Issuer Obligations | | | | | | | | 5,893,528 | 5,770,000 | XXX | 6,002,140 | 6,011,084 | 104,021 | 313,217 | (45,208) | 0 | 0 | XXX | XXX | XXX |
| 0399999 - Total - U.S. Government Bonds | | | | | | | | 5,893,528 | 5,770,000 | XXX | 6,002,140 | 6,011,084 | 104,021 | 313,217 | (45,208) | 0 | 0 | XXX | XXX | XXX |
| SPECIAL REVENUE AND ASSESSMENTS | | | | | | | | | | | | | | | | | | | | |
| SINGLE CLASS MORTGAGE-BACKED/ASSET-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | | | | | | |
| 31371K-MH-1 | FNMA 254260 | | 6.000 | MTLY | 03/01/2017 | | | 1,750,143 | 1,729,759 | 0.0000 | 1,750,143 | 1,750,976 | 8,649 | 78,104 | (833) | 0 | 0 | 1PE | 03/05/2002 | 5.816 |
| 31388G-RK-9 | FNMA POOL #604490 | | 6.000 | MTLY | 11/01/2016 | | | 786,780 | 775,548 | 0.0000 | 787,181 | 787,181 | 3,878 | 35,380 | (401) | 0 | 0 | 1PE | 02/28/2002 | 5.663 |
| 31389F-OB-1 | FNMA POOL #624250 | | 6.000 | MTLY | 01/01/2017 | 11/30/2016 | 100.000 | 888,481 | 889,565 | 0.0000 | 888,481 | 888,592 | 4,448 | 49,180 | (110) | 0 | 0 | 1PE | 01/01/2002 | 6.113 |
| 31390E-HN-5 | FNMA POOL #643837 6.0% 5/11/17 | | 6.000 | MTLY | 05/01/2017 | | | 834,596 | 824,003 | 0.0000 | 834,596 | 834,818 | 4,120 | 29,174 | (222) | 0 | 0 | 1PE | 04/30/2002 | 5.659 |
| 31390S-L2-5 | FNMA POOL #649773 6% | | 6.000 | MTLY | 06/01/2017 | | | 2,881,812 | 2,838,758 | 0.0000 | 2,881,812 | 2,882,670 | 14,194 | 85,421 | (859) | 0 | 0 | 1PE | 05/31/2002 | 5.769 |
| 31391U-H7-3 | FNMA PASS-THRU LNG 30 YEAR | | 5.500 | MTLY | 01/01/2033 | 12/31/2032 | 100.000 | 2,030,479 | 2,000,000 | 0.0000 | 2,030,479 | 2,030,000 | 9,167 | 0 | 479 | 0 | 0 | 1PE | 12/18/2002 | 5.023 |
| STATE TOTAL | | | | | | | | 9,172,291 | 9,057,633 | XXX | 9,172,291 | 9,174,236 | 44,455 | 277,260 | (1,945) | 0 | 0 | XXX | XXX | XXX |
| COUNTRY TOTAL - U.S. | | | | | | | | 9,172,291 | 9,057,633 | XXX | 9,172,291 | 9,174,236 | 44,455 | 277,260 | (1,945) | 0 | 0 | XXX | XXX | XXX |
| 2699999 - Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities | | | | | | | | 9,172,291 | 9,057,633 | XXX | 9,172,291 | 9,174,236 | 44,455 | 277,260 | (1,945) | 0 | 0 | XXX | XXX | XXX |
| 3199999 - Total - Special Revenue Bonds | | | | | | | | 9,172,291 | 9,057,633 | XXX | 9,172,291 | 9,174,236 | 44,455 | 277,260 | (1,945) | 0 | 0 | XXX | XXX | XXX |
| PUBLIC UTILITIES | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | |
| 233293-AA-7 | DPL INC SR NT-A 144A | | 6.250 | MN | 05/15/2008 | | | 1,504,324 | 1,500,000 | 0.0000 | 1,504,324 | 1,506,690 | 11,979 | 93,750 | (681) | 0 | 0 | 2PE | 03/12/1999 | 6.280 |
| 47655P-AT-0 | JERSEY CENT P&L SR SECD MTN | | 6.780 | MS | 03/29/2005 | 03/29/2003 | 100.000 | 1,000,038 | 1,000,000 | 0.0000 | 1,000,038 | 1,002,830 | 22,600 | 67,800 | (350) | 0 | 0 | 2 | 05/10/1993 | 6.856 |
| 494550-AA-4 | KINDER MORGAN ENERGY PARTNERS SR | | 6.300 | FA | 02/01/2009 | | | 997,772 | 1,000,000 | 105.3460 | 1,053,460 | 996,700 | 26,250 | 63,000 | 283 | 0 | 0 | 2 | 01/26/1999 | 6.444 |
| COUNTRY TOTAL - U.S. | | | | | | | | 3,502,133 | 3,500,000 | XXX | 3,557,821 | 3,506,220 | 60,829 | 224,550 | (748) | 0 | 0 | XXX | XXX | XXX |
| 3299999 - Total Bonds - Public Utilities - Issuer Obligations | | | | | | | | 3,502,133 | 3,500,000 | XXX | 3,557,821 | 3,506,220 | 60,829 | 224,550 | (748) | 0 | 0 | XXX | XXX | XXX |
| 3899999 - Total - Public Utilities Bonds | | | | | | | | 3,502,133 | 3,500,000 | XXX | 3,557,821 | 3,506,220 | 60,829 | 224,550 | (748) | 0 | 0 | XXX | XXX | XXX |
| INDUSTRIAL & MISCELLANEOUS | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | |
| 020002-AM-3 | ALLSTATE CORP NT | | 5.375 | JD | 12/01/2006 | | | 1,005,416 | 1,000,000 | 106.5100 | 1,065,100 | 1,006,500 | 4,479 | 53,451 | (1,234) | 0 | 0 | 1 | 12/01/2001 | 5.287 |
| 02378H-AC-6 | AMER AIRLINES PASS TR 94-A | | 9.780 | MN | 11/26/2011 | | | 481,320 | 1,069,599 | 45.0000 | 481,320 | 1,273,786 | 10,170 | 104,607 | (546,148) | 0 | 0 | 3 | 06/17/1998 | 6.766 |
| 045573-AM-4 | ASSOCIATED DRY GOODS CORP | | 8.850 | MS | 03/01/2006 | | | 1,131,339 | 1,040,000 | 0.0000 | 1,131,339 | 1,225,900 | 30,680 | 92,040 | (25,630) | 0 | 0 | 1PE | 12/28/1998 | 5.854 |
| 046003-JS-9 | ASSOCIATES CORP NORTH AMER SR NT | | 5.750 | MN | 11/01/2003 | | | 1,020,861 | 1,000,000 | 0.0000 | 1,020,861 | 1,049,210 | 9,583 | 57,500 | (24,377) | 0 | 0 | 1PE | 11/02/2001 | 3.213 |
| 04853E-AC-3 | ATLANTIC EXPRESS TRANSP CORP SR | | 10.750 | FA | 02/01/2004 | | | 272,500 | 2,000,000 | 0.0000 | 272,500 | 1,340,000 | 0 | 107,500 | (727,500) | 0 | 0 | 4Z | 06/14/2001 | 555.761 |
| 060505-AW-4 | BANK OF AMERICA CORPORATION | | 3.875 | JJ | 01/15/2008 | | | 1,015,756 | 1,000,000 | 0.0000 | 1,015,756 | 1,015,790 | 3,767 | 0 | (34) | 0 | 0 | 1PE | 12/27/2002 | 3.560 |
| 073902-BK-3 | BEAR STERNS CO | | 6.250 | JJ | 07/15/2005 | | | 1,032,927 | 1,000,000 | 109.0040 | 1,090,040 | 1,046,680 | 28,819 | 62,500 | (11,917) | 0 | 0 | 1 | 11/02/2001 | 4.914 |
| 125577-AK-2 | CIT GROUP INC | | 7.625 | FA | 08/16/2005 | | | 1,045,438 | 1,000,000 | 107.5850 | 1,075,850 | 1,047,810 | 28,594 | 0 | (2,372) | 0 | 0 | 1 | 11/07/2002 | 5.814 |
| 164450-AB-4 | CHEROKEE INTL SR NOTE | | 5.250 | MN | 11/01/2008 | | | 1,378,288 | 1,750,000 | 0.0000 | 1,378,288 | 1,374,982 | 15,313 | 0 | 3,306 | 0 | 0 | 3Z | 12/05/2002 | 10.423 |
| 21987H-AL-9 | BELLSOUTH CAP FUNDING 1997-1 | | 6.500 | JJ | 07/15/2017 | | | 1,770,867 | 1,709,434 | 0.0000 | 1,770,867 | 1,782,204 | 51,236 | 111,113 | (3,524) | 0 | 0 | 1PE | 01/11/1999 | 6.013 |
| 22541L-AA-1 | CREDIT SUISSE FIRST BOSTON USA NT | | 5.875 | FA | 08/01/2006 | | | 1,005,934 | 1,000,000 | 102.6200 | 1,026,200 | 1,026,200 | 25,132 | 59,403 | 0 | 0 | 0 | 1 | 12/01/2001 | 5.806 |
| 247361-XB-9 | DELTA AIR LINES INC DEL EQU 91-G | | 9.480 | JD | 06/18/2006 | | | 1,497,293 | 2,115,000 | 70.7940 | 1,497,293 | 2,351,330 | 7,240 | 190,595 | (473,041) | 0 | 0 | 3 | 12/31/1996 | 7.546 |
| 25468P-BT-2 | WALT DISNEY CO MTN 4.875% 7/02/04 | | 4.875 | JJ | 07/02/2004 | | | 1,011,865 | 1,000,000 | 0.0000 | 1,011,865 | 1,016,750 | 24,240 | 24,375 | (4,885) | 0 | 0 | 2 | 05/06/2002 | 4.094 |
| 263534-BH-1 | DUPONT EI NEMOUR | | 6.750 | AO | 10/15/2004 | | | 1,052,772 | 1,000,000 | 0.0000 | 1,052,772 | 1,085,480 | 14,250 | 67,500 | (28,077) | 0 | 0 | 1PE | 10/31/2001 | 3.704 |
| 291011-AL-8 | EMERSON ELECTRIC CO | | 7.875 | JD | 06/01/2005 | | | 1,067,751 | 1,000,000 | 0.0000 | 1,067,751 | 1,095,100 | 6,563 | 78,750 | (25,837) | 0 | 0 | 1PE | 12/10/2002 | 4.926 |
| 319963-AE-4 | FIRST DATA CORP | | 4.000 | MN | 11/01/2006 | | | 1,049,512 | 1,000,000 | 104.7970 | 1,047,970 | 1,049,990 | 7,833 | 0 | (478) | 0 | 0 | 1 | 12/17/2001 | 3.340 |
| 345397-SJ-3 | FORD MOTOR CREDIT 6.7% 07/16/04 | | 6.700 | JJ | 07/16/2004 | | | 1,024,463 | 1,000,000 | 101.8830 | 1,018,830 | 1,032,290 | 30,708 | 33,500 | (7,827) | 0 | 0 | 2 | 06/24/2002 | 5.092 |
| 361695-AC-3 | GFSI INC SRBNT | | 9.625 | MS | 03/01/2007 | | | 416,000 | 520,000 | 80.0000 | 416,000 | 400,400 | 16,683 | 50,500 | 72,800 | 0 | 0 | 4 | 07/20/2001 | 16.613 |
| 36884C-AA-6 | GENERAL AMERN TRANSP CORP PSTH CTF | | 8.420 | JJ | 01/01/2015 | | | 1,299,529 | 1,214,768 | 0.0000 | 1,299,529 | 1,316,565 | 51,142 | 102,285 | (2,295) | 0 | 0 | 2PE | 12/31/1996 | 7.588 |
| 36962G-VW-1 | GENERAL ELEC CAP CORP MTN BE | | 6.500 | JD | 12/10/2007 | | | 1,119,721 | 1,000,000 | 0.0000 | 1,119,721 | 1,120,410 | 3,792 | 0 | (689) | 0 | 0 | 1PE | 12/20/2002 | 3.854 |
| 37042W-C5-8 | GENERAL MOTORS MTN 6.38% 1/30/04 | | 6.380 | AO | 01/30/2004 | | | 1,020,664 | 1,000,000 | 0.0000 | 1,020,664 | 1,032,670 | 15,950 | 31,900 | (12,006) | 0 | 0 | 2 | 05/07/2002 | 4.448 |

E08

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

| 1 | 2 | 3 | 4 | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
|----------------------|--|---|---------|----------|----------|---------------|-------------|-------------------|------------------------------|------------|--------------------------------|------------|-------------|---|-----------------------------------|-----------------------------------|--|------------------|---------------|----------------------------|-----|----|
| | | | Rate of | Interest | | | | | | | | | | Amount Due and Accrued Dec. 31 of Current Year | Interest | | | | | | | |
| CUSIP Identification | Description | * | Rate of | Interest | How Paid | Maturity Date | Option Date | Option Call Price | Book/Adjusted Carrying Value | Par Value | Rate Used to Obtain Fair Value | Fair Value | Actual Cost | Amount Due and Accrued Dec. 31 of Current Year not in Default | Gross Amount Received During Year | Increase (Decrease) by Adjustment | Increase (Decrease) by Exchange Adjustment | NAIC Designation | Date Acquired | Effective Rate of Interest | | |
| 37931K-AB-7 | GLOBAL CROSSING HLDGS LTD SR NT | | 9.625 | WN | | 05/15/2008 | | | 0 | 1,750,000 | 3.0000 | 52,500 | 1,347,500 | 0 | 0 | (201,250) | 0 | 6 | 07/26/2001 | (100.000) | | |
| 38141G-AQ-7 | GOLDMAN SACHS GROUP INC | | 7.625 | FA | | 08/17/2005 | | | 1,081,637 | 1,000,000 | 112.7760 | 1,127,760 | 1,114,520 | 28,362 | 76,250 | (28,773) | 0 | 1 | 11/08/2001 | 4.349 | | |
| 43540S-AD-7 | HOLLEY PERFORMANCE PRODS INC SR NT | | 12.250 | MS | | 09/15/2007 | | | 580,000 | 1,450,000 | 40.0000 | 1,580,000 | 1,450,000 | 0 | 177,625 | (116,000) | 0 | 3 | 06/25/2001 | 42.912 | | |
| 441812-GH-1 | HOUSEHOLD FINANCE CO | | 7.200 | JJ | | 07/15/2006 | | | 1,088,005 | 1,000,000 | 108.1940 | 1,081,940 | 1,087,840 | 33,200 | 72,000 | (17,138) | 0 | 1 | 11/01/2001 | 5.140 | | |
| 449901-AC-1 | ICI NORTH AMERICA INC, GTD DEB | | 8.875 | WN | | 11/15/2006 | | | 281,046 | 270,000 | 0.0000 | 281,046 | 296,646 | 3,062 | 23,963 | (2,378) | 0 | 2PE | 02/09/1996 | 7.776 | | |
| 459745-FA-8 | INTERNATIONAL LEASE FIN CORP | | 5.625 | JD | | 06/01/2007 | | | 1,035,946 | 1,000,000 | 104.6910 | 1,046,910 | 1,046,200 | 4,668 | 0 | (414) | 0 | 1 | 12/12/2002 | 4.768 | | |
| 524608-DD-9 | LEHMAN BROTHERS HOLDINGS | | 6.250 | WN | | 05/15/2006 | | | 1,035,278 | 1,000,000 | 109.3340 | 1,093,340 | 1,046,200 | 7,996 | 62,500 | (9,361) | 0 | 1 | 11/02/2001 | 5.161 | | |
| 552845-AF-6 | MGIC INVT CORP NT 6% | | 6.000 | MS | | 03/15/2007 | | | 1,049,722 | 1,000,000 | 107.3220 | 1,073,220 | 1,054,200 | 17,667 | 29,500 | (4,478) | 0 | 1 | 07/30/2002 | 4.736 | | |
| 59156R-AB-4 | METLIFE INC | | 5.250 | JD | | 12/01/2006 | | | 1,054,629 | 1,000,000 | 106.6140 | 1,066,140 | 1,057,500 | 4,375 | 26,250 | (2,961) | 0 | 1 | 10/08/2002 | 3.772 | | |
| 629527-AT-9 | MABISCO INC | | 7.050 | JJ | | 07/15/2007 | | | 1,127,307 | 1,000,000 | 114.6010 | 1,146,010 | 1,132,140 | 32,508 | 0 | (4,833) | 0 | 1 | 10/22/2002 | 3.997 | | |
| 724477-AR-5 | PITNEY BOWES CR CORP | | 5.750 | FA | | 08/15/2008 | | | 1,103,938 | 1,000,000 | 110.6890 | 1,106,890 | 1,104,440 | 21,722 | 0 | (502) | 0 | 1 | 12/20/2002 | 3.719 | | |
| 740301-AB-2 | PRECISION PARTNERS INC SR SB NT | | 12.000 | MS | | 03/15/2009 | | | 332,500 | 1,000,000 | 33.2500 | 332,500 | 470,000 | 0 | 120,000 | 32,500 | 0 | 5 | 06/20/2001 | 48.898 | | |
| 74143M-AA-0 | PRICE/OSTICO INC | | 7.125 | JD | | 06/15/2005 | | | 1,103,399 | 1,000,000 | 111.0780 | 1,110,780 | 1,108,020 | 3,167 | 35,625 | (4,621) | 0 | 1 | 11/20/2002 | 2.760 | | |
| 742718-BX-6 | PROCTER & GAMBLE CO | | 4.300 | FA | | 08/15/2008 | | | 1,049,897 | 1,000,000 | 105.6060 | 1,056,060 | 1,050,160 | 17,200 | 0 | (263) | 0 | 1 | 12/19/2002 | 3.347 | | |
| 745332-BM-7 | PLUGER SOUND ENERGY INC | | 6.460 | AA | | 03/09/2009 | | | 1,074,388 | 1,000,000 | 0.0000 | 1,074,388 | 1,075,530 | 13,638 | 0 | (1,142) | 0 | 1PE | 11/22/2002 | 5.108 | | |
| 76126C-AR-2 | RACERS 2001-41P | | 0.000 | JJ | | 08/15/2004 | | | 1,500,000 | 1,500,000 | 0.0000 | 1,500,000 | 1,500,000 | 0 | 1,628 | 0 | 0 | 1Z | 01/18/2002 | 0.000 | | |
| 783885-AC-0 | S C G HLDG CORP / SEMICONDUCT SR | | 12.000 | FA | | 08/01/2009 | | | 440,000 | 1,000,000 | 44.0000 | 440,000 | 775,000 | 0 | 120,000 | 90,000 | 0 | 5 | 06/21/2001 | 36.396 | | |
| 811410-AM-1 | SEA-LAND SVC INC GTD SEC-C 144A | | 6.600 | JJ | | 01/02/2011 | | | 1,562,730 | 1,582,730 | 0.0000 | 1,562,730 | 1,582,730 | 51,940 | 104,461 | 0 | 0 | 2 | 02/11/1998 | 6.705 | | |
| 866810-AE-4 | SUN MICROSYSTEMS INC 7.5% 8/15/06 | | 7.500 | FA | | 08/15/2006 | | | 1,037,130 | 1,000,000 | 0.0000 | 1,037,130 | 1,043,030 | 28,333 | 37,500 | (5,900) | 0 | 2PE | 05/03/2002 | 6.434 | | |
| 909279-AM-3 | UNITED AIR LINES INC EOT 91+E | | 9.760 | WN | | 05/27/2006 | | | 222,330 | 1,010,590 | 22.0000 | 222,330 | 1,137,429 | 0 | 49,317 | (652,376) | 0 | 6 | 12/26/1996 | 50.172 | | |
| 92552S-AC-1 | VIA SYSTEMS INC SR SB NT | | 9.750 | JD | | 06/01/2007 | | | 168,800 | 2,110,000 | 10.0000 | 211,000 | 1,223,800 | 0 | 0 | (464,200) | 0 | 6 | 06/18/2001 | 183.132 | | |
| 949746-CK-5 | WELLS FARGO & CO NEW | | 5.250 | JD | | 12/01/2007 | | | 1,077,477 | 1,000,000 | 0.0000 | 1,077,477 | 1,077,970 | 4,375 | 0 | (493) | 0 | 1PE | 12/19/2002 | 3.550 | | |
| | COUNTRY TOTAL - U.S. | | | | | | | | 40,726,375 | 49,092,121 | XXX | 41,180,666 | 47,756,153 | 658,416 | 2,163,688 | (3,216,366) | 0 | 0 | XXX | XXX | XXX | |
| 39999999 | Total Bonds - Industrial, Misc. - Issuer Obligations | | | | | | | | 40,726,375 | 49,092,121 | XXX | 41,180,666 | 47,756,153 | 658,416 | 2,163,688 | (3,216,366) | 0 | 0 | XXX | XXX | XXX | |
| | OTHER MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | | |
| 36226S-AA-8 | GSC PARTNERS CDO FUND, LIMITED | | 11.212 | WN | | 05/22/2013 | 11/22/2010 | 100.000 | 1,500,000 | 1,500,000 | 0.0000 | 1,500,000 | 1,500,000 | 18,219 | 132,806 | 0 | 0 | 3 | 03/07/2001 | 11.518 | | |
| | COUNTRY TOTAL - U.S. | | | | | | | | 1,500,000 | 1,500,000 | 0.0000 | 1,500,000 | 1,500,000 | 18,219 | 132,806 | 0 | 0 | XXX | XXX | XXX | XXX | |
| 44999999 | Total Bonds - Industrial, Misc. - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities | | | | | | | | 1,500,000 | 1,500,000 | XXX | 1,500,000 | 1,500,000 | 18,219 | 132,806 | 0 | 0 | XXX | XXX | XXX | XXX | |
| 45999999 | Total - Industrial and Miscellaneous Bonds | | | | | | | | 42,226,375 | 50,592,121 | XXX | 42,680,666 | 49,256,153 | 676,635 | 2,296,494 | (3,216,366) | 0 | 0 | XXX | XXX | XXX | |
| 54999999 | Total - Issuer Obligations | | | | | | | | 50,122,037 | 58,362,121 | XXX | 50,740,627 | 57,273,457 | 823,266 | 2,701,455 | (3,262,322) | 0 | 0 | XXX | XXX | XXX | |
| 55999999 | Total - Single Class Mortgage-Backed/Asset-Backed Securities | | | | | | | | 9,172,281 | 9,067,633 | XXX | 9,172,291 | 9,174,236 | 44,455 | 277,260 | (1,945) | 0 | 0 | XXX | XXX | XXX | |
| 59999999 | Total - Other Multi-Class Commercial Mortgage-Backed Securities | | | | | | | | 1,500,000 | 1,500,000 | XXX | 1,500,000 | 1,500,000 | 18,219 | 132,806 | 0 | 0 | XXX | XXX | XXX | XXX | |
| | 60999999 Totals | | | | | | | | 60,794,328 | 68,919,754 | XXX | 61,412,918 | 67,947,693 | 885,940 | 3,111,521 | (3,264,267) | 0 | 0 | XXX | XXX | XXX | |

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

| 1 CUSIP Identification | 2 Description | 3 Date Acquired | 4 Name of Vendor | 5 Number of Shares of Stock | 6 Actual Cost | 7 Par Value | 8 Paid for Accrued Interest and Dividends |
|--|-----------------------------------|--------------------|-------------------------------|-----------------------------------|---------------------|----------------|---|
| SPECIAL REVENUE AND ASSESSMENTS - U.S. | | | | | | | |
| U.S. GOVERNMENT | | | | | | | |
| 31371K-MH-1 | FNMA 254260 | 03/05/2002 | SPEER LEEDS & KELLOGG | | 2,024,531 | 2,000,000 | 6,000 |
| 31388G-RK-9 | FNMA POOL #604490 | 02/28/2002 | SPEER LEEDS & KELLOGG | | 980,743 | 966,249 | 2,738 |
| 31389F-QB-1 | FNMA POOL #624250 | 01/01/2002 | SPEER LEEDS & KELLOGG | | 998,906 | 1,000,000 | 2,667 |
| 31390E-HN-5 | FNMA POOL #643837 6.0% 5/11/17 | 04/30/2002 | Undefined | | 1,013,125 | 1,000,000 | 2,500 |
| 31390S-L2-5 | FNMA POOL #649773 6% | 05/31/2002 | SPEAR LEEDS | | 3,046,406 | 3,000,000 | 8,500 |
| 31391U-H7-3 | FNMA PASS-THRU LNG 30 YEAR | 12/18/2002 | MORGAN KEEGAN & CO | | 2,030,000 | 2,000,000 | 7,028 |
| STATE TOTAL | | | | | 10,093,712 | 9,966,249 | 29,432 |
| COUNTRY TOTAL - U.S. | | | | | 10,093,712 | 9,966,249 | 29,432 |
| 3199999 - Total - Bonds - Special Revenue | | | | | 10,093,712 | 9,966,249 | 29,432 |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | |
| 060505-AW-4 | BANK OF AMERICA CORPORATION | 12/27/2002 | SWS SECURITIES | | 1,015,790 | 1,000,000 | 3,660 |
| 125577-AK-2 | CIT GROUP INC | 11/07/2002 | DEAN WITTER REYNOLDS | | 1,047,810 | 1,000,000 | 18,215 |
| 164450-AB-4 | CHEROKEE INTL SR NOTE | 12/05/2002 | EXCHANGE | | 1,374,982 | 1,750,000 | 0 |
| 25468P-BT-2 | WALT DISNEY CO MTN 4.875% 7/02/04 | 05/06/2002 | SPEAR LEEDS | | 1,016,750 | 1,000,000 | 17,198 |
| 319963-AE-4 | FIRST DATA CORP | 12/17/2002 | SWS SECURITIES | | 1,049,990 | 1,000,000 | 6,397 |
| 345397-SJ-3 | FORD MOTOR CREDIT 6.7% 07/16/04 | 06/24/2002 | SPEAR LEEDS | | 1,032,290 | 1,000,000 | 29,964 |
| 36962G-VW-1 | GENERAL ELEC CAP CORP MTN BE | 12/20/2002 | BEAR STEARNS & CO | | 1,120,410 | 1,000,000 | 2,889 |
| 37042W-C5-8 | GENERAL MOTORS MTN 6.38% 1/30/04 | 05/07/2002 | SPEAR LEEDS | | 1,032,670 | 1,000,000 | 6,912 |
| 459745-FA-8 | INTERNATIONAL LEASE FIN CORP | 12/12/2002 | SWS SECURITIES | | 1,036,360 | 1,000,000 | 2,500 |
| 552845-AF-6 | MGIC INVT CORP NT 6% | 07/30/2002 | SWS SECURITIES | | 1,054,200 | 1,000,000 | 22,333 |
| 59156R-AB-4 | METLIFE INC | 10/08/2002 | FIRST TENNESSEE SECURITIE | | 1,057,590 | 1,000,000 | 18,958 |
| 629527-AT-9 | NABISCO INC | 10/22/2002 | LEHMAN BROTHERS | | 1,132,140 | 1,000,000 | 19,583 |
| 724477-AR-5 | PITNEY BOWES CR CORP | 12/20/2002 | SWS SECURITIES | | 1,104,440 | 1,000,000 | 20,924 |
| 74143W-AA-0 | PRICE/COSTCO INC | 11/20/2002 | FTN FINANCIAL SECURITIES CORP | | 1,108,020 | 1,000,000 | 31,667 |
| 742718-BX-6 | PROCTER & GAMBLE CO | 12/19/2002 | SWS SECURITIES | | 1,050,160 | 1,000,000 | 16,364 |
| 745332-BM-7 | PUGET SOUND ENERGY INC | 11/22/2002 | PIPER JAFFRAY | | 1,075,530 | 1,000,000 | 7,537 |
| 76126C-KR-2 | RACERS 2001-41P | 01/18/2002 | TRANSFERRED | | 1,500,000 | 1,500,000 | 0 |
| 81169P-AA-9 | SEABULK INTL INC SR SECD NT-B | 07/05/2002 | PAR ACCRETION | | 0 | 5,677 | 0 |
| 866810-AE-4 | SUN MICROSYSTEMS INC 7.5% 8/15/06 | 05/03/2002 | SWS SECURITIES | | 1,043,030 | 1,000,000 | 17,292 |
| 949746-CK-5 | WELLS FARGO & CO NEW | 12/19/2002 | SWS SECURITIES | | 1,077,970 | 1,000,000 | 3,354 |
| COUNTRY TOTAL - U.S. | | | | | 20,930,132 | 20,255,677 | 245,746 |
| 4599999 - Total - Bonds - Industrial, Misc. | | | | | 20,930,132 | 20,255,677 | 245,746 |
| 6099997 - Total - Bonds - Part 3 | | | | | 31,023,844 | 30,221,926 | 275,178 |
| 6099998 - Total - Bonds - Part 5 | | | | | 1,015,680 | 1,000,000 | 22,042 |
| 6099999 - Total - Bonds | | | | | 32,039,524 | 31,221,926 | 297,220 |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | |
| 981907-30-6 | WORLDTEX INC PFD | 04/30/2002 | CONVERSION | 171,000 | 6,470 | | 0 |
| COUNTRY TOTAL - U.S. | | | | | 6,470 | XXX | 0 |
| 6399999 - Total - Preferred Stocks - Industrial, Misc. | | | | | 6,470 | XXX | 0 |
| 6599997 - Total - Preferred Stocks - Part 3 | | | | | 6,470 | XXX | 0 |
| 6599998 - Total - Preferred Stocks - Part 5 | | | | | 0 | XXX | 0 |
| 6599999 - Total - Preferred Stocks | | | | | 6,470 | XXX | 0 |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | |
| 981907-20-7 | WORLDTEX INC COM | 04/30/2002 | CONVERSION | 560,000 | 6,470 | | 0 |
| COUNTRY TOTAL - U.S. | | | | | 6,470 | XXX | 0 |
| 6899999 - Total - Common Stocks - Industrial, Misc. | | | | | 6,470 | XXX | 0 |
| 7099997 - Total - Common Stocks - Part 3 | | | | | 6,470 | XXX | 0 |
| 7099998 - Total - Common Stocks - Part 5 | | | | | 0 | XXX | 0 |
| 7099999 - Total - Common Stocks | | | | | 6,470 | XXX | 0 |
| 7199999 - Total - Preferred and Common Stocks | | | | | 12,939 | XXX | 0 |
| 7299999 Totals | | | | | 32,052,463 | XXX | 297,220 |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|--|------------------------------------|---------------|---------------------------|---------------------------|-------------------|------------|-------------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|--|--|
| CUSIP Identification | Description | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest on Bonds Received During Year | Dividends on Stocks Received During Year |
| US GOVERNMENT OBLIGATIONS - U.S. | | | | | | | | | | | | | | | |
| 3133MD-7D-9 | FEDERAL HOME LN BKS CONS BD | 03/26/2002 | GX CLARKE | | 2,560,675 | 2,500,000 | 2,505,550 | 2,503,808 | (461) | 0 | 0 | 56,867 | 56,867 | 80,938 | |
| 31359M-EX-7 | FNMA DEBENTURE | 03/26/2002 | GX CLARKE | | 2,626,950 | 2,500,000 | 2,615,450 | 2,584,927 | (7,882) | 0 | 0 | 42,023 | 42,023 | 100,208 | |
| 912827-F4-9 | U. S. TREASURY NOTES | 06/03/2002 | MATURITY | | 100,000 | 100,000 | 101,797 | 100,000 | (99) | 0 | 0 | 0 | 0 | 3,686 | |
| 912827-G5-5 | U. S. TREASURY NOTES | 03/26/2002 | GX CLARKE | | 508,438 | 500,000 | 525,860 | 501,433 | (844) | 0 | 0 | 7,005 | 7,005 | 19,460 | |
| 912827-Z6-2 | US TREASURY NOTE | 12/18/2002 | CAPITAL INSTITUTIONAL | | 911,625 | 800,000 | 902,750 | 881,169 | (18,719) | 0 | 0 | 30,456 | 30,456 | 46,938 | |
| COUNTRY TOTAL - U.S. | | | | | 6,707,688 | 6,400,000 | 6,651,407 | 6,571,337 | (28,005) | 0 | 0 | 136,350 | 136,350 | 251,229 | XXX |
| 0399999 - Bonds - U.S. Governments | | | | | | | | | | | | | | | |
| SPECIAL REVENUE AND ASSESSMENTS - U.S. | | | | | | | | | | | | | | | |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | |
| 31371K-MH-1 | FNMA 254260 | 12/25/2002 | PRINCIPAL RECEIPT | | 270,241 | 270,241 | 273,556 | 270,241 | (3,315) | 0 | 0 | 0 | 0 | 8,864 | |
| 31388G-RK-9 | FNMA POOL #604490 | 12/25/2002 | PRINCIPAL RECEIPT | | 190,702 | 190,702 | 193,562 | 190,702 | (2,861) | 0 | 0 | 0 | 0 | 6,081 | |
| 31389F-QB-1 | FNMA POOL #624250 | 12/25/2002 | PRINCIPAL RECEIPT | | 110,435 | 110,435 | 110,315 | 110,435 | 121 | 0 | 0 | 0 | 0 | 4,194 | |
| 31390E-HN-5 | FNMA POOL #643837 6.0% 5/1/17 | 12/25/2002 | PRINCIPAL RECEIPT | | 175,997 | 175,997 | 178,307 | 175,997 | (2,310) | 0 | 0 | 0 | 0 | 4,260 | |
| 31390S-L2-5 | FNMA POOL #649773 6% | 12/25/2002 | PRINCIPAL RECEIPT | | 161,242 | 161,242 | 163,736 | 161,242 | (2,494) | 0 | 0 | 0 | 0 | 2,885 | |
| STATE TOTAL | | | | | 908,617 | 908,617 | 919,475 | 908,617 | (10,859) | 0 | 0 | 0 | 0 | 26,285 | XXX |
| COUNTRY TOTAL - U.S. | | | | | | | | | | | | | | | |
| 3199999 - Bonds - Special Revenues | | | | | | | | | | | | | | | |
| PUBLIC UTILITIES - U.S. | | | | | | | | | | | | | | | |
| 679574-AB-9 | OLD DOMINION ELECTRIC CORP INTG | 12/01/2002 | MATURITY | | 397,000 | 397,000 | 409,506 | 397,000 | 0 | 0 | 0 | 0 | 0 | 31,641 | |
| COUNTRY TOTAL - U.S. | | | | | 397,000 | 397,000 | 409,506 | 397,000 | 0 | 0 | 0 | 0 | 0 | 31,641 | XXX |
| 3899999 - Bonds - Public Utilities | | | | | | | | | | | | | | | |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | | | | | | | | | |
| 02378H-AC-6 | AMER AIRLINES PASS TR 94-A | 11/26/2002 | Sink PMT @ 100.0000000 | | 61,442 | 61,442 | 73,171 | 61,442 | 2,420 | 0 | 0 | 0 | 0 | 3,972 | |
| 164452-AB-0 | CHEROKEE INTL LLC | 12/05/2002 | EXCHANGE | | 1,374,982 | 1,750,000 | 1,330,000 | 1,374,982 | 499,982 | 0 | 0 | 0 | 0 | 183,750 | |
| 21987H-AL-9 | BELLSOUTH CAP FUNDING 1997-1 | 07/17/2002 | Sink PMT @ 100.0000000 | | 65,775 | 65,775 | 68,575 | 65,775 | (2,499) | 0 | 0 | 0 | 0 | 3,224 | |
| 254687-AQ-9 | DISNEY WALT CO NT | 05/06/2002 | SPEAR LEEDS | | 1,004,530 | 1,000,000 | 999,980 | 999,973 | (3) | 0 | 0 | 4,557 | 4,557 | 24,375 | |
| 26055H-AA-9 | DOW CHEMICAL 92-A | 01/02/2002 | Sink PMT @ 100.0000000 | | 49,493 | 49,493 | 47,909 | 49,493 | 2 | 0 | 0 | 0 | 0 | 1,881 | |
| 303901-AF-9 | FAIRFAX FINANCIAL HOLDINGS LTD NT | 03/26/2002 | MILLER TABAK ROBERTS SEC | | 830,000 | 1,000,000 | 998,710 | 999,168 | 291,038 | 0 | 0 | (169,168) | (169,168) | 31,128 | |
| 36144T-CF-2 | GATX CAPITAL CORP MTNS BK | 12/10/2002 | PIPER, JAFFRAY & HOPWOOD | | 1,820,000 | 2,000,000 | 1,987,140 | 1,993,944 | 1,252 | 0 | 0 | (173,944) | (173,944) | 136,736 | |
| 36884C-AA-6 | GENERAL AMERN TRANSN CORP PSTH CTF | 07/01/2002 | Sink PMT @ 100.0000000 | | 49,787 | 49,787 | 53,959 | 49,787 | (3,568) | 0 | 0 | 0 | 0 | 4,192 | |
| 370425-OW-3 | GMAC GLOBAL | 05/07/2002 | SPEAR LEEDS | | 1,023,180 | 1,000,000 | 1,019,120 | 1,014,437 | (3,145) | 0 | 0 | 8,743 | 8,743 | 28,750 | |
| 499040-AF-0 | KNIGHT RIDDER INC SR NT | 11/06/2002 | DEAN WITTER REYNOLDS | | 1,623,975 | 1,500,000 | 1,448,415 | 1,477,640 | 5,223 | 0 | 0 | 146,335 | 146,335 | 85,837 | |
| 742718-BR-9 | PROCTER & GAMBLE CO NT | 12/19/2002 | SWS SECURITIES | | 1,089,850 | 1,000,000 | 1,068,550 | 1,045,840 | (20,939) | 0 | 0 | 44,010 | 44,010 | 67,650 | |
| 748196-AB-8 | QUEBECOR PRTG CAP CORP DEB | 10/30/2002 | SWS SECURITIES | | 2,030,000 | 2,000,000 | 1,994,920 | 1,995,150 | (54) | 0 | 0 | 34,850 | 34,850 | 163,583 | |
| 811410-AM-1 | SEA-LAND SVC INC GTD SEC-C 144A | 01/02/2002 | Sink PMT @ 100.0000000 | | 94,095 | 94,095 | 94,095 | 94,095 | 0 | 0 | 0 | 0 | 0 | 3,105 | |
| 81169P-AA-9 | SEABULK INTL INC SR SEC-D NT-B | 10/15/2002 | CALL | | 1,172,990 | 1,139,557 | 970,108 | 1,019,624 | 225,908 | 0 | 0 | 153,365 | 153,365 | 115,825 | |
| 903216-AA-7 | URC HOLDINGS CORP SR NT 144A | 12/18/2002 | SWS SECURITIES | | 1,591,875 | 1,500,000 | 1,562,940 | 1,528,777 | (6,748) | 0 | 0 | 63,098 | 63,098 | 174,891 | |
| 90777H-AG-9 | UNION OIL CO CALIF MTN | 11/08/2002 | FIRST TENNESSEE SECURITIE | | 1,217,360 | 1,000,000 | 1,202,110 | 1,156,516 | (11,780) | 0 | 0 | 60,844 | 60,844 | 116,927 | |
| 981907-BA-5 | WORLDTEX INC | 04/30/2002 | CONVERSION | | 12,939 | 50,000 | 11,750 | 12,939 | 7,939 | 0 | 0 | 0 | 0 | 0 | |
| COUNTRY TOTAL - U.S. | | | | | 15,112,272 | 15,260,149 | 14,931,452 | 14,939,581 | 985,029 | 0 | 0 | 172,691 | 172,691 | 1,145,827 | XXX |
| 4599999 - Bonds - Industrial and Miscellaneous | | | | | | | | | | | | | | | |
| 6099997 - Bonds - Part 4 | | | | | | | | | | | | | | | |
| 6099998 - Bonds - Part 5 | | | | | | | | | | | | | | | |
| 6099999 - Total - Bonds | | | | | | | | | | | | | | | |
| 6599998 - Preferred Stocks - Part 5 | | | | | | | | | | | | | | | |
| 6599999 - Total - Preferred Stocks | | | | | | | | | | | | | | | |
| 7099998 - Common Stocks - Part 5 | | | | | | | | | | | | | | | |
| 7099999 - Total - Common Stocks | | | | | | | | | | | | | | | |
| 7199999 - Total - Preferred and Common Stocks | | | | | | | | | | | | | | | |
| 7299999 Totals | | | | | 24,168,646 | XXX | 23,927,520 | 23,829,786 | 943,735 | 0 | 0 | 338,860 | 338,860 | 1,522,065 | 0 |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------------------|---------------|----------------|---------------|-------------------|---|-------------|---------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|---|---|
| CUSIP Identification | Description | Date Acquired | Name of Vendor | Disposal Date | Name of Purchaser | Par Value (Bonds) or Number of Shares (Stock) | Actual Cost | Consideration | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest and Dividends Received During Year | Paid for Accrued Interest and Dividends |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | | | | | | | | | | |
| 459745-EW-1 | INTERNATIONAL LEASE FIN CORP NT | 02/28/2002 | SWS SECURITIES | 12/12/2002 | SWS SECURITIES | 1,000,000 | 1,015,680 | 1,043,070 | 1,013,251 | (2,429) | 0 | 0 | 29,819 | 29,819 | 67,083 | 22,042 |
| COUNTRY TOTAL - U.S. | | | | | | 1,000,000 | 1,015,680 | 1,043,070 | 1,013,251 | (2,429) | 0 | 0 | 29,819 | 29,819 | 67,083 | 22,042 |
| 4599999 - Bonds - Industrial and Miscellaneous | | | | | | 1,000,000 | 1,015,680 | 1,043,070 | 1,013,251 | (2,429) | 0 | 0 | 29,819 | 29,819 | 67,083 | 22,042 |
| 6099998 - Total - Bonds | | | | | | 1,000,000 | 1,015,680 | 1,043,070 | 1,013,251 | (2,429) | 0 | 0 | 29,819 | 29,819 | 67,083 | 22,042 |
| 7199999 - Total - Preferred and Common Stocks | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7299999 Totals | | | | | | | 1,015,680 | 1,043,070 | 1,013,251 | (2,429) | 0 | 0 | 29,819 | 29,819 | 67,083 | 22,042 |

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

| 1 CUSIP Identification | 2 Description Name of Subsidiary, Controlled or Affiliated Company | 3 NAIC Company Code or Alien Insurer Identification Number | 4 NAIC Valuation Method (See SVO Purposes and Procedures manual) | 5 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock? | 6 Total Amount of Such Intangible Assets | 7 Book/Adjusted Carrying Value | Stock of Such Company Owned by Insurer on Statement Date | |
|------------------------------|---|---|--|---|---|---|---|--------------------------|
| | | | | | | | 8 Number of Shares | 9 % of Outstanding |
| NONE | | | | | | | | |
| 1799999 Totals | | | | | | | XXX | XXX |

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$
2. Total amount of intangible assets nonadmitted: \$

SCHEDULE D - PART 6 - SECTION 2

| 1 CUSIP Identification | 2 Name of Lower-tier Company | 3 Name of Company Listed in Section 1 Which Controls Lower-tier Company | 4 Total Amount of Intangible Assets Included in Amount Shown in Column 6, Section 1 | Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date | |
|------------------------------|---------------------------------|---|--|---|--------------------------|
| | | | | 5 Number of Shares | 6 % of Outstanding |
| NONE | | | | | |
| 0399999 Total | | | | XXX | XXX |

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

| 1 CUSIP Identification | 2 Description | 3 Date Acquired | 4 Name of Vendor | Interest | | 7 Maturity Date | 8 Book/Adjusted Carrying Value | 9 Increase (Decrease) by Adjustment | 10 Increase (Decrease) by Foreign Exchange Adjustment | 11 Par Value | 12 Actual Cost | Interest | | 15 Paid for Accrued Interest | 16 NAIC Design- nation | 17 Effective Rate of Interest | | |
|---|---|-----------------------|---------------------|--------------|------------------|-----------------------|--------------------------------------|---|--|-----------------|-------------------|--|--------------------------------|------------------------------------|---------------------------------|--|-----|-----|
| | | | | 5 Rate of | 6 How Paid | | | | | | | 13 Amount Due and Accrued Dec. 31 of Current Year on Bonds Not in Default | 14 Gross Amount Received | | | | | |
| 783965-55-1 | SEI UNITED STATES TREASURY FUND United States | 10/20/2000 | CITIZENS BANK | 0.730 | MTLY | | 2,598,548 | | | | 2,598,548 | | 10,040 | | | | | |
| 60934N-50-0 | FEDERATED TREASURY OBLIGATION FUND United States | 01/01/2001 | WACHOVIA BANK | 1.600 | MTLY | | 3,310,523 | | | | 3,310,523 | | 84,912 | | | | | |
| 0199999 - U.S. Governments - Issuer Obligations | | | | | | | 5,909,071 | | | | 5,909,071 | | 94,952 | | | XXX | XXX | |
| 0399999 - Total - U.S. Government Bonds | | | | | | | 5,909,071 | | | | 5,909,071 | | 94,952 | | | XXX | XXX | |
| 5499999 - Total - Issuer Obligations | | | | | | | 5,909,071 | | | | 5,909,071 | | 94,952 | | | XXX | XXX | |
| 6099999 - Total - Bonds | | | | | | | 5,909,071 | | | | 5,909,071 | | 94,952 | | | XXX | XXX | |
| 8099999 Totals | | | | | | | 5,909,071 | (a) | | | XXX | 5,909,071 | | 94,952 | | | XXX | XXX |

(a) Includes \$ other than accrual of discount and amortization of premium.

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps and Floors and Insurance Futures Options Owned December 31 of Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|--|--|---|-----------------------------|---------------------|--------------------------|---------------------|------------|-----|-----------------|------------|------------------------------------|-------------------------------------|--|
| Description | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Acquisition | Exchange or Counterparty | Cost/Option Premium | Book Value | * | Statement Value | Fair Value | Increase/ (Decrease) by Adjustment | Used to Adjust Basis of Hedged Item | Other Investment/ Miscellaneous Income |
| NONE | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | | | XXX | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | | | XXX | | | | | |
| 9999999 - Totals | | | | | | | | XXX | | | | | |

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SCHEDULE DB - PART A- SECTION 2

Showing all Options, Caps and Floors and Insurance Futures Options Acquired During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|--|---|-----------------------------|---------------------|--------------------------|---------------------|
| Description | Number of Contracts or Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index | Date of Acquisition | Exchange or Counterparty | Cost/Option Premium |
| NONE | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | |
| 9999999 - Totals | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART A - SECTION 3

Showing all Owned Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

| 1 Description | 2 Number of Contracts or Notional Amount | 3 Date of Maturity, Expiry, or Settlement | 4 Strike Price, Rate or Index | 5 Date of Acquisition | 6 Exchange or Counterparty | 7 Cost/Option Premium | 8 Indicate Exercise, Expiration, Maturity or Sale | 9 Termination Date | 10 Book Value | 11 * | 12 Consideration Received on Terminations | 13 Increase/ (Decrease) by Adjustment | Gain/Loss on Termination | | | 17 Other Investment/ Miscellaneous Income | |
|--|---|--|----------------------------------|--------------------------|-------------------------------|--------------------------|--|-----------------------|------------------|---------|--|--|--------------------------|---|----------------|--|--|
| | | | | | | | | | | | | | 14 Recognized | 15 Used to Adjust Basis of Hedged Item | 16 Deferred | | |
| NONE | | | | | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | | XXX | XXX | XXX | | | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | | XXX | XXX | XXX | | | | | | | | |
| 9999999 - Totals | | | | | | | XXX | XXX | XXX | | | | | | | | |

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force December 31 of Current Year

| 1 Description | 2 Number of Contracts or Notional Amount | 3 Date of Maturity, Expiry, or Settlement | 4 Strike Price, Rate or Index | 5 Date of Issuance/ Purchase | 6 Exchange or Counterparty | 7 Consideration Received | 8 Book Value | 9 * | 10 Statement Value | 11 Fair Value | 12 Increase/ (Decrease) by Adjustment | 13 Used to Adjust Basis | 14 Other Investment/ Miscellaneous Income |
|---|---|--|----------------------------------|---------------------------------|-------------------------------|-----------------------------|-----------------|--------|-----------------------|------------------|--|----------------------------|--|
| NONE | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | | | XXX | | | | | |
| 2699999 - Subtotal - Income Generation Transactions | | | | | | | | XXX | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | | | XXX | | | | | |
| 9999999 - Totals | | | | | | | | XXX | | | | | |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART B - SECTION 2

Showing all Options, Caps, Floors and Insurance Futures Options Written During Current Year

| 1 Description | 2 Number of Contracts or Notional Amount | 3 Date of Maturity, Expiry, or Settlement | 4 Strike Price, Rate or Index | 5 Date of Issuance/Purchase | 6 Exchange or Counterparty | 7 Consideration Received |
|---|---|--|----------------------------------|--------------------------------|-------------------------------|-----------------------------|
| NONE | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | |
| 2699999 - Subtotal - Income Generation Transactions | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | |
| 9999999 - Totals | | | | | | |

SCHEDULE DB - PART B - SECTION 3

Showing all Written Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

| 1 Description | 2 Number of Contracts or Notional Amount | 3 Date of Maturity, Expiry, or Settlement | 4 Strike Price, Rate or Index | 5 Date of Issuance/Purchase | 6 Exchange or Counterparty | 7 Consideration Received | 8 Indicate Exercise, Expiration, Maturity or Closing Purchase Transaction | 9 Termination Date | 10 Book Value | 11 * | 12 Consideration Paid on Terminations | 13 Increase/(Decrease) by Adjustment | Gain/(Loss) on Termination | | | 17 Other Investment/Miscellaneous Income | | |
|---|---|--|----------------------------------|--------------------------------|-------------------------------|-----------------------------|--|-----------------------|------------------|---------|--|---|----------------------------|----------------------------|----------------|---|--|--|
| | | | | | | | | | | | | | 14 Recognized | 15 Used to Adjust Basis | 16 Deferred | | | |
| NONE | | | | | | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | | XXX | XXX | XXX | | | | | | | | | |
| 2699999 - Subtotal - Income Generation Transactions | | | | | | | XXX | XXX | XXX | | | | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | | XXX | XXX | XXX | | | | | | | | | |
| 9999999 - Totals | | | | | | | XXX | XXX | XXX | | | | | | | | | |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART C - SECTION 1

Showing all Collar, Swap and Forwards Open December 31 of Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | |
|--|-----------------|---|---------------------------------------|---------------------------------------|--------------------------|----------------------------------|------------|-----|-----------------|------------|------------------------------------|-------------------------------------|--|--------------------|--|
| Description | Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index Rec (Pay) | Date of Opening Position or Agreement | Exchange or Counterparty | Cost or (Consideration Received) | Book Value | * | Statement Value | Fair Value | Increase/ (Decrease) by Adjustment | Used to Adjust Basis of Hedged Item | Other Investment/ Miscellaneous Income | Potential Exposure | |
| NONE | | | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | | | XXX | | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | | | XXX | | | | | | | |
| 9999999 - Totals | | | | | | | | XXX | | | | | | | |

SCHEDULE DB - PART C- SECTION 2

Showing all Collar, Swap and Forwards Opened During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|-----------------|---|---------------------------------------|---------------------------------------|--------------------------|----------------------------------|
| Description | Notional Amount | Date of Maturity, Expiry, or Settlement | Strike Price, Rate or Index Rec (Pay) | Date of Opening Position or Agreement | Exchange or Counterparty | Cost or (Consideration Received) |
| NONE | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | |
| 9999999 - Totals | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART C - SECTION 3

Showing all Collar, Swap and Forwards Terminated During Current Year

| 1 Description | 2 Notional Amount | 3 Date of Maturity, Expiry, or Settlement | 4 Strike Price, Rate or Index Rec (Pay) | 5 Date of Opening Position or Agreement | 6 Exchange or Counterparty | 7 Cost or (Consideration Received) | 8 Indicate Exercise, Expiration, Maturity or Sale | 9 Termination Date | 10 Book Value | 11 * | 12 Consideration Received or (Paid) on Terminations | 13 Increase (Decrease) by Adjustment | Gain/(Loss) on Termination | | | 17 Other Investment/Miscellaneous Income | |
|--|----------------------|--|--|--|-------------------------------|---------------------------------------|--|-----------------------|------------------|---------|--|---|----------------------------|---|----------------|---|--|
| | | | | | | | | | | | | | 14 Recognized | 15 Used to Adjust Basis of Hedged Item | 16 Deferred | | |
| NONE | | | | | | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | XXX | XXX | XXX | | | | | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | XXX | XXX | XXX | | | | | | | | | |
| 9999999 - Totals | | | | | | XXX | XXX | XXX | | | | | | | | | |

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts Open December 31 of Current Year

| 1 Description | 2 Number of Contracts | 3 Maturity Date | 4 Original Value | 5 Current Value | 6 Variation Margin | 7 Date of Opening Position | 8 Exchange or Counterparty | 9 Cash Deposit | Variation Margin Information | | | 13 Potential Exposure |
|--|--------------------------|--------------------|---------------------|--------------------|-----------------------|-------------------------------|-------------------------------|-------------------|------------------------------|---|----------------|--------------------------|
| | | | | | | | | | 10 Recognized | 11 Used to Adjust Basis of Hedged Item | 12 Deferred | |
| NONE | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | XXX | XXX | | | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | XXX | XXX | | | | | |
| 9999999 - Totals | | | | | | XXX | XXX | | | | | |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART D - SECTION 2

Showing all Futures Contracts and Insurance Futures Contracts Opened During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---------------------|---------------|----------------|--------------------------|--------------------------|--------------------------------|
| Description | Number of Contracts | Maturity Date | Original Value | Date of Opening Position | Exchange or Counterparty | Net Additions to Cash Deposits |
| NONE | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | XXX | XXX | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | XXX | XXX | |
| 9999999 - Totals | | | | XXX | XXX | |

SCHEDULE DB - PART D - SECTION 3

Showing all Futures Contracts and Insurance Futures Contracts Terminated During Current Year

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Variation Margin Information | | |
|--|---------------------|---------------|----------------|-------------------|------------------|--------------------------|--------------------------|--------------------------------|------------------|------------------------------|---|----------------------------|
| Description | Number of Contracts | Maturity Date | Original Value | Termination Value | Variation Margin | Date of Opening Position | Exchange or Counterparty | Net Reduction to Cash Deposits | Termination Date | 11 Gain/(Loss) Recognized | 12 Gain/(Loss) Used to Adjust Basis of Hedged Item | 13 Gain/(Loss) Deferred |
| NONE | | | | | | | | | | | | |
| 2599999 - Subtotal - Hedging Transactions | | | | | | XXX | XXX | | XXX | | | |
| 2799999 - Subtotal - Other Derivative Transactions | | | | | | XXX | XXX | | XXX | | | |
| 9999999 - Totals | | | | | | XXX | XXX | | XXX | | | |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE DB - PART E - SECTION 1

Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

| 1 Description Counterparty or Exchange Traded | 2 Master Agreement (Y or N) | 3 Fair Value of Acceptable Collateral | Statement Value | | | Fair Value | | | 10 Potential Exposure | 11 Off-Balance Sheet Exposure |
|---|--------------------------------------|---|---------------------------------------|---------------------------------------|------------------------------------|----------------------------------|----------------------------------|------------------------------------|--------------------------|-------------------------------------|
| | | | 4 Contracts Statement Value > 0 | 5 Contracts Statement Value < 0 | 6 Exposure Net of Collateral | 7 Contracts Fair Value > 0 | 8 Contracts Fair Value < 0 | 9 Exposure Net of Collateral | | |
| NONE | | | | | | | | | | |
| 9999999 Totals | | | | | | | | | | |

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

| | 1 | 2 | 3 |
|---------------------------|-------------------------------|-------------------|---|
| | Statement (Admitted) Value | Fair Value (a) | Excess of Statement over Fair Value(-), or Fair Value over Statement (+) |
| 1. Bonds | 66,703,399 | 67,755,141 | 1,051,742 |
| 2. Preferred Stocks | 0 | | 0 |
| 3. Totals | 66,703,399 | 67,755,141 | 1,051,742 |

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

The market value used were provided by our designated portfolio manager Madison Scottsdale, L.C.

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

| 1 Line Number | 2 Type | 3 Description of Deposit | 4 Where Deposited and Purpose of Deposit | 5 Par or Book Value | 6 Statement Value (a) | 7 Fair Value |
|---|-----------|-------------------------------|--|------------------------|--------------------------|-----------------|
| AL00001 | B | 5.500% USTNTS, due 05-31-2003 | Birmingham, AL, SouthTrust Bank of AL N.A., AL RSD by INS CODE Sec 27-3-11. | 100,000 | 100,125 | 101,750 |
| AL99999 - | | | | 100,000 | 100,125 | 101,750 |
| AR00001 | B | 5.500% USTNTS, due 05-31-2003 | Little Rock, AR, Regions Morgan Keegan Trust, AR RSD by INS CODE Sec 23-63-901 | 82,000 | 82,102 | 83,435 |
| AR99999 - | | | | 82,000 | 82,102 | 83,435 |
| FL00001 | B | 5.500% USTNTS, due 05-31-2003 | Tallahassee, FL, First Union Nat'l Bank of FL, FL RSD by INS CODE Sec 624.411 | 400,000 | 400,498 | 407,000 |
| FL99999 - | | | | 400,000 | 400,498 | 407,000 |
| GA00001 | B | 6.250% USTNTS, due 02-15-2003 | Atlanta, GA, Wachovia Bank of GA, N.A., GA RSD by INS CODE Sec 33-3-8 & 9 | 110,000 | 109,962 | 110,573 |
| GA99999 - | | | | 110,000 | 109,962 | 110,573 |
| LA00001 | B | 5.500% USTNTS, due 05-31-2003 | New Orleans, LA, Bank One, LA RSD by INS CODE Sec 22:1021 | 35,000 | 35,044 | 35,613 |
| LA99999 - | | | | 35,000 | 35,044 | 35,613 |
| MA00001 | | 6.500% USTNTS, due 10-15-2006 | Boston, MA, State Street Bank & Trust Company, MA RSD by INS CODE Sec 175-151 | 100,000 | 110,006 | 114,829 |
| MA99999 - | | | | 100,000 | 110,006 | 114,829 |
| NM00001 | B | 6.250% USTNTS, due 02-15-2003 | Santa Fe, NM, Wells Fargo Bank, NM RSD by INS CODE Sec 59A-5-19 | 205,000 | 205,148 | 206,288 |
| NM00002 | B | 5.500% USTNTS, due 05-31-2003 | Santa Fe, NM, Wells Fargo Bank, NM RSD by INS CODE Sec 59A-5-19 | 105,000 | 105,131 | 106,838 |
| NM99999 - | | | | 310,000 | 310,279 | 313,126 |
| NY00001 | B | 6.250% USTNTS, due 02-15-2003 | New York, NY, Deutsche Bank Trust Company, NY RSD by Regulation 41 | 1,000,000 | 1,000,314 | 1,005,868 |
| NY99999 - | | | | 1,000,000 | 1,000,314 | 1,005,868 |
| NC00001 | B | 5.500% USTNTS, due 05-31-2003 | Winston-Salem, NC, Wachovia Bank N.A., NC RSD by INS CODE Art 20 | 95,000 | 95,118 | 96,663 |
| NC00002 | | | Chapters 58-182.6 and 58-188-1 | | | |
| NC99999 - | | | | 95,000 | 95,118 | 96,663 |
| TX00001 | B | 6.500% USTNTS, due 10-15-2006 | Austin, TX State Treasurer, TX RSD by INS CODE ANN Art 2.08 & 2.10 | 1,100,000 | 1,210,597 | 1,263,671 |
| TX99999 - | | | | 1,100,000 | 1,210,597 | 1,263,671 |
| VA00001 | B | 5.500% USTNTS, due 05-31-2003 | Richmond, VA, Suntrust Bank, VA RSD by INS CODE, Title 38.2, Chapter 10 Art 7 | 60,000 | 60,075 | 61,050 |
| VA99999 - | | | | 60,000 | 60,075 | 61,050 |
| XX99999 - Total - Not All Policyholders | | | | 3,392,000 | 3,514,120 | 3,593,578 |
| OH00001 | B | 6.250% USTNTS, due 02-15-2003 | B'ham, AL, SouthTrust Bank of AL N.A., OH RSD by INS CODE Sec 3929.01 (B) | 2,120,000 | 2,120,899 | 2,132,673 |
| OH00002 | B | 5.500% USTNTS, due 05-31-2003 | B'ham, AL, SouthTrust Bank of AL N.A., OH RSD by INS CODE Sec 3929.01 (B) | 123,000 | 123,153 | 125,153 |
| OH00003 | B | 7.875% USTNTS, due 11-15-2004 | B'ham, AL, SouthTrust Bank of AL N.A., OH RSD by INS CODE Sec 3929.01 (B) | 135,000 | 135,356 | 150,736 |
| OH99999 - | | | | 2,378,000 | 2,379,408 | 2,408,562 |
| ZZ99999 - Total - All Policyholders | | | | 2,378,000 | 2,379,408 | 2,408,562 |
| 9999999 Totals | | | | 5,770,000 | 5,893,528 | 6,002,140 |

(a) Including \$ cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.

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