

QUARTERLY STATEMENT
OF THE
Build America Mutual Assurance Company

of
New York
in the state of
New York

TO THE
Insurance Department
OF THE STATE OF
New York

FOR THE QUARTER ENDED
September 30, 2012

2012



QUARTERLY STATEMENT
AS OF September 30, 2012
OF THE CONDITION AND AFFAIRS OF THE
Build America Mutual Assurance Company

NAIC Group Code 0000, NAIC Company Code 14380, Employer's ID Number 45-4858468
Organized under the Laws of New York, State of Domicile or Port of Entry New York
Country of Domicile United States of America
Incorporated/Organized 03/16/2012, Commenced Business 07/20/2012
Statutory Home Office 1 World Financial Ctr. - 27th Fl., 200 Liberty St., New York, NY 10281
Main Administrative Office 1 World Financial Ctr - 27th Fl., 200 Liberty St., New York, NY 10281
Mail Address 1 World Financial Ctr. - 27th Fl., 200 Liberty St., New York, NY 10281
Primary Location of Books and Records 1 World Financial Ctr. - 27th Fl., 200 Liberty St., New York, NY 10281
Internet Web Site Address www.buildamerica.com
Statutory Statement Contact Brian Michael Wymbs, bwymbs@buildamerica.com

OFFICERS

Table with 3 columns: Name, Title, #. Includes Robert Phillips Cochran (Managing Director and Chairman), Sean Wallace McCarthy (Managing Director and Chief Executive Officer), and Elizabeth Ann Keys (Chief Financial Officer).

OTHERS

Suzanne Marie Finnegan Bouton, Chief Credit Officer #
Alexander George Makowski Jr., General Counsel #
Laura Levenstein, Chief Risk Officer #
Brian Michael Wymbs, Controller #

DIRECTORS OR TRUSTEES

Raymond Joseph Rene Barrette #
Sean Wallace McCarthy #
Edward Gene Rendell #
Allan Lewis Waters #
Robert Phillips Cochran #
Richard Ravitch #
Robert Albert Vanosky #

State of New York
County of ss

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

Signatures and titles of Robert Phillips Cochran (Managing Director and Chairman), Sean Wallace McCarthy (Managing Director and Chief Executive Officer), and Elizabeth Ann Keys (Chief Financial Officer).

Subscribed and sworn to before me this 8th day of Oct 2012
Notary Public Signature

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

DAVID LEVER
Notary Public, State of New York
No. 011.E8166345
Qualified in New York County
Commission Expires May 21, 2015

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	465,966,786		465,966,786	
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....22,521,091), cash equivalents (\$.....0) and short-term investments (\$.....27,768,114)	50,289,205		50,289,205	
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	285,898		285,898	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	516,541,889		516,541,889	
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,207,838		2,207,838	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	323,684	289,213	34,471	
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	984,017	887,891	96,126	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	520,057,429	1,177,104	518,880,325	
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	520,057,429	1,177,104	518,880,325	
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Assets	887,891	887,891	0	
2502. Other Assets	96,126		96,126	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	984,017	887,891	96,126	

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Losses (current accident year \$.....0)		
2.	Reinsurance payable on paid losses and loss adjustment expenses		
3.	Loss adjustment expenses		
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	5,310,334	
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1	Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money \$.....0 and interest thereon \$.....0		
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)		
10.	Advance premium		
11.	Dividends declared and unpaid:		
11.1	Stockholders		
11.2	Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties		
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated		
16.	Provision for reinsurance		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities	22,595,204	
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes \$.....0 and interest thereon \$.....0		
25.	Aggregate write-ins for liabilities		
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	27,905,539	
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	27,905,539	
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes	503,000,000	
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	(12,025,214)	
36.	Less treasury stock, at cost:		
36.1	.....0 shares common (value included in Line 30 \$.....0)		
36.2	.....0 shares preferred (value included in Line 31 \$.....0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36)	490,974,786	
38.	Totals (Page 2, Line 28, Col. 3)	518,880,325	
DETAILS OF WRITE-INS			
2501.	.....	
2502.	.....	
2503.	.....	
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.	.....	
2902.	.....	
2903.	.....	
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.	.....	
3202.	.....	
3203.	.....	
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned			
1.1 Direct (written \$.....0)			
1.2 Assumed (written \$.....0)			
1.3 Ceded (written \$.....0)			
1.4 Net (written \$.....0)			
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0)			
2.1 Direct			
2.2 Assumed			
2.3 Ceded			
2.4 Net			
3. Loss adjustment expenses incurred			
4. Other underwriting expenses incurred	11,298,553		
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	11,298,553		
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(11,298,553)		
INVESTMENT INCOME			
9. Net investment income earned	662,703		
10. Net realized capital gains (losses) less capital gains tax of \$.....0	(212,260)		
11. Net investment gain (loss) (Lines 9 + 10)	450,443		
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(10,848,110)		
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(10,848,110)		
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	(10,848,110)		
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year			
22. Net income (from Line 20)	(10,848,110)		
23. Net transfers (to) or from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(1,177,104)		
28. Change in provision for reinsurance			
29. Change in surplus notes	503,000,000		
30. Surplus (contributed to) withdrawn from Protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	490,974,786		
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	490,974,786		
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)			
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance			
2. Net investment income	(908,175)		
3. Miscellaneous income			
4. Total (Lines 1 to 3)	(908,175)		
5. Benefit and loss related payments			
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	6,164,631		
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	6,164,631		
11. Net cash from operations (Line 4 minus Line 10)	(7,072,806)		
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	221,180,077		
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	15,064		
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)	221,195,141		
13. Cost of investments acquired (long-term only):			
13.1 Bonds	687,828,158		
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	(22,309,306)		
13.7 Total investments acquired (Lines 13.1 to 13.6)	665,518,852		
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(444,323,711)		
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	503,000,000		
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(1,314,278)		
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	501,685,722		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	50,289,205		
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year			
19.2 End of period (Line 18 plus Line 19.1)	50,289,205		

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001				
---------	--	--	--	--

Notes to Financial Statement

Build America Mutual Assurance Company (“Build America” or the “Company”) is a New York domiciled mutual financial guaranty insurance company. On July 17, 2012, the Company was capitalized with the proceeds from the issuance of \$503,000,000 of surplus notes. The surplus notes were purchased by HG Holdings Ltd. (“HG Holdings”), a Bermuda holding company, and its wholly owned subsidiary HG Re Ltd. (“HG Re”), a Bermuda domiciled special purpose insurance company. The Company received its license to write financial guaranty insurance from the New York State Department of Financial Services (the “Department”) and commenced operations on July 20, 2012. As of November 9, 2012, BAM is also licensed in Arizona, Illinois, Michigan, North Dakota, Pennsylvania, South Dakota, Texas, Vermont and Wisconsin, and can write business in many additional jurisdictions throughout the United States under certain conditions. The Company’s intention is to be licensed nationwide, and Build America currently has license applications pending in the remaining 40 states and the District of Columbia. Build America has received financial strength and counterparty credit ratings of ‘AA/Stable Outlook’, from Standard and Poor’s Ratings Services.

The first mutual bond insurance company, Build America is owned by and operated for the benefit of the cities, states and other municipal agencies—the municipal issuers—that use the Company’s ‘AA/Stable Outlook’ rated financial guaranty to lower their cost of funding in the U.S. municipal market. Build America’s unique corporate structure distinguishes it from traditional financial guaranty insurers in many important ways:

- Build America’s charter, underwriting guidelines and credit policies permit the Company to insure only fixed rate, long-term, essential public purpose municipal bonds in core sectors for municipalities or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code;
- Build America’s mutual model permits capital growth to track insured portfolio growth, eliminating the need to “go public” to raise capital, to drive earnings growth to satisfy equity markets, or to engage in mission creep by taking on risks outside of the core municipal market; and
- In addition to its own strong capital base, Build America will have the benefit of collateralized first loss reinsurance protection for losses up to the first 15% of par outstanding on each policy written.

Build America will charge a fee payable by the municipal issuer at closing from bond proceeds for the issuance of each municipal bond insurance policy. The Company will allocate an amount equal to 1% of the par amount insured as a Member Surplus Contribution (“MSC”), giving the issuer the right to vote as a member of Build America and to receive dividends. The remainder of the cost of the policy is a risk premium to compensate Build America for the insured risk.

The MSC is effective for the life of the policy, including refunding bonds of the same insured issue. The municipal member does not lose the value of the MSC in the event of a refunding if the refunding bonds are insured by Build America. The municipal member will continue to receive dividends and other benefits of mutual membership for the life of the policy. The Company’s policies are issued without contingent mutual liability for assessment.

The Company’s reinsurance protection is provided by HG Re via a first-loss reinsurance treaty (the “Reinsurance Agreement”), whereby HG Re assumes all directly insured losses in amount up to 15% of the par outstanding for each insurance policy. HG Re’s obligations under the Reinsurance Agreement are secured by high quality assets held in trusts, which are pledged for the benefit of Build America. As of September 30, 2012, the Company had not issued any financial guaranty insurance contracts.

1. Summary of Significant Accounting Practices

A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the State of New York.

The Department recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under New York State Insurance Law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) has been adopted as a component of prescribed practices by the Department.

The Company has not utilized any permitted or prescribed practices that differ from NAIC SAP in preparing these financial statements.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the State of New York requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements, and the reported revenues and expenses during the reporting period. Such estimates are used in connection with certain fair value measurements and the evaluation of other-than-temporary impairments on investments.

C. Accounting Policies

The Company utilizes the following accounting policies:

- (1) Short-term investments and cash equivalents are stated at amortized cost.
- (2) Investments in long-term bonds with an NAIC designation of 1 or 2 that are not backed by loans are reported at amortized cost; amortized cost is computed using the effective interest method. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, premiums are amortized to the call date that produces the lowest yield, or, if there are no call features, premiums are amortized over the remaining term of the bond.
- (3) The Company did not hold investments in common stocks as of September 30, 2012.

Notes to Financial Statement

- (4) The Company did not hold investments in preferred stocks as of September 30, 2012.
- (5) The Company did not hold investments in mortgage loans as of September 30, 2012.
- (6) Loan-backed securities with an NAIC designation of 1 or 2 are reported at amortized cost.

Changes in estimated cash flows, including the effect of prepayment assumptions, on loan-backed securities are reviewed periodically. Prepayment assumptions are applied consistently to securities backed by similar collateral. Loan-backed securities are revalued using the estimated cash flows, including new prepayment assumptions using the retrospective adjustment method. If there is an increase in expected cash flows, the Company will recalculate the amount of accretable yield. If there is a decrease in expected cash flows or if the fair value of the loan-backed security has declined below its amortized cost basis, the Company determines whether an other-than-temporary-impairment ("OTTI") has occurred.

For loan-backed securities for which the fair value has declined below its amortized cost basis and the Company either: i.) has the intent to sell the security, or ii.) does not have the intent or ability to hold security for a period of time sufficient to recover the amortized cost basis, an OTTI shall have occurred. The amount of the OTTI recognized in earnings as a realized loss will equal the entire difference between security's amortized cost basis and its fair value at the balance sheet date.

When an OTTI has occurred because the Company does not expect to recover the entire amortized cost basis of the security, even if the Company has no intent to sell and the Company has the intent and ability to hold, the amount of the OTTI recognized in earnings as a realized loss shall be equal to the difference between the security's amortized cost basis and the present value of cash flows expected to be collected.

- (7) The Company did not hold investments in subsidiaries, controlled or affiliated entities as of September 30, 2012.
- (8) The Company did not hold investments in joint ventures, partnerships or limited liability companies as of September 30, 2012.
- (9) The Company did not hold derivative instruments as of September 30, 2012.
- (10) As of September 30, 2012, the Company had not issued any financial guaranty insurance contracts.
- (11) Build America's written policy with respect to the capitalization of prepaid expenses, electronic data processing equipment, software, furniture, fixtures, other equipment and/or leasehold improvements is that purchases of less than ten thousand dollars are not capitalized and are expensed when purchased.
- (12) The method of estimating pharmaceutical rebate receivables is not applicable, as Build America does not write medical insurance with prescription drug coverage.
- (13) The Company records its surplus notes at par, which equals the proceeds received at issuance. The surplus notes are recorded as a component of surplus. The payment of principal and interest on the surplus notes is subject to the approval by the Department. Unapproved interest and principal payments are not recorded in the Company's financial statements.

2. Accounting Changes and Corrections of Errors

Other than the initial accounting policy elections of the Company noted above, there were no changes in the Company's accounting policies for the period ended September 30, 2012. There were no corrections of errors for the period ended September 30, 2012.

3. Business Combinations and Goodwill

- A. The Company has not been a party to any business combinations taking the form of a statutory purchase.
- B. The Company has not been a party to any business combinations taking the form of a statutory merger.
- C. The Company has not recognized an impairment loss.

4. Discontinued Operations

The Company does not have any discontinued operations.

5. Investments

- A. The Company did not hold investments in mortgage loans as of September 30, 2012.
- B. The Company did hold investments in debt securities, which were restructured as of September 30, 2012.
- C. The Company did not hold investments in reverse mortgages as of September 30, 2012.
- D. Loan-Backed Securities

- (1) The Company consistently uses the retrospective method to revalue loan-backed securities using current prepayment assumptions. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from publicly available resources. During 2012, there were no

Notes to Financial Statement

changes in the methodology utilized by the Company to revalue loan-backed securities.

- (2) The Company has not recognized other-than-temporary impairment losses ("OTTI losses") on loan-backed securities for the period ended September 30, 2012. Gross unrealized losses on loan-backed securities as of September 30, 2012 were \$23,914.
- (3) The Company did not recognize OTTI losses during the quarter.
- (4) The Company did not recognize OTTI losses during the quarter.
- (5) The Company did not recognize OTTI losses during the quarter.
- E. The Company has not engaged in any repurchase agreements or security-lending transactions for the period ended September 30, 2012.
- F. The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales as of September 30, 2012.
- G. The Company did not hold investments in low-income housing tax credits as of September 30, 2012.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have investments in joint ventures, limited partnerships or limited liability companies as of September 30, 2012.

7. Investment Income

- A. The Company does not admit investment income due and accrued if amounts are over 90 days past due.
- B. All investment income due and accrued was admitted as of September 30, 2012.

8. Derivative Instruments

The Company has not entered into any derivative contracts and there were no derivative contracts outstanding as of September 30, 2012.

Notes to Financial Statement**9. Income Taxes****A. Deferred Tax Assets / (Liabilities)**

1. Components of net deferred tax asset / (liability):

	September 30, 2012		
	(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total
(a) Gross deferred tax assets	\$ 6,618,826	\$ 72,691	\$ 6,691,517
(b) Valuation allowance adjustment	3,700,319	72,691	3,773,010
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ 2,918,507	\$ -	\$ 2,918,507
(d) Deferred tax assets non-admitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ 2,918,507	\$ -	\$ 2,918,507
(f) Deferred tax liabilities	2,918,507	-	2,918,507
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	\$ -	\$ -	\$ -
	December 31, 2011		
	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
(a) Gross deferred tax assets	\$ -	\$ -	\$ -
(b) Valuation allowance adjustment	-	-	-
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ -	\$ -	\$ -
(d) Deferred tax assets non-admitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ -	\$ -	\$ -
(f) Deferred tax liabilities	-	-	-
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	\$ -	\$ -	\$ -
	Change		
	(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (Col 3 - 6) Total
(a) Gross deferred tax assets	\$ 6,618,826	\$ 72,691	\$ 6,691,517
(b) Valuation allowance adjustment	3,700,319	72,691	3,773,010
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ 2,918,507	\$ -	\$ 2,918,507
(d) Deferred tax assets non-admitted	-	-	-
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ 2,918,507	\$ -	\$ 2,918,507
(f) Deferred tax liabilities	2,918,507	-	2,918,507
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	\$ -	\$ -	\$ -

Notes to Financial Statement

2. Admission calculation components:

		September 30, 2012		
		(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ 2,918,507	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	\$ 2,918,507	\$ -	\$ -
		December 31, 2011		
		(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ -	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	\$ -	\$ -	\$ -
		Change		
		(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (Col 3 - 6) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ 2,918,507	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	\$ 2,918,507	\$ -	\$ -

Notes to Financial Statement

3. The Company did not admit any deferred tax assets ("DTA") pursuant to paragraphs 11.a, 11.b.i or 11.b.ii of SSAP 101.
4. There was no impact on adjusted gross DTA or net admitted DTA as the result of either reinsurance related tax planning strategies or non-reinsurance related tax planning strategies.
- B. There are no unrecognized deferred tax liabilities.
- C. Current and deferred income taxes incurred consist of the following major components:

The Company had no current income taxes incurred.

Deferred income tax assets and liabilities:

	(1) 9/30/2012	(2) 12/31/2012	(3) (Col 1 - 2) Change
1. Current Income Tax			
(a) Federal	\$ -	\$ -	\$ -
(b) Foreign	-	-	-
(c) Subtotal	\$ -	\$ -	\$ -
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes	\$ -	\$ -	\$ -
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ -	\$ -	\$ -
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	1,052,502	-	1,052,502
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	4,818,122	-	4,818,122
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	\$ 748,202	\$ -	\$ 748,202
(99) Subtotal	6,618,826	-	6,618,826
(b) Statutory valuation allowance adjustment	\$ 3,700,319	\$ -	\$ 3,700,319
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 2,918,507	\$ -	\$ 2,918,507
(e) Capital			
(1) Investments	\$ -	\$ -	\$ -
(2) Net capital loss carry-forward	72,691	-	72,691
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 72,691	\$ -	\$ 72,691
(f) Statutory valuation allowance adjustment	\$ 72,691	\$ -	\$ 72,691
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ -	\$ -	\$ -
(i) Admitted deferred tax assets (2d + 2h)	\$ 2,918,507	\$ -	\$ 2,918,507
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	2,918,507	-	2,918,507
(99) Subtotal	\$ 2,918,507	\$ -	\$ 2,918,507
(b) Capital			
(1) Investments	\$ -	\$ -	\$ -
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	\$ -	\$ -	\$ -
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 2,918,507	\$ -	\$ 2,918,507
4. Net deferred tax assets/liabilities (2i - 3c)	\$ -	\$ -	\$ -

Notes to Financial Statement

- D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before taxes as follows:

	September 30, 2012	Effective Tax Rate
Provision computed at 35% statutory rate	\$ (3,796,839)	(35.0)%
Increase in actual tax reported resulting from:		
Nondeductible expenses for meals, penalties & lobbying	23,829	0.1%
Change in valuation allowance adjustment	3,773,010	34.9%
Total income tax reported	<u>\$ -</u>	0.0%

- E. Operating loss carryforward

- (1) For the quarter ended September 30, 2012, the Company generated a tax basis ordinary operating loss of \$13,766,063, and as of September 30, 2012 has an unused operating loss carryforward of the same amount available to offset against future taxable income. This unused tax basis loss will fully expire in 2032.
- (2) At September 30, 2012, there are no amounts available for recoupment in the event of future net losses.
- (3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

- F. Consolidated federal income tax return

The Company's federal income tax return is not consolidated with those of any other entities.

- G. The Company had no income tax loss contingencies at September 30, 2012.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

- A. The Company is a mutual insurer.

Build America is a New York domiciled mutual financial guaranty insurance company. On July 17, 2012, the Company was capitalized with the proceeds from the issuance of \$503,000,000 of surplus notes. The surplus notes were purchased by HG Holdings and its wholly owned subsidiary HG Re. The Company is organized as a mutual insurance company that will be comprised of members who are primarily issuers of municipal debt – states and local governments, instrumentalities of states and local governments or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code. In order to purchase financial guaranty insurance contracts from the Company, issuers are required to become members of the Company and fund an MSC equal to 1% of par insured, in addition to paying a risk premium to the Company.

The Company's reinsurance protection is provided by HG Re via the Reinsurance Agreement, whereby HG Re assumes all directly insured losses in amount up to 15% of the par outstanding for each insurance policy. HG Re's obligations under the Reinsurance Agreement are secured by high quality assets held in trusts, which are pledged for the benefit of Build America. As of September 30, 2012, the Company had not issued any financial guaranty insurance contracts.

11. Debt

- A. The Company has not issued any debt during 2012.
- B. The Company has no funding agreements with Federal Home Loan Banks (FHLB).

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. The Company does not sponsor a defined benefit pension plan.
- B. The Company does not sponsor a defined contribution plan.
- C. The Company participates in a multiemployer defined contribution plan. All of Build America's employees are co-employed by Build America and a professional employer organization ("PEO"). Under this arrangement, the PEO is the employer of record; however, Build America directs the employees' day-to-day activities. Employees are eligible to participate in the PEO's defined contribution plan. Build America makes a matching contribution subject to limits set by the Internal Revenue Code. The Company provides a 100% match on employee contributions up to 3% of the employee's base pay. The Company provides a 50% match on employee contributions up to an additional 2% of the employee's base pay. The total cost to the Company of the defined contribution plan was \$19,423 for the period ended September 30, 2012.

- D. Consolidated/Holding Company Plans

The Company does not participate in any consolidated/holding company plans.

- E. Postemployment Benefits and Compensated Absences

The Company does not have any obligations for post employment benefits or compensated absences that

Notes to Financial Statement

have not been accrued for because the amounts could not be reasonably estimated.

F. Impact of Medicare Modernization Act on Post Retirement Benefits

The Company does not sponsor a postretirement health care benefit plan.

13. Capital and Surplus and Dividend Restrictions and Quasi-Reorganizations

- (1) The Company is a mutual insurance company and has not issued common stock.
- (2) The Company is a mutual insurance company and has not issued preferred stock.
- (3) The Company is a mutual insurance company and as such does not have any cumulative stockholders' dividends.
- (4) The Company is a mutual insurance company and does not have capital stock.
- (5) The Company is a mutual insurance company and does not pay ordinary dividends. The Company has committed to the Department that it will not pay dividends to members for the first two years of its operations without obtaining the Department's prior approval.
- (6) New York State's comprehensive financial guarantee insurance law defines the scope of permitted financial guarantee insurance and governs the conduct of business of all financial guarantors licensed to do business in the State of New York, including Build America. The New York financial guarantee insurance law also establishes single risk and aggregate risk limits with respect to insured obligations insured by financial guarantee insurers. Single risk limits are specific to the type of insured obligation. Under New York State Insurance Law policyholders' surplus and contingency reserves must be equal to or greater than a percentage of aggregate net liability. The percentage of aggregate net liability is equal to the sum of various percentages of aggregate net liability for various categories of specified obligations.

The Company only insures investment grade, fixed rate, long-term, essential public purpose municipal bonds in core sectors for municipalities or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code. In addition, the Company maintains internal single and aggregate risk limits which are generally more conservative than the single and aggregate risk limits prescribed by New York State Insurance Law. As of September 30, 2012, the Company had not issued any financial guaranty insurance contracts.

- (7) There were no mutual surplus advances during 2012.
- (8) The Company does not hold stock for special purposes.
- (9) There were no special surplus funds as of September 30, 2012.
- (10) Unassigned funds (surplus) includes the following as of September 30, 2012:

Net unrealized gains (losses)	\$	-
Non-admitted assets	\$	1,177,104

(11) Surplus Notes

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes (collectively, the "Surplus Notes") to HG Holdings and HG Re in the amount of \$203,000,000 and \$300,000,000, respectively.

Date Issued	Series	Interest Rate	Par Value (Face Amount of the Note)	Carrying Value of Note	Principal and/ or Interest Paid Current Year	Total Principal and/ or Interest Paid	Unapproved Principal and/ or Interest	Date of Maturity
July 17, 2012	2012-A	8.0%	\$ 203,000,000	\$ 203,000,000	\$ -	\$ -	\$ 3,355,913	April 1, 2042
July 17, 2012	2012-B	8.0%	\$ 300,000,000	\$ 300,000,000	\$ -	\$ -	\$ 4,956,522	April 1, 2042

The surplus note agreement provides for quarterly interest payments commencing on December 1, 2012, upon; i.) the Company's request for authority to make payment and ii.) the Department's approval of that request. These conditions to the payment of interest due on the surplus notes allow for the deferral of interest without the occurrence of a default under the surplus note agreement. The Company does not anticipate requesting Department approval for the December 1, 2012 interest payment. No interest shall be accrued on deferred interest payments. The surplus notes are expressly subordinate and junior to the Company's policy obligations and all other liabilities other than distribution of assets to members. Because the Company is a mutual company, there is no liquidation preference for the insurer's common and preferred shareholders, as no such shares exist.

As funds become available to make interest and principal payments and subject to approval by the Department, payments will be made in the following order, satisfying each category of payment in full before beginning payments on the subsequent category: i.) the interest due and payable on the Series 2012-A Surplus Notes and the Series 2012-B Surplus Notes in pari passu, ii.) the outstanding principal of the Series 2012-A surplus notes, and iii.) the outstanding principal of the Series 2012-B Surplus Notes.

The Company may not make any payment of principal on the Series 2012-B Surplus Notes, or on any other debt subordinated to the Surplus Notes, until all interest due and all outstanding principal on the Series 2012-A Surplus Notes has been paid. In addition, the Company may not make any payment of principal on any debt subordinated to the Surplus Notes until all interest due and all outstanding principal on all of the Surplus Notes has been paid.

While the scheduled maturity date of the surplus notes is April 1, 2042, the Company has the option to

Notes to Financial Statement

pre-pay, in whole or in part, the principal amount of the Surplus Notes at par value prior to such date subject to Department approval and the conditions noted in the previous paragraph.

(12) The Company has not undergone reorganization or quasi-reorganization.

(13) The Company has not undergone reorganization or quasi-reorganization.

14. Contingencies**A. Commitments**

(1) The Company does not have subsidiaries, affiliates or controlled entities and does not have contingent commitments to a joint venture, partnership or limited liability company.

(2) The Company does not have any outstanding guarantees.

(3) The Company does not have any outstanding guarantees.

B. The Company does not issue life insurance policies and therefore is not subject to guaranty fund assessments.

C. The Company did not recognize any gain contingencies.

D. The Company did not have any claims related to extra contractual obligations or bad faith losses stemming from lawsuits.

E. The Company did not issue any product warranties as of the balance sheet date.

F. The Company has not been named in any lawsuits. The Company does not have any assets that it considers to be impaired.

15. Leases**A. Lessee Operating Lease**

(1) The Company leases office space under an operating lease agreement that expires on December 30, 2015. Rental expense for the period ending September 30, 2012 was \$56,664. The rental commitment has a cancellation option, which provides for the Company to cancel the lease beginning June 2014 but no later than March 31, 2015.

(2) As of September 30, 2012 the minimum aggregate rental commitments are as follows:

Year	Amount
2013	\$ 525,997
2014	237,710
2015	-
2016	-
Thereafter	-
Total	<u>\$ 763,707</u>

(3) The Company is not a party to any sales-leaseback transactions.

B. Other Leases

(1) The Company is not the lessor in any leases.

a. Not applicable

b. Not applicable

c. Not applicable

d. Not applicable

(2) The Company is not party to any leveraged leases.

e. Not applicable

f. Not applicable

g. Not applicable

Notes to Financial Statement

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

The Company did not have any material off-balance sheet commitments as of September 30, 2012.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company has not sold or transferred any receivables during 2012.
- B. The Company has not transferred or serviced any financial assets during 2012.
- C. The Company did not engage in any wash sale transactions during 2012.

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

- A. The Company does not serve as an Administrative Services Only provider.
- B. The Company does not serve as an Administrative Services Contract provider.
- C. The Company is not a party to any Medicare or similarly structured cost based reimbursement contracts.

19. Direct Premium Written or Produced by Managing General Agents or Third Party Administrators

The Company did not write direct premiums through managing general agents or third party administrators.

20. Fair Value Measurements

- A. The fair values of the Company's financial instruments are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. The Company classifies financial assets in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;

Level 2: Valuations of financial assets and liabilities are based on prices obtained from independent index providers, pricing vendors or broker-dealers using observable inputs; and

Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Management's assumptions and/or internal valuation pricing models are used to determine the fair value of financial assets or liabilities.

- (1) As of September 30, 2012, the Company did not record any of its assets or liabilities at fair value.
- (2) As of September 30, 2012, the Company did not record any of its assets or liabilities within Level 3.
- (3) Transfers of assets and liabilities into or out of Level 3 are reflected at their fair values as of the end of each reporting period, consistent with the date of determination of fair value. The Company has not recorded any of its assets or liabilities within Level 3 as of September 30, 2012.
- (4) The following inputs, methods and assumptions were used to determine the fair value of each class of financial instrument for which it is practicable to estimate that value:

Bonds

The estimated fair values generally represent prices received from third party pricing services or alternative pricing sources. The pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities and matrix pricing. The observable inputs used in the valuation of these securities may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, prepayment speeds, delinquencies, loss severity and default rates. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount the Company could realize in the market. In these cases, the fair value measurements are primarily classified as Level 2.

Cash and Short-Term Investments

The fair value of cash and short-term investments approximates its amortized cost. The fair value measurements were classified as Level 1.

Investment Income Due and Accrued

The fair value of investment income due and accrued approximates carrying value, and the fair value measurements were classified as Level 1.

Notes to Financial StatementSurplus Notes

The Surplus Notes issued by the Company are not publicly traded and market quotes are not readily available. Accordingly, management utilized an internal pricing model that utilizes observable inputs to estimate the fair value of the Surplus Notes and unapproved accrued interest. The observable inputs used in the valuation of the Surplus Notes include yield curves for similar instruments. The internal pricing model does not consider the risk of non-performance by the Company in estimating the fair value of the Surplus Notes. The fair value measurement of the Surplus Notes is classified as Level 2.

- (5) The Company did not hold any derivative assets or liabilities at September 30, 2012.
- B. The fair values of the Company's financial instruments are reflected in the table below.
- C. The admitted assets, fair values and related level classification within the fair value hierarchy of the Company's financial instruments as of September 30, 2012 was as follows:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Assets						
Bonds	\$ 467,167,117	\$ 465,966,786	\$ -	\$ 467,167,117	\$ -	\$ -
Cash and short-term investments	50,289,205	50,289,205	50,289,205	-	-	-
Investment income due and accrued	2,207,838	2,207,838	2,207,838	-	-	-
Total Financial Assets	<u>\$ 519,664,160</u>	<u>\$ 518,463,829</u>	<u>\$ 52,497,043</u>	<u>\$ 467,167,117</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financial Instruments						
Surplus Notes ¹	\$ 517,296,135	\$ -	\$ -	\$ 517,296,135	\$ -	\$ -
Total Other Financial Instruments	<u>\$ 517,296,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,296,135</u>	<u>\$ -</u>	<u>\$ -</u>

¹ The par outstanding on the surplus notes was \$503,000,000 at September 30, 2012.

- D. Not applicable.

21. Other Items

- A. The Company had no extraordinary items during 2012.
- B. The Company does not have outstanding debt and did not restructure debt in 2012.
- C. Assets with a carrying value of \$524,260 were on deposit with government authorities or trustees as required by law as of September 30, 2012. Assets with a carrying value of \$96,126 were maintained to secure a letter of credit as of September 30, 2012.
- D. The Company did not have any uncollectible balances as of September 30, 2012.
- E. The Company had no business interruption insurance recoveries during 2012.
- F. The Company did not have any state transferable tax credits as of September 30, 2012.
- G. The Company did not have any sub-prime mortgage related exposure as of September 30, 2012.

22. Events Subsequent

Pursuant to Statement of Statutory Accounting Principles ("SSAP") No. 9, Subsequent Events, the date through which Type I or Type II subsequent events have been evaluated was November 9, 2012 for the quarter ended September 30, 2012, the date in which the statutory financial statements were available for issue. Based on the Company's evaluation, no material items were noted.

23. Reinsurance

The Company has not issued any direct insurance policies as of September 30, 2012, and has not ceded any exposure as of September 30, 2012.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not issue retrospectively rated contracts or contracts subject to redetermination. The Company's reinsurance contract is not retrospectively rated or subject to redetermination.

The Company has not issued any direct insurance policies as of September 30, 2012, and has not ceded any exposure as of September 30, 2012.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The Company did not have any losses and loss adjustment expenses for the period ended September 30, 2012.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

The Company has not purchased any annuities or completed structured settlements in 2012.

Notes to Financial Statement

28. Health Care Receivables

The Company does not have any health care receivables as of September 30, 2012.

29. Participating Accident and Health Policies

The Company did not issue participating accident or health contracts during 2012.

30. Premium Deficiency Reserves

The Company did not have premium deficiency reserves as of September 30, 2012.

31. High Deductibles

The Company has not recorded any reserve credits during 2012 relating to high deductibles on unpaid claims.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company did not have any losses and loss adjustment expenses as of September 30, 2012.

33. Asbestos / Environmental Reserves

The Company has not written any policies that have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

34. Subscriber Savings Accounts

The Company is not a reciprocal exchange and, therefore, does not have subscriber savings accounts.

35. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

36. Financial Guaranty Insurance

As of September 30, 2012, the Company had not issued any financial guaranty insurance policies.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[X] No[]
 1.2 If yes, has the report been filed with the domiciliary state? Yes[X] No[] N/A[]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
 2.2 If yes, date of change: 07/13/2012
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
 If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[] No[] N/A[X]
 If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 07/18/2012
 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 07/18/2012
 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/18/2012
 6.4 By what department or departments?
 New York State Department of Financial Services
 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[] No[] N/A[X]
 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code. Yes[X] No[]
- 9.11 If the response to 9.1 is No, please explain:
 9.2 Has the code of ethics for senior managers been amended? Yes[X] No[]
 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
 The code of ethics was amended during the period to (i) address circumstances where selective disclosure of Company non-public information may be required or contemplated by a contract that the Company is a party to, (ii) update language regarding sharing information about Company employees, (iii) proscribe the use of social media to transact Company business, (iv) provide additional guidance on prohibitions on insider trading and (v) explain the use of the anonymous compliance hotline recently established by the Company.
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]
 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[] No[X]
 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[] No[X]
 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
 13. Amount of real estate and mortgages held in short-term investments: \$ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?
 14.2 If yes, please complete the following:

Yes [] No [X]

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement.

Yes [] No [X]
 Yes [] No [] N/A [X]

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes [X] No []

1 Name of Custodian(s)	2 Custodian Address
The Bank of New York Mellon	500 Grant Street, Pittsburgh, PA 15258

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?
 16.4 If yes, give full and complete information relating thereto:

Yes [X] No []

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Not applicable.	The Bank of New York Mellon	07/10/2012 ..	Initial funding of the Company

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

1 Central Registration Depository	2 Name(s)	3 Address
107105	Blackrock Financial Management	55 East 52nd Street, New York, NY 10055

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
 17.2 If no, list exceptions:

Yes [X] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?
If yes, attach an explanation. Yes[] No[] N/A[X]
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?
If yes, attach an explanation. Yes[] No[X]
- 3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes[] No[X]
3.2 If yes, give full and complete information thereto
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves"), discounted at a rate of interest greater than zero? Yes[] No[X]
4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
04.2999 Total										

5. Operating Percentages:
 5.1 A&H loss percent 0.000%
 5.2 A&H cost containment percent 0.000%
 5.3 A&H expense percent excluding cost containment expenses 0.000%
- 6.1 Do you act as a custodian for health savings accounts? Yes[] No[X]
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
 6.3 Do you act as an administrator for health savings accounts? Yes[] No[X]
 6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

SCHEDULE F - CEDED REINSURANCE
Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama (AL)	N						
2. Alaska (AK)	N						
3. Arizona (AZ)	N						
4. Arkansas (AR)	N						
5. California (CA)	N						
6. Colorado (CO)	N						
7. Connecticut (CT)	N						
8. Delaware (DE)	N						
9. District of Columbia (DC)	N						
10. Florida (FL)	N						
11. Georgia (GA)	N						
12. Hawaii (HI)	N						
13. Idaho (ID)	N						
14. Illinois (IL)	N						
15. Indiana (IN)	N						
16. Iowa (IA)	N						
17. Kansas (KS)	N						
18. Kentucky (KY)	N						
19. Louisiana (LA)	N						
20. Maine (ME)	N						
21. Maryland (MD)	N						
22. Massachusetts (MA)	N						
23. Michigan (MI)	N						
24. Minnesota (MN)	N						
25. Mississippi (MS)	N						
26. Missouri (MO)	N						
27. Montana (MT)	N						
28. Nebraska (NE)	N						
29. Nevada (NV)	N						
30. New Hampshire (NH)	N						
31. New Jersey (NJ)	N						
32. New Mexico (NM)	N						
33. New York (NY)	L						
34. North Carolina (NC)	N						
35. North Dakota (ND)	N						
36. Ohio (OH)	N						
37. Oklahoma (OK)	N						
38. Oregon (OR)	N						
39. Pennsylvania (PA)	N						
40. Rhode Island (RI)	N						
41. South Carolina (SC)	N						
42. South Dakota (SD)	L						
43. Tennessee (TN)	N						
44. Texas (TX)	L						
45. Utah (UT)	N						
46. Vermont (VT)	N						
47. Virginia (VA)	N						
48. Washington (WA)	N						
49. West Virginia (WV)	N						
50. Wisconsin (WI)	L						
51. Wyoming (WY)	N						
52. American Samoa (AS)	N						
53. Guam (GU)	N						
54. Puerto Rico (PR)	N						
55. U.S. Virgin Islands (VI)	N						
56. Northern Mariana Islands (MP)	N						
57. Canada (CN)	N						
58. Aggregate other alien (OT)	X X X						
59. Totals	(a) 4						

DETAILS OF WRITE-INS							
5801.	X X X						
5802.	X X X						
5803.	X X X						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X						
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X						

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

11 Schedule Y Part 1 NONE

12 Schedule Y Part 1A - Detail of Insurance Holding Company System NONE

13 Part 1 Loss Experience NONE

13 Part 2 Direct Premiums Written NONE

14 Part 3 Loss Reserve Development NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	RESPONSES
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	No
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	No
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	No

Explanations:

1. Not applicable. BAM is not a U.S. branch of an alien insurer.
2. Not applicable. BAM does not issue Medical Professional Liability insurance policies.
3. Not applicable. BAM does not issue Medicare insurance policies.
4. No applicable. BAM does not issue Director and Officer insurance policies.

Bar Codes:

Trusteed Surplus Statement



Supplement A to Schedule T



Medicare Part D Coverage Supplement



Director and Officer Supplement



STATEMENT AS OF **September 30, 2012** OF THE **Build America Mutual Assurance Company**
SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year		
2. Cost of bonds and stocks acquired	687,828,158	
3. Accrual of discount	8,544	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(227,324)	
6. Deduct consideration for bonds and stocks disposed of	221,180,077	
7. Deduct amortization of premium	462,515	
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	465,966,786	
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	465,966,786	

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)		1,383,607,222	889,436,340	(435,982)			493,734,900	
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds		1,383,607,222	889,436,340	(435,982)			493,734,900	
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock		1,383,607,222	889,436,340	(435,982)			493,734,900	

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

QS102

SCHEDULE DA - PART 1**Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	27,768,114	X X X	27,768,114		

SCHEDULE DA - Verification**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of short-term investments acquired	695,779,064	
3. Accrual of discount	17,989	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	15,064	
6. Deduct consideration received on disposals	668,044,003	
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	27,768,114	
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	27,768,114	

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SI08 Schedule E - Verification (Cash Equivalents) NONE

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
36176XKU2	GNMA POOL #779107		08/14/2012	Barclay's	X X X	4,818,219	4,392,054.00	9,272	1
36179MC24	GNMA POOL #MA0089		07/17/2012	Bank of America	X X X	9,956,219	9,046,611.00	17,088	1
36179ME22	GNMA POOL #MA0153		07/17/2012	JP Morgan	X X X	14,942,881	14,167,015.00	20,070	1
36179ME30	GNMA POOL #MA0154		07/17/2012	Bank of America	X X X	7,481,232	6,901,605.00	11,407	1
36179MMX5	GNMA POOL MA0374		09/26/2012	JP Morgan	X X X	9,537,188	9,000,000.00	9,375	1
912828NY2	US TREASURY N/B		07/26/2012	Morgan Stanley	X X X	50,314,621	50,000,000.00	136,549	1
912828PB0	US TREASURY N/B		07/26/2012	RBS Securities	X X X	50,179,855	50,000,000.00	70,355	1
912828RK8	US TREASURY N/B		07/26/2012	Credit Suisse	X X X	49,957,199	50,000,000.00	20,150	1
912828RN2	US TREASURY N/B		07/26/2012	RBC Capital Markets	X X X	50,027,511	50,000,000.00	29,891	1
912828SV3	US TREASURY N/B		07/17/2012	Bank of America	X X X	17,467,927	17,075,000.00	51,967	1
912828TC4	US TREASURY N/B		07/18/2012	Morgan Stanley	X X X	30,568,803	30,523,500.00	14,931	1
912828TM2	US TREASURY N/B		09/04/2012	Citigroup Global Markets	X X X	21,569,434	21,550,000.00	1,860	1
0599999 Subtotal - Bonds - U.S. Governments					X X X	316,821,089	312,655,785.00	392,915	X X X
Bonds - U.S. Special Revenue, Special Assessment									
3128M9DF6	FREDDIE MAC GOLD POOL G07002		08/24/2012	JP Morgan	X X X	9,043,693	8,389,569.00	12,584	1
3128MJQK9	FREDDIE MAC GOLD POOL G085457		08/15/2012	Citigroup Global Markets	X X X	9,094,289	8,479,524.00	12,719	1
3133EAZ84	FEDERAL FARM CREDIT BANK		09/24/2012	Morgan Stanley	X X X	7,000,000	7,000,000.00		1
3134G3M31	FREDDIE MAC		09/13/2012	SG Americas	X X X	9,497,150	9,500,000.00		1
3135G0AL7	FANNIE MAE		08/24/2012	Direct	X X X	13,981,176	13,200,000.00	133,650	1
3137EACM9	FREDDIE MAC		09/24/2012	Bank of America	X X X	14,173,887	13,650,000.00	9,953	1
3138EJJR0	FANNIE MAE POOL AL2071		08/24/2012	Bank of America	X X X	9,074,498	8,247,201.00	15,120	1
3138LTBL1	FNMA POOL A02742		08/14/2012	JP Morgan	X X X	3,207,053	3,052,973.00	4,325	1
3138LVK69	FNMA POOL A04816		08/14/2012	JP Morgan	X X X	9,256,289	8,956,796.00	10,574	1
3138LVWX7	FNMA POOL AO5161		09/24/2012	JP Morgan	X X X	3,545,603	3,299,675.00	4,812	1
31402CU67	FNMA POOL 725205		09/24/2012	Deutsche Bank	X X X	4,721,479	4,291,035.00	5,960	1
31403DGY9	FNMA POOL 745515		08/24/2012	Deutsche Bank	X X X	9,026,039	8,257,097.00	13,762	1
31410KJY1	FNMA POOL 889579		08/14/2012	Bank of America	X X X	4,211,821	3,821,329.00	7,643	1
31410KXL3	FNMA POOL 889983		09/24/2012	Morgan Stanley	X X X	4,763,619	4,301,236.00	7,169	1
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	110,596,596	104,446,435.00	238,271	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
001055AH5	AFLAC INC		08/30/2012	Various	X X X	3,808,082	3,650,000.00	18,156	1FE
00206RBD3	AT&T INC		07/31/2012	Goldman Sachs	X X X	5,309,499	5,000,000.00	70,833	1FE
002819AB6	ABBOTT LABORATORIES		07/30/2012	BNY Mellon	X X X	1,531,712	1,250,000.00	12,056	1FE
00440EAK3	ACE INA HOLDINGS		08/23/2012	Wells Fargo	X X X	2,463,039	2,000,000.00	52,522	1FE
009158AQ9	AIR PRODUCTS & CHEMCICALS		08/20/2012	Bank of America	X X X	879,724	850,000.00	992	1FE
009158AS5	AIR PRODUCTS & CHEMCICALS		09/06/2012	Morgan Stanley	X X X	2,647,243	2,650,000.00		1FE
021441AD2	ALTERA CORP		09/04/2012	Goldman Sachs	X X X	2,556,274	2,500,000.00	14,462	1FE
0258M0DE6	AMERICAN EXPRESS CREDIT MTN		08/14/2012	Citigroup Global Markets	X X X	4,594,680	4,500,000.00	14,875	1FE
032654AG0	ANALOG DEVICES		09/25/2012	FTN Financial	X X X	2,154,960	2,000,000.00	27,167	1FE
03523TBE7	ANHEUSER-BUSCH INBEV WOR		08/22/2012	Wells Fargo	X X X	4,504,898	3,380,000.00	30,561	1FE
03523TBN7	ANHEUSER-BUSCH INBEV WOR		07/30/2012	Deutsche Bank	X X X	2,522,425	2,500,000.00	1,528	1FE
037411BB0	APACHE CORP		08/30/2012	Bank of America	X X X	2,058,740	2,000,000.00	14,194	1FE
039483BB7	ARCHER-DANIELS-MIDLAND C		07/30/2012	BNP Paribas	X X X	1,465,763	1,250,000.00	23,484	1FE
05531FAL7	BB&T CORPORATION MTN		08/07/2012	Deutsche Bank	X X X	2,744,995	2,750,000.00		1FE

QE04

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
055482AJ2	BJ SERVICES CO		08/23/2012	Sterne, Agee & Leach	X X X	2,470,160	2,000,000.00	29,000	1FE
06406HBX6	BANK OF NEW YORK MELLON MTN		09/06/2012	Scott & Stringfellow	X X X	2,834,622	2,700,000.00	7,418	1FE
071813BD0	BAXTER INTERNATIONAL INC		08/30/2012	Citigroup Global Markets	X X X	1,551,660	1,500,000.00	3,854	1FE
071813BF5	BAXTER INTERNATIONAL INC		08/08/2012	UBS Securities	X X X	1,030,518	1,035,000.00		1FE
075887BB4	BECTON DICKINSON		09/25/2012	Bank of America	X X X	2,590,300	2,500,000.00	17,014	1FE
097014AK0	BOEING CAPITAL CORP		08/13/2012	JP Morgan	X X X	1,058,680	1,000,000.00	9,840	1FE
110122AT5	BRISTOL-MYERS SQUIBB CO		07/26/2012	Citigroup Global Markets	X X X	4,679,415	4,750,000.00		1FE
111320AE7	BROADCOM CORP		08/31/2012	Mesirow	X X X	1,338,513	1,250,000.00	11,719	1FE
111320AG2	BROADCOM CORP 144A		08/13/2012	JP Morgan	X X X	1,191,060	1,200,000.00		1FE
15189XAL2	CENTERPOINT ENER HOUSTON		08/07/2012	RBS Securities	X X X	2,593,084	2,600,000.00		1FE
171232AR2	CHUBB CORP		08/16/2012	Barclay's	X X X	4,907,520	4,000,000.00	61,333	1FE
17275RAC6	CISCO SYSTEMS INC		08/31/2012	Wells Fargo	X X X	2,911,775	2,500,000.00	5,347	1FE
191216AP5	COCA-COLA CO/THE		08/31/2012	Various	X X X	3,095,177	3,003,000.00	13,513	1FE
191216AY6	COCA-COLA CO/THE		08/13/2012	Morgan Stanley	X X X	1,032,810	1,000,000.00	6,967	1FE
235851AL6	DANAHER CORP		09/25/2012	Morgan Stanley	X X X	2,790,291	2,650,000.00	16,084	1FE
263534BQ1	E.I. DU PONT DE NEMOURS		08/21/2012	Keybank	X X X	1,159,817	992,000.00	9,982	1FE
26442CAC8	DUKE ENERGY CAROLINAS		08/31/2012	Wells Fargo	X X X	2,394,520	2,000,000.00	14,875	1FE
26442CAD6	DUKE ENERGY CAROLINAS		09/25/2012	UBS Securities	X X X	4,786,080	4,000,000.00	92,367	1FE
278642AG8	EBAY INC		08/13/2012	Wells Fargo	X X X	1,005,320	1,000,000.00	825	1FE
291011BC7	EMERSON ELECTRIC CO		09/24/2012	FTN Financial	X X X	1,164,670	1,000,000.00	15,583	1FE
29736RAE0	ESTEE LAUDER CO INC		07/30/2012	JP Morgan	X X X	1,648,532	1,650,000.00		1FE
341081EZ6	FLORIDA POWER & LIGHT		08/31/2012	Wells Fargo	X X X	2,448,680	2,000,000.00	38,542	1FE
354613AH4	FRANKLIN RESOURCES INC		09/25/2012	Various	X X X	2,401,350	2,400,000.00	229	1FE
373334JV4	GEORGIA POWER COMPANY		08/31/2012	Various	X X X	1,347,549	1,250,000.00	14,688	1FE
373334JY8	GEORGIA POWER COMPANY		08/07/2012	Bank of America	X X X	1,124,269	1,125,000.00		1FE
38141GEA8	GOLDMAN SACHS GROUP INC		09/25/2012	Goldman Sachs	X X X	4,316,600	4,000,000.00	41,569	1FE
38143USC6	GOLDMAN SACHS GROUP INC		08/23/2012	Goldman Sachs	X X X	2,581,400	2,500,000.00	5,286	1FE
437076AP7	HOME DEPOT INC		09/10/2012	Wells Fargo	X X X	2,897,350	2,500,000.00	4,500	1FE
438516AX4	HONEYWELL INTERNATIONAL		08/28/2012	FTN Financial	X X X	1,214,560	1,000,000.00	26,500	1FE
458140AH3	INTEL CORP		09/25/2012	RBC Capital Markets	X X X	2,362,253	2,250,000.00	21,572	1FE
459200HC8	IBM CORP		09/13/2012	Various	X X X	4,817,358	4,750,000.00	12,743	1FE
46625HHR4	JP MORGAN CHASE & CO		09/25/2012	JP Morgan	X X X	4,767,030	4,500,000.00	39,950	1FE
48126EAA5	JPMORGAN CHASE & CO		08/23/2012	Deutsche Bank	X X X	4,749,573	4,750,000.00	2,111	1FE
57629WBQ2	MASSMUTUAL GLOBAL FUNDING 144A		09/25/2012	Barclay's	X X X	2,598,700	2,500,000.00	24,028	1FE
58013MEE0	MCDONALD'S CORP MTN		09/05/2012	Stifel Nicolaus	X X X	2,430,020	2,000,000.00	2,675	1FE
585055AX4	MEDTRONIC INC		08/30/2012	Various	X X X	2,673,725	2,500,000.00	32,552	1FE
58933YAC9	MERCK & CO INC		09/25/2012	Morgan Stanley	X X X	2,501,825	2,500,000.00	1,146	1FE
59156RAU2	METLIFE INC		09/25/2012	Various	X X X	6,878,778	5,750,000.00	115,359	1FE
59217GAG4	MET LIFE GLOBAL FUNDING I 144A		09/25/2012	Wells Fargo	X X X	4,975,065	4,500,000.00	47,450	1FE
61166WAF8	MONSANTO CO		08/13/2012	JP Morgan	X X X	497,411	415,000.00	7,149	1FE
64952WAW3	NEW YORK LIFE GLOBAL FDG 144A		08/23/2012	Jefferies & Co	X X X	4,780,350	4,500,000.00	42,750	1FE
665772CD9	NORTHERN STATES PWR-MINN		09/04/2012	Various	X X X	2,424,418	2,000,000.00	1,750	1FE
665772CH0	NORTHERN STATES PWR-MINN		08/06/2012	JP Morgan	X X X	1,971,998	1,975,000.00		1FE
665859AN4	NORTHERN TRUST CORP		07/30/2012	Bank of America	X X X	2,069,128	2,075,000.00		1FE
674599CB9	OCCIDENTAL PETROLEUM COR		08/30/2012	Bank of America	X X X	2,577,450	2,500,000.00	2,431	1FE
68389XAK1	ORACLE CORP		08/31/2012	Various	X X X	2,854,188	2,500,000.00	9,149	1FE
693476BM4	PNC FUNDING CORP		09/06/2012	Various	X X X	4,790,074	4,500,000.00	57,774	1FE
69351UAQ6	PPL ELECTRIC UTILITIES		08/31/2012	Various	X X X	2,115,799	2,100,000.00	833	1FE

QE04.1

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

QE04.2

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
695114CH9	PACIFICORP		09/06/2012	Keybank	X X X	3,074,800	2,500,000.00	21,972	1FE
713448CB2	PEPSICO INC		08/08/2012	Morgan Stanley	X X X	2,487,100	2,500,000.00		1FE
717081AQ6	PFIZER INC		08/30/2012	Stifel Nicolaus	X X X	2,044,543	1,750,000.00	904	1FE
717081DB6	PFIZER INC		08/13/2012	Bank of America	X X X	1,279,030	1,000,000.00	26,006	1FE
718172AN9	PHILIP MORROS INTL INC		07/30/2012	RBS Securities	X X X	2,559,000	2,500,000.00	14,896	1FE
718172AS8	PHILIP MORROS INTL INC		08/14/2012	Deutsche Bank	X X X	2,225,813	2,250,000.00		1FE
74005PBB9	PRAXAIR INC		08/13/2012	Various	X X X	5,725,778	5,750,000.00	856	1FE
742718DS5	PROCTER & GAMBLE CO		09/05/2012	Various	X X X	2,595,873	2,500,000.00	14,078	1FE
74432NAA0	PRUDENTIAL COVERED TRUST 144A		08/23/2012	Deutsche Bank	X X X	2,592,850	2,500,000.00	30,803	1FE
771196AS1	ROCHE HLDGS INC 144A		08/30/2012	Various	X X X	2,533,895	2,000,000.00	31,958	1FE
806605AJ0	MERCK & CO INC		09/05/2012	Various	X X X	4,329,370	3,500,000.00	98,083	1FE
828807BV8	SIMON PROPERTY GROUP		09/13/2012	Various	X X X	2,226,318	1,896,000.00	5,260	1FE
842400FJ7	SOUTHERN CAL EDISON		09/04/2012	Wells Fargo	X X X	2,471,620	2,000,000.00	6,722	1FE
857477AH6	STATE STREET CORP		08/30/2012	Deutsche Bank	X X X	4,812,930	4,500,000.00	63,969	1FE
863667AC5	STRYKER CORP		08/22/2012	Various	X X X	4,902,944	4,725,000.00	38,588	1FE
872540AM1	TJX COS INC		08/15/2012	Keybank	X X X	1,275,150	1,000,000.00	24,132	1FE
87612EAP1	Target Corp		08/30/2012	Various	X X X	2,701,485	2,250,000.00	23,142	1FE
882508AU8	TEXAS INSTRUMENTS INC		07/30/2012	JP Morgan	X X X	4,721,025	4,750,000.00		1FE
89417EAC3	TRAVELERS COS INC MTN		08/23/2012	Wells Fargo	X X X	2,478,359	2,000,000.00		1FE
904764AP2	UNILEVER CAPITAL CORP		08/22/2012	Bank of America	X X X	1,946,856	1,975,000.00	1,166	1FE
911312AP1	UNITED PARCEL SERVICE		09/25/2012	Various	X X X	5,078,284	5,075,000.00	78	1FE
91159HHD5	US BANCORP MTN		08/30/2012	Various	X X X	5,120,275	5,000,000.00	26,010	1FE
913017BQ1	UNITED TECHNOLOGIES CORP		07/26/2012	Credit Suisse	X X X	4,430,055	3,500,000.00	107,188	1FE
91324PBV3	UNITEDHEALTH GROUP INC		08/03/2012	UBS Securities	X X X	2,821,638	2,750,000.00	32,943	1FE
92343VAG9	VERIZON COMMUNICATIONS		08/23/2012	Wells Fargo	X X X	2,383,460	2,000,000.00	44,917	1FE
92343VBC7	VERIZON COMMUNICATIONS		07/30/2012	Credit Suisse	X X X	2,430,120	2,200,000.00	19,464	1FE
92343VBD5	VERIZON COMMUNICATIONS		08/31/2012	Credit Suisse	X X X	2,612,450	2,500,000.00	17,361	1FE
927804FC3	VIRGINIA ELEC & POWER CO		09/05/2012	Wells Fargo	X X X	3,111,325	2,500,000.00	72,309	1FE
931142CJ0	WAL-MART STORES INC		08/30/2012	Various	X X X	2,799,970	2,250,000.00	4,189	1FE
983024AM2	WYETH LLC		08/30/2012	Stifel Nicolaus	X X X	1,994,698	1,670,000.00	38,934	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	260,410,473	239,241,000.00	1,915,215	X X X
8399997	Subtotal - Bonds - Part 3				X X X	687,828,158	656,343,220.00	2,546,401	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	687,828,158	656,343,220.00	2,546,401	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	687,828,158	X X X	2,546,401	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n Date	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)		
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.									
Bonds - U.S. Governments																							
36176XKU2	GNMA POOL #779107		09/01/2012	Paydown	X X X	98,531	98,531.00	108,091							98,531					328	04/15/2042	1	
36179MC24	GNMA POOL #MA0089		09/01/2012	Paydown	X X X	156,977	156,977.00	172,761							156,977					872	05/20/2042	1	
36179ME22	GNMA POOL #MA0153		09/01/2012	Paydown	X X X	69,318	69,318.00	73,114							69,318					270	06/20/2042	1	
36179ME30	GNMA POOL #MA0154		09/01/2012	Paydown	X X X	45,272	45,272.00	49,074							45,272					215	06/20/2042	1	
912828NY2	US TREASURY N/B		09/26/2012	Various	X X X	50,277,567	50,000,000.00	50,314,621							50,279,998		(2,431)	(2,431)		183,485	09/15/2013	1	
912828PB0	US TREASURY N/B		09/27/2012	Bank of America	X X X	10,031,217	10,000,000.00	10,035,971							10,030,897		319	319		22,678	10/15/2013	1	
912828RK8	US TREASURY N/B		09/25/2012	Various	X X X	49,958,270	50,000,000.00	49,957,199							49,961,771		(3,501)	(3,501)		28,053	09/30/2013	1	
912828RN2	US TREASURY N/B		09/26/2012	Various	X X X	50,026,825	50,000,000.00	50,027,511							50,024,497		2,328	2,328		47,196	10/31/2013	1	
912828SV3	US TREASURY N/B		09/14/2012	Goldman Sachs	X X X	10,044,296	10,000,000.00	10,230,118							10,226,835		(3,284)	(3,284)		57,065	05/15/2022	1	
912828TC4	US TREASURY N/B		09/14/2012	Various	X X X	25,496,363	25,500,000.00	25,537,798							25,537,073		(724)	(724)		47,731	06/30/2019	1	
912828TM2	US TREASURY N/B		09/27/2012	Various	X X X	21,542,376	21,550,000.00	21,569,434							21,569,197		(237)	(237)		10,159	08/31/2017	1	
0599999	Subtotal - Bonds - U.S. Governments				X X X	217,747,012	217,420,098.00	218,075,692							218,000,366		(75,327)	(75,327)		398,052	X X X	X X X	
Bonds - U.S. Special Revenue, Special Assessment																							
3138LTBL1	FNMA POOL A02742		09/14/2012	JP Morgan	X X X	3,232,335	3,052,973.00	3,207,053							3,207,053				25,282	25,282	4,325	05/01/2027	1
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	3,232,335	3,052,973.00	3,207,053							3,207,053				25,282	25,282	4,325	X X X	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)																							
48126EAA5	JPMORGAN CHASE & CO		09/26/2012	JP Morgan	X X X	200,730	200,000.00	199,982							199,982				748	748	456	08/15/2017	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	200,730	200,000.00	199,982							199,982				748	748	456	X X X	X X X
8399997	Subtotal - Bonds - Part 4				X X X	221,180,077	220,673,071.00	221,482,727							221,407,401				(227,324)	(227,324)	402,833	X X X	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	221,180,077	220,673,071.00	221,482,727							221,407,401				(227,324)	(227,324)	402,833	X X X	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	221,180,077	X X X	221,482,727							221,407,401				(227,324)	(227,324)	402,833	X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

QE05

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D NONE

E09 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E10 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
open depositories								
First Republic Bank New York, NY					27,040,226	24,450,512	22,521,091	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - open depositories	X X X	X X X						X X X
0199999 Totals - Open Depositories	X X X	X X X			27,040,226	24,450,512	22,521,091	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash On Deposit	X X X	X X X			27,040,226	24,450,512	22,521,091	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total Cash	X X X	X X X			27,040,226	24,450,512	22,521,091	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
N O N E							
8699999 Total - Cash Equivalents							

Supp5 Sup. A To T - Physicians NONE

Supp5 Sup. A To T - Hospitals NONE

Supp5 Sup. A To T - Other Healthcare Professionals NONE

Supp5 Sup. A To T - Other Healthcare Facilities NONE



MEDICARE PART D COVERAGE SUPPLEMENT

Net of Reinsurance

NAIC Group Code:

NAIC Company Code: 14380

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected		X X X		X X X	
2. Earned Premiums		X X X		X X X	X X X
3. Claims Paid		X X X		X X X	
4. Claims Incurred		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	NONE		X X X		
6. Aggregate Policy Reserves - change				X X X	X X X
7. Expenses Paid				X X X	
8. Expenses Incurred		X X X		X X X	X X X
9. Underwriting Gain or Loss		X X X		X X X	X X X
10. Cash Flow Results	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.....0 due from CMS or \$.....0 due to CMS



DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year to Date For the Period Ended **September 30**
 NAIC Group Code: NAIC Company Code: 14380

Company Name: Build America Mutual Assurance Company

If the reporting entity writes any director and officer (D&O) business, please provide the following:

Description	1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
1. Monoline Policies			

2. Commercial Multiple Peril (CMP) Packaged Policies

NONE

2.1 Does the reporting entity provide D&O liability coverage as part of a

2.2 Can the direct premium earned for D&O liability coverage provided

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated

CMP packaged policies

2.31 Amount quantified:

2.32 Amount estimated using reasonable assumptions:

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies.

is quantified or estimated?
 for D&O liability coverage in

Yes[] No[X]
 Yes[] No[X]

\$ 0
 \$ 0
 \$ 0

Statement of Actuarial Opinion

NONE

Amended Statement Cover

NONE

INDEX TO PROPERTY & CASUALTY QUARTERLY STATEMENT

Accident and Health Insurance; Q3; Q13
Accounting Changes and Corrections of Errors; Q6, Note 2
Accounting Practices and Policies; Q6, Note 1
Admitted Assets; Q2; QSI01
Affiliated Transactions; Q2; Q3; Q7; Q7.1
Asbestos Losses and Loss Adjustment Expenses; Q6, Note 33
Bonds; Q2; Q5; Q7.1; Q7.2; QSI01; QSI02; QE04; QE05; QSupp2
Business Combinations and Goodwill; Q6, Note 3
Capital Gains (Losses); Q3; Q4; Q5
Capital Stock; Q3; Q4; Q6, Note 13
Capital Notes; Q3; Q5; Q6, Note 11
Caps; QE06; QSI04
Cash; Q2; Q5; QE11; QSupp2
Cash Equivalents; Q2; Q5; QE12
Collars; QE06; QSI04
Commissions; Q3; Q5
Common Stock; Q2; Q7.1; Q7.2; QSI01; QE04; QE05; QSupp2
Counterparty Exposure; Q6, Note 8; QE06; QE08
Contingencies; Q6, Note 14
Debt; Q6, Note 11
Deferred Compensation; Q6, Note 12
Derivative Instruments; Q6, Note 8; QSI04; QSI05; QSI06; QSI07; QE06; QE07; QE08
Director and Officer; QSupp7
Discontinued Operations; Q6, Note 4
Discounting of Liabilities; Q6, Note 32; Q8
Electronic Data Processing Equipment; Q2
Environmental Losses and Loss Adjustment Expenses; Q6, Note 33
Exchange or Counterparty; QE06; QE08
Expenses; Q3; Q4; Q5; Q8; QE01; QSupp3
Extinguishment of Liabilities; Q6, Note 17
Extraordinary Items; Q6, Note 21
Fair Value; Q7, Note 20
Federal ID Number; Q9
Federal Reserve Board; Q7
Finance and Service Charge; Q4
Floors; QE06; QSI04
Foreign Exchange; Q2; Q3; Q4; QSI01; QSI02; QSI03; QE04; QE05
Forwards; QE06; QSI04
Futures Contracts; QE07; QSI04
Guaranty Fund; Q2
Health Care Receivables; Q6, Note 28
Hedging Transactions; Q7.1; QE06; QE07
High Deductible Policies; Q6, Note 31
Holding Company; Q7; Q11; Q12
Income Generation Transactions; QE06; QE07
Income Taxes; Q2; Q3; Q4; Q5; Q6, Note 9
Intercompany Pooling; Q6, Note 26
Investment Income; Q2; Q4; Q5; Q6, Note 7; QSupp2
Investments; Q2; Q4; Q6, Note 5; Q7.1; Q7.2; QSI01; QSI03; QE03; QE04; QE05; QE08; QE12; QSupp2
Joint Venture; Q6, Note 6
Leases; Q6, Note 15
Licensing; Q3; Q7; Q10
Limited Liability Company (LLC); Q6, Note 6
Limited Partnership; Q6, Note 6
Lines of Business; Q8; Q13
Long-Term Invested Assets; QSI01; QE03
Loss Development; Q6
Losses; Q3; Q4; Q5; Q6, Note 25; Q8; Q10; Q13; Q14; QSupp1; QSupp3
Loss Adjustment Expenses; Q3; Q6, Note 26; Q8; Q14; QSupp3
Managing General Agents; Q6, Note 19; Q7
Medical Malpractice Insurance; Q13; Q15; QSupp5
Medicare Part D Coverage; QSupp6
Mortgage Loans; Q2; Q5; Q7.1; QSI01; QE02; QSupp2
Multiple Peril Crop Insurance; Q6, Note 35
Nonadmitted Assets; Q2; Q4; QSI01; QSI03
Non-Tabular Discount; Q6, Note 32
Off-Balance Sheet Risk; Q6, Note 16

INDEX TO PROPERTY & CASUALTY QUARTERLY STATEMENT

Options; Q7.1; QE06; QSI04
Organizational Chart; Q7; Q11
Other Derivative Transactions; QE06; QE07
Parent, Subsidiaries and Affiliates; Q2; Q3; Q6, Note 10; Q7.1
Participating Policies; Q6, Note 29
Pharmaceutical Rebates; Q6, Note 28
Policyholder Dividends; Q3; Q4; Q5
Postemployment Benefits; Q6, Note 12
Postretirement Benefits; Q6, Note 12
Preferred Stock; Q2; Q7.1; Q7.2; QSI01; QSI02; QE04; QSupp2
Premium Deficiency Reserves; Q6, Note 30
Premium Notes; Q2; Q5
Premiums; Q3; Q5; Qsupp3
 Accrued Retrospective; Q2
 Advance; Q3
 Direct; Q10; Q13
 Earned; Q4; Q10; Q13; QSupp5
 Earned but Unbilled; Q2
 Unearned; Q3
 Written; Q4; Q10; Q13; QSupp5
Quasi Reorganizations; Q6, Note 13
Real Estate; Q2; Q5; Q7.1; QSI01; QE01; QSupp2
Redetermination, Contract Subject to; Q6, Note 24
Reinsurance; Q6, Note 23
 Assumed; Q13
 Ceded; Q3; Q9; QSupp3
 Commutation; Q6, Note 23
 Funds Held; Q2; Q3
 Losses; Q3; Q4; Q8; QSupp3
 Payable; Q3; QSupp3
 Premiums; Q3; QSupp3
 Receivable; Q2; QSupp3
 Unsecured; Q6, Note 23
 Uncollectible; Q6, Note 23
Reserves
 Incurred but Not Reported (IBNR); Q8; Q14
 Unpaid Loss Adjustment Expense (LAE); Q14
Retirement Plans; Q6, Note 12
Retrospectively Rated Contracts; Q6, Note 24
Salvage and Subrogation; Q10
Securities Lending; Q2; Q3; QE9; QE10
Servicing of Financial Assets; Q6, Note 17
Short-Term Investments; Q2; Q5; Q7.1; QSI03; QSupp2
Special Deposits; QSupp2
Stockholder Dividends; Q3; Q4; Q5
Structured Settlements; Q6, Note 27
Subscriber Savings Accounts; Q6, Note 34
Subsequent Events; Q6, Note 22
Surplus; Q3; Q4; Q5; Q6, Note 13; Q14; Q15; QSupp1; QSupp2; QSupp3
Surplus Notes; Q3; Q4; Q5
Swaps; QE07; QSI04
Synthetic Assets; QSI04; QSI05
Tabular Discount; Q6, Note 32
Third Party Administrator; Q6, Note 19; Q7
Treasury Stock; Q3; Q4; Q5
Underwriting Expenses; Q4
Uninsured Accident and Health; Q3; Q6, Note 18
Valuation Allowance; QSI01
Wash Sales; Q6, Note 17