



Claims Reassessment Update*

* As of 1/20/2008

Summary:

Reserves Established for Reassessment Process

<i>\$ Millions</i>	<u>Multistate 4Q-2004</u>	<u>California 3Q-2005</u>	<u>Reserve Addition 1Q-2006</u>	<u>Reserve Addition 3Q-2006</u>	<u>Reserve Addition 2Q-2007</u>	<u>Total</u>
Incremental Direct Operating Expense	\$27.5	\$14.3	--	\$15.0	(\$12.8)	\$44.0
Benefit Costs from Claims Reopened	44.0	37.3	86.0	310.4	65.8	543.5
Benefit Costs for Claims Already in Inventory	40.5	15.4	--	--	--	55.9
Fine	<u>15.0</u>	<u>8.0</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23.0</u>
Total Before-tax Charges	<u><u>\$127.0</u></u>	<u><u>\$75.0</u></u>	<u><u>\$86.0</u></u>	<u><u>\$325.4</u></u>	<u><u>\$53.0</u></u>	<u><u>\$666.4</u></u>

Status of Mailings and Return of RIFs

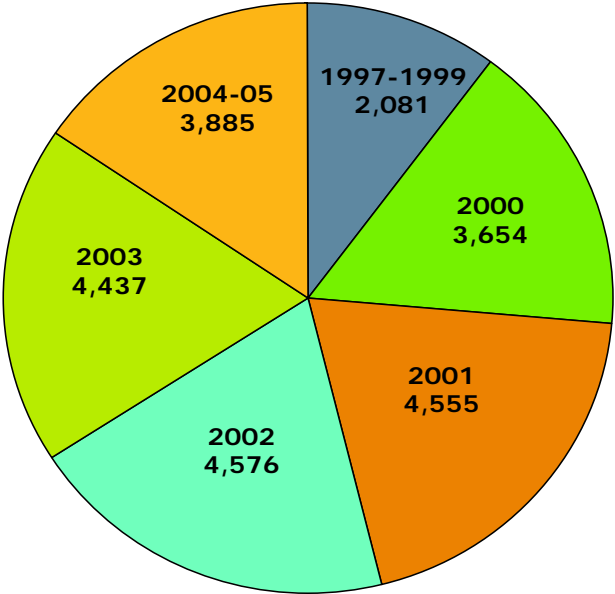
	<u>Actual at 1/20/08</u>
Total Mailings to Eligible Claimants	290,903
Opt-Ins Received (including 974 No Notice Mailed)	79,396
Opt-Ins with Return Period Open	-
Mailings Expired without Opt-in	212,481
 RIFs Mailed	 79,396
Completed RIFs Received	23,188
RIFs with Return Period Open	1
RIFs Expired	56,207
 RIFs to be Mailed	 0

Profile of Reassessed Claims

	Actual as of <u>9/30/2007</u>	Actual as of <u>1/20/2008</u>
Claim Decisions Completed	22,932	23,188
Initial Decision - "Not Disabled"	51%	51%
% with Social Security Benefits	37%	37%
Results in:		
Overturn Rate	41%	42%
Uphold Rate	59%	58%

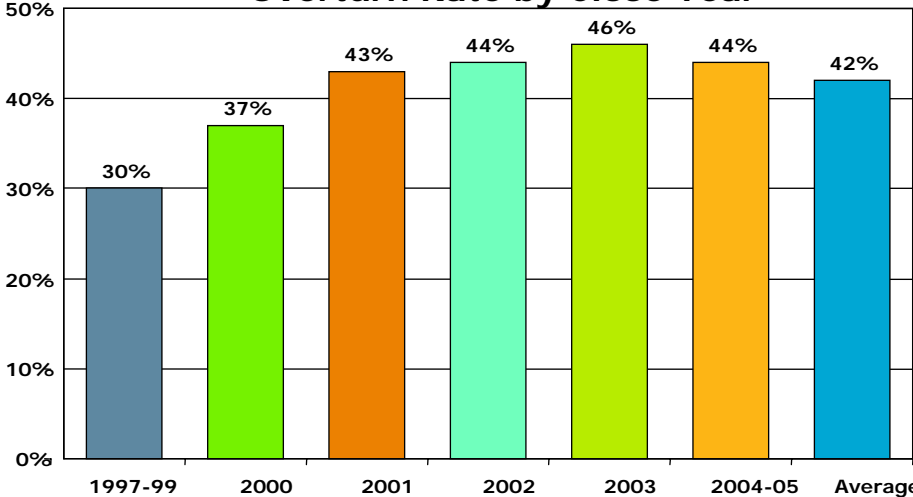
Claim Reassessment Results

Distribution of the Claims Expected to be Reassessed by Close Year



(23,188 Total Estimated Claims)

Overturn Rate by Close Year *



* 23,188 claim decisions as of 1/20/2008

Percent of Claims Reviewed for each Close Year

