Zurich Finance (USA), Inc.

Financial Statements
December 31, 2011

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Zurich Finance (USA), Inc.

Management Information

Board of directors and officers at 30 March 2012

Name	Function	Business Address
Michael T. Foley	Director	1400 American Lane, Schaumburg, IL 60196, U.S.A.
Vibhu R. Sharma	Director	1400 American Lane, Schaumburg, IL 60196, U.S.A.
Barry S. Paul	Director & President	1400 American Lane, Schaumburg, IL 60196, U.S.A
Colm Holmes	Director	Mythenquai 2, 8002 Zurich, Switzerland
Thomas Rogers	Senior Vice President	105 East 17th Street, New York, NY 10003-2105, U.S.A.
Michael Inderbitzin	Secretary	105 East 17th Street, New York, NY 10003-2105, U.S.A.
Richard J. Hauser	Director & Assistant Secretary	1400 American Lane, Schaumburg, IL 60196, U.S.A.

Auditors

PricewaterhouseCoopers
One Spencer Dock,
North Wall Quay,
Dublin 1, Ireland

Bankers

Bank of America, N.A.
540 W Madison St – 16th Floor
Chicago, IL 60661, U.S.A.

Registered Office

c/o Corporation Trust Company,
1209 Orange Street
Wilmington, DE 19808, U.S.A.

Signed:
Name: Barry S. Paul
Title: Director & President

Signed:
Name: Richard J. Hauser
Title: Director & Assistant Secretary

Zurich Finance (USA), Inc.

Management Report and Responsibility Statement as at 31 December 2011

Management Review

The nature and purpose of Zurich Finance (USA), Inc. (the "Company") is to act mainly as a vehicle for raising external debt for the Zurich Financial Services Ltd group, through a Euro Medium Term Note Programme (the "EMTN Programme") and Euro Commercial Paper Programme (the "ECP Programme").

Zurich Insurance Company Ltd ("ZIC") provides a guarantee to the Company related to the principal and interest of its outstanding bonds payable up to a specified maximum amount. As of 31 December 2011, assets exceeded liabilities. The guarantee in place is sufficient to satisfy the current obligations of the Company.

The financing operations of the Company by their nature are exposed to interest rate risk and foreign currency risk arising from foreign currency denominated bonds payable. As discussed below, the Company manages these risks through the use of various derivative financial instruments. The Company's exposures to such risks are, in the main, economically hedged (as described in Note 2).

Business Review

In 2011, the Company made an after tax profit of USD 29,549,440. The gain for the year was driven by fair value movements on derivatives, while foreign currency exchange (FX) movement on Derivatives and Bonds was largely neutral.

The CHF 300m debt tranche issued in 2008 matured on November 23, 2011. On December 19, 2011, a new 3 year EUR 300m was issued under the EMTN programme at floating 3 month Eur Libor +1.61%.

Net Interest Income was mainly affected by the full year impact of loan restructuring that occurred in August 2010. The fixed USD 609m 6% loan to ZHCA was converted to floating 6 month USD Libor + 1.77% in August 2010. (As a result, the net interest income decreased USD 13m in 2011, in comparison to 2010).

The movement in derivatives is mainly reflective of the changes in the fair value of swaps, which includes accrued interest where no hedge accounting is applied, and ineffectiveness on cashflow hedges. Foreign exchange movements on bonds and their related swaps largely offset each other.

The Company elected to discontinue hedge accounting on January 1, 2011 as permitted by IAS 39. The impact of cessation of fair value hedge accounting effective January 1, 2011 on the 2004 EUR 200m and EUR 500m 2005 Debt Tranches is an increase in income of USD 23,592,362 before Tax..

Zurich Finance (USA), Inc.

Management Report and Responsibility Statement as at 31 December 2011 (continued)

Post Balance Sheet Events

There were no new issuances of debt or any other subsequent events in the period up to the signing of the financial statements (30 March 2012).

It is expected that the Company will continue to issue debt as and when needed and when conditions are favorable under the EMTN Programme and the ECP Programme.

Responsibility Statement

Management is responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRSs).

IFRSs require that financial statements are prepared that give a true and fair view of the state of affairs, financial performance and cash flows of the Company. This true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.

In preparing the financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is also responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards. Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, the undersigned officers and directors of the Company in the year 2011, confirm to the best of our knowledge, the financial statements for the year ended December 31, 2011, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the management report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

As of February 7, 2012, Colm Holmes replaced Pierre Wauthier as a director of Zurich Finance (USA) Inc.

Signed: ______________	Signed: ______________
Name: Barry S. Paul	Name: Richard J. Hauser
Title: Director & President	Title: Director & Assistant Secretary

Logo and text to be updated by PWC

DRAFT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZURICH FINANCE (USA), INC.

We have audited the financial statements (the "financial statements") of Zurich Finance (USA), Inc. for the year ended 31 December 2011 which comprise the Statements of Operations, the Balance Sheet, Statements of Change in Equity and Statements of Cash Flows, Summary of Significant Accounting Policies and the related notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of management and auditors

Management's responsibilities for preparing the financial statements, in accordance with International Financial Reporting Standards (IFRSs) are set out in the Statement of Management's Responsibilities on pages 2 and 3.

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with IFRSs. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion: the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 December 2011 and of its gain and cash flows for the year then ended.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin, Ireland

[30 March 2012]

DRAFT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZURICH FINANCE (USA), INC.

Zurich Finance (USA), Inc.
Statement of Financial Position
December 31, 2011

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	$ 4,212,593	$ 27,544,707
Interest receivable from affiliates (note 5)	53,449,690	52,195,851
Total current assets	57,662,283	79,740,558
Non current assets:		
Derivative financial instruments assets (note 6)	286,549,734	414,238,420
Notes receivable from affiliates (note 5)	5,178,846,813	4,626,960,517
Income tax asset	-	85,708
Total non current assets	5,465,396,547	5,041,284,645
Total assets	**$ 5,523,058,830**	**$ 5,121,025,203**
Liabilities and Stockholder's Equity		
Current liabilities:		
Interest payable	$ 89,363,508	$ 93,305,001
European commercial paper (Note 9)	399,700,412	-
Current Income tax payable (note 3)	1,166,176	-
Other Payable	67,037	26,503
Due to affiliates (note 8)	3,769,703	3,680,982
Total current liabilities	494,066,836	97,012,486
Non current liabilities:		
Derivative financial liabilities (note 6)	15,663,102	-
Deferred income tax liability (note 3)	25,584,275	3,791,228
Bonds payable (note 4)	4,818,526,588	4,909,615,500
Total non current liabilities	4,859,773,965	4,913,406,728
Total liabilities	5,353,840,801	5,010,419,214
Stockholder's Equity:		
Common stock at $.01 par value; authorized		
1000 shares; issued and outstanding 100 shares	1	1
Additional paid-in capital	106,126,952	100,653,318
Retained earnings and reserves	66,354,278	36,804,838
Loss on Cash flow hedge (after tax)	(3,263,201)	(26,852,168)
Total Stockholder's Equity	169,218,030	110,605,989
Total Liabilities and Stockholder's Equity	**$ 5,523,058,830**	**$ 5,121, 025,203**

Signed: ______________________
Name: Barry S. Paul
Title: Director & President

Signed: ______________________
Name: Richard J. Hauser
Title: Director & Assistant Secretary

The accompanying notes are an integral part of the financial statements.

Zurich Finance (USA), Inc.
Statement of Comprehensive Income
Year Ended December 31, 2011

	2011	2010
Interest Income		
Interest income - notes receivable from affiliate	$ 234,031,094	$ 246,928,215
Interest income - short-term investments	21,745	32,695
Interest Expense	(246,952,084)	(218,664,982)
Net Interest (Expense) / Income	**(12,899,245)**	**28,295,928**
(Losses) from derivative financial instruments (note 6)	(80,966,356)	(283,936,107)
Gains on Bonds Payable (Note 4)	155,298,101	286,691,565
Total Operating Income	**61,432,500**	**31,051,386**
Expenses		
Guarantee Fees (note 8)	(15,924,853)	(15,868,360)
Other Expenses	(6,438)	(6,446)
Audit Fees (note 8)	(40,533)	(26,506)
	(15,971,824)	**(15,901,312)**
Operating Income before income tax	45,460,676	15,150,074
Income Tax (Charge) (note 3)	(15,911,236)	(5,302,526)
Net Income for the Year	**$ 29,549,440**	**$ 9,847,548**

Signed:
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Title: Director & President

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Name: Richard J. Hauser
Title: Director & Assistant Secretary

The accompanying notes are an integral part of the financial statements.

Zurich Finance (USA), Inc.
Statement of Changes in Equity
Year Ended December 31, 2011

	Common Stock		Additional Paid-in Capital	Fair Value Losses on Cash Flow Hedge, Net of Tax	Retained Earnings /	Total Stockholder's Equity
	Shares	**Amount**				
Balances as of Dec 31, 2010	**100**	**$ 1**	**100,653,318**	**(26,852,168)**	**36,804,838**	**110,605,989**
Net Gain on revaluation of cash flow hedges				23,588,967		23,588,967
Capital Contribution Tax Dividend adjustment (note 3)			5,473,634			5,473,634
Net income					29,549,440	29,549,440
Balances as of Dec 31, 2011	**100**	**$ 1**	**106,126,952**	**(3,263,201)**	**66,354,278**	**169,218,030**

The accompanying notes are an integral part of the financial statements.

Zurich Finance (USA), Inc.
Statement of Cash Flows
Year Ended December 31, 2011

	2011	2010
Cash flows used in operating activities		
(Loss) / Gain before income tax	$ 45,460,676	$ 15,150,074
Adjustment for :		
Notes receivable from affiliates (note 5)	(551,886,296)	(59,765,828)
Tax reimbursement settlement	(94,279)	(234,437)
Derivative financial instruments	143,351,788	315,983,365
(includes changes in Cash flow hedge before tax)	36,290,719	(29,906,078)
Interest Receivable from Affiliates (note 5)	(1,253,839)	54,597,932
Interest Payable (note 4)	(3,941,637)	(6,540,207)
Due to Affiliates (note 8)	129,254	(33,834)
Net (increase)/ decrease in cash and cash equivalents used in operations	(331,943,614)	289,250,987
Cash flow provided by financing activities		
Net bond repayments (note 4)	(480,158,912)	(274,589,291)
Proceeds from Bonds & ECP Issued (note 4 & note 9)	788,770,412	-
Net increase / (decrease) in cash and cash equivalents provided by financing	308,611,500	(274,589,291)
Net decrease in cash and cash equivalents	(23,332,114)	14,661,696
Cash & Cash equivalents At Beginning of Year	27,544,707	12,883,011
At End of the Year	$ 4,212,593	$ 27,544,707

The accompanying notes are an integral part of the financial statements.

1. Corporate Description and Related Parties and Basis for Presentation

Zurich Finance (USA) , Inc. ("ZF USA" or the "Company"), a Delaware corporation, was incorporated on April 9, 1998 as a wholly owned subsidiary of Zurich Holding Company of America, Inc. ("ZHCA"), a Delaware corporation, and began operations on July 2, 1998. ZHCA is a subsidiary of Zurich Insurance Company Ltd ("ZIC"), an entity organized under the laws of Switzerland. ZIC is 100% owned by Zurich Financial Services Ltd ("ZFS"), who is the ultimate controlling party, an entity organized under the laws of Switzerland.

The nature and purpose of the Company is to raise proceeds through external debt offerings to loan to affiliated companies. Proceeds are further utilized for general corporate purposes and to refinance external credit agreements. To date, the source of raising funds is through EMTN and ECP Programmes whereby public offerings are made.

ZF USA was not established to have sufficient operations or capital to meet its long term obligations and is dependent on related parties for operational and financial support. ZF USA does not employ any staff. As such, ZIC has provided a guarantee to ZF USA related to the principal and interest of its outstanding bonds payable, up to a specified maximum amount, as further described in Note 8. As of December 31, 2011, assets exceed liabilities. The guarantee in place is sufficient to satisfy the current obligations of ZF USA.

The financing operations of ZF USA by their nature are exposed to interest rate risk and foreign currency risk arising from foreign currency denominated bonds payable. As discussed below, ZF USA manages these risks through the use of various derivative financial instruments. The Company's total exposures to such risks are economically hedged by ZF USA.

2. Disclosure of Significant Accounting Policies

Statement of Compliance
The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Reporting Currency
The financial statements of ZF USA are reported in U.S. dollars, which is also the Company's functional currency.

Applicable Accounting Standards
The accounting standards IAS39, IFRS7, IAS32, which concern the recognition, disclosure and measurement of financial assets and liabilities, are used in the preparation of these accounts.

Critical accounting estimates and significant judgements
The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following notes contain details as regards how the assumptions are used.

Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and debt securities in issue.
- Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives which significantly modifies the cash flows, may be designated at fair value through profit and loss.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'Fair Value gains / (losses) from Derivative Financial Instruments'.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; or (b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Regular-way purchases and sales of financial assets at fair value through profit or loss are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Derivative Financial Instruments

ZF USA is exposed to interest rate and currency risk as a result of holding liabilities which are denominated in currencies other than U.S. dollars, the functional currency of ZF USA. The market value and cash flows of such liabilities and the value of the liabilities denominated in the other currencies will fluctuate due to changes in interest rates and exchange rates, respectively. The Company's exposures to such risks are, in the main, economically hedged through the use of derivative financial instruments, meaning that FX and Interest exposure on the Bonds are matched with cross currency interest rate swaps which convert the liabilities into USD.

Derivative financial instruments include swaps which derive their value mainly from underlying interest rates and foreign exchange rates. Derivative financial instruments are subject to various risks similar to those related to the underlying financial instruments, including market, credit and liquidity risks. Derivative fair values, for both hedging and non-hedging instruments, are based on the discounted cash flow method. Input parameters are currency and interest rates which are taken from professional financial data providers such as Bloomberg and Reuters.

Derivative financial instruments are carried at fair value. To the extent that such instruments result in positive fair values, they are recorded as derivative assets, while derivatives with negative fair values are recorded as derivative liabilities. The year to date movement is recorded in fair value gains / (losses) on derivative financial instruments in the income statement.

Derivative financial instruments that qualify for hedge accounting

For the purpose of hedge accounting, hedging instruments are classified as fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability, cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or hedges of the net investment in a foreign operation.

To qualify for hedge accounting, the relationship of the hedging instrument to the underlying transaction must meet several strict conditions on documentation, probability of occurrence, hedge effectiveness and reliability of measurement. If these conditions are not met, then the relationship does not qualify for hedge accounting, in which case the hedging instrument and the hedged item are reported independently in accordance with the respective accounting policy as if there was no hedging relationship. Where these conditions are met, the accounting treatments are as follows:

Fair value hedges and cessation of Fair value hedges

Gains or losses from re-measuring the derivatives that are designated and qualify as fair value hedges are recognized in the *Fair value gains from derivative financial instruments* line on the Statement of Operations. Offsetting gains or losses on the fair value hedged item attributable to the hedged risk are adjusted against the carrying amount of the hedged item and are recognized in *Losses on bonds payable* line on the Statement of Operations.

On January 1, 2011 ZF USA prospectively discontinued fair value hedge accounting because of the risk that derivatives would no longer continue to qualify as an effective fair value hedge into the future. The derivatives are carried separately on the balance sheet at their fair value. The value of the hedged item is no longer adjusted for changes in fair value attributable to the hedged risk. Interest-related fair value adjustments previously made to the underlying hedged item are amortized in the income statement over the remaining life of the hedged item. Any unamortized interest-related fair value adjustment is recorded in income upon sale or extinction of the hedged asset or liability, respectively.

Cash flow hedges

In a cash flow hedge relationship, the effective portion of gain or loss on the re-measurement of the cash flow hedging instrument is recognized directly in shareholders' equity in *Gains / (Losses) on Cash Flow hedges*. The ineffective portion is recognized in current period income in the *Fair value gains from derivative financial instruments* line on the Statement of Operations. The accumulated gains and losses on the hedging instrument in shareholders' equity are transferred to income in the same period in which gains or losses on the item hedged are recognized in income.

When hedge accounting is discontinued on a cash flow hedge, the net gain or loss will remain in *Gains / (Losses) on Cash Flow hedges line* within shareholders' equity and be reclassified to income in the same period or periods during which the formerly hedged transaction is reported in income.

Cash and Cash Equivalents

Cash relates to monies held in short term deposit accounts with an original maturity of less than 3 months. The cash equivalents are carried at cost, which closely approximates fair value.

Bond Payable and Euro Commercial Paper (ECP)

Bonds Payable and ECP are recognized initially at fair value, net of transaction costs incurred. Bonds Payable and ECP are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in income over the period of the borrowings using the effective interest rate method.

Revenue Recognition

Revenue consists principally of interest income on affiliate loans. Revenue on derivative instruments is recognized in the period in which changes in fair value occur.

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss.

Foreign Currency Translation

Foreign currency transactions are translated into USD at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Federal Income Tax

Under the terms of an inter-company tax sharing agreement, ZF USA files a consolidated federal income tax return with its affiliates with ZHCA as the parent. The intercompany tax sharing agreement provides no immediate benefit for a current taxable loss, which is utilized in the current year consolidated tax return. However, under the terms of the agreement, the amount of the cumulative tax liability of each member shall not exceed the total tax liability as computed on a separate return basis for all taxable years to which this agreement applies.

Deferred taxes are provided on the temporary differences between the tax and financial statement basis of assets and liabilities and are generally determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company only records deferred tax assets if future realization of the tax benefit is probable, with a valuation allowance recorded for the portion that is not likely to be realized. The valuation allowance is subject to future adjustments based upon among other items, ZF USA's estimates of future operating earnings and capital gains.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk
    - currency risk
    - interest rate risk
d) operational risk

A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for ZF USA comes from two areas:

Intercompany loans & Derivatives

ZF USA has a very strong statement of financial position and is very supportive of all subsidiary companies. Management is comfortable that all receivables can be collected and no impairments will be required.

See note 5 and 6 for more details in relation to credit risk management for loans and derivatives.

Cash

ZF USA regularly holds cash balances with UBS and Bank of America. All cash deposits are constantly monitored to ensure that they are in compliance with approved counterparties and limits as set out. Management are satisfied that no impairments are required for balances held with either bank at the reporting date.

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company has guarantees in place with ZIC to ensure that it can meet its debt obligations as they fall due.

The below table summarises the maturity profile of the Company's financial liabilities at 31 December 2011 based on the contractual undiscounted repayment obligations.

	Due within 1 Year	Due within 2 Years	Due within 3 Years	Due within 4 - 5 Years	Total
Bond	(106,619,115)	1,304,618,175	850,663,275	3,037,078,800	5,085,741,135
Balance as of Dec 31, 2010	**(106,619,115)**	**1,304,618,175**	**850,663,275**	**3,037,078,800**	**5,085,741,135**
Bond	1,273,367,267	832,954,765	1,836,917,274	1,506,349,350	5,449,588,656
Derivative liabilities	24,665,184	2,335,804	6,037,905		33,038,893
ECP	400,000,000				400,000,000
Balance as of Dec 31, 2011	**1,698,032,451**	**835,290,569**	**1,842,955,179**	**1,506,349,350**	**5,882,627,549**

C) Market risk

Market risk is the potential adverse change in earnings or the value in net worth arising from movements in interest rates, exchange rates or other market prices.

Currency risk

ZF USA minimizes its currency risk on EUR Bonds through use of derivative hedge instruments to economically offset currency exposure.

Interest rate risk

The company structure is designed to work on a net margin basis, where fixed interest rate EUR bonds (and USD ECP) are lent to ZHCA in USD at a margin which allows ZF USA to cover its costs and guarantee fees to Zurich Insurance Corporation, thus reducing interest rate risk.

D) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s processes, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company’s operations.

The Company’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company’s reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

3. Federal Income Taxes

The Company's income tax (charge) in the year December 31, 2011 and 2010 consist of the following

	2011	2010
Current	$ (6,819,797)	$ (6,388,912)
Deferred	(9,091,439)	1,086,386
Total Income tax (charge)	**$ (15,911,236)**	**$ (5,302,526)**

The actual federal income tax (charge) in the year December 31, 2011 and 2010 were comprised of the following:

	2011	2010
Tax calculated by applying the U.S federal tax rate of 35% to (gain) before income tax (charge)	(15,911,236)	(5,302,526)
Total Income tax (charge)	**$ (15,911,236)**	**$ (5,302,526)**

The net tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes are reflected in deferred income taxes.

ZF USA deferred an Income tax liability of $(25,584,275) as of December 31, 2011 and ($3,791,228) as of December 31, 2010 which consists of the tax impact of foreign currency translation and swap (losses) or gains.

Pursuant to a Declaration to Forego Tax (Charges) / Benefits as executed by affiliates of ZF USA having current tax receivable balances and that are members of the ZHCA Tax Sharing Agreement, ZF USA has realized forgiveness of a tax payable balance of $5,473,634 as of December 31, 2011 and has forgiven a tax payable balance of $6,240,183 as of December 31, 2011. These adjustments have been recorded as deemed capital contributions.

The statutes of limitations for all tax returns through the year ended December 31, 2004 are closed. During the first quarter of 2011, ZHCA reached a settlement in principle with the Appeals Division of IRS with respect to tax years 2005 to 2006, and is in the process of determining additional taxes due for those years. In 2011 the IRS completed its examination for the tax years 2007 and 2008, and ZHCA protested certain disputed amounts. ZHCA is seeking resolution of these disputed tax matters through the Appeals Division of the IRS. In September 2011 the IRS commenced its examination of tax years 2009 and 2010. The IRS expects to conclude its field work by June 30, 2013. The Company believes the ultimate liability for the matters referred to above, is not likely to have a material adverse affect on the Company's financial position; however, it is possible the effect could be material to the Company's results of operations for an individual future reporting period.

4. Bonds Payable

The following is a summary of the bonds payable outstanding at December 31, 2011 and 2010:

	2011	2010
Senior debt		
4.5% 10-year, 1 Billion Euro bond swapped into U.S. dollars[1], maturing September 17, 2014 includes $ 4,677,267 and $6,444,139 of unamortised costs at December 31, 2011 and 2010 respectively, effective yield of 3.93%	$ 1 ,306,599,608	$ 1 ,352,634,371
3.5% 3-year, 300 million CHF bond swapped into U.S. dollars commenced 22 September 2008, and matured November 23, 2011	-	329,568,847
6.5% 6.5-year, 600m EUR swapped into U.S. dollars commenced April 14 2009, and maturing October 14, 2015 [2] includes $2,162,162 and $2,734,403 of unamortised costs at December 31, 2011 and 2010 respectively, effective yield of 6.78%	775,977,838	800,725,597
4.875% 3-year, 800m EUR swapped into U.S. dollars commenced April 14 2009 [3], and maturing April 14 2012 includes $499,546 and $2,227,630 of unamortised costs at December 31, 2011 and 2010 respectively, effective yield of 5.65%	1,037,020,454	1,069,052,370
3month LIBOR + 1.61% 3-year, 300m EUR swapped into U.S. dollars commenced December 19, 2011 [3], and maturing December 19, 2014 respectively, effective annualised yield of 3.03%	389,070,000	-
Subordinated debt		
5.75% 20-year, 500 million Euro bond swapped into U.S. dollars, maturing October 2, 2023, [3](callable 2013) includes $7,648,968 and $8,356,155 of unamortised costs at December 31, 2011 and 2010 respectively, effective yield of 6.24%	640,801,032	661,193,845
4.5% 20-year, (callable in 2015), 500 million Euro bond swapped into U.S. dollars, maturing June 15, 2025 [3] includes $1,807,694 and $2,347,321 of unamortised costs at December 31, 2011 and 2010 respectively, effective yield of 1.65%	669,057,656	696,440,470
Total debt	**$ 4,818,526,588**	**$ 4,909,615,500**

None of the bonds payable listed above were in default as of December 31, 2011 and 2010.

ZF USA is a participant in a Euro Medium Term Note ("EMTN") Programme together with affiliate companies, Zurich Finance (UK) plc (an entity organized under the laws of England), Zurich Finance (Luxembourg) S.A. (an entity organized under the laws of Luxembourg), Zurich Insurance Company (an entity organized under the laws of Switzerland) and Zurich Bank (an entity organized under the laws of Ireland), which allows for potential issuance of senior and subordinated notes up to a maximum

[1] The bond is part of a qualifying cash flow hedge (80% of the total) and fair value hedge (20% of the total which has now ceased).
[2] The bond had qualified for a fair value hedge relationship which has now ceased.
[3] The bond is part of a qualifying cash flow hedge relationship
[4] The bond is economically hedged, but hedge accounting treatment has not been applied.

of USD 10 billion. ZF USA utilized proceeds from the issuance of bonds under the EMTN to make loans to its parent ZHCA and ZCM Matched Funding Corporation ("ZCMMFC"), an entity organized under the laws of the Cayman Islands. The bond issuances under the EMTN require either annual or quarterly interest payments on the anniversary date of the issuance and principal repayment upon maturity.

Senior debt

In 2004, ZF USA issued EUR 1 billion senior bond and utilized the proceeds to make loans to ZHCA.
On September 23, 2008, 300m CHF Debt was issued under the EMTN program and the proceeds were lent to ZHCA, this matured November 2011.
On April 14, 2009, 1.4billion EUR Debt was issued in two tranches (EUR 800m and EUR 600m) and the proceeds were lent to ZHCA and ZCMMFC.
On December 19, 2011 300m EUR Debt was issued and proceeds were lent to ZHCA.

Subordinated debt

Subordinated notes are obligations of ZF USA which, in case of liquidation, rank junior to all present and future senior indebtedness and certain other obligations of the company. Subordinated notes are callable, have step-up clauses and are subject to various redemption conditions, including mandatory redemption as a result of various taxes, default or other events.

In 2003, ZF USA issued a EUR 500 million subordinated bond and utilized the proceeds to make loans to ZHCA and to other Farmer Insurance Group affiliates, Prematic Service Corporation (California) and Prematic Service Corporation (Nevada). On August 30, 2007, ZHCA took over the outstanding obligation of the Farmer Insurance Group affiliates.

In 2005, ZF USA issued EUR 500 million subordinated bond. On August 4, 2010, a new intercompany loan was entered with ZHCA to replace the previous sub participation agreement that it had entered to purchase certain surplus notes with Zurich American Insurance Company ("ZAIC"), a New York corporation and the funds were lent onto ZHCA.

Hedged debt

ZF USA uses cross-currency interest rate swaps and currency swaps to manage the risks inherent in non-USD bond issuances. Where the relationship qualifies for hedge accounting, such hedge accounting is applied as described in Note 2.

A cash flow hedge relationship exists on 80 percent of the EUR 1 billion 4.5 % senior bond due 2014. This was entered into on January 1, 2007 and will end at maturity of the underlying debt instrument in 2014.

A cash flow hedge relationship was created on the EUR 600 million issued April 14, 2009. These proceeds were on lent to ZCMMFC (USD 730.1 million) and ZHCA (USD 63million).

The maturity schedule (based on contractual maturity dates) of outstanding debt as of December 31, 2011 and 2010 is as follows:

	2011	2010
Within 1 year	1,037,020,454	329,568,847
1 – under 2 years	-	1,069,052,370
2 – under 3 years	1,695,669,608	-
3 – under 5 years	775,977,838	1,352,634,371
5 years and after	1,309,858,688	2,158,359,912
Total Bonds Payable	**$ 4,818,526,588**	**$ 4,909,615,500**

Revaluation Gain (Loss) on bonds payable recognized in Statement of Operations

As of December 31	2011	2010
EUR 500 million Bond, maturing 2023 (Callable 2013)	21,170,451	47,180,518
EUR 1 billion Bond, maturing 2014	43,231,678	93,364,297
EUR 500 million Bond, maturing 2025 (Callable 2015)	22,964,529	35,590,497
CHF 3 year 300million Bond matured Nov 2011	1,062,103	(24,349,607)
EUR 600 million Bond, maturing 2015	25,622,330	57,123,488
EUR 800 million Bond, maturing 2012	34,981,400	77,779,879
EUR 300 million Bond, maturing 2014	6,265,442	-
All other foreign exchange	168	2,493
Total gain / (loss) on bonds payable	**$ 155,298,101**	**$ 286,691,565**

5. Notes Receivable from Affiliates

As of December 31, 2011 and 2010, ZF USA has notes receivable due from the following affiliates:

Notes Receivable from Affiliates	2011	2010
Zurich Holding Company of America, Inc.	$ 4,528,746,813	$ 3,896,860,517
ZCM Matched Funding Corporation	650,100,000	730,100,000
Total Notes Receivable from Affiliates	**$ 5,178,846,813**	**$ 4,626,960,517**

Issue Date	Maturity Date	Interest Rate	Notes Receivable	Interest Receivable
ZHCA				
October 02, 2003	October 02, 2013	7.25%	148,159,544	2,688,542
September 17, 2004	September 17, 2014	5.48%	971,563,055	15,425,822
September 17, 2004	September 17, 2014	6month Libor + .8375%	242,930,271	957,708
October 02, 2008	October 02, 2013	7.25%	429,600,000	7,786,500
April 14, 2009	April 14, 2012	5.50%	1,065,280,000	12,531,836
April 14, 2009	October 14, 2015	6.96%	63,000,000	937,860
August 04, 2010	June 15, 2015	6month Libor + 1.77%	609,502,850	731,209
September 14, 2011	October 14, 2015	6.96%	80,000,000	1,685,866
December 15, 2011	December 17, 2012	2.03%	124,009,105	119,099
December 19, 2011	December 19, 2014	3month Libor + 2.722%	395,304,000	468,380
October 25, 2011	January 25, 2012	0.47%	49,940,016	44,336
October 25, 2011	January 25, 2012	0.47%	49,940,016	44,336
October 25, 2011	February 27, 2012	0.53%	49,908,155	49,964
October 26, 2011	February 27, 2012	0.53%	24,954,444	24,615
October 26, 2011	March 26, 2012	0.59%	49,875,754	54,766
October 26, 2011	April 26, 2012	0.66%	49,832,811	61,211
December 09, 2011	March 09, 2012	0.58%	14,978,041	5,550
December 09, 2011	January 09, 2012	0.33%	109,968,751	23,185
Intra group Credit Facility		0.22%	-	131,083
ZCMMF				
April 14, 2009	October 14, 2015	6.96%	650,100,000	9,677,822
Total Notes / Interest receivable from affiliates			**$ 5,178,846,813**	**$ 53,449,690**

The loan to ZHCA for USD 96,009,106 which matured on December 15, 2011, was rolled with surplus funds into a new USD 124,009,106 loan on that date.

The loan to ZHCA for USD 272m issued to ZHCA in 2008 matured on November 23, 2011. This loan was then replaced with a USD 395m loan to ZHCA on December, 19 2011.

As part of the EUR1.4bn debt issuance in April 2009, USD 730.1m was lent to ZCMMFC. This was restructured on September 14, 2011 where USD 80m was repaid by ZCMMFC and re-lent to ZHCA at the same terms.

Intra-group Credit Facility Agreement

Under the Euro Commercial Paper programme dated September 22, 2011, funds borrowed have been lent to ZHCA under an Intra group credit facility Agreement effective as of October 21, 2011. As of December 31, 2011, ZF USA has lent to ZHCA USD 399,397,988 under this agreement. Funds are lent to ZHCA at issuing costs, plus a margin of 22bps to enable ZF USA to pay guarantee fees to ZIC (at 17bps). As of December 31, 2011, ZF USA earned a margin of USD 131,083, which is recorded under interest income.

6. Derivative Financial Instruments

As discussed above, ZF USA is exposed to interest rate and foreign currency risk as a result of holding liabilities which are also denominated in currencies other than U.S. dollars.

ZF USA manages these risks through the use of internal and external cross currency and interest rate swaps. In certain circumstances, these instruments meet the definition of an effective hedge for accounting purposes. As of December 31, 2011, the internal and external transactions represent 92% and 8%, respectively, of the total hedging transactions.

Derivative financial instruments held for economic hedging purposes

		2011		2010
	Remaining life	Notional Amount	Fair Value	Fair Value
Trading Swaps (Which were in a fair value hedge in 2010)				
2004 Cross currency swap	1 to 5 years	243,800,000	45,948,322	50,406,844
2005 Cross currency swap	1 to 5 years	613,750,000	110,960,338	110,530,854
Trading Swaps				
2003 Cross currency swap	Over 5 years	586,000,000	54,404,889	79,781,236
2008 Cross currency swap	1 to 5 years	-	-	57,126,480
2009 Cross currency swap	1 to 5 years	1,065,280,000	(2,115,803)	26,809,486
2011 Cross currency swap	1 to 5 years	395,304,000	(4,937,101)	-
Cash flow Hedge				
2004 Cash flow hedge	1 to 5 years	975,200,000	75,236,185	83,192,765
2009 Cash flow hedge	1 to 5 years	793,100,000	(8,610,198)	6,390,755
		$ 4,672,434,000	**$ 270,886,632**	**$ 414,238,420**

2003 Cross currency swap maturing in 2023: This related party swap was entered into with ZIC in order to reduce its exposure to foreign currency and interest rate risk associated with October 3 2003 issuance of EUR 500 million bonds with a fixed annual coupon of 5.75% maturing on October 3 2023. Under the terms of the agreement, ZF USA entered into a fixed-to-fixed currency swap, swapping Euro 500 million against USD 586 million at a rate of 6.55%.

2004 Cross currency interest rate swap maturing in 2014: This related party swap was entered into with ZIC in order to reduce ZF USA's exposure to foreign currency and interest rate risk on 20 percent of EUR 1 billion bond maturing 2014. Under the terms of the agreement, ZF USA swapped Euro 200 million against USD 243.8 million. The swap also contains an interest rate component whereby ZF USA pays semiannually a USD coupon of 6 months USD LIBOR plus 0.3375% and receives an annual EUR coupon of 4.5%. The swap was designated as a fair value hedge of interest rate risk and foreign currency exchange risk on January 1, 2007 and will mature in 2014. Fair value hedge accounting was discontinued on January 1, 2011.

2005 Cross currency interest rate swap maturing in 2015: This related party swap was entered into with ZIC in order to reduce ZF USA's exposure to foreign currency and interest rate risk for the first ten years of the EUR 500 million bond maturing in 2025. Under the terms of the agreement, ZF USA swapped EUR 500 million against USD 613.8 million. The swap also contains an interest rate component whereby ZF USA pays semiannually a USD coupon of 6 months USD LIBOR plus 1.2304% and receives an annual EUR coupon of 4.5%. The swap, which covers 100% of the notional amount of the bond issued, is designated as a fair value hedge of interest rate risk and foreign currency exchange risk and matures in 2015. Fair value hedge accounting was discontinued on January 1, 2011.

2008 Cross currency interest rate swap: matured November 23, 2011

2009 Cross currency swap maturing in 2012: This related party swap was entered into with ZIC in order to reduce its exposure to foreign currency and interest rate risk associated with April 14 2009 issuance of EUR 800 million bonds with a fixed annual coupon of 4.875% maturing on April 14 2012. Under the terms of the agreement, ZF USA entered into a fixed-to-fixed currency swap, swapping Euro 800 million against USD 1.065 billion at a rate of 5.11%.

2011 Cross currency swap maturing in 2014: This related party swap was entered into with ZIC in order to reduce its exposure to foreign currency and interest rate risk associated with December 19 2011 issuance of EUR 300 million bonds with a floating quarterly coupon of 3 month LIBOR + 1.61% maturing on December 19 2014. Under the terms of the agreement, ZF USA entered into a float-to-floating currency swap, swapping Euro 300 million against USD 395.304 million at a rate of 3 month USD LIBOR + 2.309%.

Derivative financial instruments that qualify for hedge accounting

2004 Cross currency swap maturing in 2014: ZF USA uses cross currency swap with ZIC in a cash flow hedge to protect against exposures to variability in cash flows due to changes in EUR/USD exchange rate on 80 percent of the 4.5% EUR 1 billion bond payable, maturing in 2014. Under the terms of the agreement, ZF USA swapped EUR 800 million against USD 975.2 million at a rate of 4.9755%. The swap was designated as a foreign currency cash flow hedge on January 1, 2007 and will mature in 2014. The change in the fair value of the swap is recognized directly in shareholders' equity and the effective portion, related to spot rate changes in fair value of the hedging instrument, together with ineffectiveness are then recognized in current period income in line *Fair value gains from derivative financial instruments.* For the year ended December 31, 2011, the net loss after tax deferred in shareholders' equity on the swap designated as a cash flow hedge was USD 9,869,864 (2010 26,500,468).

2009 Cross currency swap maturing in 2015: ZF USA uses a cross currency swap with ZIC in a cash flow hedge to protect against exposures to variability in cash flows due to changes in EUR/USD exchange rate and interest rate risk on the 6.5% EUR 600 million bond maturing on October 14, 2015. Under the terms of the agreement, ZF USA entered into a fixed-to-fixed currency swap, swapping Euro 600 million against USD 793.1 million at a rate of 6.6275%. . For the year ended December 31, 2011, the net gain after tax deferred in shareholders' equity on the swap designated as a cash flow hedge was USD 6,606,661 (2010 USD 351,701).

Overall gains / losses on derivative financial instruments held for economic and accounting hedging purposes

As of December 31 2011 and 2010, ZF USA recorded the following fair value gains (losses) in the Statement of Operations from derivative financial instruments as follows:

Fair Value Gains and Losses	2011	2010
2003 currency swap	(23,703,409)	(58,127,325)
2004 currency swap (cashflow hedge)	(33,380,875)	(76,747,418)
2004 currency swap (Fair value hedge in 2010)	5,649,706	(13,935,230)
2005 currency swap (Fair value hedge in 2010)	20,256,111	(27,465,019)
2008 currency swap	6,026,469	29,551,219
2009 currency swap	(25,557,257)	(56,549,700)
2009 currency swap (cashflow hedge)	(25,320,000)	(80,662,634)
2011 currency swap	(4,937,101)	-
Total Fair Value (loss) from derivative financial Instruments	**$ (80,966,356)**	**$ (283,936,107)**

Concentration of Credit Risk

The credit risk associated with the swap agreements is derived from the potential failure of the counterparties to the transactions to perform as contracted. ZF USA does not anticipate non-performance by these counterparties, and management believes the likelihood of incurring material losses due to credit risk is remote.

7. Fair Value of Financial Instruments

In fair valuing both the bonds payable and the notes receivable, we have used the discount method and valuations from the ZFS Treasury securities valuation system. These values have been compared to values from conventional external sources and management is satisfied that the overall difference is immaterial. It is management's belief that the par value of the notes receivable is a close approximation of the fair value.

The carrying amount and estimated fair value of the Company's financial instruments are as follows:

	2011		2010	
Fair Value of Financial Instruments	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Notes Receivable from Affiliates	$ 5,178,846,813	$ 5,185,193,944	$ 4,626,960,517	$ 4,634,966,634
Bonds Payable	4,818,526,588	4,910,510,831	4,909,615,500	5,138,098,875
ECP	399,700,412	399,768,275	-	-

The table below shows the classification within the valuation hierarchy of the company's financial assets and liabilities that are recognised and subsequently measured in the balance sheet at fair value.

	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	286,549,734	-	286,549,734
Derivative Financial Liabilities	-	(15, 663,102)		(15, 663,102)
	-	$ **270,886,632**	-	$ **270,886,632**

Determination of fair value hierarchy

ZF USA uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument

Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data

Level 3: valuation techniques for which any significant input is not based on observable market data

8. Transactions with Related parties

In conjunction with the EMTN Programme, the debt incurred by ZF USA is uncollateralized, but guaranteed by ZIC as evidenced by separate contractual agreements. The guarantee is unconditionally and irrevocably guaranteed on a subordinated basis by ZIC and covers principal and interest due by ZF USA on its outstanding note offerings, up to the following maximum amounts:

5.75%, 20-year, 500million Euro bond, maturing October 2, 2023	EUR	586,336,900
4.5%, 10-year, 1billion Euro bond, maturing September 17, 2014	EUR	1,135,082,000
4.5%, 10-year, 500million Euro bond, maturing June 15, 2025	EUR	567,582,000
4.875% 3-year, 800m EUR bond, maturing April 14, 2012	EUR	917,134,992
6.5% 6-year, 600m EUR bond, maturing October 14, 2015	EUR	853,634,992
3momth floating LIBOR + 1.61% 3-year, 300m EUR bond, maturing December 19, 2014	EUR	300,000,000

Under the ECP Programme, ZIC has guaranteed payment of principal, premium (if any) and interest (if any) due in respect of the notes issued under the programme dated September 22, 2011 up until the earlier of (a) termination of ZF USA's participation in ECP Programme and payment of all outstanding guarantee fees in full and (b) termination of Zurich's obligations under guarantee with respect to all Notes issued by ZF USA.

As consideration for all guarantees in relation to both ECP and EMTN issuances, ZF USA has incurred guarantee expenses of $15,924,853 and $15,868,360 in 2011 and 2010, respectively. At December 31, 2011, the guarantee fee accrued liability to ZIC is $3,836,739. Additional items relate to amounts due to ZHCA for payment of audit fees in prior years.

Audit Fees of $40,533 were incurred for the year.

Other transactions with affiliates are also discussed in the various notes to the financial statements.

There were no transactions with key management personnel and they did not receive compensation for their services. The company does not have any employees.

9. European Commercial Paper

Zurich Finance (USA), Inc., Zurich Finance (Luxembourg) S.A. and Zurich Finance (UK) plc issued ECP of USD 400m as part of a USD 3 billion ECP Programme established on September 22, 2011 (which is guaranteed by ZIC).

As of December 31, 2011, issuance costs of USD 302,424 have been included in Interest expense in the income statement.

Issue Date	Maturity	Carrying Value	Notional
October 26, 2011	April 26, 2012	49,893,044	50,000,000
October 26, 2011	February 27, 2012	24,978,681	25,000,000
October 25, 2011	January 25, 2012	49,983,693	50,000,000
October 25, 2011	February 27, 2012	49,957,363	50,000,000
October 25, 2011	January 25, 2012	49,983,693	50,000,000
October 26, 2011	March 26, 2012	49,929,665	50,000,000
December 09, 2011	January 09, 2012	109,990,927	110,000,000
December 09, 2011	March 09, 2012	14,983,346	15,000,000
		$ 399,700,412	**$ 400,000,000**

ZF USA has entered into a promissory note effective October 21, 2012 with ZHCA, where ZHCA unconditionally promises to pay principal sum up to USD 400m together with any interest accrued on maturity date of ECP, to ensure that ZF USA can meet its obligations.

10. Approval of financial statements

The directors approved the financial statements on March 26, 2012.