

Affirmative Insurance Holdings, Inc., Case No. 15-12136 (CSS) (and jointly administered cases)

These cases are jointly administered under Case No. 15-12136 pursuant to the Bankruptcy Court's Order dated October 19, 2015 (DI 38). Pursuant to the Order dated July 11, 2016 (DI 439), the Trustee released any interest in the funds held in the DACA Account 2 in exchange for JC Flowers' and related entities' ("JCF") release of their security interest in all other assets of the estate including, without limitation, the Hallberg judgment, the DACA 1 Account and the professional fee retainers, plus payment from the proceeds of JCF's litigation recovery from the DACA 2 Account, if any, equal to \$250,000.00 plus 1% of the net recovery. The Trustee is investigating the status of all assets as of the conversion date and potential litigation claims. 7/29/16

For the period ending September 30, 2016, the Trustee continued the activities of the prior Reporting Period. 10/31/16

For the Reporting period ending December 31, 2016, the Trustee is continuing to investigate the status of all assets as of the conversion date and potential litigation claims. The Trustee is in the process of retaining special counsel with respect to potential litigation claims. 1/31/17

For the period ending March 31, 2016, the Trustee continued the activities of the prior Reporting Period. 5/1/17

For the Reporting period ending June 30, 2017, the Trustee has retained special counsel with respect to investigation of certain litigation claims, and is monitoring and pursuing additional litigation claims. 7/31/17

For the period ending September 30, 2017, the Trustee continued the activities of the prior Reporting Period. 10/31/17

For the reporting period ending December 31, 2017, the Trustee through counsel is pursuing pre-lawsuit mediation of certain related claims including D&O claims, chapter 5 causes of action and other causes of action. The Trustee settled the Hallberg judgment for \$950,000. The Trustee through counsel is pursuing general preference claims and continuing to investigate the potential value of other assets. 1/31/18

For the period ending March 31, 2018, the Trustee mediated and settled the D&O claims and related claims. The Trustee continued the activities of the prior Reporting period. 5/2/18

For the Reporting Period ending June 30, 2018, the Trustee mediated and settled the D&O and related claims for \$2,375,000 [DI 700], including resolution of certain significant claims against the estate. The Trustee has commenced and is pursuing chapter 5 causes of action. The Trustee is reviewing claims. 7/31/18

For the period ending September 30, 2018, the Trustee continued the activities of the prior Reporting Period. The Trustee resolved issues regarding the allowance of chapter 11 professional fees and expenses. 10/8/18

For the Reporting Period ending December 31, 2018, The Trustee continued the activities of the prior period, continued to pursue preference actions and continued to review claims. The Trustee filed an objection to substantial administrative claim filed by the IRS. 1/31/19

For the Reporting Period ending 3/31/19, the Trustee continued the activities of the prior Reporting Period. The Court heard oral argument on the objection to the IRS' administrative claim and the matter is under advisement. 4/26/19

For the period ending June 30, 2019, the Trustee continued the activities of the prior Reporting Period. 8/23/19

For the Reporting Period ending September 30, 2019, the Court sustained the Trustee's objection to the IRS' administrative claim. The IRS subsequently filed a notice of appeal. 10/31/19

For the period ending 12/31/19, Trustee defended the IRS' appeal. 1/31/20

For the Reporting Period ending 3/31/20, the Trustee continued the activities of the prior period. 4/30/20

For the period ending June 30, 2020, the Trustee continued the activities of the prior Reporting Period. 7/31/20

For the Reporting Period ending September 30, 2020, the Trustee filed a notice of appeal to the Third Circuit Court of Appeals with regard to the adverse ruling of the U.S. District Court. The Trustee engaged in settlement discussions with the

IRS regarding the pending appeal. The Trustee reviewed and resolved certain claims.

10/30/20

For the period ending December 31, 2020, the Trustee continued the activities of the prior Reporting Period. 2/1/21

For the period ending March 31, 2021, the Trustee reached an agreement in principle with the IRS regarding the pending appeal and continued to review claims. 4/6/21