Multistate Tax Commission – Project Regarding Partnership or Pass - Through Entity Income Ultimately Realized by an Entity That Is Not Subject to Income Tax

Executive Committee, May 10, 2012

TABLE OF CONTENTS (REFERENCING DOCUMENTS INCLUDED IN MARCH 7, 2012 MTC UNIFORMITY COMMITTEE PRESENTAION)

I. Wall Street Journal article: "More Firms Enjoy Tax-Free Status," January 10, 2012, by John D. McKinnon.

John Hancock Life Insurance Company

II. 2011 SEC filing showing, pages 9-10, **John Hancock Life Insurance Company** (domicile Michigan) owns directly or indirectly through one or more LLCs: **John Hancock Distributors, LLC** (domicile Delaware); **John Hancock Investment Management Services, LLC** (domicile Delaware); **John Hancock Advisers, LLC** (domicile Delaware), and **John Hancock Funds, LLC** (domicile Delaware).

III. 1999 SEC filing showing, page 12, the following two corporations within the John Hancock affiliated group: **John Hancock Advisers, Inc.** (domicile Delaware) and **John Hancock Funds, Inc.** (domicile Delaware).

Hartford Life Insurance Company

IV. 2010 SEC filing showing, pages 14-15, **Hartford Life and Annuity Insurance Company** (domicile Connecticut) owns **Hartford Financial Services, LLC** (domicile Delaware), which owns **HL Investment Advisors, LLC** (domicile Connecticut), which owns **Hartford Investment Financial Services, LLC** (domicile Delaware).

- Same organization chart, page 14, showing Hartford Hedge Fund Company, LLC (domicile Delaware) owned by Hartford Life Insurance Company (domicile Connecticut).

V. 1999 SEC filing showing, page 17, a similar organization structure as referenced *supra* in 2010 (see #IV): **Hartford Life & Accident Insurance Company** (domicile Connecticut) owns **Hartford Financial Services, LLC** (domicile Delaware), which owns **HL Investment Advisors, LLC** (domicile Connecticut), which owns **Hartford Investment Financial Services Company** (domicile Delaware) – which, however, is NOT listed as an LLC.

VI. 1998 SEC filing showing, page 19, **Hartford Life Insurance Company** (domicile Connecticut) owns **Hartford Financial Services Corporation** (domicile Delaware), which owns **HL Investment Advisors, Inc.** (domicile Connecticut), which owns **Hartford Investment Financial Services Company** (domicile Delaware).

Pennsylvania Mutual Life Insurance Company

VII. 2011 SEC filing showing, pages 21-22, **Penn Mutual Life Insurance Company** (Penn Mutual) owns **Independence Square Properties, LLC**, which owns **Janney Montgomery Scott LLC**.

VIII. 2005 "Report of Examination" filed with the Pennsylvania and Virginia insurance agencies, showing page 24, the same organizational relationship as to **Penn Mutual, Independence Square Properties LLC,** and **Janney Montgomery Scott LLC** in 2011 (see #VII).

IX. 2000 SEC filing showing, pages 26-27, **Penn Mutual** owns **Independence Square Properties, Inc**. (not LLC, as is shown in 2005 and 2011, see #'s VII, VIII), which owns **Janney Montgomery Scott LLC.**

X. 1999 SEC filing showing, pages 29-30, **Penn Mutual** owns **Independence Square Properties, Inc,** which owns **Janney Montgomery Scott Inc**. (not LLC, as is shown in 2000, 2005 and 2011, see #'s VII, VIII, IX).

I

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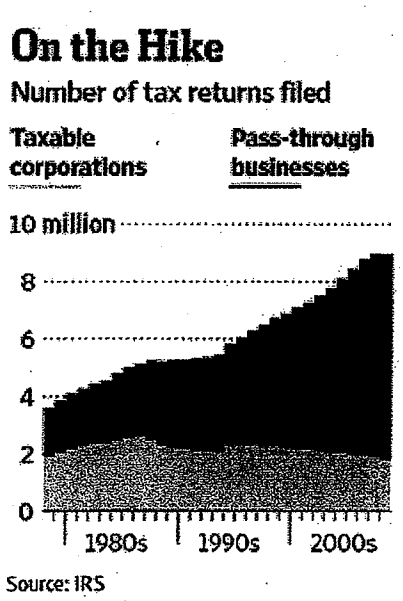
BUSINESS | JANUARY 10, 2012

More Firms Enjoy Tax-Free Status

By JOHN D. MCKINNON

StoneMor Partners LP, the publicly traded firm that specializes in running cemeteries, expects to see handsome profits in coming years as baby boomers age and die. But unlike its largest rivals, its corporate tax bill from the federal government will be zero.



StoneMor is among the many businesses organized so they don't pay a penny in federal corporate income tax. And yet such firms don't employ an army of accountants to shield profits in complex tax shelters. Their enviable tax position is perfectly legal and has been encouraged by Congress and state governments. Known as pass-throughs, these firms pass along profits to investors who pay taxes on those sums through their individual returns.

This exception has been around for decades, and has been broadened repeatedly in recent years as a way to spur entrepreneurship. Millions of small businesses have organized this way, but so too have some behemoths like private-equity giant Blackstone Group LP, construction firm Bechtel Group Inc. and pipeline firm Kinder Morgan.

The percentage of U.S. corporations organized as nontaxable businesses has grown from about 24% in 1986 to about 69% as of 2008, according to the latest-available Internal Revenue Service data. The percentage of all firms is far higher when partnerships and sole proprietors are included.

Old-line U.S. public companies generally remain taxable, and many complain that they must pay higher effective rates than foreign competitors. They are eagerly seeking a cut in the 35% U.S. corporate-tax rate, now one of the highest in the world. But increasingly they find themselves at odds politically with the growing breed of nontaxable firms.

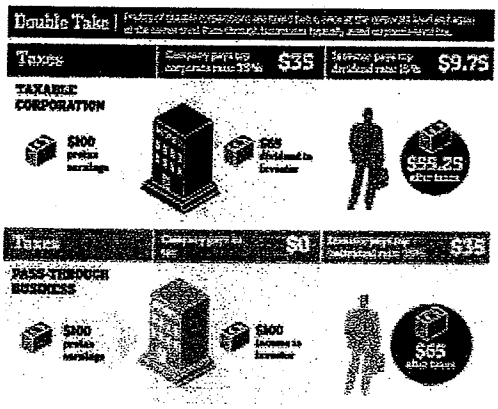
By some estimates, more than 60% of U.S. businesses with profits of $1 million are structured as pass-throughs, the highest rate among developed countries. Their popularity is one big reason why federal corporate tax collections amounted to just 1.3% of GDP in 2010, well below their mark of 2.7% in 2006 and far beneath their peak of 6.1% in 1952.

Almost everyone in Washington appears to agree that the Byzantine corporate tax code needs a revamp. But on this point, the business community is split, presenting perhaps the biggest obstacle to any overhaul.

Many Democrats as well as some Republicans are willing to consider taxing the largest pass-throughs. It is a matter of fairness, they argue, and would also raise new revenue to help offset the cost of cutting tax rates.

On the other side, a Republican-backed coalition including building contractors, beer distributors, auto dealers and funeral directors argues that changing the rules will inhibit entrepreneurship, as well as hit their pocketbooks.

Various proposals for overhauling the tax code threaten to hit the untaxed entities to some degree, by curbing the business tax breaks they receive. And pass-throughs—unlike taxable corporations—would receive no benefit from a drop in the corporate rate.



Treasury Secretary Timothy Geithner has kicked the issue squarely back to lawmakers. "Congress has to revisit this basic question about whether it makes sense for us as a country to allow certain businesses to choose whether they're treated as corporations for tax purposes or not," Mr. Geithner said at a Senate Finance Committee hearing last year.

Pass-throughs are especially prevalent in industries such as agriculture, mining, construction, finance, real estate, professional services and entertainment. Businesses in these sectors often have relatively few owners and can rely on private financing to flourish. By contrast, public companies, with some exceptions, must organize as taxable entities.

Analysts noted the tax advantage of pass-throughs when pipeline giant Kinder Morgan announced in October that it would buy rival El Paso Corp. in one of 2011's biggest tie-ups. Kinder Morgan holds nearly all of its assets in Kinder Morgan Energy Partners LP, a so-called master limited partnership, a nontaxable entity. El Paso, though, for various business reasons, has kept a large percentage of its assets in the standard taxable corporate form. A Kinder Morgan spokesman said energy MLPs were authorized by Congress "to promote the development of energy infrastructure" in the U.S.

KKR, the big private-equity concern, reported that it earned a total of about $1.3 billion in 2010 through its pass-through ownership structure. KKR paid about $74 million in corporate tax, largely through a taxable subsidiary. If KKR were instead organized as a single taxable corporation, it would have paid about $523 million in corporate tax, counting both federal and state taxes, the company said. That means its pass-through structure saved it about $449 million.

Some but not all of that tax savings disappears when the individual taxes paid by the owners also are considered. Even so, KKR's current pass-through structure saves at least $277 million in taxes overall, compared to a taxable corporate structure, when all taxes are considered.

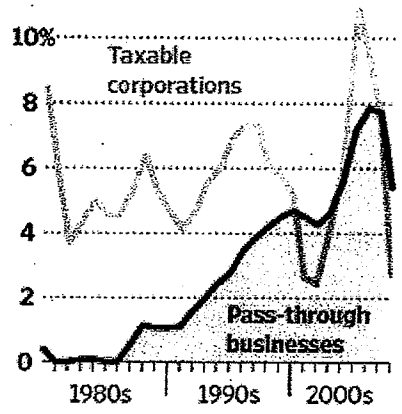
Many large pass-throughs are private, and few details have emerged about their tax status. Construction giant Bechtel Group, for instance, has become a frequent target for congressional critics who say it is inappropriately taking advantage of pass-through rules designed for smaller companies. The company declines to comment on how it is organized for tax purposes.

Nontaxed companies go by a smorgasbord of appellations, from Subchapter S corporations to limited liability companies and master limited partnerships, to even more specialized forms. A common example would be a limited liability partnership, such as a law or accounting firm, which distributes profits to its partners. The firm itself typically doesn't pay taxes. Instead, the federal government gets its cut by taxing partners' income. The late Donald Alexander, an IRS commissioner in the 1970s, called this "tax nirvana."

The concept gained momentum in the 1950s when Congress created the Subchapter S corporation, a relatively strictly defined designation aimed at encouraging start-ups and diluting the influence of corporate giants. It got a boost in the 1970s, when Hamilton Brothers Oil Co. persuaded Wyoming's legislature to approve a new form called the Limited Liability Company or LLC.

Favorable Returns

Net income (less deficit) as a percentage of GDP



Source: IRS

Starting in the late eighties, when the IRS recognized LLCs as partnerships for tax purposes, other states quickly followed suit. By 2008, about 1.9 million LLCs were filing tax returns with the IRS. "I tell friends my biggest business error was not getting a royalty" on the idea, said A.J. Miller, the former Hamilton executive who led the effort.

Reagan-era tax cuts made the structures more attractive because corporate rates suddenly were significantly higher than individual rates. Top individual rates have since risen and now are at 35%, the same as top corporate rates.

But organizing as a pass-through for tax purposes is still attractive for most businesses, because it eliminates one layer of taxation. Corporate profits are typically taxed twice, first at the corporate level and secondly when they are paid out to individuals as dividends and capital gains. Investors in pass-throughs, therefore, often benefit from larger sums being distributed.

Congressional officials knew they were encouraging businesses to become pass-throughs. Even so, "there were a hell of a lot more pass-throughs created than I think we expected," says J. Roger Mentz, a former Reagan Treasury official who helped guide the 1986 Act through Congress.

In 1987, amid a rush by businesses to convert to the pass-through form, Congress declared that publicly traded companies should also be taxable corporations. But it carved out a few exceptions that seemed narrow at the time. One was for companies in the energy and natural resources field. Another was for real estate. Still another was for certain financial firms.

Despite occasional recent threats by some lawmakers to try to block private-equity firms from using the pass-through technique, Blackstone Group and KKR took advantage of the rules for publicly traded partnerships a few years ago. In 2011, two more well-known financial firms, Carlyle Group LP and Oaktree Capital Management LP, filed to go public in the same manner.

Todd Molz, general counsel of Oaktree, said the industry's moves are appropriate, because they prevent another layer of taxation on earnings. Businesses owned by private-equity firms often pay corporate taxes. Shareholders of the private-equity firms pay tax on their payouts. So imposing a levy on the investment firm itself would create a third layer of tax on the same activity, he said.

Since 2004, StoneMor, based in Levittown, Pa., has been organized as a master limited partnership. That means it doesn't pay corporate-level taxes even though it is publicly traded and has grown to become one of the industry's larger firms. StoneMor filings indicate that the firm is structured to take advantage of the real-estate and financial exceptions.

The firm's chief aim in converting to an MLP was to encourage investors to look at its cash flow and yield, the way MLP's usually are valued, rather than by typical corporate measures of profitability, said Tim Yost, a company vice president. "This isn't a tax-avoidance" maneuver, he said. StoneMor's market capitalization recently hovered around $450 million, up from $120 million at the end of 2006.

Company materials tout StoneMor's "predominantly tax free" structure, and tax benefits for investors. But StoneMor has to pay some corporate tax through subsidiaries, for income such as casket sales that doesn't qualify for one of the MLP exceptions. And company officials note their investors pay taxes on their share of the profits.

The structure is so potentially valuable that one of StoneMor's directors has sought to replicate it with other companies, and has obtained a patent on an investment-fund strategy that involves converting corporations to master limited partnerships.

StoneMor's largest rivals in the death-care industry, as the firms dub themselves, are organized as traditional taxable corporations. Industry analysts say too much of their income comes from funeral services, which doesn't fit into any of the exceptions for publicly traded partnerships. Two of them, Service Corporation International and Carriage Services Inc., paid total tax rates of more than 40% each on their 2010 profits, counting federal and state corporate levies, according to their financial filings. They both declined to comment.

The administration has been working for months on a business-tax overhaul, but has yet to release it.

White House and Treasury spokesmen declined to comment. Some lawmakers have called for curtailing business tax deductions, with the additional revenue redeployed to help lower corporate tax rates. A few lawmakers—mostly Democrats—have floated the idea of imposing a tax on the largest pass-throughs.

But small-business groups and their allies in Congress, particularly Republicans, have pushed back on the idea of raising taxes on pass-throughs, warning that such a move could slow job creation. And the larger pass-through companies retain significant lobbying and political clout.

Most Republicans say they favor reducing both corporate and individual tax rates. "I don't know how you deal with the [corporate] rate without dealing with also the pass-through entities," Rep. Vern Buchanan (R., Fla.), whose own businesses are organized as pass-throughs, said at a House hearing in June. "It all has to be looked at."

Write to John D. McKinnon at john.mckinnon@wsj.com

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II

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JOHN HANCOCK LIFE INSURANCE CO (USA) SEPARATE ACCOUNT H

FORM 485BPOS

(Post-Effective Amendment (investment company, rule 485(b)))

Filed 05/02/11

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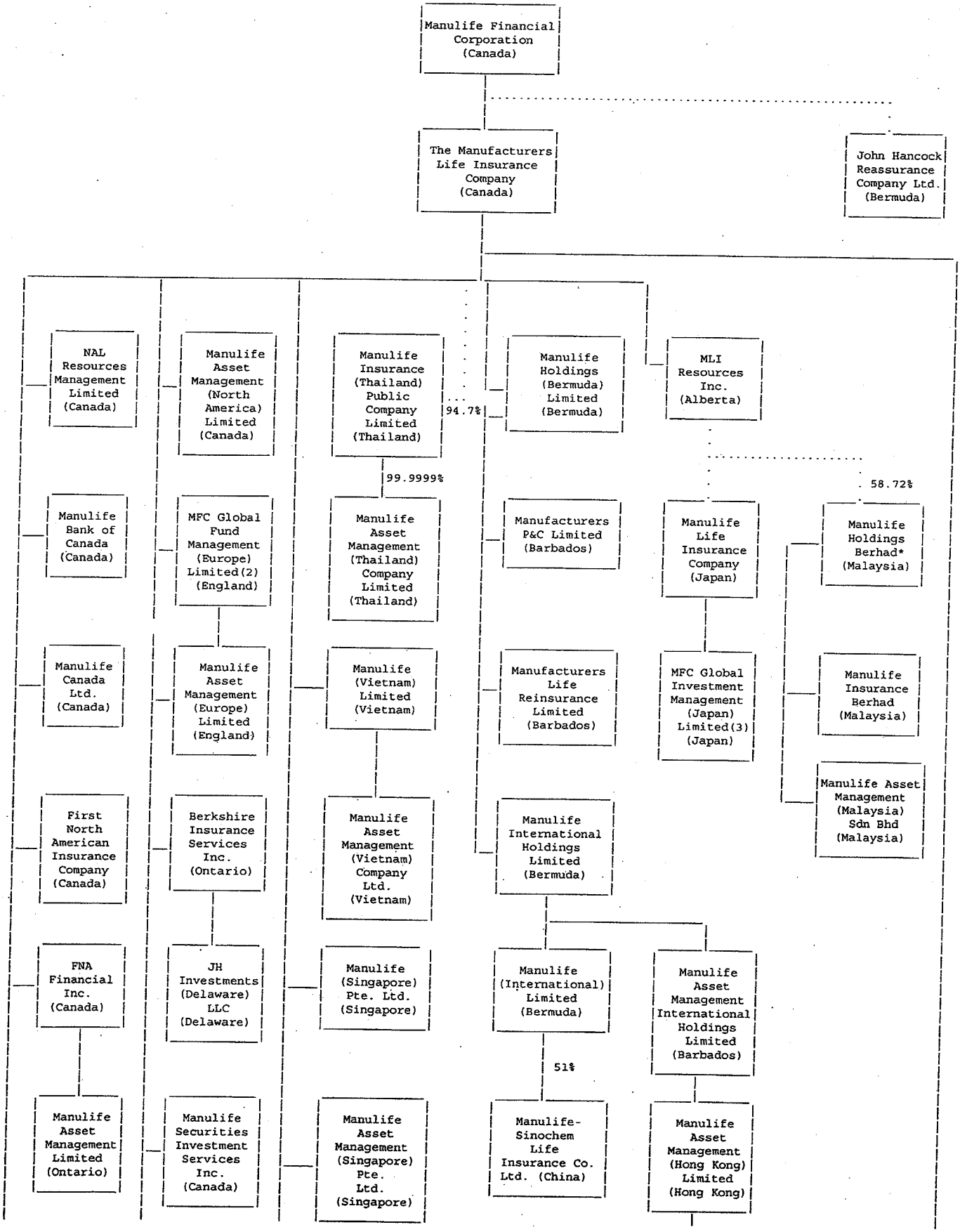
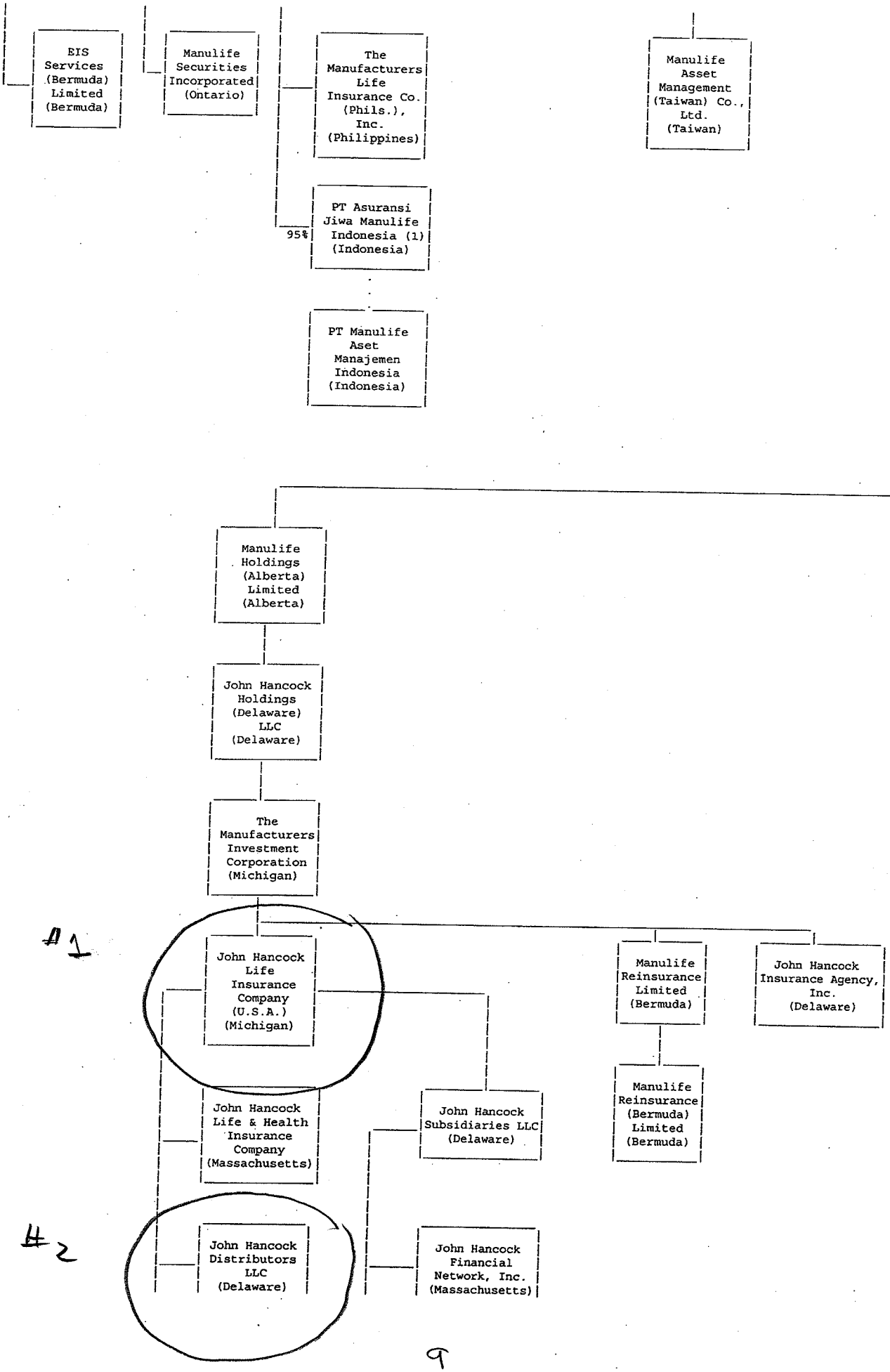
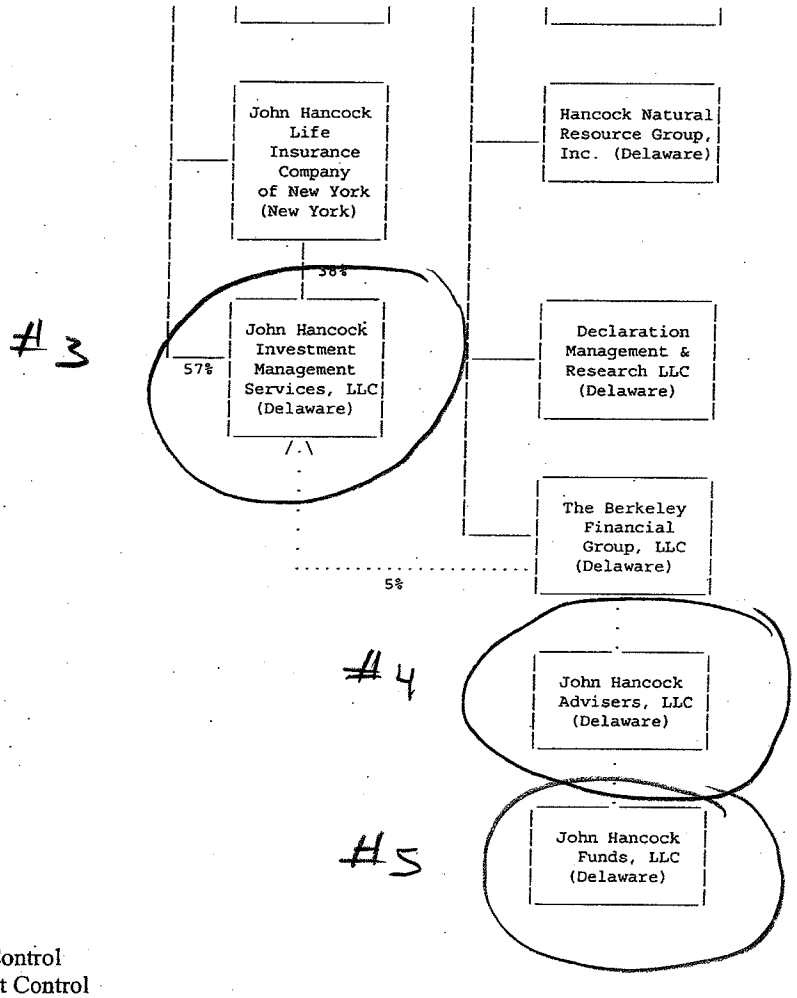
MANULIFE FINANCIAL CORPORATION
PRINCIPAL SUBSIDIARIES - DECEMBER 31, 2010




EIS Services (Bermuda) Limited (Bermuda)
Manulife Securities Incorporated (Ontario)
The Manufacturers Life Insurance Co. (Phils.), Inc. (Philippines)
95%
PT Asuransi Jiwa Manulife Indonesia (1) (Indonesia)
PT Manulife Aset Manajemen Indonesia (Indonesia)
Manulife Asset Management (Taiwan) Co., Ltd. (Taiwan)
Manulife Holdings (Alberta) Limited (Alberta)
John Hancock Holdings (Delaware) LLC (Delaware)
The Manufacturers Investment Corporation (Michigan)
#1
John Hancock Life Insurance Company (U.S.A.) (Michigan)
John Hancock Life & Health Insurance Company (Massachusetts)
John Hancock Subsidiaries LLC (Delaware)
#2
John Hancock Distributors LLC (Delaware)
John Hancock Financial Network, Inc. (Massachusetts)
Manulife Reinsurance Limited (Bermuda)
Manulife Reinsurance (Bermuda) Limited (Bermuda)
John Hancock Insurance Agency, Inc. (Delaware)



..... Indirect Control
_____ Direct Control

(1) The remaining 5% equity of PT Asuransi Jiwa Manulife Indonesia is indirectly held by The Manufacturers Life Insurance Company

(2) MFC Global Fund Management (Europe) Limited changed its name to Manulife Asset Management (Europe) Holdings Limited effective January 6, 2011.

(3) MFC Global Investment Management (Japan) Limited changed its name to Manulife Asset Management (Japan) Limited effective January 11, 2011.

This chart displays voting shares. All entities are 100% controlled unless otherwise indicated.

II

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JOHN HANCOCK LIFE INSURANCE CO (U.S.A.) SEPARATE ACCOUNT Q

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John Hancock Advisers, Inc. (one of the wholly-owned subsidiaries of The Berkeley Financial Group) directly owns the following entities:

John Hancock Funds, Inc. (Delaware) John Hancock Advisers International, Ltd. (England) (99.9% of voting securities owned)
Transamerica Fund Management Company (Delaware) Patriot Group, Inc. (Massachusetts)

John Hancock Advisers International (Ireland) Ltd. (Ireland)

LEVEL FIVE

John Hancock Funds, Ltd. (one of the wholly-owned subsidiaries of John Hancock Advisers, Inc.) directly owns John Hancock Insurance Agency, Inc.
(Massachusetts)

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HARTFORD LIFE INSURANCE CO SEPARATE ACCOUNT SEVEN

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THE HARTFORD FINANCIAL SERVICES GROUP, INC.
LEGAL ENTITIES ORGANIZATION

HARTFORD LIFE SUBSIDIARIES

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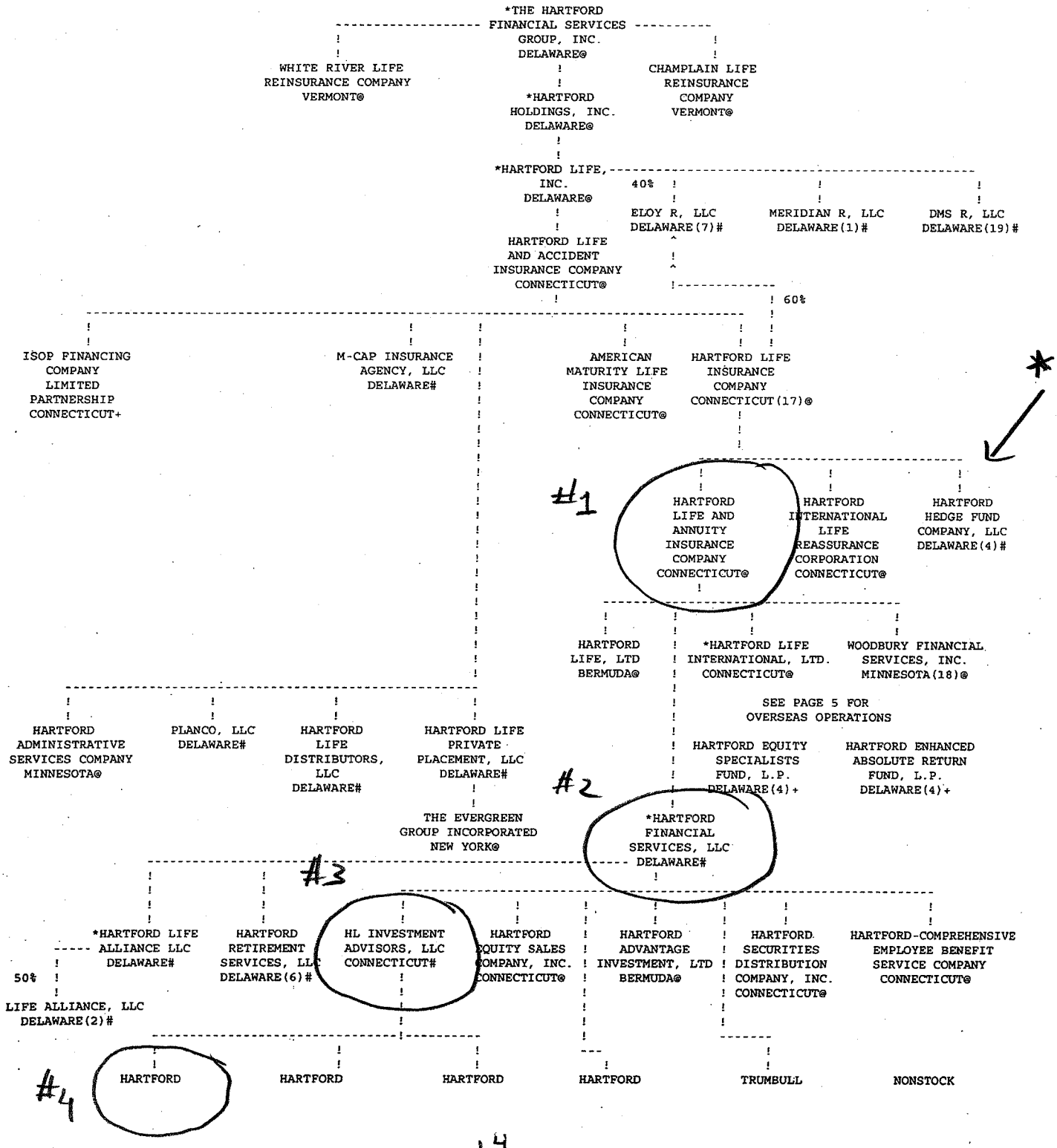
PAGE 4 OF 8 PAGES
SEE PAGE 1 FOR KEY AND CHANGES TO COMPANIES SEE PAGE 2 FOR HARTFORD FIRE SUBSIDIARIES SEE PAGE 3 FOR HARTFORD FIRE SUBSIDIARIES SEE PAGE 4 FOR HARTFORD LIFE SUBSIDIARIES SEE PAGE 5 FOR MUTUAL FUNDS
SEE PAGE 6 FOR OVERSEAS OPERATIONS
SEE PAGES 7 & 8 FOR FOOTNOTES



#4

INVESTMENT FINANCIAL SERVICES, LLC DELAWARE#

INVESTOR SERVICES COMPANY, LLC CONNECTICUT#

INVESTMENTS CANADA CORP. CANADA@

INVESTMENT ADVISORY COMPANY, LLC DELAWARE(11)#

SECURITIES, LLC DELAWARE(13)#

THE HARTFORD CLUB IN SIMSBURY, INC. CONNECTICUT@

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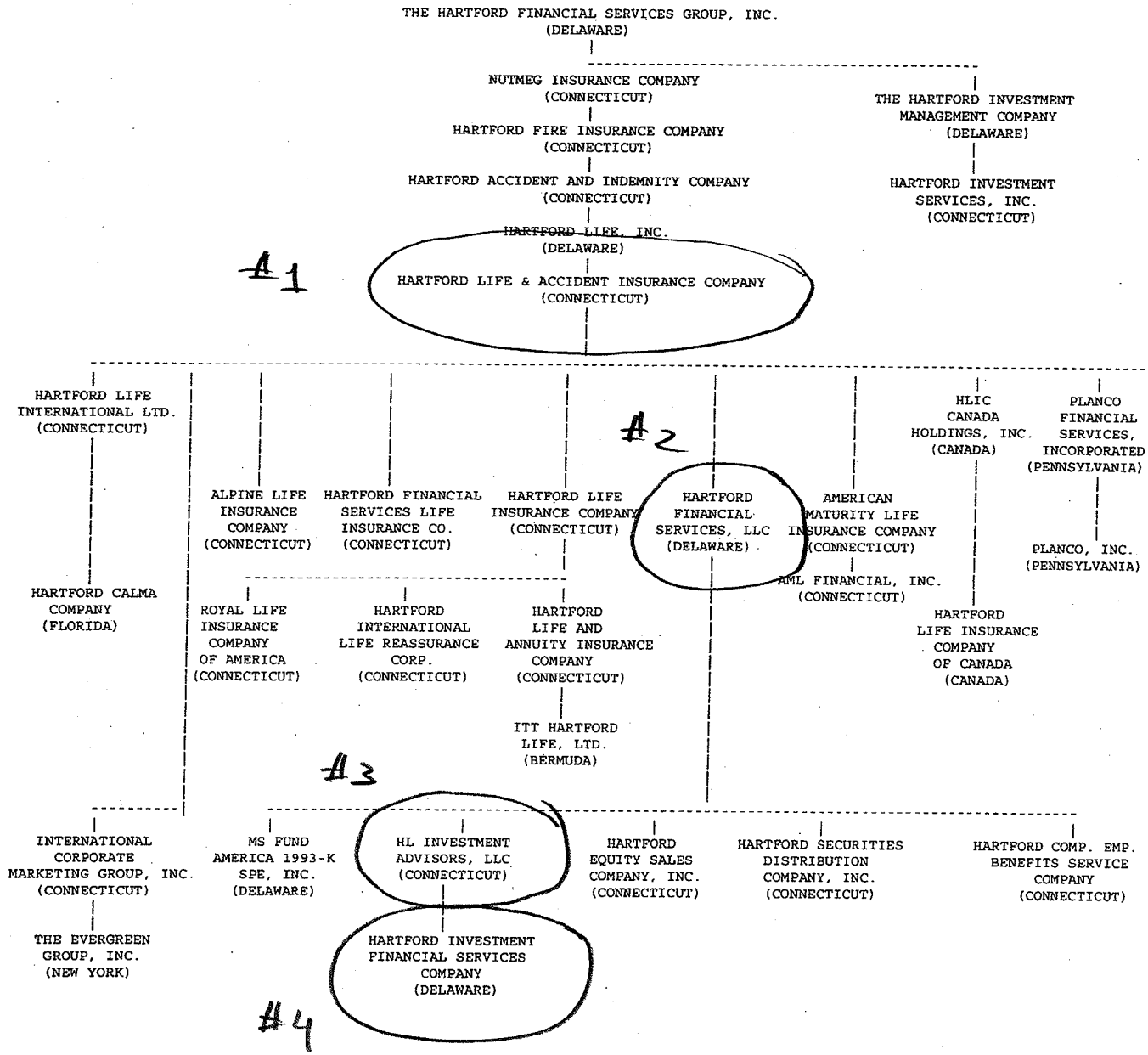
L-3

ORGANIZATIONAL CHART



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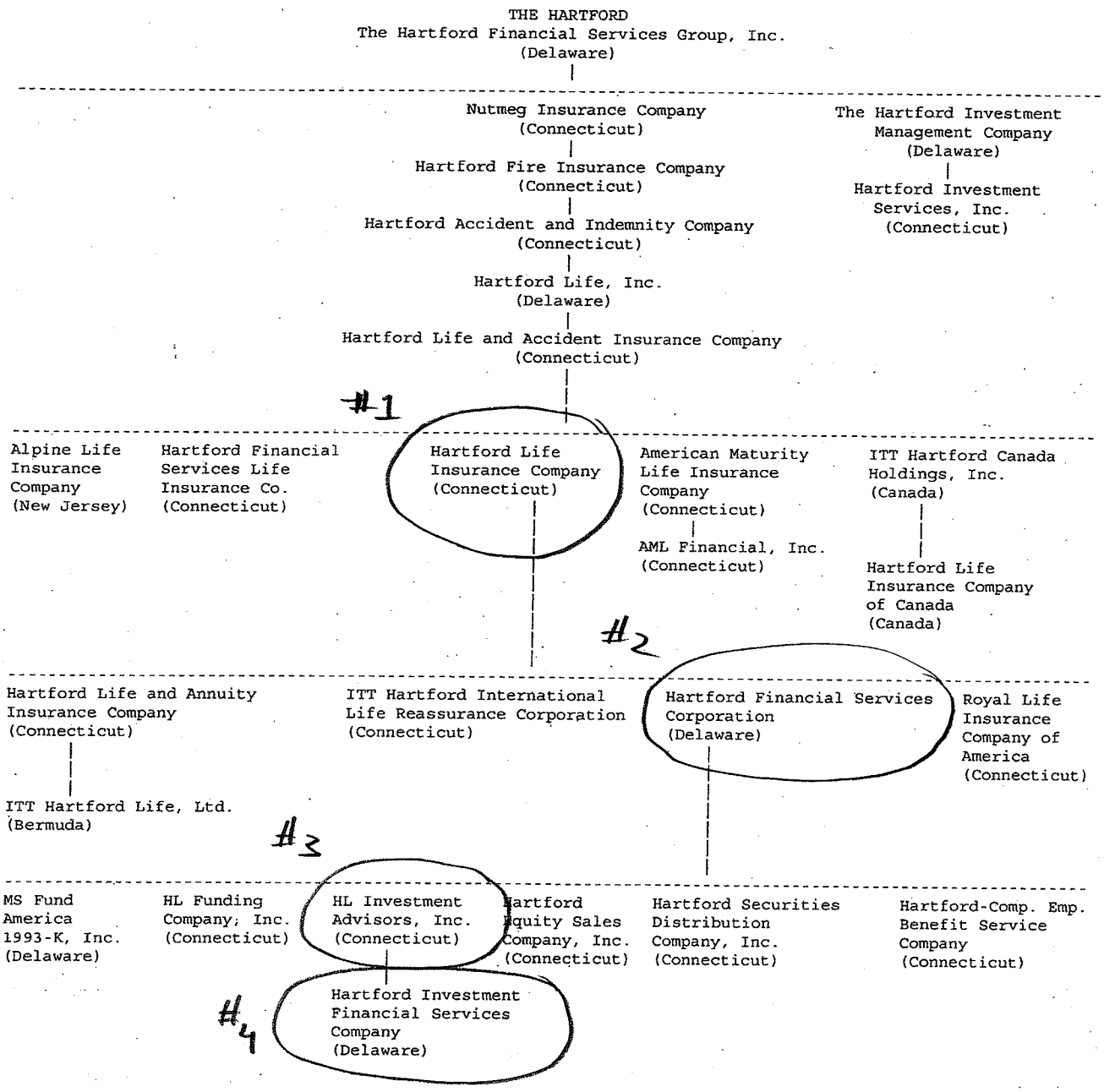
M-3



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PENN MUTUAL VARIABLE ANNUITY ACCOUNT III

FORM 485APOS

(Post-Effective Amendment (investment company, rule 485(a)))

Filed 10/12/11

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	600 DRESHER RD
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Name	Position and Offices with Depositor
The Honorable Julia Chang Bloch (Ambassador)	Trustee of Penn Mutual
Edward G. Boehne	Trustee of Penn Mutual
Joan P. Carter	Trustee of Penn Mutual
William R. Cook	Trustee of Penn Mutual
Charisse R. Lillie	Trustee of Penn Mutual
Alan B. Miller	Trustee of Penn Mutual
Edmond F. Notebaert	Trustee of Penn Mutual
Robert H. Rock	Trustee of Penn Mutual
Anthony M. Santomero	Trustee of Penn Mutual

The business address of each of the Trustees and officers is The Penn Mutual Life Insurance Company, Philadelphia, PA 19172.

Item 26. **Persons Controlled By or Under Common Control with the Depositor or Registrant**

#1

Penn Mutual Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
The Penn Insurance and Annuity Company	Life Insurance and Annuities	Delaware
Independence Capital Management, Inc.	Investment Adviser	Pennsylvania
Penn Series Funds, Inc.	Investment Company	Maryland
Penn Janney Fund, Inc.	Investments	Pennsylvania
Penn Janney Advisory, Inc.*	Investment Adviser	Pennsylvania
Penn Janney GP LLC**	Investments	Delaware
Penn Janney Opportunities Fund LP***	Investments	Delaware

Corporation	Principal Business	State of Incorporation
Independence Square Properties, LLC****	Holding Company	Delaware
Indepro Corporation	Holding Company	Delaware
Hornor, Townsend & Kent, Inc.	Registered Broker-Dealer and Investment Adviser	Pennsylvania
ISP Parker Hunter	Holding Company	Delaware

* Penn Janney Advisory, Inc. is 50% owned by Penn Mutual and 50% owned by Janney Montgomery Scott LLC.

** Penn Janney GP LLC is 49.5% owned by Penn Mutual, 49.5% owned by Janney Montgomery Scott LLC, and 1.0% owned by Richard Fox.

*** Penn Janney Opportunities Fund LLP is 49.5% owned by Penn Mutual, 49.5% owned by Janney Montgomery Scott LLC, and 1.0% owned by Penn Janney GP LLC.

**** Independence Square Properties, LLC is 95% owned by Penn Mutual and 5% owned by ISP Parker Hunter, which is 100% owned by Penn Mutual.

Independence Square Properties, LLC
Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
Walnut Q Corporation	Investments	Pennsylvania
Janney Montgomery Scott LLC	Registered Broker-Dealer and Investment Adviser	Delaware

Indepro Corporation
Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
Indepro Property Fund II Corporation	Investments	Delaware

Examination Warrant Number 05-LH-314Z

For Informational Purposes Only

Report of Examination

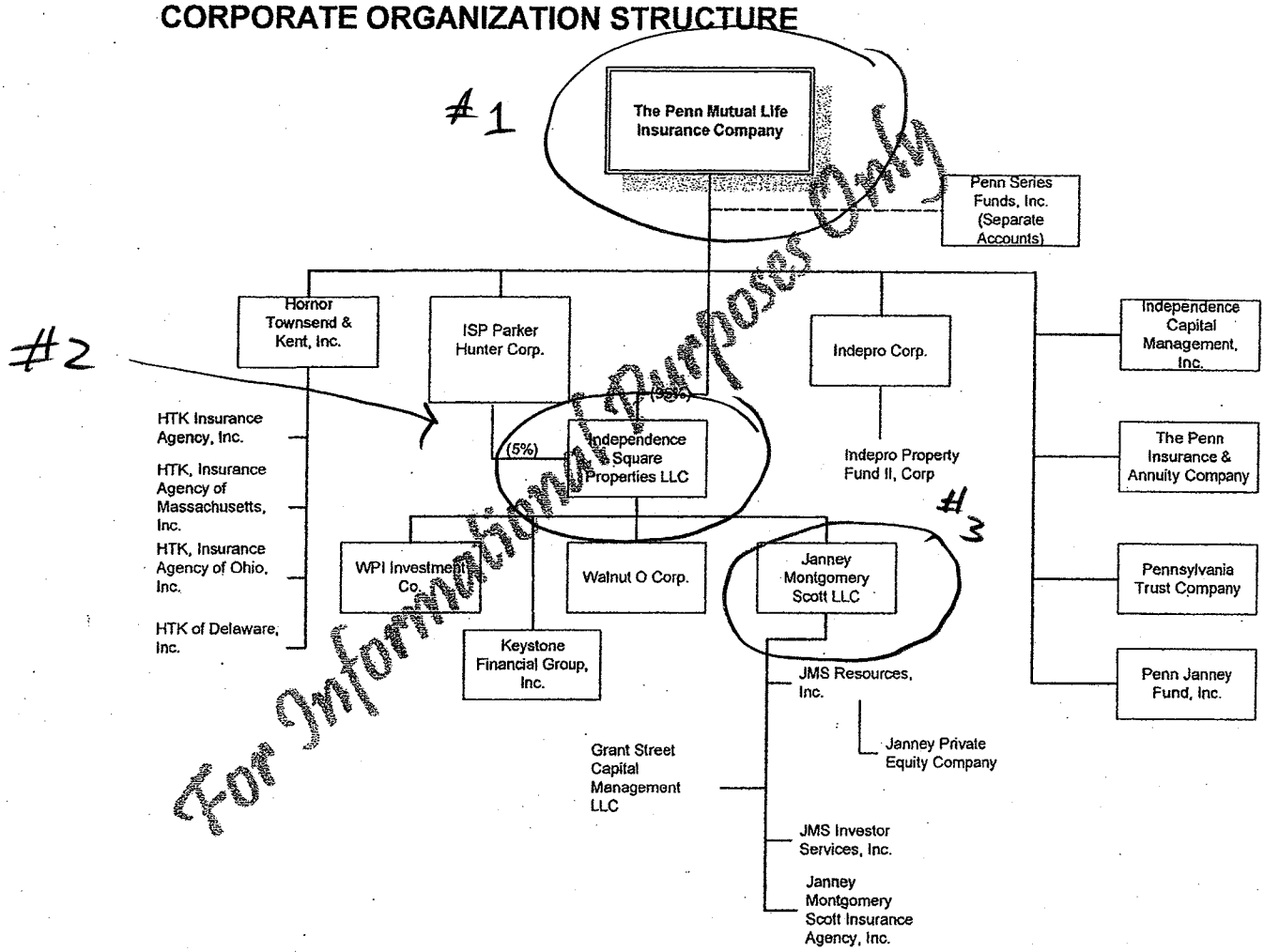
of

The Penn Mutual Life Insurance Company
Horsham, Pennsylvania

As of December 31, 2005

On October 31, 2005, HTK Insurance Agency of Texas, Inc, a subsidiary of Hornor, Townsend and Kent, was dissolved.

CORPORATE ORGANIZATION STRUCTURE



CORPORATE RECORDS

MINUTES

Minutes of the meetings of the Board of Trustees and its various appointed committees were reviewed for the years under examination. These minutes revealed excellent attendance and active participatory oversight of the Company's operations and compliance with governing By-laws and regulations.

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PENN MUTUAL VARIABLE ANNUITY ACCOUNT III

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Item 26. Persons Controlled By or Under Common Control with the Depositor or Registrant

#1 Penn Mutual Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
The Penn Insurance and Annuity Company	Life Insurance and Annuities	Delaware
Independence Capital Management, Inc.	Investment Adviser	Pennsylvania
~~Penn Janney Fund, Inc.~~	Investments	Pennsylvania
#2 Independence Square Properties, Inc.	Holding Company	Pennsylvania
~~The Pennsylvania Trust~~ Company	Trust Company	Pennsylvania

#2 Independence Square Properties, Inc. Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
Penn Glenside Corporation	Real Estate Investment	Pennsylvania
Penn Wayne Corporation	Real Estate Investment	Pennsylvania
St. James Realty Corporation	Real Estate Investment	Pennsylvania
Investors' Mortgage Corporation	Real Estate Investment	Pennsylvania
Christie Street Properties, Inc.	Real Estate Investment	Pennsylvania
Indepro Corporation	Real Estate Investment	Delaware
Economic Resources Associates, Inc.	Real Estate Investment	Delaware
WPI Investment Company	Real Estate Investment	Delaware

R-2

Corporation	Principal Business	State of Incorporation
Hornor, Townsend & Kent, Inc.	Registered Broker-Dealer and Investment Adviser	Pennsylvania
Penn Tallahassee Corporation	Real Estate Investment	Florida
#3 Janney Montgomery Scott Inc.	Registered Broker-Dealer and Investment Adviser	Delaware

Indepro Corporation
Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
Indepro Property Fund I Corporation	Real Estate Investment	Delaware
Indepro Property Fund II Corporation	Real Estate Investment	Delaware
Commons One Corporation	Real Estate Investment	Delaware
West Hazleton, Inc.	Real Estate Investment	Delaware

#3 Janney Montgomery Scott LLC
Wholly-Owned Subsidiaries

Corporation	Principal Business	State of Incorporation
JMS Resources, Inc.	Oil and Gas Development	Pennsylvania
JMS Investor Services, Inc.	Insurance Sales	Delaware

Item 27. Number of Contract Owners

As of March 31, 2000, there were:

44 -- owners of qualified individual variable annuity contracts;
0 -- owners of qualified group variable annuity contracts; 0 -- owners of certificates issued under qualified group variable annuity contracts; and

13 -- owners of nonqualified individual variable annuity contracts.

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PENN MUTUAL VARIABLE ANNUITY ACCOUNT III

FORM 485BPOS

(Post-Effective Amendment (investment company, rule 485(b)))

Filed 04/27/99

Address	PENN MUTUALS INDEPENDENCE PL C30
	600 DRESHER RD
	HORSHAM, PA 19044
Telephone	2159568835
CIK	0000702184
Fiscal Year	12/31

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#1

Penn Mutual Wholly-Owned Subsidiaries

CORPORATION	PRINCIPAL BUSINESS	STATE OF INCORPORATION
The Penn Insurance and Annuity Company	Life Insurance and Annuities	Delaware
Independence Capital Management, Inc.	Investment Adviser	Pennsylvania
Penn Janney Fund, Inc.	Investments	Pennsylvania
INDEPENDENCE SQUARE PROPERTIES, INC.	Holding Company	Pennsylvania
The Pennsylvania Trust Company	Trust Company	Pennsylvania

#2

INDEPENDENCE SQUARE PROPERTIES, INC. WHOLLY-OWNED SUBSIDIARIES

CORPORATION	PRINCIPAL BUSINESS	STATE OF INCORPORATION
Penn Glenside Corporation	Real Estate Investment	Pennsylvania
Penn Wayne Corporation	Real Estate Investment	Pennsylvania
St. James Realty Corporation	Real Estate Investment	Pennsylvania
Investors' Mortgage Corporation	Real Estate Investment	Pennsylvania
Christie Street Properties, Inc.	Real Estate Investment	Pennsylvania
INDEPRO CORPORATION	Real Estate Investment	Delaware
Economic Resources Associates, Inc.	Real Estate Investment	Delaware
WPI Investment Company	Real Estate Investment	Delaware
Hornor, Townsend & Kent, Inc.	Registered Broker-Dealer and Investment Adviser	Pennsylvania
Penn Tallahassee Corporation	Real Estate Investment	Florida

#3

CORPORATION	PRINCIPAL BUSINESS	STATE OF INCORPORATION
JANNEY MONTGOMERY SCOTT INC.	Registered Broker-Dealer and Investment Adviser	Delaware

INDEPRO CORPORATION
WHOLLY-OWNED SUBSIDIARIES

CORPORATION	PRINCIPAL BUSINESS	STATE OF INCORPORATION
Indepro Property Fund I Corporation	Real Estate Investment	Delaware
Indepro Property Fund II Corporation	Real Estate Investment	Delaware
Commons One Corporation	Real Estate Investment	Delaware
West Hazleton, Inc.	Real Estate Investment	Delaware

JANNEY MONTGOMERY SCOTT, INC.
WHOLLY-OWNED SUBSIDIARIES

CORPORATION	PRINCIPAL BUSINESS	STATE OF INCORPORATION
Addison Capital Management, Inc.	Investment Adviser	Pennsylvania
JMS Resources, Inc.	Oil and Gas Development	Pennsylvania
JMS Investor Services, Inc.	Insurance Sales	Delaware

ITEM 27. NUMBER OF CONTRACT OWNERS

As of March 31, 1999, there were 13 contracts being registered under this Registration Statement outstanding.

ITEM 28. INDEMNIFICATION

Section 6.2 of the By-laws of The Penn Mutual Life Insurance Company provides that, in accordance with the provisions of the Section, the Company shall indemnify trustees and officers against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred in connection with actions, suits and proceedings, to the extent such indemnification is not prohibited by law, and may provide other indemnification to the extent not prohibited by law. The By-laws are filed as Exhibit 6(b) to Post-Effective