

(for each such category, the "Category Transfer Date"), KREG and MAFCO shall jointly notify in writing, in the form attached hereto as Exhibit 3, (a) the insurers and any other persons or

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entities who have been identified by MAFCO as having submitted or authorized to submit invoices or requests for payment in respect of any such Subsequently Capped Category and any of the Exceeded Categories, (b) the relevant present and former affected Henley entities with respect to any such category, as identified in Exhibit 3, that after the Category Transfer Date KREG shall be solely responsible for all obligations or liabilities with respect to such category of Uninsured Retention Liabilities, and that any and all rights, claims, causes of action, demands or rights of subrogation or indemnification or third party reimbursement relating to such obligations or liabilities have been assigned to the KREG Parties

E. Non-Allocated Costs For purposes of allocating to the various categories of Uninsured Retention Liabilities all third-party costs associated with the administration of Uninsured Retention Liabilities that are not readily identifiable to any single claim, including without limitation all costs of computer hardware and software that track claims generally, such allocation has been and will be performed based on the weighted average of each category of Uninsured Retention Liability as reflected by the Casualty Reserve Limits set forth in Exhibit A to Schedule II of the Assignment and Assumption Agreement, provided, however, that only those categories of Uninsured Retention Liability administered by MAFCO pursuant to the Assignment and Assumption Agreement, as amended by this

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Agreement, or pursuant to any other understanding of the Parties, during the period reflected in such third-party billings shall be considered as part of such allocation. KREG has the right in its sole and absolute discretion to terminate utilizing MAFCO's claims management system, including but not limited to J&H Stars, on 30 days written notice. In such event, KREG would only be obligated to pay MAFCO through the date of termination.

F. AIG Billing Allocation Notwithstanding any other provision of this Agreement, with respect to the AIG Risk Management, Inc. Financial Account Update ("Account Update") with respect to the Henley Group insurance program for policy years 4/1/86-87 through 4/1/92-93 forwarded to MAFCO by Marsh & McLennan, Inc. under cover of letter dated February 28, 1997, it is agreed that, as between MAFCO, on the one hand, and the KREG Parties, on the other hand, any amount ultimately determined by both Parties to be payable to AIG in connection with any single policy year shall be allocated to each Responsible Party in the same proportion as the ratio of the total value of the incurred losses, as of the applicable valuation date for such policy year, that are the responsibility of such Responsible Party to the total value of all incurred losses under the Henley Group insurance program for such policy year, as of that same valuation date. Any credit due in any single policy year shall be reimbursed using the same procedure. (For purposes of this subparagraph 2 F, the term "Responsible Party" shall mean each

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of those companies that are currently responsible for paying or reimbursing costs associated with any of the Henley Group insurance policies that are the subject of the Account Update. These companies include but are not limited to MAFCO, KREG, Fisher Scientific International Inc., General Chemical