

31, 1996 with respect to the Henley Properties Category Promptly after the execution of this Agreement, KREG and MAFCO shall jointly notify in writing, in the form attached hereto as Exhibit 3, (a) the insurers and any other persons or entities who have been identified by MAFCO as having submitted or authorized to submit invoices or requests for payment in respect of the Henley Properties Category, (b) the relevant present and former affected Henley entities with respect to the Henley Properties Category, as identified in Exhibit 3 attached hereto, by MAFCO, that after December 31, 1996, KREG shall be solely responsible for all obligations or liabilities with respect to the Henley Properties Category including, without limitation, all claims identified on Exhibit 3. Except with respect to the payments made or to be made by or on behalf of MAFCO pursuant to this paragraph 2, KREG shall indemnify, defend and hold harmless the Abex Parties, their

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shareholders, parents, subsidiaries and affiliates and the officers, directors, employees and agents of any of them from and against any and all claims, damage, loss, liability or expense (including without limitation reasonable attorneys' fees and expenses) with respect to any liability within the scope of the Henley Properties Category Notwithstanding any other provision of this paragraph, MAFCO shall promptly advise KREG of any payment obligation with respect to the Henley Properties Category of which MAFCO is first made aware subsequent to December 31, 1996, and shall promptly forward to KREG a copy of all correspondence and documentation received by MAFCO with respect to such potential obligation

C. Casualty Reserve Limit Status Report MAFCO shall make available to KREG upon KREG's reasonable request all records and source documents, including all papers and work product, used to prepare the report set forth in Exhibit 2. MAFCO shall furnish quarterly reports to KREG of all Casualty Reserve Limits that are not exhausted as of the Effective Date hereof. MAFCO shall make available to KREG, upon KREG's reasonable request, records and source documents, including all papers and work product, used to prepare said quarterly update reports

D. Exceeded Casualty Reserve Limits Notwithstanding any provision of the Assignment and Assumption Agreement, MAFCO shall have no recourse against any of the KREG Parties with respect to any invoices or claims received by or on behalf of

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MAFCO on or before December 31, 1996, with respect to any of the Uninsured Retention Liabilities in excess of the Casualty Reserve Limits set forth in Exhibit A to Schedule II of the Assignment and Assumption Agreement. As to the Exceeded Categories, as well as any category of Uninsured Retention Liabilities for which MAFCO shall make or cause to be made a payment subsequent to December 31, 1996 that, when added to all previous payments made by or on behalf of MAFCO with respect to such category, shall equal or exceed the Casualty Reserve Limit for such category set forth in Exhibit A to Schedule II of the Assignment and Assumption Agreement (hereinafter, "Subsequently Capped Category"), MAFCO shall have no further obligation, whether by assumption, indemnity or otherwise, and all such liability and responsibility as to each such category shall return, as of the later of December 31, 1996, and the date of such exceeding payment, to the KREG Parties Promptly after the execution of this Agreement, and, in the case of any Subsequently Capped Category, after MAFCO shall have notified KREG that its aggregate payments equal or exceed the Casualty Reserve Limit for such Category set forth in Exhibit A to Schedule II of the Assignment and Assumption Agreement, and MAFCO shall have furnished an accounting confirming same which is reasonably acceptable to KREG