

ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

33 CAPITOL STREET
CONCORD, NEW HAMPSHIRE 03301-6397

PETER W. HEED
ATTORNEY GENERAL



KELLY A. AYOTTE
DEPUTY ATTORNEY GENERAL

October 8, 2003

RECEIVED

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N.H. INSURANCE DEPARTMENT

William S. McGraw, Clerk
Merrimack County Superior Court
4 Court Street
Concord, NH 03301

Re: *In the Matter of the Liquidation of The Home Insurance Company*
Docket No. 03-E-0106

Dear Mr. McGraw:

Enclosed for filing in the above-referenced matter is the following:

1. *Liquidator's Motion for Approval of Lease Modification Agreement* with attached Lease Modification
2. proposed *Order Approving Lease Modification Agreement*
3. *Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, In Support of Approval of Lease Modification Agreement*

If you have any questions, please feel free to contact me. Thank you for your attention to this matter.

Very truly yours,

//Peter C. L. Roth\\

Peter C.L. Roth
Senior Assistant Attorney General
Environmental Protection Bureau
(603) 271-3679

Enclosures

cc: Roger A. Seigny, Commissioner, New Hampshire Department of Insurance
✓ Alex Feldvebel, Deputy Commissioner, New Hampshire Department of Insurance
Pete Bengelsdorf, Special Deputy Liquidator
Service List

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

LIQUIDATOR'S MOTION FOR
APPROVAL OF LEASE MODIFICATION AGREEMENT

Roger A. Seviġny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home"), by his attorneys, hereby moves that the Court enter an order approving a Partial Surrender and Extension of Term Agreement (the "Lease Modification") between the Liquidator and Mitchell E. Rudin, as Receiver for Olympia & York Maiden Lane Company, LLC (the "Landlord"), concerning The Home's operational headquarters at 59 Maiden Lane, New York, New York. As reasons therefor, the Liquidator states as follows:

1. The Home entered into a lease with the Landlord, dated as of December 1998 (as amended, the "Lease"), for office space and storage space located at 59 Maiden Lane, New York, New York. Pursuant to the Lease, The Home currently leases the entire 5th floor (37,719 rentable square feet), the entire but smaller 17th floor (16,368 rentable square feet), and a portion of the basement storage space of 59 Maiden Lane (the "Premises") for a term expiring December 31, 2006. The Premises were the operational headquarters of The Home and U.S. International Reinsurance Company ("USI Re") (collectively, the "Companies") prior to entry of the Orders of Liquidation. The liquidation has continued to use the 5th floor of the Premises since entry of the liquidation orders, but the 17th floor has been gradually vacated as operations have been reduced and

centralized on the 5th floor and Risk Enterprises Management Ltd. ("REM") has relocated personnel to other offices. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of the Liquidator's Motion for Approval of Lease Modification Agreement ("Bengelsdorf Affidavit") ¶¶ 3-4.

2. As set forth in the Bengelsdorf Affidavit and in the Liquidator's reports, the Liquidator has worked to organize a stand-alone operation to conduct the liquidation of the Companies. The Liquidator has sought to benefit from the experience and knowledge of personnel previously employed at The Home's operational headquarters in New York City by engaging those personnel as part of the liquidation staff. The Liquidator also has sought to take advantage of the existing New York facilities in establishing an operational base for the liquidation. The Liquidator anticipates that the liquidation will continue to have operations in New York City after the existing Lease term expires on December 31, 2006. However, the liquidation operation is much reduced compared to the pre-liquidation operations of the Companies, and the liquidation does not need the 17th floor space included within the Lease. Bengelsdorf Aff. ¶ 5.

3. In these circumstances, the Liquidator engaged in discussions with the Landlord to seek to surrender the smaller 17th floor space and extend the Lease of the 5th floor space after December 31, 2006. Subject to approval by the Court, the Liquidator and the Landlord have now entered the Lease Modification. The Lease Modification provides that The Home will surrender all of the space on the 17th floor on October 31, 2003, leaving certain furniture, fixtures and equipment estimated to have a value less than the cost of its removal in the space, and pay to the Landlord a lump sum of \$143,775 representing the rent and additional rent that would have been due for that space through

December 31, 2003. In return, the Landlord will release The Home from any obligations attributable to the space on the 17th floor. The Landlord and The Home also agreed to otherwise extend the term of the existing Lease until December 31, 2008 at the current rental rate. Bengelsdorf Aff. ¶ 6.

5. According to its original terms, the Lease obligated The Home to pay \$1.86 million per year through December 31, 2006 (\$5.89 million over the remaining term -- November 1, 2003 through December 31, 2006). The Lease Modification, by contrast, would obligate The Home to pay \$1.3 million per year through December 31, 2008 (\$6.95 million over the remaining term -- November 1, 2003 through December 31, 2008). Bengelsdorf Aff. ¶ 7. The other provisions of the Lease Modification are set forth in the copy of the Lease Modification attached as Exhibit A hereto.

6. While the Liquidator potentially could disaffirm the Lease in its entirety pursuant to RSA 402-C:25, XI, a relocation of the liquidation operations from the Premises would be extremely disruptive. Further, the liquidation needs to retain its presence in New York, where its operations and staff presently work and reside, to assure continuity of its operations. In addition, the terms and conditions of the Lease Modification are consistent with commercial real estate transactions of a similar type. The Lease Modification is the result of extensive arms-length negotiations with the Landlord. It provides for the surrender of certain space, which the liquidation no longer requires, and an extension of the term regarding the space that is necessary for the liquidation's current and future operations, as now contemplated. Bengelsdorf Aff. ¶ 8.

7. The Liquidator submits that the Lease Modification is fair and reasonable and that it is in the best interests of the policyholders and other creditors of The Home

and USI Re. The Modification will provide for continuity of the liquidation's affairs, allowing it to maintain its operations and necessary staff in its New York office, while simultaneously permitting it to surrender leased space it no longer requires, all on commercially reasonable terms. See Bengelsdorf Aff. ¶¶ 8-9.

For these reasons, the Liquidator requests that his motion be granted and that the Court enter an Order in the form submitted herewith approving the Lease Modification.

Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE
COMMISSIONER OF THE STATE OF NEW
HAMPSHIRE, SOLELY IN HIS CAPACITY AS
LIQUIDATOR OF THE HOME INSURANCE
COMPANY,

By his attorneys

PETER W. HEED, ATTORNEY GENERAL


//Peter C. L. Roth\\

Peter C.L. Roth
Senior Assistant Attorney General
Environmental Protection Bureau
NEW HAMPSHIRE DEPARTMENT OF JUSTICE
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Of Counsel:
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Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 02111
(617) 542-2300

October 8, 2003

Exhibit A

The Lease Modification

PARTIAL SURRENDER AND EXTENSION OF TERM AGREEMENT

PARTIAL SURRENDER AND EXTENSION OF TERM AGREEMENT (this "Agreement") dated as of the ___ day of October, 2003 by and between 59 MAIDEN LANE ASSOCIATES, LLC, a New York limited liability company, having an office at c/o AmTrust Realty Corp., 250 Broadway, New York, New York 10007 ("Landlord") and THE HOME INSURANCE COMPANY, IN LIQUIDATION, a New Hampshire corporation, having an office at 59 Maiden Lane, New York, New York 10038 ("Tenant").

WITNESSETH:

WHEREAS:

A. Landlord's predecessor-in-interest, Mitchell E. Rudin, as Receiver for Olympia & York Maiden Lane Company, LLC, and Tenant heretofore entered into a certain lease dated as of December 22, 1998, which lease was amended by that certain letter agreement dated March, 1999, that certain letter agreement dated April 12, 1999, that certain letter agreement dated June 10, 1999, that certain letter agreement dated October 1, 1999, and that certain Substitution of Space and Extension of Term Agreement dated as of November 14, 2001 (the "Substitution Agreement"; such lease, as the same has been amended, is hereinafter called the "Lease"), with respect to a portion of the building known as 59 Maiden Lane, New York, New York (the "Building") for a term expiring on December 31, 2006 or on such earlier date upon which said term may expire or be terminated pursuant to any conditions of limitation or other provisions of the Lease or pursuant to law;

B. Pursuant to the provisions of the Lease, Tenant currently occupies the entire rentable portion of the fifth (5th) and seventeenth (17th) floors and a portion of the basement in the Building (collectively, the "Demised Premises"); and

C. The parties hereto desire to modify the Lease to provide for: (i) the termination of the Lease with respect to and the surrender by Tenant to Landlord of the portion of the Demised Premises located on the seventeenth (17th) floor of the Building; and (ii) the extension of the term of the Lease, all on such terms, provisions and conditions as are more particularly hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

1. All terms contained in this Agreement and not otherwise defined herein shall, for the purposes hereof, have the same meanings ascribed to them in the Lease.
2. The term of the Lease is hereby extended to and including December 31, 2008 and the "Expiration Date" as set forth in the Lease shall be December 31, 2008.
3. Subject to the terms and conditions of this Agreement, Tenant hereby surrenders to Landlord the portion of the Demised Premises located on the seventeenth (17th) floor of the Building (the "Surrender Space") effective as of October 31, 2003 (the "Surrender Date") for the remainder of the term of the Lease, and the estate and interest of Tenant in and to the Surrender Space shall be wholly extinguished as of the Surrender Date. On or before the Surrender Date, Tenant shall vacate from and surrender the Surrender Space to Landlord in the

condition required by Section 22.1 of the Lease; provided, however, that Tenant shall not remove from the Surrender Space the furniture, fixtures and equipment set forth on Exhibit A annexed hereto (the "FF&E"), which FF&E shall become the property of Landlord. If Tenant does not surrender the Surrender Space on or before the Surrender Date, Landlord shall be entitled to exercise all of the rights and remedies available to Landlord as a result of such holding over under the Lease, at law, in equity or otherwise, including, without limitation, under the provisions of Paragraph 22.2(a) of the Lease. The parties acknowledge and agree that the value of the FF&E is nominal and that Tenant is not receiving any consideration therefor (except for the release described in Section 6 of this Agreement). Tenant represents and warrants to Landlord that Tenant has good title to the FF&E which Tenant owns free and clear of all claims, liens and encumbrances of any kind or nature and Tenant has not and will not take or permit any action whereby the FF&E will be encumbered and no party other than Tenant has acquired or will acquire any right, title or interest in or to the FF&E or any portion thereof.

Contemporaneously herewith, Tenant shall execute and deliver to Landlord a Bill of Sale for the FF&E in the form annexed hereto as Exhibit B.

4. In consideration for Landlord's entering into this Agreement and accepting the surrender of the Surrender Space, contemporaneously with the execution of this Agreement, Tenant shall pay to Landlord fixed rent and additional rent for Taxes and Operating Expenses attributable to the Surrender Space, through December 31, 2003, in the sum of One Hundred Forty Three Thousand Seven Hundred Seventy-Five and 00/100 (\$143,775.00) Dollars. Upon (i) such payment to Landlord, (ii) the surrender of the Surrender Space in accordance with the provisions of Section 3 of this Agreement, (iii) the giving by Landlord to Tenant of notice

that Landlord has received the Mortgagee Consent (as hereinafter defined), and (iv) receipt by Tenant of the Court Approval (as hereinafter defined), the Lease shall terminate with respect to the Surrender Space.

5. Tenant hereby represents and covenants that nothing has been or will be done or suffered whereby the Lease, or the term or estate thereby granted or the Surrender Space, or any part thereof, or any alterations, decorations, installations, additions and improvements in and to the Surrender Space, or any part thereof, have been or will be encumbered in any way whatsoever, and that Tenant owns and will own the Lease and has and will have good right to surrender the same with respect to the Surrender Space in accordance with the terms of this Agreement, and that no party other than Tenant has acquired or will acquire through or under Tenant any right, title or interest in or to the Lease or the Surrender Space, or any part thereof, or in or to said alterations, decorations, installations, additions and/or improvements or any part thereof. The provisions of this Section 5 shall survive the Surrender Date.

6. Subject to the terms and conditions of this Agreement, Landlord shall accept the surrender of the Surrender Space in accordance with the terms of this Agreement as of the Surrender Date. In consideration of such surrender by Tenant and the acceptance of such surrender by Landlord, Tenant and Landlord do hereby mutually release each other, their respective shareholders, members, affiliates, investors, officers, attorneys, successors and assigns of and from any and all claims, damages, obligations, liabilities, actions and causes of action, of every kind and nature whatsoever, known or unknown arising under or in connection with the Surrender Space after the Surrender Date, except that nothing herein contained shall be deemed

to constitute a release or discharge of Tenant with respect to: (i) any obligation under the Lease except as provided in this Agreement with respect to the Surrender Space; and (ii) any obligation pursuant to this Surrender Agreement.

7. (a) Landlord and Tenant agree that as of the Surrender Date, the Demised Premises shall be deemed to contain 48,302 rentable square feet consisting of the following:

Entire 5 th Floor -	37,719 rentable square feet
Basement -	<u>10,583 rentable square feet</u>
Total	48,302 rentable square feet

(b) During the period commencing on the Surrender Date and for the remainder of the term of the Lease:

(1) the fixed rent payable by Tenant to Landlord for the Demised Premises shall be at the rate of ONE MILLION THREE HUNDRED FORTY-SIX THOUSAND EIGHT HUNDRED NINETY-THREE and 50/100 (\$1,346,893.50) DOLLARS per annum allocated as follows:

<u>Premises</u>	<u>Annual Fixed Rent</u>
Entire 5 th Floor -	\$1,188,148.50
Basement -	<u>\$ 158,745.00</u>
Total	\$1,346,893.50

(2) with respect to the additional rent payable by Tenant pursuant to Article 4 of the Lease:

(a) "Tenant's Proportionate Tax Share" as set forth in Section 4.1(d) of the Lease shall mean 4.826%; and

(b) "Tenant's Proportionate Operating Share" as set forth in Section 4.7(d) of the Lease shall mean 4.826%.

8. Simultaneously with the execution of this Agreement, Landlord and Tenant are completing and executing the (a) New York State Combined Real Estate Transfer Tax Return Credit Line Mortgage Certificate (TP-584) and (b) The New York City Real Property Transfer Tax Return. Landlord shall file such returns, with the New York State Department of Taxation and Finance and the New York City Department of Finance, respectively. Tenant hereby agrees to pay to the extent imposed with respect to the surrender of the Surrender Space and this Agreement any New York State Real Estate Transfer Tax (hereinafter called "Transfer Tax") and any New York City Real Property Transfer Tax ("RPT Tax"). Tenant agrees to indemnify and hold Landlord harmless from any obligation for any such Transfer Tax and/or RPT Tax and any loss, liability, cost or expense that Landlord may incur by reason of Tenant's failure to pay same in a timely manner. The provisions of this Section 8 shall survive the Surrender Date.

9. Each of Tenant and Landlord covenants, represents and warrants to the other that neither party has had any dealings or communications with any broker or agent in connection with this Agreement and the surrender contemplated hereby. Each of Tenant and Landlord covenants and agrees to pay, hold harmless and indemnify the other from and against any and all cost, expense (including reasonable attorneys' fees and court costs), loss and liability

for any compensation, commissions, or charges arising from a breach of the foregoing representation. The provisions of this Section 9 shall survive the Surrender Date.

10. Except as modified by this Agreement, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

11. This Agreement shall not be binding upon Landlord unless and until it is signed by Landlord and a fully executed counterpart thereof is delivered to Tenant.

12. Each of the persons executing this Agreement on behalf of Landlord and Tenant represents that he or she has been so duly authorized by Landlord and Tenant.

13. This Agreement contains the entire agreement between the parties, and any executory or oral agreement hereinbefore or hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part unless such agreement is made after the date hereof and is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

14. The covenants, agreements, terms and conditions contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and, except as otherwise provided in the Lease, their respective assigns.

15. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York.

16. This Agreement may be executed in any number of counterparts, each of which shall, when executed, be deemed to be an original and all of which shall be deemed to be one and the same instrument. The transmission by telecopier of a copy of the signature page from this Agreement executed by the transmitting party, together with instructions that same may be attached to a copy of this Agreement being held by the recipient of such transmission, shall constitute execution and delivery of this Agreement by the transmitting party.

17. If any provisions of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced if and to the extent permitted by law.

18. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

19. All terms and words used in this Agreement, shall be deemed to include the singular where plural form is used, the plural where singular form is used, and any other gender, all as the context may require,

20. (a) Notwithstanding any provision of this Agreement to the contrary, this Agreement is conditioned upon: (i) receipt by Landlord of the consent (the "Mortgagee Consent") of GEMSA Loan Services, L.P., as agent for Landlord's mortgage lender, La Salle Bank National Association, as Trustee, under that certain Pooling and Servicing Agreement dated as of May 1, 2001 for GE Capital Commercial Mortgage Corporation Commercial

Mortgage Pass-Through Certificates Series 2001-1 (the "Mortgagee") and (ii) the approval (the "Court Approval") of the Superior Court of Merrimack County, New Hampshire (the "Court"), in connection with Tenant's liquidation proceeding entitled *In the Matter of the Liquidation of The Home Insurance Company*, Docket No. 03-E-0106.

(b) Landlord has submitted a request to the Mortgagee for the Mortgagee Consent and shall notify Tenant promptly following Landlord's receipt of the Mortgagee Consent. If Landlord does not receive the Mortgagee Consent on or prior to the Surrender Date, then Landlord shall have the right, upon notice to Tenant, to terminate this Agreement at any time prior to Landlord's receipt of the Mortgagee Consent. In the event this Agreement is so terminated, this Agreement and the Bill of Sale shall be null and void ipso facto, and of no force and effect, the amounts paid by Tenant pursuant to Section 4 of this Agreement shall be applied to fixed rent and additional rent for Taxes and Operating Expenses attributable to the Surrender Space for the period from October 1, 2003 through and including December 31, 2003, and the Lease shall remain in full force and effect.

(c) Tenant shall make a true and complete application to the Court for the Court Approval within two (2) days following the date of this Agreement and shall use its best efforts to obtain the Court Approval as soon as reasonably practicable and shall furnish Landlord with a copy of the Court Approval upon receipt thereof. If, despite such best efforts, Tenant does not obtain the Court Approval on or prior to the Surrender Date, then Landlord shall have the right, upon notice to Tenant, to terminate this Agreement at any time prior to Tenant's obtaining of the Court Approval. If Landlord does not terminate this Agreement and the Court Approval is

not obtained by November 30, 2003, then either party shall have the right, on notice to the other, to terminate this Agreement at any time prior to Tenant's obtaining of the Court Approval. In the event this Agreement is so terminated, this Agreement and the Bill of Sale shall be null and void ipso facto, and of no force and effect, the amounts paid by Tenant pursuant to Section 4 of this Agreement shall be applied to fixed rent and additional rent for Taxes and Operating Expenses attributable to the Surrender Space for the period from October 1, 2003 through and including December 31, 2003, and the Lease shall remain in full force and effect.

21. Any notice (as defined in the Lease) given pursuant to this Agreement shall be given in accordance with the provisions of Section 30.1 of the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of
the day and year first above written.

59 MAIDEN LANE ASSOCIATES, LLC,
Landlord

By: _____
Name: Nathan Aber
Title: Manager

THE HOME INSURANCE COMPANY, IN
LIQUIDATION, Tenant

By: //Peter Benglesdorf\
Name: Peter Benglesdorf
Title: special Deputy Liquidator

EXHIBIT A

Furniture, Fixtures and Equipment

Furniture and Equipment - 17th Floor

Furniture	Quantity
Mahogany Executive Desks	3
Mahogany Executive Credenza	1
Mahogany Executive Credenza (Open)	1
Mahogany Bookcases with Doors	2
4 Shelf Mahogany Bookcases	4
4 Shelf High Mahogany Bookcase	1
Brown Executive Desk	1
Brown Executive Credenza	1
Brown Small Executive Credenza	1
Brown 3 Shelf Bookcase	1
Brown 2 Drawer Cabinets	3
Brown Coffee Table	1
Brown Round Table	1
5 Shelf Brown Bookcases	2
4 Shelf Brown Bookcases	2
4 Shelf Cherry Bookcases	2
Executive Desk with Computer Table and Drawer Attachment	1
Matching Executive Credenza	1
Matching 3 Shelf Bookcase	1
Computer Tables	4
Sofas	2
High back chairs for office	2
Side chairs for office	6
Low leather side chairs	2
Conference Rooms (2)	
Large Conference Tables	2
7 Shelf Wall Units	6
Blue Sled Chairs	20
6 Shelf Wall Unit (Outside Conf. Rm.)	1

File Cabinets (148)

5 drawer metal	114
4 drawer metal	7
Metal overheads	26
5 Drawer verticle	1

Chairs

Executive chairs	4
Desk chairs for cubicles	32
Task chairs	3
Sled chairs (7 purple, 4 red, 1 blue)	12
Side chairs	2

Tables (29)

Rectangular tables - various sizes	10
Round tables for managers offices	17
Oval table	1

Kitchen

Refrigerator	1
Microwave	1
Cabinet for supplies	1
Garbage can	1
Round table	1
Purple chairs	2
Wall cabinets	2
Counter surface with 2 cabinets and 2 drawers	1

EXHIBIT B

BILL OF SALE

This BILL OF SALE, dated as of October 31, 2003 (this "Bill of Sale"), is made and delivered pursuant to, and subject to the terms and conditions of that certain Partial Surrender and Extension of Term Agreement dated the date hereof (the "Agreement"), by and between 59 MAIDEN LANE ASSOCIATES, LLC ("Landlord") and THE HOME INSURANCE COMPANY, IN LIQUIDATION ("Tenant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned thereto in the Agreement.

For good and valuable consideration, including without limitation the execution of the Agreement, receipt and sufficiency of which are hereby acknowledged, effective December 31, 2003, Tenant hereby sells, conveys, assigns, transfers and delivers to Landlord all of Tenant's right, title and interest in and to the furniture, fixtures and equipment set forth on Schedule A annexed hereto (collectively, the "FF&E").

The FF&E covered by this Bill of Sale is being transferred to Landlord without reservation or qualification, and Tenant agrees to forever warrant and defend the sale of the FF&E made hereby to Landlord, its successors and assigns against all persons lawfully claiming the whole or any part thereof. Tenant shall, without further consideration, execute and deliver to Landlord such instruments of transfer as Landlord may reasonable request in order to vest more effectively in Landlord good title to the FF&E.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be duly executed and delivered as of the date first set forth above.

THE HOME INSURANCE COMPANY,
IN LIQUIDATION

By: _____
Name:
Title:

BILL OF SALE

This BILL OF SALE, dated as of October 31, 2003 (this "Bill of Sale"), is made and delivered pursuant to, and subject to the terms and conditions of that certain Partial Surrender and Extension of Term Agreement dated the date hereof (the "Agreement"), by and between 59 MAIDEN LANE ASSOCIATES, LLC ("Landlord") and THE HOME INSURANCE COMPANY, IN LIQUIDATION ("Tenant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned thereto in the Agreement.

For good and valuable consideration, including without limitation the execution of the Agreement, receipt and sufficiency of which are hereby acknowledged, effective December 31, 2003, Tenant hereby sells, conveys, assigns, transfers and delivers to Landlord all of Tenant's right, title and interest in and to the furniture, fixtures and equipment set forth on Schedule A annexed hereto (collectively, the "FF&E").

The FF&E covered by this Bill of Sale is being transferred to Landlord without reservation or qualification, and Tenant agrees to forever warrant and defend the sale of the FF&E made hereby to Landlord, its successors and assigns against all persons lawfully claiming the whole or any part thereof. Tenant shall, without further consideration, execute and deliver to Landlord such instruments of transfer as Landlord may reasonable request in order to vest more effectively in Landlord good title to the FF&E.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be duly executed and delivered as of the date first set forth above.

THE HOME INSURANCE COMPANY,
IN LIQUIDATION

By: //Peter Benglesdorf\

Name: *Peter Benglesdorf*
Title: *Special Deputy Liquidator*

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 03-E-0106

CERTIFICATE OF SERVICE

I, Peter C.L. Roth, do hereby certify that on October 8, 2003, I served a true copy of the foregoing, upon the attached Service List, by first class mail, postage prepaid.

Dated: October 8, 2003

Peter C. L. Roth
//Peter C. L. Roth\\

Peter C.L. Roth

SERVICE LIST

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THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

ORDER APPROVING LEASE
MODIFICATION AGREEMENT

On consideration of the motion of Roger A Sevigny, Insurance Commissioner, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home"), for an order approving a lease modification agreement and the supporting affidavit of Peter A.

Bengelsdorf, the Court hereby finds and orders as follows:

1. The Partial Surrender and Extension of Term Agreement with Mitchell E. Rudin, as Receiver for Olympia & York Maiden Lane Company, LLC, dated as of October __, 2003 (the "Lease Modification Agreement"), is reasonable, prudent, and is in full accordance with law;
2. The Lease Modification Agreement is in the best interests of the liquidation of The Home Insurance Company;
3. The Lease Modification Agreement is entered into in good faith;
4. The Liquidator's Motion for Approval of Lease Modification Agreement is granted, and the Lease Modification Agreement is approved.

SO ORDERED

Dated: _____

Presiding Justice

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

**In the Matter of the Liquidation of
The Home Insurance Company**

**AFFIDAVIT OF PETER A. BENGELSDORF,
SPECIAL DEPUTY LIQUIDATOR, IN SUPPORT
OF APPROVAL OF LEASE MODIFICATION AGREEMENT**

I, Peter A. Bengelsdorf, hereby depose and say:

1. I was appointed as Special Deputy Liquidator of The Home Insurance Company ("The Home") by the Insurance Commissioner, as Liquidator ("Liquidator") of The Home, effective June 11, 2003. I submit this affidavit in support of the Liquidator's Motion for Approval of Lease Modification Agreement.

2. The present motion concerns a Partial Surrender and Extension of Term Agreement (the "Lease Modification") between the Liquidator and Mitchell E. Rudin, as Receiver for Olympia & York Maiden Lane Company, LLC (the "Landlord") negotiated under my direction and concerning office space and storage space in the basement at 59 Maiden Lane, New York, New York. The Lease Modification (by its terms) will not be effective until it is approved by the Court.

3. The Home entered into a lease with the Landlord, dated as of December 1998 for office space and storage space located at 59 Maiden Lane, New York, New York (as amended, the "Lease"). This original leased premises included 271,911 square feet of office space and 14,301 of storage space. The Lease provided that The Home would surrender square footage over time to the Landlord. The Home currently leases the entire 5th floor (37,719 rentable square feet), the entire but smaller 17th floor (16,368

rentable square feet) and a portion of the basement storage space (10,583 rentable square feet) (collectively, the "Premises") for a term expiring December 31, 2006. The office space is for a rental rate of \$31.50 per square foot while the storage space is for a rental rate \$15.00 per square foot.

4. The Premises were the operational headquarters of The Home and U.S. International Reinsurance Company ("USI Re") (collectively, the "Companies") prior to entry of the Orders of Liquidation. The liquidation has continued to use the 5th floor of the Premises since entry of those orders, but the 17th floor has been gradually vacated as operations have been reduced and centralized on the 5th floor and Risk Enterprise Management Ltd. ("REM") has located personnel to other offices.

5. As set forth in more detail in the Liquidator's reports, the Liquidator has worked to organize a stand-alone operation to conduct the liquidation of the Companies. The Liquidator has sought to benefit from the experience and knowledge of personnel previously employed at The Home's operational headquarters in New York City by engaging those personnel as part of the liquidation staff. The Liquidator also has sought to take advantage of The Home's existing New York facilities in establishing an operational base for the liquidation. The Liquidator anticipates that the liquidation will continue to have operations in New York City after the existing Lease term expires on December 31, 2006. However, the liquidation operation is much reduced compared to the pre-liquidation operations of the Companies, and the liquidation does not need the 17th floor space included within the Lease.

6. In these circumstances, the Liquidator engaged in discussions with the Landlord to seek to surrender the smaller 17th floor space and extend the Lease of the 5th floor space after December 31, 2006. Subject to approval by the Court, the Liquidator

and the Landlord have now entered the Lease Modification. The Lease Modification provides that The Home will surrender all of the space on the 17th floor on October 31, 2003, leaving certain furniture, fixtures and equipment estimated to have a value less than the cost of its removal in the space. At the time of the surrender, The Home will pay to the Landlord a lump sum of \$143,775.00, representing the rent and additional rent that would have been due for that space through December 31, 2003. Upon acceptance of the surrender and the payment from The Home, the Landlord will forever release The Home from any obligations attributable to that space on the 17th floor. The Landlord and The Home have also agreed to extend the term of the existing lease until December 31, 2008 at the current rental rate.

7. According to its original terms, the Lease obligated The Home to pay \$1.86 million per year through December 31, 2006 (\$5.89 million over the remaining term -- November 1, 2003 through December 31, 2006). The Lease Modification, by contrast, would obligate The Home to pay \$1.3 million per year through December 31, 2008 (\$6.95 million over the remaining term -- November 1, 2003 through December 31, 2008). The other provisions of the Lease Modification are set forth in the copy of the Lease Modification attached to the Liquidator's motion.

8. While the Liquidator could potentially disaffirm the Lease in its entirety, I believe it is unwise to do so because a relocation of The Home's operations from the Premises would be extremely disruptive. The liquidation of the Companies needs to retain its presence in New York, where its operations and staff presently work, to assure continuity of its operations. In addition, I believe that terms and conditions of the Lease Modification are consistent with commercial real estate transactions of a similar type. I have evaluated the options and engaged in extensive arms length negotiations with the

Landlord. The result of those negotiations is the Lease Modification, which provides for the surrender of certain space, which the liquidation no longer requires, and an extension of the term regarding the space that is necessary for the liquidation's current and future operations, as now contemplated.

9. In these circumstances, I believe that the Lease Modification is fair and reasonable and that it is in the best interests of the policyholders and other creditors of The Home.

Signed under the penalties of perjury this 7 day of October, 2003.

//Peter Benglesdorf

Peter Bengelsdorff
Special Deputy Liquidator of The Home Insurance
Company

STATE OF CALIFORNIA
COUNTY OF VENTURA

Subscribed and sworn to, before me, this 7 day of October, 2003

//Mynnie M. Hachiya

Notary Public/Justice of the Peace

