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New York, N.Y. 10270

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MEMORANDUM

To: Chris Milton
From: Arnold R. Spier
Date: September 26, 2002
Re: Cancellation of National Union Auto Warranty

Attached for your safekeeping please find the original executed Cancellation Addendum on the National Union Aggregate Loss Ratio Agreement (Auto Warranty) with Capco Reinsurance Company.

Please note that the settlement of \$130,000,000 is expected from Capco Re on October 15, 2002.

c.c. R. Jacobson
B. Beier
B. Lui ✓
M. Paffmann
J.H. Umansky



**CANCELLATION ADDENDUM
TO
AGGREGATE LOSS RATIO AGREEMENT**

between

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
(hereinafter called the "Company")**

and

**CAPCO REINSURANCE COMPANY LTD.
(hereinafter called the "Reinsurer")**

In consideration of a settlement of US \$130,000,000 to be paid to the Company by the Reinsurer, it is agreed that this Agreement is terminated on September 30, 2002. It is further agreed that upon payment the Reinsurer shall be released and forever discharged from all liability whatsoever with respect to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.

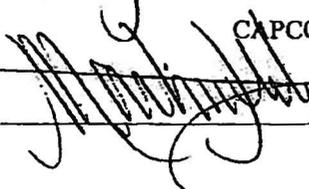
In New York this 19th day of September 2002

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

By:  Title: VP

And in Kingston Barbados this 24th day of September 2002

CAPCO REINSURANCE COMPANY LTD.

By:  Title: Director