

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
SETTLEMENT AGREEMENT WITH SAUGET ESTATE AND OTHERS**

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), moves that the Court enter an order in the form submitted herewith approving a Settlement Agreement and Mutual Release ("Settlement Agreement") between The United States of America on behalf of U.S. EPA, the estate of Paul C. Sauget on behalf of itself and Sauget and Company ("The Estate"), Solutia Inc., Parmicia Corporation, Cerro Flow Products, Inc., and Union Electric Company (hereinafter collectively referred to as "Claimants") and the Liquidator. As reasons therefor, the Liquidator states as follows:

1. Home issued eleven insurance policies to Sauget and Company for certain policy periods between April 12, 1967 and April 12, 1979. Upon Home's placement in liquidation, Claimants filed seven proofs of claim in the Home liquidation as insureds under the policies or as third party claimants regarding claims against Sauget and Company and Paul C. Sauget, including but not limited to claims for coverage for environmental clean up costs and damages. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Settlement Agreement with Sauget Estate and Others ("Bengelsdorf Aff.") ¶ 3.

2. The Liquidator and Claimants have negotiated a Settlement Agreement reflecting a resolution of the proofs of claim and all matters between them under the policies or the proofs

of claim. A copy of the Settlement Agreement is attached as Exhibit A. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1. Bengelsdorf Aff. ¶ 4.

3. The Settlement Agreement provides that the Liquidator will recommend allowance of the proofs of claim in the aggregate amount of \$4,125,000 as a Class II priority claim of Claimant under RSA 402-C:44. Settlement Agreement ¶ 2(A). Allowance of the recommended amount as a Class II claim will fully and finally resolve all proofs of claim and all claims that Claimants have under the policies. Id. ¶ 2(B). Distributions based on that allowance will be made at the same intervals and at the same percentages as distributions to other Class II creditors of Home. Such distributions shall be made to the Executor of the Estate, and all Claimants agree to look solely to such Executor for their agreed shares of the Home distribution. Id. ¶ 2(C). Bengelsdorf Aff. ¶ 5.

4. The Settlement Agreement is intended to resolve the proofs of claim and all claims under the policies. See Settlement Agreement ¶¶ 2(B), 6. To that end, the Settlement Agreement provides for mutual releases of all claims between the Liquidator and Home and the Estate, Solutia Inc., Parmicia Corporation, Cerro Flow Products, Inc., and Union Electric Company (i.e., the Claimants other than The United States of America on behalf of U.S. EPA; hereinafter, “Private Claimants”) arising from or related to the proofs of claim or the policies. Id. ¶¶ 3, 5. In addition, The United States of America on behalf of U.S. EPA (hereinafter, the “Government Claimant”) covenants not to sue the Liquidator or Home as a result of any claims arising from or related to the proofs of claim or the policies, while the Liquidator releases the Government Claimant. Id. ¶¶ 4, 5. The Liquidator also agrees not to pursue certain claims respecting the underlying matters covered by the proofs of claim against other insurers of Sauget and Company or Paul Sauget that agree not to pursue such claims against Home. Id. ¶ 7. Bengelsdorf Aff. ¶ 6.

5. The Liquidator is not aware of any third party claimants (with the exception of the Claimants other than the Estate, which acts for the insureds) asserting claims under the policies. Claimants acknowledge in the Settlement Agreement that it is intended to resolve all matters between Claimants and the Liquidator/Home relating to the proofs of claim and the policies. Settlement Agreement ¶ 6. However, in resolving all matters relating to the proofs of claim and the policies, the Settlement Agreement contemplates denial of any third party claimants (other than Claimants) under the policies in the Home liquidation without prejudice to their claims against Sauget and Company and Paul Sauget. The Estate accordingly agrees to address, at its sole cost, the claims of third party claimants (other than the Claimants) asserting claims against Sauget and Company or Paul Sauget as if they had no insurance coverage from Home under the policies. *Id.* The Estate agrees to indemnify the Liquidator and Home against such claims arising from the policies up to the amounts actually distributed to Claimants. *Id.*¹ Bengelsdorf Aff. ¶ 7.

6. Denial of any third party claimants' proofs of claim (other than those of Claimants) without prejudice to their claims against Sauget and Company and Paul Sauget will not harm those third party claimants, who will continue to have their full claims against Sauget and Company and Paul Sauget. As noted above, the Estate has agreed to address these claims as if it had no insurance coverage from Home under the policies. Settlement Agreement ¶ 6. Such third party claimants' claims against the insolvent Home, if not denied with the Settlement Agreement, would release Sauget and Company and Paul Sauget from those claims up to the limits of the policies but only such third party claimants (assuming their claims were allowed) to a presently undetermined percentage distribution at the future date when a distribution is made.

¹ Century Indemnity Company has submitted a contribution claim in respect of the policies. Unlike third party claimants' claims, a contribution claim is independent of the insured's claims (although derived from the same underlying circumstances), and it will remain to be determined on its own merits in the liquidation proceeding. See Settlement Agreement ¶ 6.

See RSA 402-C:40, I; Gonya v. Commissioner, New Hampshire Insurance Dept., 153 N.H. 521, 535 (2006) (noting the “inherent uncertainty of any creditor’s recovery in a liquidation”). It is not expected that the allowed claims of any third party claimants (or other Class II creditors) will be paid in full. Under the Settlement Agreement, the Estate will continue to be fully responsible for any third party claimants’ claims against it. Id. See Settlement Agreement ¶ 5. Bengelsdorf Aff. ¶ 8.

7. The Settlement Agreement reflects a compromise of the claims asserted in the proofs of claim. It is the result of negotiations involving Home’s Claims Department, under the supervision of the Special Deputy Liquidator, which has extensive experience in assessing the exposure presented by environmental and other claims under Home’s insurance policies. The agreed settlement amount is based on careful evaluation and negotiation of coverage obligations under Home’s policies respecting the underlying liabilities of Sauget and Company and Paul Sauget. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$4,125,000 settlement amount as a Class II claim of Claimants in accordance with RSA 402-C:45 and RSA 402-C:44. Bengelsdorf Aff. ¶ 9.

8. The Court has previously approved similar settlement agreements. See, e.g., Order Approving Settlement Agreement with Wisconsin Energy (March 18, 2010); Order Approving Settlement Agreement with Honeywell (March 17, 2010); Order Approving Settlement Agreement with Straits Steel (May 3, 2009); Order Approving Settlement Agreement with R. Lavin & Sons Inc. (February 23, 2009); Order Approving Settlement Agreement with Georgia-Pacific (April 3, 2008); Order Approving Commutation Agreement with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation (March 10, 2006). The Liquidator’s negotiation and the Court’s approval of such agreements are authorized by the broad authority of the Liquidator to “compound,

compromise or in any other manner negotiate the amount for which claims will be recommended to the court,” RSA 402-C:45, I, and the authority of the Court to “approve, disapprove or modify any report on claims by the liquidator.” RSA 402-C:45, II. It is also an appropriate exercise of the Liquidator’s authority (“[s]ubject to the court’s control”) to “do such other acts . . . as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.” RSA 402-C:25, XXII.

9. In his Motion for Approval of Commutation with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation ¶¶ 19-23 (February 16, 2006), the Liquidator provided his analysis of New Hampshire law, including RSA 402-C:40 III, as it applies to this type of comprehensive policy coverage compromise and settlement in an insurer liquidation context. That analysis also applies to the proposed Settlement Agreement with Claimants.

10. The Liquidator submits that the Settlement Agreement is fair and reasonable and in the best interests of the policyholders and creditors of Home. See Bengelsdorf Aff. ¶ 10.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion;
- B. Enter an Order in the form submitted herewith approving the Settlement Agreement, approving the Liquidator's claim recommendation, and allowing the Claimants' claim as a Class II claim in the aggregate amount of \$4,125,000; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

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

By his attorneys,
MICHAEL A. DELANEY
ATTORNEY GENERAL

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Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3650



J. David Leslie
NH Bar ID No. 16859
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Rackemann, Sawyer & Brewster P.C.
160 Federal Street
Boston, MA 02110
(617) 542-2300

April 21, 2010

Certificate of Service

I hereby certify that a copy of the foregoing Liquidator's Motion for Approval of Settlement Agreement with Sauget Estate and Others, the Affidavit of Peter A. Bengelsdorf, and the Proposed Order, were sent, this 21st day of April, 2010, by first class mail, postage prepaid to all persons on the attached service list.



Eric A. Smith

NH Bar ID No. 16952

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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

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SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Settlement Agreement") is made this 31 day of March 2010 by and between The United States of America on behalf of U.S. EPA , The Estate of Paul C. Sauget on behalf of itself and Sauget and Company ("The Estate"), Solutia Inc., Pharmacia Corporation, Cerro Flow Products, Inc., and Union Electric Company (hereinafter collectively referred to as "Claimants") on the one hand, and Roger A. Sevigny, Commissioner of Insurance of the State of New Hampshire, solely in his capacity as Liquidator ("Liquidator") of the Home Insurance Company ("Home"), on the other hand (the Claimants and the Liquidator are hereinafter referred to collectively as the "Parties").

WHEREAS, Home issued the following insurance policies to Sauget and Company under which Sauget and Company and Paul Sauget are the named insureds:

<u>Policy Number</u>	<u>Policy Period</u>
GA 9161051	04/12/67 - 04/12/68
GA 9348110	04/12/68 - 04/12/69
GA 9523234	04/12/69 - 04/12/70
GA 9929066	04/12/71 - 04/12/72
GA 4312752	04/12/72 - 04/12/73
GA 4675371	04/12/73 - 04/12/74
GA 4694793	04/12/74 - 04/12/75
GA 9100693	04/12/75 - 04/12/76
GA 9120470	04/12/76 - 04/12/77
GA 9270728	04/12/77 - 04/12/78
GA 9390869	04/12/78 - 04/12/79

which together with all other insurance policies that Home may have issued to Sauget and Company are defined as the "Policies";

WHEREAS, Home is being liquidated pursuant to the June 13, 2003 Order of the Superior Court of the State of New Hampshire, Merrimack County (the "Liquidation Court"), pursuant to which the Liquidator was appointed as the Liquidator of Home;

WHEREAS, Claimants seek payment from Home respecting claims, including but not limited to claims for environmental clean up costs and damages, and Claimants have submitted proofs of claim in the Home liquidation estate that have been assigned the following proof of claim numbers:

<u>Claimant</u>	<u>Proof of Claim Number</u>
The United States of America on behalf of U. S. EPA	GOVT709580
Paul C. Sauget	INSU701168

Paul C. Sauget
Pharmacia Corporation
Solutia Inc.
Cerro Flow Products, Inc.
Union Electric

INSU704169
INSU705112
INSU705114
CLMN702809
INSU140392

which together with any other proof of claim hereinbefore or hereinafter filed by Claimants in the Home liquidation estate in relation to claims against Sauget and Company and Paul C. Sauget and their heirs, successors and assigns or under policies issued to Sauget and Company are defined as the "Proofs of Claim":

WHEREAS, the Parties are desirous of resolving all claims that were asserted, or could have been or could be asserted, between them and resolving all matters concerning the Proofs of Claim and all rights and obligations with respect to the Policies; and

WHEREAS, the Parties agree that this Settlement Agreement is subject to and conditioned upon its approval by the Liquidation Court and allowance of the Recommended Amount (as defined below) into the Home liquidation estate and in the event the Liquidation Court does not approve the Settlement Agreement and allow the Recommended Amount, this Settlement Agreement shall be null and void and without any force or effect;

NOW, THEREFORE, in consideration of all the respective transactions contemplated by this Settlement Agreement, and the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effectiveness. This Settlement Agreement is conditioned and shall only become effective (the "Effective Date"), upon approval by the Liquidation Court. The Liquidator shall move for approval of this Settlement Agreement promptly following execution by all of the Parties.

2. Recommendation, Allowance and Classification of Claims.

A. Subject to all the terms of this Settlement Agreement, and with the agreement of Claimants, which by Claimants' execution hereof is hereby granted, the Liquidator shall recommend pursuant to NH RSA 402-C:45 that the Proofs of Claim be allowed in the aggregate amount of \$4,125,000 (the Recommended Amount*), as a Class II priority claim under RSA 402-C:44. The Liquidator shall seek allowance of the Recommended Amount as a Class II priority claim by the Liquidation Court in the Liquidator's motion for approval of this Settlement

Agreement.

B. Allowance of the Recommended Amount as a Class II claim by the Liquidation Court shall fully and finally resolve the Proofs of Claim and any and all claims of whatever nature that Claimants have under the Policies. In the event that the Liquidation Court does not allow the Recommended Amount as a Class II claim, this Settlement Agreement shall be null and void and shall have no force and effect and the Parties will be returned to *status quo ante*, as if no such agreement was ever reached, with this Settlement Agreement then being inadmissible for any purpose in any dispute between the Parties.

C. If and when the Liquidation Court allows the Recommended Amount as a Class II claim, Claimants will become Class II creditors in the Home liquidation estate pursuant to N.H. RSA 402-C:44, and Claimants shall, subject to this Settlement Agreement, receive distributions on the allowed amount at the same intervals and at the same percentages as other Class II creditors of Home. All such distributions to Claimants collectively under this Settlement Agreement shall be made by distribution to Diane Hackett, executor of the estate of Paul C. Sauget, deceased ("Executor"). The Parties agree that payment of distributions to the Executor shall satisfy the Liquidator's obligation to make distributions to Claimants, and the Claimants agree to look solely to the Executor for their agreed shares of any distribution.

3. Release by Private Claimants. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, the Estate, Solutia Inc., Pharmacia Corporation, Cerro Flow Products, Inc., and Union Electric Company ("Private Claimants") for themselves and on behalf of each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and assigns (including any trustee or other statutory successor), irrevocably and unconditionally release and discharge the Liquidator and Home and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and / or

demands arising from or related to the Proofs of Claim or the Policies, in law, admiralty or equity, which the Private Claimants or their subsidiaries, affiliates, predecessors, successors and assigns, ever had, now have or hereafter may have against the Liquidator or Home or their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim or the Policies.

4. Covenant Not to Sue by Government Claimant. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, the United States on behalf of the U.S. Environmental Protection Agency and any successor agency or department ("Government Claimant"), covenants not to sue the Liquidator and Home and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, from any and all civil administrative or judicial actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and/or demands arising from or related to the Proofs of Claim or the Policies, in law, admiralty or equity, which the Government Claimant ever had, now has or hereafter may have against the Liquidator or Home or their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim or the Policies.

5. Release by Liquidator. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, the Liquidator, in his capacity as such, and on behalf of Home and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and their assigns (including any liquidator or statutory successor), irrevocably and unconditionally releases and discharges Claimants and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of

money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and / or demands arising from or related to the Proofs of Claim or the Policies, in law, admiralty or equity, which the Liquidator, Home, or their subsidiaries, affiliates, predecessors, successors and assigns, ever had, now have or hereafter may have against Claimants or their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim or the Policies.

6. Resolution of Matters and Indemnification. Claimants acknowledge that this Settlement Agreement is intended to resolve all matters arising out of or relating to any rights they ever had, now have or hereafter may have in the Policies and the Proofs of Claim, including any asserted rights of third party claimants against Sauget and Company or Paul Sauget under the Policies, and the Estate agrees to address, at its sole cost and expense, any such claims of third party claimants other than Claimants as if there had been no liquidation proceeding for Home and as if Sauget and Company and Paul C. Sauget had no insurance coverage from Home by virtue of the Policies. In consideration of the Recommended Amount being allowed by the Liquidation Court as a Class II claim, the Estate agrees to indemnify and hold the Liquidator and Home harmless from and against any and all claims, losses, liabilities, debts, damages, costs or expenses arising from or related to the Policies except claims by Century Indemnity Company and such indemnification shall be capped at the amount actually distributed in relation to the Recommended Amount as allowed by the Liquidation Court. The future obligations of the Estate under this paragraph shall extend to and include (by way of example and not limitation) any claims, including claims for defense and indemnity, except claims made by Century Indemnity Company, made under the Policies against the Liquidator or Home by vendors of or respecting Sauget and Company, Claimants, by other insurers of Sauget and Company and Paul C. Sauget, and by any individuals or entities asserting "direct action" claims arising out of or related to the Policies (hereinafter "Indemnified Claims"). The Liquidator shall promptly notify the Executor of any such claim, and shall afford the Executor the opportunity to reasonably participate in the defense of such claims. The Liquidator shall assert all defenses to such claims reasonably

available to the Liquidator, including defenses under the Order of Liquidation or the New Hampshire Insurers Rehabilitation and Liquidation Act. The Estate shall cooperate with the Liquidator (including but not limited to the provision of affidavits or testimony) to defend against and resolve such claims.

7. Mutual Release of Settling Carriers. Claimants agree to use reasonable commercial efforts to cause any settlement agreement relating to the underlying matters covered by the Proofs of Claim with any other insurance company to include a waiver by that other insurance company of any claim, including contribution, apportionment, indemnification, subrogation, equitable subrogation, allocation or recoupment, against Home regarding these matters. The Liquidator agrees to waive, relinquish and release any claim, including contribution, apportionment, indemnification, subrogation, equitable subrogation, allocation or recoupment, as to the matters covered by the Proofs of Claim against any other insurance company which executes a settlement with Claimants that includes a provision that is materially the same as this paragraph.

8. No Assignments. Claimants warrant and agree that they have not assigned, conveyed, or otherwise transferred any claims, demands, causes of action, rights, or obligations related in any way to the Policies, or any proceeds thereof, or to the claims, losses and expenses released herein, to any person or entity. Claimants shall not assign or otherwise transfer this Settlement Agreement or any rights or obligations thereunder without the written consent of the Liquidator, which consent shall not be unreasonably withheld.

9. Further Assurances. The Parties shall take all further actions as may be necessary to carry out the intent and purpose of this Settlement Agreement and to consummate the transactions contemplated herein.

10. Governing Law and Venue. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire without regard to the conflicts of law provisions thereof. The Parties agree that the exclusive venue for any dispute between the Parties arising out of the Proofs of Claim, the Policies or this Settlement Agreement shall be the Liquidation Court.

11. Due Diligence. The Parties acknowledge and agree that, in negotiating and executing this Settlement Agreement they have relied upon their own judgment and upon the recommendations of their own legal counsel, that they have read this Settlement Agreement and have had the opportunity to consider its terms and effects and that they have executed this Settlement Agreement voluntarily and with full understanding of its terms and effects. This Settlement Agreement is the product of negotiations between the Parties. No Party shall be charged with having promulgated this Settlement Agreement, and the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement.

12. No Third Party Rights. This Settlement Agreement is entered into solely for the benefit of the Liquidator, Home and Claimants and is not intended to, and does not give or create any rights to or in any person or entity other than the Parties.

13. Counterparts. This Settlement Agreement may be executed in multiple counterparts, each of which, when so delivered, shall be an original, but such counterparts shall together constitute one and the same instrument. The Parties agree that a signature sent by facsimile or electronic mail to the other Party shall have the same force and effect as an original signature.

14. Power and Authority to Execute. Subject to the approval of the Liquidation Court required by paragraph 1, each Party hereto represents and warrants that it has the full power and authority to execute, deliver and perform this Settlement Agreement; that all requisite and necessary approvals have been obtained to consummate the transactions contemplated by this Settlement Agreement, that there are no other agreements or transactions to which it is a party that would render this Settlement Agreement or any part thereof, void, voidable or unenforceable; that each individual signing on behalf of a Party has been duly authorized by that Party to execute this Settlement Agreement on its behalf; and that no claims being released under the terms of this Settlement Agreement have been assigned, sold, or otherwise transferred to any other entity.

15. Successor-in-Interest Bound. This Settlement Agreement shall be binding upon, and shall inure to the benefit of the Parties and their respective officers, directors, employees, affiliates, attorneys, liquidators, receivers, administrators, agents, representatives, successors and assigns.

16. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter thereof. This Settlement Agreement supersedes all prior agreement and understandings, whether written or oral, concerning such matters.

17. Survival of Warranties and Representations. The warranties and representations made herein shall survive the execution of this Settlement Agreement.

18. Validity of Settlement Agreement. Subject to approval of this Settlement Agreement by the Liquidation Court as required by paragraph 1, each Party represents and warrants that this Settlement Agreement is a legal, valid and binding obligation, enforceable in accordance with its terms.

19. No Waiver. No waiver of any right under this Settlement Agreement shall be deemed effective unless contained in a writing signed by the party or an authorized representative of the party charged with such waiver, and no waiver of any breach or failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other provision of this Settlement Agreement. This Settlement Agreement may not be amended except in a document signed by the Party or an officer or other authorized official of the party to be charged.

20. Notice. All notices to be given under this Settlement Agreement shall be given by facsimile and first class U.S. mail directed to:

if to Claimants, to:

Chief, Environmental Enforcement Section
Environmental and Natural Resources Division
U.S. Department of Justice (DJ# 90-11-2-06089)
P. O. Box 7611
Washington, D. C. 20044-7611

and

Thomas J. Martin
Associate Regional Counsel
Office of Regional Counsel (C-14J)
United States Environmental Protection Agency, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

and

Jane E. Fedder, Partner
Husch Blackwell Sanders LLP
190 Carondelet Plaza, Suite 600

St. Louis, Missouri 63105

and

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12 W. Lincoln Street
Belleville, IL 62220

and

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65 Livingston Avenue
Roseland, New Jersey 07068

and

Seth Lamden, Partner
Howrey LLP
321 North Clark St
Suite 3400
Chicago, Illinois 60654

and

General Counsel
Solutia Inc.
575 Maryville Center Drive
St. Louis, MO 63141

If to the Liquidator, to:

Thomas W. Kober, Chief Claims Officer
The Home Insurance Company in Liquidation
59 Maiden Lane
New York, New York 10038
Fax: 212-299-3824

and

J. Christopher Marshall
Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, New Hampshire 03301-6397
Fax: 603-271-2110

and

J. David Leslie, Esq.
Rackemann, Sawyer & Brewster, P.C.
160 Federal Street
Boston, MA 02110-1700
Fax: 617-542-7437

21. Severability. If any provision of this Settlement Agreement is invalid, unenforceable or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and, upon the agreement of the Parties, the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable or illegal provision.

Wherefore, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

The United States of America on behalf U. S. EPA

By: _____

Name: _____

Title: _____

Date: March __, 2010

The Estate of Paul C. Sauget

By: _____

Name: _____

Title: _____

Date: March __, 2010

Solutia Inc.

By: _____

Name: _____

Title: _____

Date: March __, 2010

21. Severability. If any provision of this Settlement Agreement is invalid, unenforceable or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and, upon the agreement of the Parties, the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable or illegal provision.

Wherefore, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

The United States of America on behalf U. S. EPA

By: _____

Name: _____

Title: _____

Date: March __, 2010

The Estate of Paul C. Saugert

By: Bernard J. Yursa

Name: Bernard J. Yursa

Title: Att. for Estate of Paul Saugert

Date: March 1, 2010

Solutia Inc.

By: _____

Name: _____

Title: _____

Date: March __, 2010

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Wherefore, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

The United States of America on behalf U. S. EPA

By: Ignacia S. Moreno

Name: Ignacia S. Moreno

Title: Assistant Attorney General

Date: March 14, 2010 Environment and Natural Resources
Division, U.S. Dept. of Justice

The Estate of Paul C. Sauget

By: _____

Name: _____

Title: _____

Date: March __, 2010

Solutia Inc.

By: _____

Name: _____

Title: _____

Date: March __, 2010

21. Severability. If any provision of this Settlement Agreement is invalid, unenforceable or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and, upon the agreement of the Parties, the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable or illegal provision.

Wherefore, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

The United States of America on behalf U. S. EPA

By: _____

Name: _____

Title: _____

Date: March __, 2010

The Estate of Paul C. Sauget

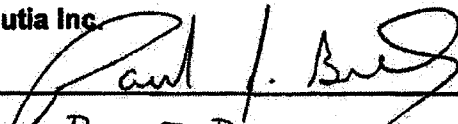
By: _____

Name: _____

Title: _____

Date: March __, 2010

Solutia Inc.

By:  _____

Name: Paul J. Berra

Title: Senior V.P. and General Counsel, Legal and Governmental Affairs

Date: March 0, 2010

**Pharmacia Corporation
by Solutia Inc. its Attorney-in-Fact**

By: 

Name: Paul J. Berra, III

Title: Senior V.P. and General Counsel, Legal and Governmental Affairs

Date: March 10, 2010

Cerro Flow Products, Inc.

By: _____

Name: _____

Title: _____

Date: March __, 2010

Union Electric Company

By: _____

Name: _____

Title: _____

Date: March __, 2010

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

By: _____

Name: _____

Title: _____

Date: March __, 2010

**Pharmacia Corporation
by Solutia Inc., its Attorney-in-Fact**

By: _____

Name: _____

Title: _____

Date: March __, 2010

Cerro Flow Products, Inc.

By: Richard F. Ricci

Name: Richard F. Ricci

Title: Counsel

Date: March 11, 2010

Union Electric Company

By: _____

Name: _____

Title: _____

Date: March __, 2010

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

By: _____

Name: _____

Title: _____

Date: March __, 2010

**Pharmacia Corporation
by Solutia Inc., its Attorney-in-Fact**

By: _____

Name: _____

Title: _____

Date: March __, 2010

Cerro Flow Products, Inc.

By: _____

Name: _____

Title: _____

Date: March __, 2010

Union Electric Company

By: Susan B. Prunty

Name: Managing Assistant General Counsel

Title: Susan B. Prunty

Date: March 3, 2010

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

By: _____

Name: _____

Title: _____

Date: March __, 2010

**Pharmacia Corporation
by Solutia Inc., its Attorney-in-Fact**

By: _____

Name: _____

Title: _____

Date: March ____, 2010

Cerro Flow Products, Inc.

By: _____

Name: _____

Title: _____

Date: March ____, 2010

Union Electric Company

By: _____

Name: _____

Title: _____

Date: March ____, 2010

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

By: Thomas W. Kober

Name: THOMAS W. KOBER

Title: Chief Claims Officer

Date: March 31, 2010