

**FIRST AMENDMENT TO SETTLEMENT AGREEMENT BETWEEN  
HIGHLANDS INSURANCE COMPANY IN RECEIVERSHIP AND  
HIGHLANDS INSURANCE COMPANY (U.K.) LTD. IN ADMINISTRATION**

This is the first amendment (the "Amendment") made to that certain "Settlement Agreement Between Highlands Insurance Company in Receivership and Highlands Insurance Company (U.K.) Ltd. in Administration" executed May 9, 2008, between Highlands Insurance Company in Receivership acting through Prime Tempus, Inc. its Special Deputy Receiver and Highlands Insurance Company (U.K.) Ltd. in Administration acting through Dan Schwarzmann and Mark Batten as its court-appointed joint administrators (the "Joint Administrators") (the "Agreement").

**AMENDMENT TO AGREEMENT**

1. The language of Paragraph 5(g) of the Agreement, entitled "Second Section 51 Payment," is replaced in its entirety by the following language:

Provided that all of the conditions in paragraph 2, above, have been satisfied, Highlands shall, within 10 business days of the Bar Date, pay the sum of US\$ 6,375,000 (the "Second Section 51 Payment") without deduction or set-off to HICUK in accordance with its obligations under the Scheme.

2. The purpose and effect of this Amendment is to reduce the Second Section 51 Payment by US\$ 250,000. All other provisions of the Agreement remain unchanged.

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Amendment accepted and approved on the dates indicated below:

**HIGHLANDS INSURANCE COMPANY IN RECEIVERSHIP**

By: Prime Tempus, Inc. as its Special Deputy Receiver

By: SK  
Craig Koenig, Its President

Date: 12/8/08

**HIGHLANDS INSURANCE COMPANY (U.K.) LTD. IN ADMINISTRATION**

By: DS  
Dan Schwarzmann,  
For and on behalf of the Joint Administrators

Date: 8/12/08