

**EXHIBIT A TO WILLIAMSON ICL
OPPOSITION DECLARATION
PART 1 OF 7**

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE. SEPTEMBER 11 LITIGATION

21 MC 97 (AKH)

IN RE SEPTEMBER 11 PROPERTY DAMAGE
AND BUSINESS LOSS LITIGATION

21 MC 101 (AKH)

**DECLARATION OF RICHARD A. WILLIAMSON IN OPPOSITION
TO ALLIANZ'S APPLICATION FOR AN ADVISORY OPINION
DECLARING ALLIANZ TO HAVE PRIORITY OVER ITS INSURED
IN ALL RECOVERIES MADE FROM THIRD-PARTY TORTFEASORS**

RICHARD A. WILLIAMSON, Esq., under penalty of perjury, declares as follows:

1. I am a member of the Bar of this Court and of the law firm of Flemming Zulack Williamson Zauderer LLP, attorneys for Cross-Claim Plaintiffs in the *In re September 11 Litigation*, 21 MC 97 (AKH), World Trade Center Properties LLC, 1 World Trade Center LLC, 2 World Trade Center LLC, 5 World Trade Center LLC (now known as "3 World Trade Center LLC") and 4 World Trade Center LLC (the "WTCP Cross-Claim Plaintiffs"). I make this declaration in opposition to the application made by Allianz Global Risks US Insurance Company, formerly known as "Allianz Insurance Company" ("Allianz"), Subrogation Plaintiff in the *In re September 11 Property Damage and Business Loss Litigation*, 21 MC 101 (AKH), for an advisory opinion declaring Allianz to have priority over the Silverstein Insureds if any potential recoveries are made from third-party tortfeasors in these two actions (the "Recovery Litigation").

2. Attached as Exhibit 1 hereto is a true copy of the relevant excerpts from the July 9, 2007 Settlement Agreement resolving the claims relating to Allianz's "Fronting Policy" (Excess Policy No. CLP3001140) brought in *SR Int'l Bus. Ins. Co., Ltd., et al. v. World Trade*

Center Properties, LLC, et al., Civil Docket No. 01-cv-9291 (HB), and *Allianz Ins. Co. v. World Trade Center Properties, LLC, et al.*, Civil Docket No. 02-cv-0017 (HB) (together, the "Insurance Coverage Litigation").

3. Attached as Exhibit 2 hereto is a true and complete copy of the relevant excerpts from the July 9, 2007 Settlement Agreement resolving the claims relating to Allianz's "Direct Policy" (Excess Policy No. CLP3001091) brought in the Insurance Coverage Litigation.

4. Attached as Exhibit 3 hereto is a true copy of the relevant excerpts from the Supplemental and Second Amended Answer and Counterclaims (Part II - Counterclaims Against Additional Counterclaim Defendants) filed in the Insurance Coverage Litigation.

5. Attached as Exhibit 4 hereto is a true and complete copy of the September 7, 2007 letter from Judge Baer to Allianz counsel John Massopust.

6. Attached as Exhibit 5 hereto is a true and complete copy of the July 10, 2007 letter from Allianz counsel John Massopust to Judges Baer and Hellerstein.

7. Attached as Exhibit 6 hereto is a true copy of the relevant excerpts from the Transcript of Sept. 24, 2004 Conference in *In re September 11 Litigation*, 21 MC 97 (AKH).

8. Attached as Exhibit 7 hereto is a true copy of the relevant excerpts from the Transcript of Nov. 18, 2005 Conference in *In re September 11 Litigation*, 21 MC 97 (AKH).

9. Attached as Exhibit 8 hereto is a true copy of the relevant excerpts from the Transcript of Jan. 27, 2006 Conference in *In re September 11 Litigation*, 21 MC 97 (AKH).

10. Attached as Exhibit 9 hereto is a true and complete copy of the July 13, 2007 letter from Allianz counsel John Massopust to Judges Baer and Hellerstein.

11. Attached as Exhibit 10 hereto is a true and complete copy of Richard A. Williamson's July 11, 2007 letter responding to Mr. Massopust's July 10, 2007 letter to the Court.

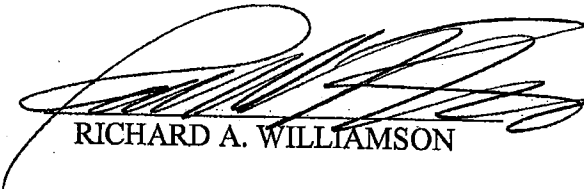
12. Attached as Exhibit 11 hereto is a true and complete copy of Allianz excess insurance policy CLP3001140.

13. Attached as Exhibit 12 hereto is a true and complete copy of Allianz excess insurance policy CLP3001091.

14. Attached as Exhibit 13 hereto is a true and complete copy of Travelers Policy KTCMB-123D578-2-01.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
September 24, 2007



RICHARD A. WILLIAMSON

Exhibit 1

SUBJECT TO CONFIDENTIALITY PROTECTIVE ORDER
IN RE SEPTEMBER 11 LITIGATION
21 MC 97 (AKH) (S.D.N.Y.)
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SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made between:

- Allianz Global Risks US Insurance Company f/k/a Allianz Insurance Company ("Allianz")

on the one hand; and, on the other hand:

- World Trade Center Properties LLC ("WTC Properties LLC"), Silverstein Properties, Inc., Silverstein WTC Mgmt. Co., LLC, 2 World Trade Center LLC, 3 World Trade Center LLC (formerly known as "5 World Trade Center LLC"), and 4 World Trade Center LLC (hereinafter collectively referred to as the "Silverstein Insureds");
- Westfield, LLC (formerly known as "Westfield Corporation, Inc.") and Westfield America, Inc. (hereinafter collectively referred to as the "Westfield Insureds"); and
- WTC Retail LLC (formerly known as "Westfield WTC LLC"), 1 World Trade Center LLC; and
- The Port Authority of New York and New Jersey ("Port Authority").

Throughout this Agreement, all parties other than Allianz are collectively referred to as the "Insureds" and individually referred to as an "Insured"; WTC Retail LLC, 1 World Trade Center LLC, 2 World Trade Center LLC, 3 World Trade Center LLC, and 4 World Trade Center LLC are collectively referred to as the "Net Lessee Insureds"; 2 World Trade Center LLC, 3 World Trade Center LLC, and 4 World Trade Center LLC are collectively referred to as the "Silverstein Net Lessee Insureds"; WTC Retail LLC and 1 World Trade Center LLC are collectively referred

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WTCP 0015982

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to as the "Port Authority Net Lessee Insureds"; and Allianz and the Insureds are referred to herein as the "Parties" (each, a "Party"), unless otherwise indicated.

WHEREAS, pursuant to net leases dated on or about July 16, 2001, the Net Lessee Insureds leased from the Port Authority certain buildings and structures at the World Trade Center (hereinafter referred to as the "World Trade Center Property");

WHEREAS, in August 2001, Allianz issued insurance policy No. CLP 3001140 (the "Allianz Fronting Policy") for the World Trade Center Property in the total amount of \$354,680,000, part of \$3,546,800,000 per occurrence, including, subject to the policy terms and conditions, insurance for the World Trade Center Property and business interruption/lost rents;

WHEREAS, Allianz also issued insurance policy No. CLP 3001091 which is the subject of a separate Settlement Agreement of even date;

WHEREAS, Allianz agreed to deem each of the Insureds to be insureds and/or loss payees and/or mortgagees, as their interests may be, under the Allianz Fronting Policy;

WHEREAS, the World Trade Center Property was destroyed on September 11, 2001;

WHEREAS, on November 16, 2006, the Port Authority of New York and New Jersey, the Net Lessee Insureds, and The Port Authority Trans-Hudson Corporation entered into the Master Development Agreement for Towers 2/3/4 of the World Trade Center (the "Master Development Agreement");

REDACTED

WHEREAS, the Parties disputed whether the destruction of the World Trade Center Property constituted one or more than one occurrence under the Allianz Fronting Policy and

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various other issues concerning the Parties' rights and obligations under the Allianz Fronting Policy arising out of the destruction of the World Trade Center Property;

WHEREAS, the Parties have litigated this dispute in the civil actions numbered Case Numbers 01-CV-9291 and 02-CV-0017 in the United States District Court for the Southern District of New York and have taken related appeals (collectively, the "Federal Action"), and also in Index Numbers 602857/03, 602897/03, and 402523/06 in the Supreme Court of the State of New York, County of New York (collectively, the "State Actions") (all collectively, the "Lawsuits");

WHEREAS, the Parties litigated the number-of-occurrences issue in the Federal Action;

WHEREAS, on December 6, 2004, a jury in the Federal Action found that, under the Allianz Fronting Policy, the Parties intended to treat what happened on September 11, 2001 at the World Trade Center as two occurrences;

WHEREAS, Allianz appealed from the jury verdict in the Federal Action to the United States Court of Appeals for the Second Circuit;

WHEREAS, on October 18, 2006, the United States Court of Appeals for the Second Circuit affirmed the jury verdict in the Federal Action in favor of the Insureds and against Allianz and, on December 29, 2006, the Second Circuit denied Allianz's petition for rehearing;

WHEREAS, Allianz demanded appraisal on February 25, 2002 and the Insureds and, among other insurers, Allianz, have been engaged in an ongoing appraisal to resolve valuation issues with respect to the World Trade Center Property (the "Appraisal");

WHEREAS, the Appraisal is ongoing and has resulted in settlements and awards on certain disputed issues of fact relating to "core and shell" Replacement Cost, but other valuation

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issues, including Actual Cash Value, Lost Rents, Allocation and certain aspects of Replacement Cost remain to be resolved;

WHEREAS, the Lawsuits have resulted in numerous rulings as a matter of law on disputed issues, many of which have not yet been appealed but could be appealed at a later time, and other legal issues remain in dispute but have not yet been presented to the court for resolution;

WHEREAS, the Parties have incurred and in the absence of this Agreement would continue to incur substantial attorneys fees and expenses in connection with the Lawsuits and the Appraisal;

WHEREAS, the Parties wish to preclude the necessity of incurring such additional fees and expenses;

WHEREAS, the Parties seek in this Agreement to settle fully and finally and to resolve for all time any and all disputes between them regarding the Allianz Fronting Policy, including but not limited to the pending Lawsuits, on the terms and conditions set forth herein (but without waiving their positions, arguments and defenses in connection with the Lawsuits);

NOW, THEREFORE, in consideration of these premises, mutual promises and covenants, the Parties hereby agree as follows:

REDACTED

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REDACTED

7. Subrogation/Priority of Recovery:

The Parties to this Agreement are pursuing claims against third-parties alleged to be responsible for property and other damages occurring on September 11, 2001. These claims are pending in the United States District Court for the Southern District of New York in consolidated litigation entitled *In Re September 11 Litigation* (21 MC 97) and *In Re September 11 Property Damage and Business Loss Litigation* (21 MC 101) (collectively the "Recovery Litigation"). The Parties have a disagreement with respect to issues of subrogation and priority of recovery in the Recovery Litigation. The Parties hereby agree that they shall request that either Judge Alvin K. Hellerstein or Judge Harold Baer, Jr. of the United States District Court for the Southern District of New York (with a request that the matter of which judge is to hear the motion to be determined by the two judges) resolve this disagreement by means of one or more motions.

REDACTED

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11. Release by the Insureds:

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REDACTED

This release and covenant not to sue includes without limitation any and all claims for compensatory, consequential, multiple or punitive damages, interest, costs or attorneys fees including those arising out of any allegation of breach of contract, bad faith, improper or fraudulent claims, unfair claims practices, malpractice, slander, libel, tortious interference with contract or any other theory or cause of action whatsoever in connection with the investigation and/or making of or resolution of claims under the Allianz Fronting Policy and the handling, adjustment, litigation or settlement of this matter. This release and covenant not to sue does not cover:

REDACTED

(d) except as set forth in paragraph 7, any claims, demands, debts, causes of action, obligations or liabilities relating to matters of subrogation, priority of recovery and claims against third parties; and (e) any obligations created herein.

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12. Release by Allianz:

Effective upon the issuance of the Letters of Credit, Allianz, on behalf of itself and its parents, subsidiaries, affiliates, partners, successors and assigns, and all of their officers, directors, shareholders, investors, members, principals, employees, agents, servants, attorneys, adjusters, accountants, trustees and legal representatives, hereby fully and forever release, acquit, discharge and covenant not to sue the Insureds and each of their parents, subsidiaries, affiliates, successors and assigns, and all of their respective officers, directors, shareholders, members, principals, employees, agents, servants, attorneys, adjusters, accountants, trustees and legal representatives, from any and all claims, demands, debts, causes of action, obligations or liabilities of whatever kind and nature, past, present or future, known or unknown, asserted or unasserted, in law or in equity that directly or indirectly concern, arise out of, or relate to the Allianz Fronting Policy, the Insureds' claims for insurance coverage thereunder, and/or the Lawsuits, including, without limitation, all claims and counterclaims that were brought or could have been brought by Allianz against any of the Insureds in any of the Lawsuits. This release and covenant not to sue includes without limitation any and all claims for compensatory, consequential, multiple or punitive damages, interest, costs or attorneys fees including those arising out of any allegation of breach of contract, bad faith, improper or fraudulent claims, unfair claims practices, malpractice, slander, libel, tortious interference with contract or any other theory or cause of action whatsoever in connection with the investigation and/or making of or resolution of claims under the Allianz Fronting Policy and the handling, adjustment, litigation or settlement of this matter. This release and covenant not to sue does not cover:

REDACTED

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REDACTED

(d) except as set forth in paragraph 7, any claims, demands, debts, causes of action, obligations or liabilities relating to matters of subrogation, priority of recovery and claims against third parties; and (e) any obligations created herein.

13. Dismissal:

REDACTED

(a)
the Insureds and Allianz shall jointly file with the respective courts motions dismissing all claims and counterclaims as between the Insureds and Allianz from the Lawsuits with prejudice and without costs as to any party, pursuant to the terms of agreed-upon forms of order, which order shall have a provision consistent with the terms of this Agreement reserving the Parties' respective rights with respect to claims of subrogation and priority of recovery as provided in paragraph 7;

REDACTED

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REDACTED

22. Entire Agreement:

The Parties acknowledge and agree that this Agreement embodies the entire and complete terms and conditions of their agreement described herein and that it supersedes any and all prior representations, understandings and agreements, whether written or oral.

23. Publicity:

REDACTED

07/06/2007 12:25


SILVERSTEIN PROPERTIES2126080979 → 12124032226

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IN WITNESS WHEREOF,

WORLD TRADE CENTER PROPERTIES LLC,
SILVERSTEIN PROPERTIES, INC.,
SILVERSTEIN WTC MGMT. CO. LLC,
2 WORLD TRADE CENTER LLC,
3 WORLD TRADE CENTER LLC (formerly
known as "5 WORLD TRADE CENTER LLC"),
4 WORLD TRADE CENTER LLC

By: 
Name: *Michael Wang*
Its: *SVP*
Dated: *7/6/07*

REDACTED

REDACTED

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REDACTED

1 WORLD TRADE CENTER LLC

By: The Port Authority of New York and
New Jersey, its sole member

By: 

Name: Timothy Lizura
Its: Deputy Director of Development
Dated: July 9, 2007

REDACTED

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REDACTED

ALLIANZ GLOBAL RISKS US INSURANCE
COMPANY

By: Brent A. Sorenson
Name: BRENT A. SORENSON
Its: SENIOR VICE PRESIDENT
Dated: July 6, 2007