



## American Guardian Warranty Services, Inc.

William G. Fisher

January 30, 2004

Thought you might find the following helpful as an endorsement of the "MotorSilk" Boron CLS Bond Additive for engines and transmissions.

As you are aware, American Guardian Warranty Services, Inc. has been administering and is in the process of run off on 7,000 plus product warranties issued on auto engines and transmissions. As of this writing, these warranties have run approximately 18 months on vehicles with a beginning average mileage of 93,000 miles. The average remaining terms is approximately 42 months.

While final numbers are still a long way off, it is heartening to see our loss ratio experience on this block of business, at less than 90% on required beginning reserves. Some of the credit for this better than expected loss experience is a result of reduced limits of liability and the ability to use like kind and quality parts, but the reduced friction and wear benefit is, in our judgment, the new ingredient that makes this warranty work.

We believe even greater benefit might have been realized if MotorSilk had been installed at lower mileages.

We are so pleased with the emerging data, that we are offering to provide MotorSilk at no additional charge to participating dealers who wish their customers to receive MotorSilk. We are convinced MotorSilk installed early in the life of a vehicle will reduce powertrain related losses.

Sincerely,

A handwritten signature in blue ink that reads "William G. Fisher".

William G. Fisher  
WGF/lz.04

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