

LIMITED RECOURSE PROMISSORY NOTE

US\$6,333,333

August 25, 2000

FOR VALUE RECEIVED, the undersigned Kilmare Worldwide Inc. (the "Borrower"), unconditionally promises to pay to AIG Capital Corp., a Delaware Corporation (the "Company"), or any successor, assign or other holder of this Note (collectively, the "Holder") on June 30, 2005 (the "Maturity Date"), at such place as may be designated by the Holder to the Borrower, the principal amount of six million, three hundred thirty three thousand, three hundred thirty three United States dollars (US\$6,333,333), together with interest thereon accrued at a rate per annum of 6%, from and after the date hereof (the "Original Issue Date"), compounded on an annual basis, the initial such compounding to take place on the date which is one year from and after the Original Issue Date (each such date, a "Compounding Date").

1. **Payments.**

(a) Unless earlier prepaid in accordance with the terms hereof, the entire outstanding principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on the Maturity Date.

(b) Accrued interest shall be capitalized and added to the principal amount hereunder on each Compounding Date.

(c) The Borrower shall be entitled to prepay any amount outstanding under this Note by paying to the Holder in cash such amount.

(d) In the event of a prepayment or other acceleration of amounts due hereunder, interest shall be calculated from the last Compounding Date to the date of such payment based upon a 365 day year.

2. **Use of Proceeds.**

The Borrower shall use the proceeds of this Note solely for the purchase of Common Shares of Capco Reinsurance Company Ltd., a Barbados corporation ("Capco").

3. **Events of Default.**

The occurrence of any of the following events shall constitute an event of default (an "Event of Default"):

(a) a default in the payment of the principal amount of this Note, when and as the same shall become due and payable;

(b) a default in the payment of any accrued and unpaid interest on this Note, when and as the same shall become due and payable;

July 31

PLAINTIFF'S
EXHIBIT

5-18-07

(c) a default in the performance, or a breach of any other covenant or agreement, of the Borrower in or relating to this Note, which default or breach continues for a period of ten days after the Holder has notified the Borrower of its occurrence;

(d) any representation, warranty, or certification made by the Borrower in or pursuant to that certain Subscription and Operating Agreement, dated as of August 18, 2000, by and among Capco, American International Reinsurance Company, Ltd., Western General Insurance Ltd., the Borrower, Alfons Muller and Hanspeter Knecht shall prove to have been false or misleading in any material respect as of the date made;

(e) a material default by the Borrower of any of his obligations under any Transaction Document; or

(f) (i) the entry of a decree or order of a court having jurisdiction adjudging the Borrower bankrupt or insolvent, approving a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under applicable bankruptcy or insolvency law, as now or hereafter constituted, and the continuance of any such decree or order unstayed and in effect for a period of 60 days; (ii) the commencement by the Borrower of a voluntary case under applicable bankruptcy or insolvency law, as now or hereafter constituted, or the consent by the Borrower to the institution of bankruptcy or insolvency proceedings against him; (iii) the filing by the Borrower of a petition or answer or consent seeking reorganization or relief under applicable bankruptcy or insolvency law; (iv) the appointment of a receiver, liquidator, assignee, trustee or similar official for the Borrower or for any substantial part of his property which is not discharged within 60 days; or (v) the making by the Borrower of an assignment for the benefit of creditors, or the admission by the Borrower in writing of his inability to pay his debts generally as they become due, or the taking of any corporate action by the Borrower, in furtherance of any such action.

4. Remedies in the Event of Default.

(a) In the case of an Event of Default by the Borrower, the principal amount of this Note together with all accrued and unpaid interest thereon shall, in addition to all other rights of the Holder hereunder and under applicable law, be and become immediately due and payable upon written notice delivered by the Holder to the Borrower.

(b) The Borrower hereby waives demand and presentment for payment, notice of nonpayment, protest and notice of protest, diligence, filing suit, and other notices, and promises to pay the Holder its costs of collection of all amounts due hereunder, including reasonable attorneys' fees.

5. Security Interest; Limited Recourse.

In order to secure the Borrower's obligations hereunder, the Borrower has entered into a Pledge Agreement, dated the date hereof, with the Company (the "Pledge Agreement"). It is expressly agreed by the Company that in the event of a default by the Borrower in any of his obligations hereunder, the Company's recourse shall be limited solely to the collateral pledged pursuant to the Pledge Agreement.

6. **Miscellaneous.**

(a) The Company may assign this Note to an affiliate; provided, however, that the Company shall remain liable for its obligations hereunder after any such assignment. This Note and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

(b) All notices, demand and requests of any kind to be delivered to any party in connection with this Note shall be in writing and deemed to have been duly given if sent by registered airmail, internationally recognized overnight delivery service, or facsimile transmission as follows:

if to the Company:

AIG Capital Corp.
70 Pine Street – 17th Floor
New York, NY 10270
Attention: Cindy Yoon
Facsimile: 212 248-0908

with a copy to:

American International Companies
160 Water Street, 24th Floor
New York, NY 10038 USA
Attention: General Counsel, Domestic Brokerage Group
Facsimile: (212) 820-4504

if to the Borrower:

AIG Private Bank Ltd.,
Pelikanstrasse 37,
CH- 8021 Zurich, Switzerland
Attention: Eduardo Leemann
Facsimile: 41 1 211 6211

or to such other address as may from time to time be provided by either party to the other hereunder. Any notice sent by registered airmail shall be deemed to have been delivered seven days after dispatch, any notice sent by internationally recognized overnight delivery service shall be deemed to have been delivered upon receipt, and any notice sent by facsimile transmission shall be deemed to have been delivered upon confirmed transmission.

(c) No waiver that may be given by a party hereunder will be applicable except in the specific instance for which it is given.

(d) This Note (i) may not be modified or amended other than in a writing signed by all parties hereto, and (ii) shall be governed and construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of law thereof.

(e) In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless such a construction would be unreasonable.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Borrower has executed this Note in favor of the Company
as of the date first above written.

Kilmare Worldwide Inc.

By: B. Meier
Name: Bernhard Meier
Title: Director

July 31

LIMITED RECOURSE PROMISSORY NOTE

US\$6,333,333

August 25, 2000

FOR VALUE RECEIVED, the undersigned Alfons Müller (the "Borrower"), unconditionally promises to pay to AIG Capital Corp., a Delaware Corporation (the "Company"), or any successor, assign or other holder of this Note (collectively, the "Holder") on June 30, 2005 (the "Maturity Date"), at such place as may be designated by the Holder to the Borrower, the principal amount of six million, three hundred thirty three thousand, three hundred thirty three United States dollars (US\$6,333,333), together with interest thereon accrued at a rate per annum of 6%, from and after the date hereof (the "Original Issue Date"), compounded on an annual basis, the initial such compounding to take place on the date which is one year from and after the Original Issue Date (each such date, a "Compounding Date").

1. Payments.

(a) Unless earlier prepaid in accordance with the terms hereof, the entire outstanding principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on the Maturity Date.

(b) Accrued interest shall be capitalized and added to the principal amount hereunder on each Compounding Date.

(c) The Borrower shall be entitled to prepay any amount outstanding under this Note by paying to the Holder in cash such amount.

(d) In the event of a prepayment or other acceleration of amounts due hereunder, interest shall be calculated from the last Compounding Date to the date of such payment based upon a 365 day year.

2. Use of Proceeds.

The Borrower shall use the proceeds of this Note solely for the purchase of Common Shares of Capco Reinsurance Company Ltd., a Barbados corporation ("Capco").

3. Events of Default.

The occurrence of any of the following events shall constitute an event of default (an "Event of Default"):

(a) a default in the payment of the principal amount of this Note, when and as the same shall become due and payable;

(b) a default in the payment of any accrued and unpaid interest on this Note, when and as the same shall become due and payable;

(c) a default in the performance, or a breach of any other covenant or agreement, of the Borrower in or relating to this Note, which default or breach continues for a period of ten days after the Holder has notified the Borrower of its occurrence;

(d) any representation, warranty, or certification made by the Borrower in or pursuant to that certain Subscription and Operating Agreement, dated as of August 18, 2000, by and among Capco, American International Reinsurance Company, Ltd., Western General Insurance Ltd., the Borrower, Kilmare Worldwide Inc. and Hanspeter Knecht shall prove to have been false or misleading in any material respect as of the date made;

(e) a material default by the Borrower of any of his obligations under any Transaction Document; or

(f) (i) the entry of a decree or order of a court having jurisdiction adjudging the Borrower bankrupt or insolvent, approving a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under applicable bankruptcy or insolvency law, as now or hereafter constituted, and the continuance of any such decree or order unstayed and in effect for a period of 60 days; (ii) the commencement by the Borrower of a voluntary case under applicable bankruptcy or insolvency law, as now or hereafter constituted, or the consent by the Borrower to the institution of bankruptcy or insolvency proceedings against him; (iii) the filing by the Borrower of a petition or answer or consent seeking reorganization or relief under applicable bankruptcy or insolvency law; (iv) the appointment of a receiver, liquidator, assignee, trustee or similar official for the Borrower or for any substantial part of his property which is not discharged within 60 days; or (v) the making by the Borrower of an assignment for the benefit of creditors, or the admission by the Borrower in writing of his inability to pay his debts generally as they become due, or the taking of any corporate action by the Borrower, in furtherance of any such action.

4. Remedies in the Event of Default.

(a) In the case of an Event of Default by the Borrower, the principal amount of this Note together with all accrued and unpaid interest thereon shall, in addition to all other rights of the Holder hereunder and under applicable law, be and become immediately due and payable upon written notice delivered by the Holder to the Borrower.

(b) The Borrower hereby waives demand and presentment for payment, notice of nonpayment, protest and notice of protest, diligence, filing suit, and other notices, and promises to pay the Holder its costs of collection of all amounts due hereunder, including reasonable attorneys' fees.

5. Security Interest; Limited Recourse.

In order to secure the Borrower's obligations hereunder, the Borrower has entered into a Pledge Agreement, dated the date hereof, with the Company (the "Pledge Agreement"). It is expressly agreed by the Company that in the event of a default by the Borrower in any of his obligations hereunder, the Company's recourse shall be limited solely to the collateral pledged pursuant to the Pledge Agreement.

6. Miscellaneous.

(a) The Company may assign this Note to an affiliate; provided, however, that the Company shall remain liable for its obligations hereunder after any such assignment. This Note and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

(b) All notices, demand and requests of any kind to be delivered to any party in connection with this Note shall be in writing and deemed to have been duly given if sent by registered airmail, internationally recognized overnight delivery service, or facsimile transmission as follows:

if to the Company:

AIG Capital Corp.
70 Pine Street – 17th Floor
New York, NY 10270
Attention: Cindy Yoon
Facsimile: 212 248-0908

with a copy to:

American International Companies
160 Water Street, 24th Floor
New York, NY 10038 USA
Attention: General Counsel, Domestic Brokerage Group
Facsimile: (212) 820-4504

if to the Borrower:

Alfons Muller
Bovet, Talacker, 42,
CH- 8001 Zurich, Switzerland
Attention: A. Muller
Facsimile: 41 1 218 70 91

or to such other address as may from time to time be provided by either party to the other hereunder. Any notice sent by registered airmail shall be deemed to have been delivered seven days after dispatch, any notice sent by internationally recognized overnight delivery service shall be deemed to have been delivered upon receipt, and any notice sent by facsimile transmission shall be deemed to have been delivered upon confirmed transmission.

(c) No waiver that may be given by a party hereunder will be applicable except in the specific instance for which it is given.

(d) This Note (i) may not be modified or amended other than in a writing signed by all parties hereto, and (ii) shall be governed and construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of law thereof.

(e) In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless such a construction would be unreasonable.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Borrower has executed this Note in favor of the Company
as of the date first above written.



Alfons Muller

LIMITED RECOURSE PROMISSORY NOTE

US\$6,333,334

August 25, 2000

FOR VALUE RECEIVED, the undersigned Hanspeter Knecht (the "Borrower"), unconditionally promises to pay to AIG Capital Corp., a Delaware Corporation (the "Company"), or any successor, assign or other holder of this Note (collectively, the "Holder") on June 30, 2005 (the "Maturity Date"), at such place as may be designated by the Holder to the Borrower, the principal amount of six million, three hundred thirty three thousand, three hundred thirty four United States dollars (US\$6,333,334), together with interest thereon accrued at a rate per annum of 6%, from and after the date hereof (the "Original Issue Date"), compounded on an annual basis, the initial such compounding to take place on the date which is one year from and after the Original Issue Date (each such date, a "Compounding Date").

1. Payments.

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(b) Accrued interest shall be capitalized and added to the principal amount hereunder on each Compounding Date.

(c) The Borrower shall be entitled to prepay any amount outstanding under this Note by paying to the Holder in cash such amount.

(d) In the event of a prepayment or other acceleration of amounts due hereunder, interest shall be calculated from the last Compounding Date to the date of such payment based upon a 365 day year.

2. Use of Proceeds.

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(d) any representation, warranty, or certification made by the Borrower in or pursuant to that certain Subscription and Operating Agreement, dated as of August 18, 2000, by and among Capco, American International Reinsurance Company, Ltd., Western General Insurance Ltd., the Borrower, Alfons Muller and Kilmare Worldwide Inc. shall prove to have been false or misleading in any material respect as of the date made;

(e) a material default by the Borrower of any of his obligations under any Transaction Document; or

(f) (i) the entry of a decree or order of a court having jurisdiction adjudging the Borrower bankrupt or insolvent, approving a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under applicable bankruptcy or insolvency law, as now or hereafter constituted, and the continuance of any such decree or order unstayed and in effect for a period of 60 days; (ii) the commencement by the Borrower of a voluntary case under applicable bankruptcy or insolvency law, as now or hereafter constituted, or the consent by the Borrower to the institution of bankruptcy or insolvency proceedings against him; (iii) the filing by the Borrower of a petition or answer or consent seeking reorganization or relief under applicable bankruptcy or insolvency law; (iv) the appointment of a receiver, liquidator, assignee, trustee or similar official for the Borrower or for any substantial part of his property which is not discharged within 60 days; or (v) the making by the Borrower of an assignment for the benefit of creditors, or the admission by the Borrower in writing of his inability to pay his debts generally as they become due, or the taking of any corporate action by the Borrower, in furtherance of any such action.

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Attention: Cindy Yoon
Facsimile: 212 248-0908

with a copy to:

American International Companies
160 Water Street, 24th Floor
New York, NY 10038 USA
Attention: General Counsel, Domestic Brokerage Group
Facsimile: (212) 820-4504

if to the Borrower:

AIG Private Bank Ltd.,
Pelikanstrasse 37,
CH- 8021 Zurich, Switzerland
Attention: Eduardo Leemann
Facsimile: 41 1 211 6211

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[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Borrower has executed this Note in favor of the Company
as of the date first above written.



Hanspeter Knecht