

AIGTI, Inc.  
70 Pine Street  
New York, NY 10270

January 2, 2003

Kilmare Worldwide Inc.  
c/o Eduardo Leemann  
AIG Private Bank Ltd.,  
Pelikanstrasse 37,  
CH-8021 Zurich  
Switzerland

Re: Capco Reinsurance Company Ltd.

Dear Sir or Madam:

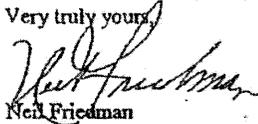
In connection with the US\$6,333,333 Limited Recourse Promissory Note, dated August 25, 2000 (the "Note"), between Kilmare Worldwide Inc. ("Kilmare"), as borrower (the "Borrower"), and AIGTI, Inc. ("AIGTI", formerly known as AIG Capital Corp.), as holder (the "Holder"), and the Pledge and Security Agreement, dated August 25, 2000 (the "Pledge Agreement"), between Kilmare, as pledgor, and AIGTI, as pledgee, pledging 6,333,333 shares of the common stock (the "Common Stock") of Capco Reinsurance Company, Ltd., a Barbados corporation ("Capco") to AIGTI in order to secure the obligations of the Borrower under the Note, please be advised of the following:

1. As you are aware, the board of directors and shareholders of Capco voted to wind up Capco's affairs and liquidate Capco on or prior to December 31, 2002.
2. All of the existing assets of Capco remaining after commutation of Capco's reinsurance agreements and payment of other expenses were distributed to the holders of shares of the preferred stock (the "Preferred Stock") of Capco in partial satisfaction of the liquidation preference on the Preferred Stock.
3. Upon the distribution of the assets of Capco to the holders of shares of the Preferred Stock, no further assets remained for distribution to the holders of shares of the Common Stock.
4. In light of the non-recourse nature of the Note, Kilmare has no further liability under the Pledge Agreement or the Note.
5. AIGTI, therefore, (x) cancels the Note and (y) agrees to terminate the Pledge Agreement.

[SIGNATURE PAGE FOLLOWS]

Please signify Kilmare's agreement with the foregoing by executing a copy of this letter and kindly returning it to me by facsimile at (212) 363-7176. Should you have any questions regarding this matter, please do not hesitate to contact me at (212) 770-7063.

Very truly yours,



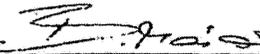
Neil Friedman  
Vice President and Comptroller

AGREED TO AND ACCEPTED  
As of the date first written above,

14 January 2003

KILMARE WORLDWIDE INC.

By



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Name: Bernhard MEIER  
Title: Director

CONFIDENTIAL

AIG/GEN-RE-TRANS 0012584