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ACE LTD

FORM 10-Q
(Quarterly Report)

Filed 08/15/00 for the Period Ending 06/30/00

Telephone	441 295 5200
CIK	0000896159
Symbol	ACE
SIC Code	6331 - Fire, Marine, and Casualty Insurance
Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

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ACE LTD

FORM 10-Q
(Quarterly Report)

Filed 8/14/2000 For Period Ending 6/30/2000

Address	ACE BLDG 30 WOODBOURNE AVE
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Telephone	809-295-5200
CIK	0000896159
Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2000

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File No. 1-11778 I.R.S. Employer Identification No. 98-0091805

ACE LIMITED
(Incorporated in the Cayman Islands)

The ACE Building
30 Woodbourne Avenue
Hamilton HM 08
Bermuda

Telephone 441-295-5200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ___X___ NO _____

The number of registrant's Ordinary Shares ($0.041666667 par value) outstanding as of August 11, 2000 was 217,922,847.

ACE LIMITED

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ACE LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30 2000	December 31 1999
	(Unaudited) (in thousands of U.S. Dollars, except share and per share data)	
Assets		
Investments and cash		
Fixed maturities available for sale, at fair value (amortized cost - $9,801,608 and $10,080,402)	$ 9,602,324	$ 9,849,803
Equity securities, at fair value (cost - $563,555 and $780,558)	642,822	933,314
Short-term investments, at fair value (amortized cost - $1,098,778 and $1,194,956)	1,098,952	1,192,875
Other investments, at fair value (cost - $476,661 and $303,714)	480,531	300,311
Cash	684,577	599,232
Total investments and cash	12,509,206	12,875,535
Accrued investment income	168,066	170,755
Insurance and reinsurance balances receivable	2,249,002	2,018,788
Accounts and notes receivable	510,197	533,863
Reinsurance recoverable	8,644,508	8,840,081
Deferred policy acquisition costs	579,286	514,425
Prepaid reinsurance premiums	741,594	580,244
Goodwill	2,877,449	2,822,718
Deferred tax assets	1,004,320	916,184
Other assets	921,220	850,295
Total assets	$ 30,204,848	$ 30,122,888
Liabilities		
Unpaid losses and loss expenses	$ 16,675,710	$ 16,460,247
Unearned premiums	2,986,503	2,428,828
Premiums received in advance	66,711	63,759
Insurance and reinsurance balances payable	1,253,597	1,735,956
Contract holder deposit funds	184,155	201,079
Accounts payable, accrued expenses and other liabilities	1,455,795	1,684,725
Dividend payable	31,197	23,921
Short-term debt	351,851	1,074,585
Long-term debt	1,424,228	1,424,228
Trust preferred securities	875,000	575,000
Total liabilities	25,304,747	25,672,328
Commitments and contingencies		
Mezzanine Equity		
FELINE PRIDES	311,050	-
Shareholders' Equity		
Ordinary Shares ($0.041666667 par value, 300,000,000 shares authorized; 217,654,930 and 217,460,515 shares issued and outstanding)	9,069	9,061
Additional paid-in capital	2,199,165	2,214,989
Unearned stock grant compensation	(26,494)	(28,908)
Retained earnings	2,552,532	2,321,570
Accumulated other comprehensive loss	(145,221)	(66,152)
Total shareholders' equity	4,589,051	4,450,560
Total liabilities, mezzanine equity and shareholders' equity	$ 30,204,848	$30,122,888

See accompanying notes to interim consolidated financial statements

ACE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months and Six Months Ended June 30, 2000 and 1999

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	(in thousands of U.S. dollars, except per share data)			
Revenues				
Gross premiums written	$ 1,950,067	$ 508,999	$ 3,947,027	$ 944,494
Reinsurance premiums ceded	(736,182)	(116,730)	(1,276,120)	(211,560)
Net premiums written	1,213,885	392,269	2,670,907	732,934
Change in unearned premiums	(46,049)	(91,998)	(398,265)	(147,396)
Net premiums earned	1,167,836	300,271	2,272,642	585,538
Net investment income	181,029	84,794	363,964	171,278
Net realized gains (losses) on investments	(30,044)	25,307	26,696	42,561
Total revenues	1,318,821	410,372	2,663,302	799,377
Expenses				
Losses and loss expenses	768,111	255,471	1,483,594	412,352
Policy acquisition costs	163,728	31,471	314,370	65,824
Administrative expenses	182,864	41,149	376,872	95,799
Amortization of goodwill	19,324	4,514	38,970	8,934
Interest expense	53,947	4,147	111,136	8,677
Total expenses	1,187,974	336,752	2,324,942	591,586
Income before income taxes	130,847	73,620	338,360	207,791
Income tax expense	16,919	4,498	49,919	9,650
Net income	$ 113,928	$ 69,122	$ 288,441	$ 198,141
Basic earnings per share	$ 0.50	$ 0.36	$ 1.30	$ 1.02
Diluted earnings per share	$ 0.49	$ 0.35	$ 1.28	$ 1.00

See accompanying notes to interim consolidated financial statements

ACE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2000 and 1999

(Unaudited)

	Six Months Ended June 30	
	2000	1999
	(in thousands of U.S. Dollars)	
Ordinary Shares		
Balance at beginning of period	$ 9,061	$ 8,070
Ordinary Shares issued	17	-
Cancellation of Ordinary Shares	(28)	-
Exercise of stock options	18	14
Issued under Employee Stock Purchase Plan	1	2
Balance at end of period	9,069	8,086
Additional paid-in capital		
Balance at beginning of period	2,214,989	1,767,188
Ordinary Shares issued	6,467	-
Cancellation of Ordinary Shares	(19,007)	-
Exercise of stock options	5,773	5,202
Issued under Employee Stock Purchase Plan	821	1,420
Cancellation of restricted stock award	-	(100)
FELINE PRIDES issuance costs	(9,878)	-
Balance at end of period	2,199,165	1,773,710
Unearned stock grant compensation		
Balance at beginning of period	(28,908)	(15,087)
Stock grants awarded	(1,502)	(1,374)
Stock grants forfeited	-	312
Amortization	3,916	4,013
Balance at end of period	(26,494)	(12,136)
Retained earnings		
Balance at beginning of period	2,321,570	2,040,664
Net income	288,441	198,141
Dividends declared on Ordinary Shares	(52,154)	(38,790)
Dividends declared on FELINE PRIDES	(5,325)	-
Balance at end of period	2,552,532	2,200,015
Accumulated other comprehensive loss		
Net unrealized appreciation (depreciation) on investments		
Balance at beginning of period	(83,327)	102,271
Change in period, net of tax	(37,246)	(133,915)
Balance at end of period	(120,573)	(31,644)
Cumulative translation adjustments		
Balance at beginning of period	17,175	6,471
Net adjustments during period	(41,823)	(7,021)
Balance at end of period	(24,648)	(550)
Accumulated other comprehensive loss	(145,221)	(32,194)
Total shareholders' equity	$4,589,051	$3,937,481

See accompanying notes to interim consolidated financial statements

ACE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2000 and 1999

(Unaudited)

	Six Months Ended June 30	
	2000	1999
	(in thousands of U.S. Dollars)	
Net income	$ 288,441	$ 198,141
Other comprehensive income (loss)		
Net unrealized depreciation on investments		
Unrealized depreciation on investments	(14,525)	(108,065)
Less: reclassification adjustment for net realized gains included in net income	(18,121)	(31,229)
	(32,646)	(139,294)
Cumulative translation adjustments	(58,302)	(7,021)
Other comprehensive loss, before income taxes	(90,948)	(146,315)
Income tax benefit related to other comprehensive income items	11,879	5,379
Other comprehensive loss	(79,069)	(140,936)
Comprehensive income	$ 209,372	$ 57,205

See accompanying notes to interim consolidated financial statements

ACE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2000 and 1999

(Unaudited)

	Six Months Ended June 30	
	2000	1999
	(in thousands of U.S. Dollars)	
Cash flows from operating activities		
Net income	$ 288,441	$ 198,141
Adjustments to reconcile net income to net cash used for operating activities:		
Unearned premiums	593,965	141,413
Unpaid losses and loss expenses, net of reinsurance recoverable	359,886	(7,209)
Prepaid reinsurance premiums	(161,350)	(2,060)
Deferred tax assets	27,884	20,954
Net realized gains on investments	(26,696)	(42,561)
Amortization of premium/discounts on fixed maturities	(2,054)	(5,764)
Amortization of goodwill	38,970	8,934
Deferred policy acquisition costs	(70,005)	(17,378)
Insurance and reinsurance balances receivable	(255,843)	(111,686)
Premiums received in advance	2,952	3,668
Insurance and reinsurance balances payable	(485,207)	79,913
Accounts payable, accrued expenses and other liabilities	(250,754)	36,767
Net change in contract holder deposit funds	(10,356)	-
Other	(253,710)	(232,062)
Net cash flows (used for) from operating activities	(203,877)	71,070
Cash flows from investing activities		
Purchases of fixed maturities	(5,246,075)	(10,742,772)
Purchases of equity securities	(269,119)	(126,623)
Sales of fixed maturities	5,542,027	10,531,044
Sales of equity securities	563,473	212,594
Maturities of fixed maturities	38,265	390,762
Net realized gains (losses) on financial futures contracts	(7,846)	49,276
Other investments	(166,350)	(186,982)
Acquisition of subsidiaries, net of cash acquired	-	(8,087)
Net cash flows from investing activities	454,375	119,212
Cash flows from financing activities		
Dividends paid on Ordinary Shares	(47,779)	(34,874)
Dividends paid on FELINE PRIDES	(2,424)	-
Repayment of short-term debt	(1,011,742)	-
Proceeds from short-term debt	289,008	-
Proceeds from issuance of trust preferred securities	300,000	400,000
Proceeds from issuance of FELINE PRIDES	311,050	-
Issuance costs of FELINE PRIDES	(9,878)	-
Proceeds from exercise of options for Ordinary Shares	5,791	7,143
Proceeds from shares issued under Employee Stock Purchase Plan	821	1,323
Net cash flows (used for) from financing activities	(165,153)	373,592
Net increase in cash	85,345	563,874
Cash at beginning of period	599,232	240,556
Cash at end of period	$ 684,577	$ 804,430

See accompanying notes to interim consolidated financial statements

ACE LIMITED AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

The interim consolidated financial statements, which include the accounts of the Company and its subsidiaries, have been prepared on the basis of accounting principles generally accepted in the United States of America and, in the opinion of management, reflect all adjustments (consisting of normally recurring accruals) necessary for a fair presentation of results for such periods. The results of operations and cash flows for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the consolidated financial statements, and related notes thereto, included in the Company's 1999 Annual Report on Form 10-K.

ACE Limited ("ACE" or "the Company") is a holding company incorporated with limited liability under the Cayman Islands Companies Law and maintains its business office in Bermuda. The Company provides property and casualty insurance and reinsurance for a diverse group of customers worldwide. ACE International also provides accident and health insurance products that are designed to meet the insurance needs of individuals and groups outside of the U.S. insurance markets. In addition, through ACE Global Markets, the Company provides funds at Lloyd's to support underwriting by Lloyd's syndicates managed by Lloyd's managing agencies, which are indirect wholly owned subsidiaries of ACE. ACE operates through six business segments: ACE Bermuda, ACE Global Markets, ACE Global Reinsurance, ACE USA, ACE International and ACE Financial Services.

On July 2, 1999, the Company completed the ACE INA acquisition. This acquisition was recorded using the purchase method of accounting and, accordingly, the consolidated financial statements of the Company include the results of ACE INA and its subsidiaries from July 2, 1999, the date of the acquisition. ACE INA is the holding company for ACE USA and ACE International operating segments.

On December 30, 1999, the Company acquired ACE Financial Services (previously Capital Re Corporation). This acquisition has been recorded using the purchase method of accounting and, accordingly, the consolidated financial statements of the Company include the results of operations of ACE Financial Services and its subsidiaries from December 30, 1999, the date of the acquisition.

For the six months ended June 30, 2000, approximately 54 percent of the Company's written premiums came from companies headquartered in North America, 23 percent came from companies headquartered in Europe, 7 percent came from companies headquartered in Australia and New Zealand, 4 percent came from companies headquartered in Latin America, 7 percent from companies headquartered in Asia Pacific and 5 percent came from companies headquartered in other countries.

2. Significant Accounting Policies

a) New accounting pronouncements

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Deriative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS 133 is effective beginning in the first quarter of fiscal 2001. The Company is currently assessing the effect of adopting this statement on its financial position and operating results, which as yet, has not been determined.

3. Commitments and Contingencies

The Company has considered asbestos and environmental claims and claims expenses in establishing the liability for unpaid losses and loss expenses. The estimation of ultimate losses arising from asbestos and environmental exposures has presented a challenge because traditional actuarial reserving

methods, which primarily rely on historical experience, are inadequate for such estimation. The problem of estimating reserves for asbestos and environmental exposures resulted in the development of reserving methods which incorporate new sources of data with historical experience. The Company believes that the reserves carried for these claims are adequate based on known facts and current law.

4. Restricted Stock Awards

Under the Company's long-term incentive plans, 68,418 Restricted Ordinary Shares were awarded during the six months ended June 30, 2000, to officers of the Company and its subsidiaries. These shares vest at various dates through March 2004.

At the time of grant the market value of the shares awarded under these grants is recorded as unearned stock grant compensation and is presented as a separate component of shareholders' equity. The unearned compensation is charged to income over the vesting period.

5. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share.

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	(In thousands of U.S. dollars except share and per share data)			
Numerator				
Net Income	$ 113,928	$ 69,122	$ 288,441	$ 198,141
FELINE PRIDES dividend	(5,325)	-	(5,325)	-
Net income available to the holders of Ordinary Shares	$ 108,603	$ 69,122	$ 283,116	$ 198,141
Denominator				
Denominator for basic earnings per share - Weighted average shares outstanding	217,257,524	193,784,573	217,058,392	193,871,173
Effect of dilutive securities	4,688,677	3,390,941	3,266,194	3,374,898
Denominator for diluted earnings per share - Adjusted weighted average shares outstanding and assumed conversions	221,946,201	197,175,514	220,324,586	197,246,071
Basic earnings per share	$ 0.50	$ 0.36	$ 1.30	$ 1.02
Diluted earnings per share	$ 0.49	$ 0.35	$ 1.28	1.00

6. Debt

	Coupon Rates	June 30 2000	December 31 1999
		(in millions of U.S. Dollars)	
Short-term debt			
ACE Limited commercial paper	Various	$ -	$ 425
ACE INA commercial paper	Various	327	625
ACE Financial Services Note	Various	25	25
		$ 352	$ 1,075
Long-term debt			
ACE INA Notes due 2004	8.20%	$ 400	$ 400
ACE INA Notes due 2006	8.30%	299	299
ACE US Holdings Senior Notes due 2008	6.47%	250	250
ACE INA Subordinated Notes due 2009	8.41%	300	300
ACE INA Debentures due 2029	8.875%	100	100
ACE Financial Services Debentures due 2002	7.75%	75	75
		$ 1,424	$ 1,424
Trust Preferred Securities			
ACE INA RHINO Preferred Securities due 2002	Libor + 1.25%	$ 400	$ 400
ACE Financial Services Monthly Income Preferred Securities due 2044	7.65%	75	75
ACE INA Trust Preferred Securities due 2029	8.875%	100	100
ACE INA Capital Securities due 2030	9.70%	300	-
		$ 875	$ 575

ACE INA Capital Securities

On March 31, 2000, ACE Capital Trust II, a Delaware statutory business trust ("ACE Capital Trust II") issued and sold in a public offering $300 million of 9.70 percent Capital Securities (the "Capital Securities"). All of the common securities of ACE Capital Trust II (the "ACE Capital Trust II Common Securities") are owned by ACE INA.

The Capital Securities mature on April 1, 2030, which may not be extended. Distributions on the Capital Securities are payable semi-annually at a rate of 9.70 percent, however, ACE Capital Trust II may defer these payments for up to 10 consecutive semi-annual periods (but no later than April 1, 2030). Any deferred payments would accrue interest semi-annually on a compounded basis if ACE INA defers interest on the Subordinated Debentures due 2030 (as defined below).

The sole assets of ACE Capital Trust II consist of $309,280,000 principal amount of 9.70 percent Junior Subordinated Deferrable Interest Debentures (the "Subordinated Debentures due 2030") issued by ACE INA. The Subordinated Debentures due 2030 mature on April 1, 2030. Interest on the Subordinated Debentures due 2030 is payable semi-annually at a rate of 9.70 percent, however, ACE INA may defer such interest payments (but no later than April 1, 2030), with such deferred payments accruing interest compounded semi-annually. ACE INA may redeem the Subordinated Debentures due 2030 in the event certain changes in tax or investment company law occur at a redemption price equal to accrued and unpaid interest to the redemption date plus the greater of (i) 100 percent of the principal amount thereof, or (ii) the sum of the present value of scheduled payments of principal and interest on the debentures from the redemption date to April 1, 2030, discounted to the redemption date on a semi-annual basis at a discount rate equal to the applicable treasury rate plus 3.1 percent, in the first year after issuance, and the applicable treasury rate plus .50 percent thereafter. The Capital Securities and the ACE Capital Trust II Common Securities will be redeemed upon repayment of the Subordinated Debentures due 2030.

The Company has guaranteed, on a subordinated basis, ACE INA's obligations under the Subordinated Debentures due 2030, and distributions and other payments due on the Capital Securities (the "Guarantees"). The Guarantees, when taken together with the Company's obligations under expense agreements entered into with ACE Capital Trust II, provide a full and unconditional guarantee of amounts due on the Capital Securities.

7. Mezzanine Equity

ACE Limited FELINE PRIDES

The Company issued 6,000,000 FELINE PRIDES on April 12, 2000 and an additional 221,000 FELINE PRIDES on May 8, 2000, pursuant to a public offering, for aggregate net proceeds of approximately $311 million. Each FELINE PRIDES initially consists of a unit referred to as an Income PRIDES. Each Income PRIDES consists of (i) one 8.25 percent Cumulative Redeemable Preferred Share, Series A, liquidation preference $50 per share, of the Company, and (ii) a purchase contract pursuant to which the holder of the Income PRIDES agrees to purchase from the Company, on May 16, 2003, ordinary shares at the applicable settlement rate. Each preferred share is pledged to the Company to secure the holders obligations under the purchase contract. A holder of an Income PRIDES can obtain the release of the preferred share by substituting certain zero-coupon treasury securities as security for performance under the purchase contract. The resulting unit consisting of the zero-coupon treasury security and the purchase contract is a Growth PRIDES, and the preferred shares would be a separate security. A holder of a Growth PRIDES can convert it back into an Income PRIDES by depositing preferred shares as security for performance under the purchase contract and thereby obtain the release of the zero-coupon treasury securities.

The aggregate liquidation preference of the 8.25 percent Cumulative Redeemable Preferred Shares is $311.1 million. Unless deferred by the Company, the preferred shares pay dividends quarterly at a rate of 8.25 percent per year to May 16, 2003, and thereafter at the reset rate established pursuant to a remarketing procedure. If the Company elects to defer dividend payments on the preferred shares, the dividends will continue to accrue and the Company will be restricted from paying dividends on its ordinary shares and taking certain other actions. The preferred shares are not redeemable prior to June 16, 2003, on which date they must be redeemed by the Company in whole.

The settlement rate is the number of ordinary shares that the Company is obligated to sell and the holders of the FELINE PRIDES are obligated to purchase (for a purchase price of $50 per FELINE PRIDES) on May 16, 2003. The settlement rate will be equal to $50 divided by the average closing price of the ordinary shares for the 20 consecutive trading days ending on the third trading day prior to May 16, 2003, but in no event will it be less than 1.8991 ordinary shares per FELINE PRIDES (or an aggregate of 11.8 million ordinary shares) nor greater than 2.6376 ordinary shares per FELINE PRIDES (or an aggregate of 16.4 million ordinary shares). The settlement rate is subject to anti-dilution adjustments.

8. Reinsurance

The Company purchases reinsurance to manage various exposures including catastrophic risks. Although reinsurance agreements contractually obligate the Company's reinsurers to reimburse it for the agreed upon portion of its gross paid losses, they do not discharge the primary liability of the Company. The amounts for net premiums written and net premiums earned in the statements of operations are net of reinsurance. Direct, assumed and ceded amounts for these items for the three and six months ended June 30, 2000 and 1999 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	(in thousands of U.S. dollars except share and per share data)			
Premiums				
Premiums written				
Direct	$ 1,581,089	$ 293,000	$ 3,049,756	$ 511,461
Assumed	368,978	215,999	897,271	433,033
Ceded	(736,182)	(116,730)	(1,276,120)	(211,560)
Net premiums written	$ 1,213,885	$ 392,269	$ 2,670,907	$ 732,934
Premiums earned				
Direct	$ 1,570,860	$ 221,291	$ 2,633,968	$ 473,506
Assumed	346,896	179,459	748,819	309,019
Ceded	(749,920)	(100,479)	(1,110,145)	(196,987)
Net premiums earned	$ 1,167,836	$ 300,271	$ 2,272,642	$ 585,538

The Company's provision for reinsurance recoverable at June 30, 2000 and December 31, 1999 is as follows:

	June 30 2000	December 31 1999
	(in thousands of U.S. dollars)	
Reinsurance recoverable on paid losses and loss expenses	$ 872,670	$ 1,288,651
Reinsurance recoverable on unpaid losses and loss expenses	8,491,818	8,309,014
Provision for uncollectible balances	(719,980)	(757,584)
Total reinsurance recoverable	$ 8,644,508	$ 8,840,081

9. Taxation

Under current Cayman Islands law, the Company is not required to pay any taxes in the Cayman Islands on its income or capital gains. The Company has received an undertaking that, in the event of any taxes being imposed, the Company will be exempted from taxation in the Cayman Islands until the year 2013. Under current Bermuda law, the Company and its Bermuda subsidiaries are not required to pay any taxes in Bermuda on its income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda, that in the event of any taxes being imposed, the Company will be exempt from taxation in Bermuda until March 2016.

Income from the Company's operations at Lloyd's are subject to United Kingdom (UK) corporation taxes. Lloyd's is required to pay U.S. income tax on U.S. connected income ("U.S. income") written by Lloyd's syndicates. Lloyd's has a closing agreement with the IRS whereby the amount of tax due on this business is calculated by Lloyd's and remitted directly to the IRS. These amounts are then charged to the personal accounts of the Names/Corporate Members in proportion to their participation in the relevant syndicates. The Company's Corporate Members are subject to this arrangement but, as UK domiciled companies, will receive UK corporation tax credits for any U.S. income tax incurred up to the value of the equivalent UK corporation income tax charge on the U.S. income.

ACE INA, ACE US Holdings and ACE Financial Services are subject to income taxes imposed by U.S. authorities and file U.S. tax returns. Certain international operations of the Company are also subject to income taxes imposed by the jurisdictions in which they operate.

The Company is not subject to taxation other than as stated above. There can be no assurance that there will not be changes in applicable laws, regulations or treaties which might require the Company to change the way it operates or become subject to taxation.

The income tax provision for the three and six months ended June 30, 2000 and 1999 is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	(in thousands of U.S. dollars)			
Current tax expense	$ 13,307	$ 2,464	$ 22,035	$ 3,684
Deferred tax expense	3,612	2,034	27,884	5,966
Provision for income taxes	$ 16,919	$ 4,498	$ 49,919	$ 9,650

The components of the net deferred tax asset as of June 30, 2000 and December 31, 1999 is as follows:

	June 30 2000	December 31 1999
	(in thousands of U.S. dollars)	
Deferred tax assets		
Loss reserve discount	$ 665,164	$ 677,459
Foreign tax credits	122,228	116,829
Uncollectible reinsurance	21,940	24,413
Net operating loss carry forward	215,480	164,993
Unrealized depreciation on investments	8,717	12,557
Other	300,035	305,647
Total deferred tax assets	1,333,564	1,301,898
Deferred tax liabilities		
Deferred policy acquisition costs	78,404	87,691
Other	91,191	164,699
Total deferred tax liabilities	169,595	252,390
Valuation allowance	159,649	133,324
Net deferred tax asset	$ 1,004,320	$ 916,184

10. Summarized financial information

The following is consolidated summarized financial information for ACE INA and ACE Financial Services, both wholly owned subsidiaries of the Company.

Selected Financial Data: ACE INA	Three Months Ended June 30 2000	Six Months Ended June 30 2000
	(in thousands of U.S. Dollars)	(in thousands of U.S. Dollars)
Selected Statement of Operations Data		
Total revenue	$ 910,455	$ 1,759,578
Net income	$ 28,621	$ 82,083
Selected Balance Sheet Data		
Total investments and cash		$ 6,846,202
Total assets		21,667,762
Unpaid losses and loss expenses		13,468,480
Total shareholders' equity		$ 1,282,599

Selected Financial Data: ACE Financial Services	Three Months Ended June 30 2000	Six Months Ended June 30 2000
	(in thousands of U.S. Dollars)	(in thousands of U.S. Dollars)
Selected Statement of Operation Data		
Total revenue	$ 98,253	$ 250,572
Net income	$ 22,258	$ 43,057
Selected Balance Sheet Data		
Total investments and cash		$ 1,837,670
Total assets		2,236,564
Unpaid losses and loss expenses		549,677
Total shareholders' equity		$ 1,003,514

Separate financial statements of ACE INA and ACE Financial Services have not been presented as management has determined that such information is not material to the holders of ACE INA and ACE Financial Services debt securities.

11. Segment information

The following tables summarize the operations by segment for the three and six months ended June 30, 2000 and 1999. Net realized gains (losses) have been presented net of related taxes.

Three months ended June 30, 2000

	ACE Bermuda	ACE Global Markets	ACE Global Reinsurance	ACE USA	ACE International	ACE Financial Services	Other(1)	ACE Consolidated
					(in thousands of U.S. Dollars)			
Operations Data								
Gross premiums written	$137,968	$193,389	$42,607	$948,785	$544,300	$83,018	$	$1,950,067
Net premiums written	126,676	137,277	29,977	459,269	379,378	81,308	-	1,213,885
Net premiums earned	103,387	147,325	26,159	462,756	355,018	73,191	-	1,167,836
Losses and loss expenses	73,397	83,584	1,863	353,886	209,446	45,935	-	768,111
Policy acquisition costs	3,998	38,173	5,747	43,632	57,943	14,235	-	163,728
Administrative expenses	7,324	17,985	3,596	60,729	68,390	8,515	16,325	182,864
Underwriting income (loss)	18,668	7,583	14,953	4,509	19,239	4,506	(16,325)	53,133
Net investment income	36,162	7,300	14,783	78,521	23,372	24,474	(3,583)	181,029
Amortization of goodwill	(225)	985	3,503	135	-	1,051	13,875	19,324
Interest expense	6	978	-	8,336	-	3,331	41,296	53,947
Income tax expense (benefit)	638	2,591	(173)	23,561	8,332	2,928	(17,060)	20,817
Income (loss) excluding net realized gains (losses)	54,411	10,329	26,406	50,998	34,279	21,670	(58,019)	140,074
Net realized gain (loss) (net of income tax)	(10,922)	(174)	(5,825)	(6,449)	(3,040)	588	(324)	(26,146)
Net income (loss)	$ 43,489	$ 10,155	$ 20,581	$ 44,549	$ 31,239	$ 22,258	$ (58,343)	$ 113,928
Total Assets	$2,861,857	$1,850,119	$1,498,144	$15,709,214	$3,574,109	$2,236,564	$2,474,841	$30,204,848

(1)Includes ACE Limited, ACE INA Holdings and intercompany eliminations

Three months ended June 30, 1999

	ACE Bermuda	ACE Global Markets	ACE Global Reinsurance	ACE USA(1)	Other(2)	ACE Consolidated
			(in thousands of U.S. Dollars)			
Operations Data						
Gross premiums written	171,652	207,192	45,859	84,296	-	508,999
Net premiums written	140,814	161,866	43,790	45,799	-	392,269
Net premiums earned	154,303	82,283	37,414	26,271	-	300,271
Losses and loss expenses	131,814	45,923	61,527	16,207	-	255,471
Policy acquisition costs	3,532	23,271	4,853	(185)	-	31,471
Administrative expenses	6,520	10,680	3,032	8,852	12,065	41,149
Underwriting income (loss)	12,437	2,409	(31,998)	1,397	(12,065)	(27,820)
Net investment income	48,028	6,042	15,600	12,266	2,858	84,794
Amortization of goodwill	(208)	1,042	3,503	177	-	4,514
Interest expense (income)	3,821	900	-	7,145	(7,719)	4,147
Income tax expense (benefit)	526	1,739	-	2,233	-	4,498
Income (loss) excluding net realized gains (losses)	56,326	4,770	(19,901)	4,108	(1,488)	43,815
Net realized gain (loss) (net of income tax)	38,800	(1,718)	(3,740)	(87)	(7,948)	25,307
Net income (loss)	$ 95,126	$ 3,052	$ (23,641)	$ 4,021	$(9,436)	$ 69,122
Total Assets	$ 3,289,137	$ 1,435,792	$ 1,406,828	$1,778,644	$1,757,408	$9,667,809

(1) Prior to acquisition of ACE INA.
(2) Includes ACE Limited and intercompany eliminations.

Six months ended June 30, 2000

	ACE Bermuda	ACE Global Markets	ACE Global Reinsurance	ACE USA	ACE International	ACE Financial Services	Other(1)	ACE Consolidated
				(in thousands of U.S. Dollars)				
Operations Data								
Gross premiums written	$311,047	$513,307	$147,473	$1,687,680	$1,056,900	$230,620	$	$ 3,947,027
Net premiums written	264,724	374,468	133,454	919,267	755,538	223,456	-	2,670,907
Net premiums earned	185,872	280,333	58,355	845,570	698,310	204,202	-	2,272,642
Losses and loss expenses	132,301	155,768	11,661	631,091	407,966	144,807	-	1,483,594
Policy acquisition costs	7,083	74,733	11,697	78,068	114,123	28,666	-	314,370
Administrative expenses	14,784	35,570	4,849	129,921	143,037	16,040	32,671	376,872
Underwriting income (loss)	31,704	14,262	30,148	6,490	33,184	14,689	(32,671)	97,806
Net investment income	72,334	15,488	29,783	161,943	44,886	46,834	(7,304)	363,964
Amortization of goodwill	(433)	2,025	7,005	270	-	2,103	28,000	38,970
Interest expense	690	2,183	-	16,605	-	6,638	85,020	111,136
Income tax expense (benefit)	1,265	5,446	(173)	46,753	14,835	9,261	(32,835)	44,552
Income (loss) excluding net realized gains (losses)	102,516	20,096	53,099	104,805	63,235	43,521	(120,160)	267,112
Net realized gain (loss) (net of income tax)	24,297	(948)	(7,945)	(10,847)	19,287	(464)	(2,051)	21,329
Net income (loss)	$ 126,813	$ 19,148	$ 45,154	$ 93,958	$ 82,522	$ 43,057	$ (122,211)	$ 288,441
Total Assets	$2,861,857	$1,850,119	$1,498,144	$15,709,214	$3,574,109	$ 2,236,564	$2,474,841	$30,204,848

(1)Includes ACE Limited, ACE INA Holdings and intercompany eliminations

Six months ended June 30, 1999

	ACE Bermuda	ACE Global Markets	ACE Global Reinsurance	ACE USA(1)	Other(2)	ACE Consolidated
			(in thousands of U.S. Dollars)			
Operations Data						
Gross premiums written	$ 302,270	$346,567	$ 160,433	$ 135,224	-	$ 944,494
Net premiums written	239,395	266,262	158,385	68,892	-	732,934
Net premiums earned	271,923	189,467	73,986	50,162	-	585,538
Losses and loss expenses	196,913	107,952	76,258	31,229	-	412,352
Policy acquisition costs	6,851	50,680	9,596	(1,303)	-	65,824
Administrative expenses	21,437	24,857	6,009	18,516	24,980	95,799
Underwriting income (loss)	46,722	5,978	(17,877)	1,720	(24,980)	11,563
Net investment income	97,312	12,628	31,967	24,788	4,583	171,278
Amortization of goodwill	(416)	2,099	7,005	246	-	8,934
Interest expense (income)	7,384	2,225	-	13,982	(14,914)	8,677
Income tax expense	956	4,307	-	4,387	-	9,650
Income (loss) excluding net realized gains (losses)	136,110	9,975	7,085	7,893	(5,483)	155,580
Net realized gain (loss) (net of income tax)	56,870	(1,936)	(4,444)	20	(7,949)	42,561
Net income (loss)	$ 192,980	$ 8,039	$ 2,641	$ 7,913	$(13,432)	$ 198,141
Total Assets	$3,289,137	$ 1,435,792	$ 1,406,828	$1,778,644	$1,757,408	$9,667,809

(1) Prior to acquisition of ACE INA.
(2) Includes ACE Limited and intercompany eliminations.

12. Reclassification

Certain items in the prior period financial statements have been reclassified to conform with the current period presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of the Company's results of operations, financial condition, liquidity and capital resources as of and for the three months and six months ended June 30, 2000. The results of operations and cash flows for any interim period are not necessarily indicative of results for the full year. This discussion should be read in conjunction with the consolidated financial statements, related notes thereto and the Management's Discussion and Analysis of Results of Operations and Financial Condition included in the Company's 1999 Annual Report on Form 10-K.

Safe Harbor Disclosure

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Any written or oral statements made by or on behalf of the Company may include forward-looking statements which reflect the Company's current views with respect to future events and financial performance. These forward-looking statements are subject to certain uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors (which are described in more detail elsewhere herein and in documents filed by the Company with the Securities and Exchange Commission) include, but are not limited to, (i) uncertainties relating to government and regulatory policies (such as subjecting the Company to insurance regulation or taxation in additional jurisdictions or amending or revoking or enacting any laws, regulations or treaties affecting the Company's current operations), (ii) the occurrence of catastrophic events or other insured or reinsured events with a frequency or severity exceeding the Company's estimates, (iii) legal, regulatory, and legislative developments,
(iv) the uncertainties of the loss reserving process including the difficulties associated with assessing environmental and latent injuries,
(v) the actual amount of new and renewal business and market acceptance of the Company's products, (vi) loss of the services of any of the Company's executive officers, (vii) changing rates of inflation and other economic conditions, (viii) losses due to foreign currency exchange rate fluctuations, (ix) ability to collect reinsurance recoverables, (x) the competitive environment in which the Company operates, related trends and associated pricing pressures and developments, (xi) the impact of mergers and acquisitions, including the ability to successfully integrate acquired businesses and achieve cost savings, competing demands for ACE's capital and the risk of undisclosed liabilities, (xii) developments in global financial markets which could affect the Company's investment portfolio and financing plans, and (xiii) risks associated with the introduction of new products and services. The words "believe", "anticipate", "estimate", "project", "plan", "expect", "intend", "hope", "will likely result" or "will continue" and variations thereof and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

General

ACE Limited ("ACE" or "the Company"), through its various subsidiaries, provides a broad range of insurance and reinsurance products to insureds in the United States and almost 50 other countries. In addition, ACE, through ACE Global Markets, provides funds at Lloyd's, primarily in the form of letters of credit, to support underwriting capacity for Lloyd's syndicates managed by Lloyd's managing agencies which are indirect wholly owned subsidiaries of ACE. ACE operates through six main business segments: ACE Bermuda, ACE Global Markets, ACE Global Reinsurance, ACE USA, ACE International and ACE Financial Services.

On July 2, 1999, the Company completed the ACE INA acquisition. This acquisition was recorded using the purchase method of accounting and, accordingly, the consolidated financial statements of the Company include the results of ACE INA and its subsidiaries from July 2, 1999, the date of the acquisition. ACE INA is the holding company for ACE USA and ACE International operating segments.

On December 30, 1999, the Company acquired ACE Financial Services (previously Capital Re Corporation). This acquisition has been recorded using the purchase method of accounting and, accordingly, the consolidated financial statements of the Company include the results of operations of ACE Financial Services and its subsidiaries from December 30, 1999, the date of the acquisition.

The Company expects to continue evaluating potential new product lines and other opportunities in the insurance and reinsurance markets. In addition, the Company evaluates potential acquisitions of other companies and businesses and holds discussions with potential acquisition candidates. As a general rule, the Company publicly announces such acquisitions only after a definitive agreement has been reached.

As noted, during 1999, the Company made two substantial acquisitions that were accounted for under the purchase method of accounting, which requires that income from the acquired company only be included in the results of the Company from the date of acquisition. This makes it difficult to compare the financial results as presented. ACE INA's results are included from July 2, 1999 and, ACE Financial Services from December 30, 1999.

In addition, the Company has historically recorded its results of operations from its Lloyd's syndicates one quarter in arrears. Commencing January 1, 2000, the Company now records the results from the Lloyd's 2000 underwriting year on a current basis. The impact of this change is discussed in the relevant sections. Prior year underwriting results are still reported one quarter in arrears but underwriting results should run off over the next few quarters. The Company has also increased its percentage of participation in the Lloyd's syndicates it manages in 2000 versus 1999.

Results of Operations - Three Months ended June 30, 2000

Net Income	Three Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Income excluding net realized gains (losses) on investments	$ 140	$ 44
Net realized gains (losses) on investments (net of taxes)	(26)	25
Net income	$ 114	$ 69

Income excluding net realized gains (losses) on investments was $140 million for the quarter ended June 2000 compared with $44 million in 1999. The increase was partly due to the inclusion of the results of ACE INA and ACE Financial Services this quarter. Both of these operations were acquired after June 30, 1999. The increase was also partly due to better operating results at Tempest Re as a result of minimal catastrophe activity in the June 2000 quarter. In the June 1999 quarter, there were a large number of insured catastrophes that impacted Tempest Re's results.

Net realized losses on investments (net of taxes) were $26 million for the June 2000 quarter compared with net realized gains of $25 million for the June 1999 quarter. The realized losses were primarily the result of losses generated by the fixed maturities portfolios in ACE INA and losses generated by the financial futures and option contracts in ACE Bermuda.

Net income for the quarter was $114 million compared with $69 million for the quarter ended June 1999. Again, the increase in net income was due primarily to the inclusion of the results of ACE INA and ACE Financial Services this quarter and better operating results at Tempest Re.

Premiums	Three Months ended June 30		% Change from Prior Year
	2000	1999	
	(in millions of U.S. Dollars		
Gross premiums written:			
ACE Bermuda	$ 138	$ 172	(20%)
ACE Global Markets	193	207	(7%)
ACE Global Reinsurance	43	46	(7%)
ACE USA	949	84	N.M.
ACE International	544	-	N.M.
ACE Financial Services	83	-	N.M.
	$ 1,950	$ 509	283%
Net premiums written:			
ACE Bermuda	$ 127	$ 141	(10%)
ACE Global Markets	137	162	(15%)
ACE Global Reinsurance	30	43	(32%)
ACE USA	459	46	N.M.
ACE International	380	-	N.M.
ACE Financial Services	81	-	N.M.
	$ 1,214	$ 392	210%
Net premiums earned:			
ACE Bermuda	$ 104	$ 155	(33%)
ACE Global Markets	147	82	79%
ACE Global Reinsurance	26	37	(30%)
ACE USA	463	26	N.M.
ACE International	355	-	N.M.
ACE Financial Services	73	-	N.M.
	$ 1,168	$ 300	289%

N.M. not meaningful

For the quarter ended June 2000, gross premiums written increased by $1.4 billion to $1.9 billion compared with $509 million for the quarter ended June 1999. The increase is the result of the inclusion of ACE INA and ACE Financial Services which contributed $1.5 billion to gross premiums written in the current quarter, following their acquisitions. As with gross premiums written, net premiums written and net premiums earned increased significantly during the current quarter due to the inclusion of ACE INA and ACE Financial Services. Net premiums written increased by $822 million or 210 percent compared with $392 million for the June 1999 quarter and net premiums earned increased by $868 million or 289 percent compared with $300 million for the June 1999 quarter.

The significant competitive pressures experienced in most insurance markets over the past several years appear to have eased and the Company is now seeing evidence of a turn in both primary and reinsurance pricing coupled with an increase in demand for coverage.

ACE Bermuda: Gross premiums written for the quarter ended June 2000 decreased to $138 million from $172 million for the June 1999 quarter, a decrease of 20 percent. This decrease is primarily a result of decreases in premiums from tailored risk solutions which is susceptible to large fluctuations between periods. Gross premiums written during the quarter ended June 30, 1999 included a large tailored risks solutions contract which was fully earned during that quarter but was not renewed this year. The remaining lines of business remained relatively flat or experienced slight increases. Net premiums written decreased from $141 million for the June 1999 quarter to $127 million for the June 2000 quarter. Net premiums earned decreased from $155 million for the June 1999 quarter to $104 million for the June 2000 quarter. As with gross premiums written, both of these decreases are primarily the result of decreases in tailored risk solutions.

ACE Global Markets: Gross premiums written decreased by 7 percent from $207 million for the June 1999 quarter to $193 million for the June 2000 quarter. As previously reported, the Company now records the results of the Lloyd's 2000 underwriting year on a current basis and the results for June 2000 are for business concluded in the June 2000 quarter. Prior year underwriting results are still recorded one quarter in arrears but should run off over the next several quarters. On a comparable basis, gross premiums written increased by approximately $27 million in 2000 compared with 1999.

ACE Global Reinsurance: Gross premiums written for the quarter decreased 7 percent from $46 million for the June 1999 quarter to $43 million for the June 2000 quarter. This decrease is due primarily to program restructuring and the non-renewal of a major contract. Net premiums written for the quarter decreased 32 percent and net premiums earned decreased 30 percent, as Tempest Re moved preemptively to secure retrocessional capacity in anticipation of higher prices on July 1, 2000. Net premiums written and earned were also affected by premium adjustments accrued on existing ceded programs resulting from increased international writings.

ACE USA: Gross premiums written increased to $949 million for the quarter ended June 2000 from $84 million for the quarter ended June 1999. Net premiums written increased to $459 million for the current quarter from $46 million for the comparative quarter. This increase is due primarily to the inclusion of the ACE INA domestic business in 2000. On a comparable basis, this segment showed growth year over year driven primarily by growth in the large account unit, property and US International business units and aerospace. Net premiums earned increased from $26 million for the June 1999 quarter to $463 million for the June 2000 quarter due to the inclusion of the ACE INA domestic business.

ACE International: Gross premiums written were $544 million for the June 2000 quarter. Net premiums written and net premiums earned were $380 million and $355 million respectively.

ACE Financial Services: Gross premiums written for ACE Financial Services were $83 million for the quarter. This is the second quarter in which the Company's financial results reflect the acquisition of ACE Financial Services. Net premiums written were $81 million and net premiums earned were $73 million.

Underwriting Results

The underwriting results of a property and casualty insurer are discussed frequently by reference to its combined ratio, loss and loss expense ratio and underwriting and administrative expense ratio. Each ratio is derived by dividing the relevant expense amounts by net premiums earned. The combined ratio is the sum of the loss and loss expense ratio and the underwriting and the administrative expense ratio. A combined ratio under 100 percent indicates underwriting income and a combined ratio exceeding 100 percent indicates underwriting losses.

	Three Months Ended June 30	
	2000	1999
Loss and loss expense ratio		
ACE Bermuda	71.0%	85.4%
ACE Global Markets	56.7%	55.8%
ACE Global Reinsurance	7.1%	164.4%
ACE USA	76.5%	61.7%
ACE International	59.0%	-
ACE Financial Services	62.8%	-
Consolidated	65.8%	85.1%
Underwriting and administrative expense ratio		
ACE Bermuda	11.0%	6.5%
ACE Global Markets	38.1%	41.3%
ACE Global Reinsurance	35.7%	21.1%
ACE USA	22.5%	33.0%
ACE International	35.6%	-
ACE Financial Services	31.0%	-
Consolidated	29.7%	24.2%
Combined Ratio		
ACE Bermuda	82.0%	91.9%
ACE Global Markets	94.8%	97.1%
ACE Global Reinsurance	42.8%	185.5%
ACE USA	99.0%	94.7%
ACE International	94.6%	-
ACE Financial Services	93.8%	-
Consolidated	95.5%	109.3%

The process of establishing reserves for property and casualty claims continues to be a complex and uncertain process, requiring the use of informed estimates and judgments. The Company's estimates and judgments may be revised as additional experience and other data becomes available and are reviewed, as new or improved methodologies are developed or as current laws change. Any such revisions could result in future changes in estimates of losses or reinsurance recoverables, and would be reflected in the Company's results of operations in the period in which the estimates are changed.

In addition, catastrophe losses may have a significant effect on the insurance and reinsurance industry. ACE Global Reinsurance and other segments of the group have exposure to windstorm, hail, earthquake and other catastrophic events, all of which are managed using measures including underwriting controls, occurrence caps as well as modeling, monitoring and managing its accumulations. The Company uses its retrocessional programs to limit its net losses from catastrophes. However, property catastrophe loss experience is generally characterized as low frequency but high severity short-tail claims which may result in volatility in financial results.

Underwriting results for all segments for the June 2000 quarter are consistent with the Company's operating objective of achieving an underwriting profit. Following the acquisition of ACE INA, the Company initiated several cost reduction initiatives at ACE INA with a primary focus on ACE USA. These included staff reductions at ACE INA, outsourcing of the information technology operations at ACE USA and consolidating numerous ACE USA field offices. These initiatives have assisted ACE USA in achieving a combined ratio under 100 percent for the quarter.

Due to the inclusion of losses and loss expenses for ACE INA and ACE Financial Services following the acquisitions, losses and loss expenses increased substantially for the quarter ended June 2000 to $768 million compared with $255 million for the quarter ended June 1999. The Company's loss and loss expense ratio decreased from 85.1 percent in 1999 to 65.8 percent in 2000. This decrease is primarily due to the low number of catastrophes in 2000, as well as a change in the mix of business written in the quarter compared with 1999.

ACE Bermuda: The loss ratio for the June 2000 quarter decreased to 71.0 percent from 85.4 percent for the June 1999 quarter. The decrease is primarily attributable to a change in the mix of business written in the quarter. ACE Bermuda wrote less tailored risk solutions business, which generally has a higher loss ratio then the other lines, in the June 2000 quarter compared with the June 1999 quarter.

ACE Global Markets: The loss ratio is relatively unchanged from the comparable quarter increasing from 55.8 percent for the June 1999 quarter to 56.7 percent for the June 2000 quarter.

ACE Global Reinsurance: Tempest Re's loss ratio decreased to 7.1 percent compared with 164.4 percent in 1999. The loss ratio for this segment is directly impacted by the level of insured catastrophes. During the June 1999 quarter there were significant major catastrophic events including the tornadoes in the midwestern U.S. and hailstorms in Australia. There have been no significant catastrophic events affecting Tempest Re this quarter.

ACE USA: The loss ratio for ACE USA increased to 76.5 percent for the quarter ended June 2000 compared with 61.7 percent for the same quarter last year. The loss ratio has increased primarily because the domestic business of ACE INA has historically had a loss ratio in excess of the ACE US Holdings group. The June 1999 ratio relates solely to the ACE US Holdings group prior to the acquisition of ACE INA.

ACE International: The loss ratio for the June 2000 quarter was 59.0 percent. ACE INA was acquired on July 2, 1999; therefore, there are no comparative figures for this quarter.

ACE Financial Services: The loss ratio for the June 2000 quarter for ACE Financial Services was 62.8 percent. ACE Financial Services was acquired on December 30, 1999; therefore, there are no comparative figures for this quarter.

Underwriting and administrative expenses

Underwriting and administrative expenses are comprised of the amortization of deferred acquisition costs, which include commissions, premium taxes, underwriting and other costs that vary with and are primarily related to the production of premium, and administrative expenses which include all other operating costs. Total underwriting and administrative expenses increased from $73 million for the June 1999 quarter to $347 million for the June 2000 quarter primarily due to the inclusion of ACE INA and ACE Financial Services following the acquisitions. The underwriting and administrative expense ratio increased quarter on quarter to 29.7 percent from 24.2 percent in 1999.

ACE Bermuda: The underwriting and administrative expense ratio increased from 6.5 percent in 1999 to 11.0 percent in 2000. The key factors influencing this increase are increases in acquisition costs due to an increased number of profit sharing agreements. In 1999, profit sharing agreements existed in only two lines of business and in 2000 profit sharing agreements exist across all lines of business. In addition, the ratio increased over last year because net premiums earned are down this quarter due to a decrease in tailored risk solutions business as discussed in the premiums section.

ACE Global Markets: The underwriting and administrative expense ratio decreased slightly from 41.3 percent in the June 1999 quarter to 38.1 percent in the June 2000 quarter due to lower acquisition costs resulting from a change in the mix of business and an increase in earned premiums. Administrative expenses are down in the June 2000 quarter when compared with the June 1999 quarter primarily because 1999 included certain restructuring expenses.

ACE Global Reinsurance: The underwriting and administrative expense ratio increased from 21.1 percent in the June 1999 quarter to 35.7 percent in the June 2000 quarter due to increased expenses in connection with the expansion into Europe and the United States which to date are still building their infrastructure and have not contributed any written premiums. In addition, Tempest Re recognized less earned premiums in the June 2000 quarter due to an increase in the amount of reinsurance expense recognized.

ACE USA: The underwriting and administrative expense ratio for ACE USA declined from 33.0 percent for the June 1999 quarter to 22.5 percent for the June 2000 quarter. The June 1999 ratio relates solely to the ACE US Holdings group prior to the acquisition of ACE INA. However, the decline in the expense ratio was primarily driven by the increase in premiums earned from financial solutions contracts written and earned in the quarter.

ACE International: The underwriting and administrative expense ratio for ACE International was 35.6 percent for the quarter. ACE INA was acquired on July 2, 1999; therefore, there are no comparative figures for this quarter.

ACE Financial Services: The underwriting and administrative expense ratio for ACE Financial Services was 31.0 percent. ACE Financial Services was acquired on December 30, 1999; therefore, there are no comparative figures for this quarter.

Net Investment Income	Three Months Ended June 30		Percentage Change From Prior Year
	2000	1999	
	(in millions of U.S. Dollars)		
ACE Bermuda	$ 36	$ 48	(25%)
ACE Global Markets	7	6	17%
ACE Global Reinsurance	15	16	(5%)
ACE USA	79	12	N.M.
ACE International	23	-	N.M.
ACE Financial Services	25	-	N.M.
Other	(4)	3	N.M.
Total investment income	$ 181	$ 85	113%

N.M. - not meaningful

Net investment income increased by $96 million for the quarter ended June 2000 compared with the quarter ended June 1999. The primary reason for this is an increase in the size of investment assets resulting from the ACE INA and ACE Financial Services acquisitions during 1999. The rise in U.S. interest rates also had a positive impact on investment income during the quarter.

ACE Bermuda: Net investment income decreased by 25 percent to $36 million for the June 2000 quarter compared with $48 million for 1999. The decrease is due to a reduction in investable asset base due to dividends paid at the end of December 1999.

ACE Global Markets: Net investment income increased by 17 percent to $7 million compared with $6 million in 1999 as a result of the Company's increased participation in the Lloyd's syndicates it manages.

ACE Global Reinsurance: Net investment income decreased by 5 percent to $15 million during the current quarter compared with $16 million in 1999. The investable asset base of Tempest Re declined in 1999 as Tempest Re paid dividends as well as claims related to 1999 catastrophes.

ACE USA: Net investment income increased to $79 million for the June 2000 quarter compared with $12 million for 1999. The investment asset base of ACE USA was higher during the quarter ended June 2000 than during the quarter ended June 1999 due to the ACE INA acquisition. Net investment income for the current quarter includes both ACE US Holdings and the US operations of ACE INA which was acquired on July 2, 1999. Net investment income for the June 1999 quarter only reflects ACE US Holdings investment income.

ACE International: Net investment income of $23 million represents the net investment income of the international operations of ACE INA which were acquired on July 2, 1999; therefore, there is no prior period comparison.

ACE Financial Services: Net investment income of $25 million represents the net investment income of ACE Financial Services which was acquired on December 30, 1999; therefore, there is no prior period comparison.

Net Realized Gains (Losses) on Investments	Three Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Fixed maturities and short-term investments	$ (18)	$ (39)
Equity securities	3	21
Financial futures and option contracts	(17)	46
Other	5	1
Currency	(3)	(4)
Net realized gains (losses)	$ (30)	$ 25

The Company's investment strategy takes a long-term view and the portfolio is actively managed to maximize total return within certain specific guidelines, which minimize risk. The portfolio is reported at fair value. The effect of market movements on the investment portfolio will directly impact net realized gains (losses) on investments when securities are sold. Changes in unrealized gains and losses, which result from the revaluation of securities held, are reported as a separate component of accumulated other comprehensive income.

The Company uses foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar holdings currently held in the portfolio not specifically targeted to match the currency of liabilities. The contracts used are not designated as specific hedges and therefore, realized and unrealized gains and losses recognized on these contracts are recorded as a component of net realized gains (losses) in the period in which the fluctuations occur, together with net foreign currency gains (losses) recognized when non-U.S. dollar securities are sold.

Sales proceeds for fixed maturity securities were generally lower than their amortized cost during the quarter. This resulted in net realized losses of $18 million being recognized on fixed maturities and short-term investments during the quarter ended June 2000 compared to net realized losses of $39 million for the quarter ended June 1999.

Sales proceeds for equity securities were generally higher than their cost during the quarter, resulting in net realized gains of $3 million being recognized during the quarter compared to $21 million for the quarter ended June 1999.

Certain of the Company's external managers of fixed income securities use fixed income futures contracts to manage duration exposure, and gains of $2 million were recognized on these during the quarter ended June 2000. Net realized losses generated by the Company's equity index futures contracts amounted to $19 million during the quarter ended June 2000. Total net realized losses attributable to the financial futures and option contracts amounted to $17 million during the current three months, compared to gains of $46 million for the three months ended June 1999.

Other Expenses	Three Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Goodwill	$ 19	$ 5
Interest expense	$ 54	$ 4

The increase in goodwill amortization for the June 2000 quarter is primarily the result of the amortization of goodwill with respect to the ACE INA and ACE Financial Services acquisitions. The amortization of goodwill generated from the ACE INA acquisition is approximately $14 million per quarter and the ACE Financial Services acquisition generates approximately $1 million of goodwill amortization per quarter. ACE INA was acquired July 2, 1999 and ACE Financial Services was acquired December 30, 1999; therefore, goodwill amortization related to these acquisitions are not included in the comparative amounts.

The increase in interest expense for the June 2000 quarter is a result of the additional debt incurred by the Company in connection with the acquisition of ACE INA on July 2, 1999.

Results of Operations - Six Months ended June 30, 2000

Net Income	Six Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Income excluding net realized gains on investments	$ 267	$ 156
Net realized gains on investments (net of taxes)	21	42
Net income	$ 288	$ 198

Income excluding net realized gains on investments was $267 million for the six months ended June 2000 compared with $156 million for 1999. The increase was due primarily to the inclusion of the results of ACE INA and ACE Financial Services. Both of these operations were acquired after June 30, 1999. The increase was also partly due to better operating results at Tempest Re as a result of minimal catastrophe activity in the six month period ended June 2000. In the six month period ended June 1999, there were a large number of insured catastrophes that impacted Tempest Re's results. This was offset by a decrease in income excluding net realized gains on investments in ACE Bermuda, primarily due to lower investment income arising from a reduction in the investable asset base following dividend payments in December 1999.

Net realized gains on investments (net of taxes) were $21 million for the six months ended June 2000 compared with $42 million for the six months ended June 1999. The realized gains in 2000 were generated primarily in ACE Bermuda and ACE International which realigned certain of their equity portfolios during the period.

Net income for the six months ended June 2000 was $288 million compared with $198 million for the six months ended June 1999. The increase in net income was due primarily to the inclusion of the results of ACE INA and ACE Financial Services during the current period, as well as better results in Tempest Re, offset somewhat by a decline in net income at ACE Bermuda.

Premiums	Six months ended June 30		% Change from Prior Year
	2000	1999	
	(in millions of U.S. Dollars)		
Gross premiums written:			
ACE Bermuda	$ 311	$ 302	3%
ACE Global Markets	513	347	48%
ACE Global Reinsurance	147	160	(8%)
ACE USA	1,688	135	N.M.
ACE International	1,057	-	N.M.
ACE Financial Services	231	-	N.M.
	$ 3,947	$ 944	318%
Net premiums written:			
ACE Bermuda	$ 265	$ 240	11%
ACE Global Markets	374	266	41%
ACE Global Reinsurance	133	158	(16%)
ACE USA	919	69	N.M.
ACE International	756	-	N.M.
ACE Financial Services	224	-	N.M.
	$ 2,671	$ 733	264%
Net premiums earned:			
ACE Bermuda	$ 186	$ 272	(32%)
ACE Global Markets	280	190	48%
ACE Global Reinsurance	58	74	(21%)
ACE USA	846	50	N.M.
ACE International	699	-	N.M.
ACE Financial Services	204	-	N.M.
	$ 2,273	$ 586	288%

Gross premiums written for the six months ended June 2000 increased by $3 billion to $3.9 billion from $944 million for the same period last year. The inclusion of ACE INA and ACE Financial Services in the current six months following their acquisitions accounted for $2.8 billion of this increase. Net premiums written increased by $1.9 billion or 264 percent from $733 million for the six months ended June 1999 and net premiums earned increased by $1.7 billion or 288 percent from $586 million for the six months ended June 1999. As with gross premiums written, these increases were primarily the result of the inclusion of ACE INA and ACE Financial Services in the six months ended June 2000.

On a pro forma comparable basis, including ACE INA and ACE Financial Services in 1999, gross and net premiums written for all segments combined increased by over 20 percent year over year.

ACE Bermuda: Gross premiums written increased slightly from $302 million for the six months ended June 1999 to $311 million for the six months ended June 2000. Net premiums written increased from $240 million for the six months ended June 1999 to $265 million for the six months ended June 2000. This increase is primarily a result of increases in satellite, excess property, and tailored risk solutions premiums. Net premiums earned decreased from $272 million for the six months ended June 1999 to $186 million for the six months ended June 2000 due primarily to decreases in excess liability and tailored risk solutions. During the six months ended June 1999 ACE Bermuda had an increase in net premiums earned as a result of the commutation of a tailored risk solution contract which generated net premiums earned of $25 million and the writing of a significant tailored risk solution contract which generated one time net premiums earned of $77 million. The decreases in net premiums earned were partially offset by increases in property and political risk premiums.

ACE Global Markets: Gross premiums written increased 48 percent from $347 million for the six months ended June 1999 to $513 million for the six months ended June 2000. The reason for the increase is two-fold. ACE Global Markets increased its participation in the syndicates under management again in 2000. ACE's participation in 2000 is 84 percent of capacity. In addition, as already noted, the Company now records the results of the Lloyd's 2000 underwriting year on a current basis. Prior year underwriting results are still recorded one quarter in arrears but underwriting results should run off over the next several quarters. On a comparable basis, gross premiums written increased by approximately $20 million in 2000 compared with 1999.

ACE Global Reinsurance: Gross premiums written decreased from $160 million for the six months ended June 1999 to $147 million for the six months ended June 2000. This decrease is due predominantly to a number of program restructurings and non- renewals. Net premiums written decreased from $158 million in the six months ended June 1999 to $133 million in the six months ended June 2000 primarily for the same reasons explained above for gross premiums written. Net premiums earned decreased from $74 million for the six months ended June 1999 to $58 million for the six months ended June 2000. This decrease is due to lower premium levels experienced as well as premium adjustments accrued on existing ceded programs resulting from increased international writings.

ACE USA: Gross premiums written increased to $1.7 billion from $135 million for the six months ended June 1999 and net premiums written increased to $919 million from $69 million primarily because of the inclusion of the ACE INA domestic business in 2000. On a comparable basis, this segment showed growth year over year driven primarily by production gains in the large account unit, property, aerospace, the Westchester Specialty division, warranty and the USI division (US based multinational accounts). It is important to note that the inflow of financial solutions business is generally more sporadic than the more traditional lines of business and is not necessarily indicative of future trends. Net premiums earned increased from $50 million for the six months ended June 1999 to $846 million for the six months ended June 2000. The increase in net premiums earned is due to the inclusion of the ACE INA domestic business and for the reasons discussed above.

ACE International: Gross premiums written were $1.1 billion for the six months ended June 2000. The growth in property and casualty business in ACE International was driven by an expanded product offering as ACE continues to gain acceptance by producers worldwide. Accident and health premiums have been flat year to date.

ACE Financial Services: Gross premiums written for ACE Financial Services were $231 million for the six months ended June 2000. Net premiums written and earned were $223 million and $204 million respectively. This is the first year in which our financial results reflect the acquisition of ACE Financial Services, which was concluded on December 30, 1999. The Company's financial guaranty reinsurance business has witnessed historically high transactional volume despite slowing municipal and asset-backed markets due in part to rising interests rates. The financial risks reinsurance business has seen strong production in structured excess of loss financial guaranty and residential mortgage guaranty.

	Six Months Ended June 30	
	2000	1999
Loss and loss expense ratio		
ACE Bermuda	71.2%	72.4%
ACE Global Markets	55.6%	57.0%
ACE Global Reinsurance	20.0%	103.1%
ACE USA	74.6%	62.3%
ACE International	58.4%	-
ACE Financial Services	70.9%	-
Consolidated	65.3%	70.4%
Underwriting and administrative expense ratio		
ACE Bermuda	11.8%	10.4%
ACE Global Markets	39.4%	39.8%
ACE Global Reinsurance	28.3%	21.1%
ACE USA	24.6%	34.3%
ACE International	36.8%	-
ACE Financial Services	21.9%	-
Consolidated	30.4%	27.6%
Combined Ratio		
ACE Bermuda	83.0%	82.8%
ACE Global Markets	95.0%	96.8%
ACE Global Reinsurance	48.3%	124.2%
ACE USA	99.2%	96.6%
ACE International	95.2%	-
ACE Financial Services	92.8%	-
Consolidated	95.7%	98.0%

Underwriting results for all segments for the six months ended June 2000 are consistent with the Company's operating objective of achieving an underwriting profit. Following the acquisition of ACE INA, the Company initiated several cost reduction initiatives at ACE INA with a primary focus on ACE USA. These included staff reductions at ACE INA, outsourcing of the information technology operations at ACE USA and consolidating numerous ACE USA field offices.

Losses and loss expenses increased substantially for the six months ended June 2000 to $1.5 billion compared with $412 million for the six months ended June 1999. This increase is primarily due to the inclusion of losses and loss expenses for ACE INA and ACE Financial Services following the acquisitions. The Company's loss and loss expense ratio decreased from 70.4 percent in 1999 to 65.3 percent in 2000. This decrease is primarily due to there being fewer catastrophes in the first six months of 2000 compared with a large number of catastrophes in the first six months of 1999.

ACE Bermuda: The loss ratio for the six months ended June 2000 was relatively unchanged at 71. 2 percent, decreasing from 72.4 percent for the six months ended June 1999.

ACE Global Markets: The loss ratio has decreased slightly over the past year from 57.0 percent for the six months ended June 1999 to 55.6 percent for the six months ended June 2000, reflecting a small change in the mix of business written.

ACE Global Reinsurance: The loss ratio for this segment is directly impacted by the level of insured catastrophes. As a result, Tempest Re's loss ratio decreased to 20.0 percent compared with 103.1 percent in 1999. There were a significant number of catastrophes in 1999 when compared with the first six months of 2000.

ACE USA: The loss ratio for ACE USA increased to 74.6 percent in 2000 compared with 62.3 percent in 1999. This increase is primarily because the domestic business of ACE INA has historically had a loss ratio in excess of ACE US Holdings. The six months ended June 1999 ratio relates solely to the ACE US Holdings group prior to the acquisition of ACE INA.

ACE International: The loss ratio for the six months ended June 2000 was 58.4 percent. ACE INA was acquired on July 2, 1999; therefore, there are no comparative figures for this quarter.

ACE Financial Services: The loss ratio for the six months ended June 2000 for ACE Financial Services was 70.9 percent. ACE Financial Services was acquired on December 30, 1999; therefore, there are no comparative figures for this quarter.

Underwriting and administrative expenses

As with losses and loss expenses, total underwriting and administrative expenses increased significantly from $162 million for the six months ended June 1999 to $691 million for the six months ended June 2000 primarily due to the inclusion of ACE INA and ACE Financial Services following the acquisitions. The underwriting and administrative expense ratio increased to 30.4 percent from 27.6 percent.

ACE Bermuda: The underwriting and administrative expense ratio increased from 10.4 percent in 1999 to 11.8 percent in 2000. The key factor influencing the increase was increased acquisition costs due to increased profit sharing contracts. These increases are offset by the transfer of certain expenses to ACE Limited following the realignment of certain business functions to the holding company in addition to reductions in other expenses.

ACE Global Markets: The underwriting and administrative expense ratio remained relatively unchanged at 39.4 percent compared to 39.9 percent for the six months ended June 1999.

ACE Global Reinsurance: The underwriting and administrative expense ratio increased from 21.1 percent in 1999 to 28.3 in 2000 due to increased expenses in connection with the expansion into Europe and the United States. In addition, Tempest has taken advantage of the favorable pricing to increase its use of retrocessional coverage thereby decreasing its net earned premiums.

ACE USA: The underwriting and administrative expense ratio for ACE USA declined from 34.3 percent in 1999 to 24.6 percent in 2000. The ratio for the six months ended June 1999 relates solely to the ACE US Holdings group prior to the acquisition of ACE INA. The increase in premiums earned from financial solutions contracts written and earned during the current period contributed to the decline in the expense ratio.

ACE International: The underwriting and administrative expense ratio of ACE International was 36.8 percent for the current six months. ACE INA was acquired on July 2, 1999; therefore, there are no comparative figures for the six months ended June 1999.

ACE Financial Services: The underwriting and administrative expense ratio of ACE Financial Services was 21.9 percent. ACE Financial Services was acquired on December 30, 1999; therefore, there are no comparative figures for the six months ended June 1999.

Net Investment Income	Six Months Ended June 30		Percentage Change From Prior Year
	2000	1999	
	(in millions of U.S. Dollars)		
ACE Bermuda	$ 72	$ 97	(26%)
ACE Global Markets	16	13	21%
ACE Global Reinsurance	30	32	(7%)
ACE USA	162	25	N.M.
ACE International	45	-	N.M.
ACE Financial Services	47	-	N.M.
Other	(8)	5	N.M.
Total investment income	$ 364	$ 171	113%

N.M. - not meaningful

Net investment income increased by $193 million for the six months ended June 2000 compared with the six months ended June 1999. The primary reason for this is an increase in the size of investment assets resulting from the ACE INA and ACE Financial Services acquisitions during 1999. The rise in U.S. interest rates had a positive impact on investment income during the six months ended June 2000.

ACE Bermuda: Net investment income decreased by 26 percent to $72 million in 2000 compared with $97 million in 1999. This decrease is primarily due to a reduction in investable asset base due to dividends paid at the end of December 1999.

ACE Global Markets: Net investment income increased by 21 percent to $16 million compared with $13 million in 1999 as a result of the Company's increased participation in the Lloyd's syndicates it manages.

ACE Global Reinsurance: Net investment income decreased slightly to $30 million during the six months ended June 2000 compared with $32 million in the first six months of 1999. The investable asset base of Tempest Re declined in 1999 as Tempest Re paid dividends and paid claims related to 1999 catastrophes.

ACE USA: Net investment income increased to $162 million in 2000 compared with $25 million in 1999. The investment asset base of ACE USA was higher during the six months ended June 2000 than during the six months ended June 1999 due to the ACE INA acquisition. Net investment income for the current year includes both ACE US Holdings and the US operations of ACE INA which was acquired on July 2, 1999. Net investment income for 1999 only reflects ACE US Holdings investment income.

ACE International: Net investment income of $45 million represents the net investment income of the international operations of ACE INA which were acquired on July 2, 1999; therefore, there is no prior period comparison.

ACE Financial Services: Net investment income of $47 million represents the net investment income of ACE Financial Services which was acquired on December 30, 1999; therefore, there is no prior period comparison.

Net Realized Gains (Losses) on Investments	Six Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Fixed maturities and short-term investments	$ (58)	$ (32)
Equity securities	93	28
Financial futures and option contracts	(8)	50
Other	7	2
Currency	(7)	(5)
Net realized gains	$ 27	$ 43

Sales proceeds for fixed maturity securities were generally lower than their amortized cost during the six months ended June 2000. This resulted in net realized losses of $58 million being recognized on fixed maturities and short-term investments during the six months ended June 2000 compared to net realized loss of $32 million for the six months ended June 1999.

Sales proceeds for equity securities were generally higher than their cost during the six months ended June 2000, resulting in net realized gains of $93 million being recognized during the period compared to $28 million for the six months ended June 1999.

Certain of the Company's external managers of fixed income securities use fixed income futures contracts to manage duration exposure, and losses of $2 million were recognized on these during the six months ended June 2000. Net realized losses generated by the Company's equity index futures contracts amounted to $6 million during the six months ended June 2000. Total net realized losses attributable to the financial futures and option contracts amounted to $8 million during the six months ended June 2000, compared to gains of $50 million for the six months ended June 1999.

Other Expenses	Six Months Ended June 30	
	2000	1999
	(in millions of U.S. Dollars)	
Goodwill	$ 39	$ 9
Interest expense	$ 111	$ 9

The increase in goodwill amortization in the six months ended June 2000 is primarily the result of the amortization of goodwill with respect to the ACE INA and ACE Financial Services acquisitions. ACE INA was acquired July 2, 1999 and ACE Financial Services was acquired December 30, 1999, therefore, goodwill amortization related to these acquisitions are not included in the comparative amounts.

The increase in interest expense for the six months ended June 2000 is a result of the additional debt incurred by the Company in connection with the acquisition of ACE INA on July 2, 1999.

CONSOLIDATED FINANCIAL POSITION

Total assets at June 30, 2000 were relatively unchanged at $30.2 billion compared with $30.1 billion at December 31, 1999.

At June 30, 2000, total investments and cash decreased to $12.5 billion, compared to $12.9 billion at December 31, 1999. This reduction is partly due to the decline in market value of fixed maturity securities because of interest rate increases. In addition, the Company used approximately $100 million of internal funds to repay short-term debt and had negative cash flow from operations of approximately $200 million. The Company's investment portfolio is structured to provide a high level of liquidity to meet insurance related or other obligations. The consolidated investment portfolio is externally managed by independent professional investment managers and is invested primarily in high quality investment grade marketable fixed income and equity securities, the majority of which trade in active, liquid markets.

The Company maintains loss reserves for the estimated unpaid ultimate liability for losses and loss expenses under the terms of its policies and agreements. The reserve for unpaid losses and loss expenses of $16.7 billion at June 30, 2000 includes $9.4 billion of case and loss expense reserves. While the Company believes that its reserve for unpaid losses and loss expenses at June 30, 2000 are reasonable, future developments may result in ultimate losses and loss expenses significantly greater or less than the reserve provided.

One of the ways the Company manages its loss exposure is through the use of reinsurance. While reinsurance arrangements are designed to limit losses from large exposures and to permit recovery of a portion of direct losses, reinsurance does not relieve the Company of its liability to its insureds. Accordingly, the Company's loss reserves represent total gross losses and reinsurance recoverable represents anticipated recoveries of a portion of those losses as well as amounts recoverable from reinsurers with respect to claims which have already been paid by the Company. The Company's reinsurance recoverables were approximately $8.6 billion and $8.8 billion at June 30, 2000 and December 31, 1999, net of allowances for unrecoverable reinsurance of $720 million and $758 million, respectively.

The allowance for unrecoverable reinsurance is required principally due to the failure of reinsurers to indemnify the Company, primarily because of disputes under reinsurance contracts and insolvencies. Reinsurance disputes continue to be significant, particularly on larger and more complex claims, such as those related to asbestos and environmental pollution (discussed below) and London reinsurance market exposures. Allowances have been established for amounts estimated to be uncollectible.

Included in the Company's liabilities for losses and loss expenses are liabilities for asbestos environmental and latent injury damage claims and expenses ("A&E claims"). These liabilities include provision for both reported and IBNR claims. These claims are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily injury claims related to asbestos products and environmental hazards.

LIQUIDITY AND CAPITAL RESOURCES

As a holding company, ACE's assets consist primarily of the stock of its subsidiaries as well as other investments. In addition to investment income, its cash flows currently depend primarily on dividends or other statutorily permissible payments from its Bermuda-based operating subsidiaries (the "Bermuda subsidiaries"). There are currently no legal restrictions on the payment of dividends from retained earnings by the Bermuda subsidiaries as the minimum statutory capital and surplus requirements are satisfied by the share capital and additional paid-in capital of each of the Bermuda subsidiaries. However, the payment of dividends or other statutorily permissible distributions by the Bermuda subsidiaries is subject to the need to maintain shareholder's equity at a level adequate to support the level of insurance and reinsurance operations. During the six months ended June 30, 2000, ACE Bermuda declared dividends of $81 million. During the year ended December 31, 1999, ACE Bermuda and Tempest Re declared dividends of $726 million and $316 million, respectively.

The payment of any dividends from ACE Global Markets or its subsidiaries would be subject to applicable United Kingdom insurance law including those promulgated by the Society of Lloyd's. No dividends were received from ACE Global Markets during fiscal 1999 or during the first six months of fiscal 2000 and the Company does not anticipate receiving dividends from ACE Global Markets during the remainder of fiscal 2000. ACE INA has issued debt to provide partial financing for the ACE INA acquisition and for other operating needs. Cash flow requirements to service this debt are expected to be met primarily by upstreaming dividend payments from ACE INA's insurance subsidiaries. During the six months ended June 30, 2000, INA Holdings received dividends of $50 million from its subsidiaries. Under various U.S. insurance laws to which ACE INA's U.S. insurance subsidiaries are subject, ACE INA's U.S. insurance subsidiaries may pay a dividend only from earned surplus subject to the maintenance of a minimum capital requirement, without prior regulatory approval. ACE INA's international subsidiaries are also subject to various insurance laws and are also subject to regulations in the countries in which they operate. These regulations include restrictions that limit the amount of dividends that can be paid without prior approval of the insurance regulatory authorities. No dividends have been received by ACE Limited from ACE INA during the six months ended June 30, 2000.

The Company's consolidated sources of funds consist primarily of net premiums written, investment income, and proceeds from sales and maturities of investments. Funds are used primarily to pay claims, operating expenses and dividends and for the purchase of investments.

The Company's insurance and reinsurance operations provide liquidity in that premiums are normally received substantially in advance of the time claims are paid. The Company's consolidated net cash flow from operating activities was $(204) million for the six months ended June 30, 2000, compared with $71 million for the six months ended June 30, 1999. Cash flows are affected by claim payments, which due to the nature of the Company's operations, may comprise large loss payments on a limited number of claims and therefore can fluctuate significantly from year to year. The irregular timing of these loss payments, for which the source of cash can be from operations, available net credit facilities or routine sales of investments, can create significant variations in cash flows from operations between periods. Loss and loss expense payments amounted to $1.7 billion and $532 million for the six months ended June 30, 2000 and 1999, respectively. The substantial increase in loss and loss expense payments is a result of the inclusion of paid losses from ACE INA. For the year ended December 31, 1999 and fiscal years ended September 30, 1998 and 1997, net losses and loss expense payments amounted to $2.4 billion, $584 million and $422 million respectively.

On July 2, 1999, the Company completed the ACE INA acquisition for $3.45 billion in cash. The Company partially financed the transaction with commercial paper issuance with a current annualized cost in the range of 6.5 to 7.0 percent. The commercial paper offerings are backed by line of credit facilities, which were originally arranged in connection with the ACE INA Acquisition.

In August 1999, commercial paper issuance noted above was reduced using the net proceeds of an $800 million senior debt issuance. In December 1999, the commercial paper outstanding was reduced using the net proceeds from the issuance of $300 million in aggregate principal amount of unsecured subordinated notes maturing in December 2009, and the net proceeds of a $100 million trust preferred securities issue. These trust preferred securities mature on December 31, 2029, but the due date may be extended through December 31, 2048. Distributions on the trust preferred securities are payable quarterly at a rate of 8.875 percent. The sole assets of the trust consist of subordinated debentures of ACE INA. The Company has guaranteed the payment obligations with respect to the trust preferred securities and underlying subordinated indenture. On March 31, 2000 the commercial paper outstanding was reduced using the net proceeds from the issuance of $300 million in capital securities. These capital securities mature on April 1, 2030, and the due date may not be extended.

Distributions on the capital securities are payable semi-annually at a rate of 9.70 percent. The sole assets of the trust consist of subordinated debentures of ACE INA. The Company has guaranteed the payment obligations with respect to the capital securities and underlying subordinated indenture. The interest payments on the senior debt, the unsecured subordinated notes, the trust preferred securities and the capital securities which were all issued by ACE INA, are tax deductible.

On April 12, 2000, the Company's commercial paper outstanding was reduced using the net proceeds from the issuance of $300 million FELINE PRIDES which consist of a share of the Company's 8.25 percent Cumulative Redeemable Preferred Shares, Series A, liquidation value $50 per share, and a purchase contract which requires the holder to purchase on May 16, 2003 for $50 a number of the Company's ordinary shares determined as provided in the purchase contract. On May 8, 2000, exercise of the underwriters' over-allotment option with respect to the offering of the FELINE PRIDES resulted in additional net proceeds of $11 million which was used to reduce the Company's commercial paper borrowings. The Preferred Shares are mandatorily redeemable by the Company on June 16, 2003. Under the purchase contracts, a minimum of 11.8 million ordinary shares and a maximum of 16.4 million ordinary shares of the Company will be issued.

During the quarter, an additional $103 million of the Company's outstanding commercial paper was repaid from internally generated funds.

The issuance of the FELINE PRIDES represents the last step in securing permanent financing related to the ACE INA acquisition. Any remaining commercial paper will either remain outstanding, be repaid from internal cash flow or be refinanced over time.

On December 30, 1999, the Company completed the acquisition of ACE Financial Services for aggregate consideration of $110 million in cash and approximately 20.8 million ACE ordinary shares. The cash used to finance the acquisition was generated from internal sources.

On January 14, 2000 and April 14, 2000 the Company paid quarterly dividends of 11 cents per share to shareholders of record on December 31, 1999 and March 31, 2000 respectively. On July 14, 2000 the Company paid a quarterly dividend of 13 cents per share to shareholders of record on June 30, 2000. The declaration and payment of future dividends is at the discretion of the Board of Directors and will be dependent upon the profits and financial requirements of the Company and other factors, including legal restrictions on the payment of dividends and such other factors as the Board of Directors deems relevant.

Fully diluted book value per share was $20.81 at June 30, 2000, compared with $20.28 at December 31, 1999.

Both internal and external forces influence the Company's financial condition, results of operations and cash flows. Claim settlements, premium levels and investment returns may be impacted by changing rates of inflation and other economic conditions. In many cases, significant periods of time, ranging up to several years or more, may elapse between the occurrence of an insured loss, the reporting of the loss to the Company and the settlement of the Company's liability for that loss. The Company believes that its cash balances, cash flow from operations, routine sales of investments and the liquidity provided by its credit facilities (discussed below) are adequate to meet the Company's expected cash requirements.

Credit facilities

In May 2000, the Company renewed certain syndicated credit facilities. Each facility requires that the Company and/or certain of its subsidiaries maintain specific covenants, including a consolidated tangible net worth covenant and a maximum leverage covenant. The facilities provide:

o An $800 million, 364-day revolving credit facility with ACE Limited and various subsidiaries as borrowers and guarantors. This facility is for general corporate purposes.

o A $250 million, five-year revolving credit facility with ACE Limited and various subsidiaries as borrowers and guarantors. This facility is for general corporate purposes and permits both loans and letters of credit.

Each of the above facilities may be used as commercial paper recourse facilities.

Tempest Re also maintains an uncollateralized, syndicated revolving credit facility in the amount of $72.5 million, which is guaranteed by the Company. At June 30, 2000, no amounts have been drawn down under this facility.

As of June 30, 2000 ACE Financial Services was party to a credit facility with a syndicate of banks pursuant to which the syndicate provides up to $120 million specifically designed to provide rating agency qualified capital to further support ACE Financial Services claims-paying resources. The limit on this credit facility was increased from $100 million to $120 million during the quarter. The facility expires in January 2006. ACE Financial Services has not borrowed under this credit facility.

In August 1996, ACE Financial Services entered into a credit agreement for the provision of a $25 million loan, which was available for general corporate purposes. As of June 30, 2000, this facility had been cancelled and replaced with a $25 million loan under the group's 5-year syndicated credit facility as described above.

In November 1998, the Company arranged a syndicated, partially collateralized, five-year LOC facility in the amount of (pound)270 million (approximately $411 million) to fulfill the requirements of Lloyd's for the 1999 year of account. This LOC facility requires that the Company and/or certain of its subsidiaries continue to maintain certain covenants, including a minimum consolidated tangible net worth covenant and a maximum leverage covenant. On June 30, 1999, certain terms of this LOC facility were renegotiated and the facility is now uncollateralized. The facility was renewed in November 1999 at an increased amount of (pound)290 million (approximately $441 million) to fulfill the requirements of Lloyd's for the 2000 year of account. ACE Financial Services maintains a (pound)48 million (approximately $73 million) unsecured letter of credit facility with a bank to fulfill their requirements at Lloyd's.

In September 1999, the Company along with ACE Bermuda and Tempest Re as Account Parties and Guarantors arranged a syndicated, one-year LOC facility in the amount of $430 million for general business purposes, including the issuance of (re)insurance letters of credit. This LOC facility requires that the Company and/or certain of its subsidiaries continue to maintain certain covenants, including a minimum consolidated tangible net worth covenant and a maximum leverage covenant.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

1. Exhibits.

10.1 Amended and Restated Five Year Credit Agreement among ACE Limited, ACE Bermuda Insurance Company Ltd., ACE INA Holdings, Inc. and ACE Financial Services, Inc., Mellon Bank, N.A., Bank of America, N.A. and The Chase Manhattan Bank, dated May 8, 2000.

10.2 Amended and Restated 364 Day Credit Agreement among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Ltd., ACE INA Holdings Inc., ACE Guaranty Re Inc., Bank of America, N.A., The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York dated May 8, 2000.

27. Financial Data Schedule

SIGNATURES

Pursuantto the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACE LIMITED

August 14, 2000

Brian Duperreault

Brian Duperreault
Chairman and Chief
Executive Officer

August 14, 2000

Robert Blee

Robert A. Blee
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description	Numbered Page
10.1	Amended and Restated Five Year Credit Agreement among ACE Limited, ACE Bermuda Insurance Company Ltd., ACE INA Holdings, Inc. and ACE Financial Services, Inc., Mellon Bank, N.A., Bank of America, N.A. and The Chase Manhattan Bank, dated May 8, 2000.	
10.2	Amended and Restated 364 Day Credit Agreement among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Ltd., ACE INA Holdings Inc., ACE Guaranty Re Inc., Bank of America, N.A., The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York dated May 8, 2000.	
27.	Financial Data Schedule.	

[Conformed Copy] $250,000,000

AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT

Dated as of May 8, 2000

Among

ACE LIMITED

ACE BERMUDA INSURANCE LTD.

TEMPEST REINSURANCE COMPANY LIMITED

ACE INA HOLDINGS INC.

ACE FINANCIAL SERVICES, INC.

as Borrowers

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

MELLON BANK, N.A.

as Issuing Bank

and

BANK OF AMERICA, N.A.

THE CHASE MANHATTAN BANK

Co- Syndication Agents

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

as Administrative Agent

J.P. MORGAN SECURITIES INC.

Lead Arranger

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AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT

AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT dated as of May 8, 2000 among ACE Limited, a Cayman Islands company (the "Parent"), ACE Bermuda Insurance Ltd. ("ACE Bermuda"), Tempest Reinsurance Company Limited ("Tempest"), ACE INA Holdings Inc. ("ACE INA") and ACE Financial Services, Inc. ("ACE Financial") (Ace Bermuda, Tempest, ACE INA and ACE Financial, together with the Parent, the "Borrowers"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), Mellon Bank, N.A. as issuing bank (the "Issuing Bank"), Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents (together with any successor co-syndication agents appointed pursuant to Article VIII, the "Co-Syndication Agents"), and Morgan Guaranty Trust Company of New York ("MGT"), as administrative agent (together with any successor administrative agent appointed pursuant to Article VIII, the "Administrative Agent" and, together with the Co-Syndication Agents, the "Agents") for the Lenders (as hereinafter defined).

PRELIMINARY STATEMENTS:

Certain of the parties hereto have heretofore entered into a Credit Agreement dated as of June 11, 1999 pursuant to which the Lenders (as defined therein) have made available to the Borrowers (as defined therein) a credit facility in an amount up to $250,000,000 (as heretofore amended, the "Existing Agreement"). The parties hereto desire to extend such credit facility for an additional year, to make the other changes reflected in this Amended Agreement and to amend and restate the Existing Agreement to read in its entirety as set forth in this Amended Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Party" with respect to any outstanding or proposed Letter of Credit means the Borrower for the account of which such Letter of Credit was or is proposed to be issued.

"ACE Bermuda" has the meaning specified in the recital of parties to this Amended Agreement.

"ACE Financial" has the meaning specified in the recital of parties to this Amended Agreement.

"ACE INA" has the meaning specified in the recital of parties to this Amended Agreement.

"Adjusted Consolidated Debt" means, at any time, an amount equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) to the extent exceeding an amount equal to 15% of Total Capitalization, the then issued and outstanding amount of Preferred Securities (other than any Mandatorily Convertible Securities).

"Administrative Agent" has the meaning specified in the recital of parties to this Amended Agreement.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent with Morgan Guaranty Trust Company of New York, at its office at 60 Wall Street, New York, New York 10260, Account No. 999 99 090, Attention: Bill Wood, or such other account as the Administrative Agent shall specify in writing to the Lenders.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent, completed by such Lender and returned to the Administrative Agent (with a copy to the Borrowers).

"Advance" means a Committed Advance, a Competitive Bid Advance or a Letter of Credit Advance.

"Affected Lender" means any Lender that (i) has made, or notified any Borrower that an event or circumstance has occurred which may give rise to, a demand for compensation under Section 2.11(a) or (b) or Section 2.13 (but only so long as the event or circumstance giving rise to such demand or notice is continuing),
(ii) has notified any Borrower (which notice has not been withdrawn) of any event or circumstance of a type described in Section 2.11(c) or (d) or (iii) is a Downgraded Lender.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"Agents" has the meaning specified in the recital of parties to this Amended Agreement.

"Agreement" means the Existing Agreement, as amended by this Amended Agreement and as the same may be further amended from time to time.

"Agreement Currency" has the meaning specified in Section 2.21(g).

"Amended Agreement" means this Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000.

"Applicable Facility Fee Percentage" means, as of any date, a percentage per annum determined by reference to the Pricing Schedule.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Pricing Schedule.

"Approved Investment" means any Investment that was made by the Parent or any of its Subsidiaries pursuant to investment guidelines set forth by the board of directors of the Parent which are consistent with past practices.

"Assignee" has the meaning specified in Section 9.06(c).

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time or at any future time (assuming compliance at such time or such future time with all conditions to drawing).

"Bankruptcy Law" means any proceeding of the type referred to in Section 6.01(f) or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by MGT in New York, New York, from time to time, as MGT's prime rate; and

(b) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.08(a)(i).

"Borrowers" has the meaning specified in the recital of parties to this Amended Agreement.

"Borrowers' Account" means the account of one or more Borrowers maintained by such Borrower(s) with The Bank of Bermuda Limited at its office at 6 Front Street, Hamilton, Bermuda HM12 Account No.18000035, Attention: Maria Aguiar, or such other account as the Parent shall specify in writing to the Administrative Agent or such other account as the Borrowers (or any one of them) shall specify in writing to the Administrative Agent.

"Borrowing" means a Committed Borrowing or a Competitive Bid Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances or LIBO Rate Advances, on which dealings are carried on in the London interbank market.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Change of Control" means the occurrence of any of the following: (a) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Interests of the Parent (or other securities convertible into such Voting Interests) representing 30% or more of the combined voting power of all Voting Interests of the Parent; or
(b) a majority of the board of directors of the Parent shall not be Continuing Members; or (c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that results in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Parent.

"Commitment" means a WC Commitment or the Letter of Credit Commitment.

"Commitment Schedule" means the Schedule hereto denominated as such.

"Committed Advance" has the meaning specified in Section 2.01(a).

"Committed Borrowing" means a borrowing consisting of simultaneous Committed Advances of the same Type made by the Lenders to the same Borrower.

"Committed Facility" means, at any time, the aggregate amount of the Lenders' WC Commitments at such time.

"Committed Note" means a promissory note of any Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate

indebtedness of such Borrower to such Lender resulting from the Committed Advances made by such Lender, as amended.

"Competitive Bid Advance" means an advance by a Lender to any Borrower as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.03 and refers to a Fixed Rate Advance or a LIBO Rate Advance.

"Competitive Bid Borrowing" means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

"Competitive Bid Note" means a promissory note of any Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of such Borrower to such Lender resulting from Competitive Bid Advances made by such Lender.

"Confidential Information" means information that any Loan Party furnishes to any Agent or any Lender, but does not include any such information that is or becomes generally available to the public other than as a result of a breach by such Agent or any Lender of its obligations hereunder or that is or becomes available to such Agent or such Lender from a source other than the Loan Parties that is not, to the best of such Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with a Loan Party.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income of the Parent and its Consolidated Subsidiaries, determined on a Consolidated basis for such period.

"Consolidated Net Worth" means at any date the Consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries determined as of such date, provided that such determination for purposes of Section 5.04 shall be made without giving effect to adjustments pursuant to Statement No. 115 of the Financial Accounting Standards Board of the United States of America.

"Contingent Obligation" means, with respect to any Person, any obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or
(c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or

payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that Contingent Obligations shall not include any obligations of any such Person arising under insurance contracts entered into in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Continuing Member" means a member of the Board of Directors of the Parent who either (i) was a member of the Parent's Board of Directors on the date of execution and delivery of this Agreement by the Parent and has been such continuously thereafter or (ii) became a member of such Board of Directors after such date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members then members of the Parent's Board of Directors.

"Conversion", "Convert" and "Converted" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.10 or 2.11.

"Co-Syndication Agents" has the meaning specified in the recital of parties to this Amended Agreement.

"Debenture" means debt securities issued by ACE INA or the Parent to a Special Purpose Trust in exchange for proceeds of Preferred Securities and common securities of such Special Purpose Trust.

"Debt" of any Person means, without duplication for purposes of calculating financial ratios, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property),
(e) all obligations of such Person as lessee under Capitalized Leases (excluding imputed interest), (f) all obligations of such Person under acceptance, letter of credit or similar facilities,
(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests (except for obligations to pay for Equity Interests within customary settlement periods) in such Person or any other Person or any

warrants, rights or options to acquire such capital stock (excluding payments under a contract for the forward sale of ordinary shares of such Person issued in a public offering), valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Contingent Obligations of such Person in respect of Debt (of the types described above) of any other Person and (i) all indebtedness and other payment obligations referred to in clauses (a) through (h) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment obligations; provided, however, that the amount of Debt of such Person under clause (i) above shall, if such Person has not assumed or otherwise become liable for any such Debt, be limited to the lesser of the principal amount of such Debt or the fair market value of all property of such Person securing such Debt; provided further that "Debt" shall not include obligations in respect of insurance or reinsurance contracts entered into in the ordinary course of business; provided further that, solely for purposes of Section 5.04 and the definitions of "Adjusted Consolidated Debt" and "Total Capitalization", "Debt" shall not include (x) any contingent obligations of any Person under or in connection with acceptance, letter of credit or similar facilities or (y) obligations of the Parent or ACE INA under any Debentures or under any subordinated guaranty of any Preferred Securities or obligations of a Special Purpose Trust under any Preferred Securities.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulted Advance" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to any Borrower pursuant to Section 2.01 or 2.02 at or prior to such time that has not been made by such Lender or by the Administrative Agent for the account of such Lender pursuant to
Section 2.02(d) as of such time.

"Defaulted Amount" means, with respect to any Lender at any time, any amount required to be paid by such Lender to any Agent or any other Lender hereunder or under any other Loan Document at or prior to such time that has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender to (a) the Administrative Agent pursuant to
Section 2.02(d) to reimburse the Administrative Agent for the amount of any Committed Advance made by the Administrative Agent for the account of such Lender, (b) the Issuing Bank pursuant to
Section 2.04(c) to purchase a portion of a Letter of Credit Advance made by the Issuing Bank, (c) any other Lender pursuant to
Section 2.14 to purchase any participation in Committed Advances owing to such other Lender and (d) any Agent or the Issuing Bank pursuant to Section 8.05 to reimburse such Agent or the Issuing Bank for such Lender's ratable share of any amount required to be paid by the Lenders to such Agent or the Issuing Bank as provided therein.

"Defaulting Lender" means, at any time, any Lender that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(f).

"Designated Lender" means, with respect to any Designating Lender, an Eligible Designee designated by it pursuant to Section 9.07(a) as a Designated Lender for purposes of this Agreement.

"Designating Lender" means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 9.07(a).

"Dollar Equivalent" has the meaning specified in Section 2.21(h).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in its Administrative Questionnaire or such other office of such Lender as such Lender may from time to time specify to any Borrower and the Administrative Agent.

"Downgrade Account" has the meaning specified in Section 2.19(a).

"Downgrade Event" means, with respect to any Lender, a reduction of the credit rating for the senior unsecured unsupported long-term debt of such Lender by S&P or Moody's.

"Downgraded Lender" means any Lender which has a credit rating of less than A- (in the case of S&P) or A3 (in the case of Moody's) for its senior unsecured unsupported long-term debt or which does not have any credit rating on such debt from one of S&P or Moody's.

"Downgrade Notice" has the meaning specified in Section 2.19(a).

"Effective Date" means the first date on which the conditions set forth in Article III shall have been satisfied.

"Eligible Designee" means a special purpose entity that
(i) is organized under the laws of the United States or any state thereof, (ii) is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or

regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any Federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Interests" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any Loan Party, within the meaning of Section 414 of the Internal Revenue Code or Section 4001 of ERISA.

"Eurocurrency Liabilities" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" in its Administrative Questionnaire (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Parent and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing, an interest rate per annum equal to the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Dow Jones Markets

Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing, the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1% to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates).

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.08(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Agreement" has the meaning specified in the preliminary statements to this Amended Agreement.

"Existing 2,050 Million Credit Facility" means the 364-Day Credit Agreement dated as of June 11, 1999 among ACE INA, as borrower, Parent, ACE Bermuda and Tempest, the financial institutions listed therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agent and lead arranger, Morgan Guaranty Trust Company of New York, as administrative agent, and J.P. Morgan Securities Inc., as co-arranger, as amended.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the

Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means the fee letter dated April 12, 2000 among the Parent, the Lead Arranger and the Administrative Agent.

"Fiscal Year" means a fiscal year of the Parent and its Consolidated Subsidiaries ending on December 31 in any calendar year.

"Fixed Rate Advances" has the meaning specified in Section 2.03(a)(i).

"Foreign Government Scheme or Arrangement" has the meaning specified in Section 4.01 (n) (iv).

"Foreign Plan" has the meaning specified in Section 4.01 (n) (iv).

"GAAP" has the meaning specified in Section 1.03.

"Guarantor" means each of the Borrowers other than ACE Financial.

"Guaranty" means the undertaking by each of the Guarantors under Article VII.

"Hazardous Materials" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

"Indemnified Party" has the meaning specified in Section 9.04(b).

"Initial Extension of Credit" means the earlier to occur of the initial Borrowing and the initial issuance of a Letter of Credit hereunder.

"Initial Lenders" has the meaning specified in the recital of parties to this Amended Agreement.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Committed Borrowing and each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such Eurodollar Rate Advance or LIBO Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower requesting such Borrowing or Conversion pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of

the immediately preceding Interest Period and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one or two weeks or one, two, three or six months, as the Borrower requesting such Borrowing or Conversion may, upon notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) such Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Committed Borrowing or for LIBO Rate Advances comprising part of the same Competitive Bid Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period (other than a one or two week Interest Period) occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (h) or (i) of the definition of "Debt" in respect of such Person; provided, however, that any purchase by any Loan Party or any Subsidiary of any catastrophe-linked instruments which are (x) issued for the purpose of transferring traditional reinsurance risk to the capital markets and (y) purchased by such Loan Party or Subsidiary in accordance with its customary reinsurance underwriting procedures, or the entry by any Loan Party or any Subsidiary into swap instruments relating to such instruments in accordance with such procedures, shall be deemed to be the entry by such

Person into a reinsurance contract and shall not be deemed to be an Investment by such Person.

"Issuing Bank" means Mellon Bank, N.A. and any "New Issuing Bank" appointed in accordance with Section 2.20.

"Judgment Currency" has the meaning specified in Section 2.21(g).

"LC Participation Obligations" has the meaning specified in Section 2.19(a).

"L/C Related Documents" has the meaning specified in
Section 2.05(b)(ii).

"Lead Arranger"means J.P. Morgan Securities Inc. in its capacity as lead arranger and book runner in respect of this Amended Agreement.

"Lender" means (i) each bank or other institution listed on the Commitment Schedule, (ii) each Assignee which becomes a Lender pursuant to Section 9.06(c) and (iii) their respective successors.

"Letter of Credit Advance" has the meaning specified in
Section 2.04(f).

"Letter of Credit Agreement" has the meaning specified in
Section 2.04(a).

"Letter of Credit Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and on which banks are not required or authorized by law to close in Pittsburgh, Pennsylvania (or, if Mellon Bank, N.A. is no longer the Issuing Bank, in the city in which the principal letter of credit operations of the Issuing Bank are located).

"Letter of Credit Commitment" means at any time the lesser of (a) $250,000,000(or such other amount as may be agreed in writing among the Borrowers, the Agents and the Issuing Bank) and (b) the aggregate amount of the WC Commitments.

"Letters of Credit" has the meaning specified in Section 2.01(b).

"Letter of Credit Exposure" at any time means the sum at such time of (a) the aggregate outstanding amount of Letter of Credit Advances, (b) the aggregate Available Amounts of all outstanding Letters of Credit and (c) the aggregate Available Amounts of all Letters of Credit which have been requested by a Borrower to be issued hereunder but have not yet been so issued.

"Letter of Credit Participating Interest" has the meaning specified in Section 2.04(d).

"Letter of Credit Participating Interest Commitment" has the meaning specified in Section 2.04(d).

"LIBO Rate" means, for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, an interest rate per annum equal to the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Dow Jones Markets (Telerate) Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "LIBO Rate" shall mean for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates).

"LIBO Rate Advances" has the meaning specified in Section 2.03(a)(i).

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means (i) this Agreement, (ii) the Notes, (iii) the Fee Letter and (iv) each Letter of Credit Agreement, in each case as amended.

"Loan Parties" means the Borrowers.

"Mandatorily Convertible Preferred Securities" means units comprised of (i) Preferred Securities or preferred shares of Parent and (ii) a contract for the sale of ordinary shares of the Parent (including "Feline Prides(TM)", "Rhinos(TM)" or any substantially similar securities).

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means any material adverse change in the business, financial condition, operations or properties of the Parent and its Subsidiaries, taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition, operations or properties of the Parent and its Subsidiaries, taken as a whole, (b) the rights and remedies of any Agent or any Lender under any Loan Document or (c) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents.

"Material Financial Obligation" means a principal amount of Debt and/or payment obligations in respect of any Hedge Agreement of the Parent and/or one or more

of its Subsidiaries arising in one or more related or unrelated transactions exceeding in the aggregate $25,000,000.

"MGT " has the meaning specified in the recital of parties to this Amended Agreement.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Non-Dollar Letters of Credit" has the meaning specified in Section 2.21(a).

"Note" means a Committed Note or a Competitive Bid Note.

"Notice of Committed Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Competitive Bid Borrowing" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Other Taxes" has the meaning specified in Section 2.13(b).

"Overnight Rate" has the meaning specified in Section 2.21(h).

"Parent" has the meaning specified in the recital of parties to this Amended Agreement.

"Participant" has the meaning specified in Section 9.06(b).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Pension Plan" means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to title IV of ERISA (other than any "multiemployer plan" as such term is defined in section 4001(a)(3) of ERISA), and to which any Loan Party or any ERISA Affiliate may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced or which are being contested in good faith by appropriate proceedings: (a) Liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Liens

imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 90 days; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Preferred Interests" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"Preferred Securities" means (i) preferred securities issued by a Special Purpose Trust which shall provide, among other things, that dividends shall be payable only out of proceeds of interest payments on the Debentures, or (ii) other instruments that may be treated in whole or in part as equity for rating agency purposes while being treated as debt for tax purposes.

"Pricing Schedule" means the Schedule hereto denominated as such.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's WC Commitment at such time (or, if the WC Commitments shall have been terminated pursuant to Section 2.06 or 6.01, such Lender's WC Commitment as in effect immediately prior to such termination) and the denominator of which is the Committed Facility at such time (or, if the WC Commitments shall have been terminated pursuant to Section 2.05 or 6.01, the Committed Facility as in effect immediately prior to such termination).

"Redeemable" means, with respect to any Equity Interest, any Debt or any other right or obligation, any such Equity Interest, Debt, right or obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Lenders" means, at any time, Lenders owed or holding at least a majority in interest of the sum of (a) aggregate principal amount of the Committed

Advances outstanding at such time and (b) the aggregate Available Amount of all Letters of Credit outstanding at such time, or, if no such principal amount and no Letters of Credit are outstanding at such time, Lenders holding at least a majority in interest of the aggregate of the WC Commitments; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Committed Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time, (B) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit outstanding at such time and (C) the Unused WC Commitment of such Lender at such time.

"Responsible Officer" means the Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer, Chief Accounting Officer or Chief Investment Officer of the Parent.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Significant Subsidiary" means a Subsidiary of Parent that is a "significant subsidiary" of the Parent under Regulation S-X promulgated by the Securities and Exchange Commission.

"Securitization Transaction" means any sale, assignment or other transfer by Parent or any Subsidiary of any accounts receivable, premium finance loan receivables, lease receivables or other payment obligations owing to Parent or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of Parent or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Special Purpose Trust" means a special purpose business trust established by the Parent or ACE INA of which the Parent or ACE INA will hold all the common securities, which will be the issuer of Preferred Securities, and which will loan to the

Parent or ACE INA (such loan being evidenced by the Debentures) the net proceeds of the issuance and sale of the Preferred Securities and common securities of such Special Purpose Trust.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Taxes" has the meaning specified in Section 2.13(a).

"Tempest" has the meaning specified in the recital of parties to this Amended Agreement.

"Termination Date" means the earlier of May 6, 2005 and the date of termination in whole of the WC Commitments and the Letter of Credit Commitment.

"364-Day Revolving Credit Facility" means the Amended and Restated 364-Day Credit Agreement dated as of the date of this Amended Agreement among the Parent, ACE Bermuda, Tempest, ACE INA and ACE Guaranty Re, Inc., the lenders party thereto, Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents, and MGT as administrative agent, as the same may be amended, modified or otherwise supplemented from time to time.

"Total Capitalization" means, at any time, an amount (without duplication) equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) Consolidated stockholders equity of the Parent and its Subsidiaries plus (without duplication) (iii) the then issued and outstanding amount of Preferred Securities (including Mandatorily Convertible Preferred Securities) and (without duplication) Debentures.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Unused WC Commitment" means, with respect to any Lender at any time, (a) such Lender's WC Commitment at such time minus
(b) the sum of (i) the aggregate principal amount of all Committed Advances made by such Lender hereunder plus (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all Letters of Credit hereunder and (B) the aggregate principal amount of all Letter of Credit Advances made by the Issuing Bank pursuant to
Section 2.04(c) and outstanding at such time

(whether held by the Issuing Bank or the Lenders) and (C) the aggregate principal amount of all Competitive Bid Advances hereunder.

"Voting Interests" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"WC Commitment" means (i) with respect to each Lender listed on the Commitment Schedule, the amount set forth opposite such Lender's name on the Commitment Schedule and (ii) with respect to any Assignee which becomes a Lender pursuant to Section 9.06(c), the amount of the transferor Lender's Commitment assigned to it pursuant to Section 9.06(c), in each case as such amount may be changed from time to time pursuant to Section 2.06 or 9.06(c); provided that, if the context so requires, the term "WC Commitment" means the obligation of a Lender to extend credit up to such amount to the Borrowers hereunder.

"Welfare Plan" means a welfare plan, as defined in
Section 3(1) of ERISA, that is maintained for employees of any Loan Party or in respect of which any Loan Party could have liability.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". References in the Loan Documents to any agreement or contract "as amended" shall mean and be a reference to such agreement or contract as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

SECTION 1.03. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time ("GAAP"), applied on a basis consistent (except for changes concurred in by the Parent's independent public accountants) with the most recent audited consolidated financial statements of the Parent and its Subsidiaries delivered to the Lenders; provided that, if the Parent notifies the Administrative Agent that the Parent wishes to amend any covenant in Article V to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Administrative Agent notifies the Parent that the Required Lenders wish to amend Article V for such purpose), then the Parent's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective (and, concurrently with the delivery of any financial statements required to be delivered

hereunder, the Parent shall provide a statement of reconciliation conforming such financial information to such generally accepted accounting principles as previously in effect), until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Parent and the Required Lenders.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

SECTION 2.01. The Committed Advances and the Letters of Credit. (a) The Committed Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Committed Advance") to any Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Committed Advance not to exceed such Lender's Unused WC Commitment at such time. Each Committed Borrowing shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Committed Advances made simultaneously by the Lenders ratably according to their WC Commitments. Within the limits of each Lender's Unused WC Commitment in effect from time to time, each Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.07 and reborrow under this Section 2.01.

(b) Letters of Credit. The Issuing Bank agrees, on the terms and subject to the conditions herein set forth, to issue letters of credit (the "Letters of Credit") for the account of any Borrower on any Letter of Credit Business Day from time to time during the period from the date hereof until 30 days prior to the Termination Date. The Issuing Bank shall have no obligation to issue, and no Borrower will request the issuance of, any Letter of Credit hereunder if, at the time of issuance of such Letter of Credit and after giving effect thereto, the Letter of Credit Exposure would exceed the Issuing Bank's Letter of Credit Commitment. The Issuing Bank shall have no obligation to issue, and no Borrower shall request the issuance of, any Letter of Credit hereunder if the Available Amount of such Letter of Credit exceeds, immediately before the time of such issuance, an amount equal to the total Unused WC Commitments of the Lenders at such time (as such amount shall be advised by the Administrative Agent to the Issuing Bank as contemplated by Section 2.04). The Issuing Bank shall have no obligation to issue, and no Borrower shall request the issuance of, any Letter of Credit except within the following limitations:
(i) each Letter of Credit shall be denominated in U.S. dollars, (ii) each Letter of Credit shall be payable only against sight drafts (and not time drafts) and (iii) no Letter of Credit shall have an expiration date (including all rights of the applicable Borrower or the beneficiary to require renewal) later than the earlier of 10 days prior to the Termination Date and one year after the date of issuance thereof, but a Letter of Credit may by its terms be automatically renewable annually unless the Issuing Bank notifies the beneficiary thereof of its election not to renew such Letter of Credit; provided that the terms of each Letter of Credit that is automatically renewable annually shall not permit the expiration date (after giving effect to any renewal) of such Letter of Credit in any event to be extended to a date later than 10 days prior to the Termination Date. The Issuing Bank shall have no obligation to issue any letter of

credit which is unsatisfactory in form, substance or beneficiary to the Issuing Bank in the exercise of its reasonable judgment consistent with its customary practice.

SECTION 2.02. Making the Committed Advances. (a) Except as otherwise provided in Section 2.03, each Committed Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Committed Borrowing in the case of a Committed Borrowing consisting of Eurodollar Rate Advances, or not later than 10:30 A.M. (New York City time) on the date of the proposed Committed Borrowing in the case of a Committed Borrowing consisting of Base Rate Advances, by any Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier. Each such notice of a Committed Borrowing (a "Notice of Committed Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Committed Borrowing, (ii) Type of Advances comprising such Committed Borrowing, (iii) aggregate amount of such Committed Borrowing and (iv) in the case of a Committed Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for such Committed Advances. Each Lender shall, before 12:00 noon (New York City time) on the date of such Committed Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Committed Borrowing in accordance with the respective WC Commitments of such Lender and the other Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower requesting such Committed Borrowing by crediting the applicable Borrower's Account.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) no Borrower may select Eurodollar Rate Advances if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.10 or 2.11 and (ii) the Committed Advances may not be outstanding as part of more than ten (10) separate Committed Borrowings.

(c) Each Notice of Committed Borrowing shall be irrevocable and binding on the Borrower that requested such Committed Borrowing. In the case of any Committed Borrowing that the related Notice of Committed Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower that requested such Committed Borrowing shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Committed Borrowing for such Committed Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Committed Advance to be made by such Lender as part of such Committed Borrowing when such Committed Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Committed Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Committed Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the

Administrative Agent on the date of such Committed Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower requesting such Committed Borrowing on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and such Borrower severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at such time under Section 2.08 to Advances comprising such Committed Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Committed Advance as part of such Borrowing for all purposes.

(e) The failure of any Lender to make the Committed Advance to be made by it as part of any Committed Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Committed Advance on the date of such Committed Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Committed Advance to be made by such other Lender on the date of any Committed Borrowing.

SECTION 2.03. The Competitive Bid Advances. (a) Each Lender severally agrees that any Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 7 days prior to the Termination Date in the manner set forth below; provided that, following the making of each Competitive Bid Borrowing, the aggregate amount of the Advances then outstanding plus the then Available Amount of all Letters of Credit shall not exceed the aggregate amount of the WC Commitments of the Lenders.

(i) Any Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Administrative Agent, by telecopier, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (v) date of such proposed Competitive Bid Borrowing, (w) aggregate amount of such proposed Competitive Bid Borrowing, (x) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) 180 days after the date of such Competitive Bid Borrowing and (II) the Termination Date), (y) interest payment date or dates relating thereto, and (z) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than 10:30 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if such Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "Fixed Rate Advances") and (B) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if such Borrower shall

instead specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders are to be based on a margin above or below the LIBO Rate (the Advances comprising such Competitive Bid Borrowing being referred to herein as "LIBO Rate Advances"). Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on such Borrower. The Administrative Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from such Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower requesting the Competitive Bid Advances as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Borrower requesting the Competitive Bid Borrowing), before 9:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's WC Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; provided that if the Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower requesting such Competitive Bid Borrowing of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower requesting any particular Competitive Bid Borrowing shall, in turn, before 10:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 11:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, either:

(x) cancel such Competitive Bid Borrowing by giving the Administrative Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to such Borrower by the Administrative Agent on behalf of such Lender for such Competitive Bid Advance pursuant to paragraph (ii) above) to be made by each such Lender as part of such Competitive Bid Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect. The Borrower that requested such Competitive Bid Borrowing shall accept the offers made by any Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(iv) If the Borrower that requested any particular Competitive Bid Borrowing notifies the Administrative Agent that such Competitive Bid Borrowing is canceled pursuant to paragraph
(iii)(x) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(v) If the Borrower that requested any particular Competitive Bid Borrowing accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Administrative Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by such Borrower, (B) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 12:00 noon (New York City time) on the date of such Competitive Bid Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Administrative Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower that requested such Borrowing at the Administrative Agent's address referred to in Section 8.02. Promptly after each Competitive Bid Borrowing the Administrative Agent will notify each Lender of the amount of the Competitive Bid Borrowing.

(vi) If the Borrower that requested any particular Competitive Bid Borrowing notifies the Administrative Agent that it accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, such notice of acceptance shall be irrevocable and binding on such Borrower. Such Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrowers shall be in compliance with the limitations set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, any Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a Competitive Bid Borrowing shall not be made within three Business Days of the date of any other Competitive Bid Borrowing.

(d) The Borrower to which any particular Competitive Bid Borrowing is made shall repay to the Administrative Agent for the account of each Lender that has made a Competitive Bid Advance, on the maturity date of each Competitive Bid Advance (such maturity date being that specified by such Borrower as the last day of the Interest Period or the maturity date of such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above), the then unpaid principal amount of such Competitive Bid Advance. No Borrower shall have any right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms, specified by such Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above.

(e) The Borrower to which any particular Competitive Bid Borrowing is made shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by such Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, such Borrower shall pay interest on the amount of unpaid principal of and interest on each Competitive Bid Advance owing to a Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per

annum equal at all times to 2% per annum above the rate per annum otherwise required to be paid on such Competitive Bid Advance.

(f) The indebtedness of any Borrower resulting from any Competitive Bid Advance made to such Borrower as part of a Competitive Bid Borrowing shall be evidenced by the Competitive Bid Note of such Borrower payable to the order of the Lender making such Competitive Bid Advance.

(g) Upon delivery of each Notice of Competitive Bid Borrowing, the Borrower that requested the applicable Competitive Bid Borrowing shall pay a non-refundable fee of $1,500 to the Administrative Agent for its own account.

SECTION 2.04. Issuance and Renewals and Drawings, Participations and Reimbursement with Respect to Letters of Credit. (a) Request for Issuance. A Borrower may from time to time request, upon at least three Letter of Credit Business Days' written notice (given not later than 11:00 A.M. New York City time on the last day permitted therefor), the Issuing Bank to issue or renew (other than any automatic renewal thereof) a Letter of Credit by:

(i) delivering to the Issuing Bank and the Administrative Agent a written request to such effect, specifying the date on which such Letter of Credit is to be issued (which shall be a Letter of Credit Business Day), the expiration date thereof, the Available Amount thereof, the name and address of the beneficiary thereof and the form thereof, and

(ii) in the case of the issuance of a Letter of Credit, delivering to the Issuing Bank a completed agreement and application with respect to such Letter of Credit as the Issuing Bank may specify for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"), together with such other certificates, documents and other papers as are specified in such Letter of Credit Agreement.

The Administrative Agent shall, promptly upon receiving such notice, notify the Lenders of such proposed Letter of Credit (which notice shall specify the Available Amount and term of such proposed Letter of Credit) or such proposed renewal of a Letter of Credit (which notice shall specify the term of such renewal), and shall determine, as of 11:00 A.M. (New York City time) on the Business Day immediately preceding such proposed issuance, whether such proposed Letter of Credit complies with the limitations set forth in Section 2.01 hereof. If such limitations set forth in Section 2.01 are not satisfied or if the Required Lenders have given notice to the Administrative Agent to cease issuing or renewing Letters of Credit as contemplated by this Agreement, the Administrative Agent shall immediately notify the Issuing Bank (in writing or by telephone immediately confirmed in writing) that the Issuing Bank is not authorized to issue or renew, as the case may be, such Letter of Credit. If the Issuing Bank issues or renews a Letter of Credit, it shall deliver the original of such Letter of Credit to the beneficiary thereof or as the Account Party shall otherwise direct, and shall promptly notify the Administrative Agent thereof and furnish a copy thereof to the Administrative Agent.

(b) Request for Extension or Increase. An Account Party may from time to time request the Issuing Bank to extend the expiration date of an outstanding Letter of Credit or

increase (or, with the consent of the beneficiary, decrease) the Available Amount of or the amount available to be drawn on such Letter of Credit. Such extension or increase shall for all purposes hereunder be treated as though such Account Party had requested issuance of a replacement Letter of Credit (except only that the Issuing Bank may, if it elects, issue a notice of extension or increase in lieu of issuing a new Letter of Credit in substitution for the outstanding Letter of Credit).

(c) Limitations on Issuance, Extension, Renewal and Amendment. As between the Issuing Bank, on the one hand, and the Agents and the Lenders, on the other hand, the Issuing Bank shall be justified and fully protected in issuing or renewing a proposed Letter of Credit unless it shall have received notice from the Administrative Agent as provided in
Section 2.04(a) hereof that it is not authorized to do so (and, in the case of automatic renewals, ten days shall have passed following the date of the Issuing Bank's receipt of such notice), notwithstanding any subsequent notices to the Issuing Bank, any knowledge of a Default, any knowledge of failure of any condition specified in Article III hereof to be satisfied, any other knowledge of the Issuing Bank, or any other event, condition or circumstance whatsoever. The Issuing Bank may amend, modify or supplement Letters of Credit or Letter of Credit Agreements, or waive compliance with any condition of issuance, renewal or payment, without the consent of, and without liability to, any Agent or any Lender, provided that any such amendment, modification or supplement that extends the expiration date or increases the Available Amount of or the amount available to be drawn on an outstanding Letter of Credit shall be subject to Section 2.01.

(d) Letter of Credit Participating Interests. Concurrently with the issuance of each Letter of Credit, the Issuing Bank automatically shall be deemed, irrevocably and unconditionally, to have sold, assigned, transferred and conveyed to each other Lender, and each other Lender automatically shall be deemed, irrevocably and unconditionally, severally to have purchased, acquired, accepted and assumed from the Issuing Bank, without recourse to, or representation or warranty by, the Issuing Bank, an undivided interest, in a proportion equal to such Lender's Pro Rata Share, in all of the Issuing Bank's rights and obligations in, to or under such Letter of Credit, the related Letter of Credit Agreement, all reimbursement obligations with respect to such Letter of Credit, and all collateral, guarantees and other rights from time to time directly or indirectly securing the foregoing (such interest of each Lender being referred to herein as a "Letter of Credit Participating Interest", it being understood that the Letter of Credit Participating Interest of the Issuing Bank is the interest not otherwise attributable to the Letter of Credit Participating Interests of the other Lenders). Each Lender irrevocably and unconditionally agrees to the immediately preceding sentence, such agreement being herein referred to as such Bank's "Letter of Credit Participating Interest Commitment". Amounts, other than Letter of Credit Advances made by a Lender other than the Issuing Bank and other than Letter of Credit commissions under Section 2.09(d)(i), payable from time to time under or in connection with a Letter of Credit or Letter of Credit Agreement shall be for the sole account of the Issuing Bank. On the date that any Assignee becomes a party to this Agreement in accordance with
Section 9.07 hereof, Letter of Credit Participating Interests in all outstanding Letters of Credit held by the Lender from which such Assignee acquired its interest hereunder shall be proportionately reallocated between such Assignee and such assignor Lender (and, to the extent such assignor Lender is the Issuing Bank, the Assignee shall be deemed to have acquired a Letter of Credit Participating Interest from the Issuing Bank to such extent). Notwithstanding

any other provision hereof, each Lender hereby agrees that its obligation to participate in each Letter of Credit, its obligation to make the payments specified in Section 2.04(e), and the right of the Issuing Bank to receive such payments in the manner specified therein, are each absolute, irrevocable and unconditional and shall not be affected by any event, condition or circumstance whatever. The failure of any Lender to make any such payment shall not relieve any other Lender of its funding obligation hereunder on the date due, but no Lender shall be responsible for the failure of any other Lender to meet its funding obligations hereunder.

(e) Payment by Lenders on Account of Unreimbursed Draws. If the Issuing Bank makes a payment under any Letter of Credit and is not reimbursed in full therefor on such payment date in accordance with Section 2.05(b), the Issuing Bank may notify the Administrative Agent thereof (which notice may be by telephone), and the Administrative Agent shall forthwith notify each Lender (which notice may be by telephone promptly confirmed in writing) thereof. No later than the Administrative Agent's close of business on the date such notice is given (if notice is given by 2:00 P.M. New York City time) or 10:00 A.M. New York City time the following day (if notice is given after 2:00 P.M. New York City time or in the case of any Lender whose Applicable Lending Office is located in Europe), each Lender will pay to the Administrative Agent, for the account of the Issuing Bank, in immediately available funds, an amount equal to such Lender's Pro Rata Share of the unreimbursed portion of such payment by the Issuing Bank. Amounts received by the Administrative Agent for the account of the Issuing Bank shall be forthwith transferred, in immediately available funds, to the Issuing Bank. If and to the extent that any Lender fails to make such payment to the Administrative Agent for the account of the Issuing Bank on such date, such Lender shall pay such amount on demand, together with interest, for the Issuing Bank's own account, for each day from and including the date of the Issuing Bank's payment to but not including the date of repayment to the Issuing Bank (before and after judgment) at a rate per annum for each day (i) from and including the date of such payment by the Issuing Bank to and including the second Business Day thereafter equal to the Federal Funds Rate and (ii) thereafter equal to the Base Rate.

(f) Letter of Credit Advances. The term "Letter of Credit Advance" is used in this Agreement in accordance with the meanings set forth in this paragraph 2.04(f). The making of any payment by the Issuing Bank under a Letter of Credit is sometimes referred to herein as the making of a Letter of Credit Advance by the Issuing Bank in the amount of such payment. The making of any payment by a Lender for the account of the Issuing Bank under Section 2.04(e) on account of an unreimbursed drawing on a Letter of Credit is sometimes referred to herein as the making of a Letter of Credit Advance to the applicable Borrower by such Lender. The making of such a Letter of Credit Advance by a Lender with respect to an unreimbursed drawing on a Letter of Credit shall reduce, by a like amount, the outstanding Letter of Credit Advance of the Issuing Bank with respect to such unreimbursed drawing.

(g) Letter of Credit Reports. The Issuing Bank will furnish to the Administrative Agent prompt written notice of each issuance of a Letter of Credit (including the Available Amount and expiration date thereof), amendment to a Letter of Credit, cancellation of a Letter of Credit and payment on a Letter of Credit. The Administrative Agent will furnish (A) to each Lender prior to the tenth Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued during the preceding month and payments and reductions in Available Amount during such month on all Letters of Credit and

(B) to each Lender prior to the tenth Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit.

SECTION 2.05. Repayment of Advances. (a) Committed Advances. Each Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate outstanding principal amount of the Committed Advances then outstanding.

(b) Account Party's Reimbursement Obligation. (i) Each Account Party hereby agrees to reimburse the Issuing Bank (by making payment to the Administrative Agent for the account of the Issuing Bank in accordance with Section 2.12) in the amount of each payment made by the Issuing Bank under any Letter of Credit issued for such Account Party's account, such reimbursement to be made on the date such payment under such Letter of Credit is made by the Issuing Bank (but not earlier than the date which is one Business Day after notice of such payment under such Letter of Credit or of the drawing giving rise to such payment under such Letter of Credit is given to such Account Party). Such reimbursement obligation shall be payable without further notice, protest or demand, all of which are hereby waived, and an action therefor shall immediately accrue. To the extent such payment by such Account Party is not timely made, such Account Party hereby agrees to pay to the Administrative Agent, for the respective accounts of the Issuing Bank and the Lenders which have funded their respective shares of such amount remaining unpaid by such Account Party, on demand, interest thereon at the rate then applicable to Base Rate Advances under Section 2.08. Each Letter of Credit Advance shall be a Base Rate Advance.

(ii) The obligation of each Account Party to reimburse the Issuing Bank for any payment made by the Issuing Bank under any Letter of Credit, and the obligation of each Lender under
Section 2.04(e) with respect thereto, shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, the applicable Letter of Credit Agreement and any other applicable agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(A) any lack of validity or enforceability of any Loan Document, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(B) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of any Borrower or any other Person in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(C) the existence of any claim, set-off, defense or other right that any Borrower or any other Person may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(D) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(E) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(F) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the obligations of any Borrower or any other Person in respect of the L/C Related Documents; or

(G) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower or a guarantor.

(c) Rescission. If any amount received by the Issuing Bank on account of any Letter of Credit Advance shall be avoided, rescinded or otherwise returned or paid over by the Issuing Bank for any reason at any time, whether before or after the termination of this Agreement (or the Issuing Bank believes in good faith that such avoidance, rescission, return or payment is required, whether or not such matter has been adjudicated), each Lender will (except to the extent a corresponding amount received by such Lender on account of its Letter of Credit Advance relating to the same payment on a Letter of Credit has been avoided, rescinded or otherwise returned or paid over by such Lender), promptly upon notice from the Administrative Agent or the Issuing Bank, pay over to the Administrative Agent for the account of the Issuing Bank its Pro Rata Share of such amount, together with its Pro Rata Share of any interest or penalties payable with respect thereto.

SECTION 2.06. Termination or Reduction of the WC Commitments. The Parent may, upon at least three Business Days' notice to the Administrative Agent, terminate in whole or reduce in part the unused portion of the WC Commitments; provided, however, that each partial reduction (i) shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and (ii) shall be made ratably among the Lenders in accordance with their WC Commitments.

SECTION 2.07. Prepayments. Each Borrower may, upon notice given not later than 11:00 A.M. (New York City Time) on the Business Day on which such prepayment is to be made, in the case of Base Rate Advances, or on the third Business Day prior to the date on which such prepayment is to be made, in the case of Eurodollar Rate Advances, in each case to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding aggregate principal amount of the Committed Advances comprising part of the same Committed Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $10,000,000 or an integral multiple of

$1,000,000 in excess thereof (except that prepayment of any Letter of Credit Advance may be made in any amount so long as such Letter of Credit Advance is paid in full or, after giving effect to such prepayment, the aggregate principal amount of all Letter of Credit Advances is an integral multiple of $1,000,000) and (y) if any prepayment of a Eurodollar Rate Advance is made on a date other than the last day of an Interest Period for such Committed Advance, such Borrower shall also pay any amounts owing pursuant to Section 9.04(c). All prepayments in respect of Eurodollar Rate Advances shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.08. Interest. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the Termination Date.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance plus (B) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(iii) Regulation D Compensation. Each Lender that is subject to reserve requirements of the Board of Governors of the Federal Reserve System (or any successor) may require the applicable Borrower to pay, contemporaneously with each payment of interest on Eurodollar Rate Advances, additional interest on the related Eurodollar Rate Advances of such Lender at the rate per annum equal to the excess of (i)(A) the applicable Eurodollar Rate, divided by (B) one minus the Eurodollar Rate Reserve Requirement over (ii) the rate specified in clause (i)(A). Any Lender wishing to require payment of such additional interest shall so notify such Borrower directly, in which case such additional interest on the Eurodollar Rate Advances of such Lender shall be payable to such Lender at the place indicated in such notice with respect to each Interest Period commencing after the giving of such notice.

(b) Default Interest. Upon the occurrence and during the existence of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, each Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above and at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable under the Loan Documents that is not paid when due, from the date such

amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest, on the Type of Advance on which such interest has accrued pursuant to clause (a)(i) or (a)(ii) above and, in all other cases, on Base Rate Advances pursuant to clause (a)(i) above.

(c) Notice of Interest Period and Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), a notice of Conversion pursuant to Section 2.10 or a notice of selection of an Interest Period pursuant to the terms of the definition of "Interest Period", the Administrative Agent shall give notice to the Borrowers and each Lender of the applicable Interest Period and the applicable interest rate determined by the Administrative Agent for purposes of clause (a)(i) or (a)(ii) above.

SECTION 2.09. Fees. (a) Facility Fee. The Borrowers agree to pay to the Administrative Agent for the account of the Lenders a facility fee, from the Effective Date until the Termination Date, payable in arrears quarterly on the last day of each March, June, September and December, commencing on June 30, 2000, and on the Termination Date, at the rate of the Applicable Facility Fee Percentage on the average daily WC Commitment of each Lender during such quarter (whether used or unused); provided, however, that no facility fee shall accrue on the Unused WC Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b) Agents' Fees. Each Borrower agrees that it shall pay to each Agent for its own account such fees as may from time to time be agreed between such Borrower and such Agent.

(c) Letter of Credit Fees, Etc. (i) Each Borrower agrees that it shall pay to the Administrative Agent for the account of each Lender a commission, payable in arrears quarterly on the last day of each calendar quarter commencing June 30, 2000, and on the earliest to occur of the full drawing, expiration, termination or cancellation of any Letter of Credit and on the Termination Date, on such Lender's Pro Rata Share of the average daily aggregate Available Amount during such quarter of all Letters of Credit issued for the account of such Borrower outstanding from time to time at the rate equal to the then Applicable Margin.

(ii) Each Borrower agrees that it shall pay to the Issuing Bank, for its own account, such commissions, issuance fees, fronting fees, transfer fees and other fees and charges in connection with the issuance or administration of each Letter of Credit issued for the account of such Borrower as such Borrower and the Issuing Bank shall agree in a side letter.

SECTION 2.10. Conversion of Advances. (a) Optional. Each Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.11, Convert all or any portion of the Committed Advances of one Type comprising the same Committed Borrowing into Committed Advances of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.01 for a Committed Borrowing, no Conversion of any Committed Advances shall

result in more separate Committed Borrowings than permitted under Section 2.02(b) and each Conversion of Committed Advances comprising part of the same Committed Borrowing shall be made ratably among the Lenders in accordance with their respective WC Commitments. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Committed Advances to be Converted and
(iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for such Committed Advances. Each notice of Conversion shall be irrevocable and binding on such Borrower.

(b) Mandatory. (i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Committed Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $10,000,000, such Committed Advances shall automatically Convert into Base Rate Advances at the end of the applicable Interest Period.

(ii) If the Borrowers shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrowers and the Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance.

(iii) Upon the occurrence and during the existence of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, (x) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.11. Increased Costs, Etc. (a) If, due to either
(i) the introduction of or any change in or in the interpretation of, in each case after the date hereof, any law or regulation or (ii) the compliance with any guideline or request issued after the date hereof from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances or LIBO Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding, for purposes of this Section 2.11, any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.13 shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrowers agree to pay, from time to time, within five days after demand by such Lender (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrowers by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation, in each case after the date hereof, or (ii) the compliance

with any guideline or request issued after the date hereof from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the amount of capital required or expected to be maintained by any Lender or any corporation controlling such Lender as a result of or based upon the existence of such Lender's commitment to lend hereunder and other commitments of such type, then, within five days after demand by such Lender or such corporation (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, the Borrowers agree to pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder or to the issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the Borrowers by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) If, prior to the first day of any Interest Period with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for such Interest Period for such Committed Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon each such Eurodollar Rate Advance will (i) in the case of requested new Eurodollar Rate Advances, be made as or remain Base Rate Advances or as a Eurodollar Rate Advance with a different Interest Period as to which the Required Lenders have not given such a notice and (ii) in the case of existing Eurodollar Rate Advances, automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances or be continued as a Eurodollar Rate Advance with a different Interest Period as to which the Required Lenders have not given such notice.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation, in each case after the date hereof, shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or LIBO Rate Advances or to continue to fund or maintain Eurodollar Rate Advances or LIBO Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrowers through the Administrative Agent,
(i) each Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, of such Lender will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in
Section 2.08(a)(i), as the case may be, and (ii) the obligation of such Lender to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Committed Advances into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrowers that such Lender has determined that the circumstances causing such suspension no longer exist (it being understood that such Lender shall make and maintain Base Rate Advances in the amount that would otherwise be made and maintained by such Lender as Eurodollar Advances absent the circumstances described above).

(e) Each Lender shall promptly notify the Borrowers and the Administrative Agent of any event of which it has actual knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's good faith judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by the Borrowers to pay any amount pursuant to subsection (a) or (b) above or pursuant to Section 2.13 or (ii) the occurrence of any circumstances of the nature described in subsection (c) or (d) above (and, if any Lender has given notice of any event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Borrowers and the Administrative Agent). Without limiting the foregoing, each Lender will designate a different Applicable Lending Office if such designation will avoid (or reduce the cost to the Borrowers of) any event described in clause (i) or (ii) of the preceding sentence and such designation will not, in such Lender's good faith judgment, be otherwise disadvantageous to such Lender.

(f) Notwithstanding the provisions of subsections (a) and
(b) above or Section 2.13 (and without limiting subsection (e) above), if any Lender fails to notify the Borrowers of any event or circumstance that will entitle such Lender to compensation pursuant subsection (a) or (b) above or Section 2.13 within 120 days after such Lender obtains actual knowledge of such event or circumstance, then such Lender shall not be entitled to compensation, from the Borrowers for any amount arising prior to the date which is 120 days before the date on which such Lender notifies the Borrowers of such event or circumstance.

SECTION 2.12. Payments and Computations. (a) The applicable Borrower shall make each payment hereunder and under the applicable Notes, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.16), not later than 12:00 noon (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds, with payments being received by the Administrative Agent after such time being deemed to have been received on the next succeeding Business Day. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by such Borrower is in respect of principal, interest, facility fees or any other amount then payable hereunder and under the Notes to more than one Lender, to such Lenders for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective amount then payable to such Lenders and (ii) if such payment by such Borrower is in respect of any amount then payable hereunder to one Lender, to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(b) Each Borrower hereby authorizes each Lender, if an Event of Default under Section 6.01(a) has occurred and is continuing, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount owing under this Agreement that resulted in such Event of Default.

(c) All computations of interest on Base Rate Advances (and any other amount payable by reference to the Base Rate) when the Base Rate is determined by reference to MGT's prime rate shall be made by the Administrative Agent on the basis of a year of 365 or, if applicable, 366 days; all other computations of interest, fees and Letter of Credit commissions shall be made by the Administrative Agent on the basis of a year of 360 days. All such computations shall be made for the actual number of days (including the first day but excluding

the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances or LIBO Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from any Borrower required to make any payment prior to the date on which any payment is due to any Lender hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Administrative Agent, each such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.13. Taxes. (a) Any and all payments by any Loan Party hereunder or under the Notes shall be made, in accordance with Section 2.12, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and each Agent, taxes that are imposed on its overall net income by the United States and taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender or such Agent, as the case may be, is organized or any political subdivision thereof and, in the case of each Lender, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being herein referred to as "Taxes"). If any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or any Agent,
(i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Loan Party and the Administrative Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make all such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Loan Party shall pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Agreement or the Notes (herein referred to as "Other Taxes").

(c) Each Loan Party shall indemnify each Lender and each Agent for and hold them harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.13, imposed on or paid by such Lender or such Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification payment shall be made within 30 days from the date such Lender or such Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, each Loan Party shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder or under the Notes by or on behalf of a Loan Party through an account or branch outside the United States or by or on behalf of a Loan Party by a payor that is not a United States person, if such Loan Party determines that no Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.13, the terms "United States" and "United States person" shall have the meanings specified in Section 7701(a)(9) and 7701(a)(10) of the Internal Revenue Code, respectively.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender or the initial Issuing Bank, as the case may be, and on the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Parent (but only so long thereafter as such Lender remains lawfully able to do so), provide each of the Administrative Agent and the Parent with two original Internal Revenue Service forms W-8BEN or W-8ECI or (in the case of a Lender that has certified in writing to the Administrative Agent that it is not a "bank" as defined in Section 881(c)(3)(A) of the Internal Revenue Code) form W-8 (and, if such Lender delivers a form W-8, a certificate representing that such Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Parent and is not a controlled foreign corporation related to the Parent (within the meaning of Section 864(d)(4) of the Internal Revenue Code)), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes or, in the case of a Lender providing a form W-8, certifying that such Lender is a foreign corporation, partnership, estate or trust. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon

withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that if, at the effective date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) of this Section 2.13 in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includible in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN,W-8ECI or W-8 (and the related certificate described above), that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Parent and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender which may lawfully do so has failed to provide the Parent with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under subsection (a) or (c) of this Section 2.13 with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Parent shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(g) Each Lender represents and warrants to the Borrowers that, as of the date such Lender becomes a party to this Agreement, such Lender is entitled to receive payments hereunder from the Borrowers without deduction or withholding for or on account of any Taxes.

SECTION 2.14. Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to Section 9.07) (a) on account of obligations due and payable to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such obligations due and payable to such Lender at such time to (ii) the aggregate amount of the obligations due and payable to all Lenders hereunder and under the Notes at such time) of payments on account of the obligations due and payable to all Lenders hereunder and under the Notes at such time obtained by all the Lenders at such time or (b) on account of obligations owing (but not due and payable) to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such obligations owing to such Lender at such time to (ii) the aggregate amount of the obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time) of payments on account of the obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each

other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the purchase price paid to such Lender to (ii) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing an interest or participating interest from another Lender pursuant to this Section 2.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest or participating interest, as the case may be, as fully as if such Lender were the direct creditor of such Borrower in the amount of such interest or participating interest, as the case may be.

SECTION 2.15. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) to provide working capital, and for other general corporate purposes of the Borrowers and their respective Subsidiaries.

SECTION 2.16. Defaulting Lenders. (a) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to any Borrower and (iii) such Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower may, to the fullest extent permitted by applicable law, set off and otherwise apply the obligation of such Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. In the event that, on any date, any Borrower shall so set off and otherwise apply its obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by such Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on the date of such setoff. Such Committed Advance shall be considered, for all purposes of this Agreement, to comprise part of the Committed Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to
Section 2.01, even if the other Committed Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Committed Advance is deemed to be made pursuant to this subsection (a). Each Borrower shall notify the Administrative Agent at any time such Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by such Borrower to or for the account of such Defaulting Lender which is paid by such Borrower, after giving effect to the amount set off and otherwise applied by such Borrower pursuant to this subsection (a), shall be applied by the Administrative Agent as specified in subsection (b) or
(c) of this Section 2.16.

(b) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to any Agent or any of the other Lenders and (iii) any Borrower shall make any payment hereunder or under any other Loan Document to the Administrative Agent for the account of such Defaulting Lender, then the

Administrative Agent may, on its behalf or on behalf of such other Agents or such other Lenders and to the fullest extent permitted by applicable law, apply at such time the amount so paid by such Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Administrative Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Administrative Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Administrative Agent shall be retained by the Administrative Agent or distributed by the Administrative Agent to such other Agents or such other Lenders, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Administrative Agent, such other Agents and such other Lenders and, if the amount of such payment made by such Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Administrative Agent, such other Agents and such other Lenders, in the following order of priority:

(i) first, to the Agents for any Defaulted Amounts then owing to the Agents, ratably in accordance with such respective Defaulted Amounts then owing to the Agents;

(ii) second, to the Issuing Bank for any amount then due and payable to it, in its capacity as such, by such Defaulting Lender, ratably in accordance with such amounts then due and payable to such Issuing Bank; and

(iii) third, to any other Lenders for any Defaulted Amounts then owing to such other Lenders, ratably in accordance with such respective Defaulted Amounts then owing to such other Lenders.

Any portion of such amount paid by such Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Administrative Agent pursuant to this subsection (b), shall be applied by the Administrative Agent as specified in subsection (c) of this Section 2.16.

(c) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) any Borrower, any Agent or any other Lender shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower or such Agent or such other Lender shall pay such amount to the Administrative Agent to be held by the Administrative Agent, to the fullest extent permitted by applicable law, in escrow or the Administrative Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Administrative Agent in escrow under this subsection (c) shall be deposited by the Administrative Agent in an account with MGT, in the name and under the control of the Administrative Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be MGT's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Administrative Agent in escrow under, and applied by the Administrative Agent from time to time in accordance with the provisions of, this subsection (c). The Administrative Agent shall,

to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Administrative Agent or any other Lender, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Agents for any amounts then due and payable by such Defaulting Lender to the Agents hereunder, ratably in accordance with such amounts then due and payable to the Agents;

(ii) second, to the Issuing Bank for any amount then due and payable to it, in its capacity as such, by such Defaulting Lender, ratably in accordance with such amounts then due and payable to such Issuing Bank;

(iii) third, to any other Lenders for any amount then due and payable by such Defaulting Lender to such other Lenders hereunder, ratably in accordance with such respective amounts then due and payable to such other Lenders; and

(iv) fourth, to such Borrower for any Advance then required to be made by such Defaulting Lender pursuant to the Commitment of such Defaulting Lender.

In the event that any Lender that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Administrative Agent in escrow at such time with respect to such Lender shall be distributed by the Administrative Agent to such Lender and applied by such Lender to the obligations owing to such Lender at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.16 are in addition to other rights and remedies that such Borrower may have against such Defaulting Lender with respect to any Defaulted Advance and that any Agent or any Lender may have against such Defaulting Lender with respect to any Defaulted Amount.

SECTION 2.17. Replacement of Affected Lender. At any time any Lender is an Affected Lender, the Borrowers may replace such Affected Lender as a party to this Agreement with one or more other Lenders and/or Assignees, and upon notice from the Borrowers such Affected Lender shall assign, and without recourse or warranty, its WC Commitment, its Committed Advances, its Committed Note, its Letter of Credit Advances, its obligations to fund Letter of Credit payments, its participation in, and its rights and obligations with respect to, Letters of Credit, and all of its other rights and obligations hereunder to such other Lenders and/or Assignees for a purchase price equal to the sum of the principal amount of the Committed Advances so assigned, all accrued and unpaid interest thereon, such Affected Lender's ratable share of all accrued and unpaid fees payable pursuant to Section 2.09, any amounts payable pursuant to
Section 9.04(c) as a result of such Affected Lender receiving payment of any Eurodollar Rate Advance prior to the end of an Interest Period therefor (assuming for such

purpose that receipt of payment pursuant to such Assignment and Acceptance constitutes payment of such Eurodollar Rate Advances) and all other obligations owed to such Affected Lender hereunder.

SECTION 2.18. Certain Provisions Relating to the Issuing Bank and Letters of Credit.

(a) Letter of Credit Agreements. The representations, warranties and covenants by the Borrowers under, and the rights and remedies of the Issuing Bank under, any Letter of Credit Agreement relating to any Letter of Credit are in addition to, and not in limitation or derogation of, representations, warranties and covenants by the Borrowers under, and rights and remedies of the Issuing Bank and the Lenders under, this Agreement and applicable law. Each Account Party acknowledges and agrees that all rights of the Issuing Bank under any Letter of Credit Agreement shall inure to the benefit of each Lender to the extent of its Letter of Credit Participating Interest Commitment as fully as if such Lender was a party to such Letter of Credit Agreement. In the event of any inconsistency between the terms of this Agreement and any Letter of Credit Agreement, this Agreement shall prevail.

(b) Certain Provisions. The Issuing Bank shall have no duties or responsibilities to any Agent or any Lender except those expressly set forth in this Agreement, and no implied duties or responsibilities on the part of the Issuing Bank shall be read into this Agreement or shall otherwise exist. The duties and responsibilities of the Issuing Bank to the Lenders and the Agents under this Agreement and the other Loan Documents shall be mechanical and administrative in nature, and the Issuing Bank shall not have a fiduciary relationship in respect of any Agent, any Lender or any other Person. The Issuing Bank shall not be liable for any action taken or omitted to be taken by it under or in connection with this Agreement or any Loan Document or Letter of Credit, except as specifically set forth in Section 9.09. The Issuing Bank shall not be under any obligation to ascertain, inquire or give any notice to any Agent or any Lender relating to (i) the performance or observance of any of the terms or conditions of this Agreement or any other Loan Document on the part of any Borrower, (ii) the business, operations, condition (financial or otherwise) or prospects of the Borrowers or any other Person, or (iii) the existence of any Default. The Issuing Bank shall not be under any obligation, either initially or on a continuing basis, to provide any Agent or any Lender with any notices, reports or information of any nature, whether in its possession presently or hereafter, except for such notices, reports and other information expressly required by this Agreement to be so furnished. The Issuing Bank shall not be responsible for the execution, delivery, effectiveness, enforceability, genuineness, validity or adequacy of this Agreement or any Loan Document.

(c) Administration. The Issuing Bank may rely upon any notice or other communication of any nature (written or oral, including but not limited to telephone conversations, whether or not such notice or other communication is made in a manner permitted or required by this Agreement or any other Loan Document) purportedly made by or on behalf of the proper party or parties, and the Issuing Bank shall not have any duty to verify the identity or authority of any Person giving such notice or other communication. The Issuing Bank may consult with legal counsel (including, without limitation, in-house counsel for the Issuing Bank or in-house or other counsel for the Borrowers), independent public accountants and any other

experts selected by it from time to time, and the Issuing Bank shall not be liable for any action taken or omitted to be taken in good faith in accordance with the advice of such counsel, accountants or experts. Whenever the Issuing Bank shall deem it necessary or desirable that a matter be proved or established with respect to any Borrower, Agent or Lender, such matter may be established by a certificate of such Borrower, Agent or Lender, as the case may be, and the Issuing Bank may conclusively rely upon such certificate. The Issuing Bank shall not be deemed to have any knowledge or notice of the occurrence of any Default unless the Issuing Bank has received notice from a Lender, an Agent or a Borrower referring to this Agreement, describing such Default, and stating that such notice is a "notice of default".

(d) Indemnification of Issuing Bank by Lenders. Each Lender hereby severally agrees to reimburse and indemnify the Issuing Bank and each of its directors, officers, employees and agents (to the extent not reimbursed by the Borrowers and without limitation of the obligations of the Borrowers to do so), in accordance with its Pro Rata Share, from and against any and all amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature (including, without limitation, the reasonable fees and disbursements of counsel (other than in-house counsel) for the Issuing Bank or such other Person in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not the Issuing Bank or such other Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Issuing Bank, in its capacity as such, or such other Person, as a result of, or arising out of, or in any way related to or by reason of, this Agreement, any other Loan Document or any Letter of Credit, any transaction from time to time contemplated hereby or thereby, or any transaction financed in whole or in part or directly or indirectly with the proceeds of any Letter of Credit, provided, that no Lender shall be liable for any portion of such amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements to the extent resulting from the gross negligence or willful misconduct of the Issuing Bank or such other Person, as finally determined by a court of competent jurisdiction.

(e) Issuing Bank in its Individual Capacity. With respect to its Commitments and the obligations owing to it, the Issuing Bank shall have the same rights and powers under this Agreement and each other Loan Document as any other Lender and may exercise the same as though it were not the Issuing Bank, and the term "Lenders" and like terms shall include the Issuing Bank in its individual capacity as such. The Issuing Bank and its affiliates may, without liability to account to any Person, make loans to, accept deposits from, acquire debt or equity interests in, act as trustee under indentures of, act as agent under other credit facilities for, and engage in any other business with, any Borrower and any stockholder, subsidiary or affiliate of any Borrower, as though the Issuing Bank were not the Issuing Bank hereunder.

SECTION 2.19. Downgrade Event with Respect to a Lender.
(a) If a Downgrade Event shall occur with respect to (i) any Downgraded Lender or (ii) any other Lender and, as a result thereof, such other Lender becomes a Downgraded Lender, then the Issuing Bank may, by notice to such Downgraded Lender, the Administrative Agent and the Parent within 45 days after such Downgrade Event (any such notice, a "Downgrade Notice"), request that the Borrowers use reasonable efforts to replace such Lender as a party to this Agreement pursuant to Section 2.17. If such Lender is not so replaced within 45 days after receipt by the Borrowers of such Downgrade Notice, then: (x) if no Default exists and such

Downgraded Lender has not exercised its right to remain a Lender hereunder pursuant to clause (y) below, the following shall occur concurrently:

(A) the Committed Facility shall be reduced by the amount of the WC Commitment of such Downgraded Lender,

(B) the Borrowers shall prepay all amounts owed to such Downgraded Lender hereunder or in connection herewith (including any amount payable pursuant to Section 9.04(c) as a result of such Downgraded Lender receiving payment of any Eurodollar Rate Advance prior to the end of an Interest Period therefor),

(C) if, upon the reduction of the Committed Facility under clause (A) above and the payment under clause (B) above, the sum of the principal amount of all Advances plus the Available Amount of all Letters of Credit (valuing the Available Amount of, and Letter of Credit Advances of the Issuing Bank in respect of, any Non-Dollar Letter of Credit at the Dollar Equivalent thereof as of the time of such calculation) would exceed the amount of the Committed Facility, then the Borrowers will immediately eliminate such excess by prepaying Committed Advances and/or causing the Available Amount of one or more Letters of Credit to be reduced, and

(D) upon completion of the events described in clauses (A), (B) and (C) above, such Downgraded Lender shall cease to be a party to this Agreement; provided that the provisions of Sections 2.11, 2.13 and 9.04 of this Agreement shall continue to inure to the benefit of each such Downgraded Lender.

or (y) if a Default exists or, not later than 30 days after receipt of such Downgrade Notice, such Downgraded Lender notifies the Borrowers, the Issuing Bank and the Administrative Agent that such Downgraded Lender elects to provide (in a manner reasonably satisfactory to the Issuing Bank) cash collateral to the Issuing Bank for (or if such Downgraded Lender is unable, without regulatory approval, to provide cash collateral, a letter of credit reasonably satisfactory to the Issuing Bank covering) its contingent obligations to reimburse the Issuing Bank for any payment under any Letter of Credit as provided in Section 2.04(e) (its "LC Participation Obligations"), such Downgraded Lender shall be obligated to (and each Lender agrees that in such circumstances it will) deliver to the Issuing Bank (I) immediately, cash collateral (or, as aforesaid, a letter of credit) in an amount equal to its LC Participation Obligations and (II) from time to time thereafter (so long as it is a Downgraded Lender), cash collateral (or, as aforesaid, a letter of credit) sufficient to cover any increase in its LC Participation Obligations as a result of any proposed issuance of or increase in a Letter of Credit. Any funds provided by a Downgraded Lender for such purpose shall be maintained in a segregated deposit account in the name of the Issuing Bank at the Issuing Bank's principal office in the United States (a "Downgrade Account"). The funds so deposited in any Downgrade Account shall be used only in accordance with the following provisions of this Section 2.19.

(b) If any Downgraded Lender shall be required to fund its participation in a payment under a Letter of Credit pursuant to Section 2.04(e), then the Issuing Bank shall apply the funds deposited in the applicable Downgrade Account by such Downgraded Lender to fund such participation. The deposit of funds in a Downgrade Account by any Downgraded Lender

shall not constitute a Letter of Credit Advance (and the Downgraded Lender shall not be entitled to interest on such funds except as provided in clause (c) below) unless and until (and then only to the extent that) such funds are used by the Issuing Bank to fund the participation of such Downgraded Lender pursuant to the first sentence of this clause (b).

(c) Funds in a Downgrade Account shall be invested in such investments as may be agreed between the Issuing Bank and the applicable Downgraded Lender, and the income from such investments shall be distributed to such Downgraded Lender from time to time (but not less often than monthly) as agreed between the Issuing Bank and such Downgraded Lender. The Issuing Bank will (i) from time to time, upon request by a Downgraded Lender, release to such Downgraded Lender any amount on deposit in the applicable Downgrade Account in excess of the LC Participation Obligations of such Downgraded Lender and (ii) upon the earliest to occur of (A) the effective date of any replacement of such Downgraded Lender as a party hereto pursuant to an Assignment and Acceptance, (B) the termination of such Downgraded Lender's WC Commitment pursuant to clause (a) or (C) the first Letter of Credit Business Day after receipt by the Issuing Bank of evidence (reasonably satisfactory to the Issuing Bank) that such Lender is no longer a Downgraded Lender, release to such Lender all amounts on deposit in the applicable Downgrade Account.

(d) At any time any Downgraded Lender is required to maintain cash collateral with the Issuing Bank pursuant to this Section 2.19, the Issuing Bank shall have no obligation to issue or increase any Letter of Credit unless such Downgraded Lender has provided sufficient funds as cash collateral to the Issuing Bank to cover all LC Participation Obligations of such Downgraded Lender (including in respect of the Letter of Credit to be issued or increased).

SECTION 2.20. Downgrade Event or Other Event with Respect to the Issuing Bank. At any time that the Issuing Bank is a Downgraded Lender or at such other times as the Issuing Bank and the Borrowers may agree, the Borrowers may, upon not less than three Letter of Credit Business Days' notice to the Issuing Bank (in this Section sometimes referred to as the "Old Issuing Bank") and the Administrative Agent, designate any Lender (so long as such Lender has agreed to such designation) as an additional "Issuing Bank" hereunder (in this Section sometimes referred to as the "New Issuing Bank"). Such notice shall specify the date (which shall be a Letter of Credit Business Day) on which the New Issuing Bank is to become an additional "Issuing Bank" hereunder. From and after such date, all new Letters of Credit requested to be issued hereunder shall be issued by the New Issuing Bank. From and after such date (and until the first date on which no Letters of Credit issued by the Old Issuing Bank are outstanding and no reimbursement obligations are owed to the Old Issuing Bank, on which date the Old Issuing Bank shall cease to be an Issuing Bank hereunder), references in this Agreement to the "Issuing Bank" shall be deemed to refer (a) to the Old Issuing Bank, with respect to Letters of Credit issued by it, (b) to the New Issuing Bank, with respect to Letters of Credit issued or to be issued by it, and (c) to each of the Old Issuing Bank and the New Issuing Bank, with respect to other matters. Notwithstanding the fact that an Old Issuing Bank shall cease to be an "Issuing Bank" hereunder, all of the exculpatory, indemnification and similar provisions hereof in favor of the "Issuing Bank" shall inure to such Old Issuing Bank's benefit as to any actions taken or omitted by it while it was an "Issuing Bank" under this Agreement. The Borrowers agree that after any appointment of a New Issuing Bank hereunder, the Borrowers

shall use reasonable commercial efforts to promptly replace (or otherwise cause the applicable beneficiary to return to the Old Issuing Bank for cancellation) each letter of credit issued by the Old Issuing Bank.

SECTION 2.21. Non-Dollar Letters of Credit. (a) The Borrowers, the Administrative Agent, the Issuing Bank and the Lenders (i) agree that the Issuing Bank may (in its sole discretion) issue Letters of Credit ("Non-Dollar Letters of Credit") in currencies other than U.S. dollars and (ii) further agree as follows with respect to such Non-Dollar Letters of Credit:

(b) The Borrowers agree that their reimbursement obligations under Section 2.05(b) and any resulting Letter of Credit Advance, in each case in respect of a drawing under any Non-Dollar Letter of Credit, (i) shall be payable in Dollars at the Dollar Equivalent of such obligation in the currency in which such Non-Dollar Letter of Credit was issued (determined on the date of payment) and (ii) shall bear interest at a rate per annum equal to (A) in the case of amounts owed to the Issuing Bank, the sum of the Overnight Rate plus the Applicable Margin for Eurodollar Rate Advances plus 2% and (B) in the case of amounts owing to any other Lender, the Base Rate plus 2%, in each case for each day from and including the date on which the applicable Account Party is to reimburse the Issuing Bank pursuant to Section 2.05(b) to but excluding the date such obligation is paid in full.

(c) Each Lender agrees that its obligation to pay the Issuing Bank such Lender's Pro Rata Share of the unreimbursed portion of any payment by the Issuing Bank under Section 2.04(e) in respect of a drawing under any Non-Dollar Letter of Credit shall be payable in Dollars at the Dollar Equivalent of such obligation in the currency in which such Non-Dollar Letter of Credit was issued (calculated on the date of payment) (and any such amount which is not paid when due shall bear interest at a rate per annum equal to the Overnight Rate plus, beginning on the third Business Day after such amount was due, the Applicable Margin for Eurodollar Rate Advances).

(d) For purposes of determining whether there is availability for the Borrowers to request any Advance or to request the issuance or extension of, or any increase in, any Letter of Credit, the Dollar Equivalent amount of the Available Amount of each Non-Dollar Letter of Credit shall be calculated as of the date such Advance is to be made or such Letter of Credit is to be issued, extended or increased.

(e) For purposes of determining the letter of credit fee under Section 2.09(d), the Dollar Equivalent amount of the Available Amount of any Non-Dollar Letter of Credit shall be determined on each of (1) the date of an issuance, extension or change in the Available Amount of such Non-Dollar Letter of Credit, (2) the date of any payment by the Issuing Bank in respect of a drawing under such Non-Dollar Letter of Credit, (3) the last day of each calendar month and (4) each day on which the WC Commitments are to be reduced pursuant to Section 2.06 (it being understood that no requested reduction shall be permitted to the extent that, after making a calculation pursuant this clause (e), such reduction would be greater than the unused portion of the WC Commitments).

(f) If, on the last day of any calendar month, the sum of the principal amount of all Advances plus the Available Amount of all Letters of Credit (valuing the Available Amount of, and Letter of Credit Advances in respect of, any Non-Dollar Letter of Credit at the Dollar Equivalent thereof as of such day) would exceed the amount of the Committed Facility, then the Borrowers will immediately eliminate such excess by prepaying Committed Advances and/or causing the Available Amount of one or more Letters of Credit to be reduced.

(g) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due in respect of any Non-Dollar Letter of Credit in one currency into another currency, the rate of exchange used shall be that at which in accordance with its normal banking procedures the Issuing Bank could purchase the first currency with such other currency on the Letter of Credit Business Day preceding that on which final judgment is given. The obligation of any Account Party in respect of any such sum due from it to the Issuing Bank or any Lender hereunder shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement and the applicable Non-Dollar Letter of Credit (the "Agreement Currency"), be discharged only to the extent that on the Letter of Credit Business Day following receipt by the Issuing Bank or such Lender of any sum adjudged to be so due in the Judgment Currency, the Issuing Bank or such Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Issuing Bank or such Lender in the Agreement Currency, the applicable Account Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Issuing Bank or such Lender, as applicable, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Issuing Bank or such Lender in such currency, the Issuing Bank and each Lender agrees to return the amount of any excess to the applicable Account Party (or to any other Person who may be entitled thereto under applicable law).

(h) For purposes of this Section, "Dollar Equivalent" means, in relation to an amount denominated in a currency other than U.S. dollars, the amount of U.S. dollars which could be purchased with such amount by the Issuing Bank in accordance with its customary procedures (and giving effect to any transaction costs) at the quoted foreign exchange spot rate of the Issuing Bank at the time of determination; and "Overnight Rate" means, for any day, the rate of interest per annum at which overnight deposits in the applicable currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by the Issuing Bank to major banks in the London or other applicable offshore interbank market. The Overnight Rate for any day which is not a Letter of Credit Business Day (or on which dealings are not carried on in the applicable offshore interbank market) shall be the Overnight Rate for the immediately preceding Letter of Credit Business Day.

ARTICLE III

CONDITIONS OF LENDING AND ISSUANCES OF LETTERS OF CREDIT

SECTION 3.01. Conditions Precedent to Effectiveness. This Amended Agreement shall not become effective, and no Lender shall be obligated to make any Advance and the Issuing Bank shall not be obligated to issue any Letter of Credit hereunder, until each of the following conditions precedent is satisfied:

(i) The Administrative Agent shall have received counterparts of this Amended Agreement duly executed by each of the parties listed on the signature pages hereof (or in the case of any party as to which such an executed counterpart shall not have been received, the Administrative Agent shall have received evidence satisfactory to it of the execution and delivery of a counterpart hereof by such party).

(ii) The Administrative Agent shall have received the following in form and substance reasonably satisfactory to the Administrative Agent (unless otherwise specified) and (except for the Committed Notes) in sufficient copies for each Lender:

(A) The Committed Notes payable to the order of the Lenders.

(B) Certified copies of the resolutions of the Board of Directors of each Loan Party approving the transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party.

(C) A copy of a certificate of the Secretary of State or other appropriate official of the jurisdiction of incorporation of (x) each of ACE INA and ACE Financial, dated reasonably near the date of the Initial Extension of Credit, certifying (A) as to a true and correct copy of its charter and each amendment thereto on file in such Secretary's office and (B) that (1) such amendments are the only amendments to its charter on file in such Secretary's office, (2) in the case of ACE INA, it has paid all franchise taxes to the date of such certificate and (C) it is duly incorporated and in good standing or presently subsisting under the laws of the State of the jurisdiction of its incorporation and (y) each other Loan Party, dated reasonably near the Initial Extension of Credit, certifying as to the good standing (or existence) of such Loan Party.

(D) A certificate of each Loan Party, signed on behalf of such Loan Party by its President or a Vice President and its Secretary or any Assistant Secretary, dated the date of the Initial Extension of Credit (the statements made in which certificate shall be true on and as of the date of the Initial Extension of Credit), certifying as to (1) in the case of each of ACE INA and ACE Financial, the absence of any amendments to the charter of such Loan Party since the date of the Secretary of State's certificate referred to in Section 3.01(ii)(C), (2) a true and

correct copy of the bylaws (in the case of ACE INA and ACE Financial) or the constitutional documents (in the case of each other Loan Party) of such Loan Party as in effect on the date on which the resolutions referred to in Section 3.01(ii)(B) were adopted and on the date of the Initial Extension of Credit, (3) the due incorporation and good standing or valid existence of such Loan Party as a corporation organized under the laws of the jurisdiction of its incorporation, and the absence of any proceeding for the dissolution or liquidation of such Loan Party, (4) the truth of the representations and warranties contained in the Loan Documents as though made on and as of the date of the Initial Extension of Credit and (5) the absence of any event occurring and continuing, or resulting from the Initial Extension of Credit, that constitutes a Default.

(E) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign each Loan Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(F) A favorable opinion of (1) Maples and Calder, Cayman Islands counsel for the Parent, in substantially the form of Exhibit D-1 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request, (2) Mayer, Brown & Platt, New York counsel for the Loan Parties, in substantially the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request, and (3) Conyers Dill & Pearman, Bermuda counsel for ACE Bermuda and Tempest, in substantially the form of Exhibit D-3 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(iii) There shall have occurred no material adverse change since December 31, 1999 in the business, financial condition, operations or properties of the Parent and its Subsidiaries, taken as a whole.

(iv) There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (x) could be reasonably expected to have a Material Adverse Effect or (y) would reasonably be expected to materially adversely affect the legality, validity or enforceability of any Loan Document or the other transactions contemplated by the Loan Documents.

(v) The Borrowers shall have paid all accrued fees of the Agents and the Lenders and all accrued expenses of the Agents (including the accrued fees and expenses of counsel to the Administrative Agent and local counsel on behalf of all of the Lenders), in each case to the extent then due and payable.

On the Effective Date the Existing Agreement will be automatically amended and restated in its entirety to read as set forth in this Amended Agreement. On and after the Effective Date the rights and obligations of the parties hereto shall be governed by this Amended Agreement; provided the rights and obligations of the parties hereto with respect to the period

prior to the Effective Date shall continue to be governed by the provisions of the Existing Agreement. On the Effective Date, any Lender whose WC Commitment is changed to zero shall cease to be a Lender party to this Agreement and all accrued fees and other amounts payable under this Agreement for the account of such Lender shall be due and payable on such date; provided that the provisions of Section 2.11, 2.13 and 9.04 of this Agreement shall continue to inure to the benefit of each such Lender. The Notes delivered to each Lender under the Existing Agreement shall be canceled and Notes under this Amended Agreement shall be given in substitution therefor. Each Lender shall promptly after the Effective Date deliver to the Borrowers for cancellation the Notes delivered to such Lender under the Existing Agreement. The Agent shall promptly notify the Borrowers and each Lender of the effectiveness of the Amended Agreement, and such notice shall be conclusive and binding on all parties hereto.

The Banks that are parties to the Existing 2,050 Million Credit Facility comprising the "Required Banks" as defined therein, and ACE INA (the "Borrower" as defined under the Existing 2,050 Million Credit Facility), Parent, ACE Bermuda and Tempest (Parent, ACE Bermuda and Tempest, the "Guarantors" as defined under the Existing 2,050 Million Credit Facility, and along with ACE INA, the "2,050 Million Obligors") agree that the commitments under the Existing 2,050 Million Credit Facility shall terminate in their entirety simultaneously with and subject to the effectiveness of this Agreement and that the 2,050 Million Obligors shall be obligated to pay on the Effective Date all principal amounts outstanding thereunder, together with all accrued interest and fees and all other amounts then payable thereunder to but excluding the Effective Date.

SECTION 3.02. Conditions Precedent to Each Committed Borrowing and Issuance, Extension or Increase of a Letter of Credit. The obligation of each Lender to make a Committed Advance on the occasion of each Committed Borrowing (including the initial Committed Borrowing), and the obligation of the Issuing Bank to issue, extend or increase a Letter of Credit (including the initial issuance), shall be subject to the further conditions precedent that on the date of such Committed Borrowing or issuance, extension or increase (a) the following statements shall be true (and each of the giving of the applicable Notice of Committed Borrowing or request for issuance, extension, or increase, and the acceptance by the Borrower that requested such Committed Borrowing of the proceeds of such Committed Borrowing or of such issuance, extension or increase shall constitute a representation and warranty by such Borrower that both on the date of such notice and on the date of such Committed Borrowing or such issuance, extension or increase such statements are true):

(i) the representations and warranties contained in each Loan Document are correct in all material respects on and as of such date, before and after giving effect to such Committed Borrowing and to the application of the proceeds therefrom or such issuance, extension or increase, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Committed Borrowing or the date of such issuance, extension or increase, in which case as of such specific date; and

(ii) no Default has occurred and is continuing, or would result from such Committed Borrowing or the application of the proceeds therefrom or from such issuance, extension or increase;

and (b) the Administrative Agent shall have received such other approvals, opinions or documents as any Lender or the Issuing Bank through the Administrative Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing (including the initial Competitive Bid Borrowing) to make such Competitive Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Administrative Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, and
(ii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower that requested such Competitive Bid Borrowing of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in
Section 4.01 are correct in all material respects on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Competitive Bid Borrowing, in which case as of such specific date, and

(b) no Default has occurred and is continuing, or would result from such Competitive Bid Borrowing or from the application of the proceeds therefrom.

SECTION 3.04. Conditions Precedent for ACE Financial. The obligation of each Lender to make any Committed Advance or Competitive Bid Advance to ACE Financial, and the obligation of the Issuing Bank to issue, extend or increase a Letter of Credit for the account of ACE Financial, shall be subject to the further condition precedent that on the date of such Advance or issuance, extension or increase, and after giving effect thereto, the sum of the aggregate principal amount of all Advances outstanding to ACE Financial hereunder plus the aggregate Available Amount of all Letters of Credit issued for the account of ACE Financial hereunder shall not exceed $25,000,000.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows (except that ACE Financial represents and warrants only as to itself):

(a) Each Loan Party and each of its Subsidiaries (i) is duly organized or formed, validly existing and, to the extent such concept applies, in good standing under the laws of the jurisdiction of its incorporation or formation, (ii) is duly qualified and in

good standing as a foreign corporation or other entity in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not be reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, except where the failure to have any license, permit or other approval would not be reasonably likely to have a Material Adverse Effect. All of the outstanding Equity Interests in each Borrower (other than the Parent) have been validly issued, are fully paid and non-assessable and (except for any Preferred Securities issued after the date of this Agreement) are owned, directly or indirectly, by the Parent free and clear of all Liens.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party.

(c) The execution, delivery and performance by each Loan Party of each Loan Document to which it is or is to be a party and the consummation of the transactions contemplated by the Loan Documents, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not
(i) contravene such Loan Party's constitutional documents, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which could be reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of any Loan Document to which it is or is to be a party or the other transactions contemplated by the Loan Documents, or
(ii) the exercise by any Agent or any Lender of its rights under the Loan Documents, except for the authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect.

(e) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, the

legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms.

(f) There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) would reasonably be expected to affect the legality, validity or enforceability of any Loan Document or the transactions contemplated by the Loan Documents.

(g) The Consolidated balance sheets of the Parent and its Subsidiaries as at December 31, 1999, and the related Consolidated statements of income and of cash flows of the Parent and its Subsidiaries for the Fiscal Year then ended, accompanied by an unqualified opinion of PricewaterhouseCoopers LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Parent and its Subsidiaries as at such date and the Consolidated results of operations of the Parent and its Subsidiaries for the Fiscal Year ended on such date, all in accordance with generally accepted accounting principles applied on a consistent basis, and, as of the Effective Date and the date of the Initial Extension of Credit, since December 31, 1999, there has been no Material Adverse Change.

(h) No information, exhibit or report furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading as at the date it was dated (or if not dated, so delivered).

(i) Following application of the proceeds of each Advance hereunder, Margin Stock will constitute less than 25% of the value of those assets of any Borrower which are subject to any limitation on sale, pledge or other disposition hereunder.

(j) Neither any Loan Party nor any of its Subsidiaries is an "investment company", or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by any Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(k) Neither any Loan Party nor any of its Subsidiaries is a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that is reasonably likely to have a Material Adverse Effect.

(l) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(m) Except to the extent that any and all events and conditions under clauses (i) through (vi) below of this paragraph (m) in the aggregate are not reasonably expected to have a Material Adverse Effect,

(i) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Pension Plan, copies of which have been filed with the Internal Revenue Service, is complete and accurate and fairly presents the funding status of such Pension Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(ii) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(iii) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(iv) With respect to each scheme or arrangement mandated by a government other than the United States (a "Foreign Government Scheme or Arrangement") and with respect to each employee benefit plan that is not subject to United States law maintained or contributed to by any Loan Party or with respect to which any Subsidiary of any Loan Party may have liability under applicable local law (a "Foreign Plan"):

(x) Any employer and employee contributions required by law or by the terms of any Foreign Government Scheme or Arrangement or any Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices.

(y) The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations, as of the date hereof, with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles.

(z) Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities.

(v) To the extent the assets of any Loan Party are or are deemed under applicable law to be "plan assets" within the meaning of Department of Labor Regulation ss. 2510.3-101, the execution, delivery and performance of the Loan Documents and the consummation of the transactions contemplated therein will not result in a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

(vi) During the twelve-consecutive-month period to the date of the execution and delivery of this Agreement and prior to any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA and no minimum funding waiver has been applied for or is in effect with respect to any Pension Plan. No condition exists or event or transaction has occurred or is reasonably expected to occur with respect to any Pension Plan which could result in any Loan Party or any ERISA Affiliate incurring any material liability, fine or penalty.

(n) (i) In the ordinary course of its business, each Borrower reviews the effect of Environmental Laws on the operations and properties of such Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat, and any actual or potential liabilities to third parties and any related costs and expenses). On the basis of this review, each Borrower has reasonably concluded that such associated liabilities and costs, including the costs of compliance with Environmental Laws, are unlikely to have a Material Adverse Effect.

(ii) The operations and properties of each Loan Party and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, except for non-compliances which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries that would reasonably be expected to have a Material Adverse Effect; and there are no Environmental Actions pending or threatened against any Loan Party or its Subsidiaries, and no circumstances exist that could be reasonably likely to form the basis of any such Environmental Action, which (in either case), individually or in the aggregate with all other such

pending or threatened actions and circumstances would reasonably be expected to have a Material Adverse Effect.

(o) Each Loan Party and each of its Subsidiaries has filed, has caused to be filed or has been included in all material federal tax returns and all other material tax returns required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except to the extent contested in good faith and by appropriate proceedings (in which case adequate reserves have been established therefor in accordance with GAAP).

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01. Affirmative Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, each Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with Environmental Laws, Environmental Permits, ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful material claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither any Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Parent or such Subsidiary operates (it being understood that the foregoing shall not apply to maintenance of reinsurance or similar matters which shall be solely within the reasonable business judgment of the Parent and its Subsidiaries).

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and

franchises; provided, however, that the Parent and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02 (c) and provided further that neither the Parent nor any of its Subsidiaries shall be required to preserve any right, permit, license, approval, privilege or franchise if the Board of Directors of the Parent or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Parent or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Parent, such Subsidiary or the Lenders.

(e) Visitation Rights. At any reasonable time and from time to time upon prior notice, permit the Agents (upon request made by any Agent or any Lender), or any agents or representatives thereof, at the expense (so long as no Default has occurred and is continuing) of such Agents (or such Lender, as the case may be), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with, so long as a representative of the Parent is present, their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Subsidiary sufficient to permit the preparation of financial statements in accordance with GAAP.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates (other than any such transactions between Loan Parties or wholly-owned Subsidiaries of Loan Parties) on terms that are fair and reasonable and no less favorable than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(i) Pari Passu ranking. Each Borrower shall procure that its obligations under the Loan Documents will rank at least pari passu with all its other present and future unsecured and unsubordinated obligations, except for obligations which are mandatorily preferred by law applying to insurance companies generally.

SECTION 5.02. Negative Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, Parent will not, at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or assign or permit any of its Subsidiaries to assign, any accounts or other right to receive income, except:

(i) Liens created under the Loan Documents or in respect of the 364- Day Revolving Credit Facility (provided that all obligations of the Loan Parties under all of the foregoing shall be ratably secured);

(ii) Permitted Liens;

(iii) Liens described on Schedule 5.02(a) hereto;

(iv) purchase money Liens upon or in real property or equipment acquired or held by the Parent or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property or equipment to be subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition or within 180 days following such acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property or equipment being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced;

(v) Liens arising in connection with Capitalized Leases; provided that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(vi) (A) any Lien existing on any asset of any Person at the time such Person becomes a Subsidiary and not created in contemplation of such event, (B) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Parent or any of it Subsidiaries in accordance with Section 5.02(c) and not created in contemplation of such event and (C) any Lien existing on any asset prior to the acquisition thereof by the Parent or any of its Subsidiaries and not created in contemplation of such acquisition;

(vii) Liens securing obligations under credit default swap transactions determined by reference to, or Contingent Obligations in respect of, Debt issued by the Parent or one of its Subsidiaries; such Debt not to exceed an aggregate principal amount of $550,000,000;

(viii) Liens arising in the ordinary course of its business which (A) do not secure Debt and (B) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(ix) Liens on cash and Approved Investments securing Hedge Agreements arising in the ordinary course of business;

(x) other Liens securing Debt or other obligations outstanding in an aggregate principal or face amount not to exceed at any time 5% of Consolidated Net Worth;

(xi) Liens consisting of deposits made by the Parent or any insurance Subsidiary with any insurance regulatory authority or other statutory Liens or Liens or claims imposed or required by applicable insurance law or regulation against the assets of the Parent or any insurance Subsidiary, in each case in favor of policyholders of the Parent or such insurance Subsidiary or an insurance regulatory authority and in the ordinary course of the Parent's or such insurance Subsidiary's business;

(xii) Liens on Investments and cash balances of the Parent or any insurance Subsidiary (other than capital stock of any Subsidiary) securing obligations of the Parent or any insurance Subsidiary in respect of (i) letters of credit obtained in the ordinary course of business and/or (ii) trust arrangements formed in the ordinary course of business for the benefit of cedents to secure reinsurance recoverables owed to them by the Parent or any insurance Subsidiary;

(xiii) the replacement, extension or renewal of any Lien permitted by clause (iii) or (vi) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount (other than in respect of fees, expenses and premiums, if any) or change in any direct or contingent obligor) of the Debt secured thereby;

(xiv) Liens securing obligations owed by any Loan Party to any other Loan Party or owed by any Subsidiary of the Parent (other than a Loan Party) to the Parent or any other Subsidiary;

(xv) Liens incurred in the ordinary course of business in favor of financial intermediaries and clearing agents pending clearance of payments for investment or in the nature of set-off, banker's lien or similar rights as to deposit accounts or other funds;

(xvi) judgment or judicial attachment Liens, provided that the enforcement of such Liens is effectively stayed; and

(xvii) Liens arising in connection with Securitization Transactions; provided that the aggregate principal amount of the investment or claim held at any time by all purchasers, assignees or other transferees of
(or of interests in)

receivables and other rights to payment in all Securitization Transactions shall not exceed U.S.$250,000,000.

(b) Change in Nature of Business. Make any material change in the nature of the business of the Parent and its Subsidiaries, taken as a whole, as carried on at the date hereof.

(c) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Parent may merge into or consolidate with any other Subsidiary of the Parent, provided that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be a wholly owned Subsidiary of the Parent, provided further that, in the case of any such merger or consolidation to which a Borrower is a party, the Person formed by such merger or consolidation shall be such Borrower;

(ii) any Subsidiary of any Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that the Person surviving such merger shall be a wholly owned Subsidiary of such Borrower;

(iii) in connection with any sale or other disposition permitted under Section 5.02(d), any Subsidiary of the Parent may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; and

(iv) the Parent or any other Borrower may merge into or consolidate with any other Person; provided that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be the Parent or such Borrower, as the case may be;

provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default.

(d) Sales, Etc., of Assets. Sell, lease, transfer or otherwise dispose of or permit any other Borrower to sell, lease, transfer or otherwise dispose of, all or substantially all of its assets (excluding sales of investment securities in the ordinary course of business).

(e) Restricted Payments. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such or issue or sell any Equity Interests or accept any capital contributions, or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to

purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Parent or to issue or sell any Equity Interests therein, if in any case referred to above, a Default shall have occurred and be continuing at the time of such action or would result therefrom.

(f) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as permitted by GAAP.

SECTION 5.03. Reporting Requirements. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, the Parent will furnish to the Agents and the Lenders:

(a) Default Notice. As soon as possible and in any event within two days after the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of the chief financial officer of the Parent setting forth details of such Default, event, development or occurrence and the action that the Parent or the applicable Subsidiary has taken and proposes to take with respect thereto.

(b) Annual Financials. (i) As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual Consolidated audit report for such year for the Parent and its Subsidiaries, including therein a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for such Fiscal Year, all reported on in a manner reasonably acceptable to the Securities and Exchange Commission in each case and accompanied by an opinion of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing reasonably acceptable to the Required Lenders, together with (i) a certificate of the Chief Financial Officer or Chief Accounting Officer of the Parent stating that no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken a proposes to take with respect thereto, and (ii) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by the Parent in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Section 5.04.

(ii) As soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the annual Consolidated audit report for such year for each Subsidiary Guarantor and its Subsidiaries, including therein a Consolidated balance sheet of such Subsidiary Guarantor and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of such Subsidiary Guarantor and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion acceptable to the Required Lenders of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing acceptable to the Required Lenders.

(c) Quarterly Financials. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, Consolidated balance sheets of the Parent and its Subsidiaries as of the end of such quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to the absence of footnotes and normal year-end audit adjustments) by the Chief Financial Officer or Chief Accounting Officer of the Parent as having been prepared in accordance with GAAP, together with (i) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken and proposes to take with respect thereto and (ii) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by the Parent in determining compliance with the covenants contained in Section 5.04.

(d) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries of the type described in Section 4.01(f).

(e) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that the Parent sends to its stockholders generally, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(f) ERISA. (i) ERISA Events. Promptly and in any event within 10 days after any Loan Party or any ERISA Affiliate institutes any steps to terminate any Pension Plan or becomes aware of the institution of any steps or any threat by the PBGC to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that any Loan Party or any ERISA Affiliate furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in any Loan Party or any ERISA Affiliate incurring any material liability, fine or penalty, or any material increase in the contingent liability of any Loan Party or any ERISA Affiliate with respect to any post-retirement Welfare Plan benefit, notice thereof and copies of all documentation relating thereto.

(ii) Plan Annual Reports. Promptly upon request of any Agent or any Lender, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Pension Plan.

(iii) Multiemployer Plan Notices. Promptly and in any event within 15 Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B); provided, however, that such notice and documentation shall not be required to be provided (except at the specific request of any Agent or Lender, in which case such notice and documentation shall be promptly provided following such request) if such condition or event is not reasonably expected to result in any Loan Party or any ERISA Affiliate incurring any material liability, fine, or penalty.

(g) Statutory Statements. As soon as available and in any event within 20 days after submission, each statutory statement of the Loan Parties (or any of them) in the form submitted to The Insurance Division of the Office of Registrar of Companies of Bermuda.

(h) Regulatory Notices, Etc. Promptly after any Responsible Officer of the Parent obtains knowledge thereof, (i) a copy of any notice from the Bermuda Minister of Finance or the Registrar of Companies or any other person of the revocation, the suspension or the placing of any restriction or condition on the registration as an insurer of any Borrower under the Bermuda Insurance Act 1978 (and related regulations) or of the institution of any proceeding or investigation which could result in any such revocation, suspension or placing of such a restriction or condition, (ii) copies of any correspondence by, to or concerning any Loan Party relating to an investigation conducted by the Bermuda Minister of Finance, whether pursuant to Section 132 of the Bermuda Companies Act 1981 (and related regulations) or otherwise and (iii) a copy of any notice of or requesting or otherwise relating to the winding-up or any similar proceeding of or with respect to any Loan Party.

(i) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Agent, or any Lender through the Administrative Agent, may from time to time reasonably request.

SECTION 5.04. Financial Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, the Parent will:

(a) Adjusted Consolidated Debt to Total Capitalization Ratio. Maintain at all times a ratio of Adjusted Consolidated Debt to Total Capitalization of not more than 0.35 to 1.

(b) Consolidated Net Worth. Maintain at all times Consolidated Net Worth in an amount equal to the sum of (i) $3,600,000,000 plus (ii) 25% of Consolidated Net Income for each fiscal quarter of the Parent ending on and after March 31, 2000 for which such Consolidated Net Income is positive.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) (i) any Borrower shall fail to pay any principal of any Advance when the same shall become due and payable or (ii) any Borrower shall fail to pay any interest on any Advance, or any Loan Party shall fail to make any other payment under any Loan Document, in each case under this clause (ii) within five Business Days after the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 2.15, 5.01(d) (with respect to the Parent) or (e), 5.02 or 5.04; or

(d) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) a Responsible Officer becomes aware of such failure or
(ii) written notice thereof shall have been given to such Loan Party by any Agent or any Lender; or

(e) the Parent or any of its Subsidiaries shall fail to pay any Material Financial Obligation (but excluding Debt outstanding hereunder) of the Parent or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Financial Obligation; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Material Financial Obligation and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Material Financial

Obligation or otherwise to cause, or to permit the holder thereof to cause, such Material Financial Obligation to mature; or any such Material Financial Obligation shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Financial Obligation shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party or any Significant Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) any final judgment or order for the payment of money in excess of $100,000,000 shall be rendered against any Loan Party or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) any non-monetary judgment or order shall be rendered against any Loan Party or any of its Subsidiaries that could be reasonably likely to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it (other than as a result of a transaction permitted hereunder), or any such Loan Party shall so state in writing; or

(j) a Change of Control shall occur; or

(k) Any Loan Party or any ERISA Affiliate shall incur or shall be reasonably expected to incur liability in excess of $25,000,000 in the aggregate with respect to any

Pension Plan or any Multiemployer Plan in connection with the occurrence of any of the following events or existence of any of the following conditions:

(i) Institution of any steps by any Loan Party, any ERISA Affiliate or any other Person, including, without limitation, the PBGC to terminate a Pension Plan if as a result of such termination a Loan Party or any ERISA Affiliate could be required to make a contribution to such Pension Plan, or could incur a liability or obligation;

(ii) A contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA; or

(iii) Any condition shall exist or event shall occur with respect to a Pension Plan that is reasonably expected to result in any Loan Party or any ERISA Affiliate being required to furnish a bond or security to the PBGC or such Pension Plan, or incurring a liability or obligation.

(l) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan; or

(m) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Commitments of each Lender and the obligation of each Lender to make Advances (other than Letter of Credit Advances by the Issuing Bank or a Lender pursuant to Section 2.04(c)) and of the Issuing Bank to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and/or (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, (x) the Commitments of each Lender and the obligation of each Lender to make Advances (other than Letter of Credit Advances by the Issuing Bank or a Lender pursuant to Section 2.04(c)) and of the Issuing Bank to issue Letters of Credit shall automatically be terminated and (y) the Notes, all such interest and all such amounts shall automatically become and be due and payable,

without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Administrative Agent may, or shall at the request of the Required Lenders, after having taken any of the actions described in Section 6.01(ii) or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, pay to the Administrative Agent on behalf of the Lenders in same day funds at the Administrative Agent's office designated in such demand, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding as cash collateral. If at any time during the continuance of an Event of Default the Administrative Agent determines that such funds are subject to any right or claim of any Person other than the Administrative Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrower will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional cash collateral, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, such funds shall be applied to reimburse the Issuing Bank or Lenders, as applicable, to the extent permitted by applicable law.

ARTICLE VII

THE GUARANTY

SECTION 7.01. The Guaranty. (a) Each Guarantor hereby jointly and severally, unconditionally, absolutely and irrevocably guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of all amounts payable by each of the other Borrowers under the Loan Documents including, without limitation, the principal of and interest on each Note issued by such other Borrowers pursuant to this Agreement and for reimbursement obligations with respect to Letters of Credit. Upon failure by a Borrower to pay punctually any such amount, each other Guarantor agrees to pay forthwith on demand the amount not so paid at the place and in the manner specified in this Agreement.

(b) Each Guarantor (other than the Parent), and by its acceptance of this Guaranty, the Administrative Agent and each other Lender, hereby confirms that it is the intention of all such Persons that this Guaranty and the obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the obligations of each Guarantor (other than the Parent) hereunder. To effectuate the foregoing intention, the Administrative Agent, the other Lenders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor (other than the Parent) under this Article VII at any time shall be limited to the maximum amount as will result in the obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance.

SECTION 7.02. Guaranty Unconditional. The obligations of each Guarantor under this Article VII shall be unconditional, absolute and irrevocable and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of any other obligor under any of the Loan Documents, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to any of the Loan Documents;

(iii) any release, non-perfection or invalidity of any direct or indirect security for any obligation of any other obligor under any of the Loan Documents;

(iv) any change in the corporate existence, structure or ownership of any obligor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any other obligor or its assets or any resulting release or discharge of any obligation of any other obligor contained in any of the Loan Documents;

(v) the existence of any claim, set-off or other rights which any obligor may have at any time against any other obligor, the Administrative Agent, any Lender or any other corporation or person, whether in connection with any of the Loan Documents or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against any other obligor for any reason of any of the Loan Documents, or any provision of applicable law or regulation purporting to prohibit the payment by any other obligor of the principal of or interest on any Note or any other amount payable under any of the Loan Documents; or

(vii) any other act or omission to act or delay of any kind by any obligor, the Administrative Agent, any Lender or any other corporation or person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to a Guarantor's obligations under this Article VII.

SECTION 7.03. Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances. Each Guarantor's obligations under this Article VII shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Notes and all other amounts payable by the other Borrowers under the Loan Documents shall have been paid in full. If at any time any payment of the principal of or interest on any Note or any other amount payable by a Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Borrower or otherwise, each Guarantor's obligations under this Article VII with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

SECTION 7.04. Waiver by the Guarantors. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any corporation or person against any other obligor or any other corporation or person.

SECTION 7.05. Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Borrower, any other Loan Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under or in respect of this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Lender against any other Borrower, any other Loan Party or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any other Borrower, any other Loan Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all amounts payable under this Guaranty shall have been paid in full in cash, and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of all amounts payable under this Guaranty, and (b) the Termination Date, such amount shall be received and held in trust for the benefit of the Lenders, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to all amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as collateral for any amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall make payment to any Lender of all or any amounts payable under this Guaranty, (ii) all amounts payable under this Guaranty shall have been paid in full in cash, and (iii) the Termination Date shall have occurred, the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the obligations resulting from such payment made by such Guarantor pursuant to this Guaranty.

SECTION 7.06. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Borrower under any of the Loan Documents is stayed upon the insolvency, bankruptcy or reorganization of such Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless by payable by the Guarantors under this Article VII forthwith on demand by the Administrative Agent made at the request of the requisite proportion of the Lenders.

SECTION 7.07. Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of all amounts payable under this Guaranty and (ii) the Termination Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or

otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07.

ARTICLE VIII

THE AGENTS

SECTION 8.01. Authorization and Action. Each Lender (in its capacity as a Lender) hereby appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders or all the Lenders where unanimity is required, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law. Each Agent agrees to give to each Lender prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

SECTION 8.02. Agents' Reliance, Etc. Neither any Agent nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent: (a) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party; (d) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (e) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram or telecopy) reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. MGT and Affiliates. With respect to its WC Commitments, the Committed Advances made by it and the Committed Notes issued to it, MGT shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include MGT in its individual capacity. MGT and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person that may do business with or own securities of any Loan Party or any such Subsidiary, all as if MGT were not Agent and without any duty to account therefor to the Lenders.

SECTION 8.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on the financial statements referred to in
Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrowers) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent under the Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under
Section 9.04, to the extent that such Agent is not promptly reimbursed for such costs and expenses by the Borrowers.

(b) For purposes of this Section 8.05, the Lenders' respective ratable shares of any amount shall be determined, at any time, according to the sum of (i) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders, (ii) their respective Pro Rata Shares of the aggregate Available Amounts of all Letters of Credit outstanding at such time and (iii) their respective Unused WC Commitments at such time. The failure of any Lender to reimburse any Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 8.06. Successor Agents. Any Agent may resign at any time by giving written notice thereof to the Lenders and the Parent and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, subject (so long as no Event of Default exists) to the consent of the Parent (which consent shall not be unreasonably withheld). If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least $250,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. If within 45 days after written notice is given of the retiring Agent's resignation or removal under this
Section 8.06 no successor Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Agent's resignation or removal shall become effective, (ii) the retiring Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent as provided above. After any retiring Agent's resignation or removal hereunder as Agent shall have become effective, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes or any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders (and, in the case of an amendment, the Parent), and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders (other than any Lender that is, at such time, a Defaulting Lender), do any of the following at any time: (i) waive any of the conditions specified in Section 3.01 or, in the case of the Initial Extension of Credit, Section 3.02 or 3.03, as applicable, (ii) change the number of Lenders or the percentage of (x) the WC Commitments, (y) the aggregate unpaid principal amount of the Advances or (z) the aggregate Available Amount of outstanding Letters of Credit that, in each case, shall be required for the Lenders or any of them to take any action hereunder,
(iii) reduce or limit the obligations of any Guarantor under Article VII or release such Guarantor or otherwise limit such Guarantor's liability with respect to the obligations owing to the Agents and the Lenders, (iv) amend this Section 9.01 or any of the definitions herein that would have such effect, (v) increase the WC Commitments of the Lenders or subject the Lenders to any additional obligations, (vi) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder,
(vii) postpone any date fixed for any

payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (viii) extend the Termination Date or (ix) limit the liability of any Loan Party under any of the Loan Documents; provided further that no amendment, waiver or consent shall, unless in writing and signed by an Agent in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or the other Loan Documents and no amendment, waiver or consent shall, unless in writing and signed by the Issuing Bank in addition to the Lenders above required to take such action, affect the rights or duties of the Issuing Bank under this Agreement or the other Loan Documents (including, without limitation, any change in Section 2.01(b), 2.04, 2.05(b), 2.05(c), 2.09(d), 2.18, 2.19, 2.20, 2.21 or 9.09).

SECTION 9.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic or telecopy communication) and mailed, telegraphed, telecopied or delivered, if to any Borrower, at its address set forth below on the signature pages hereof; if to any Lender, the address for notices specified in its Administrative Questionnaire; and if to the Administrative Agent, at its address at 500 Stanton Christiana Road, Newark, Delaware 19713, Attention: Bill Wood; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed or telecopied, be effective when deposited in the mails, delivered to the telegraph company or transmitted by telecopier, respectively, except that notices and communications to any Agent pursuant to Article II, III or VIII shall not be effective until received by such Agent. Manual delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Borrowers agree to pay on demand (i) all reasonable costs and expenses of the Agents and of the Issuing Bank in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of a single counsel for the Agents and a single counsel for the Issuing Bank with respect thereto, with respect to advising the Agents as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all reasonable costs and expenses of each Agent, the Issuing Bank and each Lender in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally

(including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent, the Issuing Bank and each Lender with respect thereto).

(b) The Borrowers agree to indemnify and hold harmless each Agent, the Issuing Bank, each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) this Agreement, the actual or proposed use of the proceeds of the Advances, the Loan Documents or any of the transactions contemplated thereby, including, without limitation, any acquisition or proposed acquisition by any Borrower or any of its Subsidiaries or Affiliates, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated by the Loan Documents are consummated. Each of the Borrowers also agrees not to assert any claim against any Agent, any Lender or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the credit facilities provided hereunder, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated by the Loan Documents.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or LIBO Rate Advance is made by any Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.07, 2.10(b)(i) or 2.11(d), acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or if any Borrower fails to make any payment or prepayment of an Advance for which a notice of prepayment has been given or that is otherwise required to be made, whether pursuant to Section 2.05, 2.07 or 6.01 or otherwise, the Borrowers agree, within 10 days after demand by such Lender (with a copy of such demand to the Administrative Agent), which demand shall include a calculation in reasonable detail of the amount demanded, to pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion or such failure to pay or prepay, as the case may be, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrowers contained in Sections 2.11 and 2.13 and this Section 9.04 shall survive the payment in

full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 9.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Agent and each Lender agrees promptly to notify each Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

SECTION 9.06. Successors; Participations and Assignments.
(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Borrower may assign or otherwise transfer any of its rights and obligations under this Agreement without the prior written consent of all the Lenders.

(b) Any Lender may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its WC Commitment or any or all of its Advances. If a Lender grants any such participating interest to a Participant, whether or not upon notice to the Borrowers and the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrowers hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement described in clauses (i)-(ix) of Section 9.01 without the consent of the Participant. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Section's 2.11, 2.13 and 9.04(c) and with respect to its participating interest. An assignment or other transfer which is not permitted by Section 9.06(c) or 9.06(d) shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection.

(c) Any Lender may at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part (equivalent to an initial Commitment of not less than $10,000,000) of all, of its rights and obligations under this Agreement and its Note, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement substantially in the form of Exhibit C hereto signed by such Assignee and such transferor Lender, with (and subject to) the subscribed consent of the Parent, the Issuing Bank and the Administrative Agent (which shall not be unreasonably withheld or delayed); provided that (i) if an Assignee is an affiliate of such transferor Lender or was a Lender immediately before such assignment, no such consent shall be required, (ii) such assignment may, but need not, include rights of the transferor Lender in respect of outstanding Competitive Bid Advances, (iii) no such consent of the Parent shall be required if at the time an Event of Default exists, (iv) such consent shall be deemed to have been given by the Parent, the Issuing Bank or the Administrative Agent, as the case may be, if it shall not have responded to a written request for consent within five Business Days of its receipt thereof, (v) neither the Parent nor any of its Subsidiaries or Affiliates may be an Assignee and (vi) such assignment shall be accompanied by a ratably equivalent assignment of the rights and obligations of the transferor Lender (and its affiliates) under the 364-Day Revolving Credit Facility. When such instrument has been signed and delivered by the parties thereto and such Assignee has paid to such transferor Lender the purchase price agreed between them, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a WC Commitment as set forth in such instrument of assumption, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection, the transferor Lender, the Administrative Agent and the Borrowers shall make appropriate arrangements so that, if required, new Notes are issued to the Assignee. In connection with any such assignment, the transferor Lender shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of $2,500. If the Assignee is not incorporated under the laws of the United States or a State thereof, it shall deliver to the Borrowers and the Administrative Agent certification as to exemption from deduction or withholding of United States federal income taxes in accordance with Section 2.13(e).

(d) Any Lender may at any time assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank. No such assignment shall release the transferor Lender from its obligations hereunder.

(e) No Assignee, Participant or other transferee of any Lender's rights shall be entitled to receive any greater payment under Section 2.11 or 2.13 than such Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 2.11 requiring such Lender to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 9.07. Designated Lenders. (a) Subject to the provisions of this subsection (a), any Lender may at any time designate an Eligible Designee to provide all or a portion of the Committed Advances and Competitive Bid Advances to be made by such Lender

pursuant to this Agreement; provided that such designation shall not be effective unless the Parent and the Administrative Agent consent thereto (which consents shall not be unreasonably withheld). When a Lender and its Eligible Designee shall have signed an agreement substantially in the form of Exhibit E hereto (a "Designation Agreement") and the Parent and the Administrative Agent shall have signed their respective consents thereto, such Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit such Designated Lender to provide all or a portion of the Committed Advances and Competitive Bid Advances to be made by such Designating Lender pursuant to Section 2.01 or 2.03, and the making of such Advances or portion thereof shall satisfy the obligation of the Designating Lender to the same extent, and as if, such Advances or portion thereof were made by the Designating Lender. As to any Advances or portion thereof made by it, each Designated Lender shall have all the rights that a Lender making such Advances or portion thereof would have had under this Agreement and otherwise; provided that (x) its voting rights under this Agreement shall be exercised solely by its Designating Lender and (y) its Designating Lender shall remain solely responsible to the other parties hereto for the performance of such Designated Lender's obligations under this Agreement, including its obligations in respect of the Advances or portion thereof made by it. No additional Note shall be required to evidence the Advances or portion thereof made by a Designated Lender; and the Designating Lender shall be deemed to hold its Notes as agent for its Designated Lender to the extent of the Advances or portion thereof funded by such Designated Lender. Each Designating Lender shall act as administrative agent for its Designated Lender and give and receive notices and other communications on its behalf. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and neither the Borrower nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may, with notice to (but without the prior written consent of) the Parent and the Administrative Agent, (i) assign all or portions of its interest in any Advances to its Designating Lender or to any financial institutions consented to by the Parent and the Administrative Agent that provide liquidity and/or credit facilities to or for the account of such Designated Lender to support the funding of Advances or portions thereof made by it and (ii) disclose on a confidential basis any non-public information relating to its Advances or portions thereof to any rating agency, commercial paper dealer or provider of any guarantee, surety, credit or liquidity enhancement to such Designated Lender.

(b) Each party to this Agreement agrees that it will not institute against, or join any other person in instituting against, any Designated Lender any bankruptcy, insolvency, reorganization or other similar proceeding under any federal or state bankruptcy or similar law, for one year and a day after all outstanding senior indebtedness of such Designated Lender is paid in full. The Designating Lender for each Designated Lender agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This subsection (b) shall survive the termination of this Agreement.

SECTION 9.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page

to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 9.09. No Liability of the Issuing Bank. Each Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither the Issuing Bank nor any of its officers, directors, employees or agents shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Issuing Bank against presentation of documents that do not strictly comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that such Borrower shall have a claim against the Issuing Bank, and the Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by (i) the Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) the Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 9.10. Confidentiality. Neither any Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Parent, other than (a) to such Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Assignees and Participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) as requested or required by any state, Federal or foreign authority or examiner regulating such Lender and (d) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Loan Parties received by it from such Lender.

SECTION 9.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any

right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.12. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.13. Waiver of Jury Trial. Each of the Borrowers, the Agents and the Lenders irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of any Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 9.14. Nature of Borrowers' Obligations. Any payment obligation of the Borrowers or the Loan Parties under Section 2.09, 2.11, 2.13 or 9.04 shall be the joint and several obligation of each Borrower or Loan Party, as the case may be; provided that ACE Financial shall be liable only for its appropriately allocable share of any such obligation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ACE LIMITED

The Common Seal of ACE Limited
was hereunto affixed in the presence of:

/s/ Brian Duperreault

Director

/s/ Christopher Z. Marshal

Chief Financial Officer

ACE BERMUDA INSURANCE LTD.

The Common Seal of ACE Bermuda
Insurance Ltd. was hereunto affixed
in the presence of:

/s/ Brian Duperreult

Director

/s/ Christopher Z. Marshall

Director

TEMPEST REINSURANCE COMPANY LIMITED

The Common Seal of Tempest Reinsurance
Company Limited was hereunto affixed
in the presence of:

/s/ Brian Duperreault
Director

/s/ Christopher Z. Marshall
Director

ACE INA HOLDINGS INC.

By:/s/ Christopher Z. Marshall

Title: Director

ACE FINANCIAL SERVICES, INC.

By:/s/ J.W. Swain

Title: President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Administrative Agent

By:/s/ Maria H. Dell'Aquila

Title: Vice President

MELLON BANK, N.A., as Issuing Bank and as Lender

By:/s/ Karen E. McConomy

Title: Vice President

BANK OF AMERICA, N.A., as Co-Syndication Agent and as Lender

By:/s/ Debra Basler

Title: Vice President

THE CHASE MANHATTAN BANK, as Co-Syndication Agent and as Lender

By:/s/ Donald L. Rands

Title: Vice President

REVOLVING COMMITMENT VEHICLE
CORPORATION, as a Lender
By: Morgan Guaranty Trust Company of
New York, as Attorney-in-fact for
Revolving Commitment Vehicle Corporation

By:/s/ David Weintrob

Title: Vice President

ABN AMRO BANK N.V.

By:/s/ Kevin Hughes

Title: Authorized Signatory

By:/s/ Nick Carter

Title: Authorized Signatory

THE BANK OF NEW YORK

By:/s/ David Trick

Title: Assistant Vice President

BANK ONE, NA

By:/s/ Gretchen Roetzer

Title: Commercial Banking Officer

BARCLAYS BANK PLC

By:/s/ Roger Scott

Title: Insurance Banking Director

CITIBANK, N.A.

By:/s/ Michael Taylor

Title: Vice President

DEUTSCHE BANK AG NEW YORK AND/OR CAYMAN ISLANDS BRANCHES

By:/s/ Clinton Johnson

Title: Managing Director

By:/s/ Gary Overton

Title: Director

FIRST UNION NATIONAL BANK

By:/s/ Daniel J. Norton

Title: Vice President

FLEET NATIONAL BANK

By:/s/ Anson Harris

Title: Director

ROYAL BANK OF CANADA

By:/s/ Vivian Abdelmessih
Title: Senior Manager

THE BANK OF TOKYO-MITSUBISHI, LIMITED

By:/s/ John E. Beckwith
Title: Attorney-In-Fact

BANQUE NATIONALE DE PARIS

By:/s/ Veronique Marcus
Title: Vice President

By:/s/ Laurent Vanderzyppe
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By:/s/ Peter Rasmussen
Title: Vice President

LLOYDS TSB BANK PLC

By:/s/ Windsor R. Davies
Title: Director, Corporate Banking, USA

By:/s/ David Rodway
Title: Assistant Director

STATE STREET BANK AND TRUST COMPANY

By:/s/ Edward M. Anderson
Title: Vice President

PRICING SCHEDULE

Each of "Applicable Facility Fee Percentage" and "Applicable Margin" means, for any day, the rate per annum set forth below in the row opposite such term and in the column corresponding to the Pricing Level and Usage that apply on such day:

Pricing Level	Level I	Level II	Level III	Level IV	Level V	Level VI
Applicable Facility Fee Percentage	0.080%	0.090%	0.100%	0.135%	0.160%	0.250%
Applicable Margin						
Usage < 33%	0.120%	0.210%	0.250%	0.365%	0.590%	0.750%
Usage > 33%	0.170%	0.260%	0.350%	0.490%	0.715%	1.000%

For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

"Level I Pricing" applies on any day on which the Borrower's long-term debt is rated A+ or higher by S&P or A1 or higher by Moody's.

"Level II Pricing" applies on any day on which (i) the Borrower's long-term debt is rated A or higher by S&P or A2 or higher by Moody's and (ii) Level I Pricing does not apply.

"Level III Pricing" applies on any day on which (i) the Borrower's long-term debt is rated A- or higher by S&P or A3 or higher by Moody's and

(ii) neither Level I Pricing nor Level II Pricing applies.

"Level IV Pricing" applies on any day on which (i) the Borrower's long-term debt is rated BBB+ or higher by S&P and/or Baa1 or higher by Moody's and (ii) none of Level I Pricing, Level II Pricing and Level III Pricing applies.

"Level V Pricing" applies on any day on which (i) the Borrower's long-term debt is rated BBB or higher by S&P or Baa2 or higher by Moody's and (ii) none of Level I Pricing, Level II Pricing, Level III Pricing and Level IV Pricing applies.

"Level VI Pricing" applies on any day if no other Pricing Level applies on such day.

"Moody's" means Moody's Investors Service, Inc.

"Pricing Level" refers to the determination of which of Level I, Level II, Level III, Level IV, Level V or Level VI Pricing applies on any day.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

The "Usage" applicable to any date is the percentage equivalent of a fraction the numerator of which is the sum of the aggregate outstanding

principal amount of the Advances at such date and the Available Amounts under all outstanding Letters of Credit at such date and the denominator of which is the aggregate amount of the WC Commitments at such date. If for any reason any Advances or Letters of Credit remain outstanding following the termination of the WC Commitments, Usage will be deemed to be more than 33%.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Parent without third-party credit enhancement, and any rating assigned to any other debt security of the Parent shall be disregarded. The ratings in effect for any day are those in effect at the close of business on such day.

In the case of split ratings from S&P and Moody's, the rating to be used to determine the applicable Pricing Level is the higher of the two (e.g., A+/A2 results in Level I Pricing); provided that if the split is more than one full rating category, the intermediate (or higher of the two intermediate ratings) will be used (e.g. A+/A3 results in Level II Pricing and AA-/A3 results in Level I Pricing); and provided further that unless the Parent's credit ratings qualify for at least Level V Pricing, no better Pricing Level will be applicable.

Commitment Schedule

Lender	Commitment
Revolving Commitment Vehicle Corporation	$17,857,144
Bank of America, N.A.	$17,857,143
The Chase Manhattan Bank	$17,857,143
ABN AMRO Bank N.V.	$14,285,714
The Bank of New York	$14,285,714
Bank One, NA	$14,285,714
Barclays Bank Plc	$14,285,714
Citibank, N.A.	$14,285,714
Deutsche Bank AG New York and/or Cayman Islands Branches	$14,285,714
First Union National Bank	$14,285,714
Fleet National Bank	$14,285,714
Mellon Bank, N.A.	$14,285,714
Royal Bank of Canada	$14,285,714
The Bank of Tokyo-Mitsubishi, Limited	$10,714,286
Banque Nationale de Paris	$10,714,286
Credit Lyonnais New York Branch	$10,714,286
Lloyds TSB Bank Plc	$10,714,286
State Street Bank and Trust Company	$10,714,286
Total	$250,000,000

Exhibit 4.01(b)

ACE Limited Group of Companies
as of March 1, 2000

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE Limited	Cayman Islands	publicly held	Bermuda, holding company
ACE Bermuda Insurance Ltd	Bermuda	100%	Bermuda, Mexico, insurance
Paget Reinsurance International Ltd	Bermuda	100%	Bermuda, reinsurance
ACE Capital Re International Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
ACE KRE Holdings Limited	Barbados	100%	Barbados, investment holding
ACE Capital Re USA Holdings Incorporated	Delaware	100%	Delaware, investment holding
ACE Capital Re Overseas Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
Lenders Residential Asset Company LLC	Delaware	50%	Del/MD/VA mtg. Originator
ACE Capital Mortgage Reinsurance Company (EI# 06-1384770, NAIC# 10021, NY)	New York	100%	New York, mtg. guaranty reinsurance
ACE Capital Title Reinsurance Company (EI# 06-143264, NAIC# 50028, NY)	New York	100%	New York, title guaranty reinsurance
ACE Capital Re Inc.	New York	100%	New York, reinsurance intermediary
Oasis Investments Limited	Bermuda	67%	Bermuda, Investment Holding
ACE Capital Re Managers Ltd	Bermuda	50%	Bermuda, insurance management
ACE Insurance Management Limited	Bermuda	100%	Bermuda, general services
ACE European Markets Reinsurance Limited	Ireland	100%	Ireland, reinsurance
ACE European Markets Insurance Limited	Ireland	100%	Ireland, insurance
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Tripar Partnership	Bermuda	2%	Bermuda, investment holding
Oasis Real Estate Company Ltd	Bermuda	100%	Bermuda, investment holding
Scarborough Property Holdings Ltd	Bermuda	40%	Bermuda, investment holding
Sovereign Risk Insurance Limited	Bermuda	40.5%	Bermuda, insurance agent
Tripar Partnership	Bermuda	98%	Bermuda, investment holding
ACE Realty Holdings Ltd	Bermuda	100%	Bermuda, investment holding
Oasis Personnel Limited	Cayman Islands	100%	Cayman Islands, general services
Shipowners Insurance and Guaranty Co. Limited	Bermuda	10% Series A	Bermuda insurance

Name	Jurisdiction of Organization	Percentage Ownership 8%Series B	Jurisdictions in which Authorized and Type of Business
Intrepid Re Holdings Limited	Bermuda	100%	Bermuda, holding
Intrepid Re Limited	Bermuda	100%	Bermuda, Reinsurance
ACE Global Markets Limited	United Kingdom	100%	UK, investment holding
ACE Group Holdings Limited	United Kingdom	100%	UK, investment holding
ACE Tarquin (Unlimited)	United Kingdom	100%	UK, investment holding
ACE Capital V Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE (CG) Limited	United Kingdom	100%	UK, investment holding
ACE Underwriting Agencies Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE Trustees Limited	United Kingdom	100%	UK, investment holding
ACE London Group Limited	United Kingdom	100%	UK, investment holding
ACE Capital Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE Capital III Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE Capital IV Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE London Holdings Limited	United Kingdom	100%	UK, investment holding
ACE Capital II Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE London Investments Limited	United Kingdom	100%	UK, investment holding
ACE London Aviation Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE London Underwriting Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE Underwriting Services Limited	United Kingdom	100%	UK, Lloyd's service company
AGM Underwriting Limited	United Kingdom	100%	_____
ACE London Services Limited	United Kingdom	100%	UK, service company
ACE Capital VI Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE UK Limited	United Kingdom	77%	UK, investment holding
ACE UK Holdings Limited	United Kingdom	100%	UK, investment holding
ACE (M) Limited	United Kingdom	100%	UK, dormant
ACE (ME) Limited	United Kingdom	100%	UK, dormant
ACE (MI) Limited	United Kingdom	100%	UK, dormant
ACE (MS) Limited	United Kingdom	100%	UK, dormant
ACESYS Limited	United Kingdom	100%	UK, dormant
ACE UK Underwriting Limited	United Kingdom	100%	Lloyd's managing agent
Underwriting Systems Limited	United Kingdom	100%	UK, dormant
ACE (PM) Limited	United Kingdom	100%	UK, investment holding
ACE UK Limited	United Kingdom	23%	UK, investment holding
ACE Services Ltd.	Cayman Islands	100%	Cayman Islands, general services
ACE US Holdings, Inc.	USA (Delaware)	100%	USA, consulting services
ACE Strategic Advisors Inc.	USA (Delaware)	100%	USA, investment holding
ACE USA Inc.	USA (Delaware)	100%	USA, investment holding

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
CRC Creditor Resources Canada Limited	Canada (British Columbia)	60%	Canada, warranties business
Industrial Excess & Surplus Insurance Brokers	USA (California)	100%	USA, dormant
Industrial Underwriters Insurance Co. (EI# 75-6015738, NAIC# 21075, TX)	USA (Texas)	100%	USA, insurance
Rhea International Marketing (L), Inc.	Malaysia	60%	Malaysia, general services
Westchester Fire Insurance Company (EI# 13-5481330, NAIC# 21121, NY)	USA (New York)	100%	USA, insurance
Westchester Surplus Lines Insurance Co. (EI# 58-2139927, NAIC# 10173, GA)	USA (Georgia)	100%	USA, insurance
Westchester Specialty Services, Inc.	USA (Florida)	100%	USA, warranties
Westchester Specialty Insurance Services Inc.	USA (Nevada)	100%	USA, insurance services, brokering, warranties
SCS Net LLC	USA (Delaware)	60%	USA, software development
Ameriguard Corporation	USA (Ohio)	80%	USA, insurance services
WDH Corporation	USA (Ohio)	80%	USA, insurance services
Dimension Services Corporation	USA (Ohio)	80%	USA, warranties
Dimension Holdings Inc.	USA (Ohio)	80%	USA, insurance services
CGA Group Limited	Bermuda	10.71%	Bermuda, investment holding
CGA Investment Management, Inc.	USA (Delaware)	100%	USA, investment
Commercial Guaranty Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Oasis Insurance Services Ltd	Bermuda	100%	Bermuda, general services
Tempest Reinsurance Company Limited	Bermuda	100%	Bermuda, Puerto Rico, reinsurance
Hamilton Services Limited	Bermuda	100%	Bermuda, general services
Oasis Investments Limited	Bermuda	33%	Bermuda, investment holding
Oasis US Inc.	Delaware	100%	USA, general services
St. George Holdings Ltd	Cayman Islands	10.71%	Cayman Islands, investment holding
St. George Investments Ltd.	Cayman Islands	100%	Cayman Islands, investment holding
ACE INA Holdings, Inc.	USA (Delaware)	20%	USA, investment holding
ACE Prime Holdings, Inc.	USA (Delaware)	100%	USA, investment holding
ACE INA Holdings, Inc.	USA (Delaware)	80%	USA, investment holding
ACE Seguros S.A. (Argentina)	Argentina	99.9%	Argentina, Insurance
INA Corporation	USA (Pennsylvania)	100%	USA, investment holding
Tempest Re USA, Inc.	USA (Connecticut)	100%	Connecticut, underwriting manager
ACE INA Properties Inc.	USA (Delaware)	100%	USA, holding company

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdiction in which Authorized and Type of Business
Conference Facilities, Inc.	USA (Pennsylvania)	100%	USA, owns & operates corporate facilities
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%	USA, tax info & 3d party reporting
INA Financial Corporation	USA (Delaware)	100%	USA, investment holding
Brandywine Holdings Corporation	USA (Delaware)	100%	USA, holding company
Brandywine Run-Off Services, Inc.	USA (Delaware)	100%	USA, management company for 1792 company
ASSUREX Development Corporation	USA (Ohio)	11.011%	USA, provides loans to insurance agents
International Surplus Adjusting Services	USA (California)	100%	USA, claims adjusting services
Western Agency Management, Inc.	USA (California)	100%	USA, fire & casualty agent
Cravens, Dargan & Company Pacific Coast	USA (Delaware)	100%	USA, managing general agency
Cravens, Dargan & Company Pacific Coast of Illinois	USA (Illinois)	100%	USA, managing general agency
Century Indemnity Company (EI# 05-6105395, NAIC #20710, PA)	USA (Pennsylvania)	100%	USA, insurance
Century Reinsurance Company (EI# 06-0988117, NAIC #35130, PA)	USA (Pennsylvania)	100%	USA, reinsurance
ACE American Reinsurance Company (EI# 23-1740414, NAIC# 22705, PA)	USA (Pennsylvania)	100%	USA, reinsurance
Brandywine Reinsurance Company S.A.-N.V.	Belgium	100%	Belgium, reinsurance
The 1792 Company	USA (Delaware)	100%	USA, (former underwriting member of New York Insurance Exchange)
Century International Reinsurance Company Ltd.	Bermuda	100%	Bermuda, insurance & reinsurance
Brandywine International Brokers Ltd.	Bermuda	100%	Bermuda, insurance broker
INA Holdings Corporation	USA (Delaware)	100%	USA, holding company
PDCN Legal Management Company, Inc.	USA (Delaware)	100%	USA, in-house law firm Administrator
INA Reinsurance Company, Ltd.	Bermuda	100%	Bermuda, reinsurance
ACE INA Financial Institution Solutions, Inc	USA (Delaware)	100%	USA, flood plain determination & other services to financial institutions
ESIS, Inc.	USA (California)	100%	USA, markets risk management programs

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE INA Excess and Surplus Insurance Services, Inc. (GA)	USA (Georgia)	100%	USA, excess & surplus lines broker
ACE INA Excess and Surplus Insurance Services, Inc. (PA)	USA (Pennsylvania)	100%	USA, excess & surplus lines broker
NewMarkets Insurance Agency, Inc.	USA (Delaware)	100%	USA, managing general agency
ACE INA Excess and Surplus Insurance Services, Inc. (CA)	USA (California)	100%	USA, excess & surplus lines broker
ACE INA Excess and Surplus Insurance Services, Inc. (IL)	USA (Illinois)	100%	USA, excess & surplus lines broker
Excess and Surplus Insurance Services, Inc.	USA (Texas)	100%	USA, managing general agency
INAC Corp.	USA (Delaware)	100%	USA, premium finance company
INAC Corp. of California	USA (California)	100%	USA, premium finance company
Global Surety Network, Inc.	USA (Delaware)	100%	USA, management company & underwriting services
Marketdyne International, Inc.	USA (Delaware)	100%	USA, marketing insurance products
ACE INA Railroad Insurance Brokers, Inc.	USA (California)	100%	USA, reinsurance
Recovery Services International, Inc.	USA (Delaware)	100%	USA, subrogation, collection & recovery services
RSI Health Care Recovery Inc.	USA (Delaware)	100%	USA, subrogation, collection & recovery services
Indemnity Insurance Company of North America	USA (Pennsylvania)	100%	USA, Puerto Rico, USVI, insurance
(EI# 06-1016108, NAIC# 43575, PA)			
ACE Indemnity Insurance Company (EI# 92-0040526, NAIC #10030, PA)	USA (Pennsylvania)	100%	USA, insurance
Allied Insurance Company (EI# 23-2021364, NAIC #36528, CA)	USA (California)	100%	USA, insurance
ACE American Insurance Company (EI# 95-2371728, NAIC# 22667, PA)	USA (Pennsylvania)	100%	USA, Korea, Puerto Rico, USVI, Guam, insurance
Pacific Employers Insurance Company (EI# 95-1077060, NAIC# 22748, PA)	USA (Pennsylvania)	100%	USA, USVI, insurance
ACE Insurance Company of Texas (EI# 74-1480965, NAIC #22721, 22920, TX)	USA (Texas)	100%	USA, insurance
Illinois Union Insurance Company (EI#36-2759195, NAIC #27960, IL)	USA (Illinois)	100%	USA, surplus lines insurer
INAMAR Insurance Underwriting Agency, Inc.	USA (New Jersey)	100%	USA, insurance agency

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
INAMAR Insurance Underwriting Agency of Massachusetts	USA (Massachusetts)	100%	USA, general agency
INAMAR Insurance Underwriting Agency of Texas	USA (Texas)	100%	USA, general agency
INAMAR Insurance Underwriting Agency, Inc. of Ohio	USA (Ohio)	100%	USA, general agency
Insurance Company of North America (EI# 23-0723970, NAIC #22713, PA)	USA (Pennsylvania)	100%	USA, Guam, Northern Mariana Islands, Philippines, Puerto Rico, Taiwan, insurance
Bankers Standard Insurance Company (EI# 75-1320184, NAIC #18279, PA)	USA (Pennsylvania)	100%	USA, insurance
Bankers Standard Fire and Marine Company (EI# 75-6014863, NAIC #20591, PA)	USA (Pennsylvania)	100%	USA, insurance
ACE Property and Casualty Insurance Company (EI# 06-0237820, NAIC #20699, CT)	USA (Connecticut)	100%	USA, Puerto Rico, insurance
ACE Employers Insurance Company (EI# 23-2137343, NAIC #38741, PA)	USA (Pennsylvania)	100%	USA, insurance
ACE Insurance Company of Ohio (EI# 23-1859893, NAIC #22764, OH)	USA (Ohio)	100%	USA, insurance
INA Surplus Insurance Company (EI# 52-1208598, NAIC #42072, PA)	USA (Pennsylvania)	100%	USA, reinsurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdiction in which Authorized and Type of Business
ACE Fire Underwriters Insurance Company (EI# 06-6032187, NAIC #20702, PA)	USA (Pennsylvania)	100%	USA, insurance
Atlantic Employers Insurance Company (EI# 23-2173820, NAIC #38938, NJ)	USA (New Jersey)	100%	USA, insurance
Cover-All Technologies, Inc.	USA (Delaware)	7.41%	USA, develop software products for insurance industry
ALIC, Incorporated	USA (Texas)	100%	USA, general agency & attorney-in-fact for CIGNA Lloyds
ACE American Lloyds Insurance Company (Sponsored Lloyds Association) (EI# 75-1365570, NAIC #18511, TX)	USA (Texas)	100%	USA, Lloyds Association
ACE Insurance Company of Illinois (EI# 36-2709121, NAIC #22691, IL)	USA (Illinois)	100%	USA, insurance
ACE Insurance Company of the Midwest (EI# 06-0884361, NAIC #26417, IN)	USA (Indiana)	100%	USA, insurance
INAPRO, Inc.	USA (Delaware)	100%	USA, insurance management services & underwriting
Reinsurance Solutions International, LLC	USA (Delaware)	50%	USA, reinsurance intermediary
American Adjustment Company, Inc.	USA (Delaware)	100%	USA, run-off of automobile guaranty loans
American Lenders Facilities, Inc.	USA (California)	100%	USA, collection & loan servicing for third parties
ACE INA International Holdings, Ltd.	USA (Delaware)	100%	USA, international insurance & financial holding company
ACE Synergy Insurance Berhad	Malaysia	51%	Malaysia, insurance
ACE Seguradora S.A.	Macau	100%	Macau, insurance
Chilena Consolidata Seguros Generales, S.A.	Chile	.65%	Chile, insurance
INACAN Holdings, Ltd.	Canada	100%	Canada, insurance holding
ACE INA Insurance (Canada)	Canada	100%	Canada, insurance & reinsurance
ACE Insurance Limited (S. Africa)	South Africa	100%	South Africa, insurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
Seguros CIGNA, S.A.	Mexico	99.9%	Mexico, insurance
ACE Insurance Limited (New Zealand)	New Zealand	100%	New Zealand, insurance & reinsurance
Cover Direct, Inc.	USA (Delaware)	100%	Japan, direct marketing service company
Victoria Hall Company Ltd.	Bermuda	20%	Bermuda, investment holding
ACE INA G.B. Holdings, Ltd.	USA (Delaware)	100%	Delaware, UK, insurance holding
Brandywine Reinsurance Co. (UK) Ltd	United Kingdom	100%	UK, reinsurance
ACE INA Services U. K. Limited	United Kingdom	100%	UK, computer services for affiliates
ACE INA UK Retirement Savings Plan	United Kingdom	100%	UK, investment holding
Insurance Company of North America (U.K.) Ltd	United Kingdom	100%	UK, Greece, insurance
INACAP Sociedad Anonima	Nicaragua	100%	Nicaragua, corporation
INACAP Reaseguros, Sociedad Anonima	Nicaragua	100%	Nicaragua, corporation
Century Inversiones, S.A.	Panama	100%	Panama, reinsurance administrator
ACE INA de Venezuela Intermediaros de Reaseguros S A	Venezuela	100%	Venezuela, reinsurance intermediary
ARABIA ACE Insurance Co. Limited E C	Bahrain	25%	Saudi Arabia, insurance &reinsurance
ACE Insurance Limited (Australia)	Australia	100%	Australia, Pakistan, Thailand, Solomon Islands, Vanuatu, insurance & reinsurance
ACE Insurance Limited (Singapore)	Singapore	100%	Singapore, insurance
ACE INA Superannuation Pty. Limited	Australia	100%	Australia, corporate trustee for CIGNA Australia superannuation plan
ACE Seguros S. A. (Chile)	Chile	99.13%	Chile, insurance
ACE INA Overseas Insurance Co Ltd	Bermuda	100%	Bermuda, insurance & reinsurance
ACE Insurance (Japan)	Japan	100%	Japan, insurance & reinsurance
ACE INA Marketing Group C.A.	Venezuela	100%	Venezuela, services & direct marketing
ACE INA Overseas Holdings Inc.	USA (Delaware)	100%	Delaware, holding company
ACE Insurance S.A.-N.V.	Belgium	100%	Europe, insurance
ACE Insurance Company (Puerto Rico) (EI# 66-0437305, NAIC #30953, PR)	Puerto Rico	100%	Puerto Rico, insurance
ACE Insurance Limited (Hong Kong)	Hong Kong	100%	Hong Kong, insurance
ACE INA Bermuda Ins Managers Ltd.	Bermuda	100%	Bermuda, management services for non-affiliates

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
DELPANAMA S.A.	Panama	100%	Panama, holding company
INAMEX S.A.	Mexico	100%	Mexico, reinsurance broker
Maritime General Ins Company Ltd.	Trinidad	8.06%	Trinidad, insurance
AFIA Finance Corporation	USA (Delaware)	100%	Delaware, insurance holding
AFIA Sociedad Anonima	Mexico	100%	Mexico, service company
AFIA Venezolana C.A.	Venezuela	100%	Venezuela, inactive claims & settling agent
ACE ICNA - Italy Societa a Responsabilita Limitata	Italy	100%	Italy, legal representative for CIGNA Insurance Company of Europe, S.A.-N.V.
ACE INA Thai Company Limited	Thailand	55%	Thailand, broker, surveyor & claims settling agency
ACE Servicios, S.A. (Argentina)	Argentina	100%	Argentina, insurance holding
ESIS International Asesorias Limitada	Chile	100%	Chile, claims & settling agent
Fire, Equity & General Ins Co. Ltd.	Nigeria	6.25%	Nigeria, insurance
INDI Servicios C. Ltda.	Ecuador	100%	Ecuador, claims & settling agent
Inversiones Continental S.A. de C.V.	Honduras	1.29%	Honduras, insurance holding
P.T. ACE INA Insurance (Indonesia)	Indonesia	53.51%	Indonesia, insurance
RIYAD Insurance Co. Ltd.	Bermuda	80%	Bermuda, insurance
Safire Private Ltd.	Singapore	100%	Singapore, management & computer service bureau
AFIA (INA) Corporation Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated association	60%	Association for international insurance
AFIA (ACE) Corporation Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated association	40%	Association for international insurance
Compania Anonima de Seguros "Avila"	Venezuela	5.6%	Venezuela, insurance
ACE Seguros S.A. (Colombia)	Colombia	85.763%	Colombia, insurance
INAVEN, C.A. "Venezuela"	Venezuela	100%	Venezuela, corporation
La Positiva Co Nacional de Seguros Sociedad Anonima	Peru	10.79%	Peru, insurance
Seguros Azteca, S.A.	Mexico	1.36%	Mexico, insurance & reinsurance
Seguros Comercial America, S.A. de C.V.	Mexico	.031%	Mexico, insurance
Reaseguradora Nuevo Mundo S A	Panama	3.7246%	Panama, reinsurance
Amazonas Co Anonima de Seguros	Ecuador	1.423%	Ecuador, insurance
ACE (Barbados) Holdings Limited	Barbados	100%	Barbados, holding company

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE Financial Services, Inc.	Delaware	100%	Delaware, insurance holding co
Capital Re Financial Products Corporation	Delaware	100%	Del, financial products
Capital RE LLC	Turks & Caicos	100%	Turks & Caicos, holding co
Capital RE (UK) Holdings/ACE (CR) Holdings	United Kingdom	100%	UK & holding co
CRC Capital, Ltd./ACE Capital VII Limited	United Kingdom	100%	UK, Lloyd's capital vehicle
RGB Holdings, Ltd./ACE Holdings Limited	United Kingdom	100%	UK, holding company
C.I. de Rougemont & Co. Ltd./ACE (CIDR) Limited	United Kingdom	100%	UK, Lloyd's agency
RGB Underwriting Services, Ltd./ ACE Agencies Limited	United Kingdom	100%	UK, Lloyd's agency
RGB Underwriting Agencies, Ltd./Global Life Services Limited	United Kingdom	100%	UK, Lloyd's agency
ACE Guaranty Re Inc. (EI# 52-1533088, NAIC # 30180, MD)	Maryland	100%	USA, Reinsurer
ACE Risk Assurance Company (EI# 13-4027591, NAIC # 10943, MD)	Maryland	100%	Maryland, reinsurance
ACE Financial Solutions, Inc.	Delaware	100%	Delaware, corporation

Schedule 5.02(a)

1. Liens securing letters of credit issued by Citibank for the account of Cigna Europe in an aggregate stated amount not exceeding $16,000,000 (subject to currency fluctuations).

2. Liens securing letters of credit issued by Citibank for the account of INA(UK) in an aggregate stated amount not exceeding $8,000,000.

3. $70,000,000 of Cigna Overseas Insurance Company investments are pledged to Domestic Pool companies under a Regulation 114 trust.

4. Lien arising under a Subordination Agreement dated as of October 27, 1998 among ACE US Holdings, Inc., ACE Limited and The Chase Manhattan Bank encumbering ACE US Holdings, Inc.'s rights under the Subordinated Loan Agreement dated as of October 27, 1998 among ACE US Holdings, Inc., ACE Bermuda Insurance Ltd. and United States Trust Company of New York, as trustee under the Indenture dated October 27, 1998 of ACE US Holdings, Inc.

5. Liens securing Letter of Credit Facility Agreements dated November 24, 1998 among ACE Limited, ACE Bermuda Insurance, Ltd., certain other financial institutions and Citibank International plc, as Agent and Security Trustee.

EXHIBIT A-1

FORM OF
COMMITTED NOTE

$_____ Dated: _____ __, 2000

FOR VALUE RECEIVED, the undersigned, _____, a _____ corporation (the "Obligor"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the aggregate principal amount of the Committed Advances (as defined below) owing to the Lender by the Obligor pursuant to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein, unless otherwise defined herein, being used herein as therein defined) among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Financial Services, Inc., as Borrowers, the Initial Lenders, Mellon Bank, N.A., as Issuing Bank, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, payable at such times as are specified in the Credit Agreement.

The Obligor promises to pay interest on the unpaid principal amount of each Committed Advance from the date of such Committed Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Morgan Guaranty Trust Company of New York, as Administrative Agent, at such location as shall be designated by the Administrative Agent in a written notice to the Obligor in same day funds. Each Committed Advance owing to the Lender by the Obligor and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto, which is part of this Promissory Note; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Obligor under this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the "Committed Advances") by the Lender to the Obligor from time to time in an aggregate amount not to exceed

at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Obligor resulting from each such Committed Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. The obligations of the Obligor under this Promissory Note and the other Loan Documents, and the obligations of the other Loan Parties under the Loan Documents, are unconditionally guaranteed by the Guarantors referred to in the Credit Agreement.

The Obligor hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF OBLIGOR]

By

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT A-2

FORM OF COMPETITIVE BID NOTE

$_____ Dated: _____ __, ____

FOR VALUE RECEIVED, the undersigned, _____, a _____ corporation (the "Obligor"), HEREBY PROMISES TO PAY _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the aggregate principal amount of the Competitive Bid Advances (as defined below) owing to the Lender by the Obligor pursuant to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein, unless otherwise defined herein, being used herein as therein defined) among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Financial Services, Inc., the Initial Lenders, Mellon Bank, N.A., as Issuing Bank, Bank of America, N.A. and The Chase Manhattan Bank as Co- Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, payable at such times as are specified in the Credit Agreement.

The Obligor promises to pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Morgan Guaranty Trust Company of New York, as Administrative Agent, at such location as shall be designated by the Administrative Agent in a written notice to the Obligor in same day funds. Each Competitive Bid Advance owing to the Lender by the Obligor and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto, which is part of this Promissory Note; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Obligor under this Promissory Note.

This Promissory Note is one of the Competitive Bid Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the "Competitive Bid Advances") by the Lender to the Obligor in an amount not to exceed the U.S. dollar amount first above mentioned, the indebtedness of the Obligor resulting

from such Competitive Bid Advances being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. The obligations of the Obligor under this Promissory Note and the other Loan Documents, are unconditionally guaranteed by the Guarantors referred to in the Credit Agreement.

The Obligor hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF OBLIGOR]

By

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT B-1

FORM OF

NOTICE OF COMMITTED BORROWING

Morgan Guaranty Trust Company of New York, as Administrative Agent
under the Credit Agreement
referred to below
60 Wall Street
New York, New York 10260

[Date]

Attention: [Bill Wood]

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Financial Services, Inc., the Initial Lenders, Mellon Bank, N.A., as Issuing Bank, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____ __, ____.

(ii) The Proposed Borrowing is to be comprised of [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ week[s]/month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) The representations and warranties contained in each Loan Document are correct in all material respects on and as of the date of the Proposed Borrowing, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date.

(B) No Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Delivery of an executed counterpart of this Notice of Borrowing by telecopier shall be effective as of an original executed counterpart of this Notice of Borrowing.

Very truly yours,

[NAME OF BORROWER]

By

Title:

EXHIBIT B-2

**FORM OF NOTICE
OF COMPETITIVE
BID BORROWING**

Morgan Guaranty Trust Company of New York, as Administrative Agent
under the Credit Agreement
referred to below
60 Wall Street
New York, New York 10260

[Date]

Attention: [Bill Wood]

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Financial Services, Inc., the Initial Lenders, Mellon Bank, N.A., as Issuing Bank, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Competitive Bid Borrowing") as required by Section 2.03(a) of the Credit Agreement:

(A)	Date of the Proposed Competitive Bid Borrowing	_____
(B)	Amount of the Proposed Competitive Bid Borrowing	_____
(C)	Type of Advances comprising the Proposed Competitive Bid Borrowing [Fixed Rate Advances] [LIBO Rate Advances]	_____

(D) [LIBO Interest Period for the LIBO Rate Advances] [Maturity Date for Fixed Rate Advances] made as part of the Proposed Competitive Bid Borrowing _____

(E) Interest Payment Date(s) of Proposed Competitive Bid Borrowing _____

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Competitive Bid Borrowing:

(A) The representations and warranties contained in each Loan Document are correct in all material respects on and as of the date of the Proposed Competitive Bid Borrowing before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Competitive Bid Borrowing, in which case, as of such specific date.

(B) No Default has occurred and is continuing, or would result from such Proposed Competitive Bid Borrowing or from the application of the proceeds therefrom.

Delivery of an executed counterpart of this Notice of Competitive Bid Borrowing by telecopier shall be effective as delivery of an original executed counterpart of this Notice of Competitive Bid Borrowing.

Very truly yours,

[NAME OF BORROWER]

By _____
Title

* This page (B-2-2) blacklined due to error in transferring exhibits to DPW system.

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of _____, 20__ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), ACE LIMITED (the "Parent"),
MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent") and MELLON BANK, N.A., as Issuing Bank.

W I T N E S S E T H

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 among the Parent and other Borrowers party thereto, the Assignor and the other Lenders party thereto, as Lenders, the Co-Syndication Agents and the Agent (the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a WC Commitment to make Committed Advances and Competitive Bid Advances to the Borrowers and participate in Letters of Credit in an aggregate principal amount at any time outstanding not to exceed $___,000,000;

WHEREAS, Committed Advances and Competitive Bid Advances made to the Borrowers by the Assignor under the Credit Agreement in the aggregate principal amount of $_____ are outstanding at the date hereof;

WHEREAS, Letters of Credit with a total amount available for drawing thereunder of $_____ are outstanding at the date hereof; and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement and the other Loan Documents in respect of a portion of its WC Commitment thereunder in an amount equal to $_____ (the "Assigned Amount"), together with a corresponding portion of its outstanding Committed Advances, Competitive Bid Advances and Letter of Credit Exposure, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement and the other Loan Documents to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Committed Advances and Competitive Bid Advances made by, and Letter of Credit Exposure of, the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee, the Parent, the Agent and the Issuing Bank and the payment of the amounts specified in Section 3 required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement with a WC Commitment in an amount equal to the Assigned Amount, and (ii) the WC Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds the amount heretofore agreed between them./1/ It is understood that facility and Letter of Credit fees accrued to the date hereof in respect of the Assigned Amount are for the account of the Assignor and such fees accruing from and including the date hereof are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

[SECTION 4. Consent of the Parent, the Issuing Bank and the Agent. This Agreement is conditioned upon the consent of the Parent, the Issuing Bank and the Agent pursuant to Section 9.06(c) of the Credit Agreement. The execution of this Agreement by the Parent and the Agent is evidence of this consent.]

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition or statements of the Borrowers or any of their respective Subsidiaries, or the validity and enforceability of the

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/1/ Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee, net of any portion of any upfront fee to be paid by the Assignor to the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

obligations of the Borrowers or any of their respective Subsidiaries in respect of any Loan Document. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrowers and their respective Subsidiaries.

SECTION 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By_____
Title:

[ASSIGNEE]

By_____
Title:

ACE LIMITED

By_____
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By_____
Title:

MELLON BANK, N.A.

By_____
Title

EXHIBIT D-1

FORM OF OPINION OF CAYMAN ISLANDS COUNSEL TO THE PARENT

Effective Date:
May 8, 2000

To the parties listed in
Schedule A attached hereto

Dear Sirs,

Re: ACE Limited

We have acted as Cayman Islands counsel for ACE Limited (the "Company") in connection with its entry into the Credit Agreement referred to below. This opinion is being rendered to you at the request of our client pursuant to Section 3.01 of the Credit Agreement. Unless the context otherwise requires, terms defined in the Credit Agreement are used herein as therein defined.

We have reviewed, inter alia, originals, drafts or copies of the following documents:

(a) the Articles of Association of the Company;

(b) the corporate records of the Company maintained at its registered office in the Cayman Islands;

(c) a Certificate of the Secretary of the Company (the "Secretary's Certificate") in the form attached certifying, inter alia, that certain resolutions (the "Resolutions") were passed by the Board of Directors of the Company on_____, 2000;

(d) a Certificate of Good Standing issued by the Registrar of Companies of the Cayman Islands dated _____, 2000;

(e) an amended and restated five-year credit agreement for $250,000,000 between the Company, ACE Bermuda, Tempest, ACE INA Holdings Inc. and ACE Financial Services, Inc. as Borrowers, the Initial Lenders named therein, Mellon Bank, N.A.

as issuing bank, Bank of America, N.A. and The Chase Manhattan Bank as Co-Syndication Agents and Morgan Guaranty Trust Company of New York as Administrative Agent dated 8 May, 2000 (the "Credit Agreement").

The following opinion is given only as to circumstances existing on the date hereof and known to us and as to the laws of the Cayman Islands as the same are in force at the date hereof. The following Opinion is given in reliance upon factual matters as described in the Secretary's Certificate and on the basis of the other documents referred to in paragraphs (a)-(d) above. Further, we have based our opinion upon the following assumptions, which we have not independently verified:

(a) the due authorization, execution and delivery of the Credit Agreement by the other parties thereto;

(b) the Credit Agreement constitutes or will constitute at all relevant times the legal, valid, binding and enforceable obligations of the parties thereto under the laws of New York and all other relevant laws (other than the laws of the Cayman Islands);

(c) the choice of laws of New York as the governing law of the Credit Agreement has been made in good faith and would be regarded as a valid and binding selection which will be upheld in the courts of New York as a matter of New York law and all other relevant laws (other than the laws of the Cayman Islands);

(d) the genuineness of all documents, the authenticity of the signatures and seals thereon and the conformity of all copies with the originals thereof;

(e) the power, authority and legal right of the parties under all relevant laws and regulations (other than the laws of the Cayman Islands) to enter into, execute and perform their respective obligations under the Credit Agreement; and

(f) there is nothing under any law (other than the laws of the Cayman Islands) which would or might affect the opinions hereinafter appearing. Specifically, we have made no independent investigation of the laws of New York or Bermuda.

Upon the basis of the foregoing, we are of the opinion that:

1. The Company is a company limited by shares duly incorporated, validly existing and in good standing under the laws of the Cayman Islands, and

has all corporate powers required to carry on its business as a holding company in accordance with its Memorandum and Articles of Association. The Company is not required to obtain any license, authorization, consent or approval in the Cayman Islands in order to carry on such business.

2. The execution, delivery and performance by the Company of the Credit Agreement and when executed and delivered by the Company thereunder, the Notes are within the Company's corporate powers and have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any Cayman Islands governmental body, agency or official and do not contravene, or constitute a default under, any provision of Cayman Islands law or regulation or of the Memorandum and Articles of Association of the Company or, so far as we are aware, of any judgment, injunction, order or decree of the Cayman Islands authorities binding upon the Company.

3. The Credit Agreement and each Note of the Company (assuming it has been or will be duly executed and delivered on behalf of the Company by an Authorised Officer of the Company referred to in the Resolutions) constitutes a valid and binding agreement or obligation of the Company enforceable in accordance with its terms. The expression "enforceable" as used above means that the obligations of the Company under the Credit Agreement are of a type which the courts of the Cayman Islands will enforce. It does not necessarily mean that those obligations will be enforced in all circumstances in accordance with their terms, in particular:

(i) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization or other laws of general application relating to or affecting the rights of creditors generally;

(ii) enforcement may be limited by general principles of equity; discretionary equitable remedies such as specific performance and injunction may not, for example, be available where damages are considered to be an adequate remedy;

(iii) claims may become barred under statutes of limitation or may be or become subject to defenses of set-off or counterclaim;

(iv) where obligations are to be performed in a jurisdiction outside of the Cayman Islands they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of the jurisdiction in question;

(v) a certificate, determination, calculation or designation by any party to the Credit Agreement as to any matter provided therein might be held by a Cayman Islands court not to be conclusive, final and binding in the event of manifest error;

(vi) obligations to make payments that are registered by a Cayman Islands court as a penalty will not be enforceable;

(vii) an award of a court of the Cayman Islands may be required to be made in Cayman Islands dollars although the courts of the Cayman Islands as a matter of practice make awards in United States dollars where that is the designated currency of the obligation in question; currency indemnity provisions have not been tested, so far as we are aware, in the courts of the Cayman Islands;

(viii) Cayman Islands stamp duty will be payable if the Credit Agreement or any Note of the Company is executed in, brought to or produced before a court of the Cayman Islands;

(ix) a Cayman Islands court will not necessarily award costs and disbursements in litigation in accordance with contractual provisions in this regard; and

(x) we reserve our opinion as to the enforcement of provisions such as Section 9.04 of the Credit Agreement by persons who are not parties to the document in favour of such persons.

4. There is no action, suit or proceeding pending against the Company in the Grand Court of the Cayman Islands.

5. The submission to jurisdiction and waiver of objection to venue and forum set forth in the Credit Agreement are valid and effective assuming this to be so as a matter of New York law.

6. No taxes, levies, imposts, duties, charges or withholding
(other than stamp duty in the circumstances specified in paragraph 3(viii) above) of any nature will be imposed by the Cayman Islands Government or any taxing authority thereof or therein upon or with respect to (i) the execution, delivery or performance of the Credit Agreement or any Note or (ii) the payment of the principal of or interest on the Notes or on any other amounts payable under the Credit Agreement.

7. There is no requirement of Cayman Islands law which would require any Lender to be a resident, citizen or corporation of the Cayman Islands or to maintain a permanent establishment in the Cayman Islands as a pre-condition to bringing an action in the Grand Court of the Cayman Islands and the Lenders are not subject to any condition in bringing or continuing any such action in the Grand Court of the Cayman Islands to which any such resident, citizen or corporation or person maintaining a permanent establishment in the Cayman Islands is not subject except to the extent that the lack of a presence in the Cayman Islands may influence the court in any direction as to security for costs. The courts of the Cayman Islands have jurisdiction in any suit against the Company relating to or arising out of the Credit Agreement or any Note.

8. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in any New York State or federal court of the United States of America sitting in New York City, as a matter of comity the courts of the Cayman Islands will recognize and enforce a foreign judgment without a review of the merits thereof (not being in respect of taxes or like charges or in respect of a fine or penalty) which is final, was for a liquidated sum, and was not obtained in a manner which would be, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands.

9. The courts of the Cayman Islands will observe and give effect to the choices of New York law as the governing law of the Credit Agreement and the Notes assuming such choices are bona fide and legal and assuming that such choices are valid and binding as a matter of New York law and all other relevant laws (other than the laws of the Cayman Islands). On the basis of the facts known to us, we are not aware of any reason why such a choice would not be upheld.

10. The Company is permitted to hold assets, transfer funds and conduct its business (including, without limitation, the payment of the principal of, and interest on the Notes) in any currency, without any prohibition or limitation of any type whatsoever. There are no exchange controls imposed under Cayman Islands laws.

Except as specifically stated herein, we make no comment with regard to any representation which may be made by the Company in the Credit Agreement or otherwise.

This opinion, although addressed to you, may be relied upon by your legal advisers (but in that capacity only). It may not be relied upon by any other person(s) without our prior written consent.

Yours faithfully,

SCHEDULE A

Initial Lenders

Morgan Guaranty Trust Company of New York Revolving Commitment Vehicle Corporation Bank of America, N.A.

The Chase Manhattan Bank
ABN AMRO Bank N.V.
The Bank of New York
Bank One, NA
Barclays Bank plc
Citibank, N.A.

Deutsche Bank AG New York and/or Cayman Islands Branches First Union National Bank Fleet National Bank Mellon Bank, N.A.

Royal Bank of Canada

The Bank of Tokyo-Mitsubishi, Limited Banque Nationale de Paris Credit Lyonnais New York Branch Lloyds TSB Bank plc State Street Bank and Trust Company

ACE LIMITED
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

___ May, 2000

To: Cayman Islands Counsel to the Parent

Dear Sirs,

Re: ACE Limited

In connection with certain opinions you have been requested to render in respect of the aforesaid, I would hereby certify as follows:

1. The Company's Memorandum and Articles of Association as adopted by Special Resolution of the Company on 14th January, 1993 remain in full force and effect unamended save by Special Resolution passed on 6th February, 1998.

2. No resolutions of the shareholders have been passed to restrict the authority of the Directors as set forth in the Memorandum and Articles of Association of the Company adopted on 14th January, 1993.

3. No petition has been filed in the Cayman Islands or any jurisdiction for the winding up of the Company and no resolution has been passed by the shareholders of the Company to wind it up.

4. The Resolutions of the Board of Directors passed on December 29, 1998, certified extracts of which are annexed to this Certificate, remain in full force and effect.

5. The Company's authorised share capital includes [300,000,000 Ordinary Shares of US $0.041666667] each and [10,000,000 "Other Shares" of US $1.00 each].

6. The number of Ordinary Shares currently in issue and outstanding is [193,914,702].

7. The execution by an Authorised Officer of the Company of the Guaranty in favour of Bank of America National Trust and Savings Association referred to in your opinion of today's date was deemed by that Authorised Officer necessary, advisable or proper in connection with the execution of the Credit Agreement, referred to in your opinions of today's date.

[Peter N. Mear] General Counsel and Secretary

EXHIBIT D-2

**FORM OF OPINION OF NEW YORK COUNSEL
TO THE LOAN PARTIES**

May 8, 2000

Morgan Guaranty Trust Company of New York and each of the other financial institutions which is a party to the Credit Agreement referred to below

c/o Morgan Guaranty Trust Company
of New York, as Administrative Agent

60 Wall Street
New York, New York 10260-0060

Ladies and Gentlemen:

We have acted as special New York counsel for ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. ("ACE INA"), and ACE Financial Services, Inc. ("ACE Financial", and together with ACE INA, the "Domestic Borrowers" and each a "Domestic Borrower") (collectively the "Borrowers") in connection with the $250,000,000 Amended and Restated Five-Year Credit Agreement (the "Credit Agreement") dated as of May 8, 2000 among the Borrowers, various financial institutions, Bank of America, N.A. and The Chase Manhattan Bank as Co- Syndication Agents and Morgan Guaranty Trust Company of New York, as Administrative Agent. Terms defined in the Credit Agreement are used herein as therein defined. This opinion letter is being rendered to you at the request of our clients pursuant to Section 3.01(ii)(F)(2) of the Credit Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Credit Agreement, (ii) the Notes issued by the Borrowers on the date hereof and (iii) such documents, corporate records, certificates of public officials and of officers and representatives of the Borrowers and other instruments, and have conducted such other investigations of fact and law, as we have deemed necessary or advisable for purposes of this opinion letter. Except as described in the foregoing sentence, we have not undertaken any independent investigation of any factual matters which might be relevant to this opinion letter and we have made no independent investigation of the records of, or other matters relating to, any Borrower or any other Person.

Whenever our opinion with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring solely to the actual knowledge of the particular attorneys who have represented the Borrowers in connection with the Credit Agreement. Except as expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of such facts and no inference as to our knowledge concerning such facts should be drawn from the fact that such representation has been undertaken by us.

For the purposes of this opinion letter, we have assumed that all items submitted to us as originals are complete and authentic and all signatures thereon are genuine, and all items submitted to us as copies are complete and conform to the originals. We have also assumed, with your permission and without independent investigation of any kind, the following: (i) each of the Parent, ACE Bermuda and Tempest has been duly incorporated or organized and is validly existing under the laws of the Cayman Islands (in the case of the Parent) or of Bermuda (in the case of ACE Bermuda and Tempest); (ii) the Credit Agreement and the Notes have been duly authorized, executed and delivered by each party thereto (other than the Domestic Borrowers, as to which we express an opinion below); (iii) the Credit Agreement is the legal, valid and binding obligation of each party thereto (other than the Borrowers, as to which we express an opinion below) enforceable against each such party in accordance with its terms; (iv) as to each of the Borrowers (other than, in the case of clauses (a) and (b) below, the Domestic Borrowers, as to which we express an opinion below), the execution, delivery and performance of the Credit Agreement and the Notes by such Borrower (a) are in accordance with (and do not conflict with) the laws of the jurisdiction in which such Borrower is incorporated or organized, as the case may be, (b) do not violate or contravene such Borrower's organizational documents or by-laws; and (c) do not violate or contravene any provision of any agreement or contract applicable to or binding upon such Borrower; and (v) there are no agreements or understandings among the parties, written or oral, and no usage of trade or course of prior dealing among the parties which would, in either case, define, supplement or qualify the terms of the Credit Agreement or any Note.

Upon the basis of the foregoing and the other assumptions and qualifications set forth herein, we are of the opinion that:

1. Each of the Domestic Borrowers has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware.

2. Each of the Domestic Borrowers has the corporate power and authority to execute, deliver and perform its obligations under the Credit Agreement and the Notes issued by it on the date hereof (the notes issued by ACE INA the "ACE INA Notes" and notes issued by ACE Financial, the "ACE Financial Notes"). Each Domestic Borrower has taken all corporate action required to duly authorize the execution, delivery and performance by it of the

Credit Agreement and, in the case of ACE INA, the ACE INA Notes, and in the case of ACE Financial, the ACE Financial Notes. Each of the Credit Agreement and each ACE INA Note has been duly authorized, executed and delivered by ACE INA. Each of the Credit Agreement and each ACE Financial Note has been duly authorized, executed and delivered by ACE Financial.

3. Based upon our review of those statutes, rules, regulations and judicial decisions which in our experience are normally applicable to or normally relevant in connection with transactions of the type provided for in the Credit Agreement, the execution and delivery by the Borrowers of the Credit Agreement and the Notes and the performance by the Borrowers of their respective obligations thereunder do not and will not violate, contravene or constitute a default under any provision of any United States Federal or New York State law or regulation or, to our knowledge, any order, writ, injunction or decree applicable to or binding on any Borrower or its properties. The execution and delivery by ACE INA of the Credit Agreement and the ACE INA Notes and the performance by ACE INA of its obligations thereunder in accordance with their respective terms will not violate the certificate of incorporation or by-laws of ACE INA. The execution and delivery by ACE Financial of the Credit Agreement and the ACE Financial Notes and the performance by ACE Financial of its obligations thereunder in accordance with their respective terms will not violate the certificate of incorporation or by-laws of ACE Financial.

4. No order, consent, approval, license, authorization or validation of or exemption by any government or public body or authority of the State of New York is required to authorize or is required in connection with the execution, delivery and performance by any Borrower of the Credit Agreement or any Note.

5. Each of the Credit Agreement and each Note constitutes a valid and binding agreement of each Borrower which is a party thereto, in each case enforceable in accordance with its terms.

6. None of the Borrowers is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Our opinions set forth above are subject to the following qualifications:

(a) We express no opinion as to any law, rule, regulation, ordinance, code or similar provision of law of any county, municipality, or similar political subdivision of the State of New York or any agency or instrumentality thereof, and we express no opinion as to any law to which any Borrower may be subject solely as a result of your legal or regulatory status or as to any insurance law or (except as expressly set forth in paragraph 6) any federal or state securities or "blue sky" law. Members of our Firm are admitted to practice

law in the State of New York and we express no opinion on any law other than the laws of the State of New York, the General Corporation Law of the State of Delaware ("Delaware Corporation Law"), and the Federal law of the United States to the extent specifically set forth herein. With respect to any matters concerning Delaware Corporation Law involved in the opinions set forth above, we draw your attention to the fact that we are not admitted to practice law in the State of Delaware and are not experts in the law of such jurisdiction, and that any such opinions concerning Delaware Corporation Law are based upon our reasonable familiarity with Delaware Corporation Law and as a result of our prior involvement in transactions concerning such laws.

(b) Our opinions are subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting creditors' rights generally and to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing and by limitations on the availability of specific performance, injunctive relief or other equitable remedies.

(c) We express no opinion as to:

(i) obligations relating to indemnification, contribution or exculpation of costs, expenses or liabilities which contravene public policy;

(ii) the enforceability, under certain circumstances, of provisions imposing penalties or forfeitures, late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default;

(iii) any agreement by any Borrower to the subject matter jurisdiction of a United States federal court, to the waiver of the right to jury trial or to be served with process by service upon a designated third party;

(iv) any agreement by any Borrower purporting to waive any objection to the laying of venue or any claim that an action or proceeding has been brought in an inconvenient forum;

(v) the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein the

enforcement of the Credit Agreement or any Note may be sought that limits the rates of interest, fees or other charges legally chargeable or collectible;

(vi) any provision of the Credit Agreement (A) restricting access to legal or equitable remedies, (B) relating to severability or similar clauses, (C) providing that the Credit Agreement may only be amended, modified or waived in writing, (D) stating that all rights or remedies of any party are cumulative and may be enforced in addition to any other right or remedy and that the election of a particular remedy does not preclude recourse to one or more remedies, (E) purporting to establish an evidentiary standard for determinations by the Lenders or the Administrative Agent or (F) purporting to convey rights to Persons other than parties to the Credit Agreement;

(vii) whether any court outside the State of New York would honor the choice of New York law as the governing law of the Credit Agreement and the Notes; or

(viii) Section 9.05 of the Credit Agreement.

The opinions expressed herein are effective only as to the date of this opinion letter. We do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and we assume no responsibility for advising you of (i) any changes with respect to any matters described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining to the events occurring prior to the date of this opinion letter.

This opinion letter is rendered solely to you in connection with the above-described transactions. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other Person without our prior written consent.

Very truly yours,

EXHIBIT D-3

**FORM OF OPINION OF BERMUDA COUNSEL
TO ACE BERMUDA AND TEMPEST**

May 8, 2000

The parties listed in Schedule A
attached hereto (together the "Initial Lenders")

Dear Sirs

ACE Bermuda Insurance Ltd ("SCE Bermuda") Tempest Reinsurance Company Limited ("Tempest")

We have acted as special legal counsel in Bermuda to ACE Bermuda and Tempest (together the "Companies") in connection with an amended and restated five-year credit agreement for $250,000,000 between ACE Limited, ACE Bermuda, Tempest, ACE INA Holdings Inc. and ACE Financial Services, Inc. as borrowers, the Initial Lenders named therein, Mellon Bank, N.A. as issuing bank, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York as Administrative Agent, dated as of May 8, 2000 (the "ACE Ltd. 5-Year Credit Agreement").

For the purposes of giving this opinion, we have examined an electronic copy and facsimile executed signature pages of the ACE Ltd. 5-Year Credit Agreement.

We have also reviewed the memorandum of association and the bye-laws of each of the Companies, a certified copy of an extract from the minutes of a meeting of each of ACE Bermuda and Tempest's directors held on [26 May, 1999] as certified by the Assistant Secretary of ACE Bermuda and Tempest on
[30 June, 1999] (the "Minutes"), and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have also reviewed and relied upon:

(i) Certificates of Registration of ACE Bermuda and Tempest as insurers under the Insurance Act 1978 (the "Certificates of Registration");

(ii) Certificates of Compliance under the Companies Act 1981 and The Insurance Act 1978 issued by the Assistant Registrar of Companies on 25 May, 1999 in respect of ACE Bermuda and Tempest (the "Compliance Certificates");

(iii) the Direction issued under section 56 of the Insurance Act 1978 on behalf of the Minister of Finance dated 9 December, 1998 in respect of ACE Bermuda giving guarantees;

(iv) the Direction issued under section 56 of the Insurance Act 1978 Act on behalf of the Minister of Finance dated 17 March, 1999 in respect of Tempest giving guarantees;

(v) our searches of documents of public record in respect of each of ACE Bermuda and Tempest maintained at the Registrar of Companies in Bermuda and the Cause Book of the Supreme Court of Bermuda as at [_____, 2000] (the "Searches").

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft or electronic form, it will be or has been executed in the form of that draft or electronic form, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the capacity, power and authority of each of the parties to the ACE Ltd. 5-Year Credit Agreement, other than the Companies, to enter into and perform its respective obligations under the ACE Ltd. 5-Year Credit Agreement, (d) the due execution of the ACE Ltd. 5-Year Credit Agreement by each of the parties thereto, other than the Companies, and the delivery thereof by each of the parties thereto, (e) the accuracy and completeness of all factual representations made in the ACE Ltd. 5-Year Credit Agreement and other documents reviewed by us, (f) that the resolutions contained in the Minutes remain in full force and effect and have not been rescinded or amended, (g) that the Companies are entering into the ACE Ltd. 5-Year Credit Agreement pursuant to their business of insurance, (h) that the information disclosed by the Searches has not been materially altered and that the Searches did not fail to disclose any material information which had been delivered for filing or registration, but was not disclosed or did not appear on the said public record at the time of the Searches, (i) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein, (j) that the entering into of the ACE Ltd. 5-Year Credit Agreement by the Companies will not result in a breach of the conditions attached to their respective Certificates of Registration issued pursuant to the Insurance Act 1978; (k) the validity and binding effect under the laws of the State of New York (the "Foreign Laws") of the ACE Ltd. 5-Year Credit

Agreement which are expressed to be governed by such Foreign Laws in accordance with their respective terms, and (l) the validity and binding effect under the Foreign Laws of the submission by the Company pursuant to the ACE Ltd. 5-Year Credit Agreement to the non-exclusive jurisdiction of the courts of any New York State Court or Federal court of the United States of America sitting in New York City (the "Foreign Courts").

The obligations of the Companies under the ACE Ltd. 5-Year Credit Agreement (a) will be subject to the laws from time to time in effect relating to bankruptcy, insolvency, liquidation, possessory liens, rights of set off, reorganization, amalgamation, moratorium or any other laws or legal procedures, whether of a similar nature or otherwise, generally affecting the rights of creditors, (b) will be subject to statutory limitation of the time within which proceedings may be brought, (c) will be subject to general principles of equity and, as such, specific performance and injunctive relief, being equitable remedies, may not be available, (d) may not be given effect to by a Bermuda court, whether or not it was applying the Foreign Laws, if and to the extent they constitute the payment of an amount which is in the nature of a penalty and not in the nature of liquidated damages and (e) as a person registered as an insurer (the "insurer") under the Insurance Act 1978 and the regulations promulgated thereunder (the "Act"), will be subject to directions which may be issued by the Bermuda Minister of Finance (the "Minister") under Section 32 of the Act ("Section 32") if it appears to the Minister that the business of the insurer is being so conducted that there is a significant risk of the insurer becoming insolvent or the insurer is in breach of a provision of the Act or of the regulations promulgated thereunder or any condition imposed on its registration (for example the requirement to maintain a certain minimum amount of statutory capital and surplus). In these circumstances, the Minister may direct the insurer to take or refrain from taking any of the steps listed in Section 32, including, inter alia, that the insurer cease or limit its underwriting or that there be a prohibition or restriction on the payment of dividends or other distributions. Further, under Section 32, if it appears to the Minister that the business of the insurer is being so conducted that there is a significant risk of the insurer becoming insolvent, he may direct the insurer to maintain in, or transfer to and keep in the custody of, a specified bank, assets of the insurer of such value and description as are specified in the direction. ACE Bermuda and/or Tempest, under applicable requirements of the Act, may be required to record a liability against or to deduct from its statutory capital and surplus (as determined under the Act) amounts payable or paid pursuant to its obligations under the ACE Ltd. 5-Year Credit Agreement. The Companies may be considered to be insolvent if they fail to meet and maintain the required minimum amount of statutory capital and surplus and in such circumstances the ability of the Companies to carry out the said obligations will be affected.

We express no opinion as to the enforceability of any provision of the ACE Ltd. 5-Year Credit Agreement which provides for the payment of a

specified rate of interest on the amount of a judgment after the date of judgment or which purports to fetter the statutory powers of either of the Companies.

With respect to the opinion expressed in paragraph 4 below, it should be noted that the documents of public record maintained by the Registrar of Companies do not reveal (i) whether a winding-up petition or application to a Bermuda court for the appointment of a receiver has been presented, (ii) details of matters which have been lodged for registration but have not actually been registered at the date the file was made available to us,
(iii) whether a direction under Section 32 has been issued or (iv) whether the Companies are in compliance with conditions attached to their registration as a Class 4 insurer and a long-term insurer under the Act and the provisions of the Act.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for your benefit and is not to be relied upon by any other person, firm or entity or in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. Tempest is duly incorporated and existing under the laws of Bermuda. ACE Bermuda is the result of a due continuation into Bermuda and a subsequent due amalgamation under the laws of Bermuda. Both Companies are in good standing (meaning solely that each has not failed to make any filing with any Bermuda governmental authority or to pay any Bermuda government fee or tax which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda). Based purely on the Certificates of Registration and the Compliance Certificates, each of Tempest and ACE Bermuda is registered under the Insurance Act 1978 as a Class 4 Insurer.

2. Each of the Companies has the necessary corporate power and authority to enter into and perform its obligations under the ACE Ltd. 5-Year Credit Agreement. The execution and delivery of the ACE Ltd. 5-Year Credit Agreement by each of the Companies and the respective performance by each of the Companies of its obligations thereunder will not violate the respective memorandum of association or bye-laws of the Companies nor any applicable law, regulation, order or decree in Bermuda.

3. Each of the Companies has taken all corporate action required to authorise its execution, delivery and performance of the ACE Ltd.

5-Year Credit Agreement and the Notes thereunder. The ACE Ltd. 5-Year Credit Agreement has been duly executed and delivered by or on behalf of the Companies, and constitutes the valid and binding obligations of the Companies in accordance with the terms thereof.

4. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of Bermuda or any sub-division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the ACE Ltd. 5-Year Credit Agreement and the Notes thereunder.

5. It is not necessary or desirable to ensure the enforceability in Bermuda of the ACE Ltd. 5-Year Credit Agreement and the Notes thereunder that they be registered in any register kept by, or filed with, any governmental authority or regulatory body in Bermuda. However, to the extent that the ACE Ltd. 5-Year Credit Agreement and the Notes thereunder create a charge over assets of one or both of the Companies, it may be desirable to ensure the priority in Bermuda of the charge that they be registered in the Register of Charges in accordance with Section 55 of the Companies Act 1981. On registration, to the extent that Bermuda law governs the priority of a charge, such charge will have priority in Bermuda over any unregistered charges, and over any subsequently registered charges, in respect of the assets which are the subject of the charge. A registration fee of $425 will be payable in respect of the registration.

While there is no exhaustive definition of a charge under Bermuda law, a charge normally has the following characteristics:

(i) it is a proprietary interest granted by way of security which entitles the chargee to resort to the charged property only for the purposes of satisfying some liability due to the chargee (whether from the chargor or a third party); and

(ii) the chargor retains an equity of redemption to have the property restored to him when the liability has been discharged.

However, as the ACE Ltd. 5-Year Credit Agreement is governed by the Foreign Laws, the question of whether it would possess

these particular characteristics would be determined under the Foreign Laws.

6. The ACE Ltd. 5-Year Credit Agreement and the Notes thereunder will not be subject to ad valorem stamp duty in Bermuda.

7. The choice of the Foreign Laws as the governing law of the ACE Ltd. 5-Year Credit Agreement and the Notes thereunder is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in Bermuda, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of Bermuda. The submission in the ACE Ltd. 5-Year Credit Agreement to the non-exclusive jurisdiction of the Foreign Courts is valid and binding upon the Companies.

8. The courts of Bermuda would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the Foreign Courts against the Companies based upon the ACE Ltd. 5-Year Credit Agreement or the Notes thereunder under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of Bermuda, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of Bermuda,
(e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda and (f) the due compliance with the correct procedures under the laws of Bermuda.

Yours faithfully,

SCHEDULE A

Initial Lenders

Morgan Guaranty Trust Company of New York

Revolving Commitment Vehicle Corporation Bank of America, N.A.
The Chase Manhattan Bank
ABN AMRO Bank N.V.
The Bank of New York
Bank One, NA
Barclays Bank plc
Citibank, N.A.
Deutsche Bank AG New York and/or Cayman Islands Branches First Union National Bank
Fleet National Bank
Mellon Bank, N.A.
Royal Bank of Canada
The Bank of Tokyo-Mitsubishi, Limited Banque Nationale de Paris
Credit Lyonnais New York Branch Lloyds TSB Bank plc
State Street Bank and Trust Company

EXHIBIT E

FORM OF DESIGNATION AGREEMENT

dated as of _____, 2000

Reference is made to the Amended and Restated Five-Year Credit Agreement dated as of May 8, 2000 (as amended from time to time, the "Credit Agreement") among ACE Limited (the "Parent") and the other Borrowers party thereto, the Initial Lenders party thereto, the Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administration Agent (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Designator") and _____ (the "Designee") agree as follows:

1. The Designator designates the Designee as its Designated Lender under the Credit Agreement and the Designee accepts such designation.

2. The Designator makes no representations or warranties and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Designee (i) confirms that it is an Eligible Designee; (ii) appoints and authorizes the Designator as its administrative agent and attorney-in-fact and grants the Designator an irrevocable power of attorney to receive payments made for the benefit of the Designee under the Credit

Agreement and to deliver and receive all communications and notices under the Credit Agreement, if any, that the Designee is obligated to deliver or has the right to receive thereunder; (iii) acknowledges that the Designator retains the sole right and responsibility to vote under the Credit Agreement, including, without limitation, the right to approve any amendment or waiver of any provision of the Credit Agreement, and (iv) agrees that the Designee shall be bound by all such votes, approvals, amendments and waivers and all other agreements of the Designator pursuant to or in connection with the Credit Agreement.

4. The Designee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements referred to in Article 4 or delivered pursuant to Article 5 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement and (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Designator or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action it may be permitted to take under the Credit Agreement. The Designee acknowledges that it is subject to and bound by the confidentiality provisions of the Credit Agreement (except as provided in Section 9.07(a) thereof).

5. Following the execution of this Designation Agreement by the Designator and the Designee and the consent hereto by the Parent, it will be delivered to the Administrative Agent for its consent. This Designation Agreement shall become effective when the Administrative Agent consents hereto or on any later date specified on the signature page hereof.

6. Upon the effectiveness hereof, the Designee shall have the right to make Loans or portions thereof as a Lender pursuant to Section 2.01 or 2.03 of

the Credit Agreement and the rights of a Lender related thereto. The making of any such Loans or portions thereof by the Designee shall satisfy the obligations of the Designator under the Credit Agreement to the same extent, and as if, such Loans or portions thereof were made by the **Designator.**

7. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Designation Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Effective Date:_____ , ____

[NAME OF DESIGNATOR]

By:

Name:

Title:

[NAME OF DESIGNEE]

By:

Name:

Title:

The undersigned consent to the foregoing designation.

ACE LIMITED

By:

Name:

Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Administrative Agent

By:

Name:

Title:

[Conformed Copy]

$800,000,000

AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT

Dated as of May 8, 2000

Among

ACE LIMITED

ACE BERMUDA INSURANCE LTD.

TEMPEST REINSURANCE COMPANY LIMITED

ACE INA HOLDINGS INC.

ACE GUARANTY RE INC.

as Borrowers

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

BANK OF AMERICA, N.A.

THE CHASE MANHATTAN BANK

Co-Syndication Agents

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

as Administrative Agent

J.P. MORGAN SECURITIES INC.

Lead Arranger

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AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT

AMENDED AND RESTATED 364-DAY AGREEMENT dated as of May 8, 2000 among ACE Limited, a Cayman Islands company (the "Parent"), ACE Bermuda Insurance Ltd. ("ACE Bermuda"), Tempest Reinsurance Company Limited ("Tempest"), ACE INA Holdings Inc. ("ACE INA") and ACE Guaranty Re Inc. ("ACE Guaranty") (Ace Bermuda, Tempest, ACE INA and ACE Guaranty, together with the Parent, the "Borrowers"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents (together with any successor co-syndication agents appointed pursuant to Article VIII, the "Co-Syndication Agents"), and Morgan Guaranty Trust Company of New York ("MGT"), as administrative agent (together with any successor administrative agent appointed pursuant to Article VIII, the "Administrative Agent" and, together with the Co-Syndication Agents, the "Agents") for the Lenders (as hereinafter defined).

PRELIMINARY STATEMENTS:

Certain of the parties hereto have heretofore entered into a Credit Agreement dated as of June 11, 1999 pursuant to which the Lenders (as defined therein) have made available to the Borrowers (as defined therein) a credit facility in an amount up to $750,000,000 (as heretofore amended, the "Existing Agreement"). The parties hereto desire to extend such credit facility for an additional period of less than one year, to make the other changes reflected in this Amended Agreement and to amend and restate the Existing Agreement to read in its entirety as set forth in this Amended Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ACE Bermuda" has the meaning specified in the recital of parties to this Amended Agreement.

"ACE Guaranty" has the meaning specified in the recital of parties to this Amended Agreement.

"ACE INA" has the meaning specified in the recital of parties to this Amended Agreement.

"Adjusted Consolidated Debt" means, at any time, an amount equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) to the extent exceeding an amount equal to 15% of Total Capitalization, the then issued and outstanding amount of Preferred Securities (other than any Mandatorily Convertible Securities).

"Administrative Agent" has the meaning specified in the recital of parties to this Amended Agreement.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent with Morgan Guaranty Trust Company of New York, at its office at 60 Wall Street, New York, New York 10260, Account No. 999 99 090, Attention: Bill Wood, or such other account as the Administrative Agent shall specify in writing to the Lenders.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent, completed by such Lender and returned to the Administrative Agent (with a copy to the Borrowers).

"Advance" means a Committed Advance or a Competitive Bid Advance.

"Affected Lender" means any Lender that (i) has made, or notified any Borrower that an event or circumstance has occurred which may give rise to, a demand for compensation under Section 2.10(a) or (b) or Section 2.12 (but only so long as the event or circumstance giving rise to such demand or notice is continuing), or (ii) has notified any Borrower (which notice has not been withdrawn) of any event or circumstance of a type described in
Section 2.10(c) or (d).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"Agents" has the meaning specified in the recital of parties to this Amended Agreement.

"Agreement" means the Existing Agreement, as amended by this Amended Agreement and as the same may be further amended from time to time.

"Amended Agreement" means this Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000.

"Applicable Facility Fee Percentage" means, as of any date, a percentage per annum determined by reference to the Pricing Schedule.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Pricing Schedule.

"Approved Investment" means any Investment that was made by the Parent or any of its Subsidiaries pursuant to investment guidelines set forth by the board of directors of the Parent which are consistent with past practices.

"Assignee" has the meaning specified in Section 9.06(c).

"Bankruptcy Law" means any proceeding of the type referred to in Section 6.01(f) or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by MGT in New York, New York, from time to time, as MGT's prime rate; and

(b) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(i).

"Borrowers" has the meaning specified in the recital of parties to this Amended Agreement.

"Borrowers' Account" means the account of one or more Borrowers maintained by such Borrower(s) with The Bank of Bermuda Limited at its office at 6 Front Street, Hamilton, Bermuda HM12 Account No.18000035, Attention: Maria Aguiar, or such other account as the Parent shall specify in writing to the Administrative Agent or such other account as the Borrowers (or any one of them) shall specify in writing to the Administrative Agent.

"Borrowing" means a Committed Borrowing or a Competitive Bid Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances or LIBO Rate Advances, on which dealings are carried on in the London interbank market.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Change of Control" means the occurrence of any of the following: (a) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Interests of the Parent (or other securities convertible into such Voting Interests) representing 30% or more of the combined voting power of all Voting Interests of the Parent; or
(b) a majority of the board of directors of the Parent shall not be Continuing Members; or (c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that results in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Parent.

"Commitment" means a WC Commitment.

"Commitment Schedule" means the Schedule hereto denominated as such.

"Committed Advance" has the meaning specified in Section 2.01(a).

"Committed Borrowing" means a borrowing consisting of simultaneous Committed Advances of the same Type made by the Lenders to the same Borrower.

"Committed Facility" means, at any time, the aggregate amount of the Lenders' WC Commitments at such time.

"Committed Note" means a promissory note of any Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Committed Advances made by such Lender, as amended.

"Competitive Bid Advance" means an advance by a Lender to any Borrower as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.03 and refers to a Fixed Rate Advance or a LIBO Rate Advance.

"Competitive Bid Borrowing" means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

"Competitive Bid Note" means a promissory note of any Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of such Borrower to such Lender resulting from Competitive Bid Advances made by such Lender.

"Confidential Information" means information that any Loan Party furnishes to any Agent or any Lender, but does not include any such information that is or becomes generally available to the public other than as a result of a breach by such Agent or any Lender of its obligations hereunder or that is or becomes available to such Agent or such Lender from a source other than the Loan Parties that is not, to the best of such Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with a Loan Party.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income of the Parent and its Consolidated Subsidiaries, determined on a Consolidated basis for such period.

"Consolidated Net Worth" means at any date the Consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries determined as of such date, provided that such determination for purposes of Section 5.04 shall be made without giving effect to adjustments pursuant to Statement No. 115 of the Financial Accounting Standards Board of the United States of America.

"Contingent Obligation" means, with respect to any Person, any obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or
(c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that Contingent Obligations shall not include any obligations of any such Person arising under insurance contracts entered into in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument

evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Continuing Member" means a member of the Board of Directors of the Parent who either (i) was a member of the Parent's Board of Directors on the date of execution and delivery of this Agreement by the Parent and has been such continuously thereafter or (ii) became a member of such Board of Directors after such date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members then members of the Parent's Board of Directors.

"Conversion", "Convert" and "Converted" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.09 or 2.10.

"Co-Syndication Agents" has the meaning specified in the recital of parties to this Amended Agreement.

"Debenture" means debt securities issued by ACE INA or the Parent to a Special Purpose Trust in exchange for proceeds of Preferred Securities and common securities of such Special Purpose Trust.

"Debt" of any Person means, without duplication for purposes of calculating financial ratios, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property),
(e) all obligations of such Person as lessee under Capitalized Leases (excluding imputed interest), (f) all obligations of such Person under acceptance, letter of credit or similar facilities,
(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests (except for obligations to pay for Equity Interests within customary settlement periods) in such Person or any other Person or any warrants, rights or options to acquire such capital stock (excluding payments under a contract for the forward sale of ordinary shares of such Person issued in a public offering), valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Contingent Obligations of such Person in respect of Debt (of the types described above) of any other Person and (i) all indebtedness and other payment obligations referred to in clauses (a) through (h) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment obligations; provided, however, that the amount of Debt of such Person under clause (i) above shall, if such Person has not assumed or

otherwise become liable for any such Debt, be limited to the lesser of the principal amount of such Debt or the fair market value of all property of such Person securing such Debt; provided further that "Debt" shall not include obligations in respect of insurance or reinsurance contracts entered into in the ordinary course of business; provided further that, solely for purposes of Section 5.04 and the definitions of "Adjusted Consolidated Debt" and "Total Capitalization", "Debt" shall not include (x) any contingent obligations of any Person under or in connection with acceptance, letter of credit or similar facilities or (y) obligations of the Parent or ACE INA under any Debentures or under any subordinated guaranty of any Preferred Securities or obligations of a Special Purpose Trust under any Preferred Securities.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulted Advance" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to any Borrower pursuant to Section 2.01 or 2.02 at or prior to such time that has not been made by such Lender or by the Administrative Agent for the account of such Lender pursuant to Section 2.02(d) as of such time.

"Defaulted Amount" means, with respect to any Lender at any time, any amount required to be paid by such Lender to any Agent or any other Lender hereunder or under any other Loan Document at or prior to such time that has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender to (a) the Administrative Agent pursuant to Section 2.02(d) to reimburse the Administrative Agent for the amount of any Committed Advance made by the Administrative Agent for the account of such Lender, (b) any other Lender pursuant to Section 2.13 to purchase any participation in Committed Advances owing to such other Lender and (c) any Agent pursuant to Section 8.05 to reimburse such Agent for such Lender's ratable share of any amount required to be paid by the Lenders to such Agent as provided therein.

"Defaulting Lender" means, at any time, any Lender that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(f).

"Designated Lender" means, with respect to any Designating Lender, an Eligible Designee designated by it pursuant to Section 9.07(a) as a Designated Lender for purposes of this Agreement.

"Designating Lender" means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 9.07(a).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in its Administrative Questionnaire or such other office of such Lender as such Lender may from time to time specify to any Borrower and the Administrative Agent.

"Effective Date" means the first date on which the conditions set forth in Article III shall have been satisfied.

"Eligible Designee" means a special purpose entity that
(i) is organized under the laws of the United States or any state thereof, (ii) is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any Federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Interests" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any

Loan Party, within the meaning of Section 414 of the Internal Revenue Code or Section 4001 of ERISA.

"Eurocurrency Liabilities" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" in its Administrative Questionnaire (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Parent and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing, an interest rate per annum equal to the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Dow Jones Markets (Telerate) Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing, the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1% to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates).

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Committed Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Agreement" has the meaning specified in the preliminary statements to this Amended Agreement.

"Existing 2,050 Million Credit Facility" means the 364-Day Credit Agreement dated as of June 11, 1999 among ACE INA, as borrower, Parent, ACE Bermuda and Tempest, the financial institutions listed therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agent and lead arranger, Morgan Guaranty Trust Company of New York, as administrative agent, and J.P. Morgan Securities Inc., as co-arranger, as amended.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means the fee letter dated April 12, 2000 among the Parent, the Lead Arranger and the Administrative Agent.

"Fiscal Year" means a fiscal year of the Parent and its Consolidated Subsidiaries ending on December 31 in any calendar year.

"Five-Year Credit Facility" means the Amended and Restated Five-Year Credit Agreement dated as of the date of this Amended Agreement among the Parent, ACE Bermuda, Tempest, ACE INA and ACE Financial Services, Inc., the lenders party thereto, Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents, and MGT as administrative agent, as the same may be amended, modified or otherwise supplemented from time to time.

"Fixed Rate Advances" has the meaning specified in
Section 2.03(a)(i).

"Foreign Government Scheme or Arrangement" has the meaning specified in Section 4.01(m)(iv).

"Foreign Plan" has the meaning specified in Section 4.01(m)(iv).

"GAAP" has the meaning specified in Section 1.03.

"Guarantor" means each of the Borrowers other than ACE Guaranty.

"Guaranty" means the undertaking by each of the Guarantors under Article VII.

"Hazardous Materials" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or

substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

"Indemnified Party" has the meaning specified in Section 9.04(b).

"Initial Extension of Credit" means the initial Borrowing hereunder.

"Initial Lenders" has the meaning specified in the recital of parties to this Amended Agreement.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Committed Borrowing and each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such Eurodollar Rate Advance or LIBO Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower requesting such Borrowing or Conversion pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one or two weeks or one, two, three or six months, as the Borrower requesting such Borrowing or Conversion may, upon notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) such Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Committed Borrowing or for LIBO Rate Advances comprising part of the same Competitive Bid Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period (other than a one or two week Interest Period) occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds

such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (h) or (i) of the definition of "Debt" in respect of such Person; provided, however, that any purchase by any Loan Party or any Subsidiary of any catastrophe-linked instruments which are (x) issued for the purpose of transferring traditional reinsurance risk to the capital markets and (y) purchased by such Loan Party or Subsidiary in accordance with its customary reinsurance underwriting procedures, or the entry by any Loan Party or any Subsidiary into swap instruments relating to such instruments in accordance with such procedures, shall be deemed to be the entry by such Person into a reinsurance contract and shall not be deemed to be an Investment by such Person.

"Lead Arranger" means J.P. Morgan Securities Inc. in its capacity as lead arranger and book runner in respect of this Amended Agreement.

"Lender" means (i) each bank or other institution listed on the Commitment Schedule, (ii) each Assignee which becomes a Lender pursuant to Section 9.06(c) and (iii) their respective successors.

"LIBO Rate" means, for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, an interest rate per annum equal to the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Dow Jones Markets (Telerate) Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "LIBO Rate" shall mean for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, the rate per annum (rounded upwards, if not an integral multiple of 1/32 or 1/100 of 1%, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates).

"LIBO Rate Advances" has the meaning specified in Section 2.03(a)(i).

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means (i) this Agreement, (ii) the Notes and (iii) the Fee Letter, in each case as amended.

"Loan Parties" means the Borrowers.

"Mandatorily Convertible Preferred Securities" means units comprised of (i) Preferred Securities or preferred shares of Parent and (ii) a contract for the sale of ordinary shares of the Parent (including "Feline Prides(TM)", "Rhinos(TM)" or any substantially similar securities).

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means any material adverse change in the business, financial condition, operations or properties of the Parent and its Subsidiaries, taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition, operations or properties of the Parent and its Subsidiaries, taken as a whole, (b) the rights and remedies of any Agent or any Lender under any Loan Document or (c) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents.

"Material Financial Obligation" means a principal amount of Debt and/or payment obligations in respect of any Hedge Agreement of the Parent and/or one or more of its Subsidiaries arising in one or more related or unrelated transactions exceeding in the aggregate $25,000,000.

"MGT" has the meaning specified in the recital of parties to this Amended Agreement.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Note" means a Committed Note or a Competitive Bid Note.

"Notice of Committed Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Competitive Bid Borrowing" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Other Taxes" has the meaning specified in Section 2.12(b).

"Parent" has the meaning specified in the recital of parties to this Amended Agreement.

"Participant" has the meaning specified in Section 9.06(b).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Pension Plan" means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to title IV of ERISA (other than any "multiemployer plan" as such term is defined in section 4001(a)(3) of ERISA), and to which any Loan Party or any ERISA Affiliate may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced or which are being contested in good faith by appropriate proceedings: (a) Liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 90 days; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Preferred Interests" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"Preferred Securities" means (i) preferred securities issued by a Special Purpose Trust which shall provide, among other things, that dividends shall be payable only out of

proceeds of interest payments on the Debentures, or (ii) other instruments that may be treated in whole or in part as equity for rating agency purposes while being treated as debt for tax purposes.

"Pricing Schedule" means the Schedule hereto denominated as such.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's WC Commitment at such time (or, if the WC Commitments shall have been terminated pursuant to Section 2.05 or 6.01, such Lender's WC Commitment as in effect immediately prior to such termination) and the denominator of which is the Committed Facility at such time (or, if the WC Commitments shall have been terminated pursuant to Section 2.04 or 6.01, the Committed Facility as in effect immediately prior to such termination).

"Redeemable" means, with respect to any Equity Interest, any Debt or any other right or obligation, any such Equity Interest, Debt, right or obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Lenders" means, at any time, Lenders owed or holding at least a majority in interest of aggregate principal amount of the Committed Advances outstanding at such time, or, if no such principal amount is outstanding at such time, Lenders holding at least a majority in interest of the aggregate of the WC Commitments; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Committed Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time and (B) the Unused WC Commitment of such Lender at such time.

"Responsible Officer" means the Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer, Chief Accounting Officer or Chief Investment Officer of the Parent.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Securitization Transaction" means any sale, assignment or other transfer by Parent or any Subsidiary of any accounts receivable, premium finance loan receivables, lease receivables or other payment obligations owing to Parent or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral,

guaranties or other property or claims in favor of Parent or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

"Significant Subsidiary" means a Subsidiary of Parent that is a "significant subsidiary" of the Parent under Regulation S-X promulgated by the Securities and Exchange Commission.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Special Purpose Trust" means a special purpose business trust established by the Parent or ACE INA of which the Parent or ACE INA will hold all the common securities, which will be the issuer of Preferred Securities, and which will loan to the Parent or ACE INA (such loan being evidenced by the Debentures) the net proceeds of the issuance and sale of the Preferred Securities and common securities of such Special Purchase Trust.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Taxes" has the meaning specified in Section 2.12(a).

"Tempest" has the meaning specified in the recital of parties to this Amended Agreement.

"Termination Date" means the earlier of May 7, 2001 and the date of termination in whole of the WC Commitments or such later date to which the Termination Date shall

have been extended pursuant to Section 2.01(b) or, if such day is not a Business Day, the next preceding Business Day.

"Total Capitalization" means, at any time, an amount (without duplication) equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) Consolidated stockholders equity of the Parent and its Subsidiaries plus (without duplication) (iii) the then issued and outstanding amount of Preferred Securities (including Mandatorily Convertible Preferred Securities) and (without duplication) Debentures.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Unused WC Commitment" means, with respect to any Lender at any time, (a) such Lender's WC Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Committed Advances made by such Lender hereunder plus (ii) such Lender's Pro Rata Share of the aggregate principal amount of all Competitive Bid Advances hereunder.

"Voting Interests" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"WC Commitment" means (i) with respect to each Lender listed on the Commitment Schedule, the amount set forth opposite such Lender's name on the Commitment Schedule and (ii) with respect to any Assignee which becomes a Lender pursuant to Section 9.06(c), the amount of the transferor Lender's Commitment assigned to it pursuant to Section 9.06(c), in each case as such amount may be changed from time to time pursuant to Section 2.05 or 9.06(c); provided that, if the context so requires, the term "WC Commitment" means the obligation of a Lender to extend credit up to such amount to the Borrowers hereunder.

"Welfare Plan" means a welfare plan, as defined in Section 3(1) of ERISA, that is maintained for employees of any Loan Party or in respect of which any Loan Party could have liability.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". References in the Loan Documents to any agreement or contract "as amended" shall mean and be a reference to such agreement or contract

as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

SECTION 1.03. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time ("GAAP"), applied on a basis consistent (except for changes concurred in by the Parent's independent public accountants) with the most recent audited consolidated financial statements of the Parent and its Subsidiaries delivered to the Lenders; provided that, if the Parent notifies the Administrative Agent that the Parent wishes to amend any covenant in Article V to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Administrative Agent notifies the Parent that the Required Lenders wish to amend Article V for such purpose), then the Parent's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective (and, concurrently with the delivery of any financial statements required to be delivered hereunder, the Parent shall provide a statement of reconciliation conforming such financial information to such generally accepted accounting principles as previously in effect), until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Parent and the Required Lenders.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Committed Advances. (a) Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Committed Advance") to any Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Committed Advance not to exceed such Lender's Unused WC Commitment at such time. Each Committed Borrowing shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Committed Advances made simultaneously by the Lenders ratably according to their WC Commitments. Within the limits of each Lender's Unused WC Commitment in effect from time to time, each Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.06 and reborrow under this Section 2.01.

(b) The Termination Date may be extended in the manner set forth in this subsection (b) for a period of 364 days from the Termination Date then in effect. If the Borrowers wish to request an extension of the Termination Date, Parent shall give written notice to that effect to the Administrative Agent not less than 40 nor more than 55 days prior to the Termination Date then in effect, whereupon the Administrative Agent shall promptly notify each of the Lenders of such request. Each Lender will use its best efforts to respond to such request, whether affirmatively or negatively, as it may elect in its sole discretion, within 20 days of such notice to the Administrative Agent; provided that no Lender will be required to respond more

than 30 days prior to the Termination Date then in effect. If less than all Lenders respond affirmatively to such request within such period, then the Parent may request the Lenders that do not elect to extend the Termination Date to assign their WC Commitments in their entirety, no later than 5 days prior to the Termination Date then in effect, to one or more Assignees pursuant to Section 9.06 which Assignees will agree to extend the Termination Date. If all Lenders (including such Assignees and excluding their respective transferor Lenders) respond affirmatively, then, subject to receipt by the Administrative Agent of counterparts of an Extension Agreement in substantially the form of Exhibit E hereto duly completed and signed by all of the parties thereto, the Termination Date shall be extended to the date specified above.

SECTION 2.02. Making the Committed Advances. (a) Except as otherwise provided in Section 2.03, each Committed Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Committed Borrowing in the case of a Committed Borrowing consisting of Eurodollar Rate Advances, or not later than 10:30 A.M. (New York City time) on the date of the proposed Committed Borrowing in the case of a Committed Borrowing consisting of Base Rate Advances, by any Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier. Each such notice of a Committed Borrowing (a "Notice of Committed Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Committed Borrowing, (ii) Type of Advances comprising such Committed Borrowing, (iii) aggregate amount of such Committed Borrowing and (iv) in the case of a Committed Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for such Committed Advances. Each Lender shall, before 12:00 noon (New York City time) on the date of such Committed Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Committed Borrowing in accordance with the respective WC Commitments of such Lender and the other Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower requesting such Committed Borrowing by crediting the applicable Borrower's Account.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) no Borrower may select Eurodollar Rate Advances if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.09 or 2.10 and (ii) the Committed Advances may not be outstanding as part of more than ten (10) separate Committed Borrowings.

(c) Each Notice of Committed Borrowing shall be irrevocable and binding on the Borrower that requested such Committed Borrowing. In the case of any Committed Borrowing that the related Notice of Committed Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower that requested such Committed Borrowing shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Committed Borrowing for such Committed Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the

Committed Advance to be made by such Lender as part of such Committed Borrowing when such Committed Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Committed Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Committed Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Committed Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower requesting such Committed Borrowing on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and such Borrower severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at such time under
Section 2.07 to Advances comprising such Committed Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Committed Advance as part of such Borrowing for all purposes.

(e) The failure of any Lender to make the Committed Advance to be made by it as part of any Committed Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Committed Advance on the date of such Committed Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Committed Advance to be made by such other Lender on the date of any Committed Borrowing.

SECTION 2.03. The Competitive Bid Advances. (a) Each Lender severally agrees that any Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 7 days prior to the Termination Date in the manner set forth below; provided that, following the making of each Competitive Bid Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the WC Commitments of the Lenders.

(i) Any Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Administrative Agent, by telecopier, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (v) date of such proposed Competitive Bid Borrowing, (w) aggregate amount of such proposed Competitive Bid Borrowing, (x) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) 180 days after the date of such Competitive Bid Borrowing and (II) the Termination Date), (y) interest payment date or dates relating thereto, and (z) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later

than 10:30 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if such Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "Fixed Rate Advances") and (B) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if such Borrower shall instead specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders are to be based on a margin above or below the LIBO Rate (the Advances comprising such Competitive Bid Borrowing being referred to herein as "LIBO Rate Advances"). Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on such Borrower. The Administrative Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from such Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower requesting the Competitive Bid Advances as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Borrower requesting the Competitive Bid Borrowing), before 9:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's WC Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; provided that if the Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower requesting such Competitive Bid Borrowing of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower requesting any particular Competitive Bid Borrowing shall, in turn, before 10:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 11:00 A.M. (New York City time) three Business

before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, either:

(x) cancel such Competitive Bid Borrowing by giving the Administrative Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to such Borrower by the Administrative Agent on behalf of such Lender for such Competitive Bid Advance pursuant to paragraph (ii) above) to be made by each such Lender as part of such Competitive Bid Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect. The Borrower that requested such Competitive Bid Borrowing shall accept the offers made by any Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(iv) If the Borrower that requested any particular Competitive Bid Borrowing notifies the Administrative Agent that such Competitive Bid Borrowing is canceled pursuant to paragraph
(iii)(x) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(v) If the Borrower that requested any particular Competitive Bid Borrowing accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Administrative Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by such Borrower, (B) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 12:00 noon (New York City time) on the date of such Competitive Bid Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Administrative Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in

Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower that requested such Borrowing at the Administrative Agent's address referred to in Section 8.02. Promptly after each Competitive Bid Borrowing the Administrative Agent will notify each Lender of the amount of the Competitive Bid Borrowing.

(vi) If the Borrower that requested any particular Competitive Bid Borrowing notifies the Administrative Agent that it accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, such notice of acceptance shall be irrevocable and binding on such Borrower. Such Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrowers shall be in compliance with the limitations set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, any Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a Competitive Bid Borrowing shall not be made within three Business Days of the date of any other Competitive Bid Borrowing.

(d) The Borrower to which any particular Competitive Bid Borrowing is made shall repay to the Administrative Agent for the account of each Lender that has made a Competitive Bid Advance, on the maturity date of each Competitive Bid Advance (such maturity date being that specified by such Borrower as the last day of the Interest Period or the maturity date of such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above), the then unpaid principal amount of such Competitive Bid Advance. No Borrower shall have any right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms, specified by such Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above.

(e) The Borrower to which any particular Competitive Bid Borrowing is made shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by

such Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, such Borrower shall pay interest on the amount of unpaid principal of and interest on each Competitive Bid Advance owing to a Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per annum equal at all times to 2% per annum above the rate per annum otherwise required to be paid on such Competitive Bid Advance.

(f) The indebtedness of any Borrower resulting from any Competitive Bid Advance made to such Borrower as part of a Competitive Bid Borrowing shall be evidenced by the Competitive Bid Note of such Borrower payable to the order of the Lender making such Competitive Bid Advance.

(g) Upon delivery of each Notice of Competitive Bid Borrowing, the Borrower that requested the applicable Competitive Bid Borrowing shall pay a non-refundable fee of $1,500 to the Administrative Agent for its own account.

SECTION 2.04. Repayment of Committed Advances. Each Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate outstanding principal amount of the Committed Advances then outstanding.

SECTION 2.05. Termination or Reduction of the WC Commitments. The Parent may, upon at least three Business Days' notice to the Administrative Agent, terminate in whole or reduce in part the unused portion of the WC Commitments; provided, however, that each partial reduction (i) shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and (ii) shall be made ratably among the Lenders in accordance with their WC Commitments.

SECTION 2.06. Prepayments. Each Borrower may, upon notice given not later than 11:00 A.M. (New York City Time) on the Business Day on which such prepayment is to be made, in the case of Base Rate Advances, or on the third Business Day prior to the date on which such prepayment is to be made, in the case of Eurodollar Rate Advances, in each case to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding aggregate principal amount of the Committed Advances comprising part of the same Committed Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) if any prepayment of a Eurodollar Rate Advance is made on a date other than the last day of an Interest Period for such Committed Advance, such Borrower shall also pay any amounts owing pursuant to Section 9.04(c). All prepayments in respect of Eurodollar Rate Advances shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.07. Interest. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the Termination Date.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance plus (B) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(iii) Regulation D Compensation. Each Lender that is subject to reserve requirements of the Board of Governors of the Federal Reserve System (or any successor) may require the applicable Borrower to pay, contemporaneously with each payment of interest on Eurodollar Rate Advances, additional interest on the related Eurodollar Rate Advances of such Lender at the rate per annum equal to the excess of (i)(A) the applicable Eurodollar Rate, divided by (B) one minus the Eurodollar Rate Reserve Requirement over (ii) the rate specified in clause (i)(A). Any Lender wishing to require payment of such additional interest shall so notify such Borrower directly, in which case such additional interest on the Eurodollar Rate Advances of such Lender shall be payable to such Lender at the place indicated in such notice with respect to each Interest Period commencing after the giving of such notice.

(b) Default Interest. Upon the occurrence and during the existence of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, each Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above and at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable under the Loan Documents that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest, on the Type of Advance on which such interest has accrued pursuant to clause (a)(i) or
(a)(ii) above and, in all other cases, on Base Rate Advances pursuant to clause (a)(i) above.

(c) Notice of Interest Period and Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), a notice of Conversion pursuant to Section 2.09 or a notice of selection of an Interest Period pursuant to the terms of the definition

of "Interest Period", the Administrative Agent shall give notice to the Borrowers and each Lender of the applicable Interest Period and the applicable interest rate determined by the Administrative Agent for purposes of clause (a)(i) or (a)(ii) above.

SECTION 2.08. Fees. (a) Facility Fee. The Borrowers agree to pay to the Administrative Agent for the account of the Lenders a facility fee, from the Effective Date until the Termination Date, payable in arrears quarterly on the last day of each March, June, September and December, commencing on June 30, 2000, and on the Termination Date, at the rate of the Applicable Facility Fee Percentage on the average daily WC Commitment of each Lender during such quarter (whether used or unused); provided, however, that no facility fee shall accrue on the Unused WC Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b) Agents' Fees. Each Borrower agrees that it shall pay to each Agent for its own account such fees as may from time to time be agreed between such Borrower and such Agent.

SECTION 2.09. Conversion of Advances. (a) Optional. Each Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.10, Convert all or any portion of the Committed Advances of one Type comprising the same Committed Borrowing into Committed Advances of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.01 for a Committed Borrowing, no Conversion of any Committed Advances shall result in more separate Committed Borrowings than permitted under Section 2.02(b) and each Conversion of Committed Advances comprising part of the same Committed Borrowing shall be made ratably among the Lenders in accordance with their respective WC Commitments. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Committed Advances to be Converted and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for such Committed Advances. Each notice of Conversion shall be irrevocable and binding on such Borrower.

(b) Mandatory. (i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Committed Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $10,000,000, such Committed Advances shall automatically Convert into Base Rate Advances at the end of the applicable Interest Period.

(ii) If the Borrowers shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrowers and the Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance.

(iii) Upon the occurrence and during the existence of an Event of Default under Section 6.01(a) or 6.01(f) or at the request of the Required Lenders during the existence of any other Event of Default, (x) each Eurodollar Rate Advance will automatically, on the last day

of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.10. Increased Costs, Etc. (a) If, due to either
(i) the introduction of or any change in or in the interpretation of, in each case after the date hereof, any law or regulation or (ii) the compliance with any guideline or request issued after the date hereof from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances or LIBO Rate Advances (excluding, for purposes of this Section 2.10, any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.12 shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrowers agree to pay, from time to time, within five days after demand by such Lender (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrowers by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation, in each case after the date hereof, or (ii) the compliance with any guideline or request issued after the date hereof from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the amount of capital required or expected to be maintained by any Lender or any corporation controlling such Lender as a result of or based upon the existence of such Lender's commitment to lend hereunder and other commitments of such type, then, within five days after demand by such Lender or such corporation (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, the Borrowers agree to pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend. A certificate as to such amounts submitted to the Borrowers by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) If, prior to the first day of any Interest Period with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for such Interest Period for such Committed Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon each such Eurodollar Rate Advance will (i) in the case of requested new Eurodollar Rate Advances, be made as or remain Base Rate Advances or as a Eurodollar Rate Advance with a different Interest Period as to which the Required Lenders have

not given such a notice and (ii) in the case of existing Eurodollar Rate Advances, automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances or be continued as a Eurodollar Rate Advance with a different Interest Period as to which the Required Lenders have not given such notice.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation, in each case after the date hereof, shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or LIBO Rate Advances or to continue to fund or maintain Eurodollar Rate Advances or LIBO Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrowers through the Administrative Agent,
(i) each Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, of such Lender will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in
Section 2.07(a)(i), as the case may be, and (ii) the obligation of such Lender to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Committed Advances into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrowers that such Lender has determined that the circumstances causing such suspension no longer exist (it being understood that such Lender shall make and maintain Base Rate Advances in the amount that would otherwise be made and maintained by such Lender as Eurodollar Advances absent the circumstances described above).

(e) Each Lender shall promptly notify the Borrowers and the Administrative Agent of any event of which it has actual knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's good faith judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by the Borrowers to pay any amount pursuant to subsection (a) or (b) above or pursuant to Section 2.12 or (ii) the occurrence of any circumstances of the nature described in subsection (c) or (d) above (and, if any Lender has given notice of any event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Borrowers and the Administrative Agent). Without limiting the foregoing, each Lender will designate a different Applicable Lending Office if such designation will avoid (or reduce the cost to the Borrowers of) any event described in clause (i) or (ii) of the preceding sentence and such designation will not, in such Lender's good faith judgment, be otherwise disadvantageous to such Lender.

(f) Notwithstanding the provisions of subsections (a) and
(b) above or Section 2.12 (and without limiting subsection (e) above), if any Lender fails to notify the Borrowers of any event or circumstance that will entitle such Lender to compensation pursuant subsection (a) or (b) above or Section 2.12 within 120 days after such Lender obtains actual knowledge of such event or circumstance, then such Lender shall not be entitled to compensation, from the Borrowers for any amount arising prior to the date which is 120 days before the date on which such Lender notifies the Borrowers of such event or circumstance.

SECTION 2.11. Payments and Computations. (a) The applicable Borrower shall make each payment hereunder and under the applicable Notes, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.15), not later than 12:00 noon (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the

Administrative Agent's Account in same day funds, with payments being received by the Administrative Agent after such time being deemed to have been received on the next succeeding Business Day. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by such Borrower is in respect of principal, interest, facility fees or any other amount then payable hereunder and under the Notes to more than one Lender, to such Lenders for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective amount then payable to such Lenders and (ii) if such payment by such Borrower is in respect of any amount then payable hereunder to one Lender, to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(b) Each Borrower hereby authorizes each Lender, if an Event of Default under Section 6.01(a) has occurred and is continuing, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount owing under this Agreement that resulted in such Event of Default.

(c) All computations of interest on Base Rate Advances (and any other amount payable by reference to the Base Rate) when the Base Rate is determined by reference to MGT's prime rate shall be made by the Administrative Agent on the basis of a year of 365 or, if applicable, 366 days; all other computations of interest and fees shall be made by the Administrative Agent on the basis of a year of 360 days. All such computations shall be made for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances or LIBO Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from any Borrower required to make any payment prior to the date on which any payment is due to any Lender hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Administrative Agent, each such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.12. Taxes. (a) Any and all payments by any Loan Party hereunder or under the Notes shall be made, in accordance with Section 2.11, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and each Agent, taxes that are imposed on its overall net income by the United States and taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender or such Agent, as the case may be, is organized or any political subdivision thereof and, in the case of each Lender, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being herein referred to as "Taxes"). If any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or any Agent,
(i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Loan Party and the Administrative Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make all such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Loan Party shall pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Agreement or the Notes (herein referred to as "Other Taxes").

(c) Each Loan Party shall indemnify each Lender and each Agent for and hold them harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.12, imposed on or paid by such Lender or such Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification payment shall be made within 30 days from the date such Lender or such Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, each Loan Party shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder or under the Notes by or on behalf of a Loan Party through an account or branch outside the United States or by or on behalf of a Loan Party by a payor that is not a United States person, if such Loan Party determines that no Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.12, the terms "United States" and "United States person" shall have the meanings specified in Section 7701(a)(9) and 7701(a)(10) of the Internal Revenue Code, respectively.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender, and on the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Parent (but only so long thereafter as such Lender remains lawfully able to do so), provide each of the Administrative Agent and the Parent with two original Internal Revenue Service forms W-8BEN or W-8ECI or (in the case of a Lender that has certified in writing to the Administrative Agent that it is not a "bank" as defined in Section 881(c)(3)(A) of the Internal Revenue Code) form W-8 (and, if such Lender delivers a form W-8, a certificate representing that such Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Parent and is not a controlled foreign corporation related to the Parent (within the meaning of Section 864(d)(4) of the Internal Revenue Code)), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes or, in the case of a Lender providing a form W-8, certifying that such Lender is a foreign corporation, partnership, estate or trust. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that if, at the effective date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) of this Section 2.12 in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includible in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN,W-8ECI or W-8 (and the related certificate described above), that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Parent and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender which may lawfully do so has failed to provide the Parent with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under subsection (a) or (c) of this Section 2.12 with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Parent shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(g) Each Lender represents and warrants to the Borrowers that, as of the date such Lender becomes a party to this Agreement, such Lender is entitled to receive payments hereunder from the Borrowers without deduction or withholding for or on account of any Taxes.

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to Section 9.07) (a) on account of obligations due and payable to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such obligations due and payable to such Lender at such time to (ii) the aggregate amount of the obligations due and payable to all Lenders hereunder and under the Notes at such time) of payments on account of the obligations due and payable to all Lenders hereunder and under the Notes at such time obtained by all the Lenders at such time or (b) on account of obligations owing (but not due and payable) to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such obligations owing to such Lender at such time to (ii) the aggregate amount of the obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time) of payments on account of the obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the purchase price paid to such Lender to (ii) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing an interest or participating interest from another Lender pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest or participating interest, as the case may be, as fully as if such Lender were the direct creditor of such Borrower in the amount of such interest or participating interest, as the case may be.

SECTION 2.14. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) to provide working capital, and for other general corporate purposes of the Borrowers and their respective Subsidiaries.

SECTION 2.15. Defaulting Lenders. (a) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to any Borrower and (iii) such Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower may, to the fullest extent permitted by applicable law, set off and otherwise apply the obligation of such Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted

Advance. In the event that, on any date, any Borrower shall so set off and otherwise apply its obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by such Borrower shall constitute for all purposes of this Agreement and the other Loan Documents a Committed Advance by such Defaulting Lender made on the date of such setoff. Such Committed Advance shall be considered, for all purposes of this Agreement, to comprise part of the Committed Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Committed Advances comprising such Committed Borrowing shall be Eurodollar Rate Advances on the date such Committed Advance is deemed to be made pursuant to this subsection (a). Each Borrower shall notify the Administrative Agent at any time such Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by such Borrower to or for the account of such Defaulting Lender which is paid by such Borrower, after giving effect to the amount set off and otherwise applied by such Borrower pursuant to this subsection (a), shall be applied by the Administrative Agent as specified in subsection (b) or (c) of this Section 2.15.

(b) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to any Agent or any of the other Lenders and (iii) any Borrower shall make any payment hereunder or under any other Loan Document to the Administrative Agent for the account of such Defaulting Lender, then the Administrative Agent may, on its behalf or on behalf of such other Agents or such other Lenders and to the fullest extent permitted by applicable law, apply at such time the amount so paid by such Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Administrative Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Administrative Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Administrative Agent shall be retained by the Administrative Agent or distributed by the Administrative Agent to such other Agents or such other Lenders, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Administrative Agent, such other Agents and such other Lenders and, if the amount of such payment made by such Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Administrative Agent, such other Agents and such other Lenders, in the following order of priority:

(i) first, to the Agents for any Defaulted Amounts then owing to the Agents, ratably in accordance with such respective Defaulted Amounts then owing to the Agents; and

(ii) second, to any other Lenders for any Defaulted Amounts then owing to such other Lenders, ratably in accordance with such respective Defaulted Amounts then owing to such other Lenders.

Any portion of such amount paid by such Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Administrative Agent pursuant to this subsection (b), shall be applied by the Administrative Agent as specified in subsection (c) of this Section 2.15.

(c) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) any Borrower, any Agent or any other Lender shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower or such Agent or such other Lender shall pay such amount to the Administrative Agent to be held by the Administrative Agent, to the fullest extent permitted by applicable law, in escrow or the Administrative Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Administrative Agent in escrow under this subsection (c) shall be deposited by the Administrative Agent in an account with MGT, in the name and under the control of the Administrative Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be MGT's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Administrative Agent in escrow under, and applied by the Administrative Agent from time to time in accordance with the provisions of, this subsection (c). The Administrative Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Administrative Agent or any other Lender, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Agents for any amounts then due and payable by such Defaulting Lender to the Agents hereunder, ratably in accordance with such amounts then due and payable to the Agents;

(ii) second, to any other Lenders for any amount then due and payable by such Defaulting Lender to such other Lenders hereunder, ratably in accordance with such respective amounts then due and payable to such other Lenders; and

(iii) third, to such Borrower for any Advance then required to be made by such Defaulting Lender pursuant to the Commitment of such Defaulting Lender.

In the event that any Lender that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Administrative Agent in escrow at such time with respect to such Lender shall be distributed by the Administrative Agent to such Lender and applied by such Lender to the obligations owing to such Lender at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.15 are in addition to other rights and remedies that such Borrower may have against such Defaulting Lender with respect to any Defaulted Advance and that any Agent or any Lender may have against such Defaulting Lender with respect to any Defaulted Amount.

SECTION 2.16. Replacement of Affected Lender. At any time any Lender is an Affected Lender, the Borrowers may replace such Affected Lender as a party to this Agreement with one or more other Lenders and/or Assignees, and upon notice from the Borrowers such Affected Lender shall assign, and without recourse or warranty, its WC Commitment, its Committed Advances, its Committed Note and all of its other rights and obligations hereunder to such other Lenders and/or Assignees for a purchase price equal to the sum of the principal amount of the Committed Advances so assigned, all accrued and unpaid interest thereon, such Affected Lender's ratable share of all accrued and unpaid fees payable pursuant to Section 2.08, any amounts payable pursuant to Section 9.04(c) as a result of such Affected Lender receiving payment of any Eurodollar Rate Advance prior to the end of an Interest Period therefor (assuming for such purpose that receipt of payment pursuant to such Assignment and Acceptance constitutes payment of such Eurodollar Rate Advances) and all other obligations owed to such Affected Lender hereunder.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Effectiveness. This Amended Agreement shall not become effective, and no Lender shall be obligated to make any Advance, until each of the following conditions precedent is satisfied:

(i) The Administrative Agent shall have received counterparts of this Amended Agreement duly executed by each of the parties listed on the signature pages hereof (or in the case of any party as to which such an executed counterpart shall not have been received, the Administrative Agent shall have received evidence satisfactory to it of the execution and delivery of a counterpart hereof by such party).

(ii) The Administrative Agent shall have received the following in form and substance reasonably satisfactory to the Administrative Agent (unless otherwise specified) and (except for the Committed Notes) in sufficient copies for each Lender:

(A) The Committed Notes payable to the order of the Lenders.

(B) Certified copies of the resolutions of the Board of Directors of each Loan Party approving the transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party.

(C) A copy of a certificate of the Secretary of State or other appropriate official of the jurisdiction of incorporation of (x) each of ACE INA and ACE Guaranty, dated reasonably near the date of the Initial Extension of Credit, certifying (A) as to a true and correct copy of its charter and each amendment thereto on file in such Secretary's office and (B) that (1) such amendments are the only amendments to its charter on file in such Secretary's office, (2) it has paid all franchise taxes to the date of such certificate and (C) it is duly incorporated and in good standing or presently subsisting under the laws of the State of the jurisdiction of its incorporation and (y) each other Loan Party, dated reasonably near the Initial Extension of Credit, certifying as to the good standing (or existence) of such Loan Party.

(D) A certificate of each Loan Party, signed on behalf of such Loan Party by its President or a Vice President and its Secretary or any Assistant Secretary, dated the date of the Initial Extension of Credit (the statements made in which certificate shall be true on and as of the date of the Initial Extension of Credit), certifying as to (1) in the case of each of ACE INA and ACE Guaranty, the absence of any amendments to the charter of such Loan Party since the date of the Secretary of State's certificate referred to in Section 3.01(ii)(C), (2) a true and correct copy of the bylaws (in the case of ACE INA and ACE Guaranty) or the constitutional documents (in the case of each other Loan Party) of such Loan Party as in effect on the date on which the resolutions referred to in Section 3.01(ii)(B) were adopted and on the date of the Initial Extension of Credit, (3) the due incorporation and good standing or valid existence of such Loan Party as a corporation organized under the laws of the jurisdiction of its incorporation, and the absence of any proceeding for the dissolution or liquidation of such Loan Party, (4) the truth of the representations and warranties contained in the Loan Documents as though made on and as of the date of the Initial Extension of Credit and (5) the absence of any event occurring and continuing, or resulting from the Initial Extension of Credit, that constitutes a Default.

(E) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign each Loan Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(F) A favorable opinion of (1) Maples and Calder, Cayman Islands counsel for the Parent, in substantially the form of Exhibit D-1 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request, (2) Mayer, Brown & Platt, New York counsel for the Loan Parties, in substantially the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request, (3) Conyers Dill & Pearman, Bermuda counsel for ACE Bermuda and Tempest, in substantially the form of Exhibit D-3 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request and (4) Hogan & Hartson, Maryland counsel for ACE Guaranty, in substantially the form of

Exhibit D-4 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(iii) There shall have occurred no material adverse change since December 31, 1999 in the business, financial condition, operations or properties of the Parent and its Subsidiaries, taken as a whole.

(iv) There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (x) could be reasonably expected to have a Material Adverse Effect or (y) would reasonably be expected to materially adversely affect the legality, validity or enforceability of any Loan Document or the other transactions contemplated by the Loan Documents.

(v) The Borrowers shall have paid all accrued fees of the Agents and the Lenders and all accrued expenses of the Agents (including the accrued fees and expenses of counsel to the Administrative Agent and local counsel on behalf of all of the Lenders), in each case to the extent then due and payable.

On the Effective Date the Existing Agreement will be automatically amended and restated in its entirety to read as set forth in this Amended Agreement. On and after the Effective Date the rights and obligations of the parties hereto shall be governed by this Amended Agreement; provided the rights and obligations of the parties hereto with respect to the period prior to the Effective Date shall continue to be governed by the provisions of the Existing Agreement. On the Effective Date, any Lender whose WC Commitment is changed to zero shall cease to be a Lender party to this Agreement and all accrued fees and other amounts payable under this Agreement for the account of such Lender shall be due and payable on such date; provided that the provisions of Section 2.10, 2.12 and 9.04 of this Agreement shall continue to inure to the benefit of each such Lender. The Notes delivered to each Lender under the Existing Agreement shall be canceled and Notes under this Amended Agreement shall be given in substitution therefor. Each Lender shall promptly after the Effective Date deliver to the Borrowers for cancellation the Notes delivered to such Lender under the Existing Agreement. The Agent shall promptly notify the Borrowers and each Lender of the effectiveness of the Amended Agreement, and such notice shall be conclusive and binding on all parties hereto.

The Banks that are parties to the Existing 2,050 Million Credit Facility, comprising the "Required Banks" as defined therein, and ACE INA (the "Borrower" as defined under the Existing 2,050 Million Credit Facility), Parent, ACE Bermuda and Tempest (Parent, ACE Bermuda and Tempest, the "Guarantors" as defined under the Existing 2,050 Million Credit Facility, and along with ACE INA, the "2,050 Million Obligors") agree that the commitments under the Existing 2,050 Million Credit Facility shall terminate in their entirety simultaneously with and subject to the effectiveness of this Agreement and that the 2,050 Million Obligors shall be obligated to pay on the Effective Date all principal amounts outstanding thereunder, together with all accrued interest and fees and all other amounts then payable thereunder to but excluding the Effective Date.

SECTION 3.02. Conditions Precedent to Each Committed Borrowing. The obligation of each Lender to make a Committed Advance on the occasion of each Committed Borrowing (including the initial Committed Borrowing) shall be subject to the further conditions precedent that on the date of such Committed Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of Committed Borrowing, and the acceptance by the Borrower that requested such Committed Borrowing of the proceeds of such Committed Borrowing shall constitute a representation and warranty by such Borrower that both on the date of such notice and on the date of such Committed Borrowing such statements are true):

(i) the representations and warranties contained in each Loan Document are correct in all material respects on and as of such date, before and after giving effect to such Committed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Committed Borrowing, in which case as of such specific date; and

(ii) no Default has occurred and is continuing, or would result from such Committed Borrowing or the application of the proceeds therefrom;

and (b) the Administrative Agent shall have received such other approvals, opinions or documents as any Lender through the Administrative Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing (including the initial Competitive Bid Borrowing) to make such Competitive Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Administrative Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, and
(ii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower that requested such Competitive Bid Borrowing of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in
Section 4.01 are correct in all material respects on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Competitive Bid Borrowing, in which case as of such specific date, and

(b) no Default has occurred and is continuing, or would result from such Competitive Bid Borrowing or from the application of the proceeds therefrom.

SECTION 3.04. Conditions Precedent for ACE Guaranty. The obligation of each Lender to make any Committed Advance or Competitive Bid Advance to ACE Guaranty shall be

subject to the further condition precedent that on the date of such Advance, and after giving effect thereto, the sum of the aggregate principal amount of all Advances outstanding to ACE Guaranty hereunder shall not exceed $50,000,000.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows (except that ACE Guaranty represents and warrants only as to itself):

(a) Each Loan Party and each of its Subsidiaries (i) is duly organized or formed, validly existing and, to the extent such concept applies, in good standing under the laws of the jurisdiction of its incorporation or formation, (ii) is duly qualified and in good standing as a foreign corporation or other entity in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not be reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, except where the failure to have any license, permit or other approval would not be reasonably likely to have a Material Adverse Effect. All of the outstanding Equity Interests in each Borrower (other than the Parent) have been validly issued, are fully paid and non-assessable and (except for any Preferred Securities issued after the date of this Agreement) are owned, directly or indirectly, by the Parent free and clear of all Liens.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party.

(c) The execution, delivery and performance by each Loan Party of each Loan Document to which it is or is to be a party and the consummation of the transactions contemplated by the Loan Documents, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not
(i) contravene such Loan Party's constitutional documents, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree,

determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which could be reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of any Loan Document to which it is or is to be a party or the other transactions contemplated by the Loan Documents, or
(ii) the exercise by any Agent or any Lender of its rights under the Loan Documents, except for the authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect.

(e) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms.

(f) There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) would reasonably be expected to affect the legality, validity or enforceability of any Loan Document or the transactions contemplated by the Loan Documents.

(g) The Consolidated balance sheets of the Parent and its Subsidiaries as at December 31, 1999, and the related Consolidated statements of income and of cash flows of the Parent and its Subsidiaries for the Fiscal Year then ended, accompanied by an unqualified opinion of PricewaterhouseCoopers LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Parent and its Subsidiaries as at such date and the Consolidated results of operations of the Parent and its Subsidiaries for the Fiscal Year ended on such date, all in accordance with generally accepted accounting principles applied on a consistent basis, and, as of the Effective Date and the date of the Initial Extension of Credit, since December 31, 1999, there has been no Material Adverse Change.

(h) No information, exhibit or report furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading as at the date it was dated (or if not dated, so delivered).

(i) Following application of the proceeds of each Advance hereunder, Margin Stock will constitute less than 25% of the value of those assets of any Borrower which are subject to any limitation on sale, pledge or other disposition hereunder.

(j) Neither any Loan Party nor any of its Subsidiaries is an "investment company", or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances nor the application of the proceeds or repayment thereof by any Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(k) Neither any Loan Party nor any of its Subsidiaries is a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that is reasonably likely to have a Material Adverse Effect.

(l) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(m) Except to the extent that any and all events and conditions under clauses (i) through (vi) below of this paragraph (m) in the aggregate are not reasonably expected to have a Material Adverse Effect,

(i) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Pension Plan, copies of which have been filed with the Internal Revenue Service, is complete and accurate and fairly presents the funding status of such Pension Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(ii) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(iii) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(iv) With respect to each scheme or arrangement mandated by a government other than the United States (a "Foreign Government Scheme or Arrangement") and with respect to each employee benefit plan that is not subject to United States law maintained or contributed to by any Loan Party or with respect to which any Subsidiary of any Loan Party may have liability under applicable local law (a "Foreign Plan"):

(x) Any employer and employee contributions required by law or by the terms of any Foreign Government Scheme or Arrangement or any Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices.

(y) The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations, as of the date hereof, with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles.

(z) Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities.

(v) To the extent the assets of any Loan Party are or are deemed under applicable law to be "plan assets" within the meaning of Department of Labor Regulation ss. 2510.3-101, the execution, delivery and performance of the Loan Documents and the consummation of the transactions contemplated therein will not result in a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

(vi) During the twelve-consecutive-month period to the date of the execution and delivery of this Agreement and prior to any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA and no minimum funding waiver has been applied for or is in effect with respect to any Pension Plan. No condition exists or event or transaction has occurred or is reasonably expected to occur with respect to any Pension Plan which could result in any Loan Party or any ERISA Affiliate incurring any material liability, fine or penalty.

(n) (i) In the ordinary course of its business, each Borrower reviews the effect of Environmental Laws on the operations and properties of such Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat, and any actual or potential liabilities to third parties and any related costs and expenses). On the basis of this review, each Borrower has reasonably concluded that such associated liabilities and costs, including the costs of compliance with Environmental Laws, are unlikely to have a Material Adverse Effect.

(ii) The operations and properties of each Loan Party and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, except for non-compliances which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries that would reasonably be expected to have a Material Adverse Effect; and there are no Environmental Actions pending or threatened against any Loan Party or its Subsidiaries, and no circumstances exist that could be reasonably likely to form the basis of any such Environmental Action, which (in either case), individually or in the aggregate with all other such pending or threatened actions and circumstances would reasonably be expected to have a Material Adverse Effect.

(o) Each Loan Party and each of its Subsidiaries has filed, has caused to be filed or has been included in all material federal tax returns and all other material tax returns required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except to the extent contested in good faith and by appropriate proceedings (in which case adequate reserves have been established therefor in accordance with GAAP).

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01. Affirmative Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, or any Lender shall have any Commitment hereunder, each Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with Environmental Laws, Environmental Permits, ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful material claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither any Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Parent or such Subsidiary operates (it being understood that the foregoing shall not apply to maintenance of reinsurance or similar matters which shall be solely within the reasonable business judgment of the Parent and its Subsidiaries).

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and franchises; provided, however, that the Parent and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(c) and provided further that neither the Parent nor any of its Subsidiaries shall be required to preserve any right, permit, license, approval, privilege or franchise if the Board of Directors of the Parent or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Parent or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Parent, such Subsidiary or the Lenders.

(e) Visitation Rights. At any reasonable time and from time to time upon prior notice, permit the Agents (upon request made by any Agent or any Lender), or any agents or representatives thereof, at the expense (so long as no Default has occurred and is continuing) of such Agents (or such Lender, as the case may be), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with, so long as a representative of the Parent is present, their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Subsidiary sufficient to permit the preparation of financial statements in accordance with GAAP.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates (other than any such transactions between Loan Parties or wholly-owned Subsidiaries of Loan Parties) on terms that are fair and reasonable and no less favorable than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(i) Pari Passu ranking. Each Borrower shall procure that its obligations under the Loan Documents will rank at least pari passu with all its other present and future unsecured and unsubordinated obligations, except for obligations which are mandatorily preferred by law applying to insurance companies generally.

SECTION 5.02. Negative Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid, or any Lender shall have any Commitment hereunder, Parent will not, at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or assign or permit any of its Subsidiaries to assign, any accounts or other right to receive income, except:

(i) Liens created under the Loan Documents or in respect of the Five-Year Credit Facility (provided that all obligations of the Loan Parties under all of the foregoing shall be ratably secured);

(ii) Permitted Liens;

(iii) Liens described on Schedule 5.02(a) hereto;

(iv) purchase money Liens upon or in real property or equipment acquired or held by the Parent or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property or equipment to be subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition or within 180 days following such acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property or equipment being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced;

(v) Liens arising in connection with Capitalized Leases; provided that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(vi) (A) any Lien existing on any asset of any Person at the time such Person becomes a Subsidiary and not created in contemplation of such event, (B) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Parent or any of it Subsidiaries in accordance with Section 5.02(c) and not created in contemplation of such event

and (C) any Lien existing on any asset prior to the acquisition thereof by the Parent or any of its Subsidiaries and not created in contemplation of such acquisition;

(vii) Liens securing obligations under credit default swap transactions determined by reference to, or Contingent Obligations in respect of, Debt issued by the Parent or one of its Subsidiaries; such Debt not to exceed an aggregate principal amount of $550,000,000;

(viii) Liens arising in the ordinary course of its business which (A) do not secure Debt and (B) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(ix) Liens on cash and Approved Investments securing Hedge Agreements arising in the ordinary course of business;

(x) other Liens securing Debt or other obligations outstanding in an aggregate principal or face amount not to exceed at any time 5% of Consolidated Net Worth;

(xi) Liens consisting of deposits made by the Parent or any insurance Subsidiary with any insurance regulatory authority or other statutory Liens or Liens or claims imposed or required by applicable insurance law or regulation against the assets of the Parent or any insurance Subsidiary, in each case in favor of policyholders of the Parent or such insurance Subsidiary or an insurance regulatory authority and in the ordinary course of the Parent's or such insurance Subsidiary's business;

(xii) Liens on Investments and cash balances of the Parent or any insurance Subsidiary (other than capital stock of any Subsidiary) securing obligations of the Parent or any insurance Subsidiary in respect of (i) letters of credit obtained in the ordinary course of business and/or (ii) trust arrangements formed in the ordinary course of business for the benefit of cedents to secure reinsurance recoverables owed to them by the Parent or any insurance Subsidiary;

(xiii) the replacement, extension or renewal of any Lien permitted by clause (iii) or (vi) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount (other than in respect of fees, expenses and premiums, if any) or change in any direct or contingent obligor) of the Debt secured thereby;

(xiv) Liens securing obligations owed by any Loan Party to any other Loan Party or owed by any Subsidiary of the Parent (other than a Loan Party) to the Parent or any other Subsidiary;

(xv) Liens incurred in the ordinary course of business in favor of financial intermediaries and clearing agents pending clearance of payments for

investment or in the nature of set-off, banker's lien or similar rights as to deposit accounts or other funds;

(xvi) judgment or judicial attachment Liens, provided that the enforcement of such Liens is effectively stayed; and

(xvii) Liens arising in connection with Securitization Transactions; provided that the aggregate principal amount of the investment or claim held at any time by all purchasers, assignees or other transferees of (or of interests in) receivables and other rights to payment in all Securitization Transactions shall not exceed U.S.$250,000,000.

(b) Change in Nature of Business. Make any material change in the nature of the business of the Parent and its Subsidiaries, taken as a whole, as carried on at the date hereof.

(c) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Parent may merge into or consolidate with any other Subsidiary of the Parent, provided that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be a wholly owned Subsidiary of the Parent, provided further that, in the case of any such merger or consolidation to which a Borrower is a party, the Person formed by such merger or consolidation shall be such Borrower;

(ii) any Subsidiary of any Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that the Person surviving such merger shall be a wholly owned Subsidiary of such Borrower;

(iii) in connection with any sale or other disposition permitted under Section 5.02(d), any Subsidiary of the Parent may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; and

(iv) the Parent or any other Borrower may merge into or consolidate with any other Person; provided that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be the Parent or such Borrower, as the case may be;

provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default.

(d) Sales, Etc., of Assets. Sell, lease, transfer or otherwise dispose of or permit any other Borrower to sell, lease, transfer or otherwise dispose of, all or

substantially all of its assets (excluding sales of investment securities in the ordinary course of business).

(e) Restricted Payments. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such or issue or sell any Equity Interests or accept any capital contributions, or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Parent or to issue or sell any Equity Interests therein, if in any case referred to above, a Default shall have occurred and be continuing at the time of such action or would result therefrom.

(f) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as permitted by GAAP.

SECTION 5.03. Reporting Requirements. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid or any Lender shall have any Commitment hereunder, the Parent will furnish to the Agents and the Lenders:

(a) Default Notice. As soon as possible and in any event within two days after the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of the chief financial officer of the Parent setting forth details of such Default, event, development or occurrence and the action that the Parent or the applicable Subsidiary has taken and proposes to take with respect thereto.

(b) Annual Financials. (i) As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual Consolidated audit report for such year for the Parent and its Subsidiaries, including therein a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for such Fiscal Year, all reported on in a manner reasonably acceptable to the Securities and Exchange Commission in each case and accompanied by an opinion of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing reasonably acceptable to the Required Lenders, together with (i) a certificate of the Chief Financial Officer or Chief Accounting Officer of the Parent stating that no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken a proposes to take with respect thereto, and (ii) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by the Parent in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Section 5.04.

(ii) As soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the annual Consolidated audit report for such year for each Subsidiary Guarantor and its Subsidiaries, including therein a Consolidated balance sheet of such Subsidiary Guarantor and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of such Subsidiary Guarantor and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion acceptable to the Required Lenders of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing acceptable to the Required Lenders.

(c) Quarterly Financials. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, Consolidated balance sheets of the Parent and its Subsidiaries as of the end of such quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to the absence of footnotes and normal year-end audit adjustments) by the Chief Financial Officer or Chief Accounting Officer of the Parent as having been prepared in accordance with GAAP, together with (i) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken and proposes to take with respect thereto and (ii) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by the Parent in determining compliance with the covenants contained in Section 5.04.

(d) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries of the type described in Section 4.01(f).

(e) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that the Parent sends to its stockholders generally, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(f) ERISA. (i) ERISA Events. Promptly and in any event within 10 days after any Loan Party or any ERISA Affiliate institutes any steps to terminate any Pension Plan or becomes aware of the institution of any steps or any threat by the PBGC to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a lien under section 302(f) of ERISA, or

the taking of any action with respect to a Pension Plan which could result in the requirement that any Loan Party or any ERISA Affiliate furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in any Loan Party or any ERISA Affiliate incurring any material liability, fine or penalty, or any material increase in the contingent liability of any Loan Party or any ERISA Affiliate with respect to any post-retirement Welfare Plan benefit, notice thereof and copies of all documentation relating thereto.

(ii) Plan Annual Reports. Promptly upon request of any Agent or any Lender, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Pension Plan.

(iii) Multiemployer Plan Notices. Promptly and in any event within 15 Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B); provided, however, that such notice and documentation shall not be required to be provided (except at the specific request of any Agent or Lender, in which case such notice and documentation shall be promptly provided following such request) if such condition or event is not reasonably expected to result in any Loan Party or any ERISA Affiliate incurring any material liability, fine, or penalty.

(g) Statutory Statements. As soon as available and in any event within 20 days after submission, each statutory statement of the Loan Parties (or any of them) in the form submitted to The Insurance Division of the Office of Registrar of Companies of Bermuda.

(h) Regulatory Notices, Etc. Promptly after any Responsible Officer of the Parent obtains knowledge thereof, (i) a copy of any notice from the Bermuda Minister of Finance or the Registrar of Companies or any other person of the revocation, the suspension or the placing of any restriction or condition on the registration as an insurer of any Borrower under the Bermuda Insurance Act 1978 (and related regulations) or of the institution of any proceeding or investigation which could result in any such revocation, suspension or placing of such a restriction or condition, (ii) copies of any correspondence by, to or concerning any Loan Party relating to an investigation conducted by the Bermuda Minister of Finance, whether pursuant to Section 132 of the Bermuda Companies Act 1981 (and related regulations) or otherwise and (iii) a copy of any notice of or requesting or otherwise relating to the winding-up or any similar proceeding of or with respect to any Loan Party.

(i) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Agent, or any Lender through the Administrative Agent, may from time to time reasonably request.

SECTION 5.04. Financial Covenants. So long as any Advance or any other obligation of any Loan Party under any Loan Document shall remain unpaid or any Lender shall have any Commitment hereunder, the Parent will:

(a) Adjusted Consolidated Debt to Total Capitalization Ratio. Maintain at all times a ratio of Adjusted Consolidated Debt to Total Capitalization of not more than 0.35 to 1.

(b) Consolidated Net Worth. Maintain at all times Consolidated Net Worth in an amount equal to the sum of (i) $3,600,000,000 plus (ii) 25% of Consolidated Net Income for each fiscal quarter of the Parent ending on and after March 31, 2000 for which such Consolidated Net Income is positive.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) (i) any Borrower shall fail to pay any principal of any Advance when the same shall become due and payable or (ii) any Borrower shall fail to pay any interest on any Advance, or any Loan Party shall fail to make any other payment under any Loan Document, in each case under this clause (ii) within five Business Days after the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 2.14, 5.01(d) (with respect to the Parent) or (e), 5.02 or 5.04; or

(d) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) a Responsible Officer becomes aware of such failure or
(ii) written notice thereof shall have been given to such Loan Party by any Agent or any Lender; or

(e) the Parent or any of its Subsidiaries shall fail to pay any Material Financial Obligation (but excluding Debt outstanding hereunder) of the Parent or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Financial Obligation; or any other event

occur or condition shall exist under any agreement or instrument relating to any such Material Financial Obligation and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Material Financial Obligation or otherwise to cause, or to permit the holder thereof to cause, such Material Financial Obligation to mature; or any such Material Financial Obligation shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Financial Obligation shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party or any Significant Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) any final judgment or order for the payment of money in excess of $100,000,000 shall be rendered against any Loan Party or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) any non-monetary judgment or order shall be rendered against any Loan Party or any of its Subsidiaries that could be reasonably likely to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it (other than as a result of a transaction permitted hereunder), or any such Loan Party shall so state in writing; or

(j) a Change of Control shall occur; or

(k) Any Loan Party or any ERISA Affiliate shall incur or shall be reasonably expected to incur liability in excess of $25,000,000 in the aggregate with respect to any Pension Plan or any Multiemployer Plan in connection with the occurrence of any of the following events or existence of any of the following conditions:

(i) Institution of any steps by any Loan Party, any ERISA Affiliate or any other Person, including, without limitation, the PBGC to terminate a Pension Plan if as a result of such termination a Loan Party or any ERISA Affiliate could be required to make a contribution to such Pension Plan, or could incur a liability or obligation;

(ii) A contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA; or

(iii) Any condition shall exist or event shall occur with respect to a Pension Plan that is reasonably expected to result in any Loan Party or any ERISA Affiliate being required to furnish a bond or security to the PBGC or such Pension Plan, or incurring a liability or obligation.

(l) Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan; or

(m) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Commitments of each Lender and the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and/or (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, (x) the Commitments of each Lender and the obligation of each Lender to make Advances shall automatically be terminated and (y) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers.

ARTICLE VII

THE GUARANTY

SECTION 7.01. The Guaranty. (a) Each Guarantor hereby jointly and severally, unconditionally, absolutely and irrevocably guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of all amounts payable by each of the other Borrowers under the Loan Documents including, without limitation, the principal of and interest on each Note issued by such other Borrowers pursuant to this Agreement. Upon failure by a Borrower to pay punctually any such amount, each other Guarantor agrees to pay forthwith on demand the amount not so paid at the place and in the manner specified in this Agreement.

(b) Each Guarantor (other than the Parent), and by its acceptance of this Guaranty, the Administrative Agent and each other Lender, hereby confirms that it is the intention of all such Persons that this Guaranty and the obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the obligations of each Guarantor (other than the Parent) hereunder. To effectuate the foregoing intention, the Administrative Agent, the other Lenders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor (other than the Parent) under this Article VII at any time shall be limited to the maximum amount as will result in the obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance.

SECTION 7.02. Guaranty Unconditional. The obligations of each Guarantor under this Article VII shall be unconditional, absolute and irrevocable and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of any other obligor under any of the Loan Documents, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to any of the Loan Documents;

(iii) any release, non-perfection or invalidity of any direct or indirect security for any obligation of any other obligor under any of the Loan Documents;

(iv) any change in the corporate existence, structure or ownership of any obligor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any other obligor or its assets or any resulting release or discharge of any obligation of any other obligor contained in any of the Loan Documents;

(v) the existence of any claim, set-off or other rights which any obligor may have at any time against any other obligor, the Administrative Agent, any Lender or any

other corporation or person, whether in connection with any of the Loan Documents or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against any other obligor for any reason of any of the Loan Documents, or any provision of applicable law or regulation purporting to prohibit the payment by any other obligor of the principal of or interest on any Note or any other amount payable under any of the Loan Documents; or

(vii) any other act or omission to act or delay of any kind by any obligor, the Administrative Agent, any Lender or any other corporation or person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to a Guarantor's obligations under this Article VII.

SECTION 7.03. Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances. Each Guarantor's obligations under this Article VII shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Notes and all other amounts payable by the other Borrowers under the Loan Documents shall have been paid in full. If at any time any payment of the principal of or interest on any Note or any other amount payable by a Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Borrower or otherwise, each Guarantor's obligations under this Article VII with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

SECTION 7.04. Waiver by the Guarantors. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any corporation or person against any other obligor or any other corporation or person.

SECTION 7.05. Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Borrower, any other Loan Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under or in respect of this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Lender against any other Borrower, any other Loan Party or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any other Borrower, any other Loan Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all amounts payable under this Guaranty shall have been paid in full in cash, and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of all amounts payable under this Guaranty, and (b) the Termination Date, such amount shall be received and held in trust for the benefit of the Lenders, shall be segregated from other property and funds of

such Guarantor and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to all amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as collateral for any amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall make payment to any Lender of all or any amounts payable under this Guaranty, (ii) all amounts payable under this Guaranty shall have been paid in full in cash, and (iii) the Termination Date shall have occurred, the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the obligations resulting from such payment made by such Guarantor pursuant to this Guaranty.

SECTION 7.06. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Borrower under any of the Loan Documents is stayed upon the insolvency, bankruptcy or reorganization of such Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless by payable by the Guarantors under this Article VII forthwith on demand by the Administrative Agent made at the request of the requisite proportion of the Lenders.

SECTION 7.07. Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of all amounts payable under this Guaranty and (ii) the Termination Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07.

ARTICLE VIII

THE AGENTS

SECTION 8.01. Authorization and Action. Each Lender (in its capacity as a Lender) hereby appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders or all the Lenders where unanimity is required, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that

no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law. Each Agent agrees to give to each Lender prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

SECTION 8.02. Agents' Reliance, Etc. Neither any Agent nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent: (a) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party; (d) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (e) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram or telecopy) reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. MGT and Affiliates. With respect to its WC Commitments, the Committed Advances made by it and the Committed Notes issued to it, MGT shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include MGT in its individual capacity. MGT and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person that may do business with or own securities of any Loan Party or any such Subsidiary, all as if MGT were not Agent and without any duty to account therefor to the Lenders.

SECTION 8.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on the financial statements referred to in
Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrowers) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent under the Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under
Section 9.04, to the extent that such Agent is not promptly reimbursed for such costs and expenses by the Borrowers.

(b) For purposes of this Section 8.05, the Lenders' respective ratable shares of any amount shall be determined, at any time, according to the sum of (i) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders and (ii) their respective Unused WC Commitments at such time. The failure of any Lender to reimburse any Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 8.06. Successor Agents. Any Agent may resign at any time by giving written notice thereof to the Lenders and the Parent and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, subject (so long as no Event of Default exists) to the consent of the Parent (which consent shall not be unreasonably withheld). If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least $250,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. If within 45 days after written notice is given of the retiring Agent's resignation or removal under this
Section 8.06 no successor Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Agent's resignation or removal shall become effective, (ii) the retiring Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent as

provided above. After any retiring Agent's resignation or removal hereunder as Agent shall have become effective, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes or any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders (and, in the case of an amendment, the Parent), and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders (other than any Lender that is, at such time, a Defaulting Lender), do any of the following at any time: (i) waive any of the conditions specified in Section 3.01 or, in the case of the Initial Extension of Credit, Section 3.02 or 3.03, as applicable, (ii) change the number of Lenders or the percentage of (x) the WC Commitments or (y) the aggregate unpaid principal amount of the Advances that, in each case, shall be required for the Lenders or any of them to take any action hereunder,
(iii) reduce or limit the obligations of any Guarantor under Article VII or release such Guarantor or otherwise limit such Guarantor's liability with respect to the obligations owing to the Agents and the Lenders, (iv) amend this Section 9.01 or any of the definitions herein that would have such effect, (v) increase the WC Commitments of the Lenders or subject the Lenders to any additional obligations, (vi) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder,
(vii) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (viii) extend the Termination Date (it being understood that an extension of the Termination Date pursuant to Section 2.01(b) is not an amendment subject to this Section 9.01) or (ix) limit the liability of any Loan Party under any of the Loan Documents; provided further that no amendment, waiver or consent shall, unless in writing and signed by an Agent in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or the other Loan Documents.

SECTION 9.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic or telecopy communication) and mailed, telegraphed, telecopied or delivered, if to any Borrower, at its address set forth below on the signature pages hereof; if to any Lender, the address for notices specified in its Administrative Questionnaire; and if to the Administrative Agent, at its address at 500 Stanton Christiana Road, Newark, Delaware 19713, Attention: Bill Wood; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed or telecopied, be effective when deposited in the mails, delivered to the telegraph company or transmitted by telecopier, respectively, except that notices and communications to any Agent pursuant to Article II, III or VIII shall not be effective until received by such Agent. Manual delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit

hereto to be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Borrowers agree to pay on demand (i) all reasonable costs and expenses of the Agents in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of a single counsel for the Agents with respect thereto, with respect to advising the Agents as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all reasonable costs and expenses of each Agent and each Lender in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent and each Lender with respect thereto).

(b) The Borrowers agree to indemnify and hold harmless each Agent, each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) this Agreement, the actual or proposed use of the proceeds of the Advances, the Loan Documents or any of the transactions contemplated thereby, including, without limitation, any acquisition or proposed acquisition by any Borrower or any of its Subsidiaries or Affiliates, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated by the Loan Documents are consummated. Each of the Borrowers also agrees not to assert any claim against any Agent, any Lender or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or

punitive damages arising out of or otherwise relating to the credit facilities provided hereunder, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated by the Loan Documents.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or LIBO Rate Advance is made by any Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.06, 2.09(b)(i) or 2.10(d), acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or if any Borrower fails to make any payment or prepayment of an Advance for which a notice of prepayment has been given or that is otherwise required to be made, whether pursuant to Section 2.04, 2.06 or 6.01 or otherwise, the Borrowers agree, within 10 days after demand by such Lender (with a copy of such demand to the Administrative Agent), which demand shall include a calculation in reasonable detail of the amount demanded, to pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion or such failure to pay or prepay, as the case may be, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrowers contained in Sections 2.10 and 2.12 and this Section 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 9.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Agent and each Lender agrees promptly to notify each Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

SECTION 9.06. Successors; Participations and Assignments.
(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Borrower may assign or otherwise transfer any

of its rights or obligations under this Agreement without the prior written consent of all the Lenders.

(b) Any Lender may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its WC Commitment or any or all of its Advances. If a Lender grants any such participating interest to a Participant, whether or not upon notice to the Borrowers and the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrowers hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement described in clauses (i)-(ix) of Section 9.01 without the consent of the Participant. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Section's 2.10, 2.12 and 9.04(c) and with respect to its participating interest. An assignment or other transfer which is not permitted by Section 9.06(c) or 9.06(d) shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection.

(c) Any Lender may at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part (equivalent to an initial Commitment of not less than $10,000,000) of all, of its rights and obligations under this Agreement and its Note, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement substantially in the form of Exhibit C hereto signed by such Assignee and such transferor Lender, with (and subject to) the subscribed consent of the Parent and the Administrative Agent (which shall not be unreasonably withheld or delayed); provided that
(i) if an Assignee is an affiliate of such transferor Lender or was a Lender immediately before such assignment, no such consent shall be required, (ii) such assignment may, but need not, include rights of the transferor Lender in respect of outstanding Competitive Bid Advances, (iii) no such consent of the Parent shall be required if at the time an Event of Default exists, (iv) such consent shall be deemed to have been given by the Parent or the Administrative Agent, as the case may be, if it shall not have responded to a written request for consent within five Business Days of its receipt thereof, (v) neither the Parent nor any of its Subsidiaries or Affiliates may be an Assignee and (vi) such assignment shall be accompanied by a ratably equivalent assignment of the rights and obligations of the transferor Lender (and its affiliates) under the Five-Year Credit Facility. When such instrument has been signed and delivered by the parties thereto and such Assignee has paid to such transferor Lender the purchase price agreed between them, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a WC Commitment as set forth in such instrument of assumption, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection, the transferor Lender, the Administrative Agent and the Borrowers shall make appropriate arrangements so that, if required, new Notes are issued to the Assignee. In connection with any such assignment,

the transferor Lender shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of $2,500. If the Assignee is not incorporated under the laws of the United States or a State thereof, it shall deliver to the Borrowers and the Administrative Agent certification as to exemption from deduction or withholding of United States federal income taxes in accordance with Section 2.12(e).

(d) Any Lender may at any time assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank. No such assignment shall release the transferor Lender from its obligations hereunder.

(e) No Assignee, Participant or other transferee of any Lender's rights shall be entitled to receive any greater payment under Section 2.10 or 2.12 than such Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 2.10 requiring such Lender to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 9.07. Designated Lenders. (a) Subject to the provisions of this subsection (a), any Lender may at any time designate an Eligible Designee to provide all or a portion of the Committed Advances and Competitive Bid Advances to be made by such Lender pursuant to this Agreement; provided that such designation shall not be effective unless the Parent and the Administrative Agent consent thereto (which consents shall not be unreasonably withheld). When a Lender and its Eligible Designee shall have signed an agreement substantially in the form of Exhibit E hereto (a "Designation Agreement") and the Parent and the Administrative Agent shall have signed their respective consents thereto, such Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit such Designated Lender to provide all or a portion of the Committed Advances and Competitive Bid Advances to be made by such Designating Lender pursuant to Section 2.01 or 2.03, and the making of such Advances or portion thereof shall satisfy the obligation of the Designating Lender to the same extent, and as if, such Advances or portion thereof were made by the Designating Lender. As to any Advances or portion thereof made by it, each Designated Lender shall have all the rights that a Lender making such Advances or portion thereof would have had under this Agreement and otherwise; provided that (x) its voting rights under this Agreement shall be exercised solely by its Designating Lender and (y) its Designating Lender shall remain solely responsible to the other parties hereto for the performance of such Designated Lender's obligations under this Agreement, including its obligations in respect of the Advances or portion thereof made by it. No additional Note shall be required to evidence the Advances or portion thereof made by a Designated Lender; and the Designating Lender shall be deemed to hold its Notes as agent for its Designated Lender to the extent of the Advances or portion thereof funded by such Designated Lender. Each Designating Lender shall act as administrative agent for its Designated Lender and give and receive notices and other communications on its behalf. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and neither the Borrower nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may, with notice to (but without the prior written consent of) the Parent and

the Administrative Agent, (i) assign all or portions of its interest in any Advances to its Designating Lender or to any financial institutions consented to by the Parent and the Administrative Agent that provide liquidity and/or credit facilities to or for the account of such Designated Lender to support the funding of Advances or portions thereof made by it and (ii) disclose on a confidential basis any non-public information relating to its Advances or portions thereof to any rating agency, commercial paper dealer or provider of any guarantee, surety, credit or liquidity enhancement to such Designated Lender.

(b) Each party to this Agreement agrees that it will not institute against, or join any other person in instituting against, any Designated Lender any bankruptcy, insolvency, reorganization or other similar proceeding under any federal or state bankruptcy or similar law, for one year and a day after all outstanding senior indebtedness of such Designated Lender is paid in full. The Designating Lender for each Designated Lender agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This subsection (b) shall survive the termination of this Agreement.

SECTION 9.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 9.09. Confidentiality. Neither any Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Parent, other than (a) to such Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Assignees and Participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) as requested or required by any state, Federal or foreign authority or examiner regulating such Lender and (d) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Loan Parties received by it from such Lender.

SECTION 9.10. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.11. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.12. Waiver of Jury Trial. Each of the Borrowers, the Agents and the Lenders irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of any Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 9.13. Nature of Borrowers' Obligations. Any payment obligation of the Borrowers or the Loan Parties under Section 2.08, 2.10, 2.12 or 9.04 shall be the joint and several obligation of each Borrower or Loan Party, as the case may be; provided that ACE Guaranty shall be liable only for its appropriately allocable share of any such obligation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ACE LIMITED

The Common Seal of ACE Limited was hereunto affixed in the presence of:

/s/ Brian Duperreault

Director

/s/ Christopher Z. Marshall

Chief Financial Officer

ACE BERMUDA INSURANCE LTD.

The Common Seal of ACE Bermuda Insurance Ltd. was hereunto affixed in the presence of:

/s/ Brian Duperreault

Director

/s/ Christopher Z. Marshall

Director

TEMPEST REINSURANCE COMPANY LIMITED

The Common Seal of Tempest Reinsurance Company Limited was hereunto affixed in the presence of:

/s/ Brian Duperreault

Director

/s/ Christopher Z. Marshall

Director

ACE INA HOLDINGS INC.

By:/s/ Christopher Z. Marshall

Title: Director

ACE GUARANTY RE INC.

By:/s/ J.W. Swain

Title: President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Administrative Agent and as Lender

By:/s/ Maria H. Dell'Aquila

Title: Vice President

BANK OF AMERICA, N.A., as Co-Syndication Agent and as Lender

By:/s/ Debra Basler

Title: Vice President

THE CHASE MANHATTAN BANK, as Co-Syndication Agent and as Lender

By:/s/ Donald L. Rands

Title: Vice President

ABN AMRO BANK N.V.

By:/s/ Kevin Hughes

Title: Authorized Signatory

By:/s/ Nick Carter

Title: Authorized Signatory

THE BANK OF NEW YORK

By:/s/ David Trick

Title: Assistant Vice President

BANK ONE, NA

By:/s/ Gretchen Roetzer

Title: Commercial Banking Officer

BARCLAYS BANK PLC

By:/s/ Roger Scott

Title: Insurance Banking Director

CITIBANK, N.A.

By:/s/ Michael Taylor

Title: Vice President

DEUTSCHE BANK AG NEW YORK AND/OR CAYMAN ISLANDS BRANCHES

By:/s/ Clinton M. Johnson

Title: Managing Director

By:/s/ Gary Owen

Title: Director

FIRST UNION NATIONAL BANK

By:/s/ Daniel J. Norton

Title: Vice President

FLEET NATIONAL BANK

By:/s/ Anson Harris

Title: Director

MELLON BANK, N.A.

By:/s/ Karen E. McConomy

Title: Vice President

ROYAL BANK OF CANADA

By:/s/ Vivian Abdelmessih

Title: Senior Manager

THE BANK OF TOKYO-MITSUBISHI, LIMITED

By:/s/ John E. Beckwith

Title: Attorney-In-Fact

BANQUE NATIONALE DE PARIS

By:/s/ Veronique Marcus

Title: Vice President

By:/s/ Laurent Vanderzyppe

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By:/s/ Peter Rasmussen

Title: Vice President

LLOYDS TSB BANK PLC

By:/s/ Windsor R. Davies

Title: Director, Corporate Banking USA

By:/s/ David Rodway

Title: Assistant Director

STATE STREET BANK AND TRUST COMPANY

By:/s/ Edward M. Anderson

Title: Vice President

PRICING SCHEDULE

Each of "Applicable Facility Fee Percentage" and "Applicable Margin" means, for any day, the rate per annum set forth below in the row opposite such term and in the column corresponding to the Pricing Level and Usage that apply on such day:

Pricing Level	Level I	Level II	Level III	Level IV	Level V	Level VI
Applicable Facility Fee Percentage	0.060%	0.070%	0.080%	0.110%	0.135%	0.185%
Applicable Margin						
Usage < 33%	0.140%	0.230%	0.270%	0.390%	0.615%	0.815%
Usage > 33%	0.190%	0.280%	0.370%	0.515%	0.740%	1.065%

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For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

"Level I Pricing" applies on any day on which the Borrower's long-term debt is rated A+ or higher by S&P or A1 or higher by Moody's.

"Level II Pricing" applies on any day on which (i) the Borrower's long-term debt is rated A or higher by S&P or A2 or higher by Moody's and (ii) Level I Pricing does not apply.

"Level III Pricing" applies on any day on which (i) the Borrower's long-term debt is rated A- or higher by S&P or A3 or higher by Moody's and

(ii) neither Level I Pricing nor Level II Pricing applies.

"Level IV Pricing" applies on any day on which (i) the Borrower's long-term debt is rated BBB+ or higher by S&P and/or Baa1 or higher by Moody's and (ii) none of Level I Pricing, Level II Pricing and Level III Pricing applies.

"Level V Pricing" applies on any day on which (i) the Borrower's long-term debt is rated BBB or higher by S&P or Baa2 or higher by Moody's and (ii) none of Level I Pricing, Level II Pricing, Level III Pricing and Level IV Pricing applies.

"Level VI Pricing" applies on any day if no other Pricing Level applies on such day.

"Moody's" means Moody's Investors Service, Inc.

"Pricing Level" refers to the determination of which of Level I, Level II, Level III, Level IV, Level V or Level VI Pricing applies on any day.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

The "Usage" applicable to any date is the percentage equivalent of a fraction the numerator of which is the sum of the aggregate outstanding principal amount of the Advances at such date and the denominator of which is the aggregate amount of the WC Commitments at such date. If for any reason any Advances remain outstanding following the termination of the WC Commitments, Usage will be deemed to be more than 33%.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Parent without third-party credit enhancement, and any rating assigned to any other debt security of the Parent shall be disregarded. The ratings in effect for any day are those in effect at the close of business on such day.

In the case of split ratings from S&P and Moody's, the rating to be used to determine the applicable Pricing Level is the higher of the two (e.g., A+/A2 results in Level I Pricing); provided that if the split is more than one full rating category, the intermediate (or higher of the two intermediate ratings) will be used (e.g. A+/A3 results in Level II Pricing and AA-/A3 results in Level I Pricing); and provided further that unless the Parent's credit ratings qualify for at least Level V Pricing, no better Pricing Level will be applicable.

Commitment Schedule

Lender	Commitment
Morgan Guaranty Trust Company of New York	$57,142,858
Bank of America, N.A.	$57,142,856
The Chase Manhattan Bank	$57,142,856
ABN AMRO Bank N.V.	$45,714,286
The Bank of New York	$45,714,286
Bank One, NA	$45,714,286
Barclays Bank Plc	$45,714,286
Citibank, N.A.	$45,714,286
Deutsche Bank AG New York and/or Cayman Islands Branches	$45,714,286
First Union National Bank	$45,714,286
Fleet National Bank	$45,714,286
Mellon Bank, N.A.	$45,714,286
Royal Bank of Canada	$45,714,286
The Bank of Tokyo-Mitsubishi, Limited	$34,285,714
Banque Nationale de Paris	$34,285,714
Credit Lyonnais New York Branch	$34,285,714
Lloyds TSB Bank Plc	$34,285,714
State Street Bank and Trust Company	$34,285,714
Total	$800,000,000

Exhibit 4.01(b)

ACE Limited Group of Companies
as of March 1, 2000

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE Limited	Cayman Islands	publicly held	Bermuda, holding company
ACE Bermuda Insurance Ltd	Bermuda	100%	Bermuda, Mexico, insurance
Paget Reinsurance International Ltd	Bermuda	100%	Bermuda, reinsurance
ACE Capital Re International Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
ACE KRE Holdings Limited	Barbados	100%	Barbados, investment holding
ACE Capital Re USA Holdings Incorporated	Delaware	100%	Delaware, investment holding
ACE Capital Re Overseas Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
Lenders Residential Asset Company LLC	Delaware	50%	Del/MD/VA mtg. Originator
ACE Capital Mortgage Reinsurance Company (EI# 06-1384770, NAIC# 10021, NY)	New York	100%	New York, mtg. guaranty reinsurance
ACE Capital Title Reinsurance Company (EI# 06-143264, NAIC# 50028, NY)	New York	100%	New York, title guaranty reinsurance
ACE Capital Re Inc.	New York	100%	New York, reinsurance intermediary
Oasis Investments Limited	Bermuda	67%	Bermuda, Investment Holding
ACE Capital Re Managers Ltd	Bermuda	50%	Bermuda, insurance management
ACE Insurance Management Limited	Bermuda	100%	Bermuda, general services
ACE European Markets Reinsurance Limited	Ireland	100%	Ireland, reinsurance
ACE European Markets Insurance Limited	Ireland	100%	Ireland, insurance
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Tripar Partnership	Bermuda	2%	Bermuda, investment holding
Oasis Real Estate Company Ltd	Bermuda	100%	Bermuda, investment holding
Scarborough Property Holdings Ltd	Bermuda	40%	Bermuda, investment holding
Sovereign Risk Insurance Limited	Bermuda	40.5%	Bermuda, insurance agent
Tripar Partnership	Bermuda	98%	Bermuda, investment holding
ACE Realty Holdings Ltd	Bermuda	100%	Bermuda, investment holding
Oasis Personnel Limited	Cayman Islands	100%	Cayman Islands, general services

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
Shipowners Insurance and Guaranty Co. Limited	Bermuda	10% Series A 8% Series B	Bermuda, insurance
Intrepid Re Holdings Limited	Bermuda	100%	Bermuda, holding
Intrepid Re Limited	Bermuda	100%	Bermuda, Reinsurance
ACE Global Markets Limited	United Kingdom	100%	UK, investment holding
ACE Group Holdings Limited	United Kingdom	100%	UK, investment holding
ACE Tarquin (Unlimited)	United Kingdom	100%	UK, investment holding
ACE Capital V Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE (CG) Limited	United Kingdom	100%	UK, investment holding
ACE Underwriting Agencies Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE Trustees Limited	United Kingdom	100%	UK, investment holding
ACE London Group Limited	United Kingdom	100%	UK, investment holding
ACE Capital Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE Capital III Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE Capital IV Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE London Holdings Limited	United Kingdom	100%	UK, investment holding
ACE Capital II Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE London Investments Limited	United Kingdom	100%	UK, investment holding
ACE London Aviation Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE London Underwriting Limited	United Kingdom	100%	UK, Lloyd's managing agent
ACE Underwriting Services Limited	United Kingdom	100%	UK, Lloyd's service company
AGM Underwriting Limited	United Kingdom	100%	_____
ACE London Services Limited	United Kingdom	100%	UK, service company
ACE Capital VI Limited	United Kingdom	100%	UK, Lloyd's corporate member
ACE UK Limited	United Kingdom	77%	UK, investment holding
ACE UK Holdings Limited	United Kingdom	100%	UK, investment holding
ACE (M) Limited	United Kingdom	100%	UK, dormant
ACE (ME) Limited	United Kingdom	100%	UK, dormant
ACE (MI) Limited	United Kingdom	100%	UK, dormant
ACE (MS) Limited	United Kingdom	100%	UK, dormant
ACESYS Limited	United Kingdom	100%	UK, dormant
ACE UK Underwriting Limited	United Kingdom	100%	Lloyd's managing agent
Underwriting Systems Limited	United Kingdom	100%	UK, dormant
ACE (PM) Limited	United Kingdom	100%	UK, investment holding
ACE UK Limited	United Kingdom	23%	UK, investment holding
ACE Services Ltd.	Cayman Islands	100%	Cayman Islands, general services
ACE US Holdings, Inc.	USA (Delaware)	100%	USA, consulting services
ACE Strategic Advisors Inc.	USA (Delaware)	100%	USA, investment holding

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE USA Inc.	USA (Delaware)	100%	USA, investment holding
CRC Creditor Resources Canada Limited	Canada (British Columbia)	60%	Canada, warranties business
Industrial Excess & Surplus Insurance Brokers	USA (California)	100%	USA, dormant
Industrial Underwriters Insurance Co. (EI# 75-6015738, NAIC# 21075, TX)	USA (Texas)	100%	USA, insurance
Rhea International Marketing (L), Inc.	Malaysia	60%	Malaysia, general services
Westchester Fire Insurance Company (EI# 13-5481330, NAIC# 21121, NY)	USA (New York)	100%	USA, insurance
Westchester Surplus Lines Insurance Co. (EI# 58-2139927, NAIC# 10173, GA)	USA (Georgia)	100%	USA, insurance
Westchester Specialty Services, Inc.	USA (Florida)	100%	USA, warranties
Westchester Specialty Insurance Services Inc.	USA (Nevada)	100%	USA, insurance services, brokering, warranties
SCS Net LLC	USA (Delaware)	60%	USA, software development
Ameriguard Corporation	USA (Ohio)	80%	USA, insurance services
WDH Corporation	USA (Ohio)	80%	USA, insurance services
Dimension Services Corporation	USA (Ohio)	80%	USA, warranties
Dimension Holdings Inc.	USA (Ohio)	80%	USA, insurance services
CGA Group Limited	Bermuda	10.71%	Bermuda, investment holding
CGA Investment Management, Inc.	USA (Delaware)	100%	USA, investment
Commercial Guaranty Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Oasis Insurance Services Ltd	Bermuda	100%	Bermuda, general services
Tempest Reinsurance Company Limited	Bermuda	100%	Bermuda, Puerto Rico, reinsurance
Hamilton Services Limited	Bermuda	100%	Bermuda, general services
Oasis Investments Limited	Bermuda	33%	Bermuda, investment holding
Oasis US Inc.	Delaware	100%	USA, general services
St. George Holdings Ltd	Cayman Islands	10.71%	Cayman Islands, investment holding
St. George Investments Ltd.	Cayman Islands	100%	Cayman Islands, investment holding
ACE INA Holdings, Inc.	USA (Delaware)	20%	USA, investment holding
ACE Prime Holdings, Inc.	USA (Delaware)	100%	USA, investment holding
ACE INA Holdings, Inc.	USA (Delaware)	80%	USA, investment holding
ACE Seguros S.A. (Argentina)	Argentina	99.9%	Argentina, Insurance
INA Corporation	USA (Pennsylvania)	100%	USA, investment holding
Tempest Re USA, Inc.	USA (Connecticut)	100%	Connecticut, underwriting manager

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE INA Properties Inc.	USA (Delaware)	100%	USA, holding company
Conference Facilities, Inc.	USA (Pennsylvania)	100%	USA, owns & operates corporate facilities
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%	USA, tax info & 3d party reporting
INA Financial Corporation	USA (Delaware)	100%	USA, investment holding
Brandywine Holdings Corporation	USA (Delaware)	100%	USA, holding company
Brandywine Run-Off Services, Inc.	USA (Delaware)	100%	USA, management company for 1792 company
ASSUREX Development Corporation	USA (Ohio)	11.011%	USA, provides loans to insurance agents
International Surplus Adjusting Services	USA (California)	100%	USA, claims adjusting services
Western Agency Management, Inc.	USA (California)	100%	USA, fire & casualty agent
Cravens, Dargan & Company Pacific Coast	USA (Delaware)	100%	USA, managing general agency
Cravens, Dargan & Company Pacific Coast of Illinois	USA (Illinois)	100%	USA, managing general agency
Century Indemnity Company (EI# 05-6105395, NAIC #20710, PA)	USA (Pennsylvania)	100%	USA, insurance
Century Reinsurance Company (EI# 06-0988117, NAIC #35130, PA)	USA (Pennsylvania)	100%	USA, reinsurance
ACE American Reinsurance Company (EI# 23-1740414, NAIC# 22705, PA)	USA (Pennsylvania)	100%	USA, reinsurance
Brandywine Reinsurance Company S.A.-N.V.	Belgium	100%	Belgium, reinsurance
The 1792 Company	USA (Delaware)	100%	USA, (former underwriting member of New York Insurance Exchange)
Century International Reinsurance Company Ltd.	Bermuda	100%	Bermuda, insurance & reinsurance
Brandywine International Brokers Ltd.	Bermuda	100%	Bermuda, insurance broker
INA Holdings Corporation	USA (Delaware)	100%	USA, holding company
PDCN Legal Management Company, Inc.	USA (Delaware)	100%	USA, in-house law firm Administrator
INA Reinsurance Company, Ltd.	Bermuda	100%	Bermuda, reinsurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE INA Financial Institution Solutions, Inc.	USA (Delaware)	100%	USA, flood plain determination & other services to financial institutions
ESIS, Inc.	USA (California)	100%	USA, markets risk management programs
ACE INA Excess and Surplus Insurance Services, Inc. (GA)	USA (Georgia)	100%	USA, excess & surplus lines broker
ACE INA Excess and Surplus Insurance Services, Inc. (PA)	USA (Pennsylvania)	100%	USA, excess & surplus lines broker
NewMarkets Insurance Agency, Inc.	USA (Delaware)	100%	USA, managing general agency
ACE INA Excess and Surplus Insurance Services, Inc. (CA)	USA (California)	100%	USA, excess & surplus lines broker
ACE INA Excess and Surplus Insurance Services, Inc. (IL)	USA (Illinois)	100%	USA, excess & surplus lines broker
Excess and Surplus Insurance Services, Inc.	USA (Texas)	100%	USA, managing general agency
INAC Corp.	USA (Delaware)	100%	USA, premium finance company
INAC Corp. of California	USA (California)	100%	USA, premium finance company
Global Surety Network, Inc.	USA (Delaware)	100%	USA, management company & underwriting services
Marketdyne International, Inc.	USA (Delaware)	100%	USA, marketing insurance products
ACE INA Railroad Insurance Brokers, Inc.	USA (California)	100%	USA, reinsurance
Recovery Services International, Inc.	USA (Delaware)	100%	USA, subrogation, collection & recovery services
RSI Health Care Recovery Inc.	USA (Delaware)	100%	USA, subrogation, collection & recovery services

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
Indemnity Insurance Company of North America (EI# 06-1016108, NAIC# 43575, PA)	USA (Pennsylvania)	100%	USA, Puerto Rico, USVI, insurance
ACE Indemnity Insurance Company (EI# 92-0040526, NAIC #10030, PA)	USA (Pennsylvania)	100%	USA, insurance
Allied Insurance Company (EI# 23-2021364, NAIC #36528, CA)	USA (California)	100%	USA, insurance
ACE American Insurance Company (EI# 95-2371728, NAIC# 22667, PA)	USA (Pennsylvania)	100%	USA, Korea, Puerto Rico, USVI, Guam, insurance
Pacific Employers Insurance Company (EI# 95-1077060, NAIC# 22748, PA)	USA (Pennsylvania)	100%	USA, USVI, insurance
ACE Insurance Company of Texas (EI# 74-1480965, NAIC #22721, 22920, TX)	USA (Texas)	100%	USA, insurance
Illinois Union Insurance Company (EI#36-2759195, NAIC #27960, IL)	USA (Illinois)	100%	USA, surplus lines insurer
INAMAR Insurance Underwriting Agency, Inc.	USA (New Jersey)	100%	USA, insurance agency
INAMAR Insurance Underwriting Agency of Massachusetts	USA (Massachusetts)	100%	USA, general agency
INAMAR Insurance Underwriting Agency of Texas	USA (Texas)	100%	USA, general agency
INAMAR Insurance Underwriting Agency, Inc. of Ohio	USA (Ohio)	100%	USA, general agency
Insurance Company of North America (EI# 23-0723970, NAIC #22713, PA)	USA (Pennsylvania)	100%	USA, Guam, Northern Mariana Islands, Philippines, Puerto Rico, Taiwan, insurance
Bankers Standard Insurance Company (EI# 75-1320184, NAIC #18279, PA)	USA (Pennsylvania)	100%	USA, insurance
Bankers Standard Fire and Marine Company (EI# 75-6014863, NAIC #20591, PA)	USA (Pennsylvania)	100%	USA, insurance
ACE Property and Casualty Insurance Company	USA (Connecticut)	100%	USA, Puerto Rico, insurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
(EI# 060237820, NAIC #20699, CT)			
ACE Employers Insurance Company (EI# 23-2137343, NAIC #38741, PA)	USA (Pennsylvania)	100%	USA, insurance
ACE Insurance Company of Ohio (EI# 23-1859893, NAIC #22764, OH)	USA (Ohio)	100%	USA, insurance
INA Surplus Insurance Company (EI# 52-1208598, NAIC #42072, PA)	USA (Pennsylvania)	100%	USA, reinsurance
ACE Fire Underwriters Insurance Company (EI# 06-6032187, NAIC #20702, PA)	USA (Pennsylvania)	100%	USA, insurance
Atlantic Employers Insurance Company (EI# 23-2173820, NAIC #38938, NJ)	USA (New Jersey)	100%	USA, insurance
Cover-All Technologies, Inc.	USA (Delaware)	7.41%	USA, develop software products for insurance industry
ALIC, Incorporated	USA (Texas)	100%	USA, general agency & attorney-in-fact for CIGNA Lloyds
ACE American Lloyds Insurance Company (Sponsored Lloyds Association) (EI# 75-1365570, NAIC #18511, TX)	USA (Texas)	100%	USA, Lloyds Association
ACE Insurance Company of Illinois (EI# 36-2709121, NAIC #22691, IL)	USA (Illinois)	100%	USA, insurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE Insurance Company of the Midwest (EI# 06-0884361, NAIC #26417, IN)	USA (Indiana)	100%	USA, insurance
INAPRO, Inc.	USA (Delaware)	100%	USA, insurance management services & underwriting
Reinsurance Solutions International, LLC	USA (Delaware)	50%	USA, reinsurance intermediary
American Adjustment Company, Inc.	USA (Delaware)	100%	USA, run-off of automobile guaranty loans
American Lenders Facilities, Inc.	USA (California)	100%	USA, collection & loan servicing for third parties
ACE INA International Holdings, Ltd.	USA (Delaware)	100%	USA, international insurance & financial holding company
ACE Synergy Insurance Berhad	Malaysia	51%	Malaysia, insurance
ACE Seguradora S.A.	Macau	100%	Macau, insurance
Chilena Consolidata Seguros Generales, S.A.	Chile	.65%	Chile, insurance
INACAN Holdings, Ltd.	Canada	100%	Canada, insurance holding
ACE INA Insurance (Canada)	Canada	100%	Canada, insurance & reinsurance
ACE Insurance Limited (S. Africa)	South Africa	100%	South Africa, insurance
Seguros CIGNA, S.A.	Mexico	99.9%	Mexico, insurance
ACE Insurance Limited (New Zealand)	New Zealand	100%	New Zealand, insurance & reinsurance
Cover Direct, Inc.	USA (Delaware)	100%	Japan, direct marketing service company
Victoria Hall Company Ltd.	Bermuda	20%	Bermuda, investment holding
ACE INA G.B. Holdings, Ltd.	USA (Delaware)	100%	Delaware, UK, insurance holding
Brandywine Reinsurance Co. (UK) Ltd	United Kingdom	100%	UK, reinsurance
ACE INA Services U. K. Limited	United Kingdom	100%	UK, computer services for affiliates
ACE INA UK Retirement Savings Plan	United Kingdom	100%	UK, investment holding
Insurance Company of North America (U.K.) Ltd	United Kingdom	100%	UK, Greece, insurance
INACAP Sociedad Anonima	Nicaragua	100%	Nicaragua, corporation
INACAP Reaseguros, Sociedad Anonima	Nicaragua	100%	Nicaragua, corporation

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
Century Inversiones, S.A.	Panama	100%	Panama, reinsurance administrator
ACE INA de Venezuela Intermediaros de Reaseguros S A	Venezuela	100%	Venezuela, reinsurance intermediary
ARABIA ACE Insurance Co. Limited E C	Bahrain	25%	Saudi Arabia, insurance &reinsurance
ACE Insurance Limited (Australia)	Australia	100%	Australia, Pakistan, Thailand, Solomon Islands, Vanuatu, insurance & reinsurance
ACE Insurance Limited (Singapore)	Singapore	100%	Singapore, insurance
ACE INA Superannuation Pty. Limited	Australia	100%	Australia, corporate trustee for CIGNA Australia superannuation plan
ACE Seguros S.A. (Chile)	Chile	99.13%	Chile, insurance
ACE INA Overseas Insurance Co Ltd	Bermuda	100%	Bermuda, insurance & reinsurance
ACE Insurance (Japan)	Japan	100%	Japan, insurance & reinsurance
ACE INA Marketing Group C.A.	Venezuela	100%	Venezuela, services & direct marketing
ACE INA Overseas Holdings Inc.	USA (Delaware)	100%	Delaware, holding company
ACE Insurance S.A.-N.V.	Belgium	100%	Europe, insurance
ACE Insurance Company (Puerto Rico) (EI# 66-0437305, NAIC #30953, PR)	Puerto Rico	100%	Puerto Rico, insurance
ACE Insurance Limited (Hong Kong)	Hong Kong	100%	Hong Kong, insurance
ACE INA Bermuda Ins Managers Ltd.	Bermuda	100%	Bermuda, management services for non-affiliates
DELPANAMA S.A.	Panama	100%	Panama, holding company
INAMEX S.A.	Mexico	100%	Mexico, reinsurance broker
Maritime General Ins Company Ltd.	Trinidad	8.06%	Trinidad, insurance
AFIA Finance Corporation	USA (Delaware)	100%	Delaware, insurance holding
AFIA Sociedad Anonima	Mexico	100%	Mexico, service company

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
AFIA Venezolana C.A.	Venezuela	100%	Venezuela, inactive claims & settling agent
ACE ICNA - Italy Societa a Responsabilita Limitata	Italy	100%	Italy, legal representative for CIGNA Insurance Company of Europe, S.A.-N.V.
ACE INA Thai Company Limited	Thailand	55%	Thailand, broker, surveyor & claims settling agency
ACE Servicios, S.A. (Argentina)	Argentina	100%	Argentina, insurance holding
ESIS International Asesorias Limitada	Chile	100%	Chile, claims & settling agent
Fire, Equity & General Ins Co. Ltd.	Nigeria	6.25%	Nigeria, insurance
INDI Servicios C. Ltda.	Ecuador	100%	Ecuador, claims & settling agent
Inversiones Continental S.A. de C.V.	Honduras	1.29%	Honduras, insurance holding
P.T. ACE INA Insurance (Indonesia)	Indonesia	53.51%	Indonesia, insurance
RIYAD Insurance Co. Ltd.	Bermuda	80%	Bermuda, insurance
Safire Private Ltd.	Singapore	100%	Singapore, management & computer service bureau
AFIA (INA) Corporation Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated association	60%	Association for international insurance
AFIA (ACE) Corporation Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated association	40%	Association for international insurance
Compania Anonima de Seguros "Avila"	Venezuela	5.6%	Venezuela, insurance
ACE Seguros S.A. (Colombia)	Colombia	85.763%	Colombia, insurance
INAVEN, C.A. "Venezuela"	Venezuela	100%	Venezuela, corporation
La Positiva Co Nacional de Seguros Sociedad Anonima	Peru	10.79%	Peru, insurance
Seguros Azteca, S.A.	Mexico	1.36%	Mexico, insurance & reinsurance
Seguros Comercial America, S.A. de C.V.	Mexico	.031%	Mexico, insurance
Reaseguradora Nuevo Mundo S A	Panama	3.7246%	Panama, reinsurance
Amazonas Co Anonima de Seguros	Ecuador	1.423%	Ecuador, insurance

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
ACE (Barbados) Holdings Limited	Barbados	100%	Barbados, holding company
ACE Financial Services, Inc.	Delaware	100%	Delaware, insurance holding co
Capital Re Financial Products Corporation	Delaware	100%	Del, financial products
Capital RE LLC	Turks & Caicos	100%	Turks & Caicos, holding co
Capital RE (UK) Holdings/ACE (CR) Holdings	United Kingdom	100%	UK & holding co
CRC Capital, Ltd./ACE Capital VII Limited	United Kingdom	100%	UK, Lloyd's capital vehicle
RGB Holdings, Ltd./ACE Holdings Limited	United Kingdom	100%	UK, holding company
C.I. de Rougemont & Co. Ltd./ACE (CIDR) Limited	United Kingdom	100%	UK, Lloyd's agency
RGB Underwriting Services, Ltd./ACE Agencies Limited	United Kingdom	100%	UK, Lloyd's agency
RGB Underwriting Agencies, Ltd./Global Life Services Limited	United Kingdom	100%	UK, Lloyd's agency
ACE Guaranty Re Inc. (EI# 52-1533088, NAIC # 30180, MD)	Maryland	100%	USA, Reinsurer
ACE Risk Assurance Company (EI# 13-4027591, NAIC # 10943, MD)	Maryland	100%	Maryland, reinsurance
ACE Financial Solutions, Inc.	Delaware	100%	Delaware, corporation

Schedule 5.02(a)

1. Liens securing letters of credit issued by Citibank for the account of Cigna Europe in an aggregate stated amount not exceeding $16,000,000 (subject to currency fluctuations).

2. Liens securing letters of credit issued by Citibank for the account of INA(UK) in an aggregate stated amount not exceeding $8,000,000.

3. $70,000,000 of Cigna Overseas Insurance Company investments are pledged to Domestic Pool companies under a Regulation 114 trust.

4. Lien arising under a Subordination Agreement dated as of October 27, 1998 among ACE US Holdings, Inc., ACE Limited and The Chase Manhattan Bank encumbering ACE US Holdings, Inc.'s rights under the Subordinated Loan Agreement dated as of October 27, 1998 among ACE US Holdings, Inc., ACE Bermuda Insurance Ltd. and United States Trust Company of New York, as trustee under the Indenture dated October 27, 1998 of ACE US Holdings, Inc.

5. Liens securing Letter of Credit Facility Agreements dated November 24, 1998 among ACE Limited, ACE Bermuda Insurance, Ltd., certain other financial institutions and Citibank International plc, as Agent and Security Trustee.

EXHIBIT A-1

FORM OF
COMMITTED NOTE

$_____ Dated: _____ __, 2000

FOR VALUE RECEIVED, the undersigned, _____, a _____ corporation (the "Obligor"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the aggregate principal amount of the Committed Advances (as defined below) owing to the Lender by the Obligor pursuant to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein, unless otherwise defined herein, being used herein as therein defined) among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Guaranty Re Inc., as Borrowers, the Initial Lenders, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, payable at such times as are specified in the Credit Agreement.

The Obligor promises to pay interest on the unpaid principal amount of each Committed Advance from the date of such Committed Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Morgan Guaranty Trust Company of New York, as Administrative Agent, at such location as shall be designated by the Administrative Agent in a written notice to the Obligor in same day funds. Each Committed Advance owing to the Lender by the Obligor and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto, which is part of this Promissory Note; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Obligor under this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the "Committed Advances") by the Lender to the Obligor from time to time in an aggregate amount not to exceed

at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Obligor resulting from each such Committed Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. The obligations of the Obligor under this Promissory Note and the other Loan Documents, and the obligations of the other Loan Parties under the Loan Documents, are unconditionally guaranteed by the Guarantors referred to in the Credit Agreement.

The Obligor hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF OBLIGOR]

By

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT A-2

FORM OF COMPETITIVE BID NOTE

$_____ Dated: _____ __, ____

FOR VALUE RECEIVED, the undersigned, _____, a _____ corporation (the "Obligor"), HEREBY PROMISES TO PAY _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the aggregate principal amount of the Competitive Bid Advances (as defined below) owing to the Lender by the Obligor pursuant to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein, unless otherwise defined herein, being used herein as therein defined) among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Guaranty Re Inc., the Initial Lenders, Bank of America, N.A. and The Chase Manhattan Bank as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, payable at such times as are specified in the Credit Agreement.

The Obligor promises to pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Morgan Guaranty Trust Company of New York, as Administrative Agent, at such location as shall be designated by the Administrative Agent in a written notice to the Obligor in same day funds. Each Competitive Bid Advance owing to the Lender by the Obligor and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto, which is part of this Promissory Note; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Obligor under this Promissory Note.

This Promissory Note is one of the Competitive Bid Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the "Competitive Bid Advances") by the Lender to the Obligor in an amount not to exceed the U.S. dollar amount first above mentioned, the indebtedness of the Obligor resulting

from such Competitive Bid Advances being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. The obligations of the Obligor under this Promissory Note and the other Loan Documents, are unconditionally guaranteed by the Guarantors referred to in the Credit Agreement.

The Obligor hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF OBLIGOR]

By----------

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT B-1

FORM OF
NOTICE OF COMMITTED BORROWING

Morgan Guaranty Trust Company of New York, as Administrative Agent
under the Credit Agreement
referred to below
60 Wall Street
New York, New York 10260

[Date]

Attention: [Bill Wood]

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Guaranty Re Inc., the Initial Lenders, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____ __, ____.

(ii) The Proposed Borrowing is to be comprised of [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ week[s]/month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) The representations and warranties contained in each Loan Document are correct in all material respects on and as of the date of the Proposed Borrowing, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date.

(B) No Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom.

Delivery of an executed counterpart of this Notice of Borrowing by telecopier shall be effective as of an original executed counterpart of this Notice of Borrowing.

Very truly yours,

[NAME OF BORROWER]

By----------
Title:

EXHIBIT B-2

**FORM OF NOTICE
OF COMPETITIVE
BID BORROWING**

Morgan Guaranty Trust Company of New York, as Administrative Agent
under the Credit Agreement
referred to below
60 Wall Street
New York, New York 10260

[Date]

Attention: [Bill Wood]

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and ACE Guaranty Re Inc., the Initial Lenders, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Competitive Bid Borrowing") as required by Section 2.03(a) of the Credit Agreement:

(A)	Date of the Proposed Competitive Bid Borrowing	_____
(B)	Amount of the Proposed Competitive Bid Borrowing	_____
(C)	Type of Advances comprising the Proposed Competitive Bid Borrowing [Fixed Rate Advances] [LIBO Rate Advances]	_____

(D) [LIBO Interest Period for the LIBO Rate Advances] [Maturity Date for Fixed Rate Advances] made as part of the Proposed Competitive Bid Borrowing _____

(E) Interest Payment Date(s) of Proposed Competitive Bid Borrowing _____

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Competitive Bid Borrowing:

(A) The representations and warranties contained in each Loan Document are correct in all material respects on and as of the date of the Proposed Competitive Bid Borrowing before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Competitive Bid Borrowing, in which case, as of such specific date.

(B) No Default has occurred and is continuing, or would result from such Proposed Competitive Bid Borrowing or from the application of the proceeds therefrom.

Delivery of an executed counterpart of this Notice of Competitive Bid Borrowing by telecopier shall be effective as delivery of an original executed counterpart of this Notice of Competitive Bid Borrowing.

Very truly yours,

[NAME OF BORROWER]

By _____
Title

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of _____, 20__ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), ACE LIMITED (the "Parent") and
MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

W I T N E S S E T H

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 among the Parent and other Borrowers party thereto, the Assignor and the other Lenders party thereto, as Lenders, the Co-Syndication Agents and the Agent (the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a WC Commitment to make Committed Advances and Competitive Bid Advances to the Borrowers in an aggregate principal amount at any time outstanding not to exceed $___,000,000;

WHEREAS, Committed Advances and Competitive Bid Advances made to the Borrowers by the Assignor under the Credit Agreement in the aggregate principal amount of $_____ are outstanding at the date hereof; and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement and the other Loan Documents in respect of a portion of its WC Commitment thereunder in an amount equal to $_____ (the "Assigned Amount"), together with a corresponding portion of its outstanding Committed Advances and Competitive Bid Advances, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement and the other Loan Documents to the extent of the Assigned Amount, and the Assignee

hereby accepts such assignment from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Committed Advances and Competitive Bid Advances made by the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee, the Parent and the Agent and the payment of the amounts specified in Section 3 required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement with a WC Commitment in an amount equal to the Assigned Amount, and (ii) the WC Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds the amount heretofore agreed between them./1/ It is understood that facility fees accrued to the date hereof in respect of the Assigned Amount are for the account of the Assignor and such fees accruing from and including the date hereof are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

[SECTION 4. Consent of the Parent and the Agent. This Agreement is conditioned upon the consent of the Parent and the Agent pursuant to Section 9.06(c) of the Credit Agreement. The execution of this Agreement by the Parent and the Agent is evidence of this consent.]

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition or statements of the Borrowers or any of their respective Subsidiaries, or the validity and enforceability of the obligations of the Borrowers or any of their respective Subsidiaries in respect of any Loan Document. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter

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/1/ Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee, net of any portion of any upfront fee to be paid by the Assignor to the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrowers and their respective Subsidiaries.

SECTION 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By_____
Title:

[ASSIGNEE]

By_____
Title:

ACE LIMITED

By_____
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By_____
Title:

EXHIBIT D-1

**FORM OF OPINION OF CAYMAN ISLANDS COUNSEL
TO THE PARENT**

Effective Date:
May 8, 2000

To the parties listed in
Schedule A attached hereto

Dear Sirs,

Re: ACE Limited

We have acted as Cayman Islands counsel for ACE Limited (the "Company") in connection with its entry into the Credit Agreement referred to below. This opinion is being rendered to you at the request of our client pursuant to Section 3.01 of the Credit Agreement. Unless the context otherwise requires, terms defined in the Credit Agreement are used herein as therein defined.

We have reviewed, inter alia, originals, drafts or copies of the following documents:

(a) the Articles of Association of the Company;

(b) the corporate records of the Company maintained at its registered office in the Cayman Islands;

(c) a Certificate of the Secretary of the Company (the "Secretary's Certificate") in the form attached certifying, inter alia, that certain resolutions (the "Resolutions") were passed by the Board of Directors of the Company on_____, 2000;

(d) a Certificate of Good Standing issued by the Registrar of Companies of the Cayman Islands dated _____, 2000;

(e) an amended and restated 364-day credit agreement for $800,000,000 between the Company, ACE Bermuda, Tempest, ACE INA Holdings Inc. and ACE Guaranty Re, Inc. as Borrowers, the Initial Lenders named therein, Bank of America, N.A. and

The Chase Manhattan Bank as Co-Syndication Agents and Morgan Guaranty Trust Company of New York as Administrative Agent dated 8 May, 2000 (the "Credit Agreement").

The following opinion is given only as to circumstances existing on the date hereof and known to us and as to the laws of the Cayman Islands as the same are in force at the date hereof. The following Opinion is given in reliance upon factual matters as described in the Secretary's Certificate and on the basis of the other documents referred to in paragraphs (a)-(d) above. Further, we have based our opinion upon the following assumptions, which we have not independently verified:

(a) the due authorization, execution and delivery of the Credit Agreement by the other parties thereto;

(b) the Credit Agreement constitutes or will constitute at all relevant times the legal, valid, binding and enforceable obligations of the parties thereto under the laws of New York and all other relevant laws (other than the laws of the Cayman Islands);

(c) the choice of laws of New York as the governing law of the Credit Agreement has been made in good faith and would be regarded as a valid and binding selection which will be upheld in the courts of New York as a matter of New York law and all other relevant laws (other than the laws of the Cayman Islands);

(d) the genuineness of all documents, the authenticity of the signatures and seals thereon and the conformity of all copies with the originals thereof;

(e) the power, authority and legal right of the parties under all relevant laws and regulations (other than the laws of the Cayman Islands) to enter into, execute and perform their respective obligations under the Credit Agreement; and

(f) there is nothing under any law (other than the laws of the Cayman Islands) which would or might affect the opinions hereinafter appearing. Specifically, we have made no independent investigation of the laws of New York or Bermuda.

Upon the basis of the foregoing, we are of the opinion that:

1. The Company is a company limited by shares duly incorporated, validly existing and in good standing under the laws of the Cayman Islands, and has all corporate powers required to carry on its business as a holding company

in accordance with its Memorandum and Articles of Association. The Company is not required to obtain any license, authorization, consent or approval in the Cayman Islands in order to carry on such business.

2. The execution, delivery and performance by the Company of the Credit Agreement and when executed and delivered by the Company thereunder, the Notes are within the Company's corporate powers and have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any Cayman Islands governmental body, agency or official and do not contravene, or constitute a default under, any provision of Cayman Islands law or regulation or of the Memorandum and Articles of Association of the Company or, so far as we are aware, of any judgment, injunction, order or decree of the Cayman Islands authorities binding upon the Company.

3. The Credit Agreement and each Note of the Company (assuming it has been or will be duly executed and delivered on behalf of the Company by an Authorised Officer of the Company referred to in the Resolutions) constitutes a valid and binding agreement or obligation of the Company enforceable in accordance with its terms. The expression "enforceable" as used above means that the obligations of the Company under the Credit Agreement are of a type which the courts of the Cayman Islands will enforce. It does not necessarily mean that those obligations will be enforced in all circumstances in accordance with their terms, in particular:

(i) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization or other laws of general application relating to or affecting the rights of creditors generally;

(ii) enforcement may be limited by general principles of equity; discretionary equitable remedies such as specific performance and injunction may not, for example, be available where damages are considered to be an adequate remedy;

(iii) claims may become barred under statutes of limitation or may be or become subject to defenses of set-off or counterclaim;

(iv) where obligations are to be performed in a jurisdiction outside of the Cayman Islands they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of the jurisdiction in question;

(v) a certificate, determination, calculation or designation by any party to the Credit Agreement as to any matter provided therein might be held by a Cayman Islands court not to be conclusive, final and binding in the event of manifest error;

(vi) obligations to make payments that are registered by a Cayman Islands court as a penalty will not be enforceable;

(vii) an award of a court of the Cayman Islands may be required to be made in Cayman Islands dollars although the courts of the Cayman Islands as a matter of practice make awards in United States dollars where that is the designated currency of the obligation in question; currency indemnity provisions have not been tested, so far as we are aware, in the courts of the Cayman Islands;

(viii) Cayman Islands stamp duty will be payable if the Credit Agreement or any Note of the Company is executed in, brought to or produced before a court of the Cayman Islands;

(ix) a Cayman Islands court will not necessarily award costs and disbursements in litigation in accordance with contractual provisions in this regard; and

(x) we reserve our opinion as to the enforcement of provisions such as Section 9.04 of the Credit Agreement by persons who are not parties to the document in favour of such persons.

4. There is no action, suit or proceeding pending against the Company in the Grand Court of the Cayman Islands.

5. The submission to jurisdiction and waiver of objection to venue and forum set forth in the Credit Agreement are valid and effective assuming this to be so as a matter of New York law.

6. No taxes, levies, imposts, duties, charges or withholding
(other than stamp duty in the circumstances specified in paragraph 3(viii) above) of any nature will be imposed by the Cayman Islands Government or any taxing authority thereof or therein upon or with respect to (i) the execution, delivery or performance of the Credit Agreement or any Note or
(ii) the payment of the principal of or interest on the Notes or on any other amounts payable under the Credit Agreement.

7. There is no requirement of Cayman Islands law which would require any Lender to be a resident, citizen or corporation of the Cayman Islands or to maintain a permanent establishment in the Cayman Islands as a pre-condition to bringing an action in the Grand Court of the Cayman Islands and the Lenders are not subject to any condition in bringing or continuing any such action in the Grand Court of the Cayman Islands to which any such resident, citizen or corporation or person maintaining a permanent establishment in the Cayman Islands is not subject except to the extent that the lack of a presence in the Cayman Islands may influence the court in any direction as to security for costs. The courts of the Cayman Islands have jurisdiction in any suit against the Company relating to or arising out of the Credit Agreement or any Note.

8. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in any New York State or federal court of the United States of America sitting in New York City, as a matter of comity the courts of the Cayman Islands will recognize and enforce a foreign judgment without a review of the merits thereof (not being in respect of taxes or like charges or in respect of a fine or penalty) which is final, was for a liquidated sum, and was not obtained in a manner which would be, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands.

9. The courts of the Cayman Islands will observe and give effect to the choices of New York law as the governing law of the Credit Agreement and the Notes assuming such choices are bona fide and legal and assuming that such choices are valid and binding as a matter of New York law and all other relevant laws (other than the laws of the Cayman Islands). On the basis of the facts known to us, we are not aware of any reason why such a choice would not be upheld.

10. The Company is permitted to hold assets, transfer funds and conduct its business (including, without limitation, the payment of the principal of, and interest on the Notes) in any currency, without any prohibition or limitation of any type whatsoever. There are no exchange controls imposed under Cayman Islands laws.

Except as specifically stated herein, we make no comment with regard to any representation which may be made by the Company in the Credit Agreement or otherwise.

This opinion, although addressed to you, may be relied upon by your legal advisers (but in that capacity only). It may not be relied upon by any other person(s) without our prior written consent.

Yours faithfully,

SCHEDULE A

Initial Lenders

Morgan Guaranty Trust Company of New York Bank of America, N.A.

The Chase Manhattan Bank
ABN AMRO Bank N.V.
The Bank of New York
Bank One, NA
Barclays Bank plc
Citibank, N.A.

Deutsche Bank AG New York and/or Cayman Islands Branches First Union National Bank Fleet National Bank Mellon Bank, N.A.

Royal Bank of Canada

The Bank of Tokyo-Mitsubishi, Limited Banque Nationale de Paris Credit Lyonnais New York Branch Lloyds TSB Bank plc State Street Bank and Trust Company

ACE LIMITED
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

___ May, 2000

To: Cayman Islands Counsel to the Parent

Dear Sirs,

Re: ACE Limited

In connection with certain opinions you have been requested to render in respect of the aforesaid, I would hereby certify as follows:

1. The Company's Memorandum and Articles of Association as adopted by Special Resolution of the Company on 14th January, 1993 remain in full force and effect unamended save by Special Resolution passed on 6th February, 1998.

2. No resolutions of the shareholders have been passed to restrict the authority of the Directors as set forth in the Memorandum and Articles of Association of the Company adopted on 14th January, 1993.

3. No petition has been filed in the Cayman Islands or any jurisdiction for the winding up of the Company and no resolution has been passed by the shareholders of the Company to wind it up.

4. The Resolutions of the Board of Directors passed on December 29, 1998, certified extracts of which are annexed to this Certificate, remain in full force and effect.

5. The Company's authorised share capital includes
[300,000,000 Ordinary Shares of US $0.041666667] each and
[10,000,000 "Other Shares" of US $1.00 each].

6. The number of Ordinary Shares currently in issue and outstanding is [193,914,702].

7. The execution by an Authorised Officer of the Company of the Guaranty in favour of Bank of America National Trust and Savings Association referred to in your opinion of today's date was deemed by that Authorised Officer necessary, advisable or proper in connection with the execution of the Credit Agreement, referred to in your opinions of today's date.

[Peter N. Mear] General Counsel and Secretary

EXHIBIT D-2

**FORM OF OPINION OF NEW YORK COUNSEL
TO THE LOAN PARTIES**

May 8, 2000

Morgan Guaranty Trust Company of New York and each of the other financial institutions which is a party to the Credit Agreement referred to below
c/o Morgan Guaranty Trust Company
of New York, as Administrative Agent
60 Wall Street
New York, New York 10260-0060

Ladies and Gentlemen:

We have acted as special New York counsel for ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. ("ACE INA"), and ACE Guaranty Re, Inc. (collectively the "Borrowers") in connection with the $800,000,000 Amended and Restated 364-Day Credit Agreement (the "Credit Agreement") dated as of May 8, 2000 among the Borrowers, various financial institutions, Bank of America, N.A. and The Chase Manhattan Bank as Co-Syndication Agents and Morgan Guaranty Trust Company of New York, as Administrative Agent. Terms defined in the Credit Agreement are used herein as therein defined. This opinion letter is being rendered to you at the request of our clients pursuant to Section 3.01(ii)(F)(2) of the Credit Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Credit Agreement, (ii) the Notes issued by the Borrowers on the date hereof and (iii) such documents, corporate records, certificates of public officials and of officers and representatives of the Borrowers and other instruments, and have conducted such other investigations of fact and law, as we have deemed necessary or advisable for purposes of this opinion letter. Except as described in the foregoing sentence, we have not undertaken any independent investigation of any factual matters which might be relevant to this opinion letter and we have made no independent investigation of the records of, or other matters relating to, any Borrower or any other Person.

Whenever our opinion with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring solely to the actual

knowledge of the particular attorneys who have represented the Borrowers in connection with the Credit Agreement. Except as expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of such facts and no inference as to our knowledge concerning such facts should be drawn from the fact that such representation has been undertaken by us.

For the purposes of this opinion letter, we have assumed that all items submitted to us as originals are complete and authentic and all signatures thereon are genuine, and all items submitted to us as copies are complete and conform to the originals. We have also assumed, with your permission and without independent investigation of any kind, the following: (i) each of the Parent, ACE Bermuda and Tempest has been duly incorporated or organized and is validly existing under the laws of the Cayman Islands (in the case of the Parent) or of Bermuda (in the case of ACE Bermuda and Tempest); (ii) the Credit Agreement and the Notes have been duly authorized, executed and delivered by each party thereto (other than ACE INA, as to which we express an opinion below); (iii) the Credit Agreement is the legal, valid and binding obligation of each party thereto
(other than the Borrowers, as to which we express an opinion below)
enforceable against each such party in accordance with its terms; (iv) as to each of the Borrowers (other than, in the case of clauses (a) and (b) below, ACE INA, as to which we express an opinion below), the execution, delivery and performance of the Credit Agreement and the Notes by such Borrower (a) are in accordance with (and do not conflict with) the laws of the jurisdiction in which such Borrower is incorporated or organized, as the case may be, (b) do not violate or contravene such Borrower's organizational documents or by-laws; and (c) do not violate or contravene any provision of any agreement or contract applicable to or binding upon such Borrower; and (v) there are no agreements or understandings among the parties, written or oral, and no usage of trade or course of prior dealing among the parties which would, in either case, define, supplement or qualify the terms of the Credit Agreement or any Note.

Upon the basis of the foregoing and the other assumptions and qualifications set forth herein, we are of the opinion that:

1. ACE INA has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware.

2. ACE INA has the corporate power and authority to execute, deliver and perform its obligations under the Credit Agreement and the Notes issued by it on the date hereof (the "ACE INA Notes"). ACE INA has taken all corporate action required to duly authorize the execution, delivery and performance by it of the Credit Agreement and the ACE INA Notes. Each of the Credit Agreement and each ACE INA Note has been duly authorized, executed and delivered by ACE INA.

3. Based upon our review of those statutes, rules, regulations and judicial decisions which in our experience are normally applicable to or normally relevant in connection with transactions of the type provided for in the Credit Agreement, the execution and delivery by the Borrowers of the Credit Agreement and the Notes and the performance by the Borrowers of their respective obligations thereunder do not and will not violate, contravene or constitute a default under any provision of any United States Federal or New York State law or regulation or, to our knowledge, any order, writ, injunction or decree applicable to or binding on any Borrower or its properties. The execution and delivery by ACE INA of the Credit Agreement and the ACE INA Notes and the performance by ACE INA of its obligations thereunder in accordance with their respective terms will not violate the certificate of incorporation or by-laws of ACE INA.

4. No order, consent, approval, license, authorization or validation of or exemption by any government or public body or authority of the State of New York is required to authorize or is required in connection with the execution, delivery and performance by any Borrower of the Credit Agreement or any Note.

5. Each of the Credit Agreement and each Note constitutes a valid and binding agreement of each Borrower which is a party thereto, in each case enforceable in accordance with its terms.

6. None of the Borrowers is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Our opinions set forth above are subject to the following qualifications:

(a) We express no opinion as to any law, rule, regulation, ordinance, code or similar provision of law of any county, municipality, or similar political subdivision of the State of New York or any agency or instrumentality thereof, and we express no opinion as to any law to which any Borrower may be subject solely as a result of your legal or regulatory status or as to any insurance law or (except as expressly set forth in paragraph 6) any federal or state securities or "blue sky" law. Members of our Firm are admitted to practice law in the State of New York and we express no opinion on any law other than the laws of the State of New York, the General Corporation Law of the State of Delaware ("Delaware Corporation Law"), and the Federal law of the United States to the extent specifically set forth herein. With respect to any matters concerning Delaware Corporation Law involved in the opinions set forth above, we draw your attention to the fact that we are not admitted to practice law in the State of Delaware and are not experts in the law of such jurisdiction, and that any such opinions

concerning Delaware Corporation Law are based upon our reasonable familiarity with Delaware Corporation Law and as a result of our prior involvement in transactions concerning such laws.

(b) Our opinions are subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting creditors' rights generally and to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing and by limitations on the availability of specific performance, injunctive relief or other equitable remedies

(c) We express no opinion as to:

(i) obligations relating to indemnification, contribution or exculpation of costs, expenses or liabilities which contravene public policy;

(ii) the enforceability, under certain circumstances, of provisions imposing penalties or forfeitures, late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default;

(iii) any agreement by any Borrower to the subject matter jurisdiction of a United States federal court, to the waiver of the right to jury trial or to be served with process by service upon a designated third party;

(iv) any agreement by any Borrower purporting to waive any objection to the laying of venue or any claim that an action or proceeding has been brought in an inconvenient forum;

(v) the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein the enforcement of the Credit Agreement or any Note may be sought that limits the rates of interest, fees or other charges legally chargeable or collectible;

(vi) any provision of the Credit Agreement (A) restricting access to legal or equitable remedies, (B) relating to severability or similar clauses, (C) providing that the Credit Agreement may only be amended, modified or waived in writing, (D) stating that all rights or remedies of any party are cumulative and may be enforced in addition to any other

right or remedy and that the election of a particular remedy does not preclude recourse to one or more remedies, (E) purporting to establish an evidentiary standard for determinations by the Lenders or the Administrative Agent or (F) purporting to convey rights to Persons other than parties to the Credit Agreement;

(vii) whether any court outside the State of New York would honor the choice of New York law as the governing law of the Credit Agreement and the Notes; or

(viii) Section 9.05 of the Credit Agreement.

The opinions expressed herein are effective only as to the date of this opinion letter. We do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and we assume no responsibility for advising you of (i) any changes with respect to any matters described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining to the events occurring prior to the date of this opinion letter.

This opinion letter is rendered solely to you in connection with the above-described transactions. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other Person without our prior written consent.

Very truly yours,

EXHIBIT D-3

**FORM OF OPINION OF BERMUDA COUNSEL
TO ACE BERMUDA AND TEMPEST**

May 8, 2000

The parties listed in Schedule A
attached hereto (together the "Initial Lenders")

Dear Sirs

ACE Bermuda Insurance Ltd ("SCE Bermuda") Tempest Reinsurance Company Limited ("Tempest")

We have acted as special legal counsel in Bermuda to ACE Bermuda and Tempest (together the "Companies") in connection with an amended and restated 364-day credit agreement for $800,000,000 between ACE Limited, ACE Bermuda, Tempest, ACE INA Holdings Inc. and ACE Guaranty Re, Inc. as borrowers, the Initial Lenders named therein, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Morgan Guaranty Trust Company of New York as Administrative Agent, dated as of May 8, 2000 (the "ACE Limited 364-Day Credit Agreement").

For the purposes of giving this opinion, we have examined an electronic copy and facsimile executed signature pages of the ACE Credit Agreement.

We have also reviewed the memorandum of association and the bye-laws of each of the Companies, a certified copy of an extract from the minutes of a meeting of each of ACE Bermuda and Tempest's directors held on
[26 May, 1999] as certified by the Assistant Secretary of ACE Bermuda and Tempest on [30 June, 1999] (the "Minutes"), and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have also reviewed and relied upon:

(i) Certificates of Registration of ACE Bermuda and Tempest as insurers under the Insurance Act 1978 (the "Certificates of Registration");

(ii) Certificates of Compliance under the Companies Act 1981 and The Insurance Act 1978 issued by the Assistant Registrar of

Companies on 25 May, 1999 in respect of ACE Bermuda and Tempest (the "Compliance Certificates");

(iii) the Direction issued under section 56 of the Insurance Act 1978 on behalf of the Minister of Finance dated 9 December, 1998 in respect of ACE Bermuda giving guarantees;

(iv) the Direction issued under section 56 of the Insurance Act 1978 Act on behalf of the Minister of Finance dated 17 March, 1999 in respect of Tempest giving guarantees;

(v) our searches of documents of public record in respect of each of ACE Bermuda and Tempest maintained at the Registrar of Companies in Bermuda and the Cause Book of the Supreme Court of Bermuda as at [_____, 2000] (the "Searches").

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft or electronic form, it will be or has been executed in the form of that draft or electronic form, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the capacity, power and authority of each of the parties to the ACE Limited 364-Day Credit Agreement, other than the Companies, to enter into and perform its respective obligations under the ACE Limited 364-Day Credit Agreement, (d) the due execution of the ACE Limited 364-Day Credit Agreement by each of the parties thereto, other than the Companies, and the delivery thereof by each of the parties thereto, (e) the accuracy and completeness of all factual representations made in the ACE Limited 364-Day Credit Agreement and other documents reviewed by us, (f) that the resolutions contained in the Minutes remain in full force and effect and have not been rescinded or amended, (g) that the Companies are entering into the ACE Limited 364-Day Credit Agreement pursuant to their business of insurance, (h) that the information disclosed by the Searches has not been materially altered and that the Searches did not fail to disclose any material information which had been delivered for filing or registration, but was not disclosed or did not appear on the said public record at the time of the Searches, (i) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein, (j) that the entering into of the ACE Limited 364-Day Credit Agreement by the Companies will not result in a breach of the conditions attached to their respective Certificates of Registration issued pursuant to the Insurance Act 1978; (k) the validity and binding effect under the laws of the State of New York (the "Foreign Laws") of the ACE Limited 364-Day Credit Agreement which are expressed to be governed by such Foreign Laws in accordance with their respective terms, (l)

the validity and binding effect under the Foreign Laws of the submission by the Company pursuant to the ACE Limited 364-Day Credit Agreement to the non-exclusive jurisdiction of the courts of any New York State Court or Federal court of the United States of America sitting in New York City (the "Foreign Courts").

The obligations of the Companies under the ACE Limited 364-Day Credit Agreement (a) will be subject to the laws from time to time in effect relating to bankruptcy, insolvency, liquidation, possessory liens, rights of set off, reorganization, amalgamation, moratorium or any other laws or legal procedures, whether of a similar nature or otherwise, generally affecting the rights of creditors, (b) will be subject to statutory limitation of the time within which proceedings may be brought,
(c) will be subject to general principles of equity and, as such, specific performance and injunctive relief, being equitable remedies, may not be available, (d) may not be given effect to by a Bermuda court, whether or not it was applying the Foreign Laws, if and to the extent they constitute the payment of an amount which is in the nature of a penalty and not in the nature of liquidated damages and (e) as a person registered as an insurer (the "insurer") under the Insurance Act 1978 and the regulations promulgated thereunder (the "Act"), will be subject to directions which may be issued by the Bermuda Minister of Finance (the "Minister") under Section 32 of the Act ("Section 32") if it appears to the Minister that the business of the insurer is being so conducted that there is a significant risk of the insurer becoming insolvent or the insurer is in breach of a provision of the Act or of the regulations promulgated thereunder or any condition imposed on its registration (for example the requirement to maintain a certain minimum amount of statutory capital and surplus). In these circumstances, the Minister may direct the insurer to take or refrain from taking any of the steps listed in Section 32, including, inter alia, that the insurer cease or limit its underwriting or that there be a prohibition or restriction on the payment of dividends or other distributions. Further, under Section 32, if it appears to the Minister that the business of the insurer is being so conducted that there is a significant risk of the insurer becoming insolvent, he may direct the insurer to maintain in, or transfer to and keep in the custody of, a specified bank, assets of the insurer of such value and description as are specified in the direction. ACE Bermuda and/or Tempest, under applicable requirements of the Act, may be required to record a liability against or to deduct from its statutory capital and surplus (as determined under the Act) amounts payable or paid pursuant to its obligations under the ACE Limited 364-Day Credit Agreement. The Companies may be considered to be insolvent if they fail to meet and maintain the required minimum amount of statutory capital and surplus and in such circumstances the ability of the Companies to carry out the said obligations will be affected.

We express no opinion as to the enforceability of any provision of the ACE Limited 364-Day Credit Agreement which provides for the payment of a specified rate of interest on the amount of a judgment after the date of judgment or which purports to fetter the statutory powers of either of the Companies.

With respect to the opinion expressed in paragraph 4 below, it should be noted that the documents of public record maintained by the Registrar of Companies do not reveal (i) whether a winding-up petition or application to a Bermuda court for the appointment of a receiver has been presented, (ii) details of matters which have been lodged for registration but have not actually been registered at the date the file was made available to us, (iii) whether a direction under Section 32 has been issued or (iv) whether the Companies are in compliance with conditions attached to their registration as a Class 4 insurer and a long-term insurer under the Act and the provisions of the Act.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for your benefit and is not to be relied upon by any other person, firm or entity or in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. Tempest is duly incorporated and existing under the laws of Bermuda. ACE Bermuda is the result of a due continuation into Bermuda and a subsequent due amalgamation under the laws of Bermuda. Both Companies are in good standing (meaning solely that each has not failed to make any filing with any Bermuda governmental authority or to pay any Bermuda government fee or tax which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda). Based purely on the Certificates of Registration and the Compliance Certificates, each of Tempest and ACE Bermuda is registered under the Insurance Act 1978 as a Class 4 Insurer.

2. Each of the Companies has the necessary corporate power and authority to enter into and perform its obligations under the ACE Limited 364-Day Credit Agreement. The execution and delivery of the ACE Limited 364-Day Credit Agreement by each of the Companies and the respective performance by each of the Companies of its obligations thereunder will not violate the respective memorandum of association or bye-laws of the Companies nor any applicable law, regulation, order or decree in Bermuda.

3. Each of the Companies has taken all corporate action required to authorise its execution, delivery and performance of the ACE Limited 364-Day Credit Agreement and the Notes thereunder. The ACE Limited 364-Day Credit Agreement has been duly executed

and delivered by or on behalf of the Companies, and constitutes the valid and binding obligations of the Companies in accordance with the terms thereof.

4. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of Bermuda or any sub-division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the ACE Limited 364-Day Credit Agreement and the Notes thereunder.

5. It is not necessary or desirable to ensure the enforceability in Bermuda of the ACE Limited 364-Day Credit Agreement and the Notes thereunder that they be registered in any register kept by, or filed with, any governmental authority or regulatory body in Bermuda. However, to the extent that the ACE Limited 364-Day Credit Agreement and the Notes thereunder create a charge over assets of one or both of the Companies, it may be desirable to ensure the priority in Bermuda of the charge that they be registered in the Register of Charges in accordance with Section 55 of the Companies Act 1981. On registration, to the extent that Bermuda law governs the priority of a charge, such charge will have priority in Bermuda over any unregistered charges, and over any subsequently registered charges, in respect of the assets which are the subject of the charge. A registration fee of $425 will be payable in respect of the registration.

While there is no exhaustive definition of a charge under Bermuda law, a charge normally has the following characteristics:

(i) it is a proprietary interest granted by way of security which entitles the chargee to resort to the charged property only for the purposes of satisfying some liability due to the chargee (whether from the chargor or a third party); and

(ii) the chargor retains an equity of redemption to have the property restored to him when the liability has been discharged.

However, as the ACE Limited 364-Day Credit Agreement is governed by the Foreign Laws, the question of whether it would possess these particular characteristics would be determined under the Foreign Laws.

6. The ACE Limited 364-Day Credit Agreement and the Notes thereunder will not be subject to ad valorem stamp duty in Bermuda.

7. The choice of the Foreign Laws as the governing law of the ACE Limited 364-Day Credit Agreement and the Notes thereunder is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in Bermuda, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of Bermuda. The submission in the ACE Limited 364-Day Credit Agreement to the non-exclusive jurisdiction of the Foreign Courts is valid and binding upon the Companies.

8. The courts of Bermuda would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the Foreign Courts against the Companies based upon the ACE Limited 364- Day Credit Agreement or the Notes thereunder under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of Bermuda, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of Bermuda, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda and (f) the due compliance with the correct procedures under the laws of Bermuda.

Yours faithfully,

SCHEDULE A

Initial Lenders

Morgan Guaranty Trust Company of New York

Bank of America, N.A.
The Chase Manhattan Bank
ABN AMRO Bank N.V.
The Bank of New York
Bank One, NA
Barclays Bank plc
Citibank, N.A.
Deutsche Bank AG New York and/or Cayman Islands Branches First Union National Bank
Fleet National Bank
Mellon Bank, N.A.
Royal Bank of Canada
The Bank of Tokyo-Mitsubishi, Limited Banque Nationale de Paris
Credit Lyonnais New York Branch Lloyds TSB Bank plc
State Street Bank and Trust Company

EXHIBIT D-4

**FORM OF OPINION OF MARYLAND COUNSEL
TO ACE GUARANTY RE INC.**

212-450-4808

May 8, 2000

Morgan Guaranty Trust Company of New York and each of the other financial institutions which is a party to the Credit Agreement referred to below
c/o Morgan Guaranty Trust Company
of New York, as Administrative Agent
60 Wall Street
New York, New York 10260-0060

Re: $800,000,000 Credit Agreement

Ladies and Gentlemen:
This firm has acted as special Maryland counsel to ACE Guaranty Re Inc., a Maryland corporation (the "Company"), in connection with the $800,000,000 Credit Agreement dated as of May 8, 2000 (the "Agreement"), among ACE Limited, ACE Bermuda Insurance Ltd., Tempest Reinsurance Company Limited, ACE INA Holdings Inc. and the Company, various financial institutions and Morgan Guaranty Trust Company of New York, as Administrative Agent. This opinion letter is furnished to you pursuant to the requirements set forth in Section 3.01(ii)(F)(4) of the Agreement in connection with the Closing thereunder on the date hereof. Capitalized terms used herein which are defined in the Agreement shall have the meanings set forth in the Agreement, unless otherwise defined herein.

For purposes of this opinion letter, we have examined copies of the following documents:

1. Executed copy of the Agreement.

2. Executed copies of the Notes issued by the Company.

3. The Articles of Incorporation of the Company with amendments thereto (the "Charter"), as certified by the State Department of Assessments and Taxation of the State of Maryland on May 4, 2000 and as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect.

4. The by-laws of the Company, as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect.

5. A certificate of good standing of the Company issued by the State Department of Assessments and Taxation of the State of Maryland dated May __,2000.

6. Certain resolutions of the Board of Directors of the Company adopted by unanimous written consent dated May 5, 2000, as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect, relating to authorization of the Agreement, the Notes, and arrangements in connection therewith.

7. A certificate of certain officers of the Company, dated May 8, 2000, as to certain facts relating to the Company.

8. A certificate of the Secretary of the Company, dated May 8, 2000, as to the incumbency and signatures of certain officers of the Company.

We have not, except as specifically identified above, made any independent review or investigation of factual or other matters, including the organization, existence, good standing, assets, business or affairs of the Company. In our examination of the Agreement and the aforesaid certificates, records, documents and agreements, we have assumed the genuineness of all signatures (other than those on behalf of the Company on the Agreement), the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). We also have assumed the accuracy, completeness and authenticity

of the foregoing certifications (of public officials, governmental agencies and departments, corporate officers and individuals) and statements of fact, on which we are relying, and have made no independent investigations thereof. In rendering the following opinions we have relied as to factual matters, without independent investigation, upon the representations, warranties and certifications made by the Company in or pursuant to the Agreement and upon the officers' certificate identified in Paragraph 7 above. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

As used in this opinion letter, the phrase "to our knowledge" or concerning matters of which we are aware means the actual knowledge (that is, the conscious awareness of facts or other information) of lawyers in the firm who have given substantive legal attention to representation of the Company in connection with the Agreement.

For purposes of this opinion letter, we have assumed that
(i) each other party to the Agreement (other than the Company) has all requisite power and authority under all applicable laws, regulations and governing documents to execute, deliver and perform its obligations under the Agreement, (ii) each of such other parties has duly authorized, executed and delivered the Agreement, (iii) each of such other parties is validly existing and in good standing in all necessary jurisdictions, (iv) the Agreement constitutes a valid and binding obligation, enforceable against each of such other parties in accordance with its terms and (v) there has been no material mutual mistake of fact or misunderstanding or fraud, duress or undue influence, in connection with the negotiation, execution or delivery of the Agreement.

This opinion letter is based as to matters of law solely on applicable provisions of (i) the General Corporation Law of the State of Maryland, as amended (the "Maryland Corporation Law") and (ii) Maryland law customarily applicable between borrowers and creditors in transactions of the type contemplated by the Agreement and the Notes (but not including any statutes, ordinances, administrative decisions, rules or regulations of any political subdivision of the State of Maryland)(hereinafter, "Maryland Law"), and we express no opinion as to any other laws, statutes, ordinances, rules or regulations (such as federal or state securities laws or regulations, antitrust or unfair competition laws or regulations or tax laws or regulations).

For purposes of the opinions set forth in Paragraphs
(d)(ii) and (e), we have inquired of the Company whether the Company receives licenses or

other authorizations or makes filings or registrations with regulatory authorities in the State of Maryland other than tax filings, securities filings, corporate filings or insurance filings, and we have received an officers' certificate from the Company to the effect that it does not. In addition, based upon our understanding of the business of the Company as described in the most recent Form 10-K filed by Capital Re Corporation, we are not aware that the business of the Company requires it to receive or make any such licenses, authorizations, filings or registrations. On the basis of this inquiry and response, the opinions expressed in Paragraphs (d)(ii) and (e) are limited to Maryland Law.

Based upon, subject to and limited by the foregoing, we are of the opinion that:

(a) The Company was incorporated, and is validly existing and in good standing as of the date of the certificate specified in Paragraph 5 above, under the laws of the State of Maryland.

(b) The Company has the corporate power and corporate authority under its Charter and the Maryland Corporation Law to execute and deliver the Agreement and the Notes and to perform its obligations thereunder. The execution, delivery and performance as of the date hereof by the Company of the Agreement and the Notes have been duly authorized by all necessary corporate action of the Company.

(c) Each of the Agreement and each Note has been duly executed and delivered on behalf of the Company.

(d) The execution, delivery and performance as of the date hereof by the Company of the Agreement and the Notes do not (i) violate the Maryland Corporation Law or the Charter or bylaws of the Company, or (ii) to our knowledge, violate any applicable law, rule, regulation, order, judgment or decree of the State of Maryland.

(e) No approval or consent of, or registration or filing with, any State of Maryland governmental agency is required to be obtained or made by the Company in connection with the execution, delivery and performance as of the date hereof by the Company of the Agreement and the Notes.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the closing under the

Agreement on the date hereof, and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

Very truly yours,

HOGAN & HARTSON L.L.P.

EXHIBIT E

FORM OF DESIGNATION AGREEMENT

dated as of _____, 2000

Reference is made to the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 (as amended from time to time, the "Credit Agreement") among ACE Limited (the "Parent") and the other Borrowers party thereto, the Initial Lenders party thereto, the Co-Syndication Agents, and Morgan Guaranty Trust Company of New York, as Administration Agent (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Designator") and _____ (the "Designee") agree as follows:

1. The Designator designates the Designee as its Designated Lender under the Credit Agreement and the Designee accepts such designation.

2. The Designator makes no representations or warranties and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Designee (i) confirms that it is an Eligible Designee; (ii) appoints and authorizes the Designator as its administrative agent and attorney-in-fact and grants the Designator an irrevocable power of attorney to receive payments made for the benefit of the Designee under the Credit Agreement and to deliver and receive all communications and notices under the Credit Agreement, if any, that the Designee is obligated to deliver or has the right to receive thereunder; (iii) acknowledges that the Designator retains the sole right and responsibility to vote under the Credit Agreement, including, without limitation, the right to approve any amendment or waiver of any provision of the Credit Agreement, and (iv) agrees that the Designee shall be bound by all such votes, approvals, amendments and waivers and all other agreements of the Designator pursuant to or in connection with the Credit Agreement.

4. The Designee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements referred to in Article 4 or delivered pursuant to Article 5 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement and (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the

Designator or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action it may be permitted to take under the Credit Agreement. The Designee acknowledges that it is subject to and bound by the confidentiality provisions of the Credit Agreement (except as provided in Section 9.07(a) thereof).

5. Following the execution of this Designation Agreement by the Designator and the Designee and the consent hereto by the Parent, it will be delivered to the Administrative Agent for its consent. This Designation Agreement shall become effective when the Administrative Agent consents hereto or on any later date specified on the signature page hereof.

6. Upon the effectiveness hereof, the Designee shall have the right to make Loans or portions thereof as a Lender pursuant to Section 2.01 or 2.03 of the Credit Agreement and the rights of a Lender related thereto. The making of any such Loans or portions thereof by the Designee shall satisfy the obligations of the Designator under the Credit Agreement to the same extent, and as if, such Loans or portions thereof were made by the Designator.

7. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Designation Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Effective Date:_____ , ____

[NAME OF DESIGNATOR]

By:_____
Name:
Title:

[NAME OF DESIGNEE]

By:_____
Name:
Title:

The undersigned consent to the foregoing designation.

ACE LIMITED

By:_____
Name:
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Administrative Agent

By:_____
Name:
Title:

EXHIBIT F

FORM OF EXTENSION AGREEMENT

The Borrowers
(as defined in the Credit
Agreement referred to below)

Morgan Guaranty Trust Company
of New York, as Administrative Agent under the Credit Agreement
referred to below
60 Wall Street
New York, NY 10260

Ladies and Gentlemen:

Effective as of [effective date], the undersigned hereby agree to extend the Termination Date as now in effect under the Amended and Restated 364-Day Credit Agreement dated as of May 8, 2000 among the Borrowers listed therein, the Initial Lenders listed therein, the Co-Syndication Agents referred to therein and Morgan Guaranty Trust Company of New York, as Administrative Agent (as amended from time to time, the "Credit Agreement") to [date]. Terms defined in the Credit Agreement are used herein as therein defined.

This Extension Agreement shall be construed in accordance with and governed by the law of the State of New York.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Administrative Agent

By----------
Title:

[NAME OF BANK]

By----------
Title:

Agreed and accepted:

ACE LIMITED

The Common Seal of ACE Limited was
hereunto affixed in the presence of:

Director

Secretary

ACE BERMUDA INSURANCE LTD.

The Common Seal of ACE Bermuda
Insurance Ltd. was hereunto affixed
in the presence of:

Director

Secretary

TEMPEST REINSURANCE COMPANY LIMITED

The Common Seal of Tempest Reinsurance
Company Limited was hereunto affixed
in the presence of:

Director

Secretary

ACE INA HOLDINGS INC.

By:_____
Title:

ACE GUARANTY RE INC.

By:_____
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as Administrative Agent

By:_____
Title:

BANK OF AMERICA, N.A.,
as Co-Syndication Agent

By:_____
Title:

THE CHASE MANHATTAN BANK,
as Co-Syndication Agent

By:_____
Title:

ARTICLE 7

PERIOD TYPE	6 MOS
FISCAL YEAR END	JUN 30 2000
PERIOD END	JUN 30 2000
DEBT HELD FOR SALE	9,602,324
DEBT CARRYING VALUE	0
DEBT MARKET VALUE	0
EQUITIES	642,822
MORTGAGE	0
REAL ESTATE	0
TOTAL INVEST	11,824,629
CASH	684,577
RECOVER REINSURE	872,670
DEFERRED ACQUISITION	579,286
TOTAL ASSETS	30,204,848
POLICY LOSSES	16,675,710
UNEARNED PREMIUMS	2,986,503
POLICY OTHER	1,504,463
POLICY HOLDER FUNDS	0
NOTES PAYABLE	0
PREFERRED MANDATORY	0
PREFERRED	311,050
COMMON	9,069
OTHER SE	4,579,982
TOTAL LIABILITY AND EQUITY	30,204,848
PREMIUMS	2,272,642
INVESTMENT INCOME	363,964
INVESTMENT GAINS	26,696
OTHER INCOME	0
BENEFITS	1,483,594
UNDERWRITING AMORTIZATION	314,370
UNDERWRITING OTHER	0
INCOME PRETAX	338,360
INCOME TAX	(49,919)
INCOME CONTINUING	288,441
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	288,441
EPS BASIC	1.30
EPS DILUTED	1.28
RESERVE OPEN	0
PROVISION CURRENT	0
PROVISION PRIOR	0
PAYMENTS CURRENT	0
PAYMENTS PRIOR	0
RESERVE CLOSE	0
CUMULATIVE DEFICIENCY	0

End of Filing

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