# CUSTODIAL UNDERTAKING IN CONNECTION

# WITH MASTER SECURITIES LOAN AGREEMENT

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BY AND AMONG

**AIG SECURITIES LENDING CORP.**

(as agent for each Lender)

AND

**FEDERAL RESERVE BANK OF NEW YORK**

(Borrower)

AND

**THE BANK OF NEW YORK**

(Custodian)

**CUSTODIAL UNDERTAKING**, dated as of October 8, 2008, among Federal Reserve Bank of New York ("Borrower"), AIG Securities Lending Corp., as agent ("Agent") for each Lender (as defined below) and The Bank of New York ("Custodian").

**WHEREAS**, Borrower and Agent have entered into a Master Securities Loan Agreement (the "Securities Loan Agreement") dated as of October 8, 2008 pursuant to which Borrower may from time to time enter into Loans with one or more Principals (as defined in Annex I to the Securities Loan Agreement) (each such Principal, the "Lender" hereunder with respect to each such Loan) pursuant to which Lender lends securities to Borrower and receives from Borrower cash as collateral security therefor; and

**WHEREAS**, Lender and Borrower desire to appoint Custodian as their respective agent to effect such Loans; and

**WHEREAS**, Custodian has agreed to act as agent for Borrower and Lender in order to effect Loans on their behalf, all as more particularly set forth herein:

**NOW, THEREFORE**, in consideration of the mutual promises hereinafter set forth, the parties hereto agree as follows:

## 1. DEFINITIONS

Whenever used in this Custodial Undertaking, unless the context otherwise requires, the following words shall have the meanings set forth below. Capitalized terms used but not defined herein shall have the meanings given them in the Securities Loan Agreement.

**A.** **"Authorized Person"** shall mean any person, whether or not any such person is an officer or employee of Lender or Borrower, as the case may be, duly authorized to give Oral Instructions and Written Instructions on behalf of Lender or Borrower, such persons and their specimen signatures to be designated in Schedule II attached hereto; as such Schedule II may be amended from time to time.

**B.** **"Book-Entry Securities"** shall mean Book-entry Securities as defined in 31 C.F.R. Part 357.2 and any other securities registered in the form of an entry on the records of the Book-Entry System.

**C.** **"Book-Entry System"** shall mean the Treasury/Reserve Automated Debt Entry System maintained at The Federal Reserve Bank of New York ("FRBNY").

**D.** **"Borrower's Account"** shall mean Borrower's securities accounts established with the Custodian for this purpose, any related clearing accounts and any accounts for the deposit of cash maintained in connection therewith.

**E.** **"Business Day"** shall mean any day on which Custodian, Lender, the Book-Entry System and appropriate Clearing Corporation(s) are open for business.

**F.** **"Clearing Corporation"** shall mean The Depository Trust Company, Government Securities Clearing Corporation and any other clearing corporation within the meaning of Section 8-102 of the UCC or otherwise authorized to act as a securities depository or clearing agency.

**G.** **"Clearing Corporation Securities"** shall mean securities which are registered in the name of Custodian or its nominee in the form of an entry on the records of a Clearing Corporation.

**H.** **"Eligible Collateral"** shall mean cash.

**I.** "**Eligible Loaned Securities"** shall mean the types of securities listed on Schedule I, as Schedule I may be amended from time to time by Borrower in its sole discretion upon one (1) Business Day prior notice to Lender and Custodian.

**J.** **"Lender's Account"** shall mean the custodial account maintained by Custodian on behalf of Lender for the deposit of Eligible Collateral and Eligible Loaned Securities, and, for such purpose, Lender's Account shall be deemed to be a "securities account" within the meaning of the UCC. For purposes of this Custodial Undertaking, Lender's Account shall include any account for the deposit of cash in connection therewith.

**K.** **"Margin Percentage"** shall mean the percentage indicated on Schedule I with respect to specific types of Loaned Securities and Eligible Loaned Securities, as Schedule I may be amended from time to time by Borrower in its sole discretion upon one (1) Business Day prior notice to Lender and Custodian.

**L.** **"Margin Value"** shall mean the amount obtained by dividing the Market Value of Loaned Securities by the applicable Margin Percentage.

**M.** **"Market Value of Eligible Collateral"** shall mean the face amount of the Eligible Collateral.

**N.** **"Market Value of Loaned Securities"** shall mean the amount as calculated by Custodian equal to the sum of (i) the market value of each security based on the most recently available closing bid price (usually from the previous Business Day) for the particular security as made available to Custodian by pricing information services which Custodian uses generally for pricing such securities, and (ii) accrued but unpaid interest, if any, on the particular security to the extent not taken into account in clause (i) above as of such date (unless contrary to market practice for such security). In the event that Custodian is unable to obtain the price of a particular security from such pricing information services on any Business Day, the Market Value of Loaned Securities shall be as determined by Custodian in the exercise of its discretion based on information furnished to Custodian by one or more brokers in such security(other than Lender) or Custodian may price such security using a formula utilized by Custodian for such purpose in the ordinary course of its business..

**O.** **"Notice of Default"** shall mean a written notice delivered by Lender to Custodian and Borrower, or by Borrower to Custodian and Lender, informing Custodian and the defaulting party of a Default pursuant to Section 12 of the Securities Loan Agreement and setting forth the specific Default thereunder.

**P.** **"Oral Instructions"** shall mean verbal instructions received by Custodian from an Authorized Person.

**Q.** **"Physical Securities"** shall mean securities and money market instruments issued in definitive form which are not Book-Entry Securities or Clearing Corporation Securities.

**R.** **"UCC"** shall mean the Uniform Commercial Code of the State of New York (as amended from time to time).

**S.** **"Written Instructions"** shall mean written communications received by Custodian from an Authorized Person by telex, facsimile or through any electronic system whereby the receiver of such communications is able to verify by codes, passwords or otherwise with a reasonable degree of certainty the identity of the sender of such communications.

All references to time in this Custodial Undertaking shall mean the time in effect on that day in New York, New York. Except as may otherwise apply for distributions payable on particular securities or as otherwise may be agreed to in writing by the parties hereto, all provisions in this Custodial Undertaking for the transfer, payment or receipt of funds or cash shall mean transfer of, payment in, or receipt of, United States dollars in immediately available funds.

## 2. APPOINTMENT OF CUSTODIAN; ACCOUNTS

**A.** Borrower and Lender hereby appoint Custodian as custodian of all securities and cash at any time delivered to Custodian in connection with Loans subject to this Custodial Undertaking and as their agent to effect Loans. Custodian hereby accepts appointment as such custodian and agent.

**B.** Borrower and Lender each authorizes and instructs Custodian to utilize the Book-Entry System, Clearing Corporations and the receipt and delivery of physical certificates or any combination thereof in connection with its performance hereunder. Book-Entry Securities and Clearing Corporation Securities credited to Borrower's Account and Lender's Account will be represented in accounts at the Book-Entry System and the appropriate Clearing Corporation in the name of Custodian or its nominee which include only assets held by Custodian for its customers and shall not include any assets held by Custodian in its individual capacity. Transactions with respect to Book-Entry Securities and Clearing Corporation Securities will be effected in accordance with, and subject to, the rules, regulations, operating procedures and custody arrangements of the Book-Entry System and each Clearing Corporation, respectively.

**C**. With respect to any cash held by Custodian on behalf of Borrower, Custodian shall hold such cash in a cash account on behalf of Borrower. Subject to the provisions of this Paragraph 2C, Custodian acknowledges that Custodian holds Borrower’s Account (including any cash account) and all Securities and cash from time to time deposited in Borrower’s Account, as bailee, financial intermediary and securities intermediary on Borrower’s behalf, subject to this Custodial Undertaking. Custodian shall segregate all Securities and cash in Borrower's Account from the assets of Custodian or other persons solely by appropriate identification on Custodian's books and records. By so marking Custodian's books and records, Custodian and Borrower intend to create a special deposit account in favor of Borrower. Custodian shall not pay any interest on any cash held at any time in Borrower’s Account. Custodian hereby acknowledges and agrees that Borrower's Account shall be deemed to be a "securities account" within the meaning of the UCC.

## 3. REPRESENTATIONS AND WARRANTIES

**A. Borrower, Lender and Custodian.** Borrower, Lender and Custodian each represents and warrants, which representations and warranties shall be deemed to be repeated on each day on which a Loan is outstanding, that:

**(i)** It is duly organized and existing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver this Custodial Undertaking and to perform all of the duties and obligations to be performed by it hereunder;

**(ii)** This Custodial Undertaking is, and each Loan (with respect to Borrower and Lender only) will be, legally and validly entered into, does not, and will not, violate any ordinance, charter, by-law, rule or statute applicable to it, and is enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or similar laws, or by equitable principles relating to or limiting creditors' rights generally; and

**(iii)** The person executing this Custodial Undertaking on its behalf has been duly and properly authorized to do so.

**B. Further Representations of Custodian.** Custodian further represents and warrants, which representations and warranties shall be deemed to be repeated on each day on which a Loan is outstanding, that:

**(i)** It is a New York trust company with its principal office at One Wall Street, New York, New York 10286;

**(ii)** It maintains a book-entry securities account with FRBNY and each Clearing Corporation in which it holds Securities hereunder; and

**(iii)** It will maintain each of Lender's Account and Borrower's Account as a custody account and shall administer Lender's Account and Borrower's Account in the same manner it administers similar accounts established for the same purpose.

## 4. TRANSFER OF ELIGIBLE COLLATERAL AND LOANED SECURITIES

**A**. Borrower and Agent shall deliver to Custodian Oral or Written Instructions with respect to any Loan subject to this Custodial Undertaking, which Instructions collectively shall include the description and par value of Loaned Securities, the amount of the Cash Collateral Fee to be applied to the Eligible Collateral, the Business Day on which the Loan is to settle ("Loan Date"), the applicable Lender or Lenders and the Business Day on which the Loan is to terminate ("Loan Termination Date"), by 2:00 p.m. on the Loan Date. If Custodian receives such instructions from Borrower and Agent after 2:00 p.m. on the Loan Date, Custodian shall use its best efforts to effect the Loan on such Loan Date. If such instructions from Borrower and Agent do not match, Custodian shall notify Borrower and Agent and await further instruction.

**B.** Prior to the close of the Fedwire for securities transfer originations or the Clearing Corporation on the Loan Date, Lender shall transfer, or cause to be transferred, to Lender's Account sufficient Loaned Securities to complete such Loan on such Loan Date.

**C.** By the close of business on the Loan Date, Borrower shall transfer, or cause to be transferred, to Borrower's Account sufficient Eligible Collateral to complete such Loan on such Loan Date.

## 5. EFFECTING LOANS

**A.** On the Loan Date for any Loan subject to this Custodial Undertaking, Custodian shall effect the Loan in accordance with Borrower's Oral or Written Instructions, subject to the following provisions:

**(i) Determination of Eligible Loaned Securities; Negotiability.** Custodian shall determine that the Loaned Securities to be transferred to Borrower's Account are Eligible Loaned Securities and that any Physical Securities comprising Eligible Loaned Securities are in negotiable form. Any Loaned Securities which are not Eligible Loaned Securities and any Physical Securities which are not in negotiable form shall not be included in the calculations set forth below and shall not be transferred to Borrower's Account.

**(ii) Determination of Margin Value and Market Value.** Custodian shall determine the Margin Value of Loaned Securities to be transferred to Borrower's Account and the Market Value of Eligible Collateral to be transferred to Lender's Account.

**(iii) Transfer of Loaned Securities and Eligible Collateral.** Provided the Margin Value of Loaned Securities to be transferred to Borrower's Account equals or exceeds the sum of (a) the Market Value of Eligible Collateral to be transferred to Lender's Account and (b) the related Cash Collateral Fee due on the Loan Termination Date, Custodian shall transfer such Eligible Collateral from Borrower's Account to Lender's Account against the transfer of the Loaned Securities from Lender's Account to Borrower's Account.

**(iv) Maintenance of Borrower's Account.**

**(a) Physical Securities.** Custodian shall take possession of each Physical Security comprising Loaned Securities at a secure facility and, during the term of a particular Loan and shall identify such Physical Securities on its books and records as owned by Borrower.

**(b) Book-Entry Securities.** Any Loaned Security which is either (i) a Book-Entry Security, or (ii) a part of a fungible bulk of Book-Entry Securities shall be continuously maintained by Custodian in the Book-Entry System. During the term of a particular Loan, Custodian shall identify such Book-Entry Securities on its books and records as owned by Borrower.

**(c) Clearing Corporation Securities.** Any Loaned Security which is either (i) a Clearing Corporation Security, or (ii) part of a fungible bulk of Clearing Corporation Securities shall be continuously maintained by Custodian in an account with the appropriate Clearing Corporation. During the term of a particular Loan, Custodian shall continuously identify such Clearing Corporation Securities on its books and records as owned by Borrower.

**(v) Intent of Lender and Borrower**. Lender and Borrower agree that it is intended that Custodian act as a "securities intermediary" as such term is defined in the UCC with respect to Loans hereunder and that all property in Lender's Account (excluding cash) shall be treated as "financial assets", as such term is defined in the UCC.

**B. Borrower's Use of Loaned Securities.** Borrower agrees with Lender that, subject to the rights of Borrower under Paragraph 8 hereof and Section 13 of the Securities Loan Agreement, upon an Event of Default as to which Lender is the defaulting party, Loaned Securities shall remain in Borrower's Account until the Loan is terminated pursuant to Paragraph 7 hereof.

**C. Custodian's Inability to Complete a Loan.** If Custodian is unable to complete a Loan because Borrower or Lender has failed to provide complete Oral or Written Instructions as required by Paragraph 4A hereof or either Borrower or Lender has failed to transfer sufficient Eligible Collateral or Eligible Loaned Securities to Borrower's Account or Lender's Account, respectively, Custodian shall promptly notify Borrower and Lender and await the receipt of such Oral or Written Instructions, Eligible Collateral or Eligible Loaned Securities. In any event, Lender and Borrower shall remain obligated to each other pursuant to the original terms of each Loan.

**D. Simultaneous Transaction.** Lender and Borrower agree that in effecting transactions contemplated by this Custodial Undertaking, transfers between Lender's Account and Borrower's Account are intended to be, and shall be deemed to be, simultaneous.

**E. Pledge of Eligible Collateral.** (i) Upon the transfer of Loaned Securities to Borrower's Account and the transfer of Eligible Collateral to Lender's Account, it is agreed by Borrower and Lender that, subject to Borrower's right of substitution pursuant to Paragraph 6B and notwithstanding the credit of income to Borrower's Account pursuant to Paragraph 5F, the Eligible Collateral shall be for all purposes pledged to Lender. Lender agrees, however, that, subject to Paragraph 8 hereof and Section 13 of the Securities Loan Agreement, it will transfer Eligible Collateral to Borrower's Account on the termination of a Loan pursuant to Section 6 of the Securities Loan Agreement.

(ii) Borrower, Lender and Custodian agree that all Eligible Collateral held in Lender's Account from time to time will be held by Custodian as agent of Lender, that Custodian will take such actions with respect to Lender's Account and the Eligible Collateral therein as Lender shall direct, and that in no event shall any consent of Borrower be required for the taking of any such action by Custodian. Custodian shall not be liable for any Losses (as defined in Paragraph 9A) incurred or sustained by Lender, Borrower or any third party as a result of Custodian transferring any Eligible Collateral in Lender's Account pursuant to Lender's instructions (whether or not subsequent to receipt of a Notice of Default) and shall have no further obligation or responsibility to Lender or Borrower under this Custodial Undertaking with respect to the Eligible Collateral transferred from Lender's Account.

(iii) Any instruction to Custodian to transfer Eligible Collateral from Lender's Account during the term of a Loan shall be set forth in a written notice substantially in the form attached hereto as Appendix I. Lender shall deliver such notice to a Vice President or above in Custodian's Broker Dealer Services Division and shall send Borrower a copy of same. Custodian shall, as promptly as practicable under the circumstances, act in accordance with such instructions; it being understood and agreed that Custodian shall have no liability for its inability to comply with Lender's instructions if the rules or systems of the Book-Entry System and/or applicable Clearing Corporation prevent Custodian from transferring the Eligible Collateral from Lender's Account. Lender shall pay to Custodian all applicable fees, costs and charges associated with such transfer from Lender's Account.

**F. No Lien or Pledge by Custodian**. Custodian agrees that neither Eligible Collateral credited to Lender's Account nor Loaned Securities credited to Borrower's Account shall be subject to any security interest, lien or right of setoff by Custodian or any third party claiming through Custodian and Custodian shall not pledge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party an interest in, any such Eligible Collateral.

**G. Payment of Income.** Until such time that Custodian shall receive a Notice of Default from Borrower pursuant to Paragraph 8, Custodian shall credit to Lender's Account any income received by Custodian with respect to the Loaned Securities. After receipt of such Notice of Default from Borrower, Custodian shall credit to Borrower's Account income received by Custodian with respect to the Loaned Securities.

**H. Confirmations**. Custodian shall provide Lender and Borrower with confirmation statements reflecting Eligible Collateral and cash positions in Lender's Account and Loaned Securities in Borrower's Account on each Business Day or as otherwise may be requested by Lender or Borrower. Lender and Borrower shall promptly review all such confirmation statements and shall promptly advise Custodian of any error, omission or inaccuracy in such statements. Custodian shall undertake to correct any errors, failures or omissions that are reported to Custodian by Borrower or Lender. Any such corrections shall be reflected on subsequent confirmation statements.

**I. Deliveries by Custodian.** All transfers of securities or cash by Custodian to Lender from Lender's Account shall be made to Lender by delivery to the account(s) designated in Schedule III(A), and all transfers of securities or cash to Borrower from Borrower's Account shall be made to the account(s) designated in Schedule III(B), as each may be amended from time to time by delivery to and receipt by Custodian of a new Schedule III(A) or (B), as the case may be.

**J. Voting Rights.** Until such time that Custodian shall receive a Notice of Default from Borrower pursuant to Paragraph 8, Custodian shall accept Lender's instructions with respect to the exercise of the right to vote, provide any consent or take any similar action with respect to the Loaned Securities if the record date or deadline for such vote, consent or other action falls during the term of the Loan. After receipt of such Notice of Default, Custodian shall accept Borrower's instructions with respect to such vote, consent or other action.

## 6. VALUATION OF LOANED SECURITIES AND ELIGIBLE COLLATERAL; SUBSTITUTION OF ELIGIBLE COLLATERAL AND LOANED SECURITIES

**A. Valuation**. At the opening of each Business Day during which a Loan subject to this Custodial Undertaking shall remain outstanding, Custodian shall determine the Market Value of Eligible Collateral and the Margin Value of Loaned Securities.

**(i) Margin Deficit.** If, at the opening of any Business Day, the sum of (a) the Market Value of Eligible Collateral in Lender's Account and (b) the aggregate Cash Collateral Fee due on the Loan Termination Date is less than the Margin Value of the Loaned Securities, Custodian shall so notify Borrower and Lender prior to 2:00 p.m. Following any such notice, Borrower, upon a request from Lender received prior to 2:00 p.m. on any date, shall promptly return to Lender's Account Loaned Securities ("Returned Loaned Securities") on such date such that, after return thereof to Lender's Account, the sum of (a) the aggregate Market Value of Eligible Collateral and (b) the aggregate Cash Collateral Fee due on the Loan Termination Date equals the Margin Value of the Loaned Securities (excluding the Returned Loaned Securities). If Borrower fails to transfer an appropriate amount of Returned Loaned Securities on the date of any such notice, Custodian shall notify Borrower and Lender and await further instructions.

**(ii) Margin Excess.** In the event the sum of (a) the aggregate Market Value of Eligible Collateral and (b) the aggregate Cash Collateral Fee due on the Loan Termination Date shall exceed the Margin Value of the Loaned Securities (such excess amount, the "Margin Excess"), Custodian shall so notify Borrower and Lender prior to 2:00 p.m. On the date of any such notice, Lender shall promptly transfer to Borrower's Account additional Eligible Loaned Securities ("Additional Loaned Securities") having a Margin Value equal to the Margin Excess. Lender hereby irrevocably authorizes Custodian to accept the Oral or Written Instructions of Borrower identifying Additional Loaned Securities to be transferred from Lender's Account pursuant hereto. If the required amount of Additional Loaned Securities are not available in Lender's Account and Lender fails otherwise to transfer such Additional Loaned Securities on the date of any such notice, Custodian shall notify Borrower and Lender and await further instructions. For purposes of this Custodial Undertaking, Additional Loaned Securities shall be deemed to be Loaned Securities in all respects.

**B. Substitution.** Borrower hereby authorizes Custodian, upon Borrower's and Custodian's receipt of one (1) Business Day prior Oral or Written Instructions from Lender, to substitute Eligible Loaned Securities (the "Substitute Loaned Securities") for any Loaned Securities provided the Substitute Loaned Securities have a Margin Value at least equal to the then Margin Value of the Loaned Securities for which such substitution is made. Notwithstanding Paragraph 5D, Custodian shall not transfer any Loaned Securities to Lender's Account pursuant to this Paragraph 6B until it has first transferred the Substitute Loaned Securities to Borrower's Account.

## 7. LOAN TERMINATION DATE

Subject to Paragraph 8 hereof and Section 13 of the Securities Loan Agreement, on the date of termination of any Loan, Lender and Borrower shall instruct Custodian to transfer from Lender's Account to Borrower's Account the Eligible Collateral and the Cash Collateral Fee (if applicable) with respect to such Loan against the transfer of the Loaned Securities from Borrower's Account to Lender's Account.

## 8. DEFAULT

In the event that Lender or Borrower delivers a Notice of Default to Custodian, Custodian shall notify the defaulting party of its receipt of such Notice of Default and act in accordance with the instructions of the non-defaulting party with respect to such non-defaulting party's rights pursuant to the Securities Loan Agreement. Custodian may fully rely without further inquiry on the statements set forth in such Notice of Default. In addition, Lender and Borrower acknowledge and agree that the provisions of Section 18 of the Securities Loan Agreement shall be fully effective with respect to all Loans entered into between them, irrespective of whether such Loans are entered into in connection with this Custodial Undertaking, directly between Lender and Borrower or otherwise. Notwithstanding anything to the contrary in the foregoing provisions, Custodian's receipt of a Notice of Default by Borrower under the Securities Loan Agreement shall not limit any right that Borrower has to substitute Eligible Collateral pursuant to the Securities Loan Agreement and this Custodial Undertaking.

## 9. CONCERNING CUSTODIAN

### A. Limitation of Liability; Indemnification.

(i) Custodian shall not be liable for any costs, expenses, damages, liabilities or claims, including reasonable fees of counsel (collectively, "Losses"), resulting from its action or inaction in connection with this Custodial Undertaking, including Losses which are incurred by reason of any action or inaction by the Book-Entry System or any Clearing Corporation, or their successors or nominees, except for those Losses arising out of Custodian's negligence, bad faith or wilful misconduct. In no event shall Custodian be liable to Lender, Borrower or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Custodial Undertaking. Custodian may, with respect to questions of law, apply for and obtain the advice and opinion of counsel, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such reasonable advice or opinion.

(ii) Lender agrees to indemnify Custodian and to hold it harmless against any and all Losses (including claims by Lender or Borrower) which are sustained by Custodian as a result of Custodian's action or inaction in connection with this Custodial Undertaking, except those Losses arising out of Custodian's negligence, bad faith or wilful misconduct. Notwithstanding the foregoing, Custodian shall be absolutely indemnified by Lender for, and held harmless against, any loss, liability or expense (including the reasonable costs, expenses and fees of attorneys chosen by Custodian incurred in defending any claim of such liability) incurred as a result of complying with the Oral or Written Instructions of Lender, including without limitation any such compliance which constitutes or is alleged to constitute a violation of the rights of any party or a violation of an injunction, stay, order or law. Custodian shall notify Lender before complying with Lender's Oral or Written Instructions if the Custodian believes such compliance would conflict with any such injunction, stay, or order of which Custodian is aware. In such circumstances, Lender hereby directs Custodian to disregard such Oral or Written Instructions until otherwise instructed by Lender.

(iii) Borrower agrees to indemnify Custodian and hold it harmless against any and all Losses which are sustained by Custodian by reason of or as a result of (a) the occurrence or continuance of an Event of Default by Borrower, (b) any negligence, bad faith or willful misconduct by Borrower in any way relating to, or arising from, this Custodial Undertaking or Loans hereunder and (c) any action taken or omitted by Custodian pursuant to Borrower's Oral or Written Instructions. Notwithstanding the foregoing, Borrower shall not indemnify Custodian for those Losses arising out of the events described above which result from Custodian's negligence, bad faith or willful misconduct. Notwithstanding the foregoing, Custodian shall be absolutely indemnified by Borrower for, and held harmless against, any loss, liability or expense (including the reasonable costs, expenses and fees of attorneys chosen by Custodian incurred in defending any claim of such liability) incurred as a result of complying with the Oral or Written Instructions of Borrower, including without limitation any such compliance which constitutes or is alleged to constitute a violation of the rights of any party or a violation of an injunction, stay, order or law. Custodian shall notify Borrower before complying with Borrower's Oral or Written Instructions if the Custodian believes such compliance would conflict with any such injunction, stay, or order of which Custodian is aware. In such circumstances, Borrower hereby directs Custodian to disregard such Oral or Written Instructions until otherwise instructed by Borrower.

(v) It is expressly understood and agreed that Custodian's right to indemnification hereunder shall be enforceable against Lender and/or Borrower directly, without any obligation to first proceed against any third party for whom they may act, and irrespective of any rights or recourse that Lender or Borrower may have against any such third party. This indemnity shall be a continuing obligation of Lender and Borrower notwithstanding the termination of any Loans or of this Custodial Undertaking.

**B. No Guaranty by Custodian**. It is expressly agreed and acknowledged by Lender and Borrower that Custodian is not guaranteeing performance of or assuming any liability for the obligations of Lender or Borrower hereunder nor is it assuming any credit risk associated with Loans hereunder, which liabilities and risks are the responsibility of Lender and Borrower; further, it is expressly agreed that Custodian is not undertaking to make credit available to Borrower or Lender to enable it to complete Loans hereunder.

**C. No Duty of Inquiry**. Without limiting the generality of the foregoing, Custodian shall be under no obligation to inquire into, and shall not be liable for:

**(i)** The validity of the issue of any securities loaned or pledged by or for Lender or Borrower, or the legality, validity or enforceability of any loan or pledge hereunder;

**(ii)** The due authority of any Authorized Person to act on behalf of Lender or Borrower with respect to cash or securities held in Lender's Account or Borrower's Account; or

**(iii)** The due authority of Lender or Borrower to lend, borrow, pledge or hold any particular security hereunder.

**D. Securities in Default**. Custodian shall not be under any duty or obligation to take action to effect collection of any amount if the securities upon which such amount is payable are in default, or if payment is refused after due demand or presentation, unless and until (i) it shall be directed to take such action by Written Instructions and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action.

**E. Custodian Fee**. Custodian shall be entitled to receive and Lender agrees to pay to Custodian such compensation as may be agreed upon from time to time between Custodian and Lender and Custodian's out-of-pocket expenses.

**F. Reliance on Oral/Written Instructions**. Custodian shall be entitled to rely upon any Written Instruction or Oral Instruction received by Custodian and reasonably believed by Custodian to be delivered by an Authorized Person. Lender and Borrower agree to forward to Custodian Written Instructions confirming any and all Oral Instructions in such manner that such Written Instructions are received by Custodian by the close of business of the same day that such Oral Instructions are given to Custodian. Lender and Borrower agree that the fact that such confirming Written Instructions are not received or that contrary Written Instructions are received by Custodian shall in no way affect the validity or enforceability of the transactions previously authorized and effected by Custodian.

**G. Reliance on Pricing Services**. Custodian is authorized to utilize any generally recognized pricing information service (including brokers and dealers of securities) in order to perform its valuation responsibilities hereunder, and Borrower and Lender agree to hold Custodian harmless from and against any Losses incurred as a result of errors or omissions of any such pricing information service, broker or dealer.

**H. Force Majeure**. Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Custodial Undertaking arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory actions; provided however, that Custodian shall use its best efforts to resume performance as promptly as practicable under the circumstances.

**I. No Additional Duties**. Custodian shall have no duties or responsibilities except such duties and responsibilities as are specifically set forth in this Custodial Undertaking, and no covenant or obligation shall be implied in this Custodial Undertaking against Custodian.

**J. No Duty Regarding Derivatives**. If Lender and Borrower have selected as Eligible Collateral securities which derive all or a portion of their value from changes in the value of underlying securities, mortgages or other obligations, or one or more currencies, commodities, indices or other factors (hereinafter referred to as "Derivative Securities"), the parties understand that Custodian shall have no obligation to monitor whether any such securities constituting Eligible Collateral are also Derivative Securities. Accordingly, the parties agree that anything in the Custodial Undertaking to the contrary notwithstanding, it shall be Lender's and Borrower's

responsibility to ensure that Eligible Collateral does not include Derivative Securities unless they have otherwise agreed. Custodian shall have no liability whatsoever for any loss, damage or expense arising out of the ineligibility of Derivative Securities which are the subject of Loans pursuant to this Custodial Undertaking.

## 10. TERMINATION

Any of the parties hereto may terminate this Custodial Undertaking by giving to the other parties a notice in writing specifying the date of such termination, which shall be not less than thirty (30) days after the date of giving of such notice. Upon termination hereof, Lender shall pay to Custodian such compensation as may be due to Custodian as of the date of such termination, and shall likewise reimburse Custodian for any disbursements and expenses made or incurred by Custodian and payable or reimbursable hereunder. If Lender and Borrower do not provide Written Instructions designating a successor custodian prior to the termination date, Custodian shall, at Lender's expense, continue to hold Eligible Collateral in Lender's Account until the date of the termination of the Loan with respect to each outstanding Loan, or until it has received a Notice of Default in connection therewith, and Written Instructions with respect to delivery of such Eligible Collateral. If Custodian has not received delivery instructions with respect to Eligible Collateral in Lender's Account, Custodian may, in its sole discretion, hold Book-Entry Securities and Clearing Corporation Securities in escrow for the benefit of and at the expense of Lender and deliver Physical Securities and cash to Lender at the address provided below.

## 11. MISCELLANEOUS

**A. Authorized Persons**. Lender and Borrower each agrees to furnish to Custodian a new Schedule II in the event that any Authorized Person ceases to be an Authorized Person or in the event that other or additional Authorized Persons are appointed and authorized. Until such new Schedule II is received, Custodian shall be fully protected in acting under the provisions of this Custodial Undertaking upon Oral Instructions or Written Instructions from a person reasonably believed to be an Authorized Person as set forth in the last delivered Schedule II.

**B. Access to Books and Records**. Upon reasonable request, Lender and Borrower shall have access to Custodian's books and records maintained in connection with this Custodial Undertaking during Custodian's normal business hours. Upon reasonable request, copies of any such books and records shall be provided to Lender or Borrower at the requesting party's expense.

**C. Invalidity of any Provision**. In case any provision in or obligation under this Custodial Undertaking shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

**D. Entire Agreement/Amendments**. This Custodial Undertaking represents the entire agreement among the parties hereto with respect to Loans subject to this Custodial Undertaking and may not be amended or modified in any manner except by a written agreement executed by the parties hereto; *provided* that Borrower may amend Schedule I hereto (relating to Eligible Loaned Securities and the applicable Margin Percentage) in its sole discretion upon one (1) Business Day prior notice to Lender and Custodian.

**E. Binding Agreement**. This Custodial Undertaking shall extend to and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that this Custodial Undertaking shall not be assignable by any party without the written consent of the other parties.

**F. Applicable Law/Jurisdiction**. This Custodial Undertaking shall be construed in accordance with the laws of the State of New York without regard to conflict of laws principles thereof. The parties hereby consent for themselves and their property in any legal action or proceeding relating to this Custodial Undertaking, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of (i) the courts of the State of New York located in the Borough of Manhattan in New York City, and appellate courts thereof, and (ii) courts of the United States for the Southern District of New York, and appellate courts thereof. The parties hereby waive their right to trial by jury in any proceeding involving, directly or indirectly, any matter in any way arising out of, related to, or connected with, this Custodial Undertaking.

**G. Waiver of Immunity**. To the extent that in any jurisdiction any party other than Borrower may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, each party irrevocably agrees not to claim, and it hereby waives, such immunity in connection with this Custodial Undertaking.

**H. Headings and References**. The headings and captions in this Custodial Undertaking are for reference only and shall not affect the construction or interpretation of any of its provisions.

**I. Counterparts**. This Custodial Undertaking may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

**J. Inconsistency with Securities Loan Agreement**. In the event of any inconsistency between the terms and conditions of the Securities Loan Agreement and this Custodial Undertaking with respect to the rights, duties or obligations of Custodian and Loans subject to this Custodial Undertaking, the terms and conditions of this Custodial Undertaking shall govern.

**K. Notices**. Any notice authorized or required by this Custodial Undertaking shall be sufficiently given if addressed to the receiving party and hand delivered or sent by mail, telex or facsimile to the individuals at the addresses specified in Schedule IV or to such other person or persons as the receiving party may from time to time designate in writing. Such notice shall be effective upon receipt.

**L. No Third Party Beneficiaries**. In performing hereunder, Custodian is acting solely on behalf of Lender and Borrower and no contractual or service relationship shall be deemed to be established hereby between Custodian and any other person.

**M. Confidentiality**. Lender, Agent and Custodian agree not to disclose to any other party and to keep confidential the terms and conditions of this Custodial Undertaking (including fee arrangements) and any amendment, supplement or Schedule hereto. In the event that any of Lender, Agent or Custodian breaches any provision of this section, any other party shall be entitled to temporary and permanent injunctive relief against the breaching party without the necessity of proving actual damages. Notwithstanding the foregoing, Custodian may disclose Lender's or Borrower's name, address, securities position and other information to its external counsel and auditors and to the extent required by law, the rules of any stock exchange or regulatory or self-regulatory organization or any order or decree of any court or administrative body that is binding on Custodian or any Clearing Corporation or the terms of the organizational documents of the issuer of any security or the terms of any security itself.

**N. Parties Deemed Principals**. Unless the parties hereto execute and deliver a Custodial Agency Annex pursuant to which the identity of all principals for whom any party may act in connection with this Custodial Undertaking is disclosed, each party shall be responsible for the performance of its obligations hereunder as a principal. However, the execution and delivery of a Custodial Agency Annex shall not relieve any party (including, without limitation, Agent) of its obligations hereunder except as provided by applicable law.

**O. USA PATRIOT Act Notice**. Lender and Borrower each hereby acknowledges that Custodian is subject to federal laws, including the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which Custodian must obtain, verify and record information that allows Custodian to identify Lender and Borrower. Accordingly, prior to opening Lender's Account or Borrower's Account hereunder Custodian will ask Lender and Borrower to provide certain information including, but not limited to, name, physical address, tax identification number and other information that will help Custodian to identify and verify Lender and Borrower's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. Lender and Borrower each agrees that Custodian cannot open Lender's Account or Borrower's Account hereunder unless and until the Custodian verifies Lender's and Borrower's identity in accordance with its CIP.

IN WITNESS WHEREOF, the parties hereto have caused this Custodial Undertaking to be executed by their respective corporate officers, thereunto duly authorized, as of the _____ day of October 2008.

**AIG SECURITIES LENDING CORP., AS AGENT**

By: _____

Title: President

Tax Identification Number: 13-4009890

**FEDERAL RESERVE BANK OF NEW YORK**

By: _____

Title:

**THE BANK OF NEW YORK**

By: _____

Title:

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(6/07)

IN WITNESS WHEREOF, the parties hereto have caused this Custodial Undertaking to be executed by their respective corporate officers, thereunto duly authorized, as of the 8th day of October 2008.

**AIG SECURITIES LENDING CORP., AS AGENT**

By: _____

Title:

Tax Identification Number: _____

**FEDERAL RESERVE BANK OF NEW YORK**

By: _____

Title: Susan McLaughlin
Vice President
Markets

**THE BANK OF NEW YORK**

By: _____

Title:

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(6/07)

IN WITNESS WHEREOF, the parties hereto have caused this Custodial Undertaking to be executed by their respective corporate officers, thereunto duly authorized, as of the 8th day of October 2008.

**AIG SECURITIES LENDING CORP., AS AGENT**

By: _____

Title:

Tax Identification Number: _____

**FEDERAL RESERVE BANK OF NEW YORK**

By: _____

Title:

**THE BANK OF NEW YORK**

By: _____

Title:

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(6/07)

# SCHEDULE I

## SCHEDULE OF ELIGIBLE LOANED SECURITIES AND ASSOCIATED MARGIN PERCENTAGE

### CLASS A

### DIRECT OBLIGATIONS OF THE U.S. TREASURY

| Security Type | Margin Percentage |
|---|---|
| Bills | 101% |
| Notes and Bonds (including Inflation-Indexed Securities): | |
| Up to and including 3 years remaining maturity | 101% |
| Greater than 3 and up to and including 5 years remaining maturity | 102% |
| Greater than 5 and up to and including 10 years remaining maturity | 102% |
| Greater than 10 and up to 30 years remaining maturity | 103% |
| STRIPS and Private Label Treasury Backed (including Strips of Inflation Indexed Securities): | |
| Up to and including 3 years remaining maturity | 101% |
| Greater than 3 and up to and including 5 years remaining maturity | 102% |
| Greater than 5 and up to and including 10 years remaining maturity | 103% |
| Greater than 10 and up to and including 20 years remaining maturity | 104% |
| Greater than 20 and up to and including 30 years remaining maturity | 106% |

(1) All securities must be Clearing Corporation Securities or Book-Entry Securities as such terms are defined in the Custodial Undertaking.

**CLASS A**

**DIRECT OBLIGATIONS (EXCLUDING STRUCTURED NOTES) OF THE FOLLOWING FEDERALLY RELATED ENTITIES:**

Farm Credit System Financial Assistance Corporation;
Federal Agricultural Mortgage Corporation (Farmer Mac);
Federal Farm Credit Banks Funding Corporation (Farm Credit System);
Federal Home Loan Bank System;
Federal Home Loan Mortgage Corporation (Freddie Mac);
Federal National Mortgage Association (Fannie Mae);
Financing Corporation (FICO);
Resolution Funding Corporation (REFCO);
Student Loan Marketing Association (SLMA); or
Tennessee Valley Authority

| Security Type | Margin Percentage |
|---|---|
| Discount Notes | 101% |
| Fixed and Floating Rate Debentures | |
| Up to and including 3 years remaining maturity | 101% |
| Greater than 3 and up to and including 5 years remaining maturity | 102% |
| Greater than 5 and up to and including 10 years remaining maturity | 103% |
| Greater than 10 and up to 30.5 years remaining maturity | 104% |
| Interest and Principal Strips | |
| Up to and including 3 years remaining maturity | 102% |
| Greater than 3 and up to and including 5 years remaining maturity | 102% |
| Greater than 5 and up to and including 10 years remaining maturity | 103% |
| Greater than 10 and up to and including 20 years remaining maturity | 105% |
| Greater than 20 and up to and including 30.5 years remaining maturity | 108% |

(1) All securities must be denominated, and pay interest and principal, in U.S. dollars only.
(2) Margin percentages apply to all existing and potential future obligations of the type indicated, regardless of current security types outstanding.
(3) Obligations of other federally related agencies not listed above have been excluded on the basis of operational experience and/or limitations of triparty custodian.
(4) All securities must be Clearing Corporation Securities or Book-Entry Securities as such terms are defined in the Custodial Undertaking.

**CLASS B**

**MORTGAGE-BACKED SECURITIES (EXCLUDING STRIPS, INTEREST ONLY PASSTHROUGHS, PRINCIPAL ONLY PASSTHROUGHS, AND REMICS/COLLATERALIZED MORTGAGE OBLIGATIONS) ISSUED AND/OR FULLY GUARANTEED BY THE FOLLOWING ENTITIES**

Government National Mortgage Association (Ginnie Mae);
Federal National Mortgage Corporation (Freddie Mac); or
Federal National Mortgage Association (Fannie Mac)

| Security Type | Margin Percentage |
|---|---|
| Agency Single-Family, Fixed-Rate Pass-through Securities (Regardless of original maturity of underlying mortgages) | |
| Up to and including 20 years remaining maturity | 107% |
| Greater than 20 and up to and including 30 years remaining maturity | 108% |
| Agency Single-Family, Adjustable Rate Pass-through Securities (Regardless of original maturity of underlying mortgages) | |
| Up to and including 20 years remaining maturity | 107% |
| Greater than 20 and up to and including 30 years remaining maturity | 108% |

(1) All securities must be denominated, and pay principal and/or interest, in U.S. dollars only.
(2) All securities must be Clearing Corporation Securities or Book-Entry Securities as such terms are defined in the Custodial Undertaking.

**CLASS B**

**AGENCY MORTGAGE-BACKED SECURITIES**
**(INCLUDING STRIPS, INTEREST ONLY PASSTHROUGHS, PRINCIPAL ONLY PASSTHROUGHS, AND REMICS/COLLATERALIZED MORTGAGE OBLIGATIONS)**

| Security Type | Margin Percentage |
|---|---|
| Agency Strips, Agency Interest Only Pass-through Securities, Agency Principal Only Pass-through Securities | |
| Up to and including 20 years remaining maturity | 113% |
| Greater than 20 and up to and including 30 years remaining maturity | 115% |

(1) All securities must be denominated, and pay principal and/or interest, in U.S. dollars only.
(2) Agency refers to securities issued and/or fully guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, or Farmers Agricultural Mortgage Corporation.
(3) All securities must be Clearing Corporation Securities or Book-Entry Securities as such terms are defined in the Custodial Undertaking.

## CLASS C

## CORPORATE SECURITIES (EXCLUDING CONVERTIBLE BONDS AND EQUITIES), MONEY MARKET INSTRUMENTS

| Security Type | Margin Percentage |
|---|---|
| Corporate Securities | |
| BBB-/Baa3/BBB- Rated or better (by at least 2 rating agencies) Medium Term Notes. | 120% |
| BBB-/Baa3/BBB- Rated or better (by at least 2 rating agencies) Bonds | 120% |
| Money Market Instruments | |
| A1/P1/F1-Rated (by at least 2 rating agencies) Commercial Paper | 107% |
| A1/P1/F1-Rated (by at least 2 rating agencies) Bankers Acceptances | 107% |
| A1/P1/F1-Rated (by at least 2 rating agencies) Certificates of Deposit | 107% |

(1) All securities must be denominated, and pay principal and/or interest, in U.S. dollars only.
(2) All securities must be rated by at least two rating agencies. Where two ratings exist, both must be BBB-/Baa3/BBB- Rated or better. Where three ratings exist, two of the three ratings must be BBB-/Baa3/BBB- Rated or better.
(3) For CDs that only have long term ratings, such CDs must be BBB-/Baa3/BBB- Rated or better.
(4) All securities must be Clearing Corporation Securities or Book-Entry Securities as such terms are defined in the Custodial Undertaking.

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SCHEDULE II

The following individuals have been designated as Authorized Persons of Lender and Borrower, respectively, in connection with the Custodial Undertaking In Connection With Master Securities Loan Agreement dated as ofOctober 8 , 2008.

LENDER

| Name | Signature |
|---|---|
| see attachment | |
| | |
| | |
| | |

BORROWER

| Name | Signature |
|---|---|
| CHRISTOPHER R. BURKE | |
| | |
| | |

AIG
Investments

70 Pine Street, 13th Floor
New York, New York 10270
Telephone: 212-770-9027
Facsimile: 718-247-1898
mail:peter.adamczyk@aig.com

*Peter C. Adamczyk*
Managing Director
Global Securities Lending

August 27, 2007

**Authorized Signatories – AIG Securities Lending**

**Panel A**

**Joseph McComb**

**Ryan Horan**

**Mary Cox**

**David Giroux**

**Panel B**

**Vivian Huang**

**Stephanie Stamp**

**Giuseppe Resta**

**Thomas Korrell**

**Authorized:**

**Peter Adamczyk**

SCHEDULE III(A)

Account Information for Delivery of Lender's Securities and Cash

ABA: 011001234

Bank Name: Boston Safe Deposit & Trust Company

Account Name: AIGGSL AS AGENT

Account Number: 103527

Reference:  AGQFCOL1002

Cost Center: 1219

SCHEDULE III(B)

Account Information for Delivery of Borrower's Securities and Cash

ABA: 021081118

Bank Name: Federal Reserve Bank of New York

City: New York

Account Name: FRBNY International Accounts.

SCHEDULE IV

ADDRESS FOR NOTICES

TO BORROWER:

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045
Credit and Risk Management
Attn: Andrew M. Danzig, Vice President

with a copy to:

HaeRan Kim, Assistant General Counsel and Senior Vice President

TO LENDER:

c/o AIG Securities Lending Corp.
70 Pine Street, 13''' Floor
New York, New York 10270
Attn: Securities Lending

TO CUSTODIAN:

The Bank of New York
One Wall Street, 4th Floor
New York, New York 10286
Attn: Broker Dealer Services Division

APPENDIX I

To: The Bank of New York
Broker Dealer Services
One Wall Street, 4th Floor
New York, New York 10286
Attention: Vice President

This notice is given pursuant to Paragraph 5E of the Custodial Undertaking in Connection With Master Securities Loan Agreement by and among Federal Reserve Bank of New York ("Borrower"), AIG Securities Lending Corp., as agent ("Lender") and The Bank of New York ("Custodian") dated as of October 8, 2008 (the "Custodial Undertaking"). Lender hereby instructs Custodian to transfer the Eligible Collateral and cash in Lender's Account (as defined in the Custodial Undertaking) to:

ABA: _____

Bank or Depository: _____

City: _____

Account Name: _____

Account Number: _____

Date: _____

**AIG SECURITIES LENDING CORP., AS AGENT**

By: _____
Title:

# CUSTODIAL AGENCY ANNEX

This Annex forms a part of the Custodial Undertaking In Connection With Master Securities Loan Agreement dated as of October 8, 2008 (the "Custodial Undertaking") by and among AIG Securities Lending Corp. ("Agent"), as agent for the principal(s) identified on Appendix A attached hereto (each, a "Lender"), Federal Reserve Bank of New York ("Borrower") and The Bank of New York ("Custodian"). Capitalized terms used but not defined shall have the meanings ascribed to them in the Custodial Undertaking.

**1**. **Representations and Warranties of Agent**

In addition to the representations set forth in Paragraph 3A of the Custodial Undertaking, Agent hereby represents and warrants, which representations and warranties shall be deemed to be continuing during the term of any Loan, that:

(a) Each Lender has duly authorized Agent to execute and deliver the Custodial Undertaking on its behalf, has the power to so authorize Agent and to enter into the Loans contemplated by the Master Securities Lending Agreement and otherwise perform its obligations pursuant to the Master Securities Lending Agreement and the Custodial Undertaking, and has taken all necessary action to authorize such execution and delivery by Agent and such performance by it; and

(b) No Loan effected hereunder shall be for the account of any third party not listed on Appendix A hereto.

(c) Agent is subject to a rule implementing 31 U.S.C. 5318(h) and maintains an anti-money laundering program compliant with the requirements of the USA PATRIOT Act (the “Act”) and the rules thereunder; (2) Agent is regulated by a federal functional regulator as that term is defined under 31.C.F.R. §103.120(a)(2); (3) Agent has implemented a customer identification program compliant with Section 326 of the Act that enables Agent to form a reasonable belief that it knows the true identity of its customers (including each Lender), including procedures to obtain information from and verify the identity of customers, maintain records of the information used to verify identity, determine whether any customer appears on any government list of known or suspected terrorists or terrorist organizations, and provide customers with adequate notice that the institution is requesting information to verify their identities; (4) Agent is in compliance with its anti-money laundering program and its customer identification program; and (5) Agent will certify annually that it has implemented its anti-money laundering program and that it (or its agent) will perform all aspects of its customer identification program with respect to each Lender.

**2.** **Multiple Lenders**

(a) **Choice of Account(s)**. In the event that Agent proposes to act for more than one Lender hereunder, Agent and Borrower shall, subject to Custodian's prior consent, elect whether (i) to treat Loans under the Custodial Undertaking as Loans entered into on behalf of separate Lenders, or (ii) to aggregate such Loans as if they were Loans by a single Lender. Failure to make such an election shall be deemed an election to treat Loans under the Custodial Undertaking as Loans entered into on behalf of separate Lenders.

(b) **Separate Accounts for Lenders**. In the event that Agent and Borrower (with Custodian's prior consent) elect (or are deemed to elect) to treat Loans under the Custodial Undertaking as Loans on behalf of separate Lenders, the parties agree that (i) Custodian shall establish a separate Lender's Account in the name of each Lender, (ii) Agent will provide Borrower and Custodian with Written Instructions specifying the portion of each Loan allocable to the account of each of the Lenders for which it is acting (to the extent that any such Loan is allocable to the account of more than one Lender) by 2:00 p.m. on the Loan Date; (iii) Custodian shall perform its obligations pursuant to Paragraph 6 of the Custodial Undertaking on a Loan-by-Loan basis; and (iv) the parties' respective remedies under the Custodial Undertaking shall be determined as if Agent had entered into a separate Custodial Undertaking with the other party on behalf of each of its Lenders.

(c) **Omnibus Account for Lender(s)**. In the event that Agent and Borrower elect to treat Loans under the Custodial Undertaking as if they were Loans by a single Lender, the parties agree that (i) Custodian shall establish one omnibus Lender 's Account in which all Lenders' interests with respect to Loans shall be commingled, (ii) Custodian shall perform its obligations pursuant to Section 6 on a Loan-by-Loan basis; and (iii) the parties' respective remedies under the Custodial Undertaking shall be determined as if all Lenders were a single Lender.

3. **Custodian Not Responsible for Lender Confirmations**. Notwithstanding any provision in the Custodial Undertaking to the contrary, all confirmation statements prepared by Custodian pursuant to the Custodial Undertaking shall be delivered to Agent and Custodian shall have no responsibility for providing any Lender with confirmation statements reflecting Eligible Collateral in a Lender's Account.

4. **Rescinded Authority**. Agent shall provide Borrower and Custodian promptly with a revised Appendix A whenever a Lender rescinds Agent's authority to perform its obligations pursuant to the Custodial Undertaking.

5. **Inconsistency with Agency Annex to Master Securities Loan Agreement**. In the event of any inconsistency between the terms and conditions of any agency annex to the Master Securities Loan Agreement and this Custodial Agency Annex, the terms and conditions of this Custodial Agency Annex shall govern.

IN WITNESS WHEREOF, the parties have caused this Annex to be executed by their respective officers, thereunto duly authorized, as of the _____ day of October, 2008

**AIG SECURITIES LENDING CORP.**

_____

**In its Individual Capacity**

By:_____

Title: President

**FEDERAL RESERVE BANK OF NEW YORK**

_____

By:_____

Title:

**THE BANK OF NEW YORK**

By:_____

Title:

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3. **Custodian Not Responsible for Lender Confirmations**. Notwithstanding any provision in the Custodial Undertaking to the contrary, all confirmation statements prepared by Custodian pursuant to the Custodial Undertaking shall be delivered to Agent and Custodian shall have no responsibility for providing any Lender with confirmation statements reflecting Eligible Collateral in a Lender's Account.

4. **Rescinded Authority**. Agent shall provide Borrower and Custodian promptly with a revised Appendix A whenever a Lender rescinds Agent's authority to perform its obligations pursuant to the Custodial Undertaking.

5. **Inconsistency with Agency Annex to Master Securities Loan Agreement**. In the event of any inconsistency between the terms and conditions of any agency annex to the Master Securities Loan Agreement and this Custodial Agency Annex, the terms and conditions of this Custodial Agency Annex shall govern.

IN WITNESS WHEREOF, the parties have caused this Annex to be executed by their respective officers, thereunto duly authorized, as of the 8th day of October, 2008

**AIG SECURITIES LENDING CORP.**

_____

**In its Individual Capacity**

By:_____

Title:

**FEDERAL RESERVE BANK OF NEW YORK**

_____

By: Susan McLaughlin

Title: Vice President Markets

**THE BANK OF NEW YORK**

By:_____

Title:

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(3-04)

3. **Custodian Not Responsible for Lender Confirmations.** Notwithstanding any provision in the Custodial Undertaking to the contrary, all confirmation statements prepared by Custodian pursuant to the Custodial Undertaking shall be delivered to Agent and Custodian shall have no responsibility for providing any Lender with confirmation statements reflecting Eligible Collateral in a Lender's Account.

4. **Rescinded Authority.** Agent shall provide Borrower and Custodian promptly with a revised Appendix A whenever a Lender rescinds Agent's authority to perform its obligations pursuant to the Custodial Undertaking.

5. **Inconsistency with Agency Annex to Master Securities Loan Agreement.** In the event of any inconsistency between the terms and conditions of any agency annex to the Master Securities Loan Agreement and this Custodial Agency Annex, the terms and conditions of this Custodial Agency Annex shall govern.

IN WITNESS WHEREOF, the parties have caused this Annex to be executed by their respective officers, thereunto duly authorized, as of the 8th day of October, 2008

**AIG SECURITIES LENDING CORP.**

_____

**In its Individual Capacity**

By:_____

Title:

**FEDERAL RESERVE BANK OF NEW YORK**

_____

By:_____

Title:

**THE BANK OF NEW YORK**

By: Henry Jugrin

Title:

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(3-04)

## APPENDIX A

AIG Annuity Insurance Co.
AIG SunAmerica Life Assurance Co.
American International Group, Inc
First SunAmerica Life Insurance Co.
SunAmerica Life Insurance Co.
The Variable Annuity Life Insurance Co.