(Multicurrency—Cross Border)

# ISDA®

International Swap Dealers Association, Inc.

# MASTER AGREEMENT

dated as of October 1, 1994

AIG FINANCIAL PRODUCTS CORP. and MERRILL LYNCH INTERNATIONAL LIMITED

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:—

**1. Interpretation**

(a) ***Definitions.*** The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency.*** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

**2. Obligations**

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

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value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

| AIG FINANCIAL PRODUCTS CORP. | MERRILL LYNCH INTERNATIONAL LIMITED |
|---|---|
| (Name of Party) | (Name of Party) |
| By: | By: |
| Name: Joseph J. Cassano | Name: J. CATHERAL |
| Title: Chief Operating Officer | Title: MANAGING DIRECTOR |
| Date: | Date: |



ISDA® 1992

SCHEDULE
to the
Master Agreement

dated as of October 1, 1994

between **AIG FINANCIAL PRODUCTS CORP.** and **MERRILL LYNCH INTERNATIONAL LIMITED**

("Party A") ("Party B")

## Part 1
## Termination Provisions

In this Agreement:-

**(1) "Specified Entity"** means in relation to Party A for the purpose of:-

| | | |
|---|---|---|
| Section 5(a) (v) | : | American International Group, Inc. and any subsidiary of Party A |
| Section 5(a) (vi) | : | American International Group, Inc. |
| Section 5(a) (vii) | : | American International Group, Inc. |
| Section 5(b) (iv) | : | Not Applicable |

in relation to Party B for the purpose of:-

| | | |
|---|---|---|
| Section 5(a) (v) | : | Merrill Lynch & Co., Inc. and any subsidiary of Party B |
| Section 5 (a) (vi) | : | Merrill Lynch & Co., Inc. |
| Section 5(a) (vii) | : | Merrill Lynch & Co., Inc. |
| Section 5(b) (iv) | : | Not Applicable |

**(2) "Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.

**(3)** The **"Cross Default"** provisions of Section 5(a) (vi) will apply to Party A and Party B and, for such purpose:

(a) **"Specified Indebtedness"** will have the meaning specified in Section 14;

(b) **"Threshold Amount"** $25,000,000 United States Dollars or its equivalent in any currency.

**(4)** **"Termination Currency"** means United States Dollars.

**(5)** The **"Credit Event Upon Merger"** provisions of Section 5(b) (iv) will apply to Party A and Party B.

**(6)** Section 5(b)(iv) is hereby amended by inserting after the words "another entity" the phrase "or another entity consolidates or amalgamates with, or merges into or transfers all or substantially all of its assets to X."

**(7)** The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A or Party B.

**(8)** **Payments on Early Termination**. For the purpose of Section 6(e) of this Agreement:

(i) Market Quotation will apply.

(ii) The Second Method (Full Two-Way Payments) will apply.

**(9)** **Additional Termination Event** will not apply.

## Part 2
## Tax Representations

(1) Payor Tax Representations.

For the purpose of Section 3(e), each party makes the following representation:

It is not required by any applicable law, as modified by practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to take any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e) or 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement.

In making this representation it may rely on:-

(i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the

satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(2) Payee Tax Representations.

(A) For the purpose of Section 3(f), Party A makes the representation(s) specified below:

(i) The following representation will apply: -

It is fully eligible for the benefits of the "Business Profits" or "Industrial and Commercial Profits" provision, as the case may be, the "Interest" provision or the "Other Income" provision (if any) of the Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with this Agreement and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the Specified Jurisdiction.

If such representation applies, then: -

**"Specified Treaty"** means United States - United Kingdom Income Tax Convention.

**"Specified Jurisdiction"** means United Kingdom.

(ii) The following representation will apply:-

Each payment received or to be received by it in connection with this Agreement relates to the regular business operations of the party (and not to an investment of the party).

(B) For the purpose of Section 3(f), Party B makes the representation(s) specified below:

(i) The following representation will apply:

It is fully eligible for the benefits of the "Business Profits" or "Industrial and Commercial Profits" provision, as the case may be, the "Interest" provision or the "Other Income" provision (if any) of the Specified Treaty with respect to any payment described in such provisions and

received or to be received by it in connection with this Agreement and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the Specified Jurisdiction.

If such representation applies, then:

**"Specified Treaty"** means United States - United Kingdom Income Tax Convention

**"Specified Jurisdiction"** means the United States.

(b) The following representation will apply:

Each payment received or to be received by it in connection with this Agreement relates to the regular business operations of the party (and not to an investment of the party).

## Part 3
## Documents to be delivered

For the purpose of Section 4(a) :-

(1) Tax forms, documents or certificates to be delivered are:

(a) Party B agrees to complete, accurately and in a manner reasonably satisfactory to Party A, and to execute and deliver to Party A, a United States Internal Revenue Service Form 1001, or any successor form, (i) before the first Scheduled Payment Date under this Agreement, (ii) promptly upon reasonable demand by Party A, and (iii) promptly upon learning that any such form previously provided by Party B has become obsolete or incorrect.

(b) Party B agrees to complete, accurately and in a manner reasonably satisfactory to Party A, and to execute and deliver to Party A, a United States Internal Revenue Service Form W-8, or any successor form, (i) before the first Scheduled Payment Date under this Agreement, (ii) promptly upon reasonable demand by Party A, and (iii) promptly upon learning that any form previously provided by Party B has become obsolete or incorrect.

(c) Party B agrees to complete, accurately and in a manner reasonably satisfactory to Party A, and to execute and deliver to Party A, a United States Internal Revenue Service Form 4224, or any successor form, in respect of any payments received or to be received by Party B in connection with this Agreement

that are effectively connected or otherwise attributable to its conduct of a trade or business in the United States (i) before the first Scheduled Payment date on which any such payment is or may be so connected or attributable, (ii) promptly upon reasonable demand by Party A, and (iii) promptly upon learning that any such form previously provided has become obsolete or incorrect.

(d) Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party or any Specified Entity thereof), execute, arrange for any required certification of, and deliver to the other party (or any Specified Entity) or such government or taxing authority as the other party (or any Specified Entity) directs, any form or document that may be required or reasonably requested in order to assist or enable the other party (or any Specified Entity) to secure the benefit of any available exemption or relief from any deduction or withholding for or on account of Tax or, if there is no available exemption or relief as aforesaid, to secure the benefit of any reduced rate of deduction or withholding, in respect of any payment under this Agreement (or a Credit Support Document of the other party or a Specified Entity thereof) promptly upon the earlier of: (i) reasonable demand by the other party (or any Specified Entity); and (ii) learning that the form or document is required.

As used in the paragraph (1)(c) Specified Entity has the same meaning as specified in Part I, paragraph (1) for the purposes of Section 5(a)(v).

(2) Other documents to be delivered are:-

| **Party required to deliver document** | **Form/Document/ Certificate** | **Date by which to be delivered** | **Covered by Section 3(d) Representation** |
|---|---|---|---|
| Party A: | A copy of a resolution of Party A approving the transactions contemplated by this Agreement and authorizing a specified person or persons to execute this | At execution | Yes |

| | | | |
|---|---|---|---|
| | Agreement including any and all Confirmations, on behalf of Party A | | |
| | Annual Financial Statements | On demand of Party B, in respect of the latest publicly available financial statements prior to the date of this Agreement and in respect of financial statements which hereafter become publicly available. | Yes |
| | Guarantee of American International Group, Inc. | At execution | No |
| Party B | A copy of a resolution of Party B approving the transactions contemplated by this Agreement and authorizing a specified person or persons to execute this Agreement, including any and all Confirmations, on behalf of Party B | At execution | Yes |
| | Annual Financial Statements | On demand of Party A, in respect of the latest publicly available financial statements prior to the date of this Agreement and in respect of financial statements which hereafter become publicly available. | Yes |

| | | |
|---|---|---|
| Guarantee of Merrill Lynch & Co., Inc. | At execution | No |

**Part 4**
**Miscellaneous**

**(1) GOVERNING LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.**

**(2) Process Agent.** For the purposes of Section 13(c): - Party B appoints as its process agent:

Merrill Lynch
World Financial Center
North Tower
New York, New York 10281-1312

**(3) "Affiliate"** will have the meaning specified in Section 14.

**(4) Multibranch Party.** For the purpose of Section 10(C):

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

**(5) Address for Notices.** For the purpose of Section 12(a) :- Address for notices or communications (other than with respect to payments) to Party A:-

Attention : Chief Financial Officer
100 Nyala Farm
Westport, Connecticut 06880

Telecopy No.: (203) 222-4780

With a copy to the attention of the General Counsel at the above address.

Address for notices or communications (other than with respect to payments) to Party B:-

Address : Global Equity Derivatives Group
Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC24 9LY
United Kingdom

Telecopy No: 071-867-4190
Telephone No: 071-867-3958

**(6) Netting of Payments.** Unless otherwise specified in confirmation, subparagraph (ii) of Section 2(C) will apply to the transactions under this agreement.

**(7) Transfer.** Section 7 is replaced in its entirety with the following:

(a) Subject to Section 6(b) and except as expressly provided herein, neither this Agreement nor any interest or obligation in or under this Agreement or any Swap Transaction may be transferred by Party B without the prior written consent of Party A (other than pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all of Party B's assets to, another entity) and any purported transfer without such consent will be void. Party B may transfer the Agreement, any of its interests and obligations in and under the Agreement or one or more Swap Transactions to another of Party B's offices, branches or Affiliates upon two Business Days' prior written notice of the transfer to Party A; provided, however, that (i) if such transfer is to an entity other than Merrill Lynch & Co. Inc., such notice shall be accompanied by a Guarantee of Merrill Lynch & Co., Inc. of such transferee's obligations in substantially the form of the Guarantee of Merrill Lynch & Co., Inc. referred to in Part 4(8)(b) of this Schedule or by an agreement in writing of Merrill Lynch & Co., Inc. that such Guarantee will apply to the obligations of such transferee under this Agreement, (ii) Party A will not, as a result of such transfer, be required on the next succeeding Payment Date to pay to the transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of default interest) greater than the amount in respect of which Party A would have been required to pay to Party B in the absence of such transfer, (iii) the transferee will not, as a result of such transfer, be required on the next succeeding Payment Date to withhold or deduct on account of an Indemnifiable Tax under Section 2(d)(i) (except in respect of default interest) amounts in excess of that which it would, on the next succeeding Payment Date, have been required to so withhold or deduct in the absence of such transfer unless it would be required to make additional payments pursuant to Section 2(d)(i)(4) corresponding to such excess, (iv) a Termination Event or Event of Default does not occur as a result of such transfer, and (v) with respect to any claim arising out of the Agreement, the transferee irrevocably (1) submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, (2) waives any objection which it may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating to the Agreement brought in any such court, (3) waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (4) waives the right to object, with respect to such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such

transferee and (5) appoints as its agent for service of process, a party located in the Borough of Manhattan in New York City. With respect to the result described in subclauses (ii) and (iii), Party B agrees to cause such transferee to make, and Party A agrees to make, such Payee Tax Representations, Payor Tax Representations, Withholding Tax Representations and Additional Tax Convenants as may be reasonably requested by the other party in order to permit such other party to determine that such result will not occur after such transfer.

(b) Subject to Section 6(b), and except as expressly provided herein, neither this Agreement nor any interest or obligation in or under this Agreement or any Transaction may be transferred by Party A without the prior written consent of Party B (other than pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all of Party A's assets to, another entity) and any purported transfer without such consent will be void. Party A may transfer the Agreement, any of its interests and obligations in and under the Agreement or all, but not fewer than all Transactions to another of Party A's offices, branches or Affiliates on two Business Days' prior written notice; provided, however, that (i) if such transfer is to an entity other than American International Group, Inc., such notice shall be accompanied by a Guarantee of American International Group, Inc. of such transferee's obligations in substantially the form of the Guarantee of American International Group, Inc. referred to in Part 4(8) of this Schedule or by an agreement in writing of American International Group, Inc. that such Guarantee will apply to the obligations of such transferees under this Agreement, (ii) Party B will not, as a result of such transfer be required on the next succeeding Scheduled Payment Date to pay to the transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of default interest) greater than the amount in respect of which Party B would have been required to pay to Party A in the absence of such transfer, (iii) the transferee will not, as a result of such transfer, be required on the next succeeding Scheduled Payment Date to withhold or deduct on account of Indemnifiable Tax under Section 2(d)(i) (except in respect of default interest) amounts in excess of that which it would, on the next succeeding Scheduled Payment Date, have been required to so withhold or deduct in the absence of such transfer unless it would be required to make additional payments pursuant to Section 2(d)(i)(4) corresponding to such excess, (iv) a Termination Event or Event of Default does not occur as a result of such transfer, and (v) with respect to any claim arising out of the Agreement, the transferee irrevocably (1) submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, (2) waives any objection which it may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating to the Agreement brought in any such court, (3) waives any claim that any such suit, action or

proceeding brought in any such court has been brought in an inconvenient forum, (4) waives the right to object, with respect to such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such transferee and (5) appoints as its agent for service of process, a party located in the Borough of Manhattan in New York City. With respect to the result described in subclauses (ii) and (iii), Party A agrees to cause such transferee to make, and Party A agrees to make, such Payee Tax Representations and Payer Tax Representation as may be reasonably requested by the other party in order to permit such other party to determine that such result will not occur after such transfer.

(8) **Credit Support Document**. Details of any Credit Support Document:-

(a) In the case of Party A, a guarantee of Party A's obligations hereunder in the form annexed hereto as Exhibit A of this Schedule.

(b) In case the case of Party B, a guarantee of Party B's obligations hereunder in the form annexed hereto as Exhibit B of this Schedule.

(9) **Credit Support Provider**. Credit Support Provider means in relation to Party A: American International Group, Inc.; and in relation to Party B: Merrill Lynch & Co., Inc.

## Part 5
## Other Provisions

(1) **1991 Definitions**. This Agreement, each Confirmation and each Transaction are subject to the 1991 Interest Rate and Currency Exchange Definitions (as published by the International Swap Dealers Association, Inc.) (the "Definitions"), and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments to the Definitions subsequent to the date thereof. The provisions of the Definitions are incorporated by reference in, and shall be deemed to be part of, this Agreement and each Confirmation, as if set forth in full in this Agreement or in that Confirmation. In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(2) **Calculation Agent**. The Calculation Agent will be Party A. Whenever the Calculation Agent is required to select banks or dealers for the purpose of calculating a Floating Rate, the Calculation Agent will make such selection only with the consent of Party B, which consent will not be unreasonably withheld.

(3) **Annual Financial Statements**. "Annual Financial Statements" means, in respect of both American International Group, Inc. and Merrill Lynch & Co., Inc., of the annual report of such party containing audited consolidated financial statements for such party's fiscal year certified by independent certified public accountants and prepared in accordance with accounting principles that are generally accepted in the country in which the party is organized.

(4) **Procedures for Entering into Transactions**. With respect to each Transaction entered into pursuant hereto, Party A shall, on or promptly after the Trade Date thereof, send Party B a Confirmation substantially in the form of Exhibit 1 to the Definitions confirming such Swap Transaction and Party B shall promptly thereafter confirm the accuracy of or request the correction of such Confirmation.

(5) **Set-off**. Any amount (the "Early Termination Amount") payable to one party (the "Payee") by the other party (the "Payer") under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer or instrument(s) or undertaking(s) issued or executed by one party to, or in favor of, the other party (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Part 5(5).

For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Part 5(5) shall be effective to create a charge or other security interest. This Part 5(5) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

(6) **Representations**. Section 3 is hereby amended by adding at the end thereof the following Subparagraph (g):

> "(g) **Eligible Swap Participant**. It constitutes an "eligible swap participant" as such term is defined in Rule 35.1(b)(2) of the Commodity Futures Trading Commission 17 C.F.R. § 35.1(b)(2)(1993)."

(7) Merrill Lynch Capital Services, Inc. ("MLCS") has transferred all of its right, title and interest in and to the Transaction specified below (the "Assigned Transaction") to Party B and, Party A and Party B hereby consent and agree that upon execution and delivery of this Agreement, the Assigned Transactions shall be governed, without further act, by the terms of this Agreement and, moreover, from and after the date hereof, all Swap Transactions entered into between Party A and Party B shall be governed by this Agreement unless otherwise provided in the Confirmation relating to such Transaction.

| Trade Date | Transaction Type | Termination Date |
|---|---|---|
| April 8, 1993 | Price Collar Transaction (S&P 500) | April 14, 1998 |

IN WITNESS WHEREOF, the parties have executed this document as of the date specified on the first page hereof.

**AIG FINANCIAL PRODUCTS CORP.**

By: _____
Name: **Joseph J. Cassano**
Title: **Chief Operating Officer**

**MERRILL LYNCH INTERNATIONAL LIMITED**

By: _____
Name: J. GATHERAL
Title: MANAGING DIRECTOR

Accepted and Agreed
with respect to Part 5(7):

**MERRILL LYNCH CAPITAL SERVICES, INC.**

By: _____

EXHIBIT A

GUARANTEE OF AMERICAN INTERNATIONAL GROUP, INC.

Guarantee, dated as of October 1, 1994, by American International Group, Inc., a Delaware corporation (the "Guarantor"), in favor of Merrill Lynch International Limited, a corporation organized under the laws of England and Wales (the "Guaranteed Party").

1. **Guarantee.** To induce the Guaranteed Party to enter into a Master Agreement, dated as of October 1, 1994, pursuant to which the Guaranteed Party and AIG Financial Products Corp., a Delaware corporation (the "Company"), have entered and/or anticipate entering into one or more Transactions (as defined therein), the confirmation of each of which supplements, forms a part of, and will be read and construed as one with, such Master Agreement (as amended or modified from time to time, such Master Agreement together with such confirmations are collectively referred to herein as the "Agreement"), the Guarantor absolutely, unconditionally and irrevocably guarantees to the Guaranteed Party and its successors, endorsees and assigns the prompt payment when due, subject to any applicable grace period, of all present and future payment obligations of the Company to the Guaranteed Party arising out of Transactions entered into under the Agreement (the "Obligations"). This Guarantee is a Credit Support Document as contemplated in the Agreement.

2. **Nature of Guarantee.** The Guarantor's obligations hereunder shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral therefor or by any other circumstance relating to the Obligations that might otherwise constitute a legal or equitable discharge of or defense to the Guarantor not available to the Company. The Guarantor agrees that the Guaranteed Party may resort to the Guarantor for payment of any of the Obligations whether or not the Guaranteed Party shall have resorted to any collateral therefor or shall have proceeded against the Company or any other obligor principally or secondarily obligated with respect to any of the Obligations. The Guaranteed Party shall not be obligated to file any claim relating to the Obligations in the event that the Company becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Guaranteed Party to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Guaranteed Party in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to (a) set-off

against any payment owing hereunder any amounts owing by the Guaranteed Party to the Company and (b) assert defenses which the Company may have to payment of any Obligations other than defenses arising from the bankruptcy or insolvency of the Company and other defenses expressly waived hereby.

3. **Changes in Obligations, Collateral therefor and Agreements Relating thereto; Waiver of Certain Notices.** The Guarantor agrees that the Guaranteed Party may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with the Company or with any other party to or person liable on any of the Obligations or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between the Guaranteed Party and the Company or any such other party or person without in any way impairing or affecting this Guarantee. The Guarantor waives notice of the acceptance of this Guarantee and of the Obligations, presentment, demand for payment, notice of dishonor and protest.

4. **Expenses.** The Guarantor agrees to pay on demand all fees and out of pocket expenses (including the reasonable fees and expenses of the Guaranteed Party's counsel) in any way relating to the enforcement or protection of the rights of the Guaranteed Party hereunder; provided, that the Guarantor shall not be liable for any expenses of the Guaranteed Party if no payment under this Guarantee is due.

5. **Subrogation.** Upon payment of any of the Obligations, the Guarantor shall be subrogated to the rights of the Guaranteed Party against the Company with respect to such Obligations, and the Guaranteed Party agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. **No Waiver; Cumulative Rights.** No failure on the part of the Guaranteed Party to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Guaranteed Party of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Guaranteed Party or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Guaranteed Party at any time or from time to time.

7. **Representations and Warranties.** The Guarantor hereby represents and warrants that:

(a) the Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power to execute, deliver and perform this Guarantee;

(b) the execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of the Guarantor's certificate of incorporation or by-laws, as amended to date, or any law, regulation, rule, decree, order, judgement or contractual restriction binding on the Guarantor or its assets;

(c) all consents, licenses, clearances, authorizations and approvals of, and registrations and declarations with, any governmental authority or regulatory body necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance of this Guarantee; and

(d) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

8. **Assignment.** Neither the Guarantor nor the Guaranteed Party may assign its rights, interests or obligations hereunder to any other person (except by operation of law) without the prior written consent of the Guarantor or the Guaranteed Party, as the case may be, provided, however, that the Guaranteed Party may assign its rights, interests and obligations hereunder to an assignee or transferee to which it has transferred its interests and obligations under the Agreement pursuant to Section 7 thereof.

9. **Notices.** All notices or demands on the Guarantor shall be deemed effective when received, shall be in writing and shall be delivered by hand or by registered mail, or by facsimile transmission promptly confirmed by registered mail, addressed to the Guarantor at:

American International Group, Inc.
70 Pine Street New York, NY 10270
Attention: Secretary
Fax: (212) 514-6894

or to such other address or fax number as the Guarantor shall have notified the Guaranteed Party in a written notice delivered to the Guaranteed Party in accordance with the Agreement.

**10. Continuing Guarantee.** Subject to the provisions of Section 11 hereof, this Guarantee shall remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until all of the Obligations have been satisfied in full.

**11. Termination.** This Guarantee may be terminated by the Guarantor upon 5 days' written notice to the Guaranteed Party, provided that this Guarantee shall remain in full force and effect with respect to Obligations incurred by the Company as a result of Transactions entered into prior to the effective date of such termination.

**12. Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.**

IN WITNESS WHEREOF, this Guarantee has been duly executed and delivered by the Guarantor to the Guaranteed Party as of the date first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By_____

By_____

## AMENDMENT TO ISDA MASTER AGREEMENT

**AMENDMENT AGREEMENT** (the "Amendment") dated as of December 16, 2003 between AIG FINANCIAL PRODUCTS CORP. ("Party A") and MERRILL LYNCH INTERNATIONAL LIMITED ("Party B").

## WITNESSETH

**WHEREAS**, Party A and Party B have entered into an ISDA Master Agreement (Multicurrency-Cross Border) as published in 1992 by the International Swaps and Derivatives Association, dated as of October 1, 1994 (the "Master Agreement");

**WHEREAS**, Party A and Party B wish to amend the Master Agreement;

**NOW THEREFORE**, for and in consideration of the agreements herein made and other good and valuable consideration, the parties hereto agree as follows:

1. Unless otherwise defined herein, capitalised terms used herein have the meaning specified in or pursuant to the Master Agreement.

2. The Credit Support Annex (Bilateral Form) as published in 1994 by the International Swaps and Derivatives Association, dated as of December 16, 2003 between the parties and as attached hereto as an Exhibit shall be deemed to supplement, form part of, and be subject to the Master Agreement as of the date hereof.

3. Except as specifically amended hereby, all of the terms and conditions of the Master Agreement are unaffected and shall continue to be in full force and effect and shall be binding upon Party A and Party B in accordance with their terms.

4. Each of the parties hereby represents and warrants that:

(a) representations and warranties contained in the Master Agreement are true on and as of the date hereof as if made by the party on and as of said date, and

(b) the execution, delivery and performance of this Amendment are within the party's corporate power and have been duly authorised by all necessary corporate action, and this Amendment constitutes the legal, valid and binding obligation of the party in accordance with its terms.

5. This Amendment may be executed and delivered in counterparts (including by facsimile transmission), each of which shall be deemed an original.

6. This Amendment shall be governed by and construed in accordance with laws of the State of New York without reference to the conflict of laws provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the date first written below.

| **AIG FINANCIAL PRODUCTS CORP.** | | **MERRILL LYNCH INTERNATIONAL LIMITED** |
|---|---|---|
| By: | | By: |
| Name: | Kathleen M. Furlong | Name: |
| Title: | Vice President, Chief Financial Officer and Treasurer | Title: |
| Date: | | Date: |

**EXHIBIT**

**Paragraph 13. Elections and Variables**

(a) **Security Interest for "Obligations".** The term "Obligations" as used in this Annex includes the following additional obligations: Not Applicable.

(b) **Credit Support Obligations.**

(i) **Delivery Amount, Return Amount and Credit Support Amount.**

(A) **"Delivery Amount"** has the meaning specified in Paragraph 3(a).

(B) **"Return Amount"** has the meaning specified in Paragraph 3(b).

(C) **"Credit Support Amount"** has the meaning specified in Paragraph 3.

(ii) **Eligible Collateral.** The following items will qualify as "Eligible Collateral":

| | | **Valuation Percentage** |
|---|---|---|
| (A) | Cash; | 100% |
| (B) | negotiable debt obligations issued by the U.S. Treasury Department having an outstanding maturity of not more than one year; | 100% |
| (C) | negotiable debt obligations issued by the U.S. Treasury Department having an outstanding maturity of more than one year but not more than ten years; | 98% |

| | | Valuation Percentage |
|---|---|---|
| (D) | negotiable debt obligations issued by the U.S. Treasury Department having an outstanding maturity of more than ten years; | 98% |
| (E) | single-class mortgage participation certificates ("FHLMC Certificates") in book-entry form backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and the ultimate collection of principal of which are guaranteed by the Federal Home Loan Mortgage Corporation (excluding Real Estate Mortgage Investment Conduit ("REMIC") or other multi-class pass-through certificates, pass-through certificates backed by adjustable rate mortgages and securities paying interest or principal only); | 95% |
| (F) | single-class mortgage pass-through certificates ("FNMA Certificates") in book-entry form backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and the ultimate collection of principal of which are guaranteed by the Federal National Mortgage Association (excluding REMIC or other multi-class pass-through certificates, pass-through certificates backed by adjustable rate mortgages and securities paying interest or principal only); | 95% |
| (G) | single-class fully modified pass-through certificates ("GNMA Certificates") in book-entry form backed by single-family residential mortgage loans, the full and timely payment of principal and interest of which is guaranteed by the Government National Mortgage Association (excluding REMIC or other multi-class pass-through certificates, pass-through certificates backed by adjustable rate mortgages and securities paying interest or principal only); | 95% |

(iii) **Other Eligible Support.** There shall be no "Other Eligible Support" for either Party A or Party B.

(iv) **Thresholds.**

(A) **"Independent Amount"** for Party A and Party B means, with respect to each Transaction, zero (unless a different amount is specified in the Confirmation of that Transaction as that party's Independent Amount).

(B) **"Threshold"** means the amounts set out below determined on the basis of the lower of the ratings (the "Credit Ratings") assigned by either S&P or Moody's to (i) the long term, unsecured and unsubordinated debt of Merrill Lynch & Co., Inc. ("ML & Co.") in the case of Party B and (ii) the long term unsecured unsubordinated debt of American International Group, Inc. ("AIG") in the case of Party A; provided that if (x) ML & Co. or AIG has no such ratings or (y) an Event of Default or Potential Event of Default has occurred and is continuing with respect to Party A or Party B, the Threshold with respect to the relevant party shall be zero:

| **S&P Rating** | **Moody's Rating** | **Threshold** |
|---|---|---|
| AA+ or AAA | Aa1 or Aaa | USD 20,000,000 |
| AA- or AA | Aa3 or Aa2 | USD 15,000,000 |
| A+ | A1 | USD 10,000,000 |
| A | A2 | USD 5,000,000 |
| A- | A3 | USD 2,500,000 |
| BBB+ or below | Baa1 | zero |

(C) **"Minimum Transfer Amount"** means, with respect to a party, US $100,000; provided, that if an Event of Default or Potential Event of Default has occurred and is continuing, the Minimum Transfer Amount with respect to such party shall be zero.

(D) **"Rounding".** The Delivery Amount and the Return Amount will be rounded up and down respectively to the nearest integral multiple of US $10,000.

(c) **Valuation and Timing.**

(i) **"Valuation Agent"** means, for purposes of Paragraph 3 and 5, the party making the demand under Paragraph 3; for the purpose of Paragraph 4(d)(ii), the Secured Party receiving the Substitute Credit Support; and for purposes of Paragraph 6(d), the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable.

(ii) **"Valuation Date"** means (a) each Friday of the relevant calendar month (or if such day is not a Local Business Day then the immediately preceding Local Business Day) and (b) each other such Local Business Day designated as a Valuation Date by notice given by one party to the other no later than the Notification Time on such Local Business Day.

(iii) **"Valuation Time"** means the close of business in the city of the Valuation Agent on the Local Business Day preceding the Valuation Date or date of calculation, as applicable; provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) **"Notification Time"** means by 10:00 a.m., New York time, on a Local Business Day.

(d) **Conditions Precedent and Secured Party's Rights and Remedies.** For purposes of Paragraph 8(a), each Termination Event will constitute a Specified Condition with respect to a Pledgor, if the Pledgor fails to pay when due any amount payable by it in connection with an Early Termination Date designated in connection with that Termination Event. For all other purposes of this Annex, each Termination Event specified below with respect to a party will be a "Specified Condition" for that party.

| | |
|---|---|
| Credit Event Upon Merger | [X] |
| Additional Termination Events (if any) | [X] |

(e) **Substitution.**

(i) **"Substitution Date"** has the meaning specified in Paragraph 4(d)(ii).

(ii) **"Consent."** The Pledgor may substitute Eligible Credit Support pursuant to Paragraph 4(d) without consent from the Secured Party.

(f) **Dispute Resolution.**

(i) **"Resolution Time"** means 1:00 p.m., New York Time, on the second Local Business Day following the date on which notice of the dispute is given under Paragraph 5.

(ii) **"Value."** For the purpose of Paragraph 5(i)(C) and 5(ii), the Value of Eligible Collateral other than Cash will be calculated as follows:

the sum of (i) (x) the arithmetic mean of the closing bid prices quoted on the relevant date by three nationally recognized principal market makers (which may include an affiliate of Party A or Party B) for such security chosen by the Valuation Agent multiplied by the applicable Valuation Percentage or (y) if no quotations are available from such principal market makers on the relevant date, the arithmetic mean of the closing bid prices on the next preceding date multiplied by the applicable Valuation Percentage plus (ii) the accrued interest on such security (except to the extent Transferred to a party pursuant to any applicable provision of this Agreement or included in the applicable price referred to in (i) of this clause) as of such date.

(iii) **"Alternative."** Not Applicable.

(g) **Holding and Using Posted Collateral.**

(i) **"Eligibility to Hold Posted Collateral; Custodians."** As long as the conditions set forth in clause (1) below are satisfied, Party B shall be entitled to hold Posted Collateral pursuant to Paragraph 6(b). As long as the condition set forth in clause (2) below are satisfied, any Custodian for Party B shall be entitled to hold Posted Collateral pursuant to Paragraph 6(b).

(1) Party B: (a) The long-term unsecured debt ratings of ML & Co. are at least BBB+ (in the case of S&P) and Baa1 (in the case of Moody's) and (b) No Event of Default or Potential Event of Default exists with respect to Party B.

(2) The Custodian: The Custodian is either: (a) a wholly owned, direct or indirect, Affiliate of ML & Co. or (b) a bank or trust company located in the State of New York having total assets of at least US $10,000,000,000.

Initially, the **Custodian** for Party B is: Merrill Lynch, Pierce Fenner & Smith, Inc.

As long as the conditions set forth in clause (1) below are satisfied, Party A shall be entitled to hold Posted Collateral pursuant to paragraph 6(b). As long as the conditions set forth in clause (2) below are satisfied, any Custodian for Party A shall be entitled to hold Posted Collateral pursuant to Paragraph 6(b).

(1) Party A: (a) The long-term unsecured debt ratings of AIG are at least BBB+ (in the case of S&P) and Baa1 (in the case of Moody's) and (b) no Event of Default or Potential Event of Default exists with respect to Party A.

(2) The Custodian: The Custodian is a bank or trust company located in the State of New York having total assets of at least US $10,000,000,000.

Initially, the **Custodian** for Party A is: For Posted Collateral other than Cash: The Chase Manhattan Bank. For Posted Collateral constituting Cash: Bank of New York.

(ii) **"Use of Posted Collateral"** The provisions of Paragraph 6(c) will apply to Party A and Party B.

(h) **Distributions and Interest Amount.**

(i) **"Interest Rate."** The Interest Rate will be the rate per annum equal to the overnight Federal Funds Rate for each day cash is held by the Secured Party as reported in Federal Reserve Publication H.15-519.

(ii) **"Transfer of Interest Amount."** The Transfer of the Interest Amount will be made on the first Local Business Day of each calendar month and on any Local Business Day that

Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b).

(iii) **"Alternative to Interest Amount."** Not Applicable.

(i) **Additional Representation(s).** Not Applicable.

(j) **"Other Eligible Support and Other Posted Support."**

(i) **"Value"** with respect to Other Eligible Support and Other Posted Support means: Not Applicable.

(ii) **"Transfer"** with respect to Other Eligible Support and Other Posted Support means: Not Applicable.

(k) **Demands and Notices.** All demands, specifications and notices made by a party to this Annex will be made pursuant to the Notices Section of this Agreement or as otherwise mutually agreed to in writing.

(l) **Addresses for Transfers.** Not Applicable.

(m) **Other Provisions.**

(i) Paragraph 7(i) is hereby amended by deleting the words "two Local Business Days" in the third line thereof and substituting therefor the words "one Local Business Day" therefor.

(ii) Paragraph 7(ii) is hereby amended by replacing the word "five" in the second line thereof with the word "two".

# APPENDIX

## AMENDMENTS TO THE AGREEMENT

1. All references to "Banque AIG" in the printed form of ISDA Master Agreement comprised in the Agreement (the ***ISDA Master***) and the Credit Support Annex are replaced with "AIG Financial Products Corp."

2. In the recital of the parties in the Schedule to the ISDA Master (the ***Schedule***), "BANQUE AIG whose registered office is at 46, rue de Bassano, 75008 Paris, France" is replaced with "AIG FINANCIAL PRODUCTS CORP. whose registered office is at 50 Danbury Road, Wilton, Connecticut 06897-44421, USA".

3. In Part 2 of the Schedule, Party A makes no representations, and all of the representations made by Party B for the purposes of section 3(f) of the ISDA Master are deleted and replaced with the following:

   " (a) Party B is a "non-U.S. branch of a foreign person" (as that term used in section 1.1441-4(a)(3)(ii) of U.S. Treasury Regulations) and a foreign person (as that term is used in section 1.6041-4(a)(4) of U.S. Treasury Regulations) for U.S. federal income tax purposes and (b) Party B is fully eligible for the benefits of the "Business Profits" provision, the "Interest" provision or the "Other Income" provision of the Specified Treaty with respect to Taxes on Income and on Capital Gains with respect to any payment described in such provisions and received or to be received by it in connection with this Agreement and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the United States."

4. In Part 3(a) of the Schedule, the following paragraph is to be inserted immediately prior to the paragraph commencing with the words "Each party agrees to complete":

   "Party B agrees to deliver to Party A a U.S. Internal Revenue Service Form W-8BEN or successor form (with Part II completed and a Taxpayer Identification Number provided) (i) promptly upon entering into this Agreement, (ii) promptly upon reasonable demand by Party A and (iii) promptly upon learning that such Form previously provided by Party B has (or is about to) become obsolete, incorrect or ineffective."

   "Specified Treaty" means the double taxation treaty as amended or substituted from time to time concluded between the United States and the Specified Jurisdiction. "Specified Jurisdiction" means the United Kingdom."

5. In Part 4(a) of the Schedule, the notice details for Party A are replaced in their entirety with the following:

   Address: AIG Financial Products Corp.
   50 Danbury Road

Wilton, Connecticut 06897-4444
USA

| | |
|---|---|
| Attention: | Chief Financial Officer (with a copy to the General Counsel) |
| Facsimile No.: | +1(203) 222-4780 |
| Telephone No: | +1(203) 222-4700" |

6. AIG-FP shall not be a Multibranch Party, and Part 4(d) of the Schedule is amended accordingly.

7. The following is added as a new paragraph at the end of part 5 of the Schedule:

"**Waiver of Jury Trial Right**

**EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING.** Each party hereby (i) certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other would not, in the event of a Proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this paragraph."

8. The following is added as a new paragraph at the end of part 5 of the Schedule immediately following the "Waiver of Jury Trial Right" wording added pursuant to this Appendix:

"**Prevailing Master Agreement**

Notwithstanding anything contained in the Agreement to the contrary, if the parties have entered into or in future enter into any Specified Transaction (including without limitation any Specified Transaction which the parties have entered into as a "Transaction" for the purposes of the Old AIGFP Master Agreement), such Specified Transaction shall be subject to, governed by and construed in accordance with the terms of this Agreement unless the Confirmation or other agreement relating thereto shall specifically state to the contrary (which shall not be deemed to be the case if it states the relevant Specified Transaction to be subject to and/or form part of the Old AIGFP Master Agreement). Each such Specified Transaction shall be a Transaction for the purpose of this Agreement, and the Old AIGFP Master Agreement shall cease with immediate effect to have any further force or effect between the parties. For these purposes, "***Old AIGFP Master Agreement***" means the ISDA Master Agreement dated as of 1 October 1994 between Party A and Party B."

9. This Appendix has been prepared on the assumption that in the ISDA Master Banque AIG is Party A and the Counterparty is Party B. If it is in fact the case that in the ISDA Master the Counterparty is Party A and Banque AIG is Party

B, each reference in this Appendix (other than this paragraph) to Party A will be deemed to be a reference to Party B, and each reference to Party B will be deemed to be a reference to Party A.