539161

DATE: February 24, 2004

TO: Goldman Sachs Capital Markets, L.P.

FROM: AIG Financial Products Corp.

SUBJECT: Credit Derivative Transaction

REF. NUMBER: NUUQ402B10

The purpose of this letter agreement is to confirm the terms and conditions of the Credit Derivative Transaction entered into on the Trade Date specified below (the "Transaction") between AIG Financial Products Corp. ("AIG-FP") and Goldman Sachs Capital Markets, L.P. ("Counterparty"). The time at which this Transaction was entered into is available on request. If you have any questions regarding this Transaction please contact Jake Sun, Counsel, AIG Financial Products Corp. This letter agreement constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

This Confirmation is subject to and incorporates the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to such Definitions (as so supplemented, the "Credit Derivatives Definitions"), as published by the International Swaps and Derivatives Association, Inc. ("ISDA").

This Confirmation supplements, forms part of, and is subject to, the ISDA Interest Rate and Currency Exchange Agreement, dated as of October 17, 1990 (including the Schedule and Credit Support Annex thereto), as amended and supplemented from time to time (the "Agreement"), between you and us. Capitalized terms used but not defined in this Confirmation or in the Agreement have the meanings ascribed to them in the Indenture.

The terms of the particular Transaction to which this Confirmation relates are as follows:

**1. General Terms:**

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| Trade Date: | February 19, 2004. |
| Effective Date: | February 25, 2004 |
| Scheduled Termination Date: | (i) March 6, 2039, or (ii) the date on which the Notional amount has amortized to zero due to repayments of principal on the Reference Obligation, subject, in each case, to the Following Business Day Convention. For the avoidance of doubt, no termination payments shall be due by either party in connection with a termination of this Transaction pursuant to the preceding sentence or (iii) the Optional Termination Date. |

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|---|---|
| Floating Rate Payer: | AIG-FP (the "Seller"). |
| Fixed Rate Payer: | Counterparty (the "Buyer"). |
| Calculation Agent: | Buyer and Seller, acting jointly. |
| Calculation Agent City: | New York. |
| Business Day(s): | New York, London and Dublin; provided that (i) for the purpose of determining the Physical Settlement Date, such date must also be a Business Day in any jurisdiction on which financial institutions must be open in order to effect Settlement of the Deliverable Obligation being Delivered and (ii) for the purpose of determining Fixed Rate Payer Payment Dates for each Transaction, Business Days shall be New York only. |
| Business Day Convention: | Following (which, subject to Section 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation, that falls on a day that is not a Business Day). |
| Reference Entity: | Independence V CDO, Ltd. |
| Reference Obligation: | Primary Obligor: Independence V CDO, Ltd.<br>Class: Class A-1<br>Maturity: March 6, 2039<br>Coupon: 3m LIBOR + 0.40%, Quarterly ACT/360<br>CUSIP/ISIN: 45343PAA3 / US45343PAA30<br>Original Issue Amount: USD 396,000,000 |
| Reference Price: | 100% plus accrued interest (expressed as a percentage) |
| All Guarantees: | Not Applicable. |
| Notional Amount: | On any date, the product of (i) the aggregate unpaid principal amount of the Reference Obligation outstanding on such date and (ii) the Relevant Proportion. For the avoidance of doubt, on the Effective Date the Notional Amount is equal to USD200,000,000 |
| Relevant Proportion: | 200/396 |

2. **Fixed Payments:**

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| Fixed Rate Payer Calculation Amount: | The average of the Notional Amounts outstanding on each day during the related Fixed Rate Payer Calculation Period. |

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| Fixed Rate Payer Payment Date: | The 6th day of each March, June, September and December in each year during the Term hereof, commencing June 6, 2004, up to and including the Termination Date. |
| Fixed Rate: | 0.11% |
| Fixed Rate Day Count Fraction: | Actual/360 |

3. **Structuring Fee; Additional Payments:**

Upon the termination of this Transaction for any reason, whether on or prior to the Scheduled Termination Date Counterparty shall pay to AIG-FP a structuring fee (the "Structuring Fee") equal to the positive difference if any between (i) $600,000 (the "Minimum Structuring Fee") and (ii) the sum of all amounts paid to AIG-FP as Fixed Payments pursuant to Section 2 hereunder. The parties agree that the Structuring Fee shall be treated as Unpaid Amounts.

4. **Floating Payments:**

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| Floating Rate Payer Calculation Amount: | As of the Physical Settlement Date, an amount equal to the Notional Amount, on such date. |
| Conditions to Settlement: | Credit Event Notice<br>Notifying Party: Buyer or Seller<br><br>Notice of Physical Settlement<br><br>Notice of Publicly Available Information: Applicable, except as hereinafter provided.<br><br>Public Source(s): As per Section 3.7 of the Credit Derivatives Definitions<br><br>Specified Number: Two<br><br>Notwithstanding anything herein to the contrary, a Trustee Report relating to the Reference Obligation delivered to Seller shall constitute satisfactory notice of the occurrence of a Credit Event. Accordingly, delivery of such a report shall obviate any and all requirements hereunder relating to Publicly Available Information. |

Credit Events:

The following Credit Event shall apply to each Transaction:

Failure to Pay

Grace Period Extension: Not Applicable

Payment Requirement: USD 100,000.

Obligation:

| | |
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| Obligation Category: | Reference Obligation only. |
| Obligation Characteristics: | Not Applicable. |
| Excluded Obligations: | Not Applicable. |

5. **Settlement Terms:**

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| Settlement Method: | Physical Settlement |
| Settlement Currency: | USD. |
| Physical Settlement Period: | As per Section 8.6 of the Credit Derivatives Definitions, provided that such period shall not exceed 30 Business Days. |
| Deliverable Obligations: | Include Accrued Interest |
| Deliverable Obligation Category: | Reference Obligations only. |
| Deliverable Obligation Characteristics: | Not Applicable. |
| Excluded Deliverable Obligations: | Not Applicable. |

Amended RO Provisions:

For purposes hereof an Amended Reference Obligation will not constitute a Deliverable Obligation under this Transaction, unless holders of at least an amount of Reference Obligations equal to the Notional Amount exercised the action or inaction as agreed by Seller with respect to the required consent, agreement, vote or approval; provided that to the extent Seller cannot confirm using reasonable efforts that holders of at least an amount of Reference Obligations equal to the Notional Amount exercised the action or inaction as agreed by Seller with respect to the required consent, agreement, vote or approval, upon Seller's request Buyer shall use best efforts to provide Seller with evidence thereof. The Seller's failure to provide to Buyer notice of agreement or disagreement to a proposed action or inaction within 5 Business Days of notice by Buyer to Seller of such proposed action or inaction shall render this paragraph void for purposes of such action or inaction and any Amended Reference Obligation resulting from such action or inaction would also constitute a Deliverable Obligation; provided that such notice by Buyer to

Seller is deemed effective on any date which is at least 6 Business Days prior to the last date available to a holder of the Reference Obligation for exercise of the action or inaction under the terms of the Reference Obligation. For the avoidance of doubt, each notice hereunder will be deemed effective pursuant to Section 12(a) of the Agreement.

"Amended Reference Obligation" shall mean the Reference Obligation following any amendment, modification or variation to, or waiver or consent under the Reference Obligation with the required consent, agreement, vote or approval of holders of the Reference Obligation.

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| Partial Cash Settlement of Consent Required Loans: | Not Applicable. |
| Partial Cash Settlement of Assignable Loans: | Not Applicable. |
| Partial Cash Settlement of Participations: | Not Applicable. |
| Escrow: | Not Applicable. |

6. **Collateral Terms:**

For the purposes of calculating the Credit Support Amount under the Credit Support Annex only, Exposure of Buyer to Seller with respect to this Transaction shall mean the greater of zero and (i) the Market Related Amount less (ii) the Transaction Threshold set out below (based on the Market Value of the Reference Obligation expressed as a percentage of the Notional Amount); provided that the Transaction Threshold shall be deemed to be zero from the date on which the Seller is downgraded below A1 by Moody's Investors Service, Inc. or below A+ by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.; where:

"Market Related Amount" means: The Notional Amount minus the Market Value of the Reference Obligation with a principal amount equal to the Notional Amount.

"Market Value of the Reference Obligation" equals the market value of the Reference Obligation as determined by the Calculation Agent as of the date of such calculation; provided that if the parties acting as joint Calculation Agent cannot agree on the market value, market value will be determined based on the average of mid-market quotations from five dealers chosen by the Calculation Agent disregarding the highest and lowest quotations.

For the avoidance of doubt, the definition of Exposure herein shall in no way prejudice or otherwise affect the amount which may be calculated under Section 6(e) of the Swap Agreement with respect to this Transaction following an Event of Default or Termination Event.

| Market Value of Reference Obligation ("MVRO") | Threshold |
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| MVRO >= 94% | 5% of Notional Amount |
| 94% >= MVRO >= 93% | 4% of Notional Amount |
| 93% >= MVRO >= 92% | 3% of Notional Amount |
| 92% >= MVRO >= 91% | 2% of Notional Amount |
| 91% >= MVRO >= 90% | 1% of Notional Amount |
| MVRO < 90% | 0 |

7. **Notice and Account Details:**

Contact Details for Notices:

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| Address: | AIG Financial Products Corp.<br>50 Danbury Road<br>Wilton, CT 06897-4444 |
| Attention: | Chief Financial Officer<br>(with a copy to the General Counsel<br>at the above address) |
| Facsimile No.: | (203) 222-4780 Telephone No.: (203) 222-4700 |
| Counterparty: | Goldman Sachs Capital Markets, L.P.<br>85 Broad Street<br>New York, NY 10004<br>Attention: Credit Derivative Operations<br>Telephone No.: 212-357-9775<br>Fax No.: 212-428-9189<br>(All correspondence to include the GS Reference Number NUUQ402B10) |

Account Details:

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| AIG-FP: | The Bank of New York, New York<br>CHIPS ABA 001<br>ABA#: 021000018<br>SWIFT IRVTUS3N<br>A/C: AIG Financial Products<br>A/C #: 8900416084<br>UID 298453 |
| Counterparty: | Goldman Sachs Capital Markets<br>Name of Bank: Citibank. N.A. New York<br>Account No:40670834<br>Fed ABA No.021000089 |

AIGFP Settlements:

Carmine Paradiso/Joanne Dulka
Wilton, Connecticut
Tel: 203-221-4805
Fax: 203-222-4780

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|---|---|
| Counterparty Settlements: | Inquiries regarding payments and/or rate resetting only:<br><br>Goldman Sachs Capital Markets, L.P.<br>85 Broad Street<br>New York, NY 10004<br>Attention: Credit Derivative Operations<br>Telephone No.: 212-357-9775<br>Fax No.: 212-428-9189 |

8. **Additional Provisions:**

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|---|---|
| Governing Law: | New York. |
| Termination Currency: | USD |
| Documentation: | The Swap Agreement. |
| Credit Support Documents: | The Guarantee of the Credit Support Provider of AIG-FP. |
| Additional Representations: | Each of the parties hereto represents and warrants to the other that (i) it is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary, (ii) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction, (iii) no communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction, (iv) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms, conditions and risks of the Transaction and it is also capable of assuming, and assumes, the risks of this Transaction, and (v) the other party is not acting as a fiduciary for, or an adviser to, it in respect of this Transaction.<br><br>Seller acknowledges and agrees that (i) Buyer does not make or will not make any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information provided by Buyer to |

Seller hereunder with respect to the Reference Obligation and in any further information, notice or other document relating to the Reference Obligation which may at any time be supplied in connection with this Transaction and accepts no responsibility or liability therefor and (ii) any and all information provided by Buyer to Seller hereunder with respect to the Reference Obligation is not being furnished by Buyer in the capacity of an underwriter or dealer of the Reference Obligation and Buyer accepts no responsibility or liability therefor.

Optional Termination Date: The earlier to occur of (A) or (B):

(A) Any date falling on or after the occurrence of an Adverse RO Event and irrevocably designated by Seller to Buyer by not less than 10 Business Days' prior written notice (which may be by facsimile) as an Optional Termination Date. On or after an Optional Termination Date designated pursuant to this clause (A), Seller and Buyer shall have no further payment or delivery obligations in respect of this Transaction (under Section 6(e) of the Agreement or otherwise other than in respect of the Makewhole Amount payable by Seller to Buyer.

(B) Any date which is (i) after the date on which an Amended Reference Obligation no longer constitutes a Deliverable Obligation pursuant to the Amended RO Provisions set forth in Deliverable Obligations above (such date, an "Amended RO Date"), and (ii) prior to the date which is 15 Business Days after such Amended RO Date and (iii) irrevocably designated by Seller to Buyer by not less than 2 Business Days' prior written notice (which may be by facsimile) as an Optional Termination Date. On or after an Optional Termination Date designated pursuant to this clause (B), Seller and Buyer shall have no further payment or delivery obligations in respect of this Transaction (under Section 6(e) of the Agreement or otherwise).

"Adverse RO Event" means that notwithstanding holders of at least an amount of Reference Obligations equal to the Notional Amount exercising the action or inaction as agreed by Seller with respect to any required consent, agreement, vote or approval of the holder of the Reference Obligation (such action or inaction as agreed by Seller, the "Seller Response"), the action or inaction actually taken by the Trustee (as defined in the Offering Circular with respect to the Reference Obligation) acting pursuant to the terms of the indenture thereof is

inconsistent with the Seller Response.

Makewhole Amount:

On the Optional Termination Date, Seller shall pay to Buyer an amount (the "Makewhole Amount") equal to the sum of the Reference Obligation Payment and the Present Value Payment.

"Reference Obligation Payment" means an amount (which may be a positive or negative number) equal to the Notional Amount minus the market value of Reference Obligations having a principal amount equal to the Notional Amount, as reasonably determined by the Buyer; to the extent Seller disputes Buyer's determination then such market value will be determined by Buyer using the highest firm bid price procured by Buyer through an auction of three dealers of the Reference Obligation or two dealers if three are not available. If only one dealer is available, the firm bid price of such dealer shall be used. If no dealer is available, the market value of the Reference Obligations shall be deemed to be zero.

"Present Value Payment" means an amount equal to the present value, reasonably determined by Buyer as of the Optional Termination Date, of 25 basis points payable on the Notional Amount on each Fixed Rate Payer Payment Date (the "Calculation Amount") occurring after the Optional Termination Date (for the avoidance of doubt, assuming the Termination Date would occur on March 7, 2011), such Notional Amount for the purpose of such calculation equal to (x) the applicable amortization percentage for such Optional Termination Date set forth in the amortization schedule attached as Annex A multiplied by (y) the outstanding principal amount of the Reference Obligations multiplied by (z) the Relevant Proportion, and discounting each such Calculation Amount from the corresponding Fixed Rate Payer Payment Date to the Optional Termination Date at a rate equal to LIBOR plus zero spread.

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to the Transactions by signing in the space provided below and returning a copy of the executed Confirmation to us by facsimile transmission on 203-222-4780, Attention: Carmine Paradiso or Joanne Dulka; telephone: 203-221-4805.

It has been a pleasure working with you on this Transaction, and we look forward to working with you again in the future.

Yours sincerely,
AIG FINANCIAL PRODUCTS CORP.

By: _____
Name:
Title: Kathleen M. Furlong
Vice President, Chief Financial Officer and Treasurer

Agreed and Accepted:
GOLDMAN SACHS CAPITAL MARKETS, L.P.

By: _____
Name:
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to the Transactions by signing in the space provided below and returning a copy of the executed Confirmation to us by facsimile transmission on 203-222-4780, Attention: Carmine Paradiso or Joanne Dulka; telephone: 203-221-4805.

It has been a pleasure working with you on this Transaction, and we look forward to working with you again in the future.

Yours sincerely,
AIG FINANCIAL PRODUCTS CORP.

By:_____
Name:
Title:

Agreed and Accepted:
GOLDMAN SACHS CAPITAL MARKETS, L.P.

By:_____
Name:
Title:

## Annex A

| Period End | Outstanding Principal |
|---|---|
| 6/7/04 | 100.000% |
| 9/7/04 | 99.924% |
| 12/6/04 | 99.811% |
| 3/7/05 | 99.735% |
| 6/6/05 | 99.583% |
| 9/6/05 | 99.356% |
| 12/6/05 | 99.083% |
| 3/6/06 | 98.689% |
| 6/6/06 | 98.235% |
| 9/6/06 | 97.553% |
| 12/6/06 | 96.341% |
| 3/6/07 | 94.902% |
| 6/6/07 | 93.386% |
| 9/6/07 | 91.720% |
| 12/6/07 | 89.689% |
| 3/6/08 | 87.492% |
| 6/6/08 | 82.947% |
| 9/8/08 | 76.886% |
| 12/8/08 | 72.644% |
| 3/6/09 | 67.492% |
| 6/8/09 | 64.371% |
| 9/8/09 | 56.795% |
| 12/7/09 | 50.659% |
| 3/8/10 | 39.038% |
| 6/7/10 | 29.947% |
| 9/7/10 | 19.720% |
| 12/6/10 | 10.174% |
| 3/7/11 | 0.326% |