**Put Agreement**

**ISDA Schedule**

**(Put Agreement)**

# SCHEDULE

**to the**

**Master Agreement**

**dated as of December 20, 2002**

**among**

AIG FINANCIAL PRODUCTS CORP.
**("Party A")**

and

LASALLE BANK NATIONAL ASSOCIATION,
as Trustee
**("Party B")**

## Part 1

## Termination Provisions

In this Agreement:–

(a)(i) **"Specified Entity"** means in relation to Party A for the purpose of:–

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

in relation to Party B for the purpose of:–

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

(ii) The **"Breach of Agreement"** provisions of Section 5(a)(ii) will apply to Party A and will not apply to Party B.

(iii) The **"Misrepresentation"** provisions of Section 5(a)(iv) will apply to Party A and will not apply to Party B.

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

(c) The **"Default under Specified Transaction"** provisions of Section 5(a)(v) will not apply to Party A and will not apply to Party B.

(d) The **"Cross Default"** provisions of Section 5(a)(vi) will apply to Party A and will not apply to Party B.

If such provisions apply:–

**"Specified Indebtedness"** will have the meaning specified in Section 14 of this Agreement.

**"Threshold Amount"** means, with respect to Party A, $50,000,000; provided that for the Credit Support Provider of Party A, the Threshold Amount will be equal to 1% of its shareholders' equity as shown in its most recent audited financial statements.

(e) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will apply to Party A and will not apply to Party B.

(f) The "**Automatic Early Termination"** provision of Section 6(a) will not apply to Party A or to Party B; provided that, if the Event of Default specified in Section 5(a)(vii)(1), (3), (4), (5), (6) or, to the extent analogous thereto, (8) is governed by a system of law that does not permit termination to take place after the occurrence of the relevant Event of Default with respect to a party, then the Automatic Early Termination provision of Section 6(a) will apply to such party.

(g) The "**Merger without Assumption**" provisions of Section 5(a)(viii) will apply to Party A and will not apply to Party B.

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

(i) Market Quotation will apply; and

(ii) The Second Method will apply; provided, however, that if there is a Defaulting Party, the obligations of the Non-defaulting Party to pay to the Defaulting Party any amount under Section 6(e) shall not arise until, and shall be subject to the condition precedent that, the Non-defaulting Party shall have received confirmation satisfactory to it in its sole discretion (which may include an opinion of its counsel) that the Transactions have been terminated in accordance with Section 6(c); and provided, further, that if under the foregoing provisions it is determined that the Non-defaulting Party is to make a payment to the Defaulting Party, there shall be deducted from the amounts of such payment all amounts which the Defaulting Party may be obligated to pay under Section 11.

For the purposes of calculating a Market Quotation hereunder, the Non-defaulting Party shall seek quotations from Reference Market-makers.

Notwithstanding the foregoing, for the purpose of Section 6(e) of this Agreement, the Settlement Amount, as determined by the Calculation Agent, in connection with the occurrence of (i) a Termination Event under Section 5(b)(i) or Section 5(b)(ii) or

Part 1(j)(iii) shall be determined pursuant to the Settlement Terms as set forth in the related Confirmations.

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

(j) **"Additional Termination Event"** means:

(i) the delivery of notice of any redemption or other prepayment in whole, but not in part, of the Notes in connection with an optional redemption pursuant to Condition 5 of the Conditions or Sections 4.07(a)(iii), 5.01(b) and 6.01(f) of the Security Agreement, but only to the extent any such redemption has become irrevocable in accordance with the terms of the Trust Deed or the Security Agreement, as applicable, in which event, Party B shall be the sole Affected Party and all Transactions shall be Affected Transactions; provided that the Early Termination Date shall occur not earlier than the fifth Business Day prior to the Redemption Date; provided, further, that following notification from the Trustee that it has received notice of an optional redemption, Party A shall provide the Trustee from time to time, upon request, with good faith indications (based upon market conditions at the time such indication is provided) of amounts that Party A would pay or accept to terminate the Transactions;

(ii) the delivery of notice of the liquidation of any of the Collateral pursuant to Section 8 of the Trust Deed or Condition 12 of the Conditions following the occurrence of an Event of Default thereunder, in which event, Party B shall be the sole Affected Party and all Transactions shall be Affected Transactions; and

(iii) if at any time Party A's Credit Support Provider is not a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, the failure of Party A to deliver to Party B or the Trustee upon request the information required to be delivered under Rule 144A(d)(4) under the Securities Act of 1933, as amended, in respect of Party A's Credit Support Provider.

In the case of the occurrence of an Additional Termination Event described above, the provisions of Section 6(b)(iv) shall be modified to provide that either party may, by not more than 20 days notice to the other party, and with respect to the Additional Termination Event described in clause 1(j)(iii), by not less than 10 Business Days notice to the other party, and provided that the relevant Additional Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions; provided, however, that with respect to the Additional Termination Event described in clause 1(j)(i), unless terminated earlier pursuant to such notice, an Early Termination Date shall automatically be deemed to be designated as of the date set for redemption of the Notes.

(k)The "**Tax Event Upon Merger**" provisions of Section 5(b)(iii) will apply to Party A and will not apply to Party B.

(l) **Failure to Pay or Deliver.** Party A and Party B agree that for the purpose of Section 5(a)(i), any failure by the party to make, when due, any payment under this Agreement required to be made by it if such failure is not remedied on or before the first Local Business Day after notice

of such failure is given to the party will constitute an Event of Default under Section 5(a)(i). Party A and Party B agree that, for the purposes of Section 5(a)(i), any failure on the part of Issuer to pay any amounts due and owing to Party A pursuant to that certain letter agreement dated December 20, 2002 (the "Fee Letter"), between the Issuer and Party A will constitute an Event of Default under Section 5(a)(i).

## Part 2

## Tax Representations

(a) **Payor Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B make the representations specified below:

> It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 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.

(b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make no representations.

## Part 3

### Documents to be delivered

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents as applicable:–

(a) Tax forms, documents or certificates to be delivered are: Not Applicable.

(b) 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. | Any publicly available annual audited financial statements of Party A's Credit Support Provider prepared in accordance with generally accepted accounting principles in the country in which the party is organized. | On demand of Party B, promptly after being made publicly available. | Yes. |
| Party A. | Any publicly available interim unaudited financial statements of Party A's Credit Support Provider prepared in accordance with generally accepted accounting principles in the country in which the party is organized. | On demand of Party B, promptly after being made publicly available. | Yes. |
| Party A and Party B. | Opinions of Counsel to Party A (and the Party A Credit Support Provider) and Party B, respectively, reasonably satisfactory in form and substance to the parties. | At or prior to the execution of this Agreement. | No. |
| Party A. | A duly executed copy of the Credit Support Document specified in Part 4 of this Schedule. | At execution of this Agreement. | No. |

| Party Required to Deliver Document | Form/Document/ Certificate | Date by which to be Delivered | Covered by Section 3(d) Representation |
|---|---|---|---|
| Party B. | A duly executed copy of the Trust Deed, the Security Agreement and all other program documents. | At execution of this Agreement. | No. |
| Party A and Party B. | Certificate or other documents evidencing the authority of the party entering into this Agreement, Credit Support Document and/or a Confirmation, as the case may be, and the persons acting on behalf of such party. | At the execution of this Agreement, and, if a Confirmation so requires it, on or before the date set forth therein. | Yes. |

## Part 4

## Miscellaneous

(a) **Addresses for Notices**: For the purpose of Section 12(a) of this Agreement:–

Address for notices or communications to Party A (for all purposes):–

| | | |
|---|---|---|
| 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 |
| Telex No.: | (910) 240-8432 | Answerback: AIG FPC |

Address for notices or communications to Party B (for all purposes):–

| | | |
|---|---|---|
| Address: | LaSalle Bank National Association<br>135 South LaSalle Street, Suite 1625<br>Chicago, IL 60603 | |
| Attention: | CDO Trust Services Group – Putnam CDO 2002-1 Ltd. | |
| Facsimile No.: | (312) 904-0524 | Telephone No.: (312) 904-7753 |

Section 12(a) is hereby amended by adding the following after the phrase "messaging system" and before the ")" in the third line of the existing text: "; provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or if answer back confirmation is not received from the party to whom the telex is sent".

(b) **Process Agent.** For the purpose of Section 13(c):–

Party A appoints as its Process Agent: Not Applicable.

Party B appoints as its Process Agent: Not Applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e)**Calculation Agent**. The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction. All calculations by the Calculation Agent shall be made in good faith and through the exercise of its commercially reasonable judgment.

(f) **Credit Support Document**. Details of any Credit Support Document:–

Party A:– The Guarantee of American International Group, Inc., dated the effective date of this Agreement.

Party B:– Not Applicable.

(g)**Credit Support Provider.**

Credit Support Provider means in relation to Party A: American International Group, Inc.

Credit Support Provider means in relation to Party B: Not Applicable.

(h)**Governing Law.** This Agreement, the Credit Support Document and each Confirmation will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

(i) **Waiver of Jury Trial**. Each party waives, to the fullest extent permitted by applicable law, its right to have a trial by jury in respect of any Proceedings relating to this Agreement or the Credit Support Document and acknowledges that the waiver is a material inducement to the other party's entering into this Agreement.

(j) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to all Transactions under this Agreement.

(k)**"Affiliate"** will have the meaning specified in Section 14 except that with respect to Party B it shall mean any person or entity controlled directly or indirectly by Party B.

## Part 5

## Other Provisions

(1)**Trust Deed; Security Agreement; Collateral Management Agreement**. (a) Reference is hereby made to (i) the Trust Deed, dated as of December 20, 2002 (the "Trust Deed"), among Putnam Structured Product CDO 2002-1 Ltd. (the "Issuer"), Putnam Structured Product CDO 2002-1 LLC, as Co-Issuer, and Party B, and (ii) the Security Agreement, dated as of December 20, 2002 (the "Security Agreement"), among the Issuer, Party B, as Trustee, Collateral Agent and Securities Intermediary and The Putnam Advisory Company, LLC, as Collateral Manager. Capitalized terms used in this Agreement that are not defined have the respective meanings assigned to them in the Trust Deed or the Security Agreement, as applicable.

(b)Party A hereby consents to the provisions of the Trust Deed and the Security Agreement, as applicable, applicable to it as if Party A were a party thereto and Party B hereby agrees that Party

A shall be entitled to the benefits of the Trust Deed and the Security Agreement to the extent set forth therein as if Party A were a party thereto.

(c) Notwithstanding anything to the contrary herein or in any Transaction entered into hereunder, if (pursuant to the related Payment Report delivered in accordance with Section 4.05(b) of the Security Agreement) there are insufficient amounts on deposit in the Payment Account to pay the Option Premium Fixed Amount in full on the Payment Date, Party A shall not be obligated to pay any amount hereunder or under any Transaction entered into hereunder until it has received another Remittance Report or, at the option of Party B, other evidence reasonably satisfactory to Party A indicating the ability of the Issuer to make payment of the Option Premium Fixed Amount in full on such Payment Date.

(d) Party A agrees not to institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings or other analogous proceedings under applicable laws until at least one year and one day after the payment in full of all Notes.

(e) Without the prior written consent of Party A (such consent not to be unreasonably withheld), Party B will not enter into any supplement to the Trust Deed or any other instrument that would amend, modify or change the Trust Deed, if such supplement, amendment, modification or change could reasonably be expected to have a material adverse effect on the interests of Party A hereunder or under the Trust Deed. Party B will furnish to Party A a copy of each proposed and each executed supplement or amendment to the Trust Deed and copies of any related Rating Agency confirmations in accordance with the terms of the Trust Deed.

(f) Without the prior written consent of Party A (such consent not to be unreasonably withheld), Party B will not enter into any amendment or any other instrument that would modify or change the Security Agreement, if such amendment, modification or change could reasonably be expected to have a material adverse effect on the interests of Party A hereunder or under the Security Agreement. Party B will furnish to Party A a copy of each proposed and each executed amendment to the Security Agreement and copies of any related Rating Agency confirmations in accordance with the terms of the Security Agreement.

(g) Without the prior written consent of Party A (such consent not to be unreasonably withheld), Party B will not enter into any amendment or any other instrument that would modify or change the Collateral Management Agreement, if such amendment, modification or change could reasonably be expected to have a material adverse effect on the interests of Party A hereunder or under the Collateral Management Agreement. Party B will furnish to Party A a copy of each proposed and each executed amendment to the Collateral Management Agreement and copies of any related Rating Agency confirmations in accordance with the terms of the Collateral Management Agreement.

(2) **Actions by Party B**. Any notice sent by Party B pursuant to Section 12, including any notice designating an Early Termination Date, shall be ineffective unless and until such notice is delivered to Party A.

(3)**Non-Recourse Obligations of Party B**. The obligations of Party B under this Agreement and any confirmations hereto are limited recourse obligations payable solely from the Collateral (as defined in the Security Agreement) in accordance with the priority of payments set forth in Article V of the Security Agreement. No recourse shall be had for the payment of any amount owing in respect of this Agreement and any confirmations hereto against any officer, director, employee, stockholder or incorporator of Party B and in the event that such Collateral is insufficient to discharge the obligations of Party B in full, any liability for any shortfall shall be extinguished.

(4)**Change of Account**. Section 2(b) of this Agreement is hereby amended by adding the following after the word "delivery" in the first line of the existing text: "to another account in the same legal and tax jurisdiction as the original account".

(5)**Furnish Specified Information.** Section 4(a)(iii) of this Agreement is hereby amended by adding the following prior to the existing text: "upon the earlier of learning that any such form or document is required or".

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

(g) **Eligible Contract Participant**. It is an "eligible contract participant" as such term is defined in Section 1a(12) of the Commodity Exchange Act, 7 U.S.C. 1a(12).

(h) **Context of Agreement and Swap**. It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business.

(i) **Principal Transactions**. It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction and any other documentation relating to this Agreement or any Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(j) **Qualified Purchaser**. In the case of Party A, it is a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

(7)**Right to Terminate Following Termination Event.** Section 6(b) of this Agreement is hereby amended by inserting the following before the period at the end of the last sentence of the existing text: "; provided, however, that any election by Party A to designate an Early Termination Date arising in respect of a Change in Tax Law shall not be effective if, within 30 days following Party B's receipt of notice from Party A of Party A's designation of an Early Termination Date in respect of any event described in Section 5(b)(ii) of this Agreement, Party B notifies Party A that it waives its right to receive additional amounts from Party A under Section 2(d)(i)(4) of this Agreement that would not otherwise be payable but for such Change in Tax Law".

(8)**Transfer**. Section 7 is hereby amended to read in its entirety as follows:

> Except as stated under Section 6(b)(ii), in this Section 7 and Part 5 of the Schedule, and except for the assignment by way of security in favor of the Trustee under the Security Agreement, neither Party A nor Party B is permitted to assign, novate or transfer (whether by way of security or otherwise) as a whole or in part any of its rights, obligations or interests under this Agreement without the prior written consent of the other parties. Notwithstanding the immediately foregoing sentence, Party A may transfer this Agreement to any Person, including, without limitation, another of Party A's offices, branches or affiliates ("Transferee") on five Business Days prior written notice to Party B, the Trustee and the Rating Agencies (so long as the Notes are Outstanding (as defined in the Trust Deed)); provided that, (i) if such transfer is to an entity other than the Party A Credit Support Provider, such notice shall be accompanied by a guarantee of the Party A Credit Support Provider of such Transferee's obligations in substantially the form of Exhibit A hereto, or by a written confirmation from the Party A Credit Support Provider in form and substance reasonably satisfactory to the Trustee that the guarantee given in respect of Party A will apply to the obligations of the Transferee under this Agreement; (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct on account of any Tax under this Agreement; (iii) a Termination Event or Event of Default does not occur under this Agreement as a result of such transfer; and (iv) the Rating Agencies have confirmed in writing that such transfer will not result in a withdrawal or reduction of their then-current short-term rating of the A-1 Money Market Notes.

(9)**Confirmations**. Each Confirmation supplements, forms part of, and will be read and construed as one with this Agreement.

(10) **Relationship Between Parties**. Each party will be deemed to represent to the other party on the date on which it entered into a Transaction that:

(a) **Non-Reliance.** It is acting for its own account, and it made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. 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 that Transaction.

(b) **Assessment and Understanding.** 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 that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

(11) **Amendment, Waiver**. This Agreement will not be amended unless Party B shall have received prior written confirmation from the Rating Agencies that such amendment will not cause any such Rating Agency to downgrade or withdraw its short-term rating on the A-1 Money Market Notes.

(12) **Interpretation**. References in this Agreement to the parties hereto, Party A and Party B, shall (for the avoidance of doubt) include, where appropriate, any permitted successors or assigns thereof.

(13) **Definitions**. This Agreement, each Confirmation and each Transaction are subject to the 2000 ISDA Definitions, as published by the International Swaps and Derivatives 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.

(14) **Section 14 Definitions**. The definition of "law" in Section 14 is hereby amended by the insertion of the words "either generally or with respect to a party to this Agreement" after the phrase "any relevant governmental revenue authority".

(15) **Tax Event Upon Merger**. The fifth line of Section 5(b)(iii) of this Agreement is hereby amended by the deletion of the word "Indemnifiable".

(16) **Severability**. If any term, provision, covenant, or condition of this Agreement, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Agreement had been executed with the invalid or unenforceable portion eliminated, so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Agreement and the deletion of such portion of this Agreement will not substantially impair the respective benefits or expectations of the parties to this Agreement; provided, however, that this severability provision shall not be applicable if any provision of Section 2, 5, 6, or 13 (or any definition or provision in Section 14 to the extent it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

(17) **Transactions; Waiver of Set-off**. Party A and Party B agree that this Agreement will govern only the Remarketing Put Option for the A-1 Money Market Notes and the A-1 Medium Term Notes, dated the date hereof, between them and that any subsequent Transaction shall be governed by its own ISDA Master Agreement (or such other form of agreement as may be agreed to by them). Except as specifically provided for herein or in this Agreement, including Sections 2(c) and 6(e), each party hereto irrevocably waives any and all rights it may have to set off, net, recoup or otherwise withhold or suspend or condition payment or performances of any

obligation between it and the other party hereunder against any obligations between it and the other party under any other agreements.

The parties executing the Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

Very Truly yours,

AIG FINANCIAL PRODUCTS CORP.

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

LASALLE BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

The parties executing the Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

Very Truly yours,

AIG FINANCIAL PRODUCTS CORP.

By:_____
Name:
Title:

LASALLE BANK NATIONAL ASSOCIATION, as Trustee

By:_____
Name:
Title:

EXHIBIT A

FORM OF GUARANTEE

See Tab 50