2654

(Multicurrency—Cross Border)

# ISDA®

International Swap Dealers Association, Inc.

# MASTER AGREEMENT

dated as of 19 AUGUST 2003

AIG FINANCIAL PRODUCTS CORP. and GOLDMAN SACHS INTERNATIONAL

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.
(Name of Party)

By: .....
Name: Alan Frost
Title: Managing Director
Date: 8/19/03

GOLDMAN SACHS INTERNATIONAL
(Name of Party)

By: .....
Name: CLAUDIA TARANTINO
Title: EXECUTIVE DIRECTOR
Date: 21/08/2003

**SCHEDULE**

**to the**

**Master Agreement**

**dated as of 19 August, 2003**

BETWEEN:

(1) **AIG FINANCIAL PRODUCTS CORP.** of 50 Danbury Road, Wilton, Connecticut 06897-4444, U.S.A. ("Party A"); and

(2) **GOLDMAN SACHS INTERNATIONAL** of Peterborough Court, 133 Fleet Street, London EC4A 2BB ("Party B").

Part 1. **Termination Provisions**

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

Section 5(a)(v): Any subsidiary of Party A.

Section 5(a)(vi): Not applicable.

Section 5(a)(vii): Not applicable.

Section 5(b)(iv): Not applicable.

and in relation to Party B for the purpose of:-

Section 5(a)(v): Goldman Sachs Capital Markets, L.P.; Goldman, Sachs & Co., Goldman Sachs International Finance, Goldman Sachs (Japan) Limited, Goldman Sachs International Bank, Goldman Sachs (Asia) Finance, Goldman Sachs Financial Markets, L.P., Goldman Sachs Paris Inc. et Cie; Goldman Sachs Mitsui Marine Derivative Products, L.P.; J. Aron & Company, Goldman, Sachs & Co oHG, J. Aron & Company (Singapore), and J. Aron & Company (U.K.)

Section 5(a)(vi): Not applicable.

Section 5(a)(vii): Not applicable.

Section 5(b)(iv): Not applicable.

(b) "***Specified Transaction***" will have the meaning specified in Section 14 of this Agreement, except that it will also include forward transactions in securities, commodities and currencies.

(c) Section 5(a)(vi) is hereby amended by deleting in the seventh line thereof the words ", or becoming capable at such time of being declared,"

(d) The "***Cross Default***" provisions of Section 5(a)(vi):-

will apply to Party A

will apply to Party B

If such provisions apply:-

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

"***Threshold Amount***" means U.S. $50,000,000 (or its equivalent in any other currency or currencies).

(e) Section 5(a)(viii) is hereby amended by deleting the introductory paragraph in its entirety and replacing it with the following:

The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganizes, incorporates, reincorporates, or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, incorporation, reincorporation, or reconstitution.

(f) The "***Credit Event Upon Merger***" provisions of Section 5(b)(iv):-

will apply to Party A

will apply to Party B

provided that Section 5(b)(iv) shall be amended by (i) inserting after the words "another entity" in the fourth line thereof the words "or another entity consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to X, any Credit Support Provider of X or any applicable Specified Entity of X" and (ii) inserting after the words "transferee entity" and after the words "than that of X" in the fifth line thereof the words "(after taking account of any applicable Credit Support Document)".

(g) The "***Automatic Early Termination***" provision of Section 6(a):-

will apply to Party A

will apply to Party B.

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

(i) Market Quotation will apply.

(ii) The Second Method will apply.

It is agreed between the parties that if Party B is the party determining Market Quotation, Party B will do so on the basis of firm quotations from Reference Market-Makers (which in the case of portfolio credit default swap transactions are dealers in such transactions) that have an executed ISDA Master Agreement and Credit Support Annex in place with Party B and which have a credit rating that, in the opinion of Party B would enable Party B to trade with them and preserve the economics of the relevant transaction for Party B.

(i) "***Termination Currency***" means the currency selected by the Non-defaulting Party or the non-Affected Party, as the case may be, or, in circumstances where there are two Affected Parties, by Party A in agreement with Party B provided, however, that the Termination Currency shall be U.S. Dollars.

(j) ***Additional Termination Event*** will apply to both Parties. The following shall constitute an Additional Termination Event:

(1) The most recent rating issued or maintained by either Standard & Poor's Ratings Services and its successors ("***S&P***") or Moody's Investors Service, Inc. and its successors ("***Moody's***") or any rating agency substituted for either of them by agreement between Party A and Party B (a "Substitute Agency") with respect to the senior, unsubordinated, unsecured, long-term debt or long term deposit rating of American International Group, Inc. (in which case Party A will be the Affected Party) or of The Goldman Sachs Group, Inc. (in which case Party B will be the Affected Party) is at or below or revised downward to or below BBB in the case of S&P or Baa2 in the case of Moody's or their respective equivalent ratings issued by a Substitute Agency or (2) both of S&P and Moody's (or a Substitute Agency) have ceased to rate any senior, unsubordinated, unsecured, long-term debt or long term deposit rating of American International Group, Inc. (in which case Party A will be the Affected Party) or of The Goldman Sachs Group, Inc. (in which case Party B will be the Affected Party);

(2) If any of the foregoing credit rating agencies ceases to be in the business of rating Debt Securities and such business is not continued by a successor or assign of such agency (the "Discontinued Agency"), Party A and Party B shall jointly (i) select a nationally-recognized credit rating agency in substitution thereof and (ii) agree on the rating level issued by such substitute agency that is equivalent to the rating specified herein of the Discontinued Agency, whereupon such substitute agency and equivalent rating shall replace the Discontinued Agency and the rating level thereof. If at any time, all of the

agencies specified herein with respect to a party have become Discontinued Agencies and Party A and Party B have not previously agreed on at least one agency and equivalent rating in substitution for a Discontinued Agency and the applicable rating thereof, a Termination Event shall be deemed to have occurred and both parties shall be deemed to be Affected Parties.

Part 2. **Tax Representations**

**Representations of Party A**

(a) **Payer Representations**. For the purpose of Section 3(e) of this Agreement, Party A will make the following representation:-

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 of the other party 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**. Party A makes no payee tax representations.

**Representations of Party B**

(a) **Payer Representations**. For the purpose of Section 3(e) of this Agreement, Party B will make the following representation:-

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 of the other party 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), Party B makes the representations specified below:-

> 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.

"Specified Treaty" means the United States – United Kingdom Income Tax Convention as amended or substituted from time to time.

"Specified Jurisdiction" means the United States.

Part 3. **Agreement to deliver Documents**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party or any Credit Support Provider of the other party), execute, arrange for any required certification of, and deliver to the other party (or any Credit Support Provider of the other party) or such government or taxing authority as the other party (or any Credit Support Provider of the other party) directs any form, certificate, or document that may be required or reasonably requested in order to assist or enable the other party (or any Credit Support Provider of the other party) 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 reduction or withholding, in respect of any payment under this Agreement (or a Credit Support Document of the party or any Credit Support Provider of the other party) promptly upon the earlier of (i) reasonable demand by the other party (or any Credit Support Provider of the other party) and (ii) learning that the form or document is required, provided, that the submission, execution or completion of the form or document does not materially prejudice the legal or commercial position of the party.

In addition to the documents listed in Section 4(a)(iii), 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 and Party B | Evidence reasonably satisfactory to the other party of the signing authority and specimen signature of any individual executing this Agreement, any Credit Support Document and any | At execution of this Agreement and thereafter on request | Yes |

| Party required to deliver document | Form/Document/Certificate | Date by which to be delivered | Covered by Section 3(d) Representation |
|---|---|---|---|
| | Confirmation on its behalf | | |
| Party B | A duly executed guaranty of The Goldman Sachs Group, Inc. ("Goldman Group") | At execution of this Agreement | No |
| Party B | Annual Financial Statements of Goldman Group | Promptly following demand by Party A | Yes |
| Party B | Semi-annual Financial Statements of Goldman Group | Promptly following demand by Party A | Yes |
| Party A | Annual and interim Financial Statements of Party A's Credit Support Provider | Promptly following demand by Party B | Yes |
| Party A | Certified resolutions of Party A's board of directors or other governing body authorizing this Agreement and the Transactions contemplated hereby | At execution of this Agreement | No |
| Party A | Guarantee of American International Group, Inc. in substantially the form of Appendix A | At execution of this Agreement | No |
| Party A | A copy of an acceptance by its process agent specified in Part 4 of the Schedule to this Agreement provided that a copy of such acceptance is not necessary so long as Party A is registered pursuant to Part XXIII of the | At execution of this Agreement | Yes |

| Party required to deliver document | Form/Document/Certificate | Date by which to be delivered | Covered by Section 3(d) Representation |
|---|---|---|---|
| | Companies Act 1985 | | |

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:-

AIG Financial Products Corp.
50 Danbury Road
Wilton
Connecticut 06897-4444
U.S.A.

Attention: Chief Financial Officer (with a copy to the General Counsel)
Facsimile No: (203) 222 4780
Telephone No: (203) 222 4700

Address for notices or communications to Party B:-

Peterborough Court
133 Fleet Street
London, EC4A 2BB

Attention: Fixed Income/Credit Derivatives Facsimile No: 44-20-77774-5115
Equity Derivatives Facsimile No: 44-20-7774-1500
Foreign Exchange Facsimile No: 44-20-7774-1201
Legal Department Facsimile No: 44-20-7774-1313
Telephone No.: 44-20-7774-1000
Electronic Messaging System Details: none

(b) ***Process Agent.*** For the purpose of Section 13(c) of this Agreement:-

Party A appoints as its Process Agent:-

Banque AIG, London Branch at its office in London for the time being, being at the date hereof at:-

5th Floor
One Curzon Street
London W1J 5RT

Party B appoints as its Process Agent:-

Goldman Sachs International
Peterborough Court
133 Fleet Street,
London EC4A 2BB

(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***. Unless otherwise specified in a Confirmation, the Calculation Agent is Party A and Party B jointly; provided, however, that Party A and Party B agree to use good faith efforts to resolve expeditiously and jointly any differences. In the event that any difference relating to the calculation of a value, price or rate which is to be performed by the Calculation Agent cannot be agreed to, an independent dealer specialising in derivatives of the type to which such dispute relates will be appointed by the mutual agreement of the parties to make such calculation, the calculation made by such independent dealer to be binding and conclusive on the parties unless such calculation is neither (x) substantially similar to the calculation of Party A or Party B or (y) in the range lying between the calculation of Party A or Party B. In the event that the parties cannot agree to the appointment of such independent dealer, the parties will each appoint a dealer of their choosing who will appoint a third independent dealer specialising in derivatives of the type to which such dispute relates. Such third dealer will make the required binding calculations as set forth in this paragraph.

(f) ***Credit Support Document***. Details of any Credit Support Document each of which are incorporated by reference in, and made part of, this Agreement and each Confirmation (unless provided otherwise in a Confirmation) as if set forth in full in this Agreement or such Confirmation:

(i) Guarantee dated the date hereof by The Goldman Sachs Group, Inc. ("Goldman Group") in favour of Party A as beneficiary thereof.

(ii) Guarantee dated the date hereof by American International Group, Inc. in favour of Party B as beneficiary thereof in substantially the form of Appendix A hereto.

(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, Goldman Group.

(h) ***Governing Law.*** This Agreement will be governed by and construed in accordance with English law.

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

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement, provided that for the purposes of Section 3(c) it will be limited to any Credit Support Provider of the party and to such party's Affiliates as may be Specified Entities for purposes of Section 5(a)(vii).

Part 5. **Other Provisions**

**Interpretation**

(a) References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

**Change of Account**

(b) Section 2(b) of this Agreement is hereby amended by the addition of the following at the end thereof:-

"; provided that, following a change occurring, if any new account of one party is not in the same jurisdiction as the original account, the other party shall not be obliged to pay any greater amount and shall not receive any lesser amount as a result of such change than would have been the case if such change had not taken place"

**Gross Up**

(c) The third line of Section 2(d)(i) of this Agreement is hereby amended by the insertion before the phrase "of any relevant governmental revenue authority" of the words ", application or official interpretation" and the insertion of the words "(either generally or with respect to a party to this Agreement)" after such phrase.

**Additional Representations**

(d) Section 3 of this Agreement is hereby amended by the addition of the following as a new Section 3(g) and (h):-

"(g) ***No Agency.*** It is entering into this Agreement and each Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(h) **Eligible Contract Participant.** It is an "eligible contract participant" as defined in the U.S. Commodity Exchange Act.

(e) Section 3(c) is amended by the addition of the words "(in its reasonable opinion)" after the word "likely".

**Determination Date**

(f) If an Early Termination Date shall be deemed to have occurred under Section 6(A) the Defaulting Party hereby agrees to indemnity the other party on demand against all loss or damage the other party may sustain or incur in respect to each Transaction as a result of movement in exchange rates and Market Quotations between the Early Termination Date and the date (the "Determination Date") upon which the other party first becomes aware that an Early Termination Date has been deemed to have occurred under section 6(a). If the other party shall determine that it would gain or benefit from the movement in exchange rates and Market Quotations between the Early Termination Date and the Determination Date, the amount of such gain or benefit shall be deducted from the Settlement Amount for the purposes of determining the amount payable by the Defaulting Party pursuant to Section 6(e)(i)(3). The Determination Event shall be a date not later than the date upon which creditors generally of the Defaulting Party are notified of the occurrence of the Event of Default leading to the deemed Early Termination Date.

**Set-Off**

(g) Section 6 of this Agreement is hereby amended by the addition of the following as a new Section 6(f) and (g):-

**Set-off**. The parties agree to amend Section 6 by adding a new Section 6(f) as follows:

> "(f) Upon the occurrence of an Event of Default or Termination Event with respect to a party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any Affiliate of Y) (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any Affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 6(f).
>
> Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency 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 any obligation is unascertained, Y 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 Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) 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)."

**Transfer**

(h) Section 7 is replaced in its entirety by the following:

"Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, which consent will not be arbitrarily withheld or delayed, except that:

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganisation, incorporation, reincorporation, or reconstitution into or as, another entity (but without prejudice to any other right or remedy under this Agreement);

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e); and

(c) in addition to, and not in lieu of, the preceding transfer rights, a party may, without recourse, transfer this Agreement (in whole and not in part only) to any of its Affiliates, provided that:

(i) *Equivalent Creditworthiness:* the Credit Support Provider of the Transferor (or another entity with a credit rating at least equal to that of such Credit Support Provider) must guarantee such transferred obligations of the transferee pursuant to a guaranty in substantially the form of the guaranty of such Credit Support Provider specified in this Agreement or such transferee must have a credit rating at least equal to that of such Credit Support Provider;

(ii) *No Gross-up:* the Non transferring party will not as a result of such transfer be required to pay to the transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii), or 6(e)), greater than the amount in respect of which the Non transferring party would have been required to pay to the Transferor in the absence of such transfer;

(iii) *No Withholding:* the Non transferring party will not as a result of such transfer receive a payment from which an amount has been withheld or deducted, on account of a Tax under Section 2(d)(i) (except in respect of interest under Section 2(e), 6(d)(ii), or 6(e)), in excess of that which the

transferor would have been required to so withhold or deduct in the absence of such transfer, unless the transferee would be required to make additional payments pursuant to Section 2(d)(i)(4) corresponding to such withholding or deduction;

(iv) *Not Unlawful:* It does not become unlawful for either party to perform any obligation under this Agreement as a result of such transfer;

(v) *No Event of Default:* an Event of Default does not occur as a result of such transfer; and

(vi) *Notice Given:* the transferring party has notified the non transferring party of the proposed transfer and the non transferring party has not objected to the proposed transfer within 10 days of such notification, the sole ground for objection being the non transferring party's good faith belief that the proposed transfer is not in compliance with the above clauses (i) to (v) (inclusive).

With respect to the results described in Clauses (ii) and (iii) above, the transferor will cause the transferee to make, and the Non transferring party will make, such reasonable Payer Tax Representations and Payee Tax Representations as may be mutually agreed upon by the transferee and the Non transferring party in order to permit such parties to determine that such results will not occur upon or after the transfer.

Any transfer of all or any part of the obligations of either party made in compliance with this Section 7 will constitute an acceptance and assumption of such obligations by the transferee, a novation of the transferee in place of the transferor with respect to such obligations (and any related interests so transferred), and a release and discharge by the non-transferring party of the transferor from, and an agreement by the non-transferring party not to make any claim for payment, liability, or otherwise against the transferor with respect to, such obligations from and after the effective date of the transfer."

**Definitions**

(i) This Agreement, each Confirmation and each Transaction are subject to the 2000 ISDA Definitions (including the Annex to the 2000 ISDA Definitions (June 2000 Version)) 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 a 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 Transactions.

**Telephone Conversations**

(j) Some or all of the telephone conversations between Party A and Party B may, in accordance with market practice, be taped without the use of a warning tone and retained by either party. Each party consents to such recording.

**Relationship Between Parties**

(k) The following provision shall be added as a new Section 15 to this Agreement:-

**"15. Relationship Between Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

(a) **Non-Reliance.** It is acting for its own account, and it has 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."

**Contracts (Rights of Third Parties) Act 1999**

(l) A person who is not party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

(m) Accuracy of Specified Information. Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period, the phrase "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of the relevant person".

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.** | | **GOLDMAN SACHS INTERNATIONAL** |
|---|---|---|---|
| By: | ..... | By: | ..... |
| Name: | ...Alan Frost..... | Name: | ...CLAUDIA TARANTINO EXECUTIVE DIRECTOR |
| Title: | ...Managing Director | Title: | ..... |
| Date: | ....8/14/03..... | Date: | .....21/08/2003..... |

## APPENDIX A

## FORM OF GUARANTEE OF AMERICAN INTERNATIONAL GROUP, INC.

Guarantee, dated as of _____ _____ 2003, by American International Group, Inc., a Delaware corporation (the "Guarantor"), in favor of Goldman Sachs International, a _____ _____ _____ (the "Guaranteed Party").

### 1. Guarantee

To induce the Guaranteed Party to enter into a Master Agreement, dated as of _____ _____ 2003, 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, judgment 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(s) pursuant to Section 6(b) or 7 thereof or pursuant to the Schedule thereto.

**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 five 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_____

(Bilateral Form - Transfer)[1] (ISDA Agreements Subject to English Law)[2]

# ISDA®

International Swaps and Derivatives Association, Inc.

# CREDIT SUPPORT ANNEX

to the Schedule to the

## ISDA Master Agreement

dated as of August 19 2003

between

AIG Financial Products Corp. ("Party A") and Goldman Sachs International ("Party B")

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

### Paragraph 1. Interpretation

Capitalised terms not otherwise defined in this Annex or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 10, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 11 and the other

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[1] This document is not intended to create a charge or other security interest over the assets transferred under its terms. Persons intending to establish a collateral arrangement based on the creation of a charge or other security interest should consider using the ISDA Credit Support Deed (English law) or the ISDA Credit Support Annex (New York law), as appropriate.

[2] This Credit Support Annex has been prepared for use with ISDA Master Agreements subject to English law. Users should consult their legal advisers as to the proper use and effect of this form and the arrangements it contemplates. In particular, users should consult their legal advisers if they wish to have the Credit Support Annex made subject to a governing law other than English law or to have the Credit Support Annex subject to a different governing law than that governing the rest of the ISDA Master Agreement (e.g., English law for the Credit Support Annex and New York law for the rest of the ISDA Master Agreement).

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provisions of this Annex, Paragraph 11 will prevail. For the avoidance of doubt, references to "transfer" in this Annex mean, in relation to cash, payment and, in relation to other assets, delivery.

**Paragraph 2. Credit Support Obligations**

(a) *Delivery Amount.* Subject to Paragraphs 3 and 4, upon a demand made by the Transferee on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Transferor's Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support having a Value as of the date of transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 11(b)(iii)(D)). Unless otherwise specified in Paragraph 11(b), the "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date).

(b) *Return Amount.* Subject to Paragraphs 3 and 4, upon a demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, then the Transferee will transfer to the Transferor Equivalent Credit Support specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 11(b)(iii)(D)) and the Credit Support Balance will, upon such transfer, be reduced accordingly. Unless otherwise specified in Paragraph 11(b), the "Return Amount" applicable to the Transferee for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date)

exceeds

(ii) the Credit Support Amount.

**Paragraph 3. Transfers, Calculations and Exchanges**

(a) *Transfers.* All transfers under this Annex of any Eligible Credit Support, Equivalent Credit Support, Interest Amount or Equivalent Distributions shall be made in accordance with the instructions of the Transferee or Transferor, as applicable, and shall be made:

(i) in the case of cash, by transfer into one or more bank accounts specified by the recipient;



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(ii) in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and

(iii) in the case of securities which the parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient.

Subject to Paragraph 4 and unless otherwise specified, if a demand for the transfer of Eligible Credit Support or Equivalent Credit Support is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the day after the date such demand is received.

(b) *Calculations.* All calculations of Value and Exposure for purposes of Paragraphs 2 and 4(a) will be made by the relevant Valuation Agent as of the relevant Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or, in the case of Paragraph 4(a), following the date of calculation).

(c) *Exchanges.*

(i) Unless otherwise specified in Paragraph 11, the Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support specified in that notice (the "New Credit Support") in exchange for certain Eligible Credit Support (the "Original Credit Support") specified in that notice comprised in the Transferor's Credit Support Balance.

(ii) If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support in respect of the Original Credit Support not later than the Settlement Day following the date on which the Transferee receives the New Credit Support, unless otherwise specified in Paragraph 11(d) (the "Exchange Date"); *provided* that the Transferee will only be obliged to transfer Equivalent Credit Support with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Credit Support as of that date.



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**Paragraph 4. Dispute Resolution**

(a) *Disputed Calculations or Valuations.* If a party (a "Disputing Party") reasonably disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, then:

(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following, in the case of (I) above, the date that the demand is received under Paragraph 2 or, in the case of (II) above, the date of transfer;

(2) in the case of (I) above, the appropriate party will transfer the undisputed amount to the other party not later than the close of business on the Settlement Day following the date that the demand is received under Paragraph 2;

(3) the parties will consult with each other in an attempt to resolve the dispute; and

(4) if they fail to resolve the dispute by the Resolution Time, then:

(i) in the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 11(e), the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilising any calculations of that part of the Exposure attributable to the Transactions that the parties have agreed are not in dispute;

(B) calculating that part of the Exposure attributable to the Transactions in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction, then fewer than four quotations may be used for that Transaction, and if no quotations are available for a particular Transaction, then the Valuation Agent's original calculations will be used for the Transaction; and

(C) utilising the procedures specified in Paragraph 11(c)(ii) for calculating the Value, if disputed, of the outstanding Credit Support Balance;

(ii) in the case of a dispute involving the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, the Valuation Agent will recalculate the Value as of the date of transfer pursuant to Paragraph 11(e)(ii).

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) as soon as possible but in any event not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraph 3(a), make the appropriate transfer.



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(b) *No Event of Default.* The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 4(a) applies will not constitute an Event of Default for as long as the procedures set out in this Paragraph 4 are being carried out. For the avoidance of doubt, upon completion of those procedures, Section 5(a)(i) of this Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 4(a) on the relevant due date.

**Paragraph 5. Transfer of Title, No Security Interest, Distributions and Interest Amount**

(a) *Transfer of Title.* Each party agrees that all right, title and interest in and to any Eligible Credit Support, Equivalent Credit Support, Equivalent Distributions or Interest Amount which it transfers to the other party under the terms of this Annex shall vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).

(b) *No Security Interest.* Nothing in this Annex is intended to create or does create in favour of either party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one party to the other party under the terms of this Annex.

(c) *Distributions and Interest Amount.*

(i) *Distributions.* The Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions ("Equivalent Distributions") to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

(ii) *Interest Amount.* Unless otherwise specified in Paragraph 11(f)(iii), the Transferee will transfer to the Transferor at the times specified in Paragraph 11(f)(ii) the relevant Interest Amount to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

**Paragraph 6. Default**

If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party, an amount equal to the Value of the Credit Support Balance, determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e). For the avoidance of doubt, if Market Quotation is the applicable payment measure for purposes of Section 6(e), then the Market Quotation determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero, and, if Loss is the applicable payment measure for purposes of Section 6(e), then the Loss determined under Section 6(e) in relation to the Transaction will be limited to the Unpaid Amount representing the Value of the Credit Support Balance.



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**Paragraph 7. Representation**

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions it transfers to the other party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

**Paragraph 8. Expenses**

Each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Annex) in connection with performing its obligations under this Annex, and neither party will be liable for any such costs and expenses incurred by the other party.

**Paragraph 9. Miscellaneous**

(a) *Default Interest.* Other than in the case of an amount which is the subject of a dispute under Paragraph 4(a), if a Transferee fails to make, when due, any transfer of Equivalent Credit Support, Equivalent Distributions or the Interest Amount, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value on the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support, Equivalent Distributions or Interest Amount were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support, Equivalent Distributions or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) *Good Faith and Commercially Reasonable Manner.* Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(c) *Demands and Notices.* All demands and notices given by a party under this Annex will be given as specified in Section 12 of this Agreement.

(d) *Specifications of Certain Matters.* Anything referred to in this Annex as being specified in Paragraph 11 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

**Paragraph 10. Definitions**

As used in this Annex:

*"Base Currency"* means the currency specified as such in Paragraph 11(a)(i).



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*"Base Currency Equivalent"* means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the "Other Currency"), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value on such Valuation Date.

*"Credit Support Amount"* means, with respect to a Transferor on a Valuation Date, (i) the Transferee's Exposure plus (ii) all Independent Amounts applicable to the Transferor, if any, minus (iii) all Independent Amounts applicable to the Transferee, if any, minus (iv) the Transferor's Threshold; *provided, however,* that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

*"Credit Support Balance"* means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support that has been transferred to or received by the Transferee under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support or Distributions, as reduced pursuant to Paragraph 2(b), 3(c)(ii) or 6. Any Equivalent Distributions or Interest Amount (or portion of either) not transferred pursuant to Paragraph 5(c)(i) or (ii) will form part of the Credit Support Balance.

*"Delivery Amount"* has the meaning specified in Paragraph 2(a).

*"Disputing Party"* has the meaning specified in Paragraph 4.

*"Distributions"* means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would be entitled from time to time.

*"Distributions Date"* means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

*"Eligible Credit Support"* means, with respect to a party, the items, if any, specified as such for that party in Paragraph 11(b)(ii) including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

*"Eligible Currency"* means each currency specified as such in Paragraph 11(a)(ii), if such currency is freely available.

*"Equivalent Credit Support"* means, in relation to any Eligible Credit Support comprised in the Credit Support Balance, Eligible Credit Support of the same type, nominal value, description and amount as that Eligible Credit Support.

*"Equivalent Distributions"* has the meaning specified in Paragraph 5(c)(i).

*"Exchange Date"* has the meaning specified in Paragraph 11(d).



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*"Exposure"* means, with respect to a party on a Valuation Date and subject to Paragraph 4 in the case of a dispute, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) of this Agreement if all Transactions (other than the Transaction constituted by this Annex) were being terminated as of the relevant Valuation Time, on the basis that (i) that party is not the Affected Party and (ii) the Base Currency is the Termination Currency; *provided* that Market Quotations will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation").

*"Independent Amount"* means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11(b)(iii)(A); if no amount is specified, zero.

*"Interest Amount"* means, with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the principal amount of the portion of the Credit Support Balance comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

(x) the amount of cash in such currency on that day; multiplied by

(y) the relevant Interest Rate in effect for that day; divided by

(z) 360 (or, in the case of pounds sterling, 365).

*"Interest Period"* means the period from (and including) the last Local Business Day on which an Interest Amount was transferred (or, if no Interest Amount has yet been transferred, the Local Business Day on which Eligible Credit Support or Equivalent Credit Support in the form of cash was transferred to or received by the Transferee) to (but excluding) the Local Business Day on which the current Interest Amount is transferred.

*"Interest Rate"* means, with respect to an Eligible Currency, the rate specified in Paragraph 11(f)(i) for that currency.

*"Local Business Day"*, unless otherwise specified in Paragraph 11(h), means:

(i) in relation to a transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;

(ii) in relation to a transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;



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(iii) in relation to a valuation under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of location of the Valuation Agent and in the place(s) agreed between the parties for this purpose; and

(iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

*"Minimum Transfer Amount"* means, with respect to a party, the amount specified as such for that party in Paragraph 11(b)(iii)(C); if no amount is specified, zero.

*"New Credit Support"* has the meaning specified in Paragraph 3(c)(i).

*"Notification Time"* has the meaning specified in Paragraph 11(c)(iv).

*"Recalculation Date"* means the Valuation Date that gives rise to the dispute under Paragraph 4; *provided, however,* that if a subsequent Valuation Date occurs under Paragraph 2 prior to the resolution of the dispute, then the "*Recalculation Date*" means the most recent Valuation Date under Paragraph 2.

*"Resolution Time"* has the meaning specified in Paragraph 11(e)(i).

*"Return Amount"* has the meaning specified in Paragraph 2(b).

*"Settlement Day"* means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

*"Threshold"* means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11(b)(iii)(B); if no amount is specified, zero.

*"Transferee"* means, in relation to each Valuation Date, the party in respect of which Exposure is a positive number and, in relation to a Credit Support Balance, the party which, subject to this Annex, owes such Credit Support Balance or, as the case may be, the Value of such Credit Support Balance to the other party.

*"Transferor"* means, in relation to a Transferee, the other party.

*"Valuation Agent"* has the meaning specified in Paragraph 11(c)(i).

*"Valuation Date"* means each date specified in or otherwise determined pursuant to Paragraph 11(c)(ii).



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***"Valuation Percentage"*** means, for any item of Eligible Credit Support, the percentage specified in Paragraph 11(b)(ii).

***"Valuation Time"*** has the meaning specified in Paragraph 11(c)(iii).

***"Value"*** means, for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 4 in the case of a dispute, with respect to:

(i) Eligible Credit Support comprised in a Credit Support Balance that is:

(A) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage, if any; and

(B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any; and

(ii) items that are comprised in a Credit Support Balance and are not Eligible Credit Support, zero.



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# CREDIT SUPPORT ANNEX

**to the Schedule to the Master Agreement**
**dated as of 19 August 2003 between**
**AIG FINANCIAL PRODUCTS CORP. (*Party A*) and**

**GOLDMAN SACHS INTERNATIONAL (*Party B*)**

**Paragraph 11. Elections and Variables**

(a) ***Base Currency and Eligible Currency***

(i) ***Base Currency*** means United States Dollars.

(ii) ***Eligible Currency*** means the Base Currency.

(b) ***Credit Support Obligations***

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

(A) ***Delivery Amount*** has the meaning specified in Paragraph 2(a).

(B) ***Return Amount*** has the meaning specified in Paragraph 2(b).

(C) ***Credit Support Amount*** has the meaning specified in Paragraph 10.

(ii) ***Eligible Credit Support***. The following items will qualify as ***Eligible Credit Support*** for the party specified:

| | | Party A | Party B | Valuation Percentage |
|---|---|---|---|---|
| (A) | cash in an Eligible Currency | [X] | [X] | 100% |
| (B) | Securities issued by the US Government: | | | |
| | (i) with a remaining maturity of not more than one year | [X] | [X] | 99.5% |
| | (ii) with a remaining maturity of more than 1 year but not more than 5 years | [X] | [X] | 98.5% |
| | (iii) with a remaining maturity of more than 5 years but not more than 10 years | [X] | [X] | 98.5% |

| | | | |
|---|---|---|---|
| (C) Such other type of collateral as the Parties may from time to time agree in writing to be Eligible Credit Support | [X] | [X] | The percentage specified by the Parties as applying to such Eligible Credit Support |

(iii) ***Thresholds***

(A) ***Independent Amount*** means with respect to Party A: Not applicable

***Independent Amount*** means with respect to Party B: Not Applicable

(B) ***Threshold*** means with respect to Party A and Party B the amount determined on the basis of the lower of the Credit Ratings in the table set forth below, provided however, that if (i) a party has no Credit Rating or (ii) an Event of Default or a Termination Event has occurred and is continuing with respect to such party, such party's Threshold shall be zero:

| **The lower of** | | **Party A Threshold** | **Party B Threshold** |
|---|---|---|---|
| **S&P Credit Ratings** | **Moody's Credit Ratings** | **USD** | **USD** |
| AAA | Aaa | USD 125 million | USD 125 million |
| AA+ | Aa1 | USD 100 million | USD 100 million |
| AA | Aa2 | USD 75 million | USD 75 million |
| AA- | Aa3 | USD 50 million | USD 50 million |
| A+ | A1 | USD 25 million | USD 25 million |
| A | A2 | USD 15 million | USD 15 million |
| A- or below | A3 or below | Zero | Zero |
| BBB | Baa2 | Termination | Termination |

(C) ***Minimum Transfer Amount*** means with respect to Party A and with respect to Party B USD 100,000, provided that if an Event of Default has occurred and is continuing with respect to a party, the Minimum Transfer Amount with respect to such party shall be zero and provided further, that if a Transferee has received Eligible Credit Support and the Credit Support Amount for the Transferee is, or is deemed to be, zero at the time and, but for its Minimum Transfer Amount, the Transferee would be required to transfer to the Transferor Equivalent Credit Support pursuant to paragraph 2(b), the Minimum Transfer Amount for that Transferee will be zero.

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

(c) ***Valuation and Timing***

(i) ***Valuation Agent*** means, for the purposes of Paragraphs 2 and 4, the party making the demand under Paragraph 2, and, for the purposes of Paragraph 5(c), the Transferee, as applicable.

(ii) ***Valuation Date*** means any day which is a Local Business Day.

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

(iv) ***Notification Time*** means no later than 3.00pm London time, on a Local Business Day, provided however, that the Valuation Agent shall give notice of its calculations to a party only upon request of such party.

(d) ***Exchange Date***

***Exchange Date*** has the meaning specified in Paragraph 3(c)(ii).

(e) ***Dispute Resolution***

(i) ***Resolution Time*** means 3.00pm London time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

(ii) ***Value***. For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) The Value of cash will be the face amount thereof, multiplied by the applicable Valuation Percentage.

(B) With respect to securities, the sum of (1) (x) the mean of the high bid and low asked prices quoted on such date by any principal market maker for such securities chosen by the Disputing Party, or (y) if no quotations are available from a principal market maker on such date, the mean of such high bid and low asked prices as of the day, next preceding such date, on which such quotations were available, plus (2) the accrued interest on such securities (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 (1) of this clause (B)) as of such date, multiplied by the applicable Valuation Percentage.

(iii) ***Alternative.*** The provisions of Paragraph 4 will apply.

(f) ***Distributions and Interest Amount***

(i) ***Interest Rate.*** The "Interest Rate" in relation to each Eligible Currency specified below will be:

| ***Eligible Currency*** | ***Interest Rate*** |
|---|---|
| USD | USD-Federal Funds-H.15 |

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

(iii) ***Alternative to Interest Amount.*** The provisions of Paragraph 5(c)(ii) will apply.

(g) ***Addresses for Transfers***

Party A: To be specified by Party A in writing.

Party B: To be specified by Party B in writing.

(h) ***Other Provisions***

(i) Paragraph 10 is amended by adding the following Definitions:-

"***Credit Rating***" means, on the date of any determination, the ratings classifications by either Moody's or S&P, as applicable, to (i) in the case of Party A, Debt Securities of the Credit Support Provider of Party A, and (ii) in the case of Party B, the Debt Securities of the Credit Support Provider of Party B.

***Credit Support Provider of Party A*** means American International Group, Inc.

***Credit Support Provider of Party B*** means The Goldman Sachs Group, Inc.

***Debt Securities*** of any person means the long-term, unsecured, unsubordinated and non-guaranteed debt securities of that person.

"***Moody's***" means Moody's Investors Service Inc. or its successors.

"***S&P***" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. or its successors.

(ii) ***Local Business Day*** shall mean any day, other than a Saturday or a Sunday, when banks are open for general business in London and New York.

(iii) All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of the Agreement, save that any demand, specification or notice:-

(A) shall be given to or made at the following addresses:

If to Party A:

| | |
|---|---|
| Address: | 50 Danbury Road<br>Wilton, Connecticut 06897-4444 |
| Telephone: | (203) 222 4700 |
| Facsimile: | (203) 222 4780 |
| Attention: | Chief Financial Officer |

If to Party B:

| | |
|---|---|
| Address: | Goldman Sachs International<br>Peterborough Court<br>133 Fleet Street<br>London EC4A-2BB |
| Attention: | Cross-Product Collateral Management |
| Telephone: | 020-7774-2842 |
| Facsimile: | 020-7774-2816 |
| email: | cpcm@gs.com |

(B) or at such other address as the relevant party may from time to time designate by giving notice to the other party;

(C) shall (unless otherwise stated in this Annex) be deemed to be effective at the time such notice is actually received unless such notice is received on a day which is not a Local Business Day or after the Notification Time on any Local Business Day in which event such notice shall be deemed to be effective on the next succeeding Local Business Day.

(iv) The definition of "***Valuation Percentage***" at Paragraph 10 of this Annex is hereby amended by the inserting the words, ",except that, for the purposes of Paragraph 6, Valuation Percentage for each item of Eligible Credit Support is 100%" after the words, "Paragraph 11(b)(ii)".

(v) Paragraph 3(c)(i) is amended by inserting, on the second line thereof, the words, "giving one Local Business Day's prior written" before the words, "notice inform the Transferee".

(vi) For the purpose of Part 4(f) of the Master Agreement which this Annex forms part of, this Annex is designated a Credit Support Document in relation to Party A and Party B.

(vii) **Other Provisions:** Paragraph 7 Subparagraph (i) **Events of Default** is hereby amended by changing the words in the third line thereof " two Local Business Days" to "one Local Business Day".

**Agreed with effect from the date specified on the first page of this Credit Support Annex**

**AIG FINANCIAL PRODUCTS CORP.**

By: .....

Name: ALAN FROST
MANAGING DIRECTOR

Title:

**GOLDMAN SACHS INTERNATIONAL**

By: .....

Name: **CLAUDIA TARANTINO**

Title: **EXECUTIVE DIRECTOR**

21/08/2003.

# ISDA

# Amendment

dated as of 19 April 2004

to the

# ISDA MASTER AGREEMENT

dated as of 19 August 2003

BETWEEN: AIG FINANCIAL PRODUCTS CORP and GOLDMANS SACHS INTERNATIONAL

(the "Agreement")

The parties have previously entered into the Agreement and have now agreed to amend the Agreement by the terms of this Amendment (this "Amendment").

Accordingly, in consideration of the mutual agreement contained in this Amendment, the parties agree as follows:

1. **Amendment of the Agreement**

The term "Threshold Amount" in Part 1(d) of the Agreement is deleted in its entirety and the following substituted therefor:

"***Threshold Amount***" means in respect of Party A, Party B and the Credit Support Provider of Party B, US$50,000,000 (or its equivalent in any other currency or currencies); and in respect of the Credit Support Provider of Party A, the Threshold Amount will be US$250,000,000 (or its equivalent in any other currency or currencies).

2. **Representations**

Each party represents to the other party in respect of the Agreement, as amended pursuant to this Amendment, that all representations made by it pursuant to the Agreement are true and accurate as of the date of this Agreement.

3. **Miscellaneous**

(a) ***Entire Agreement; Restatement.***

(i) This Amendment constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto.

(ii) Except for any amendment to the Agreement made pursuant to this Amendment, all terms and conditions of the Agreement will continue in full force and effect in accordance with its provisions on the date of this Amendment. References to the Agreement will be to the Agreement, as amended by the Amendment.

(b) ***Amendments***. No amendment, modification or waiver in respect of the matters contemplated by this Amendment will be effective unless made in accordance with the terms of the Agreement.

(c) ***Counterparts***. This Amendment may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(d) ***Headings***. The headings used in this Amendment are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interrupting this Amendment.

(e) ***Governing Law***. This Amendment will be governed by and construed in accordance with English law.

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

AIG FINANCIAL PRODUCTS CORP.

By: _____

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

GOLDMAN SACHS INTERNATIONAL

By: _____

Name:
Title:
Date:

ANIL KARPAL
COMPLIANCE

13/04/07

**Amendment Letter**

Date: 25 August 2006

To: Goldman Sachs International

From: AIG Financial Products Corp.

Re: Confirmation of Transactions via DTCC Deriv/SERV

Dear Sirs:

We refer to (1) the ISDA Master Agreement entered into by Goldman Sachs International ("GSI") and AIG Financial Products Corp. ("AIGFP") dated as of August 19, 2003 (as amended, the "Agreement") and (2) the DTCC Deriv/SERV Automated Confirmation And Matching System through which GSI and AIGFP propose to confirm Transactions from time to time.

To the extent that any Confirmation incorporates by reference, is deemed to incorporate by reference or deems the parties to have agreed to or to be bound by the DTCC Deriv/SERV Operating Procedures for Automated Confirmation And Matching System (the "DTCC Operating Procedures"),

1. Section 5(a)(ii) (*Breach of Agreement*) of the Agreement shall not apply with respect to any obligation arising solely under the DTCC Operating Procedures where such obligation would not otherwise have arisen under the Agreement disregarding the DTCC Operating Procedures; and

2. Section 5(a)(iv) (*Misrepresentation*) of the Agreement shall not apply to any representation or deemed representation made or deemed to be made or repeated solely under the DTCC Operating Procedures where such representation or deemed representation would not otherwise have been made or repeated under the Agreement disregarding the DTCC Operating Procedures,

save, in either case, as provided for in or anticipated by the terms of the Transaction Record Description and/or Transaction Record (as such terms are defined in the DTCC Operating Procedures) relating to the relevant Transaction (excluding, for the avoidance of doubt, any incorporation or deemed incorporation in a Transaction Record Description or Transaction Record of any other parts of the DTCC Operating Procedures) and the Agreement shall be deemed to be amended accordingly.

Capitalised terms not otherwise defined herein shall have the meaning given to such terms in the Agreement.

This letter shall be governed by and construed in accordance with the governing law of the Agreement.

Please confirm your agreement to the terms of this letter by signing a copy of this letter and returning it to us.

**AIG FINANCIAL PRODUCTS CORP.**

By _____
Name:
Title: Jon Liebergall
Managing Director

**GOLDMAN SACHS INTERNATIONAL**

By _____
Name:
Title: