3490

(Multicurrency—Cross Border)

# ISDA®

International Swap Dealers Association, Inc.

# MASTER AGREEMENT

dated as of June 24, 2003

**AIG FINANCIAL PRODUCTS CORP.** and **STRIPs III LLC**

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.

Copyright ©1992 by International Swap Dealers Association, Inc.

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.** | | **STRIPs III LLC** |
|---|---|---|
| By: | | By: |
| Name: | | Name: |
| Title: | Kathleen M. Furlong<br>Vice President, Chief Financial Officer | Title: |
| Date: | and Treasurer | Date: |



ISDA ® 1992

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.** | **STRIPs III LLC** |
|---|---|
| By: | By: |
| Name: | Name: Orlando Figueroa |
| Title: | Title: Vice President |
| Date: | Date: |



ISDA ® 1992

**SCHEDULE**

**to the**

**Master Agreement**

**dated as of June 24, 2003**

**between**

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

and

STRIPs III LLC
**("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

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

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

(d) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement, notwithstanding anything in the Agreement to the contrary, the Settlement Amount, as

determined by the Calculation Agent, in connection with (i) the occurrence of a Termination Event under Section 5(b)(i) or Section 5(b)(ii) (where Party A is the sole Affected Party or both Party A and Party B are Affected Parties) or Part 1(f)(i) where Party A is the sole Affected Party or an Event of Default where Party A is the Defaulting Party, shall be determined pursuant to the Early Termination Settlement Terms as set forth in the related Confirmation and (ii) the occurrence of any Termination Event where Party B is the sole Affected Party or any Event of Default where Party B is the Defaulting Party, shall be zero.

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

(f) **"Additional Termination Event"** means 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 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 which event Party A shall be the sole Affected Party.

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 *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.

(g) **Events of Default and Termination Events.** The provisions of Section 5(a) and Section 5(b) will apply to Party A and to Party B as follows:-

| **Section 5(a)** | **Party A** | **Party B** |
|---|---|---|
| (i) "Failure to Pay or Deliver" | Applicable. | Applicable. |
| (ii) "Breach of Agreement" | Not Applicable. | Not Applicable. |
| (iii)"Credit Support Default" | Applicable. | Not Applicable. |
| (iv)"Misrepresentation" | Not Applicable. | Not Applicable. |
| (v) "Default under Specified Transaction" | Not Applicable. | Not Applicable. |
| (vi)"Cross Default" | Not Applicable. | Not Applicable. |
| (vii)"Bankruptcy" | Applicable. | Applicable. |
| (viii)"Merger Without Assumption" | Applicable. | Applicable. |

| **Section 5(b)** | **Party A** | **Party B** |
|---|---|---|
| (i) "Illegality" | Applicable. | Applicable. |
| (ii) "Tax Event" | Applicable. | Applicable. |
| (iii)"Tax Event Upon Merger" | Not Applicable. | Not Applicable. |
| (iv)"Credit Event Upon Merger" | Not Applicable. | Not Applicable. |
| (v) "Additional Termination Event" | Applicable. | Not Applicable. |

## 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:

(i) Party B makes the following representations to Party A:

Party B is a limited liability company organized under the laws of the State of Delaware.

## 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 B. | A duly executed copy of the Program Documents, the Indenture and all other related 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.
50 Danbury Road
Wilton, CT 06897-4444
Attention: Chief Financial Officer
(with a copy to the General Counsel
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: STRIPs III LLC
c/o Lord Securities Corporation
48 Wall St., 27th Floor
New York, NY 10005

Attention: Orlando Figueroa
Facsimile No.: (212) 346-9012 Telephone No.: (212) 346-9007

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.

(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.

## Part 5

## Other Provisions

(1) **Indenture.** (a) Reference is hereby made to (i) the Indenture, dated as of March 3, 2003, among STRIPs III Ltd. (the "Issuer"), STRIPs III Corp. (the "Co-Issuer") and LaSalle Bank National Association, as trustee (in such capacity, the "Trustee"), as supplemented by the Series 2003-1 Supplement, dated as of March 3, 2003, and Amendment No. 1 to the Series 2003-1 Supplement, dated as of May 1, 2003, and Amendment No. 2 to the Series 2003-1 Supplement, dated as of June 24, 2003 (collectively, the "Indenture") and (ii) the Administration Agreement, dated as of June 24, 2003 (as amended from time to time, the "Administration Agreement"), among Party B, LaSalle Bank National Association (the "Administrator") and Deutsche Bank AG, New York Branch (the "Program Advisor"). Capitalized terms used in this Agreement that are not defined have the respective meanings assigned to them in the Indenture and Administration Agreement, as applicable.

(b) Party A agrees not to institute against the Issuer or Party B any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings or other analogous proceedings under applicable laws until at least one year and one day (or, if applicable, any longer preference period as may be in effect) after the payment in full of all Notes; *provided* that this shall not restrict or prohibit Party A from joining any other person, including without limitation the Trustee, in any existing bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings or other analogous proceedings under applicable laws.

(c) 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 any of the Program Documents, 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 any of the Program Documents. Party B will furnish to Party A a copy of each proposed and each executed amendment to any of the Program Documents and copies of any related Rating Agency confirmations; such proposed amendments shall be delivered no later than ten (10) days prior to the effectiveness thereof.

(d) 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 Indenture or any other instrument that would amend, modify or change the Indenture, 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 Indenture. Party B will furnish to Party A a copy of each proposed and each executed supplement or amendment to the Indenture and copies of any related Rating Agency confirmations in accordance with the terms of the Indenture.

(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 hereunder 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 the Section 3.01 of the Administration Agreement or Section 7.4 of the Security Agreement. No recourse shall be had for the payment of any amount owing in respect of this Agreement and any confirmations hereunder 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) (which shall be subject to Rating Agency Confirmation), in this Section 7 and Part 5 of the Schedule, and except for the assignment by way of security in favor of the Collateral Agent, 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 and Rating Agency Confirmation. 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 and the Rating Agencies (so long as the Notes are Outstanding (as defined in the Indenture)); 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 Party B 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 Rating of the 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 the Rating on the 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 STRIPs III LLC Notes 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). 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.

(18) **Limitations on Payments.** Notwithstanding any provisions contained in this Agreement to the contrary, Party B shall not, and shall not be obligated to, pay any fees, costs or expenses due pursuant to this Agreement unless Party B has received funds which may be used to make such payment and which funds are not required to repay the Notes when due. Any such fees, cost or expense which Party B does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.) as amended from time to time) against or corporate obligation of Party B for any such insufficiency unless and until Party B satisfies the provisions of such preceding sentence.

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

STRIPs III LLC

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:

STRIPs III LLC

By:_____
Name: Orlando Figueroa
Title: Vice President

EXHIBIT A

FORM OF GUARANTEE

See Tab 9

# CONFIRMATION

Date: June 24, 2003

To: STRIPs III LLC

From: AIG Financial Products Corp.

Re: Remarketing Put Option Transaction – STRIPs III LLC Notes

The purpose of this communication is to set forth the terms and conditions of the remarketing put option transaction entered into on the Trade Date specified below (the "**Transaction**"), between AIG Financial Products Corp. ("**AIG-FP**") and STRIPs III LLC (the "**Counterparty**"). This letter agreement constitutes a "**Confirmation**" as referred to in the Master Agreement specified below.

1. This Confirmation is subject to and incorporates the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (the "**Definitions**"). This Confirmation supplements, forms part of and is subject to the ISDA Master Agreement dated as of June 24, 2003 between AIG-FP and the Counterparty that (i) incorporates the Definitions (whether directly or by means of this Confirmation) and (ii) sets forth general terms and conditions applicable to remarketing put option transactions between us (the "**Master Agreement**"). All provisions contained in, or incorporated by reference to, such Master Agreement shall govern this Confirmation except as expressly modified below. Any capitalized terms used but not defined herein, in the Master Agreement or the Definitions shall have the meanings assigned to them in (i) the Indenture (the "**Indenture**") dated as of March 3, 2003 among STRIPs III Ltd. (the "**Issuer**"), STRIPs III Corp. (the "**Co-Issuer**") and LaSalle Bank National Association, as trustee (in such capacity, the "**Trustee**"), as supplemented by the Series 2003-1 Supplement dated as of March 3, 2003 and Amendment No. 1 to the Series 2003-1 Supplement dated as of May 1, 2003 and Amendment No. 2 to the Series Supplement dated as of June 24, 2003, or (ii) the Administration Agreement, dated as of June 24, 2003 (the "**Administration Agreement**") among the Counterparty, LaSalle Bank National Association (the "**Administrator**") and Deutsche Bank AG, New York Branch (the "**Program Advisor**").

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

| | |
|---|---|
| Trade Date: | June 24, 2003. |
| Effective Date: | June 24, 2003. |
| Termination Date: | The earliest of (a) the latest date on which a Settlement Date related to the Payment Date (as defined in the Indenture) occurring in March 2018 could occur or such later date as agreed by AIG-FP in writing, (b) at any time after the date on which the Counterparty first acquires the Class A-1-FLT Notes, the date on which Counterparty no longer holds any Class A-1-FLT Notes (as defined below) |

| | |
|---|---|
| | and (c) at any time after the date on which the Counterparty first acquires the Class A-1-FLT Notes, the date on which Counterparty has no outstanding Subject Securities (as defined below) issued pursuant to the PPM (as defined below) unless Counterparty is simultaneously issuing notes in the aggregate principal amount that correspond to the Subject Securities being redeemed or maturing therefor (**"Replacement Notes"**). |
| Option Type: | Put. |
| Seller: | AIG-FP. |
| Buyer: | Counterparty. |
| Class A-1-FLT Notes: | Up to $320,000,000 (or such higher amount approved by AIG-FP in writing) aggregate principal amount of Class A-1-FLT Floating Rate Notes issued by the Issuer and the Co-Issuer (which may include Series 2003-1 Class A-1-FLT Notes or Class A-1-FLT Notes from any future series). |
| Subject Securities: | $320,000,000 (or such higher amount approved by AIG-FP in writing) Aggregate Calculation Balance (as defined in the Administration Agreement) of STRIPs III LLC Notes, issued from time to time by Counterparty as described in the Private Placement Memorandum dated June 24, 2003 with Deutsche Bank Securities Inc. as placement agent (the **"PPM"**). |
| Settlement Securities: | Either the Class A-1-FLT Notes or newly issued Subject Securities, as specified by Seller in a notice to Buyer not later than 3:00 p.m. New York City time on the Business Day immediately prior to the relevant Settlement Date. If Seller fails to give such notice by such time, then the Settlement Securities shall be the Subject Securities with a maturity as agreed between AIG-FP and the Dealer and that complies with the Maturity and Interest Limitations, or in the absence of such agreement, one year. |
| Partial Exercise: | Applicable. |
| Option Strike Price: | On any Settlement Date, the Aggregate Calculation Balance (or aggregate principal amount in the case of Class A-1-FLT Notes) of the Settlement Securities, plus accrued and unpaid interest, if any. |
| Exercise Period: | The Option Transaction may be exercised on any Remarketing Date, and in no event later than the fifth Business Day immediately following the Remarketing Date |

to the extent the Administrator has failed to exercise the related Option Transaction on such Remarketing Date as a result of an administrative error, force majeure or other similar event prior to the Termination Date on which the sum of (i) the total amount of funds on deposit in the Collection Account at 2:00 p.m. (New York time) on the Remarketing Date plus (ii) the total amount of funds received by the Depositary on the Counterparty's behalf on such Remarketing Date at or prior to 2:00 p.m. (New York time), in each case to the extent such funds are available to make payments pursuant to Section 3.01(a) of the Administration Agreement on such Remarketing Date, are not sufficient to pay in full all of the amounts set forth in clauses first, second, third and fourth of Section 3.01(a) of the Administration Agreement on such Remarking Date (each such date, an "**Exercise Date**"); *provided* that any exercise may be rescinded by the Administrator by telephonic notice, confirmed by facsimile, to AIG-FP no later than 5:00 p.m., New York time, on the Business Day immediately preceding the Settlement Date; and *provided, further*, that it shall be a condition to AIG-FP's obligation to perform under the Options that (a) no Event of Default (as defined in the Indenture) (i) relating to payment of interest or principal on the Class A-1-FLT Notes pursuant to Section 5.01(i) or 5.01(ii) of the Indenture (other than, in either case, an Event of Default caused solely by a failure on any Payment Date to disburse amounts available on deposit in the Note Account (as defined in the Indenture)) or Section 5.01(iii) of the Indenture, or (ii) pursuant to Section 5.01(v) or 5.01(vi) of the Indenture, has occurred and is continuing on the related Settlement Date, (b) no Program Default (as defined in the Administration Agreement), other than a Program Default resulting solely from the occurrence of an Exercise Date during the grace period set forth above, has occurred and is continuing on the related Settlement Date and (c) AIG-FP shall have received either a Note Valuation Report related to the Payment Date occurring on the related Remarketing Date stating that sufficient funds for the payment of interest on the Class A-1-FLT Notes on the Remarketing Date plus any principal due on the Class A-1-FLT Notes will be on deposit in the Note Account (as defined in the Indenture) or other oral or written evidence to such effect that is reasonably satisfactory to AIG-FP; *provided* that if the Issuer makes full interest (and to the extent due, principal) payments on the Class A-1-FLT Notes on the related

Payment Date (or prior to the expiration of the applicable grace period on the Class A-1-FLT Notes or, if no grace period is applicable on the Class A-1-FLT Notes under the terms thereof, prior to the expiration of a deemed 3 Business Day grace period with respect to such payments on the Class A-1-FLT Notes), notwithstanding the failure of the Counterparty to timely deliver a Note Valuation Report or other evidence satisfactory to AIG-FP as provided in clause (c) above, AIG-FP will perform under the exercised Option Transaction on the Settlement Date following such payment so long as the conditions described in clauses (a) and (b) are satisfied. No failure to exercise the Put on or with respect to any Remarketing Date shall affect the ability to exercise any Put on a subsequent Remarketing Date subject to the satisfaction of the conditions set forth herein. The Counterparty agrees that it shall exercise the Put through the Administrator (or any successor to the Administrator under the Administration Agreement).

Notwithstanding anything to the contrary in this Confirmation, in no event shall AIG-FP be required to purchase Settlement Securities in aggregate outstanding principal amounts greater than the amounts specified in the Administration Agreement relating to Maturity and Interest Limitations.

The "**Remarketing Dates**" shall occur on each Maturity Date for the Subject Securities prior to the Termination Date. If as a result of a change in law or interpretation the Subject Securities are no longer eligible for purchase by money market funds under Rule 2a-7 of the Investment Company Act of 1940, as amended, upon at least 10 Business Days' written notice to the Dealer prior to the next upcoming Remarketing Date, AIG-FP may, at its discretion, elect to change the Remarketing Period commencing any such Remarketing Date by directing the Dealer to remarket such Subject Securities with respect to any subsequent Payment Date (*provided* the Issuer, the Dealer and the Administrator have consented to such change) occurring within one year of such upcoming Remarketing Date. The Dealer shall notify S&P and Moody's of any such change.

Exercise Procedure: Any exercise of the Put hereunder shall be substantially in the form attached as Exhibit A hereto. Upon any such exercise of the Put, AIG-FP shall, subject to satisfaction of

the conditions to exercise specified in **"Exercise Period"** above, purchase on the related Settlement Date the Settlement Securities with a Calculation Balance equal to the Calculation Balance of the Notes having a Maturity Date on the related Remarketing Date (including any deemed held by the Depositary pursuant to Section 8 X of the Depositary Agreement), after giving effect to all payments to be made on such Remarketing Date from either (i) funds on deposit in the Collection Account at 2:00 p.m. (New York time) on such Remarketing Date or (ii) funds received by the Depositary on the Counterparty's behalf on such Remarketing Date at or prior to 2:00 p.m. (New York time), at the Option Strike Price. In the event that AIG-FP specified that any Settlement Securities will be Subject Securities, the spread applicable to the Subject Securities shall be the spread set forth in Section 2(c) of the side letter, dated the date hereof, among AIG-FP, the Counterparty and the Dealer (the **"Side Letter"**).

The Counterparty, at the direction of the Administrator, shall confirm to AIG-FP the amount of the Option Strike Price for all of the Settlement Securities to be purchased by it.

Settlement: Physical Settlement

Settlement Date: The fourth Business Day immediately following the Exercise Date; *provided, however,* that any notice of exercise of the Options received by AIG-FP after 3:00 p.m., New York time, will be treated as if it had been received on the immediately following Business Day; *provided, further*, where either an Event of Default under Section 5.01(i) or 5.01(ii) of the Indenture caused solely by a failure on any Payment Date to disburse amounts available on deposit in the Note Account (as defined in the Indenture), or a potential Event of Default under Section 5.01(iii), 5.01(v) or 5.01(vi) of the Indenture, has occurred and is continuing with respect to the Class A-1-FLT Notes on the Exercise Date and is thereafter cured, the Settlement Date shall be the later of (a) the fourth Business Day immediately following the Exercise Date and (b) the third Business Day immediately following the date of such cure; provided that AIG-FP has received satisfactory evidence of such cure.

Physical Settlement Terms: On the Settlement Date, Seller shall pay the Option Strike Price to the Administrator (as defined in the Administration Agreement) for credit in the Collection Account (as so defined) identified below. On the Settlement Date,

| | |
|---|---|
| | Counterparty shall cause to be delivered to AIG-FP (or its designee) the Settlement Securities to be delivered as provided above opposite "Exercise Procedure", such delivery to be effected free of payment through the Clearance System to the account specified below.<br><br>If there is a Settlement Disruption Event that prevents settlement on a day that but for the Settlement Disruption Event would have been the Settlement Date, then the Settlement Date shall be the first succeeding day on which that settlement can take place through the Clearance System, unless a Settlement Disruption Event prevents settlement on each day that the Clearance System is (or, but for the Settlement Disruption Event, would have been) open for business during the period ending 30 calendar days after the original date that, but for the Settlement Disruption Event, would have been the Settlement Date. If a Settlement Date does not occur during such 30 calendar day period, the party required under this Transaction to deliver the Settlement Securities promptly thereafter in a commercially reasonable manner outside the Clearance System on a delivery versus payment basis. |
| Clearance System: | DTC. |
| Settlement Disruption Event: | An event beyond the control of the parties as a result of which the Clearance System cannot clear the transfer of the Settlement Securities. |
| Fixed Amount Payer: | Counterparty. |
| Fixed Amount Payer Payment Date: | Each of the Payment Dates for the Subject Securities, and to the extent specified in the Administration Agreement, any Additional Payment Date or Legal Payment Date for the Subject Securities. |
| Notional Amount: | For any Calculation Period, the amount equal to the weighted average outstanding principal amount of Subject Securities during such Calculation Period. |
| Calculation Period: | The same period as the "Interest Accrual Period", as defined in the Administration Agreement |
| Fixed Rate: | As set forth in the Side Letter. |

| | |
|---|---|
| Fixed Rate Day Count Fraction: | Actual/360. |
| Calculation Agent: | AIG-FP. |
| Business Days: | As defined in the Administration Agreement. |
| Instructions for Payments to AIG-FP: | CHIPS ABA 001<br>ABA No. 021000018<br>SWIFT IRVT U53N<br>A/C AIG Financial Products Corp.<br>A/C #8900416084<br>UID 298453 |
| AIG-FP Settlements: | |
| Instructions for Payments to the Counterparty: | LaSalle Bank National Association<br>Chicago, IL<br>ABA: 071000505<br>Acct: 2090067<br>FFC Trust Acct: 67-9242-00-8<br>Acct. Name: STRIPs LLC Collection Account<br>Attn: Alice Pacthod 904-2498 |

3. Other Terms:

(a) Additional Representations and Agreement. AIG-FP represents and warrants that it is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933 as amended), and a Qualified Purchaser (for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended).

(b) Termination of Agreements; Performance by Parties. Notwithstanding anything to the contrary in the Master Agreement, no termination of the Dealer Agreement, the Administration Agreement, the Depositary Agreement, the Dealer, the Administrator, the Depositary or the Program Advisor and no failure to have a Dealer Agreement, an Administration Agreement or a Depositary Agreement in effect and no action taken or not taken by the Dealer, the Administrator, the Depositary or the Program Advisor, including any failure of the Dealer, the Administrator, the Depositary or the Program Advisor to perform their obligations, shall operate to release AIG-FP from its obligations hereunder subject to the satisfaction of the express conditions set forth herein, and without prejudice to AIG-FP's right to assert any claim against any of the foregoing parties.

(c) Voting Rights. Within one Business Day after receipt of notice of any meeting of, or other occasion for the exercise of voting rights or the giving of consents ("**voting rights**") by, owners of any of the Class A-1-FLT Notes (whether as Controlling Class or otherwise), Counterparty shall give notice to AIG-FP, setting forth (i) such information as is contained in

such notice to owners of Class A-1-FLT Notes, (ii) a statement that AIG-FP will be entitled to instruct Counterparty as to the exercise of voting rights, if any, pertaining to such Class A-1-FLT Notes and (iii) a statement as to the manner in which instructions may be given to Counterparty to give a discretionary proxy to a person designated in the notice received by Counterparty. Upon the written request of AIG-FP, received on or before the date established by Counterparty for such purpose, Counterparty shall, insofar as permitted under any applicable provision of law and any applicable provision of or governing the Class A-1-FLT Notes, vote in accordance with any nondiscretionary instruction set forth in such written request. Counterparty shall not exercise such voting rights except as specifically authorized and directed in written instructions from AIG-FP. Notwithstanding the foregoing, in no event may AIG-FP direct the Counterparty to consent to or direct the acceleration of the Underlying Securities so long as an Event of Default under Section 5.01(i) or 5.01(ii) of the Indenture shall be deemed to be caused solely by a failure on any Payment Date to disburse amounts available on deposit in the Note Account (as defined in the Indenture).

(d) Early Termination Settlement Terms: Prior to any termination following a Termination Event described in Section 5(b)(i) or Section 5(b)(ii) (where AIG-FP is the sole Affected Party or both AIG-FP and Counterparty are Affected Parties) or Part 1(f) where AIG-FP is the sole Affected Party or an Event of Default where AIG-FP is the Defaulting Party, AIG-FP shall provide not less than ten (10) Business Days notice to the Holders of the Subject Securities, the Administrator and the Dealer specifying (x) that new Subject Securities will be marketed and sold without the benefit of this Agreement, with a maturity of the stated maturity of the Class A-1-FLT Notes and at an interest rate of LIBOR plus the Termination Marketing Spread (as set forth in the Side Letter) per annum for each Interest Accrual Period through the stated maturity and (y) the date (the "**Termination Marketing Date**", which Termination Marketing Date must be on or prior to the termination date of this Agreement) on which AIG-FP will deposit to the Collection Account for the benefit of the maturing Subject Securities the difference between the price received from such sale and par plus accrued interest until the maturity date of such Subject Securities for all maturing Subject Securities on the date of such sale (the "**Termination Make-Up Amount**"); *provided* that, in AIG-FP's sole discretion in lieu of such a marketing or after receipt of all of the bids provided in such marketing, AIG-FP may purchase all of the Class A-1-FLT Notes underlying the Subject Securities at par plus accrued interest on the date set forth in the notice, in accordance with the Administration Agreement. For the avoidance of doubt, in the event the Dealer fails to market and sell such new Subject Securities, the Termination Make-Up Amount will equal par plus accrued interest until the maturity date of such Subject Securities for all maturing Subject Securities.

(e) Determinations regarding Events of Default: For all purposes of this Confirmation, whether or not an Event of Default under Section 5.01(i) or 5.01(ii) of the Indenture was caused solely by a failure on any Payment Date to disburse amounts available on deposit in the Note Account (as defined in the Indenture) will be determined pursuant to Section 3.04 of the Administration Agreement.

Please confirm that the preceding correctly sets forth the terms of our agreement with respect to the Transaction by signing in the space provided below and sending a copy of the executed Confirmation to us.

Very truly yours,

AIG Financial Products Corp.

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

Agreed and accepted by

STRIPs III LLC

By: _____
Name:
Title:

Please confirm that the preceding correctly sets forth the terms of our agreement with respect to the Transaction by signing in the space provided below and sending a copy of the executed Confirmation to us.

Very truly yours,

AIG Financial Products Corp.

By:_____
Name:
Title:

Agreed and accepted by

STRIPs III LLC

By:_____
Name: Orlando Figueroa
Title: Vice President

**EXHIBIT A**

**Form of Notice of Exercise of the Put**

(Letterhead of Administrator)

AIG Financial Products Corp.
50 Danbury Road
Wilton, CT 06897-4444

Re: STRIPs LLC Notes

Reference is made to the ISDA Master Agreement, dated as of June 24, 2003, as supplemented by the Schedule attached thereto, dated as of June 24, 2003 and the Confirmation, dated as of June 24, 2003 (collectively, the "**Put Agreement**"), between STRIPs LLC (the "**Company**") and AIG Financial Products Corp. ("**AIG-FP**") and the Administration Agreement, dated as of June 24, 2003 (the "**Administration Agreement**"), among the Company, Deutsche Bank AG, New York Branch (the "**Program Advisor**") and LaSalle Bank National Association (the "**Administrator**"), each in respect of the STRIPs LLC Notes (the "**Notes**").

The undersigned, a duly authorized officer of the Administrator, hereby certifies to AIG-FP that:

(A) The necessary conditions specified in the Program Documents for the exercise of the Put for the Remarketing Date occurring on [Specify Date] have been met.

(B) Accordingly, the Put is exercisable under the Put Agreement and we hereby exercise the Put.

(C) The Calculation Balance of the Notes having a Maturity Date on the related Remarketing Date (including any Notes deemed held by the Depositary pursuant to Section 8 X of the Depositary Agreement), after giving effect to all payments to be made on such Remarketing Date from either (i) funds on deposit in the Collection Account at 2:00 p.m. on the Remarketing Date (New York time) on the Remarketing Date or (ii) funds received by the Depositary on the Counterparty's behalf on such Remarketing Date at or prior to 2:00 p.m. (New York time), will be $_____.

Unless the context otherwise requires, capitalized terms used in this Notice of Exercise of the Put and not defined herein shall have the meanings provided in the Put Agreement or if not defined therein, in the Administration Agreement.

IN WITNESS WHEREOF, the Administrator has executed and delivered this Notice of Exercise of the Put as of the _____ day of _____, _____.

LASALLE BANK NATIONAL ASSOCIATION,
as Administrator

By:_____
Name:
Title:

**GUARANTEE OF**
**AMERICAN INTERNATIONAL GROUP, INC.**

Guarantee, dated as of June 24, 2003, by American International Group, Inc., a Delaware corporation (the "Guarantor"), in favor of STRIPs III LLC (the "Guaranteed Party").

1. **Guarantee.** To induce the Guaranteed Party to enter into a Master Agreement, dated as of June 24, 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 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 pursuant to Section 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
Facsimile: (212) 514-6894

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

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

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

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

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

**AMERICAN INTERNATIONAL GROUP, INC.**

By _____

By _____

**INCUMBENCY CERTIFICATE**

I, KATHLEEN E. SHANNON, the duly elected Secretary of American International Group, Inc. a Delaware corporation (the "Corporation"), DO HEREBY CERTIFY that William N. Dooley is a Senior Vice President-Financial Services of the Corporation and in that capacity is duly authorized to sign documents on behalf of said Corporation, and a specimen of his signature is as follows:

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Corporation this 24th day of June, 2003.

Kathleen E. Shannon
Secretary

IN WITNESS WHEREOF, I, Eric N. Litzky, an Assistant Secretary of American International Group, Inc., a Delaware corporation (the "Corporation"), DO HEREBY CERTIFY that Kathleen E. Shannon is the Secretary of the Corporation and in that capacity is duly authorized to sign documents on behalf of said Corporation and that the signature appearing above is her genuine signature.

# CERTIFICATE OF RESOLUTION

I, Kathleen E. Shannon, being the duly elected Secretary of AMERICAN INTERNATIONAL GROUP, INC., a corporation organized and existing under the laws of the State of Delaware, DO HEREBY CERTIFY that by virtue of my office I have custody of the original records of the Corporation; that at a meeting of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC. held on September 17, 1997 in accordance with the law and the By-Laws of the Corporation, a quorum being present throughout and voting thereon, the following resolution was unanimously adopted:

RESOLVED, that the resolution adopted by the Executive Committee of the Board of Directors of the Corporation on July 25, 1988 empowering certain officers to act on behalf of the Corporation in the operations of the Corporation be and the same hereby is amended to read in its entirety as follows:

RESOLVED, that the Chairman of the Board, if any, the Vice Chairman, if any, President or Vice President, together with the Treasurer, the Secretary (or in the absence of the Secretary, an Assistant Secretary) or Assistant Vice President are authorized from the date hereof through September 16, 2007 to do and perform such corporate and official acts as are needful in carrying on the business of the Corporation in the ordinary course thereof, and in furtherance of the foregoing, they are hereby fully empowered to make and execute all deeds, releases, leases, agreements, contracts, bills of sale, assignments, powers of attorney, or of substitution and other instruments in writing which may be needful to purchase or otherwise acquire, sell, assign, transfer, convey, release and assure or lease to or from any party, any estate or property, real or personal, stocks, bonds, loans, insurance policies, storage receipts, certificates of deposit, script or evidences of debt or demand standing in the name of the Corporation, or of any officer on behalf of the Corporation, or held or controlled by it, and to guarantee the solvency or performance of any of the subsidiaries of the Corporation; and to affix the corporate seal of the Corporation to any and all such instruments in writing, and to acknowledge or prove the said instruments, or any of them, and the proper execution, sealing and delivery thereof; provided, however, that no authorization is granted hereby (i) to enter into any transaction involving more than three million U.S. dollars (U.S. $3,000,000), except transactions subject to review and approval by the Finance Committee of the Corporation and except guarantees by the Corporation of the solvency or performance of any of the subsidiaries of the Corporation, or (ii) to purchase or sell under any circumstances any equity interest aggregating 20% or more of any one entity, regardless of its dollar value.

THAT the same has not been altered, amended or rescinded, and is now in full force and effect; and that I am duly authorized on behalf of the Corporation to make this certification.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 24th day of June, 2003.

Kathleen E. Shannon

Kathleen E. Shannon