# LETTER AGREEMENT

LETTER AGREEMENT, dated as of July 11, 2008 (this "Letter Agreement"), by and between AIG Financial Products Corp. ("AIG-FP") and Deutsche Bank AG, Cayman Islands Branch ("DBAG").

## W I T N E S S E T H:

WHEREAS, reference is made to the ISDA Master Agreement, dated as of September 13, 1995, between AIG-FP and DBAG (as amended from time to time, the "Master Agreement"), the schedule thereto, dated as of the date thereof (as amended from time to time, the "Schedule"), and the credit support annex thereto, dated as of the date thereof (as amended from time to time, the "Credit Support Annex", and together with the Master Agreement and the Schedule, the "Agreement");

WHEREAS, AIG-FP and DBAG have entered into the Asset Swap Transaction, dated as of March 10, 2005 (the "Asset Swap"), and the Total Return Swap Transaction, dated as of November 14, 2007 (the "Total Return Swap", and together with the Asset Swap, the "Liquidity Swaps"), which are subject to the Agreement;

WHEREAS, AIG-FP, MAX-MM Limited, Deutsche Bank Securities Inc., LaSalle Bank National Association, Deutsche Bank AG, New York Branch and DBAG are parties to the Letter Agreement, dated as of July 11, 2008 (the "DB Letter Agreement");

WHEREAS, AIG-FP and DBAG have agreed in principle to revise the Termination Date (as defined in the Total Return Swap) and the collateral posting provisions relating to the Liquidity Swaps and AIG-FP has agreed to accept the Puts specified therein; and

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants expressed herein and other consideration, the receipt of which is hereby acknowledged, it is hereby agreed by and between AIG-FP and DBAG as follows:

Section 1. Definitions.

Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Liquidity Swaps and the Agreement, as applicable.

Section 2. Agreements.

(a) Notwithstanding anything to the contrary contained in the Total Return Swap, the Asset Swap or the Credit Support Annex, AIG-FP and DBAG hereby agree that AIG-FP will Transfer Eligible Credit Support in the form of Cash having a Value of $250,000,000 to DBAG no later than 12:00 pm on the Business Day following the Effective Date (as defined in the DB Letter Agreement) (such amount shall constitute a "Delivery Amount" for purposes of the Credit Support Annex). DBAG agrees that it shall not make any further demands for Transfer of Eligible Credit Support and AIG-FP agrees that it shall not make any demands for Transfer of

Posted Credit Support other than in accordance with the terms of the spreadsheet attached hereto as Exhibit A (such terms contained therein, the "Agreed Terms"). Terms used in this section but not defined herein shall have the meaning assigned to such terms in the Credit Support Annex.

(b) The parties hereto agree that in the event of any inconsistency between the terms of this Letter Agreement or the Agreed Terms and the terms of the Liquidity Swaps or the Agreement, the terms of this Letter Agreement and the Agreed Terms shall prevail. From and after the date hereof, AIG-FP and DBAG agree in good faith to use commercially reasonable efforts to fully document and execute an agreement reflecting the Agreed Terms no later than July 22, 2008. In the event AIG-FP and DBAG are not able to execute such an agreement by July 22, 2008, the Agreed Terms shall nonetheless constitute the parties' agreement to the matters specified therein including the revised collateral posting provisions and AIG-FP's agreement to accept the Puts as described therein.

(c) Notwithstanding anything to the contrary in this Letter Agreement, the parties hereto agree that if the Effective Date (as defined in the DB Letter Agreement) fails to occur prior to July 22, 2008 for any reason, this Letter Agreement will terminate and be of no further force or effect in which event, all parties hereto expressly reserve all rights they had prior to the execution of this Letter Agreement and the DB Letter Agreement with respect to the Program Documents (as defined in the Administration Agreement), as amended from time to time.

**Section 3. GOVERNING LAW.**

**THIS LETTER AGREEMENT SHALL BE GOVERNED BY NEW YORK LAW WITHOUT REGARD TO CHOICE OF LAW DOCTRINE.**

Section 4. Counterparts.

This Letter Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Letter Agreement to be duly executed by their respective authorized officers as of the date first written above.

AIG FINANCIAL PRODUCTS CORP.

By: _____
Name: Jonathan Liebergall
Title: Executive Vice President

DEUTSCHE BANK AG, CAYMAN ISLANDS BRANCH

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Letter Agreement to be duly executed by their respective authorized officers as of the date first written above.

AIG FINANCIAL PRODUCTS CORP.

By: _____
Name: _____
Title: _____

DEUTSCHE BANK AG, CAYMAN ISLANDS BRANCH

By: _____
Name: Emile Van den Boi
Title: Managing Director

By: _____
Name: R. Chris Jones
Title: Director

EXHIBIT A

**All USD**

| Assumptions | | | |
|---|---|---|---|
| Transaction Size | 7,500,000,000 | | |
| Mark To Market | 1,026,352,500 | 13.685% | Current Methodology based MTM of 81.8153% + 4.5% for subordination |
| Upfront Haircut (5% of MV) | 323,682,375 | 4.316% | 5% of market value at the time of the put |
| Total collateral due | 1,350,034,875 | 18.000% | |

| | |
|---|---|
| 337,508,719 | 25% |
| 202,505,231 | 15% |

| | MAX Securities Put | | Original Transaction | | Revised Transaction | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount Put to AIG | Cumulative Amount Put to AIG | Collateral Due ($mm) | Cumulative Collateral Due ($mm) | Collateral Posted ($mm) | Cumulative Collateral Posted ($mm) | AIG Unsecured Amount ($mm) | TRS Funding Spread Increment (bps) |
| 7/9/2008 | 1,000,000,000 | 1,000,000,000 | 180 | 180 | 250 | 250 | -70 | 25 |
| 7/22/2008 | 1,000,000,000 | 2,000,000,000 | 180 | 360 | 88 | 338 | 23 | 25 |
| 8/5/2008 | 1,000,000,000 | 3,000,000,000 | 180 | 540 | | 338 | 203 | 25 |
| 8/20/2008 | 1,000,000,000 | 4,000,000,000 | 180 | 720 | | 338 | 383 | 25 |
| 9/5/2008 | 250,000,000 | 4,250,000,000 | 45 | 765 | | 338 | 428 | 25 |
| 9/22/2008 | 1,000,000,000 | 5,250,000,000 | 180 | 945 | 203 | 540 | 405 | 25 |
| 10/23/2008 | 1,000,000,000 | 6,250,000,000 | 180 | 1,125 | | 540 | 585 | 25 |
| 11/21/2008 | 993,463,000 | 7,243,463,000 | 179 | 1,304 | | 540 | 764 | 25 |
| 12/22/2008 | 256,537,000 | 7,500,000,000 | 46 | 1,350 | | 540 | 810 | 25 |
| 1/5/2009 | | 7,500,000,000 | | 1,350 | 338 | 878 | 473 | 15 |
| 2/15/2009 | | 7,500,000,000 | | 1,350 | | 878 | 473 | 15 |
| 3/15/2009 | | 7,500,000,000 | | 1,350 | 338 | 1,215 | 135 | 15 |
| 4/15/2009 | | 7,500,000,000 | | 1,350 | | 1,215 | 135 | 15 |
| 5/15/2009 | | 7,500,000,000 | | 1,350 | | 1,215 | 135 | 15 |
| 6/15/2009 | | 7,500,000,000 | | 1,350 | 135 | 1,350 | 0 | 15 |
| 7/15/2009 | | 7,500,000,000 | | 1,350 | | 1,350 | 0 | 15 |
| 7/25/2009 | | | | | | | | |

- AIG agrees to accept the puts and post the collateral as described above (dates are both put and posting dates).
- Each of DB and AIG agrees that this agreement settles all exisiting disputes between the parties related to the Max transaction and each party waives any related claims or defenses as of this date
- DB and AIG agree (unless otherwise agreed by both parties) that all puts will be puts of 2a-7 Notes that mature on the regular payment date that is closest to six months from the date of the put;
  provided that such put 2a-7 Notes can only be financed under the TRS if the old 2a-7 Notes (but not, for the avoidance of doubt, any predecessor to the old 2a-7 notes) that are being retired from the proceeds of the issuance of the new 2a-7 Notes were either (a) also financed under the TRS or (b) not previously put to AIG.
- In the event that AIG reasonably determines that 2a-7 Notes can be sold in the market for less than the maxium targeted spread,
  DB agrees to reasonably cooperate to shorten the maturities of existing 2a-7 notes as requested by AIG, but not less than 30 days
- Collateral Posted Column will be 'frozen' upon settlement subject to adjustment as detailed below.
  The current TRS documentation will apply in full to all items not expressly detailed herein.

- AIG to post initial collateral amount ($250mm) as set forth in the Letter Agreement

- Ongoing MTM of Cumulative Amount Put to AIG from time to time will be calculated monthly or more frequently as significant market events dictate.
- Both DB and AIG can ask for a MTM if in their judgment such market events occur and they will be material to the MTM
- After June 15, 2009, DB will be permitted to mark as frequently as daily in its sole discretion.
  --- MTM in AIG favor - reduces the last outstanding Collateral Posting due
  --- MTM in DB favor - cash posted to DB immediately -- if notified before 1pm, then by close following business day. If notified after 1pm, then by close in 2 business days

- Downgrade Trigger - if AIG Inc (parent) rating is reduced below A2/A, and DB has notified AIG with a Collateral Posting Request prior to 6PM on any business day, Collateral Posted column accelerates to a posting of all balances due by close of business the next business day. If the Collateral Posting request is delivered after 6PM on any business day, posting due by the close of business 2 business days after such request.
  I.E. AIG Unsecured Amount column pays down to 0
- TRS Amortization -- will be term financed (+1 yr to deal document as detailed in June Term Sheet).

**- MTM methodology**

--- Trading desk is concerned about using an index that will become less of a proxy for the Max portfolio over time given roll-down of current bonds in favor of new issues
--- Therefore, we are comfortable with LEH indices as a direct proxy through year end, and propose a CMBX based methodology with neg basis adjustments (based on LEH indices) from January through July '09.
--- We may keep using the LEH Indices (Pre-Jan Methodology) if in DB's reasonable judgment the Index has not significantly changed through rollover of underlying assets
--- In addition, DB has the right to adjust the spread on any class of bonds based upon Max having concentrations of deals with more delinquent loans than the mean Leh Index. DB will use market pricing examples to explain this new level to AIG.

**Calculation Method Through Dec 31, 2008**

i) Super Senior: Leh AAA SD 8.5 + (or BOA AAA index - 8.0+)
ii) AM Class: The implied spread that based upon i) above and iii) below would equal the Leh AAA CMBX 8.5+ index (based upon assumed index weightings)
iii) AJ Class: Calculation Agent determined from market prices (disclosed cover bids on bid list bonds traded in the market and new issue pricing)
If AIG does not agree with the pricing derived from this methodology, it may present a 3rd party's (only from active dealers in similar CMBS securities) disclosed cover bids to DB to add additional information to the analysis. Such cover bids must be of similar vintage as the CMBS that underlies the Max transaction. DB shall, acting reasonably, adjust its mark to reflect such information

**Calculation Method From Jan 1, 2009 -- July 15, 2009**

i) Super Senior: CMBX3 AAA Index + Market Basis
ii) AM Class: Implied CMBX.3 AM + Market Basis
Implied CMBX.3 AM = spread that is proportional to CMBX.3 AAA and AJ indices based upon the cash market Super Senior / AM / AJ bond spreads
iii) AJ Class: CMBX.3 AJ Index + Market Basis
Market Basis = The basis between cash spreads as calculated in a) above vs the on-the-run CMBX index.

**Calculation Method After July 15, 2009**

i) In DB's reasonable assessment, if the market is functioning, DB as calculation agent will calculate the MTM as A-1 notes.
In determining DB's opinion that the market is functioning, DB will consider each of the following:
- trading activity levels In the cmbs market underlying the transaction
- trading activity levels In the structured product market
- the existence of a functioning financing market for structured product
DB will provide evidence of activity levels to AIG upon their request
With respect to this MTM, DB and AIG will agree to a dispute mechanism for MTM levels provided by DB In the final documentation
ii) If, in DB's reasonable assesment, the market is not functioning, DB will continue using the most recent calculation method, or mutually agree upon a new method based on market conditions and available pricing data

| | (a) | (b) | (c) | (a) - (c) = (d) | (e) | (f) | Pre Jan SumProd (a) * (e) | Jan & Post SumProd (d+f) * (e) |
|---|---|---|---|---|---|---|---|---|
| Description | Lehman Index Market Spread | Lehman Index Weighting | Current CMBX.5 Spread | Market Basis | Max Weighting | Current CMBX.3 Spread | Lehman Based A-1 Spread | CMBX Based A-1 Spread |
| Super Senior | 186.0 | 61.8% | 134.1 | 51.9 | 21.8% | 133.4 | 186.0 | 185.3 |
| AM Class | 236.6 | 21.1% | 189.9 | 46.7 | 32.6% | 187.8 | 236.6 | 234.5 |
| AJ Class | 430.0 | 17.1% | 403.0 | 27.0 | 45.6% | 395.7 | 430.0 | 422.7 |
| Leh AAA 8.5 | 238.4 | 100.0% | | | 100.0% | | **313.8** | 309.6 |

Key to Cell Colors
Observable index levels (Super Duper and overall AAA)
DB delivered market prices (disclosed bid list cover bids)
Extrapolated
Given or Calculated

**- Current MTM**

| DM (Bps) | Price | CS01 |
|---|---|---|
| 313.8 | 81.8153 | 6.97 |

**- Recent AJ Trade Data in Market as discovered by DB**

| *Date* | *Customer Name* | *Action* | *Orig Face* | *Bond Name* | *Simple* | *MTG WAL* | *Rating* | *Trade* | *Cover* | *Account Type* |
|---|---|---|---|---|---|---|---|---|---|---|
| 6/25/08 | XXXXXXX | BWIC | 25,000,000 | WBCMT 2007-C31 AJ | AJ | 8.76 | AAA | | 435 | Hedge/Opportunity fund |
| 6/25/08 | XXXXXXX | BWIC | 25,000,000 | GCCFC 2007-GG11 AJ | AJ | 9.16 | AAA | | 420 | Hedge/Opportunity fund |
| 6/27/08 | XXXXXXX | BWIC | 19,000,000 | MSC 2007-IQ15 AJ | AJ | 9 | AAA | | 474 | Hedge/Opportunity fund |
| 6/30/08 | XXXXXXX | BWIC | 12,000,000 | WBCMT 2007-C33 AJ | AJ | 9.01 | AAA | | 480 | Hedge/Opportunity fund |
| 6/30/08 | XXXXXXX | DNT | 25,000,000 | CGCMT 2008-C7 AJ | AJ | 9.29 | AAA | | 465 | Hedge/Opportunity fund |
| 6/30/08 | XXXXXXX | BWIC | 25,000,000 | CSMC 2007-C2 AJ | AJ | 8.69 | AAA | | 470 | Hedge/Opportunity fund |