EXECUTION COPY

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December 15, 2004

Société Générale, New York Branch
1221 Avenue of the Americas
IRD Dept. - 12th Floor
New York, NY 10020

Re: Witherspoon CDO Funding, Ltd. -- Class A-1 LT-a and CP Notes and Class A-1 LT-b1 Notes and Class A-1 LTb2 Notes

Dear Sir/Madam:

Reference is made to the Credit Derivative Transactions (the "**CDS Transactions**") entered into under two separate Confirmations dated as of December 15, 2004 (each, a "**CDS Confirmation**") between AIG Financial Products Corp. ("**AIG-FP**") and Société Générale, New York Branch ("**Counterparty**") in respect of the Reference Obligation referenced therein. Capitalized terms that are not defined herein shall have the meanings assigned to such terms in the relevant CDS Confirmation.

This letter agreement constitutes a "Confirmation" as referred to in the Agreement and supplements, forms part of, and is subject to, the 1987 ISDA Interest Rate and Currency Exchange Agreement, dated as of July 12, 1988, as amended and supplemented from time to time (the "**Agreement**"), between you and us. This Confirmation is subject to and incorporates the 2000 ISDA Definitions and the Annex thereto, as published by the International Swaps and Derivatives Association, Inc.

Counterparty agrees to pay to AIG-FP a structuring fee with respect to the CDS Transaction payable on each Fixed Rate Payer Payment Date (as defined in the CDS Confirmation) during the term of the CDS Transaction in an amount equal to the Structuring Fee (as defined below) for such Transaction.

As used herein, "**Structuring Fee**" means:

(a) with respect to respect to the CDS Transaction relating to the Class A-1 LT-a Notes, on each Fixed Rate Payer Payment Date the product of (i) the Structuring Fee Rate as set forth in Annex A attached hereto, (ii) the aggregate of the Notional Amounts on each date in the Fixed Rate Payer Calculation Period, divided by the number of days in such period, and (iii) the actual number of days from and including the immediately preceding Fixed Rate Payer Payment Date (or in the case of the first Fixed Rate Payer Payment Date, the Effective Date of such CDS Transaction) to but excluding such Fixed Rate Payer Payment Date, divided by 360; and

(b) with respect to the CDS Transaction relating to the CP Notes and Class A-1 LT-b Notes, on each Fixed Rate Payer Payment Date, the sum of

(i) the product of (A) the Structuring Fee Rate as set forth in Annex B-1 attached hereto, (B) the aggregate of the Reference Amounts (without giving effect to any optional reduction by Counterparty of the Reference Amount on such date) on each date in the Fixed Rate Payer Calculation Period, divided by the number of days in such period, and (C) the actual

number of days from and including the immediately preceding payment date (or in the case of the first payment date, the Effective Date of such CDS Transaction) to but excluding such payment date, divided by 360; and

(ii) the product of (A) the Structuring Fee Rate as set forth in Annex B-2 attached hereto, (B) the aggregate of the Unused Commitment (without giving effect to any optional reduction by Counterparty of the Unused Commitment on such date) on each date in the Fixed Rate Payer Calculation Period, divided by the number of days in such period, and (C) the actual number of days from and including the immediately preceding payment date (or in the case of the first payment date, the Effective Date of such CDS Transaction) to but excluding such payment date, divided by 360

On the earlier of (x) the date that is the fifth anniversary of the Effective Date and (y) the Early Termination Date on which both CDS Transactions cease to be in effect (such date the "**Required Payment Date**"), Counterparty agrees to pay to AIG-FP on such date, the positive difference if any ("**Minimum Amount**") between (a) $1,892,000 (the "**Minimum Structuring Fee**") and (b) the sum of all amounts previously paid to AIG-FP hereunder through but excluding the Required Payment Date; provided, however, that, in the event Counterparty shall designate an Early Termination Date pursuant to a Buyer Optional Termination, and such Early Termination Date shall fall on or prior to the Required Payment Date, all Buyer Optional Termination Amounts in respect of such Early Termination Date shall be credited toward and reduce dollar-for-dollar the Minimum Amount. In the event Counterparty pays the Minimum Amount and one or more CDS Transactions remains outstanding, the Minimum Amount paid by Counterparty hereunder, and (to the extent that the Buyer Optional Termination Amounts shall not be credited toward Minimum Amount) the Buyer Optional Termination Amounts, in respect of Early Termination Date(s) on or prior to the Required Payment Date, shall be credited to each Fixed Payment falling due under each such outstanding CDS Transaction after the Required Payment Date in an amount equal to the pro rata allocation of the Minimum Amount and, to the extent applicable, such Buyer Optional Termination Amounts to each such CDS Transaction on the basis of the respective notional amounts as of the day following such Required Payment Date. Such crediting shall reduce dollar for dollar the Fixed Payment falling due and the Minimum Amount remaining available for crediting on such, or on subsequent, Fixed Rate Payer Payment Date(s) in respect of such CDS Transaction.

The parties agree that payments owed by Counterparty to AIG-FP hereunder which have not been previously paid shall be treated as Unpaid Amounts for purposes of the calculation of any Settlement Amount in respect of (x) the first termination of a CDS Transaction, in the case where the Required Payment Date is the fifth anniversary of the Effective Date, or (y) the termination of the last CDS Transaction (or both CDS Transactions), in the case where the Required Payment Date is due to the designation of an Early Termination Date. For the avoidance of doubt, any portions of the Minimum Amount remaining to be credited for subsequent Fixed Payments scheduled to fall due but for the termination of the last CDS Transaction shall be reduced to zero as of the Early Termination Date and shall not constitute Unpaid Amounts due the Counterparty in respect of such termination.

In addition to the foregoing, the parties agree that this letter agreement: (i) may be executed by the parties hereto in counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument; (ii) may be supplemented, modified or amended by written instrument signed on behalf of each of the parties hereto; (iii) shall be governed by, and construed in accordance with, the law of the State of New York; (iv) neither party may assign its rights or obligations hereunder without the prior written consent of the other parties hereto, which consent not to be unreasonably withheld; (v) constitutes the entire agreement among the parties

hereto with respect to the matters covered hereby and supersedes all prior agreements and understandings among the parties; and (vi) shall terminate without any further action of the parties hereto upon the termination of the CDS Confirmation.

Very Truly Yours,

AIG FINANCIAL PRODUCTS CORP.

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

Acknowledged and Agreed:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, as Counterparty

By: _____
Name:
Title:
Date:

hereto with respect to the matters covered hereby and supersedes all prior agreements and understandings among the parties; and (vi) shall terminate without any further action of the parties hereto upon the termination of the CDS Confirmation.

Very Truly Yours,

AIG FINANCIAL PRODUCTS CORP.

By: _____
Name:
Title:
Date:

Acknowledged and Agreed:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, as Counterparty

By: _____
Name: Edward KLEHC
Title: Director
Date: 3/18/05

## ANNEX A

| FIXED RATE PAYER PAYMENT DATE | STRUCTURING FEE RATE |
|---|---|
| Each Fixed Rate Payer Payment Date occurring on or prior to the first anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the first anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the second anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the second anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the third anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the third anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fourth anniversary of the initial Fixed Rate Payer Payment Date | 0.09% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fourth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fifth anniversary of the initial Fixed Rate Payer Payment Date | 0.08% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fifth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.07% per annum |
| Each Fixed Rate Payer Payment Date occurring after the sixth anniversary of the initial Fixed Rate Payer Payment Date | Zero |

## ANNEX B-1

| FIXED RATE PAYER PAYMENT DATE | STRUCTURING FEE RATE |
|---|---|
| Each Fixed Rate Payer Payment Date occurring on or prior to the first anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the first anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the second anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the second anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the third anniversary of the initial Fixed Rate Payer Payment Date | 0.10% per annum |
| Each Fixed Rate Payer Payment Date occurring after the third anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fourth anniversary of the initial Fixed Rate Payer Payment Date | 0.09% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fourth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fifth anniversary of the initial Fixed Rate Payer Payment Date | 0.08% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fifth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.07% per annum |
| Each Fixed Rate Payer Payment Date occurring after the sixth anniversary of the initial Fixed Rate Payer Payment Date | Zero |

## ANNEX B-2

| FIXED RATE PAYER PAYMENT DATE | STRUCTURING FEE RATE |
|---|---|
| Each Fixed Rate Payer Payment Date occurring on or prior to the first anniversary of the initial Fixed Rate Payer Payment Date | 0.08% per annum |
| Each Fixed Rate Payer Payment Date occurring after the first anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the second anniversary of the initial Fixed Rate Payer Payment Date | 0.08% per annum |
| Each Fixed Rate Payer Payment Date occurring after the second anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the third anniversary of the initial Fixed Rate Payer Payment Date | 0.08% per annum |
| Each Fixed Rate Payer Payment Date occurring after the third anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fourth anniversary of the initial Fixed Rate Payer Payment Date | 0.07% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fourth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fifth anniversary of the initial Fixed Rate Payer Payment Date | 0.06% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fifth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.05% per annum |
| Each Fixed Rate Payer Payment Date occurring after the sixth anniversary of the initial Fixed Rate Payer Payment Date | Zero |

EXECUTION COPY

606633

DATE: December 15, 2004

TO: Société Générale, New York Branch

FROM: AIG Financial Products Corp.

SUBJECT: Witherspoon CDO Funding, Ltd. – CP Notes and Class A-1 LT-b1 Notes and Class A-1 LTb2 Notes
(SGNY REFERENCE NO.: DFP0410164)

The purpose of this letter agreement is to confirm the terms and conditions of the Credit Derivative Transaction entered into on the Trade Date specified below (the "Transaction") between AIG Financial Products Corp. ("AIG-FP") and Société Générale, New York Branch ("Counterparty"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below.

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

This Confirmation supplements, forms part of, and is subject to, the 1987 ISDA Interest Rate and Currency Exchange Agreement, dated as of July 12, 1988, as amended and supplemented from time to time (the "Agreement"), between you and us. Capitalized terms used but not defined in this Confirmation or in the Agreement have the meanings ascribed to them in the Trust Deed, dated as of December 15, 2004 (the "Trust Deed") and the Security Agreement, dated as of December 15, 2004 (the "Security Agreement"), among Witherspoon CDO Funding, Ltd. ("Issuer"), Witherspoon CDO Funding LLC ("Co-Issuer") and Deutsche Bank Trust Company Americas, as the context may require.

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

1. **General Terms:**

| | |
|---|---|
| Trade Date: | December 15, 2004. |
| Effective Date: | December 15, 2004. |
| Scheduled Termination Date: | September 15, 2039, subject to the Following Business Day Convention. |
| Termination Date: | The earliest to occur of: (a) the Scheduled Termination Date, unless the Conditions to Settlement have been satisfied within the Notice Delivery Period; (b) the Optional Termination Date upon payment of all amounts due in respect thereof; (c) the final Physical Settlement Date, as provided in Section 8.4 of the Credit Derivatives Definitions; and (d) the date on which the aggregate outstanding principal balance and Face Amount of the Reference Obligations is reduced to zero or is no longer outstanding due to repayments of principal of the Reference Obligations. |

Section 8.4 of the Credit Derivatives Definitions is modified such that the word "final" is inserted before the words "Physical Settlement Date" wherever they appear in the second sentence of such Section 8.4.

Optional Termination I: Seller shall have the right to terminate the Transaction, in whole only, on the Optional Termination Date following a Materially Adverse Reference Obligation Amendment (which event shall be deemed an Additional Termination Event for purposes of the Transaction only with Counterparty as the sole Affected Party), and no further amounts shall be payable hereunder by either party in connection with a termination under this paragraph, save for accrued but unpaid amounts outstanding as of the Optional Termination Date, and except as provided in Optional Termination II below.

For purposes hereof:

A "Materially Adverse Reference Obligation Amendment" shall be deemed to have occurred in either of the following circumstances:

(A) (i) As soon as reasonably practicable after becoming aware thereof, Buyer notifies Seller of a proposed amendment, modification or waiver to (x) the Trust Deed, Security Agreement or, if and to the extent applicable, the CP Issuing Agreement (in any case, other than an Excepted Amendment) in respect of which the Trustee has notified any Holder (as defined in the Trust Deed) of Reference Obligations or the Put Counterparty, or (y) the Put Agreement, and such amendment, modification or waiver to the Put Agreement could be reasonably expected to have a material adverse effect on the interests of AIG-FP hereunder (the "Proposed Amendment");

(ii) Seller provides to Buyer at least two Business Days prior to the deadline for any applicable vote by Holders of Reference Obligations or the Put Counterparty, (X) a certificate signed by a managing director, or equivalent, stating that the Proposed Amendment will have a material adverse effect on its legal, regulatory, economic, tax or accounting position in respect of this Transaction; and (Y) written notice of its preference in respect of the Proposed Amendment (the "Adverse Amendment Notice"); and

(iii) the Proposed Amendment becomes effective contrary to the preference indicated in such Adverse Amendment Notice with the Reference Holders or the Put Counterparty, as applicable, not having acted in accordance with the Adverse Amendment Notice,

Or,

(B) (i) An amendment, modification or supplement is made to the Trust Deed, Security Agreement or, if and to the extent applicable, the CP Issuing Agreement (in any case, other than an Excepted Amendment) by the Trustee in breach of the provisions set out in Section 7 of the Trust Deed or Section 11.01 of the Security Agreement, as applicable (a "Purported Amendment");

(ii) Promptly upon becoming aware thereof, Buyer notifies Seller of such Purported Amendment and Seller provides (X) written notice of an objection thereto; and (Y) a certificate signed by a managing director, or equivalent, stating that such Purported Amendment will have a material adverse effect on its legal, regulatory, economic, tax or accounting position in respect of this Transaction;

(iii) As a result of such Purported Amendment, Holders of Reference Obligations and/or the Put Counterparty have the right (in the reasonable opinion of counsel to Seller, a copy of which shall be provided to Buyer) to pursue a claim for breach of trust against the Trustee;

(iv) Seller provides written notice to Buyer to exercise the Reference Holders' right to pursue or direct a claim against the Trustee (and agrees to indemnify Buyer to Buyer's satisfaction in respect thereof); and

(v) Reference Holders fail to act in accordance with such written notice as a result of which the claim for breach of trust fails or lapses.

"Reference Holders" means, as applicable, holders of the Reference Amount of the Reference Obligations who are either Buyer or its direct or indirect transferees of such Reference Obligations.

"Excepted Amendment" means any amendment, modification or supplement to the Trust Deed, Security Agreement or the CP Issuing Agreement as to which Holders of Reference Obligations and/or the Put Counterparty, as applicable, are not entitled pursuant thereto to vote on.

"CP Issuing Agreement" means the CP Issuing and Paying Agency Agreement, dated as of December 15, 2004, among the Issuer, Co-Issuer, Deutsche Bank Trust Company Americas, as issuing and paying agent ("CP Issuing and Paying Agent"), and Wachovia Capital Markets LLC.

For the avoidance of doubt, Buyer's failure to provide notice to Seller of a Proposed Amendment in time for Seller to comply

with the requirements set out in (A)(ii) above prior to the date voting instructions need to be submitted shall not prevent Seller from exercising its option to terminate the Transactions if all other requirements are fulfilled.

Both Buyer and Seller agree that they will use their best endeavours to co-operate in good faith by, inter alia, providing timely notifications to each other in accordance with this paragraph, to ensure that voting rights and other rights of action pertaining to Holders of Reference Obligations and/or the Put Counterparty are capable of being exercised.

Optional Termination II: If:

(x) a Materially Adverse Reference Obligation Amendment in respect of the Trust Deed, Security Agreement or CP Issuing Agreement has occurred solely pursuant to Clause (A) of the definition thereof (exclusive of clause (iii) thereof),

(y) Reference Holders have acted in accordance with Seller's Adverse Amendment Notice described in Clause (A)(ii) of the definition of Materially Adverse Reference Obligation Amendment, and Buyer has provided written evidence of Reference Holders' vote, consent or other action in connection with such amendment or waiver, and

(z) despite the action of Reference Holders, the final vote of the Holders of the Reference Obligations in respect of such amendment or waiver is a result that is contrary to the wishes of Seller, then

Seller shall be entitled to declare by notice to the Buyer, within five (5) Business Days of the effective date of such vote, consent or other action, that a Termination Event has occurred with respect to this Transaction and that this Transaction shall be terminated on the Optional Termination Date to be specified in such notice. In the event that such a Termination Event is declared, a termination payment in respect of this Transaction shall be determined pursuant to Section 6(e) of the Agreement with Seller as the Affected Party and Second Method and Market Quotation applying.

Optional Termination Date: Any date specified as such in an irrevocable written notice from Seller to Buyer delivered at least 5 Business Days prior to such date, falling on or after the Effective Date and prior to the Scheduled Termination Date, provided that such designated date shall in no event be more than 10 Business Days following the effective date of the relevant Materially Adverse Reference Obligation Amendment.

Buyer Optional Termination: Buyer may, by at least ten (10) Business Days prior written notice to Seller, terminate this Transaction in whole or in part and designate an Early Termination Date in such notice as if an Additional Termination Event has occurred ("Buyer Optional Termination"). Notwithstanding Section 6(e), the termination payment in respect of a Buyer Optional Termination of this Transaction shall be payable by Buyer to Seller in an amount equal to the present value, reasonably determined by Seller as of the Early Termination Date, of 4 basis points per annum payable on an Expected Amortization Schedule (as shall be agreed on or prior to the Early Termination Date on a commercially reasonable basis by Buyer and Seller) applicable in respect of each respective Fixed Rate Payer Payment Date (such terminated portions, collectively, the "Calculation Amounts") scheduled to occur after the Early Termination Date (and to and including the Expected Maturity (as defined below)) and discounting each such Calculation Amount from the corresponding Fixed Rate Payer Payment Date to the Early Termination Date at a rate equal to LIBOR. Notwithstanding Section 6(d) of the Agreement or any other provision herein to the contrary, such termination payment shall be due and payable by Buyer on the later of such Early Termination Date and the second Business Day after written notice thereof to Buyer is effective.

"Expected Amortization Schedule" means a schedule of the terminated portion of the Reference Amount for each Fixed Rate Payer Payment Date scheduled to occur after the Early Termination Date up to and including the expected maturity date of the Reference Obligation ("Expected Maturity") based upon the expected cash flows generated by calculators on Bloomberg or Intex using inputs agreed by Seller and Buyer on a commercially reasonable basis, or if neither calculator is available or there is no agreement on such inputs, as determined in a commercially reasonable manner by the Independent Dealer in accordance with the terms of the following paragraph, in respect of expected amortization of terminated portion of the Reference Obligation.

"Independent Dealer" means Wachovia Capital Markets, LLC, or if it is not willing to perform the calculations/determinations contemplated by this paragraph, a leading independent dealer agreed upon by the parties hereto or selected pursuant to clause (B) of the first sentence of the next paragraph.

If the parties are unable to agree on the calculations or determination in respect of first paragraph under "Buyer Optional Termination" above within one (1) Business Day after notice by Buyer of the Buyer Optional Termination is effective, then: (A) such calculation and/or determination shall be determined by the Independent Dealer, the fees and expenses of which shall be borne equally by both parties; (B) if Seller and

Buyer do not agree on an Independent Dealer within one (1) Business Day after Wachovia Capital Markets, LLC indicates it is not willing to be the Independent Dealer for purposes of such calculations or determinations, they shall both select a leading independent dealer in credit derivatives and those two dealers shall select a third leading independent dealer in credit derivatives, which shall be deemed to be the Independent Dealer, and (C) that they will be bound by the determination of the Independent Dealer, which shall be communicated to both parties as soon as reasonably practicable following its appointment as Independent Dealer.

In the event of a Buyer Optional Termination, as of the applicable Early Termination Date, the "Reference Amount" and the "Total Commitment" shall be reduced by the applicable terminated portions of this Transaction.

| | |
|---|---|
| Floating Rate Payer: | AIG-FP (the "Seller"). |
| Fixed Rate Payer: | Counterparty (the "Buyer"). |
| Calculation Agent: | Seller; provided, however, that if Seller is the Defaulting Party hereunder or under any Hedge Agreement, Buyer. |
| Calculation Agent City: | New York. |
| Business Day(s): | Any day that (x) is not Saturday or Sunday and (y) is not a day on which commercial banking institutions are authorized or obligated by law, regulation or executive order to close in New York, New York, Los Angeles, California or Dublin, Ireland; *provided, however*, that for the sole purpose of determining the Physical Settlement Date, a Business Day must also be a business day in any jurisdiction on which financial institutions must be open in order to effect Settlement of the Deliverable Obligation being Delivered. |
| Business Day Convention: | Following (which, subject to Section 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation, that falls on a day that is not a Business Day). |
| Reference Entity: | Witherspoon CDO Funding, Ltd. and Witherspoon CDO Funding LLC. |
| Reference Obligations: | (i) CP Notes and/or (ii) Class A-1 LT-b1 Notes and Class A-1 LT-b2 Notes (together, the "Class A-1 LT-b Notes"), issued from time to time.<br><br>Section 2.30 of the Credit Derivatives Definitions shall not apply to this Transaction. |
| Reference Price: | 100% |

| | |
|---|---|
| All Guarantees: | Not Applicable. |
| Total Commitment Amount: | With respect to any date of determination, USD 602,000,000, minus (i) the sum of all principal payments on the Class A-1 LT-b Notes then or previously purchased pursuant to the Put Agreement, if any (excluding Class A-1 LT-b Notes Delivered on or prior to such date, but including principal payments on such Class A-1LT-b Notes on or prior to the respective dates of such deliveries), (ii) the sum of all amounts deposited since the Effective Date to the CP Principal Reserve Account to the extent such amounts are not in respect of CP Notes that correspond to the reductions pursuant to the proviso to the definition of Unused Commitment and (iii) the aggregate outstanding principal amount and/or Face Amount (in each case, as of the respective dates of Delivery) of Reference Obligations Delivered hereunder to Seller after the Conditions to Settlement have been satisfied.<br><br>"Face Amount" means, with respect to Reference Obligations that are CP Notes issued at a discount, the Face Amount (as defined in the Trust Deed). |

2. **Fixed Payments:**

| | |
|---|---|
| Fixed Rate Payer Payment Date: | The 15th day of each September, December, March and June, commencing on March 15, 2005 up to and including the Termination Date, in each case subject to adjustment in accordance with the Following Business Day Convention. |
| Fixed Amount I: | On each Fixed Rate Payer Payment Date, the Reference Amount on each date in the Fixed Rate Payer Calculation Period, divided by the number of days in such period, multiplied by (i) the Fixed Rate I and (ii) the Fixed Rate Day Count Fraction.<br><br>"Reference Amount" means, with respect to any date of determination (without giving effect to any optional reduction by Counterparty of the Unused Commitment on such date and after giving effect to payments of principal pursuant to the terms of the Reference Obligations), (a) the sum of (i) the aggregate outstanding principal amount, as of such date, of Class A-1 LT-b Notes then or previously purchased pursuant to the Put Agreement and (ii) the aggregate outstanding Face Amount, as of such date, of CP Notes owned by Buyer and then or previously purchased with a discount not greater than LIBOR (as defined in the Trust Deed) plus 0.16% per annum or at par (in the case of LIBOR CP Notes), as shall be notified by Buyer within 1 Business Day of such acquisition, minus (b) the aggregate outstanding principal amount, as of such date, of Class A-1 LT-b Notes Delivered pursuant to the terms hereof after the Conditions to Settlement have been satisfied; provided, that, the amount in clause (a)(ii) above may be reduced from time to time |

by Buyer by at least one Business Day prior written notice; provided, further, that following the initial Physical Settlement Date after the Conditions to Settlement have been satisfied, Reference Amount means (x) the aggregate outstanding principal amount, as of such date of determination, of Class A-1 LT-b1 Notes then or previously purchased pursuant to the Put Agreement, and the aggregate outstanding principal amount, as of such date, of Class A-1 LT-b2 Notes then or previously purchased pursuant to the Put Agreement and for which the Conditions to Exercise (as defined in the Put Agreement) have been satisfied relating to such Class A-1 LT-b2 Notes unless otherwise agreed to by AIG-FP in writing, minus (y) the aggregate outstanding principal amount, as of such date, of Class A-1 LT-b Notes Delivered pursuant to the terms hereof after the Conditions to Settlement have been satisfied.

For the avoidance of doubt, the principal amount and the Face Amount with respect to a Reference Obligation shall not be reduced by any principal write-down or write-off other than due to payments of principal pursuant to the terms of the Reference Obligations.

Fixed Rate I: As set forth on Annex A attached hereto.

Fixed Amounts II: On each Fixed Rate Payer Payment Date, the aggregate Unused Commitment (without giving effect to any optional reduction by Counterparty of the Unused Commitment on such date and after giving effect to any payments of principal pursuant to the terms of the Reference Obligations) on each date in the Fixed Rate Payer Calculation Period, divided by the number of days in such period, multiplied by (i) the Fixed Rate II and (ii) the Fixed Rate Day Count Fraction.

"Unused Commitment" means, with respect to any date of determination, the positive difference between the Total Commitment Amount and the Reference Amount as of such date; provided, however, that any positive Unused Commitment may be reduced by such amounts as are designated from time to time by Counterparty with at least 10 Business Days' prior written notice to Seller.

Notwithstanding Section 2.10 and 5.4 of the Credit Derivative Definitions, for purposes of Fixed Amounts II, the earliest of (i) the Termination Date, (ii) the final Physical Settlement Date and (iii) the Fixed Rate Payer Payment Date as to which Fixed Amount II is zero, shall be the final Fixed Rate Payer Payment Date.

Fixed Rate II: As set forth on Annex B attached hereto.

| | |
|---|---|
| Fixed Rate Day Count Fraction: | Actual/360 |

3. **Floating Payments:**

| | |
|---|---|
| Floating Rate Payer Calculation Amount: | As of any Physical Settlement Date, the Reference Amount as of such date (prior to giving effect to Delivery of any Reference Obligations in respect of such Physical Settlement Date). |
| Conditions to Settlement: | Credit Event Notice<br><br>Notifying Party: Buyer or Seller<br><br>Notice of Physical Settlement: Applicable; provided, that, notwithstanding Section 3.4 of the Credit Derivative Definitions, the Notice of Physical Settlement may specify one or more additional Physical Settlement Dates after the initial Physical Settlement Date as described herein under "Settlement Terms—Physical Settlement Period", which may be changed or supplemented from time to time by at least three Business Days prior written notice from Counterparty to AIG-FP and may designate additional Deliverable Obligations in respect thereof to be determined at a later date.<br><br>Notice of Publicly Available Information: Applicable, except as hereinafter provided.<br><br>Public Source(s): Standard Public Sources<br><br>Specified Number: Two<br><br>Section 3.5 (a)(ii) of the Credit Derivatives Definitions shall be amended by the addition of the following:<br><br>"or (C) Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P");"<br><br>Notwithstanding anything herein to the contrary, a Monthly Report, a Securities Valuation Report or a Trustee, Collateral Agent or CP Issuing and Paying Agent report or notice relating to any Reference Obligation delivered to Seller shall constitute satisfactory notice of the occurrence of a Credit Event. Accordingly, delivery of any such report shall obviate any and all requirements hereunder relating to Publicly Available Information or Public Sources. |
| Credit Events: | The following Credit Event shall apply to this Transaction:<br><br>Failure to Pay. "Failure to Pay" shall mean (i) any failure by the Reference Entity to make, when due and payable under the terms |

of any Reference Obligation after giving effect to any applicable grace period, any interest or principal payment due in respect of such Reference Obligation in an aggregate amount of not less than the Payment Requirement; or (ii) any failure by the Reference Entity to make payments on any Reference Obligation in an aggregate amount equal to the outstanding principal amount and/or Face Amount of such Reference Obligation plus any accrued but unpaid interest thereon after the liquidation of all of the Collateral.

The occurrence of any failure shall be determined without regard to the effect of any provisions in the Reference Obligations, the Trust Deed, Security Agreement or any other document that permit the limitation of due payments or distributions of funds, that provide for limited recourse, the capitalization or deferral of interest on the Reference Obligations or that provide for the extinguishing or reduction of payments or distributions in respect of the Reference Obligations.

Grace Period Extension: Applicable

Payment Requirement: USD 10,000.

Obligation:

Obligation Category: Reference Obligations only.

Obligation Characteristics: Not Applicable.

Excluded Obligations: Not Applicable.

4. **Settlement Terms:**

Settlement Method: Physical Settlement

Settlement Currency: USD.

Physical Settlement Period: Notwithstanding Sections 8.4 and 8.6 of the Credit Derivatives Definitions, the Notice of Physical Settlement may designate or be supplemented or changed from time to time by Party A to designate one or more Physical Settlement Dates that correspond to settlement date(s) under the Put Agreement (if any) after the initial Physical Settlement Date, if applicable. The initial Physical Settlement Date shall be no later than 30 Business Days following satisfaction of all Conditions to Settlement, each Physical Settlement Date thereafter shall be no later than 5 Business Days (or, if longer, the greatest number of Business Days for settlement in accordance with the current market practice of the applicable Deliverable Obligation) following purchase by the Buyer pursuant to the Put Agreement.

Deliverable Obligations:

| | |
|---|---|
| Deliverable Obligation Category: | Reference Obligations only; provided, however, following the initial Physical Settlement Date after the Conditions to Settlement have been satisfied, Deliverable Obligations shall be comprised of only Class A-1 LT-b1 Notes purchased pursuant to the Put Agreement and Class A-1 LT-b2 Notes purchased pursuant to the Put Agreement and for which the Conditions to Exercise (as defined in the Put Agreement) have been satisfied relating to such Class A-1 LT-b2 Notes, unless otherwise agreed to by AIG-FP in writing, in respect of each of which, Buyer shall provide written certification that such Deliverable Obligations were so purchased. |
| Deliverable Obligation Characteristics: | Not Applicable. |
| Excluded Deliverable Obligations: | Not Applicable. |
| Partial Cash Settlement of Consent Required Loans: | Not Applicable. |
| Partial Cash Settlement of Assignable Loans: | Not Applicable. |
| Partial Cash Settlement of Participations: | Not Applicable. |
| Escrow: | Not Applicable. |

5. **Collateral Terms:**

Notwithstanding anything to the contrary in the Credit Support Annex, the definition of "Exposure" for purposes of the Credit Support Annex solely in respect of this Transaction shall be determined in accordance with the following formula:

Exposure = OPB * (Max [0, [100% – MV] – T] + IAP)

Where:

OPB = the outstanding principal balance and/or Face Amount of the Reference Obligations on the relevant Valuation Date (as defined in the Credit Support Annex).

MV = the market value of the Reference Obligations on the relevant Valuation Date (expressed as a percentage of par) as determined by the Calculation Agent; provided, however, that if Counterparty, in good faith, disagrees with Calculation Agent's determination, Seller and Counterparty agree (i) that the determination as to the market value of the Reference Obligation shall be determined by a leading, independent dealer in derivatives selected by agreement

between the parties within one Business Day of such disagreement (the "Independent Dealer") whose fees and expenses shall be met equally by both parties, and (ii) if Counterparty and Seller are unable to agree on an Independent Dealer, Counterparty and Seller shall each elect a leading independent dealer in derivatives and such two dealers shall agree on a third dealer, who shall be deemed to be the Independent Dealer, and (iii) to be bound by the determination of the Independent Dealer.

T = the "Threshold Amount Percentage", as set forth in the table below based on the Party A Rating on the relevant Valuation Date and the Bond Rating of Relevant Notes on such Valuation Date.

IAP = the "Independent Amount Percentage", as set forth in the table below based on the Party A Rating on the relevant Valuation Date and the Bond Rating of the Relevant Notes on such Valuation Date.

| | | Party A Rating[1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Aaa/ AAA | Aa1/ AA+ | Aa2/ AA | Aa3/ AA- | A1/ A+ | A2/ A | A3/ A- | Baa1/ BBB+ |
| Reference Obligation Rating[2] | Aaa/ AAA[3] | 12%[4]/ 0%[5] | 8%/ 0% | 8%/ 0% | 6%/ 0% | 4%/ 0% | 2%/ 0% | 0%/ 0% | 0%/ 5% |
| | Aa/ AA[3] | 8%/ 0% | 8%/ 0% | 8%[4]/ 0%[5] | 6%/ 0% | 3%/ 0% | 0%/ 0% | 0%/ 2% | 0%/ 5% |
| | A/A[3] | 7%/ 0% | 6%/ 0% | 6%[4]/ 0%[5] | 3%/ 0% | 0%/ 0% | 0%/ 2% | 0%/ 5% | 0%/10% |
| | Baa1/ BBB+ | 6%/ 0% | 5%/ 0% | 5%[4]/ 0%[5] | 0%/ 0% | 0%/ 2% | 0%/ 5% | 0%/ 10% | 0%/ 25% |

1. The lower of the S&P Rating and the Moody's Rating.
2. The lower of the S&P Rating and the Moody's Rating.
3. The ratings category of Moody's and S&P, respectively.
4. Threshold Amount Percentage.
5. Independent Amount Percentage.

"Moody's Rating": (i) with respect to Party A, the rating then assigned by Moody's to the long-term unsecured and unsubordinated debt obligations of the Credit Support Provider of Party A and (ii) with respect to the Relevant Notes, the ratings then assigned by Moody's to such security.

"S&P Rating": (i) with respect to Party A, the rating then assigned by S&P to the long-term unsecured and unsubordinated debt obligations of the Credit Support Provider of Party A and (ii) with respect to the Relevant Notes, the ratings then assigned by S&P to such security.

"Relevant Notes" means Class A-1 LT-b Notes so long as the total outstanding principal amount of such Notes is greater than or equal to the total outstanding principal amount of the Class A-1 LT-a Notes and otherwise, Class A-1LT-a Notes.

6. **Additional Covenants:**

Counterparty will provide AIG-FP with notice of each non-payment of principal and interest by Counterparty with respect to the Reference Obligations (separately identifying the amount of principal and the amount of interest not received) within 10 Business Days of the date such payment was expected.

7. **Notice and Account Details:**

Contact Details for Notices:

| | | |
|---|---|---|
| Address: | AIG Financial Products Corp.<br>50 Danbury Road<br>Wilton, CT 06897-4444 | |
| Attention: | Chief Financial Officer<br>(with a copy to the General Counsel<br>at the above address) | |
| Facsimile No.: | (203) 222-4780 | Telephone No.: (203) 222-4700 |

Counterparty: As set out in the Agreement.

Account Details:

| | |
|---|---|
| AIG-FP: | The Bank of New York, New York<br>CHIPS ABA 001<br>ABA#: 021000018<br>SWIFT IRVTUS3N<br>A/C: AIG Financial Products<br>A/C #: 8900416084<br>UID 298453 |
| Counterparty: | Account for USD Payments:<br>Federal Reserve Bank of New York<br>ABA 026-004-226<br>F/O Societe Generale, New York Branch |
| AIGFP Settlements: | Carmine Paradiso/Joanne Dulka<br>Wilton, Connecticut<br>Tel: 203-221-4805<br>Fax: 203-222-4780 |
| Counterparty Settlements: | Inquiries regarding payments and/or rate resetting only:<br><br>Societe Generale, New York Branch<br>1221 Avenue of the Americas<br>IRD Dept. - 12th Floor<br>New York, NY 10020<br>Attn: IRD Operations Group<br>Telephone: 212-278-6976 or 7344<br>Facsimile: 212-278-7136 |
| All other inquiries and Notices send to: | Societe Generale, New York Branch<br>Attn: Thomas Athan / Edouard Klehe<br>Telephone: 203-861-5400<br>Facsimile: 203-861-5458 |

All inquiries regarding confirmations should be sent to:

Societe Generale, New York Branch
Attn: IRD Documentation Group
Telephone: 212-278-7182 / 7145
Facsimile: 212-278-7650

8. **Additional Provisions:**

| | |
|---|---|
| Governing Law: | New York. |
| Termination Currency: | USD |
| Credit Support Documents: | The Guarantee of the Credit Support Provider of AIG-FP and the Credit Support Annex executed between AIG-FP and Counterparty. |
| Additional Representations: | Each of the parties hereto represents and warrants to the other that (i) it is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary, (ii) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction, (iii) no communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction, (iv) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms, conditions and risks of the Transaction and it is also capable of assuming, and assumes, the risks of this Transaction, and (v) the other party is not acting as a fiduciary for, or an adviser to, it in respect of this Transaction.<br><br>If Buyer fails to provide any notice required as and when, under this Transaction, (i) Seller agrees that it will not designate an Early Termination Date pursuant to Section 5(a)(ii) in respect of such failure unless the Seller reasonably believes that such failure materially adversely affects its position in respect of this Transaction and/or the Reference Obligation and (ii) in any event, any such Early Termination Date shall be limited to this Transaction.<br><br>Both Buyer and Seller agree that nothing herein shall be interpreted as a requirement that Buyer own, hold or control any Reference Obligation or any interest therein. |

Enforcement Rights:

In the event that the Trustee breaches or is in potential breach of the duties of the Trustee under the Trust Deed or Security Agreement or the Trustee fails to take action in respect of any provision of the Trust Deed, Security Agreement or a Reference Obligation as required by the Trust Deed, Security Agreement or such Reference Obligation ("Trustee's Breach"), such Trustee's Breach is continuing, Buyer has actual knowledge of Trustee's Breach and Trustee's Breach would be reasonably expected to have a material adverse effect on the interests of Seller under the Transaction, Seller may direct in writing Buyer to provide notice to the Trustee of such Trustee's Breach to the extent Holders of the Reference Amount of such Reference Obligations have the right to pursue such a claim against the Trustee for such Trustee's Breach and to pursue such claim. As a condition precedent to Buyer's obligation to comply with any direction by Seller, (i) such direction shall be clear and provide sufficient time and detail, and (ii) Seller shall indemnify Buyer to Buyer's reasonable satisfaction in respect thereof.

Notwithstanding the foregoing, Buyer shall not be required to take any action if in its view: (i) such action would reasonably be expected to (a) constitute or result in a breach of any contract (including the Trust Deed, Security Agreement or Reference Obligation documents), law, regulation, fiduciary duty or duty of confidentiality or (b) be adversarial or litigious against, or constitute a threat of litigation against, the Trustee or (ii) Seller is a Defaulting Party or sole Affected Party (other than in respect of "Tax Event" or "Illegality"). In the event that Buyer does not comply with Seller's direction pursuant to this "Enforcement Rights" section, regardless of whether such noncompliance results from any of the limitations or conditions set forth above or any other reason, Seller's sole remedy shall be to require (with at least seven but no more than 14 days' prior written notice to Buyer) Buyer to sell to Seller (at par or face plus unpaid accrued interest) Reference Obligations in an aggregate face amount or aggregate outstanding principal amount of 100% of the then Reference Amount' such notice to specify the date of purchase and the aggregate face amount or outstanding principal amount of Reference Obligations to be purchased by Buyer, as applicable, and may request Buyer to arrange for financing of such purchase by Seller with economic terms that are substantially equivalent to those of this Transaction. Such economic terms shall include the amounts that otherwise would be payable (including the Minimum Amount (as defined in the Structuring Fee Letter dated as of the date hereof (the "Structuring Fee Letter") between the parties hereto) under the Structuring Fee Letter as a result of the reduction in Reference Amount described in the last sentence hereof. If so requested, Buyer shall use its reasonable efforts to arrange for such financing on terms mutually agreed to by all relevant parties thereto, which financing is fully guaranteed by Seller's Credit

Support Provider and secured by the financed Reference Obligations. Nothing herein constitutes a commitment by Buyer or any affiliate thereof to provide any such financing. With respect to each such purchase, the terms of this Confirmation shall be modified such that the Reference Amount shall be reduced by the aggregate face or outstanding principal amount of the purchased Reference Obligations, and the Minimum Amount (as defined in the Structuring Fee Letter) shall be reduced proportionately based on the aggregate face or outstanding principal amount of the purchased Reference Obligations.

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

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

Yours sincerely,

AIG FINANCIAL PRODUCTS CORP.

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

Agreed and Accepted:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH

By: _____
Name:
Title:

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

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

Yours sincerely,

AIG FINANCIAL PRODUCTS CORP.

By: _____
Name:
Title:

Agreed and Accepted:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH

By: _____
Name: Edouard KLEUS
Title: Director

Annex A

| FIXED RATE PAYER PAYMENT DATE | FIXED RATE I |
|---|---|
| Each Fixed Rate Payer Payment Date occurring on or prior to the first anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the first anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the second anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the second anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the third anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the third anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fourth anniversary of the initial Fixed Rate Payer Payment Date | 0.02% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fourth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fifth anniversary of the initial Fixed Rate Payer Payment Date | 0.03% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fifth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.04% per annum |
| Each Fixed Rate Payer Payment Date occurring after the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.11% per annum |

| FIXED RATE PAYER PAYMENT DATE | FIXED RATE II |
|---|---|
| Each Fixed Rate Payer Payment Date occurring on or prior to the first anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the first anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the second anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the second anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the third anniversary of the initial Fixed Rate Payer Payment Date | 0.01% per annum |
| Each Fixed Rate Payer Payment Date occurring after the third anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fourth anniversary of the initial Fixed Rate Payer Payment Date | 0.02% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fourth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the fifth anniversary of the initial Fixed Rate Payer Payment Date | 0.03% per annum |
| Each Fixed Rate Payer Payment Date occurring after the fifth anniversary of the initial Fixed Rate Payer Payment Date and falling on or prior to the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.04% per annum |
| Each Fixed Rate Payer Payment Date occurring after the sixth anniversary of the initial Fixed Rate Payer Payment Date | 0.09% per annum |