EXECUTION COPY

617611

January 27, 2005

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

Re: Neptune CDO 2004-1 Ltd.. -- Class A-1LA Notes

Dear Sir/Madam:

Reference is made to the Credit Derivative Transaction (the "**CDS Transaction**") entered into under the Confirmation dated as of January 27, 2005 (the "**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 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 CDS Transaction.

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

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 under the CDS Transaction 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 the CDS Transaction) to but excluding such Fixed Rate Payer Payment Date, divided by 360; and

On the earlier of (x) the date that is the fifth anniversary of the Effective Date and (y) the Early Termination Date on which the CDS Transaction ceases 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) $316,800 (the "**Minimum Structuring Fee**") and (b) the sum of all amounts previously paid to AIG-FP hereunder through but excluding the Required Payment Date.

For the avoidance of doubt, no amounts paid or payable under this letter agreement shall credit or satisfy any amount due under the CDS Transaction.

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: Kathleen M. Furlong

Title: Vice President, Chief Financial Officer and Treasurer

Date:

Acknowledged and Agreed:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, as Counterparty

By: _____

Name:

Title:

Date:

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:
Date:

Acknowledged and Agreed:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, as Counterparty

By: _____
Name: Edouard Kerne
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 |

EXECUTION COPY

617611

DATE: January 27, 2005

TO: Société Générale, New York Branch

FROM: AIG Financial Products Corp.

SUBJECT: Neptune CDO 2004-1 Ltd. – Class A-1LA Notes
(SGNY REFERENCE NO.: DFP0510393)

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 Indenture dated as of December 20, 2004 (the "Indenture") among Neptune CDO 2004-1 Ltd. ("Issuer"), Neptune CDO 2004-1 (Delaware) Corp. ("Co-Issuer") and Deutsche Bank Trust Company Americas.

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

**1. General Terms:**

| | |
|---|---|
| Trade Date: | January 27, 2005. |
| Effective Date: | January 27, 2005. |
| Scheduled Termination Date: | January 10, 2040, 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 Physical Settlement Date, as provided in Section 8.4 of the Credit Derivatives Definitions; and (d) the date on which the outstanding principal balance of the Reference Obligation is reduced to zero due to repayments of principal of the Reference Obligation. |
| 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 this 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.<br><br>For purposes hereof:<br><br>A "Materially Adverse Reference Obligation Amendment" shall be deemed to have occurred in either of the following circumstances:<br><br>(A) (i) As soon as reasonably practicable after becoming aware thereof, Buyer notifies Seller of a proposed amendment, modification or waiver to the Indenture (other than an Excepted Amendment) in respect of which the Trustee has notified any Holder (as defined in the Indenture) of the Reference Obligation (the "Proposed Amendment");<br><br>(ii) Seller provides to Buyer at least two Business Days prior to the deadline for any applicable vote by the Holder of the Reference Obligation (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 not having acted in accordance with the Adverse Amendment Notice,

Or,

(B) (i) An amendment, modification or supplement is made to the Indenture (other than an Excepted Amendment) by the Trustee in breach of the provisions set out in Article VIII of the Indenture (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 the Reference Obligation 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 Buyer's or 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) Buyer or Reference Holders fails 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 Notional Amount of the Reference Obligation who are either Buyer or its direct or indirect transferees of such Reference Obligation.

"Excepted Amendment" means any amendment, modification or supplement to the Indenture as to which the Holder of the Reference Obligation is not entitled pursuant thereto to vote on.

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 Transaction 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 a Holder of the Reference Obligation are capable of being exercised.

Optional Termination II:

If:

(x) a Materially Adverse Reference Obligation Amendment 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, and

(z) despite the action of Reference Holders, the final vote of the Holders of the Reference Obligation 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. |
| 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 a 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 and any other city in which the Corporate Trust Office of the Trustee is located, as notified by Buyer; provided that for the 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. As of the Effective Date, the Corporate Trust Office is located in Santa Ana, California. |
| 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: | Neptune CDO 2004-1 Ltd. and Neptune CDO 2004-1 (Delaware) Corp. |
| Reference Obligation: | Class A-1LA Floating Rate Notes due January 2040, CUSIP 640699 AA2, ("Original Notes") and any successor securities. |

| | |
|---|---|
| Reference Price: | 100% |
| All Guarantees: | Not Applicable. |
| Notional Amount: | (i) USD 132,000,000 for the initial Calculation Period (the "Initial Amount"); and (ii) with respect to any Calculation Period thereafter an amount equal to the product of (x) 132/264 and (y) the total outstanding principal amount of the Reference Obligation as of the relevant date of determination; provided, that the Notional Amount shall not exceed USD 132,000,000 (minus any payment of principal in respect of the Initial Amount since the Effective Date) unless agreed in writing by AIG-FP.<br><br>For purposes hereof the total outstanding principal amount of the Reference Obligation shall be the total outstanding principal amount on such day after giving effect to any payments on such day in respect of principal on the Reference Obligation whether or not scheduled. |

2. **Fixed Payments:**

| | |
|---|---|
| Fixed Rate Payer Payment Date: | The 10th day of each March, June, September and December of each year, commencing on June 10, 2005 up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention. |
| Fixed Amounts: | On each Fixed Rate Payer Payment Date, 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, multiplied by (i) the Fixed Rate and (ii) the Fixed Rate Day Count Fraction. |
| Fixed Rates: | As set forth on Annex A attached hereto. |
| Fixed Rate Day Count Fraction: | Actual/360 |

3. **Floating Payments**:

| | |
|---|---|
| Floating Rate Payer Calculation Amount: | As of the Physical Settlement Date, an amount equal to the Notional Amount, on such date. |
| Conditions to Settlement: | Credit Event Notice |

Notifying Party: Buyer or Seller

Notice of Physical Settlement

Notice of Publicly Available Information: Applicable, except as hereinafter provided.

Public Source(s): Standard Public Sources

Specified Number: Two

Section 3.5 (a)(ii) of the Credit Derivatives Definitions shall be amended by the addition of the following:

"or (C) Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P");"

Notwithstanding anything herein to the contrary, a Note Valuation Report, a Trustee report or a Monthly Report or notice relating to the 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:

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 the Reference Obligation after giving effect to any applicable grace period, any interest or principal payment due in respect of the 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 the Reference Obligation in an aggregate amount equal to the outstanding principal amount of the 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 Obligation, the Indenture 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 Obligation or that provide for the extinguishing or reduction of payments or distributions in respect of the Reference Obligation.

Grace Period Extension: Applicable

Payment Requirement: USD 10,000.

Obligation:

| | |
|---|---|
| Obligation Category: | Reference Obligation only. |
| Obligation Characteristics: | Not Applicable. |
| Excluded Obligations: | Not Applicable. |

4. **Settlement Terms**:

| | |
|---|---|
| Settlement Method: | Physical Settlement |
| Settlement Currency: | USD. |
| Physical Settlement Period: | As per Section 8.6 of the Credit Derivatives Definitions, provided that such period shall not exceed 30 Business Days. |

Deliverable Obligations:

| | |
|---|---|
| Deliverable Obligation Category: | Reference Obligations only. |
| 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 of the Reference Obligation on the relevant Valuation Date (as defined in the Credit Support Annex).

MV = the market value of the Reference Obligation 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 the Reference Obligation 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 Reference Obligation 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 Reference Obligation, 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 Reference Obligation, the ratings then assigned by S&P to such security.

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 Obligation (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
Wilton, Connecticut
Tel: 203-221-4805
Fax: 203-222-4780

Counterparty Settlements: Inquiries regarding payments and/or rate resetting only:

Societe Generale, New York Branch
1221 Avenue of the Americas
IRD Dept. - 12th Floor
New York, NY 10020
Attn: IRD Operations Group
Telephone: 212-278-6976 or 7344
Facsimile: 212-278-7136

All other inquiries and Notices send to: Societe Generale, New York Branch
Attn: Thomas Athan / Edouard Klehe
Telephone: 203-861-5400
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.

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.

Both Buyer and Seller agree that nothing herein shall be interpreted as a requirement that Buyer own, hold or control the 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 Indenture or the Trustee fails to take action in respect of any provision of the Indenture or the Reference Obligation as required by the Indenture or the 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 Notional Amount of the Reference Obligation 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 Indenture 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) the Reference Obligation in an aggregate outstanding principal amount of 100% of the then Notional Amount, such notice to specify the date of purchase and the aggregate outstanding principal amount of the Reference Obligation 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 Notional 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 Obligation. 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 Notional Amount shall be reduced by the aggregate outstanding principal amount of the purchased Reference Obligation, and the Minimum Amount (as defined in the Structuring Fee Letter) shall be reduced proportionately based on the aggregate outstanding principal amount of the purchased Reference Obligation.

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: Kathleen M. Furlong
Title: 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 Kleter
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 |