# CONFIRMATION

DATE: June 20, 2008

TO: Goldman Sachs International

FROM: AIG Financial Products Corp.

SUBJECT: Credit Derivative Transaction; Class A-1 Notes

REF. NUMBER: NUUQ605590240000000

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 Goldman Sachs International ("Counterparty"). The time at which the Transaction was entered into is available on request. If you have any questions regarding the Transaction please contact Jake Sun, Counsel, AIG Financial Products Corp. 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"). In the event of any inconsistency between the Credit Derivative Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of August 19, 2003 (including the Schedule and Credit Support Annex thereto), 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 May 2, 2006 (the "Indenture"), among Hout Bay 2006-1 Ltd. ("Issuer"), Hout Bay 2006-1 Corp. ("Co-Issuer") and LaSalle Bank National Association ("Trustee"), as the context may require. In the event of any inconsistency among the Agreement, the Indenture and this Confirmation, this Confirmation will govern.

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

**1. General Terms:**

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| Trade Date: | May 19, 2006. |
| Effective Date: | May 19, 2006. |
| Scheduled Termination Date: | July 5, 2041 |

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| Termination Date: | The earliest to occur of: (i) the Scheduled Termination Date, unless the Conditions to Settlement have been satisfied within the Notice Delivery Period, (ii) the Optional Termination Date, (iii) a Liquidation Termination Event Date or (iv) the date on which the Notional Amount has amortized to zero due to repayments of principal on the Reference Obligation, subject, in each case, to the Following Business Day Convention; provided, that the Termination Date shall be subject to Sections 3.4, 7.2, 8.4, 9.2(c)(ii), 9.3 and 9.8 of the Credit Derivatives Definitions if and to the extent applicable.<br><br>For the avoidance of doubt, no termination payments shall be due by either party in connection with a termination of this Transaction pursuant to the designation of an Optional Termination Date, other than the Makewhole Amount in the case of an Optional Termination Date pursuant to paragraph (A) of the definition thereof. |
| Liquidation Termination Event Date: | The date falling ten (10) Business Days immediately following the determination of a Liquidation Termination Event pursuant to "Floating Payments - Additional Condition to Settlement" below. |
| Floating Rate Payer: | AIG-FP (the "Seller"). |
| Fixed Rate Payer: | Counterparty (the "Buyer"). |
| Calculation Agent: | Buyer and Seller, acting jointly. |
| Calculation Agent City: | New York. |
| Business Day(s): | New York, New York and Chicago, Illinois; provided that (i) for the purpose of determining the Physical Settlement Date, such date 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 and (ii) for the purpose of determining Fixed Rate Payer Payment Dates, Business Days shall be New York only. |
| Business Day Convention: | Following (which, subject to Section 1.4 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: | Hout Bay 2006-1 Ltd. |
| Reference Obligation: | Primary Obligor: Hout Bay 2006-1 Ltd.<br>Class: Class A-1 Notes.<br>Maturity: July 5, 2041.<br>Coupon: LIBOR (as defined in the Indenture) + 0.25%. |

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| | CUSIP/ISIN: 442451AA8 (144A)/ 646224AA2 (Reg S). |
| | Original Issue Amount: USD 1,275,000,000. |
| Reference Price: | 100% plus accrued interest as of the Settlement Date (expressed as a percentage). |
| All Guarantees: | Not Applicable. |
| Notional Amount: | On any date, the excess of (i) the aggregate unpaid principal amount of the Reference Obligation outstanding on such date, after giving effect to any repayments of principal by the Reference Entity in respect of the Reference Obligation on and prior to such date (the "Class A-1 Outstanding Principal Amount") over (ii) USD 450,000,000; provided, that, the Notional Amount shall not exceed USD 825,000,000 (minus any repayment of principal) unless agreed in writing by AIG-FP. For the avoidance of doubt, on the Effective Date the Notional Amount is equal to USD 825,000,000. |

**2. Fixed Payments:**

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| Fixed Rate Payer Calculation Amount: | The average of the Notional Amount outstanding on each day during the related Fixed Rate Payer Calculation Period. |
| Fixed Rate Payer Payment Date: | With respect to a Fixed Rate Payer Calculation Period, the second Business Day following the relevant Fixed Rate Payer Period End Date. |
| Fixed Rate Payer Period End Date: | The 5th day of every calendar month, commencing July 5, 2006, up to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention. |
| Fixed Rate: | 0.08%. |
| Fixed Rate Day Count Fraction: | Actual/360. |
| Modification of Fixed Rate Payer Calculation Period: | Clause (b) of Section 2.9 of the Credit Derivatives Definitions is modified by replacing the words "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" with "the earliest to occur of the Scheduled Termination Date, the Optional Termination Date and the Event Determination Date". |

**3. Makewhole to Seller:**

Upon the termination of the Transaction for any reason, whether on or prior to the Scheduled Termination Date, Counterparty shall pay to AIG-FP a single payment representing the minimum aggregate Fixed Amounts for the Transaction (the "Makewhole to Seller") equal to the positive difference if any between (i) USD 1,897,500 and (ii) the sum of all amounts paid to AIG-FP as Fixed Payments pursuant to Section 2 of this Confirmation. The parties agree that the Makewhole to Seller shall be treated as Unpaid Amounts and not as a termination payment.

**4. Floating Payments:**

Floating Rate Payer Calculation Amount:

As of the Physical Settlement Date (in the case of Physical Settlement) or the Liquidation Redemption Date (in the case of Cash Settlement), as applicable, 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, except where Cash Settlement applies.

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

Public Source(s): As per Section 3.7 of the Credit Derivatives Definitions.

Specified Number: Two.

Notwithstanding anything herein to the contrary, a Note Valuation Report relating to the Reference Obligation delivered to Seller shall constitute satisfactory notice of the occurrence of a Credit Event. Accordingly, delivery of such a report shall obviate any and all requirements hereunder relating to Publicly Available Information.

Additional Condition to Settlement:

Section 3.2(a) of the Credit Derivatives Definitions shall be amended hereby by adding the following words to the end thereof: "; provided, that, in each case under clause (i) and (ii) of this sentence, (A) on or prior to the tenth (10th) Business Day following the occurrence of a Credit Event, Buyer shall deliver or cause to be delivered to Seller a Class A-1 Valuation Report and (B) the Class A-1 Loss Estimation Amount as determined by the Calculation Agent shall exceed USD 450,000,000.

"Class A-1 Valuation Report" means a report delivered pursuant to and in accordance with the last paragraph of Section 5.5(c) of the Indenture at the direction of the Holders of the Reference Obligations stating the results of any determination required pursuant Section 5.5(a)(i) of the Indenture, the Class A-1 Loss Estimation Amount and detailing such information as necessary to substantiate the calculation of the Class A-1 Loss Estimation Amount.

"Class A-1 Loss Estimation Amount" means, with respect to the Reference Obligations, an amount determined by the Calculation Agent equal to the excess of (i) the Class A-1 Outstanding Principal Amount as of such date of determination over (ii) the amount that would be available to pay the Class A-1 Notes under clause (i) and (ii) of the second paragraph of Section 11.1(b) of the Indenture, including the proceeds of a sale or liquidation estimated pursuant to and in accordance with Section 5.5(c) of the Indenture.

The determination pursuant to the provisions of this Paragraph 4 that the Class A-1 Loss Estimation Amount shall be less than or equal to USD 450,000,000 shall constitute a "Liquidation Termination Event".

Additional Settlement Provisions:

Upon a request by Seller on or prior to the fifth Business Day following delivery of the Class A-1 Valuation Report pursuant to the Additional Condition to Settlement provisions above, Buyer shall deliver or cause to be delivered to Seller on or prior to 11:00 am New York time on the third Business Day following such request the most recent and available Class A-1 Valuation Report that is based on firm bid prices on all of the Collateral (a "Class A-1 Firm Bid Valuation Report").

Upon delivery of any Class A-1 Firm Bid Valuation Report, Seller shall deliver notice (which may be by fax or electronic mail) to Buyer of its election for Cash Settlement of the Transaction on or prior to 5:00 pm New York time on the same Business Day. If Seller does not elect Cash Settlement within the period described above or, if Seller at any time following the satisfaction of the Conditions to Settlement notifies Buyer of its election for Physical Settlement, Modified Physical Settlement (as defined below) shall apply for purposes of Settlement of the Transaction.

Credit Events:

The following Credit Event shall apply to the Transaction:

Failure to Pay; provided, that the occurrence of such a Failure to Pay shall be determined without regard to the effect of any provisions in the Reference

Obligation that permit the limitation of due payments or distributions of funds in accordance with the terms of such Reference Obligation or, that provide for the extinguishing or reduction of such payments or distributions.

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| Grace Period Extension: | Not Applicable. |
| Payment Requirement: | USD 10,000; provided, however, solely with respect to any payments in respect of interest on the Reference Obligation, the Payment Requirement shall be the product of (i) 450/1,275 and (ii) the interest due and payable on the Reference Obligation on the relevant Payment Date (or such other date on which interest shall be due and payable on the Reference Obligation, as applicable). |

Obligation:

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

**5. Settlement Terms:**

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| Settlement Method: | Modified Physical Settlement; provided, that, at the sole discretion of Seller, Cash Settlement shall apply to the Transaction if Seller delivers written notice to Buyer of its election pursuant to "Floating Payments—Additional Settlement Provisions" above, in which case the settlement terms under "Terms Relating to Cash Settlement" shall apply. |
| Settlement Currency: | USD. |

Terms Relating to Physical Settlement:

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| Modified Physical Settlement: | Shall mean Physical Settlement, provided that the second paragraph of Section 8.1 of the Credit Derivatives Definitions is hereby amended by replacing the words "the Physical Settlement Amount" in the last line thereof with the words "an amount equal to the Class A-1 Outstanding Principal Amount multiplied by the Reference Price". |
| 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: Include Accrued Interest.

Deliverable Obligation Category: Reference Obligations only.

Deliverable Obligation Characteristics: Not Applicable.

Excluded Deliverable Obligations: Not Applicable.

Impacted RO Provisions:

Subject to the last sentence of paragraph (B) under "Optional Termination Date" herein, for purposes hereof, the Reference Obligation will constitute a Deliverable Obligation under the Transaction, only if all of the following are true:

(i) it is not an Impacted Reference Obligation;

(ii) the holders of a principal amount of the Reference Obligation equal to the Notional Amount of the Transaction (whether Buyer and its transferees or, if Buyer is not a holder of the Reference Obligations, Buyer's transferees, the "A-1 Reference Holders") exercised the Noteholder Action in a manner consistent with either (i) the preference of Seller as notified to Buyer, in the case of an Amendment Action or (ii) the Prudent Investor Action, in the case of a Noteholder Direction; and

(iii) Buyer has provided Seller reasonably acceptable evidence in respect thereof.

In the case of an Amendment Action, the Seller's failure to provide to Buyer notice of its preference to a proposed Amendment Action that may result in an Impacted Reference Obligation within 5 Business Days of notice by Buyer to Seller of such proposed action or inaction shall render this paragraph void for purposes of such Amendment Action and any Impacted Reference Obligation resulting from such action or inaction shall also constitute a Deliverable Obligation under the Transaction; provided that such notice by Buyer to Seller is deemed effective on any date which is prior to the later of (A) the date which is 6 Business Days prior to the last date available to a holder of the Reference Obligation for exercise of the action or inaction under the terms of the Reference Obligation and (B) one Business Day after the date on which holders of the Reference Obligation received notice of such proposed action or inaction under the terms of the Reference Obligation. For the avoidance of doubt, each notice hereunder will be deemed effective pursuant to Section 12(a) of the Agreement.

Both Buyer and Seller agree that they will use their best endeavors to co-operate in good faith by, *inter alia*, providing timely notifications to each other in accordance with the terms of this Agreement, to ensure that voting rights and other rights of action pertaining to a Holder of the Reference Obligation are capable of being exercised. Seller shall have the right to initiate discussions with Buyer with respect to a potential Noteholder Action and the rights of Holders of the Reference Obligation under the Indenture.

"Impacted Reference Obligation" means the Reference Obligation following any Noteholder Action (i) for which, other than with respect to an Amendment Action under

the proviso contained in Section 8.1(g) of the Indenture or a Reserved Matter determined by the Trustee to adversely affect the Reference Obligation under Section 8.1(b) of the Indenture, the Control Condition was satisfied as of the last date available to a holder of the Reference Obligation for exercise of the Noteholder Action under the terms of the Reference Obligation (the "Final Action Date") and (ii) such Noteholder Action is approved by the A-1 Reference Holders or otherwise caused to be effected in contravention of the preference of Seller as notified to Buyer.

"Noteholder Action" means any Amendment Action or Noteholder Direction.

"Amendment Action" means any amendment, modification, variation, waiver or consent under the Indenture requiring a decision to be made by the A-1 Reference Holders under the terms of the Indenture.

"Noteholder Direction" means any action required of, or permitted by, the A-1 Reference Holders under the terms of the Indenture not constituting an amendment, modification, variation, waiver or consent under the Indenture, including without limitation, any direction by the A-1 Reference Holders to the Trustee required or permitted under the terms of the Indenture.

"Prudent Investor Action" means a course of action agreed to by the Seller and the Buyer following Seller's written notice to Buyer to initiate a discussion regarding a potential Noteholder Direction, other than with respect to an amendment requiring approval of 100% of each class of Notes pursuant to the proviso under Section 8.1(g) of the Indenture or a Reserved Matter determined by the Trustee to adversely affect the Reference Obligation under Section 8.1(b) of the Indenture. If Buyer and Seller are unable to agree on the Prudent Investor Action, each of Buyer and Seller shall appoint a Dealer, such Dealers shall appoint a third Dealer, and such third Dealer (the "Determining Party") shall determine the Prudent Investor Action, to be communicated to both Buyer and Seller prior to 5 p.m. EST on the day prior to the Final Action Date. If the Determining Party agrees with Seller's determination of the Prudent Investor Action ("Seller's Direction"), other than with respect to a Prudent Investor Action regarding an Event of Default (as defined under the Indenture) (such Prudent Investor Action an "Event of Default Action"), then it shall be deemed that Seller and Buyer had agreed upon the Prudent Investor Action which shall be Seller's Direction. If the Determining Party agrees with Buyer's determination of the Prudent Investor Action ("Buyer's Direction") then for the purposes of this Agreement, the Prudent Investor Action shall be Buyer's Direction. If no such determination can be made prior to the Final Action Date or if the Determining Party agrees with Seller's determination of an Event of Default Action, then for the purposes of this Agreement, the Prudent Investor Action shall be Seller's Direction (a "Default Direction Scenario").

The "Control Condition" will be satisfied as of any date of determination if (a) the Notional Amount as of such date is greater than USD 450,000,000 or (b) the Net Outstanding Portfolio Collateral Balance (or, in the event an Event of Default occurs under the Indenture, the market value or liquidation value of the Collateral calculated in accordance with Section 5.5(c) of the Indenture) is less than the lesser of (i) the sum of (x) the Notional Amount plus the aggregate amount that would be due and payable by the Issuer prior to the payment of principal on the Reference Obligation if a liquidation of the Collateral (as defined in the Indenture) pursuant to Section 5.5 of the Indenture were to be effected including without limitation any termination payments that would due and

payable by the Issuer to a Hedge Counterparty (as defined in the Indenture) (such aggregate amount, the "Class A-1 Coverage Amount") and (y) USD 100,000,000 and (ii) two times the Class A-1 Coverage Amount, at any time (such amount calculated under this clause (b), the "Class A-1 Differential"). Buyer shall deliver to Seller on the Business Day next following each Determination Date and on each date requested by Seller by one Business Day prior notice a report in reasonable detail acceptable to Seller detailing the calculation of the Class A-1 Differential as of such date.

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| 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. |

Terms Relating to Cash Settlement:

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| Cash Settlement Date: | Three Business Days following the Liquidation Redemption Date. |
| Liquidation Redemption Date: | The date on which liquidation of the Collateral has been completed pursuant to Section 5.5 of the Indenture and all proceeds thereof have been applied pursuant to Section 11.1(b) of the Indenture. |
| Cash Settlement Amount: | An amount equal to the excess of (i) the Notional Amount as of the Liquidation Redemption Date (prior to giving effect to the redemption of the Reference Obligations as a result of such liquidation) and (ii) liquidation proceeds applied to pay the Class A-1 Notes pursuant to the second paragraph of Section 11.1(b) of the Indenture. |

**6. 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 the Transaction shall be determined in accordance with the following formula:

Exposure = NA * Max [0, [100% – AMV] – T].

Where:

NA = the Notional Amount, as defined herein, as of the relevant Valuation Date (as used here and throughout this Section 6, as defined in the Credit Support Annex)

AMV = the A-1 Senior MV determined as of the relevant Valuation Date divided by the Notional Amount, such result expressed as a percentage

A-1 Senior MV = [MV * OPB] less an amount equal to the Adjusted Subordinate MV

OPB = the outstanding principal balance of the Reference Obligation as of the relevant Valuation Date.

MV = the market value of the Reference Obligation as of the relevant Valuation Date (expressed as a percentage of par) as determined by the Calculation Agent; provided that if the parties acting as joint Calculation Agent cannot agree on the market value, market value will be determined based on the average of mid-market quotations from five dealers chosen by the Calculation Agent disregarding the highest and lowest quotations.

Adjusted Subordinate MV = Max [A-1 Subordinate MV Coverage, Leakage].

A-1 Subordinate MV Coverage = Max ($0, [$450,000,000] – [OPB * Max [0, 100%-MV]].

Leakage = [Coupon] * [A-1 Duration] * [$450,000,000].

Coupon = the interest amount (expressed as an annualized percentage) actually paid by the Reference Obligation in respect of the Payment Date (as defined in the Indenture) falling on, or immediately prior to, the relevant Valuation Date.

A-1 Duration = the weighted average maturity of the Reference Obligation's cash flows determined as of the relevant Valuation Date, where the weights are the present value of the dollar amount of such cash flows computed using the yield to maturity of the Reference Obligation and utilizing MV as the price of the Reference Obligation. For the purpose of determining A-1 Duration, the Calculation Agent shall use Intex, or an alternative cash-flow model agreed by AIG-FP and Counterparty, and information in respect of the Issuer's underlying portfolio and structure to determine in a reasonable manner (i) the weighted average maturity, (ii) the amount and timing of expected cash flows and (iii) the present value of the dollar amount of such cash flows for the Reference Obligation.

T = the "Threshold Amount Percentage", as set forth in the table below based on the Seller Rating on the relevant Valuation Date.

| | Seller Rating[1] | | | | |
|---|---|---|---|---|---|
| | Aaa/AAA[2] | Aa1/AA+ | Aa2/AA | Aa3/AA- | A1/A+ or below |
| Threshold Amount Percentage | 6% | 4% | 4% | 4% | 0% |

1. The lower of the S&P Rating and the Moody's Rating.

2. The ratings category of Moody's and S&P, respectively.

"Moody's Rating": with respect to Seller, the rating then assigned by Moody's to the long-term unsecured and unsubordinated debt obligations of the Credit Support Provider of Seller.

"S&P Rating": with respect to Seller, the rating then assigned by S&P to the long-term unsecured and unsubordinated debt obligations of the Credit Support Provider of Seller.

**7. Notice and Account Details:**

Contact Details for Notices:

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| 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: | Goldman Sachs International<br>Peterborough Court, 133 Fleet Street<br>London EC4 2BB<br>Attention: Credit Derivative Operations<br>Telephone No.: 212-357-2610<br>Fax No.: 212-428-9189<br><br>with a copy to:<br><br>Goldman Sachs & Co.<br>Legal Dept. (Credit Derivatives)<br>One New York Plaza<br>New York, NY 10004<br>Fax No.: 212-428-3697<br><br>(All correspondence to include the GS Reference Number specified on the first page of this Confirmation) |

Account Details:

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| 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: | Goldman Sachs International<br>Name of Bank: Citibank. N.A. New York<br>Account No: 40616408<br>Fed ABA No. 021000089 |
| 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:

Goldman Sachs International
Peterborough Court, 133 Fleet Street
London EC4 2BB
Attention: Credit Derivative Operations
Telephone No.: 212-357-2610
Fax No.: 212-428-9189

**8. Additional Provisions:**

Governing Law: New York.

Termination Currency: USD.

Documentation: The Agreement.

Credit Support Documents: The Guarantee of the Credit Support Provider of AIG-FP.

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 the Transaction and as to whether the 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 the Transaction, it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the 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 the 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 the Transaction, and (v) the other party is not acting as a fiduciary for, or an adviser to, it in respect of the Transaction.

Seller acknowledges and agrees that (i) Buyer does not make or will not make any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information provided by Buyer to Seller hereunder with respect to the Reference Obligation and in any further information, notice or other document relating to the Reference Obligation which may at any time be supplied in connection with the Transaction and accepts no responsibility or liability therefor and (ii) any and all information provided by Buyer to Seller hereunder with respect to the Reference Obligation is not being furnished by Buyer in

the capacity of an underwriter or dealer of the Reference Obligation and Buyer accepts no responsibility or liability therefor.

For the avoidance of doubt, the parties acknowledge and agree that upon the sale of any Collateral in connection with an Event of Default (as such terms are defined under the Indenture) either party, or its affiliates, may bid on any such Collateral and that each party will not exercise any Noteholder Direction it may have that would directly prevent the other party, or its affiliates, from bidding on any such Collateral under circumstances where such entity would otherwise be eligible to bid.

Optional Termination Date: The earlier to occur of (A), (B) or (C):

(A) Any date falling on or after the occurrence of an Adverse RO Event and irrevocably designated by Seller to Buyer by not less than 10 Business Days' prior written notice (which may be by facsimile) as an Optional Termination Date. On or after an Optional Termination Date designated pursuant to this clause (A), Seller and Buyer shall have no further payment or delivery obligations in respect of this Transaction (under Section 6(e) of the Agreement or otherwise) other than in respect of the Makewhole Amount payable by Seller to Buyer.

(B) Any date which is (i) after the date on which a Reference Obligation no longer constitutes a Deliverable Obligation pursuant to the Impacted RO Provisions set forth in Deliverable Obligations above and Buyer gives notice to Seller of such event (such date, an "Amended RO Date"), and (ii) prior to the date which is 15 Business Days after such Amended RO Date and (iii) irrevocably designated by Seller to Buyer by not less than 2 Business Days' prior written notice (which may be by facsimile) as an Optional Termination Date. On or after an Optional Termination Date designated pursuant to this clause (B), Seller and Buyer shall have no further payment or delivery obligations in respect of this Transaction (under Section 6(e) of the Agreement or otherwise). To the extent the Seller has the right to designate an Optional Termination Date pursuant to this clause (B) but does not exercise such right prior to the date which is 15 Business Days after the relevant Amended RO Date, the Amended Reference Obligation related to such Amended RO Date shall no longer be deemed to be an Amended Reference Obligation and shall thereon constitute a Reference Obligation which is a Deliverable Obligation.

(C) Any date falling on or after the date on which a Default Direction Scenario occurred but falling no later than 10

Business Days after such occurrence, and irrevocably designated by Buyer to Seller by not less than two (2) Business Days' prior written notice (which may be by facsimile) as an Optional Termination Date. On or after an Optional Termination Date designated pursuant to this clause (C), Seller and Buyer shall have no further payment or delivery obligations in respect of this Transaction (under Section 6(e) of the Agreement or otherwise) other than in respect of the Makewhole to Seller payable by Buyer to Seller as provided under Section 3 of this Confirmation.

"Adverse RO Event" means that notwithstanding Reference Holders exercising the action or inaction in a manner consistent with the preferences of Seller as notified to Buyer with respect to any required consent, agreement, vote or approval of the Reference Holder (such action or inaction as agreed by Seller, the "Seller Response"), the action or inaction actually taken by the Trustee (as defined in the Offering Circular with respect to the Reference Obligation) acting pursuant to the terms of the indenture thereof is inconsistent with the Seller Response.

Makewhole Amount:

On the Optional Termination Date designated pursuant to paragraph (A) of the definition thereof, Seller shall pay to Buyer an amount (the "Makewhole Amount") equal to the sum of the Reference Obligation Payment and the Present Value Payment.

"Reference Obligation Payment" means an amount (which may be a positive or negative number) equal to the Notional Amount minus the market value of Reference Obligations having a principal amount equal to the Notional Amount, as reasonably determined by the Buyer; to the extent Seller disputes Buyer's determination then such market value will be determined by Buyer using the highest firm bid price procured by Buyer through an auction of three dealers of the Reference Obligation or two dealers if three are not available. If only one dealer is available, the firm bid price of such dealer shall be used. If no dealer is available, the market value of the Reference Obligations shall be deemed to be zero.

"Present Value Payment" means an amount equal to the present value, reasonably determined by Buyer as of the Optional Termination Date, of 14 basis points payable on the Notional Amount on each Fixed Rate Payer Payment Date (the "Calculation Amount") occurring after the Optional Termination Date (for the avoidance of doubt, assuming the Termination Date would occur on the Scheduled Termination Date in July 2041), such Notional Amount for the purpose of such calculation equal to (x) the applicable amortization percentage for the relevant Fixed Rate Payer Payment Date set forth in the amortization schedule attached as Annex A multiplied by (y) the Notional Amount on the Effective Date, and discounting each such

Calculation Amount from the corresponding Fixed Rate Payer Payment Date to the Optional Termination Date at a rate equal to LIBOR plus zero spread.

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to the Transaction 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 the Transaction, and we look forward to working with you again in the future.

Yours sincerely,
AIG FINANCIAL PRODUCTS CORP.

By: _____
Name: Adam Budnick
Title: Managing Director

Agreed and Accepted:
GOLDMAN SACHS INTERNATIONAL

By: _____
Matt Seager

783610/AB/JCS

**Annex A**

| Period Commencing | Applicable Amortization Percentage |
|---|---|
| May 19, 2006 | 100.00% |
| July 5, 2006 | 99.20% |
| August 5, 2006 | 98.81% |
| September 5, 2006 | 98.44% |
| October 5, 2006 | 98.09% |
| November 5, 2006 | 97.74% |
| December 5, 2006 | 97.41% |
| January 5, 2007 | 97.09% |
| February 5, 2007 | 96.79% |
| March 5, 2007 | 96.51% |
| April 5, 2007 | 96.26% |
| May 5, 2007 | 96.03% |
| June 5, 2007 | 95.80% |
| July 5, 2007 | 95.58% |
| August 5, 2007 | 95.37% |
| September 5, 2007 | 95.17% |
| October 5, 2007 | 94.98% |
| November 5, 2007 | 94.76% |
| December 5, 2007 | 94.55% |
| January 5, 2008 | 94.35% |
| February 5, 2008 | 94.15% |
| March 5, 2008 | 93.90% |
| April 5, 2008 | 93.52% |
| May 5, 2008 | 92.70% |
| June 5, 2008 | 91.96% |
| July 5, 2008 | 91.13% |
| August 5, 2008 | 90.39% |
| September 5, 2008 | 89.26% |
| October 5, 2008 | 88.72% |
| November 5, 2008 | 87.17% |
| December 5, 2008 | 85.15% |
| January 5, 2009 | 83.49% |
| February 5, 2009 | 81.05% |
| March 5, 2009 | 79.44% |
| April 5, 2009 | 77.11% |
| May 5, 2009 | 73.88% |
| June 5, 2009 | 16.97% |
| July 5, 2009 | 0.00% |