

CONFIDENTIAL

## ABACUS 2005-2, LTD.

(Incorporated with limited liability in the Cayman Islands)

## ABACUS 2005-2, INC.

Class A-1 Floating Rate Notes, Due 2045

U.S.\$40,000,000 Class A-2 Floating Rate Notes, Due 2045

U.S.\$20,000,000 Class A-3 Floating Rate Notes, Due 2045

U.S.\$39,375,000 Class B Floating Rate Notes, Due 2045

U.S.\$28,125,000 Class C Floating Rate Notes, Due 2045

U.S.\$12,500,000 Class D Floating Rate Notes, Due 2045

Class E Floating Rate Notes, Due 2045

Class F Floating Rate Notes, Due 2045

**Secured Primarily by (i) the Collateral and (ii) the Issuer's rights under (a) the Collateral Put Agreement, (b) the Basis Swap and (c) as Protection Seller, the Credit Default Swap referencing a pool of CDO Cashflow Securities, RMBS Securities, CMBS Securities and Asset-Backed Securities**

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The Notes are being offered hereby by Goldman, Sachs & Co. to Qualified Institutional Buyers in the United States in reliance on Rule 144A under the Securities Act. In addition to the offering of the Notes in the United States, Goldman, Sachs & Co., selling through its agent, Goldman Sachs International is concurrently offering the Notes outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act. See "Underwriting".

See "Risk Factors" beginning on page 26 to read about factors you should consider before buying the Notes.

There is no established trading market for the Notes. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the *Daily Official List*. There can be no assurance that such listing will be granted.

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It is a condition of the issuance of the Notes that the Class A-2 Notes issued on the Closing Date be issued with a rating of "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and at least "Aa1" by Moody's Investors Service, Inc. ("Moody's"), that the Class A-3 Notes be issued with a rating of "AAA" by S&P and at least "Aa2" by Moody's, that the Class B Notes be issued with a rating of at least "AA-" by S&P and at least "Aa3" by Moody's, that the Class C Notes be issued with a rating of at least "A" by S&P and at least "A2" by Moody's and that the Class D Notes be issued with a rating of at least "BBB" by S&P and at least "Baa2" by Moody's. It is a condition of the issuance of the Class A-1 Notes that, when issued from time to time, the Class A-1 Notes be issued with a rating of "AAA" by S&P and "Aaa" by Moody's. It is a condition of the issuance of the Class E Notes that, when issued from time to time, the Class E Notes be issued with a rating of at least "BB" by S&P and at least "Ba2" by Moody's. The Class F Notes will not be rated by any credit rating agency. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See "Rating of the Notes".

**See "Underwriting" for a discussion of the terms and conditions of the purchase of the Notes by the Initial Purchaser.**

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CERTAIN PLEDGED ASSETS OF THE ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE HOLDERS OF THE NOTES, GOLDMAN, SACHS & CO., GOLDMAN SACHS INTERNATIONAL, THE ADMINISTRATOR, THE SHARE TRUSTEE, THE PROTECTION BUYER, THE BASIS SWAP COUNTERPARTY, THE COLLATERAL PUT PROVIDER, THE COLLATERAL DISPOSAL AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER OF THE ISSUERS WILL BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO PERSONS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY RULE 144A UNDER THE SECURITIES ACT AND (2) QUALIFIED PURCHASERS (FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT), AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "TRANSFER RESTRICTIONS".

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The Notes are offered by the Initial Purchaser or its agent as specified herein, subject to its right to reject any order in whole or in part. It is expected that the Global Notes will be ready for delivery in book-entry form only in New York, New York, on or about June 7, 2005, through the facilities of DTC, against payment therefor in immediately available funds. The Notes will have the minimum denomination set forth in "Summary—Notes Offered".

## Goldman, Sachs & Co.

Offering Circular dated June 7, 2005.

Confidential Treatment  
Requested by Goldman Sachs

GS MBS-E-013106521

## GENERAL NOTICE

The information contained in this Offering Circular has been provided by the Issuers and other sources identified herein. No representation or warranty, express or implied, is made by the Initial Purchaser or the Protection Buyer (except, with respect to the Protection Buyer only, the information set forth under the heading "The Protection Buyer") as to the accuracy or completeness of such information, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchaser or the Protection Buyer (except, with respect to the Protection Buyer only, the information set forth under the heading "The Protection Buyer").

The Issuers (and, with respect to the information contained in this Offering Circular under the heading "The Protection Buyer", the Protection Buyer), having made all reasonable inquiries, confirm that the information contained in this Offering Circular is true and correct in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuers (and, with respect to the information contained in this Offering Circular under the heading "The Protection Buyer", the Protection Buyer) take responsibility accordingly.

No person has been authorized to give any information or to make any representation other than those contained in this Offering Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Notes.

The delivery of this Offering Circular at any time does not imply that the information herein is correct at any time subsequent to the date of this Offering Circular.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuers or the Initial Purchaser specified herein shall have any responsibility therefor. Persons into whose possession this Offering Circular comes are required by the Issuers and the Initial Purchaser to inform themselves about and to observe such applicable laws and regulations. For a further description of certain restrictions on offering and sales of the Notes, see "Transfer Restrictions" and "Underwriting". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

No invitation may be made to the public in the Cayman Islands to subscribe for the Notes.

## INFORMATION APPLICABLE TO NON-U.S. INVESTORS

### NOTICE TO RESIDENTS OF UNITED KINGDOM

There are restrictions on the offer and sale of the Notes in the United Kingdom. No action has been taken to permit the Notes to be offered to the public in the United Kingdom. This document may only be issued or passed on in or into the United Kingdom to any person to whom the document may lawfully be issued or passed on by reason of, or of any regulation made under, section 21 of the Financial Services and Markets Act 2000 of the United Kingdom. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of the Public Offers of Securities Regulations 1995 and the Financial Services and Markets Act 2000 in respect of anything done in relation to the Notes in, from or otherwise involving the United Kingdom. See "Underwriting".

## **NOTICE TO RESIDENTS OF GERMANY**

The Notes will not be offered or sold in the Federal Republic of Germany other than in accordance with the German Securities Sales Prospectus Act of December 13, 1990 of the Federal Republic of Germany, as amended (Wertpapierverkaufsprospektgesetz), the German Investment Act of December 15, 2003 of the Federal Republic of Germany, as amended (Investmentgesetz) and any other legal or regulatory requirements applicable in the Federal Republic of Germany governing the issue, offer and sale of securities. Upon the request of a German investor, the Issuer will (i) make available to the German investors the information required pursuant to § 5 (1) sentence 1 nos. 1 and 2 in connection with sentence 2, § 5 (1) sentence 1 no. 4 and § 5 (3) sentence 1 of the Investmentsteuergesetz (the "German Investment Tax Act"), (ii) furnish to the German Federal Tax Office (Bundesamt für Finanzen) upon its request within three months proof of the correctness of the information referred to under clause (i) above in accordance with § 5 (1) sentence 1 no. 5 of the German Investment Tax Act and (iii) make the publication in the electronic edition of the Federal Gazette (elektronischer Bundesanzeiger) required pursuant to § 5 (1) sentence 1 no. 3 of the German Investment Tax Act in the German language. All prospective German investors are urged to seek independent tax advice. The Initial Purchaser does not give tax advice.

## **NOTICE TO RESIDENTS OF NETHERLANDS**

The Notes may not be offered or sold, transferred or delivered, as part of their initial distribution or at any time thereafter, directly or indirectly, to any individual or legal entity in the Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, securities intermediaries, insurance companies, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly trade or invest in securities.

## **NOTICE TO RESIDENTS OF HONG KONG**

The Notes may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Notes may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

## **NOTICE TO RESIDENTS OF SINGAPORE**

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the Notes to the public in Singapore.

## **NOTICE TO RESIDENTS OF JAPAN**

The Notes have not been registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (1) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (2) in compliance with any other applicable requirements of Japanese law.

## **IRISH LISTING**

**THIS OFFERING CIRCULAR COMPRISES LISTING PARTICULARS FOR THE PURPOSE OF LISTING THE NOTES ON THE IRISH STOCK EXCHANGE. A COPY OF THESE LISTING PARTICULARS SHALL BE FILED WITH THE IRISH STOCK EXCHANGE AND SHALL BE ON DISPLAY AT THE OFFICES OF THE PAYING AGENT IN IRELAND AND THE IRISH STOCK EXCHANGE FOR A PERIOD OF 14 DAYS FROM THE DATE OF LISTING. COPIES OF THESE LISTING PARTICULARS ARE AVAILABLE FREE OF CHARGE FROM THE IRISH STOCK EXCHANGE AND THE PAYING AGENT IN IRELAND.**

## **INFORMATION APPLICABLE TO U.S. INVESTORS**

This Offering Circular is confidential and is being furnished by the Issuers in connection with an offering exempt from registration under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Notes described herein. Except as otherwise authorized under the following paragraph, any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

**EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH PROSPECTIVE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATIONS OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT REASONABLY NECESSARY TO COMPLY WITH APPLICABLE FEDERAL OR STATE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS "TAX TREATMENT", "TAX STRUCTURE", AND "TAX ANALYSES" HAVE THE MEANING GIVEN TO SUCH TERMS UNDER UNITED STATES TREASURY REGULATION SECTION 1.6011-4(C) AND APPLICABLE STATE OR LOCAL LAW.**

**THE NOTES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

## **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS**



**THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

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## AVAILABLE INFORMATION

To permit compliance with the Securities Act in connection with the sale of the Notes in reliance on Rule 144A, the Issuer will be required under the Indenture and the Issuing and Paying Agency Agreement to furnish upon request to a Holder or beneficial owner who is a Qualified Institutional Buyer of a Note sold in reliance on Rule 144A or a prospective investor who is a Qualified Institutional Buyer designated by such Holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g-3-2(b) under the Exchange Act.

In accordance with the Indenture and the Issuing and Paying Agency Agreement, the Trustee and the Issuing and Paying Agent, as applicable, also will make available for inspection by Holders of the Notes certain reports or communications received from the Issuers.

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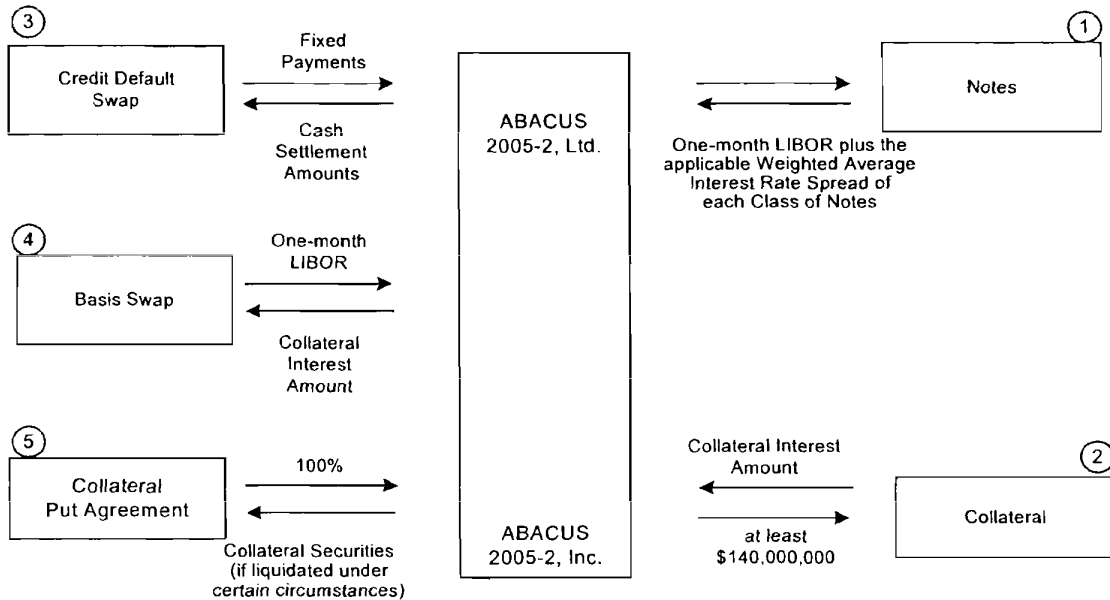
Prior to making an investment decision, prospective investors should ensure that they have sufficient knowledge, experience and access to professional advisors to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes and should carefully consider the nature of the Notes, the matters set forth elsewhere in this Offering Circular and the extent of their exposure to the risks described in "Risk Factors".

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## TRANSACTION OVERVIEW

This overview is not complete and is qualified in its entirety by reference to (i) the detailed information appearing elsewhere in this Offering Circular, (ii) the terms and conditions of the Notes and (iii) the provisions of the documents referred to in this Offering Circular.



- ① On the Closing Date, the Notes (other than the Class A-1 Notes, the Class E Notes and the Class F Notes) will be issued. The Notes of any Class up to the Unissued Class Amount of such Class may be issued from time to time following the Closing Date.
- ② The Issuer will use the net proceeds of the offering of the Notes, together with part or all of the Upfront Payment, to purchase the Initial Collateral Securities and Eligible Investments selected by the Protection Buyer. Such Initial Collateral Securities and Eligible Investments will have an aggregate principal amount of at least \$140,000,000.
- ③ On the Closing Date, the Issuer and Goldman Sachs Capital Markets, L.P., as the Protection Buyer, will enter into the Credit Default Swap whereby the Issuer (a) sells credit protection to the Protection Buyer with respect to a Reference Portfolio of CDO Cashflow Securities, RMBS Securities, CMBS Securities and Asset-Backed Securities and (b) receives from the Protection Buyer (i) an Upfront Payment on the Closing Date and (ii) a Fixed Payment on each Payment Date. Following the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement, the Issuer will pay to the Protection Buyer an amount equal to the Cash Settlement Amount.
- ④ On the Closing Date, the Issuer and Goldman Sachs Mitsui Marine Derivative Products, L.P., as the Basis Swap Counterparty, will enter into the Basis Swap whereby the Issuer (a) pays to the Basis Swap Counterparty any Collateral Interest Amount and (b) receives an amount from the Basis Swap Counterparty equal to the product of (i) the average daily Aggregate Outstanding Amount of the Notes during the related period, (ii) one-month LIBOR and (iii) the actual number of days in the related period divided by 360.
- ⑤ On the Closing Date, the Issuer and Goldman Sachs International, as the Collateral Put Provider, will enter into the Collateral Put Agreement whereby the Issuer will have the right to put a Collateral Security to the Collateral Put Provider in return for a payment of 100% of the principal amount of such Collateral Security if it cannot be liquidated at a price of at least 100% in connection with (i) the payment by the Issuer to the applicable Noteholders of any Amortization Adjustment Amount and/or Recovery Adjustment Amount and/or (ii) an Optional Redemption or a Partial Optional Redemption.

## SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular. For a discussion of certain factors to be considered in connection with an investment in the Notes, see "Risk Factors".

Capitalized terms used herein but not defined shall have the meanings set forth under "Glossary of Defined Terms".

**The Issuers** ..... ABACUS 2005-2, Ltd. (the "**Issuer**"), a company incorporated under the laws of the Cayman Islands for the sole purpose of issuing the Notes, acquiring the Collateral, entering into the Credit Default Swap, the Basis Swap and the Collateral Put Agreement and engaging in certain related transactions.

The Issuer will not have any material assets other than (i) the Collateral, (ii) its rights under the Credit Default Swap, the Basis Swap and the Collateral Put Agreement and (iii) certain other assets.

ABACUS 2005-2, Inc. (the "**Co-Issuer**" and, together with the Issuer, the "**Issuers**"), a company incorporated under the laws of the State of Delaware for the sole purpose of co-issuing the Co-Issued Notes.

The Co-Issuer will not have any assets (other than \$10 of equity capital) and will not pledge any assets to secure the Notes. The Co-Issuer will have no claim against the Issuer in respect of the Issuer Assets.

The authorized share capital of the Issuer consists of 250 ordinary shares, par value \$1.00 per share (the "**Issuer Ordinary Shares**"), 250 of which will be issued on or prior to the Closing Date. The Issuer Ordinary Shares that have been issued and the common stock of the Co-Issuer will be held by Maples Finance Limited, a licensed trust company incorporated in the Cayman Islands and any successor thereto (the "**Administrator**"), as the trustee pursuant to the terms of a charitable trust (the "**Share Trustee**").

## Notes Offered

Class Designation	A-1	A-2	A-3	B	C	D	E	F
Original Principal Amount <sup>1</sup>	\$0	\$40,000,000	\$20,000,000	\$39,375,000	\$28,125,000	\$12,500,000	\$0	\$0
Maximum Issuable Amount	\$72,500,000	\$40,000,000	\$20,000,000	\$39,375,000	\$28,125,000	\$12,500,000	\$21,875,000	\$15,625,000
Stated Maturity	March 28, 2045							
Average Life (in years) <sup>2</sup>	7.4	7.5	7.6	7.7	7.8	7.9	11.3	12.7
Minimum Denomination (Integral Multiples):								
Rule 144A	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)	\$250,000 (\$1,000)
Reg S	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)	\$100,000 (\$1,000)
Applicable Investment Company Act of 1940 Exemption	3(c)(7)							
Initial Ratings:								
S&P	AAA	AAA	AAA	AA-	A	BBB	BB	NR
Moody's	Aaa	Aa1	Aa2	Aa3	A2	Baa2	Ba2	NR
Deferred Interest	No	No	No	No	No			
Pricing Date	May 25, 2005							
Closing Date	June 7, 2005							
Issue Price	The Notes will be offered for sale from time to time in negotiated transactions, or otherwise, at various prices to be determined at the time of such sale							
Note Interest Rate for series issued on Closing Date <sup>3</sup>		LIBOR + 0.70%	LIBOR + 0.85%	LIBOR + 1.15%	LIBOR + 1.60%	LIBOR + 3.50%		
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating
Interest Accrual Period	Each period from and including the preceding Payment Date (or, the Closing Date, with respect to the first Payment Date) to but excluding the current Payment Date (or, in the case of the Payment Date preceding the Stated Maturity, to but excluding the Stated Maturity)							
Payment Date	On the 28 <sup>th</sup> calendar day of each month (or if such day is not a Business Day, the next succeeding Business Day) and at Stated Maturity							
First Payment Date	June 28, 2005							
Record Date	15 days prior to the applicable Payment Date							
Frequency of Payments	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360
Co-Issued Notes or Issuer Notes	Co-Issued Notes	Co-Issued Notes	Co-Issued Notes	Co-Issued Notes	Co-Issued Notes	Issuer Notes	Issuer Notes	Issuer Notes
Form of Notes:								
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
CUSIPS Rule 144A	00256JAA7	00256JAB5	00256JAC3	00256JAD1	00256JAE9	00256HAA1	00256HAB9	00256HAC7
CUSIPS Reg S	G0010PAA3	G0010PAB1	G0010PAC9	G0010PAD7	G0010PAE5	G0010MAA0	G0010MAB8	G0010MAC6
ISIN Reg S	USG0010PAA33	USG0010PAB16	USG0010PAC98	USG0010PAD71	USG0010PAE54	USG0010MAA02	USG0010MAB84	USG0010MAC67
Clearing Method:								
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	DTC	DTC
Reg S	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream
Certificated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> No Class A-1 Notes, Class E Notes or Class F Notes will be issued on the Closing Date. Pursuant to the Indenture (in the case of the Co-Issued Notes) and the Issuing and Paying Agency Agreement (in the case of the Issuer Notes), the Notes of any Class may be issued from time to time following the Closing Date; provided, however, that the Additional Issuance Principal Amount related to an additional issuance of any such Class of Notes following the Closing Date shall not be greater than the Unissued Class Amount of such Class immediately prior to such additional issuance. See "Description of the Notes—The Indenture—Additional Issuance" and "The Issuing and Paying Agency Agreement—Additional Issuance."

<sup>2</sup> Under a hypothetical scenario in which (i) each Reference Obligation will make a repayment of principal in full on a single date corresponding to the projected weighted average life of such Reference Obligation determined on the basis of a 30/360 day-count convention, whether or not such date falls on a Business Day or a Payment Date, (ii) principal payments on the Notes will occur on Payment Dates in accordance with the applicable cut-off dates, (iii) any principal received on one or more Reference Obligations prior to the end of the Notional Reinvestment Period will be reinvested in a hypothetical replacement Reference Obligation with a weighted average life of 66 months from the time of assumed inclusion in the Reference Portfolio, (iv) the Notes will be repaid in accordance with the Priority of Payments, (v) the Notes will be repaid in accordance with the Modified Sequential Paydown Sequence and (vi) no losses will be incurred with respect to the Reference Portfolio. The assumptions set forth above are not predictive or a forecast, nor do they necessarily reflect historical performance and defaults.

<sup>3</sup> The Note Interest Rate with respect to any series of a Class will be determined at the time of issuance of such Class. The Note Interest Rate with respect to different series of a Class may vary. See "Additional Issuance" herein.

**The Issuer Notes** .....

The Issuer Notes will be issued in accordance with one or more deeds of covenant (each, a "**Deed of Covenant**") and will be subject to the Issuing and Paying Agency Agreement, dated as of the Closing Date including the terms and conditions of such Notes contained therein (the "**Issuing and Paying Agency Agreement**"), between the Issuer and LaSalle Bank National Association, as Issuing and Paying Agent (in such capacity, the "**Issuing and Paying Agent**"). See "Description of Notes—The Issuing and Paying Agency Agreement".

**Status and Subordination** .....

The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer. (i) On each Payment Date and (ii) any other Business Day on which Recovery Adjustment Amounts, Amortization Adjustment Amounts and/or ICE Interest Reimbursement Amounts are paid by the Issuer to the Noteholders, the Class A-1 Notes will be senior in right of payment to the Class A-2 Notes, the Class A-2 Notes will be senior in right of payment to the Class A-3 Notes, the Class A-3 Notes will be senior in right of payment to the Class B Notes, the Class B Notes will be senior in right of payment to the Class C Notes, the Class C Notes will be senior in right of payment to the Class D Notes, the Class D Notes will be senior in right of payment to the Class E Notes and the Class E Notes will be senior in right of payment to the Class F Notes.

**Use of Proceeds** .....

The aggregate net proceeds of the offering of the Notes are expected to equal approximately \$140,000,000. The Issuer will use such net proceeds, together with part or all of the Upfront Payment, to purchase Collateral Securities and Eligible Investments that will have an aggregate principal amount of at least \$140,000,000.

**Distributions of Interest Proceeds** .....

Interest Proceeds will be distributable monthly to Holders of the Notes in accordance with the Priority of Payments. See "Description of the Notes—Priority of Payments".

**Non-Call Period** .....

The period from the Closing Date to and including the Business Day immediately preceding the June 2008 Payment Date (the "**Non-Call Period**").

After the Non-Call Period, the Notes will be redeemed in full at the option of the Protection Buyer if the Protection Buyer elects to terminate the Credit Default Swap prior to the Scheduled Termination Date and certain conditions are satisfied. See "Description of the Notes—Optional Redemption and Partial Optional Redemption", "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date and Mandatory Redemption Date" and "The Credit Default Swap—Credit Default Swap Early Termination—Credit Default Swap Termination Events".

After the Non-Call Period, one or more Classes of Notes may be redeemed in full if the Protection Buyer, in its sole discretion, elects to redeem such Classes prior to the Stated Maturity and certain conditions are satisfied. See "Description of the Notes—Optional Redemption and Partial Optional Redemption", "Description of the Notes—Priority of Payments—Principal Proceeds—Other Payment Dates" and "The Credit Default Swap— Payments—Payment on a Partial Optional Redemption Date".

**Principal Payments  
on the Notes** .....

The following table sets forth the general circumstances and dates upon which Holders of the Notes will receive principal payments on their Notes prior to the Stated Maturity:

<b>Event</b>	<b>Eligible Payment Date</b>	<b>Amounts Payable in accordance with the Priority of Payments</b>
Payment of Amortization Adjustment Amounts	Any Business Day after the Notional Reinvestment Period	Amortization Adjustment Amounts
Payment of Recovery Adjustment Amounts	Any Business Day	Recovery Adjustment Amounts
Optional Redemption due to an optional termination of the Credit Default Swap by the Protection Buyer	Any Payment Date after the Non-Call Period	Aggregate Outstanding Amount plus, if the consent of each Holder of a Reversible Writedown Class has not been obtained, with respect to each such Reversible Writedown Class, the Optional Redemption Reimbursement Amount
Partial Optional Redemption due to the election by the Protection Buyer to redeem one or more Classes of Notes in full	Any Payment Date after the Non-Call Period	Aggregate Outstanding Amount of such Class of Notes plus, if such Class is a Reversible Writedown Class and if the consent of each Holder of such Class has not been obtained, the Optional Redemption Reimbursement Amount for such Class



Event	Eligible Payment Date	Amounts Payable in accordance with the Priority of Payments
Mandatory Redemption (other than a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party or (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party, for which there would be insufficient liquidation proceeds to pay (a) items (i) through (iii) of the Priority of Payments and (b) with respect to each of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes, the Aggregate Outstanding Amount of such Class of Notes and accrued interest thereon (if any))	Any Business Day	Principal Proceeds
Mandatory Redemption (other than as described above)	Any Business Day	Principal Proceeds and/or delivery of Collateral Securities subject to Special Termination Liquidation Procedure

See "Description of the Notes—Principal", "—Optional Redemption and Partial Optional Redemption", "—Mandatory Redemption", "—Priority of Payments" and "—The Indenture—Events of Default".

**Decrease in the Class Notional Amount of each Class of Notes .....**

The Class Notional Amount of each Class of Notes will be decreased by an amount equal to, if greater than zero:

- (i) on each Credit Default Swap Settlement Date, (i) the aggregate Loss Amount determined on the related Credit Default Swap Calculation Date *less* (ii) the Class Notional Amount of any Class of Notes that is subordinated to such Class immediately prior to such determination (such amount, the "**Unscaled Credit Event Adjustment Amount**");
- (ii) on each Credit Default Swap Settlement Date, (i) the aggregate Reference Obligation Recovery Amount determined on the related Credit Default Swap Calculation Date *less* (ii) the sum of (1) the Super Senior Notional Amount immediately prior to such determination and (2) the Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to such

determination (such amount, the "**Unscaled Recovery Adjustment Amount**"); and

- (iii) after the Notional Reinvestment Period, (1) if the Modified Sequential Paydown Sequence Requirements would be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence, the sum of (X) the lesser of (A) after giving effect to any projected amortization of the Super Senior Notional Amount and the Class Notional Amount of any Class of Notes senior to such Class in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence, the notional amount required to maintain the Actual Super Senior Notional Overcollateralization Ratio and the Actual Class Notional Overcollateralization Ratio with respect to any Class of Notes that is senior to such Class and reduce the Class Notional Amount of such Class of Notes to the extent necessary to cause the Actual Class Notional Overcollateralization Ratio with respect to such Class of Notes to equal the Required Class Notional Overcollateralization Ratio with respect to such Class of Notes and (B) the difference between (I) the aggregate Reference Obligation Amortization Amount determined on such date and (II) the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of any Class of Notes that is senior to such Class in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence on such date and (Y) (a) the aggregate Reference Obligation Amortization Amount determined on such date less (b) the sum of (I) the reductions determined in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence on such date, (II) the Super Senior Notional Amount immediately prior to the determination made in subclause (iii) of the Modified Sequential Paydown Sequence and (III) the Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to the determination made in subclause (iii) of the Modified Sequential Paydown Sequence or (2) if the Modified Sequential Paydown Sequence Requirements would not be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with the Modified Sequential Paydown Sequence, (A) the aggregate Reference Obligation Amortization Amount determined on such date less (B) the sum of (I) the Super Senior Notional Amount immediately prior to such determination and (II) the Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to such determination (such amount, the "**Unscaled Amortization Adjustment Amount**").

On any date of determination, increases and decreases to the Class Notional Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Recovery

Amount (if any), (iii) aggregate Reference Obligation Amortization Amount (if any) and (iv) aggregate Write-up Amount (if any).

See "Description of Notes—Principal".

**Increase in the Class  
Notional Amount of each  
Class of Notes .....**

The Class Notional Amount of each Class of Notes will be increased on a day that the Issuer receives any Principal Reimbursement Amount from the Protection Buyer, by an amount equal to, if greater than zero, the Write-up Amount *less* the sum of (A) the ICE Super Senior Differential and (B) the sum of the ICE Class Notional Amount Differentials for the Classes of Notes that are senior to such Class (such amount, the **"Unscaled Principal Reimbursement Amount"**); *provided* that the Class Notional Amount of each Class of Notes may only be increased by an amount less than or equal to the ICE Class Notional Amount Differential of such Class.

See "Description of Notes—Principal".

**Decrease in the Aggregate  
Outstanding Amount of each  
Class of Notes .....**

The Aggregate Outstanding Amount of each Class of Notes will be decreased by an amount equal to, if greater than zero:

- (i) on each Credit Default Swap Settlement Date, without paying any principal on such Class of Notes, the product of (a) the Unscaled Credit Event Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (i), the **"Credit Event Adjustment Amount"**);
- (ii) on each Credit Default Swap Settlement Date, a payment of principal representing the product of (a) the Unscaled Recovery Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (ii), the **"Recovery Adjustment Amount"**);
- (iii) after the Notional Reinvestment Period, on the Business Day on which any principal is paid on one or more Reference Obligations or the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), a payment of principal representing the product of (a) the Unscaled Amortization Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (iii), the **"Amortization Adjustment Amount"**); and
- (iv) on a Partial Optional Redemption Date, after giving effect to clauses (i) through (iii) above, with respect to a Class of Notes which is redeemed in full on such date in connection with a Partial Optional Redemption, a payment of principal representing the principal amount of such Class of Notes redeemed in connection with such Partial Optional Redemption Date.

On any date of determination, increases and decreases to the Aggregate Outstanding Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Recovery Amount (if any), (iii) aggregate Reference Obligation Amortization Amount (if any) and (iv) aggregate Write-up Amount (if any).

See "Description of Notes—Principal".

**Increase in the Aggregate  
Outstanding Amount of each  
Class of Notes .....**

The Aggregate Outstanding Amount of each Class of Notes will be increased by an amount equal to:

- (i) if greater than zero, on a day that the Issuer receives any Principal Reimbursement Amount from the Protection Buyer (such amount to be invested in Collateral Securities, or pending such investment, in Eligible Investments, as described under "—The Collateral Securities—Purchase of Supplemental Collateral Securities"), the product of (a) the Unscaled Principal Reimbursement Amount and (b) the Note Scaling Factor with respect to such Class of Notes (such amount, the "**Principal Reimbursement Amount**"); *provided* that the Aggregate Outstanding Amount of each Class of Notes may only be increased by an amount less than or equal to the ICE Aggregate Outstanding Amount Differential of such Class; and
- (ii) on any day on which additional Notes of such Class are issued, the amount of such additional issuance.

See "Description of Notes—Principal".

**Decrease in the Unissued  
Class Amount of each Class  
of Notes .....**

The Unissued Class Amount of each Class of Notes will be decreased by an amount equal to, if greater than zero:

- (i) on each Credit Default Swap Settlement Date, without paying any principal on such Class of Notes, the product of (a) the Unscaled Credit Event Adjustment Amount with respect to such Class of Notes and (b) one minus the Note Scaling Factor (such amount determined under this subclause (i), the "**Unissued Credit Event Adjustment Amount**");
- (ii) on each Credit Default Swap Settlement Date, without paying any principal on such Class of Notes, the product of (a) the Unscaled Recovery Adjustment Amount with respect to such Class of Notes and (b) one minus the Note Scaling Factor (such amount determined under this subclause (ii), the "**Unissued Recovery Adjustment Amount**");
- (iii) after the Notional Reinvestment Period, on the Business Day on which any principal is paid on one or more Reference

Obligations on the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), without paying any principal on such Class of Notes, the product of (a) the Unscaled Amortization Adjustment Amount with respect to such Class of Notes and (b) one minus the Note Scaling Factor (such amount determined under this subclause (iii), the "**Unissued Amortization Adjustment Amount**"); and

- (iv) on any day on which additional Notes of such Class are issued, by the amount of such additional issuance.

On any date of determination, increases and decreases to the Unissued Class Amount of any Class of Notes will be determined by giving effect, in the following order, to the (a) aggregate Loss Amount (if any), (b) aggregate Reference Obligation Recovery Amount (if any), (c) aggregate Reference Obligation Amortization Amount (if any) and (d) aggregate Write-up Amount (if any).

**Increase in the Unissued Class Amount of each Class of Notes** .....

The Unissued Class Amount of each Class of Notes will be increased by an amount equal to, if greater than zero,

- (i) on a day that the Issuer receives any Principal Reimbursement Amount from the Protection Buyer, an amount equal to the product of: (a) the Unscaled Principal Reimbursement Amount with respect to such Class of Notes and (b) one minus the Note Scaling Factor (such amount, the "**Unissued Principal Reimbursement Amount**"); *provided* that the Unissued Class Amount of each Class of Notes may only be increased by an amount less than or equal to the ICE Unissued Class Amount Differential of such Class; and
- (ii) on a Partial Optional Redemption Date, with respect to a Class of Notes which is redeemed in full on such date in connection with a Partial Optional Redemption, the principal amount of such Class of Notes redeemed in connection with such Partial Optional Redemption.

**Cancellation of Notes** .....

A Class of Notes will be deemed to be cancelled and no longer Outstanding on the date that the ICE Class Notional Amount of such Class has been reduced to zero.

**The Credit Default Swap**

**Credit Default Swap** .....

On or prior to the Closing Date, the Issuer will enter into a credit default swap transaction (the "**Credit Default Swap**") with Goldman Sachs Capital Markets, L.P. (in such capacity, the "**Protection Buyer**") pursuant to which the Issuer will sell credit protection to the Protection Buyer with respect to a portfolio of Reference Obligations consisting of CDO Cashflow Securities, RMBS Securities, CMBS Securities and Asset-Backed Securities.

**Documentation**.....

The Credit Default Swap will be documented by a confirmation that will be governed by, form part of and be subject to a 1992 Master Agreement (Multicurrency-Cross Border) (the "**ISDA Master Agreement**") published by the *International Swaps and Derivatives Association, Inc. ("ISDA")*, and Schedule thereto. The definitions and provisions of the ISDA Credit Derivatives Definitions will be incorporated into the Credit Default Swap by reference, subject to certain amendments as set out in the Credit Default Swap. The Credit Default Swap will be governed by New York law.

**Credit Default Swap**

**Notional Amount**.....

On the Closing Date, the notional amount of the Credit Default Swap (the "**Credit Default Swap Notional Amount**") will be \$250,000,000.

Following the Closing Date, the Credit Default Swap Notional Amount will be:

- (i) on each Credit Default Swap Settlement Date:
  - (a) decreased by an amount equal to the sum of the Unscaled Credit Event Adjustment Amounts determined in relation to such Credit Default Swap Settlement Date;
  - (b) decreased by an amount equal to the sum of the Unscaled Recovery Adjustment Amounts determined in relation to such Credit Default Swap Settlement Date;
- (ii) after the Notional Reinvestment Period, decreased on each Business Day on which any principal is paid on one or more Reference Obligation(s) or the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), by the sum of the related Unscaled Amortization Adjustment Amounts; and
- (iii) increased on each Business Day on which any Principal Reimbursement Amounts are paid to the Issuer by the Protection Buyer, by an amount equal to the sum of the Unscaled Principal Reimbursement Amounts determined on such date.

On any date of determination, increases and decreases to the Credit Default Swap Notional Amount will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Recovery Amount (if any), (iii) aggregate Reference Obligation Amortization Amount (if any) and (iv) aggregate Write-up Amount (if any).

**Reference Portfolio**.....

On the Closing Date, it is expected that the Credit Default Swap will reference 100 Reference Obligations (collectively, and

together with any Replacement Reference Obligations, the "Reference Portfolio"), of which it is expected that 20 will be Interim Reference Obligations, comprising 20% of the Initial Reference Portfolio Notional Amount. See Schedule A and "— Modifications of the Reference Portfolio".

The "Reference Obligation Notional Amount" of (i) a Dollar denominated Reference Obligation is the notional amount of such Reference Obligation as recorded in the Reference Obligation Registry and (ii) a Reference Obligation denominated in a currency other than Dollars will be the product of (a) the notional amount of such Reference Obligation denominated in such other currency as recorded in the Reference Obligation Registry and (b) its Notional Foreign Exchange Rate.

The Protection Buyer is not required to have any credit exposure to any Reference Entity or any Reference Obligation.

With respect to Reference Obligations denominated in currencies other than Dollars, for purposes of calculating (i) the Reference Obligation Notional Amount, (ii) any Reference Obligation Amortization Amount, (iii) any Loss Amount and (iv) any Principal Reimbursement Amount, the Notional Foreign Exchange Rate for such Reference Obligation, determined at the time such Reference Obligation is included in the Reference Portfolio, will be applied in accordance with the definitions of such amounts.

**Characteristics and Description  
of the Initial Reference  
Portfolio .....**

See Schedule A.

**Notional Reinvestment Period ...**

The period from the Closing Date to and including the Business Day immediately preceding the June 2009 Payment Date.

**Modifications of the  
Reference Portfolio .....**

During the Notional Reinvestment Period, subject to the satisfaction of the Replacement Reference Obligation Eligibility Criteria, the Reference Portfolio Profile Constraints and the Replacement Reference Obligation Notional Constraints (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent):

- (i) upon the redemption or amortization, in whole or in part, of a Reference Obligation (an "**Amortized Reference Obligation**", and the principal amount of such redemption or amortization (or, if such Amortized Reference Obligation is not denominated in Dollars, the product of (a) the principal amount of such redemption or amortization denominated in such other currency and (b) the applicable Notional Foreign Exchange Rate), the "**Reference Obligation Amortization Amount**"), the Protection Buyer may, in its sole discretion, at any time during the Notional

Reinvestment Period, select one or more Replacement Reference Obligations for inclusion in the Reference Portfolio; and

- (ii) the Protection Buyer may, in its sole discretion, select one or more Reference Obligations (each such Reference Obligation, a "**Substituted Reference Obligation**" and the Reference Obligation Notional Amount of any such Substituted Reference Obligation, the "**Reference Obligation Substitution Amount**") to be removed from the Reference Portfolio and, on the same day of such removal, substitute one or more Replacement Reference Obligations for inclusion in the Reference Portfolio, subject to the following limitations (the "**Substitution Limitations**"):
  - (a) during the period from the Closing Date to and including the Business Day immediately preceding the Payment Date in December 2005, each Interim Reference Obligation may be substituted for one or more Replacement Reference Obligations;
  - (b) during the period from the Closing Date to and including the Business Day immediately preceding the Payment Date in June 2006, Reference Obligations that are not Interim Reference Obligations may be substituted for one or more Replacement Reference Obligations for so long as the aggregate Reference Obligation Substitution Amount corresponding to such Reference Obligations shall not exceed 25.0% of the Initial Reference Portfolio Notional Amount;
  - (c) during each of the three succeeding periods of twelve months commencing on the Payment Date in June 2006, Reference Obligations may be substituted for one or more Replacement Reference Obligations for so long as the aggregate Reference Obligation Substitution Amount during such twelve month period shall not exceed 15.0% of the Initial Reference Portfolio Notional Amount; or
  - (d) if any of the limitations described in subclauses (b) or (c) above cannot be satisfied, Reference Obligations may be substituted for one or more Replacement Reference Obligations as follows:
    - (i) at the request of the Protection Buyer, the Trustee or the Issuing and Paying Agent, as applicable, will transmit a notice of such proposed substitution to each Noteholder, which notice shall request such Noteholder to notify the Trustee or the Issuing and Paying Agent, as applicable, upon receipt of such notice;



- (ii) if, within 5 Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the Trustee or the Issuing and Paying Agent, as applicable, has not received confirmation from each Noteholder that it has received such notice, the Trustee or the Issuing and Paying Agent, as applicable, will redeliver such notice to any Noteholder that has not confirmed receipt of such notice; and
- (iii) within 10 Business Days of the initial delivery of such notice by the Trustee, or the Issuing and Paying Agent, as applicable, the proposed substitution is not opposed by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class.

At any time, a Noteholder may notify the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it will, effective immediately, oppose all requests for substitutions pursuant to subclause (d) of the preceding paragraph (any such notice, a "**Substitution Veto Notice**"). Any such Substitution Veto Notice will remain in effect for all proposed substitutions pursuant to subclause (d) of the preceding paragraph until such time that such Noteholder has notified the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it is canceling the Substitution Veto Notice previously delivered by such Noteholder (any such notice, a "**Substitution Veto Cancellation Notice**"). However, at any time after such Noteholder has delivered a Substitution Veto Notice but prior to such time that such Noteholder has cancelled such Substitution Veto Notice by delivering a Substitution Veto Cancellation Notice to the Trustee or the Issuing and Paying Agent, as applicable, such Noteholder may consent to a particular substitution by notifying the Trustee or the Issuing and Paying Agent, as applicable, that it does not oppose such proposed substitution. For the avoidance of doubt, any notification provided with respect to the immediately preceding sentence will not be deemed a Substitution Veto Cancellation Notice. For the further avoidance of doubt, any Noteholder who has previously submitted to the Trustee or the Issuing and Paying Agent, as applicable, a Substitution Veto Cancellation Notice may subsequently deliver to the Trustee or the Issuing and Paying Agent, as applicable, another Substitution Veto Notice.

Notwithstanding anything herein to the contrary, if the ratings assigned to the Notes by Moody's as of the Closing Date have been reduced by two or more subcategories (in the case of the Class C Notes, the Class D Notes and the Class E Notes) or by one or more subcategories (in the case of the Class A-1 Notes,

the Class A-2 Notes, the Class A-3 Notes and the Class B Notes) since the Closing Date or withdrawn by Moody's (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded or reinstated any such reduced or withdrawn rating to at least the initial rating in effect as of the Closing Date in the case of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes and to at least one subcategory below the initial rating in effect as of the Closing Date in the case of the Class C Notes, the Class D Notes and the Class E Notes), the Protection Buyer may not substitute one or more Replacement Reference Obligations for inclusion in the Reference Portfolio unless the Moody's Rating Condition is satisfied.

Following the Notional Reinvestment Period, the Reference Portfolio will become static and no Replacement Reference Obligation may be included in the Reference Portfolio.

<b>Credit Events</b> .....	<p>The following Credit Events (each a "<b>Credit Event</b>") shall apply with respect to the Reference Obligations:</p> <ul style="list-style-type: none"> <li>(i) Bankruptcy;</li> <li>(ii) Senior Class Default;</li> <li>(iii) Failure to Pay Principal;</li> <li>(iv) Failure to Pay Interest;</li> <li>(v) Downgrade to Default Ratings; <i>provided</i> that such Downgrade to Default Ratings Credit Event shall not be applicable to any Interim Reference Obligation;</li> <li>(vi) Irreversible Writedown;</li> <li>(vii) Material Writedown; or</li> <li>(viii) Interest Deferral.</li> </ul> <p>See "The Credit Default Swap—Credit Events"</p>
<b>Conditions to Settlement</b> .....	The "Conditions to Settlement" will be satisfied upon delivery to the Issuer and the Trustee of a Credit Event Notice and a Notice of Publicly Available Information.
<b>Notifying Party</b> .....	The Protection Buyer.
<b>Credit Default Swap Calculation Agent</b> .....	Goldman Sachs Capital Markets, L.P. will be the calculation agent (in this capacity the " <b>Credit Default Swap Calculation Agent</b> ") under the Credit Default Swap.
<b>Settlement Method</b> .....	Cash.

**Super Senior Notional Amount ..**

On the Closing Date, the Super Senior Notional Amount will be \$1,000,000,000. Thereafter, the Super Senior Notional Amount will be adjusted from time to time as described under "The Credit Default Swap—Adjustment to the Super Senior Notional Amount".

**Loss Amount.....**

On the Business Day on which the Protection Buyer satisfied the Conditions to Settlement (with respect to Credit Events other than Interest Deferrals), and, with respect to an Interest Deferral, on the date on which the Final Price can first be determined (in each case, a "**Credit Default Swap Calculation Date**"), the Credit Default Swap Calculation Agent will determine the loss amount (a "**Loss Amount**") with respect to the related Credit Event as follows:

- (i) with respect to a Material Writedown:
  - (a) the first time a Reference Obligation suffers a Material Writedown, the Loss Amount will be the cumulative amount of such Writedown Amount; and
  - (b) each subsequent time such Reference Obligation suffers a Material Writedown, the Loss Amount will be an amount equal to the incremental Writedown Amount;
- (ii) with respect to a Failure to Pay Principal, the Loss Amount will be an amount equal to the sum of the amount of unpaid principal allocable to such Reference Obligation plus any unpaid accrued or deferred interest thereon;
- (iii) with respect to a Bankruptcy, a Senior Class Default, a Failure to Pay Interest, a Downgrade to Default Ratings or an Irreversible Writedown, the Loss Amount will be the *product* of (a) the Reference Obligation Notional Amount of the related Reference Obligation and (b) 100% *minus* the Recovery Assumption applicable to such Reference Obligation; and
- (iv) with respect to an Interest Deferral, the Loss Amount will be the sum of (a) the greater of (1) the product of (A) 100% *minus* the Final Price and (B) the Reference Obligation Notional Amount of the related Reference Obligation and (2) zero, and (b) any unpaid accrued or deferred interest thereon;

*provided* that, with respect to a Reference Obligation not denominated in Dollars, the Loss Amount shall equal the product of (a) the Loss Amount denominated in such other currency determined under subclauses (i) through (iv) above and (b) the applicable Notional Foreign Exchange Rate.

**"Final Price"** means, with respect to a Reference Obligation, the price of such Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method.

**"Valuation Method"** means "Highest" as defined in the ISDA Credit Derivatives Definitions.

**"Valuation Date"** means the earlier of (i) 5 Business Days after satisfaction of all Conditions to Settlement and (ii) the Business Day immediately preceding the Credit Default Swap Scheduled Termination Date.

**"Valuation Time"** means, with respect to any Valuation Date, 11:00 a.m. in the principal trading market for the Reference Obligation.

**"Quotation"** means "Quotation" as defined in the ISDA Credit Derivatives Definitions; *provided* that (i) such Quotations shall not include accrued but unpaid interest, (ii) the Credit Default Swap Calculation Agent will be required to solicit at least five bids from Approved Dealers and (iii) the Credit Default Swap Calculation Agent will have no obligation to consult with the Issuer or the Protection Buyer in selecting such Approved Dealers.

**"Quotation Method"** means "Bid" as defined in the ISDA Credit Derivatives Definitions; provided that any such bid quotations must be actionable by the Protection Buyer using either (i) a physical delivery of the Reference Obligation by the Protection Buyer to the party making such bid quotation or (ii) the execution by the Protection Buyer and the party making such bid quotation of a total rate of return swap consistent with the form as documented in Appendix A.

**"Quotation Amount"** means, with respect to any Reference Obligation, the lesser of (i) the Reference Obligation Notional Amount and (ii) \$5,000,000.

**Payment Requirement**..... Solely in the case of Failure to Pay Interest: \$10,000.

In the case of all other Credit Events: \$0.

**Cash Settlement Amount**..... On the fifth Business Day following a Credit Default Swap Calculation Date (a "**Credit Default Swap Settlement Date**"), subject to the provision described in the following paragraph, the Issuer will pay to the Protection Buyer an amount (a "**Cash Settlement Amount**") equal to the sum of any Credit Event Adjustment Amounts that are greater than zero determined on such day.

Pursuant to the terms of the Credit Default Swap, if the liquidation proceeds of Eligible Investments and Collateral Securities would have been sufficient to pay a Cash Settlement Amount had such Collateral Securities been liquidated at a price of at least 100% (instead of a price of below 100%), the Issuer will be deemed to have paid such Cash Settlement Amount in full upon the Protection Buyer's receipt of such liquidation proceeds.

See "The Credit Default Swap—Payments".

**Reimbursement following  
a Material Writedown.....**

If, after the occurrence of a Material Writedown (for which a Loss Amount was calculated), the principal amount of the related Reference Obligation is reinstated, in whole or in part, by the related Reference Entity, the Protection Buyer will pay to the Issuer, no later than the Payment Date following the Due Period in which such reinstatement occurs, an amount equal to the sum of:

- (i) the aggregate of the Principal Reimbursement Amounts determined for each Class of Notes payable on such date; and
- (ii) the aggregate of the ICE Interest Reimbursement Amounts determined for each Class of Notes payable on such date.

**Credit Default Swap  
Early Termination .....**

The Credit Default Swap may be terminated by the Issuer or by the Protection Buyer ("**Credit Default Swap Early Termination**") at the option of the non-defaulting or non-affected party, as applicable, upon the occurrence of a Credit Default Swap Event of Default or a Credit Default Swap Termination Event. Upon the Trustee becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate Outstanding Amount of the Notes, in each case voting as a single class.

See "The Credit Default Swap—Credit Default Swap Early Termination".

**The Collateral Securities**

**The Initial Collateral Securities...**

On the Closing Date, the Issuer will use part of the proceeds of the offering to purchase at least \$140,000,000 principal amount of Collateral Securities and Eligible Investments selected by the Protection Buyer as described in "The Collateral Securities—The Initial Collateral Securities".

**Supplemental Collateral Securities**

**Substitution .....**

Any Noteholder may request that the Issuer substitute one or more Collateral Securities in accordance with the terms of the Indenture.

See "The Collateral Securities—Substitution of Collateral Securities."

**Purchase of Supplemental Collateral Securities** .....

Upon or subsequent to (i) the redemption or amortization, in whole or in part, of a Collateral Security (an "**Amortized Collateral Security**"), and the principal amount of such redemption or amortization, the "**Collateral Security Principal Amount**"), (ii) the additional issuance of Notes from time to time on any Payment Date after the Closing Date (the principal amount of such issuance, the "**Additional Issuance Principal Amount**"), (iii) the receipt of Disposition Proceeds in connection with the liquidation of any principal amount of a Collateral Security in excess of the amount necessary to pay any Cash Settlement Amount, Amortization Adjustment Amount, Recovery Adjustment Amount or in connection with a Partial Optional Redemption (for the avoidance of doubt, excluding any Excess Disposition Proceeds) (such excess principal amount, the "**Excess Principal Amount**") or (iv) the Issuer's receipt of a Principal Reimbursement Amount, the Protection Buyer may, in its sole discretion, direct the Issuer to purchase (and the Issuer shall so purchase) one or more replacement Collateral Securities or additional Collateral Securities (together, the "**Supplemental Collateral Securities**"), as the case may be, subject to (a) the Collateral Security Eligibility Criteria and (b) the Collateral Security Weighted Average Life Test (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent). See "The Collateral Securities—Supplemental Collateral Securities". Pending any such reinvestment, the Issuer will invest the Collateral Security Principal Amount, Additional Issuance Principal Amount, Excess Principal Amount or Principal Reimbursement Amount, as the case may be, in Eligible Investments.

If the Issuer liquidates a Collateral Security in order to pay a Cash Settlement Amount, an Amortization Adjustment Amount, a Recovery Adjustment Amount or in connection with a Partial Optional Redemption, as the case may be, and the Issuer receives Disposition Proceeds in respect of such Collateral Security which exceed 100% of the principal amount of such Collateral Security (the excess proceeds described above, excluding any accrued and unpaid interest, "**Excess Disposition Proceeds**"), the Protection Buyer may, in its sole discretion, direct the Issuer to use such Excess Disposition Proceeds to purchase (and the Issuer shall so purchase) one or more Supplemental Collateral Securities, subject to clauses (vii) through (xi) of the Collateral Security Eligibility Criteria (as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent). See "The Collateral Securities—Supplemental Collateral Securities". Pending any such reinvestment, the Issuer will invest such Excess Disposition Proceeds in Eligible Investments.

**Liquidation of Collateral Securities** .....

The Collateral Securities will only be liquidated in connection with the events described below:

- (i) on a Credit Default Swap Calculation Date, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive a price of at least 100% for such Collateral Securities in any such liquidation, other than in connection with any Collateral Securities purchased with Excess Disposition Proceeds), when added to the proceeds from the liquidation of any Eligible Investments, sufficient to pay the Protection Buyer the Cash Settlement Amount on the related Credit Default Swap Settlement Date;
- (ii) on a Credit Default Swap Calculation Date, if any Recovery Adjustment Amount will be paid to any Noteholders by the Issuer as a payment of principal on the related Credit Default Swap Settlement Date, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive a price of at least 100% for such Collateral Securities in any such liquidation, other than in connection with any Collateral Securities purchased with Excess Disposition Proceeds), when added to the proceeds from the liquidation of any Eligible Investments, sufficient to pay to the applicable Noteholders such Recovery Adjustment Amount on the related Credit Default Swap Settlement Date (*provided* that if the Issuer will not receive a price of at least 100% for a Selected Collateral Security, such Selected Collateral Security (other than a Selected Collateral Security that has been purchased with Excess Disposition Proceeds) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to a price of 100% for such Selected Collateral Security, plus accrued and unpaid interest thereon);
- (iii) following the amortization or redemption of a Reference Obligation after the Notional Reinvestment Period, and no later than one Business Day following notification of the same by the Protection Buyer to the Issuer and the Collateral Disposal Agent (such notification must be delivered to the Protection Buyer no later than the last day of the Due Period in which such amortization or redemption occurred), the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities on or after the Business Day following the day of such notification by the Protection Buyer in an amount (assuming that the Issuer will receive a price of at least 100% for such Collateral Securities in any such liquidation, other than in connection with any Collateral Securities purchased with Excess Disposition Proceeds),

when added to the proceeds from the liquidation of any Eligible Investments, sufficient to pay to the applicable Noteholders the related Amortization Adjustment Amount (*provided* that if the Issuer will not receive a price of at least 100% for a Selected Collateral Security, such Selected Collateral Security (other than a Selected Collateral Security that has been purchased with Excess Disposition Proceeds) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to a price of 100% for such Selected Collateral Security, plus accrued and unpaid interest thereon);

- (iv) after the occurrence and continuation of an Event of Default, if the Trustee is directed to liquidate the Collateral Securities in accordance with the terms of the Indenture, the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities;
- (v) in connection with any Optional Redemption, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities (*provided* that if the Issuer will not receive a price of at least 100% for a Selected Collateral Security, such Selected Collateral Security (other than a Selected Collateral Security that has been purchased with Excess Disposition Proceeds) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to a price of 100% for such Selected Collateral Security, plus accrued and unpaid interest thereon);
- (vi) in connection with any Partial Optional Redemption, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive a price of at least 100% for such Collateral Securities in any such liquidation, other than in connection with any Collateral Securities purchased with Excess Disposition Proceeds), when added to the proceeds from the liquidation of any Eligible Investments, sufficient to pay to the applicable Noteholders the principal amount of the Notes redeemed in connection with such Partial Optional Redemption (*provided* that if the Issuer will not receive a price of at least 100% for a Selected Collateral Security, such Selected Collateral Security (other than a Selected Collateral Security that has been purchased with Excess Disposition Proceeds) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer



of an amount equal to a price of 100% for such Selected Collateral Security, plus accrued and unpaid interest thereon);

- (vii) in connection with a Mandatory Redemption other than a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party or (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities; and
- (viii) in connection with a Mandatory Redemption other than as described in subclause (vii) above, Collateral Securities will be selected for liquidation and/or delivery to Noteholders pursuant to the Special Termination Liquidation Procedure.

**Determinations of Compliance of Reference Obligations and Collateral Securities with the Requirements under the Credit Default Swap.....**

The Credit Default Swap Calculation Agent will supply information and calculations to (i) the Collateral Administrator for use in the Collateral Administrator's confirmation of compliance of the Reference Portfolio or Collateral (after the proposed addition of a Reference Obligation or Collateral Security), as applicable, with any of the Replacement Reference Obligation Eligibility Criteria, the Reference Portfolio Profile Constraints, the Replacement Reference Obligation Notional Constraints, the Collateral Security Eligibility Criteria and the Collateral Security Weighted Average Life Test and satisfaction of the Modified Sequential Paydown Sequence Requirements and (ii) the Trustee for use in the Trustee's confirmation of the BIE Collateral Security Eligibility Criteria.

To the extent there is any difference between any of the Collateral Administrator's or the Trustee's (as the case may be) and the Credit Default Swap Calculation Agent's determination of any of the Replacement Reference Obligation Eligibility Criteria, the Reference Portfolio Profile Constraints, the Replacement Reference Obligation Notional Constraints, the Collateral Security Eligibility Criteria, the Collateral Security Weighted Average Life Test, the Current Market Price or satisfaction of the Modified Sequential Paydown Sequence Requirements, the Collateral Administrator will use commercially reasonable efforts to resolve such difference.

For the avoidance of doubt, the obligations of the Collateral Administrator under the Collateral Administration Agreement are solely the obligations of the Collateral Administrator and not those of the Credit Default Swap Calculation Agent, the Protection Buyer or any of its Affiliates.

## The Basis Swap

**The Basis Swap** ..... On or prior to the Closing Date, the Issuer will enter into a basis swap transaction (the "**Basis Swap**") with Goldman Sachs Mitsui Marine Derivative Products, L.P. (in such capacity, the "**Basis Swap Counterparty**").

**Terms** ..... On each Payment Date, the Issuer will pay to the Basis Swap Counterparty an amount (the "**Basis Swap Payment**") equal to the Collateral Interest Amount.

"**Collateral Interest Amount**" means, with respect to any Payment Date (including the Optional Redemption Date and the Stated Maturity) or the Mandatory Redemption Date, without duplication (i) all interest payments that are scheduled to be paid by obligors of Collateral in accordance with the Underlying Instruments of such Collateral during the preceding Due Period, plus (ii) all amendment and waiver fees, late payment fees, make-whole premiums and other fees that are either (a) scheduled to be paid by obligors of Collateral during the preceding Due Period or (b) obligors of such Collateral have agreed to pay to holders of such Collateral during the preceding Due Period, plus (iii) all accrued and unpaid amounts described in subclause (i) and (ii) above that a buyer of such Collateral has agreed to pay to the Issuer upon the sale of such Collateral during the preceding Due Period, less any Purchased Accrued Interest Amount that the Issuer used in connection with the purchase of a Supplemental Collateral Security during the preceding Due Period, which in each of clauses (i) through (iii) above, for the avoidance of doubt, includes (a) amounts actually received by the Issuer and (b) amounts due and payable to the Issuer but not received by the Issuer.

On each Payment Date, the Basis Swap Counterparty will pay to the Issuer the Monthly Basis Swap Payment.

See "The Basis Swap" and "Description of the Notes—Priority of Payments—Interest Proceeds".

## The Collateral Put Agreement

**The Collateral Put Agreement** ..... On or prior to the Closing Date, the Issuer will enter into a put agreement (the "**Collateral Put Agreement**") with Goldman Sachs International ("**GSI**" or in such capacity, the "**Collateral Put Provider**").

**Terms** ..... With respect to the Issuer's liquidation of Collateral Securities in connection with (i) the payment of any Amortization Adjustment Amount by the Issuer to the applicable Noteholders, (ii) to the payment of any Recovery Adjustment Amount by the Issuer to the applicable Noteholders or (iii) an Optional Redemption or Partial Optional Redemption, if the Collateral Disposal Agent is unable to obtain a price for a Collateral Security equal to at least 100% (excluding any accrued and unpaid interest), the Collateral Disposal Agent will inform the Trustee. The Trustee will then, on

behalf of the Issuer, exercise the Issuer's rights under the Collateral Put Agreement pursuant to which the Trustee will deliver such Collateral Security (other than a Selected Collateral Security that has been purchased with Excess Disposition Proceeds) to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider of an amount equal to a price of 100% for such Collateral Security (plus accrued and unpaid interest).

See "The Collateral Put Agreement".

## The Collateral Disposal Agreement

### The Collateral Disposal Agreement .....

On or prior to the Closing Date, the Issuer will enter into a collateral disposal agreement (the "**Collateral Disposal Agreement**") with Goldman, Sachs & Co. (in such capacity, the "**Collateral Disposal Agent**").

### Terms .....

Pursuant to the terms of the Collateral Disposal Agreement, the Collateral Disposal Agent will (i) subject to subclause (ii) below in connection with any partial liquidation of the portfolio of Collateral Securities, choose the Selected Collateral Securities to be liquidated, (ii) in connection with any liquidation of any Collateral Security, solicit bids on behalf of the Issuer and (iii) in connection with any liquidation of Collateral Securities as described in subclause (vii) under "—The Collateral Securities—Liquidation of Collateral Securities", perform the acts described under "Description of the Notes—Mandatory Redemption", including, but not limited to, those acts described in the Special Termination Liquidation Procedure.

### Additional Issuance .....

No Class A-1 Notes, Class E Notes or Class F Notes will be issued on the Closing Date. The Notes of any Class may be issued from time to time following the Closing Date; provided however that the Additional Issuance Principal Amount related to an additional issuance of Notes with respect to any Class following the Closing Date shall not be greater than the Unissued Class Amount of such Class immediately prior to such additional issuance. See "Description of the Notes—The Indenture—Additional Issuance" and "—The Issuing and Paying Agency Agreement—Additional Issuance".

### Governing Law .....

The Co-Issued Notes, the Indenture, the Issuing and Paying Agency Agreement, the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer Notes, the terms and conditions of the Issuer Notes (as set forth in the Issuing and Paying Agency Agreement) and each Deed of Covenant will be governed by, and construed in accordance with, the laws of the Cayman Islands.

### Listing and Trading .....

There is no established trading market for the Notes. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the *Daily Official List* but there can be no assurance

that such listing will be approved. See "Listing and General Information".

**Tax Status**..... See "Income Tax Considerations".

**ERISA Considerations**..... See "ERISA Considerations".

## RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider, in addition to the matters set forth elsewhere in this Offering Circular, the following factors:

*Limited Liquidity and Restrictions on Transfer.* There is currently no market for the Notes. Although the Initial Purchaser has advised the Issuers that it intends to make a market in the Notes, the Initial Purchaser is not obligated to do so, and any such market-making with respect to the Notes may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Holders of such Notes with liquidity of investment or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold the Notes for an indefinite period of time or until Stated Maturity. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer, the Co-Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees as described herein under "Transfer Restrictions". Such restrictions on the transfer of the Notes may further limit their liquidity. See "Transfer Restrictions". Application has been made to list the Notes on the Irish Stock Exchange but there can be no assurance that such application will be approved.

*Limited Recourse Obligations.* The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer, payable solely from the Issuer Assets pledged by the Issuer to secure the Notes. None of the Noteholders, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent, the Trustee, the Issuing and Paying Agent, the Administrator, the Share Trustee or any affiliates of any of the foregoing or the Issuers' affiliates or any other person or entity will be obligated to make payments on the Notes. Consequently, Holders of the Notes must rely solely on distributions on the Issuer Assets pledged to secure the Notes for the payment of principal and interest thereon. If distributions on the Issuer Assets are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Noteholders, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent, the Trustee, the Issuing and Paying Agent, the Administrator, the Share Trustee or any affiliates of any of the foregoing) will be available for payment of the deficiency and following realization of the Issuer Assets pledged to secure the Notes, the obligations of the Issuers to pay such deficiency shall be extinguished and shall not thereafter revive. Each Holder of a Note by its acceptance of such Note will agree or be deemed to have agreed not to take any action or institute any proceedings against the Issuers under any insolvency law applicable to the Issuers or which would be likely to cause the Issuers to be subject to, or to seek the protection of, any insolvency law applicable to the Issuers, subject to certain limited exceptions.

*Subordination of the Notes.* The rights of the Holders of the Notes with respect to the Issuer Assets will be subject to prior claims of the Trustee, the Issuing and Paying Agent, the Protection Buyer, the Basis Swap Counterparty and the Collateral Put Provider, and may be subject to the claims of any other creditor of the Issuer that is entitled to priority as a matter of law or by virtue of any nonconsensual lien that such creditor has on the Issuer Assets or pursuant to the Priority of Payments.

The Class A-2 Notes are subordinated to the Class A-1 Notes, the Class A-3 Notes are subordinated to the Class A-2 Notes, the Class B Notes are subordinated to the Class A-3 Notes, the Class C Notes are subordinated to the Class B Notes, the Class D Notes are subordinated to the Class C Notes, the Class E Notes are subordinated to the Class D Notes and the Class F Notes are subordinated to the Class E Notes, in each case as described under "Summary—Notes Offered—Status and Subordination". No payments of interest from Interest Proceeds will be made on any Class of Notes on

any Payment Date until current and defaulted interest on the Notes of each Class to which such Class is subordinated has been paid, and no payments of principal will be made on any such Class of Notes (i) on any Payment Date or (ii) any other Business Day on which payments of Recovery Adjustment Amounts and/or Amortization Adjustment Amounts are paid by the Issuer to the Noteholders, until principal of the Notes of each Class to which such Class is subordinated has been paid in accordance with the Priority of Payments described herein. See "Description of the Notes—Priority of Payments".

In addition, if an Event of Default occurs, a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will be entitled to determine the remedies to be exercised under the Indenture including the sale and liquidation of the Collateral in accordance with the procedures set forth in the Indenture. Remedies pursued by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class could be adverse to the interests of the Holders of a particular Class or Classes of Notes. See "Description of the Notes—The Indenture—Events of Default".

*Mandatory Redemption and the Special Termination Liquidation Procedure.* If a Mandatory Redemption occurs and the Special Termination Liquidation Procedure is applied, the Holders of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes voting as a single class will be entitled to determine whether Collateral Securities allocated to such Classes of Notes will be liquidated or delivered to such Noteholders in accordance with the Special Termination Liquidation Procedure. Such determination through voting as a single class could be adverse to the interests of the Holders of the Class A-2 Notes, the Class A-3 Notes and the Class B Notes, as Holders of the Class A-1 Notes may elect to receive Collateral Securities with a market value in excess of the Aggregate Outstanding Amount of the Class A-1 Notes (plus accrued and unpaid interest thereon) rather than have the Collateral Securities allocated to such Classes liquidated, which would allow the Class A-2 Noteholders, the Class A-3 Noteholders and the Class B Noteholders to benefit from the liquidation of such Collateral Securities at a premium. Additionally, such determination through voting as a single class could be adverse to the interests of the Holders of the Class A-3 Notes and the Class B Noteholders, as Holders of the Class A-2 Notes may elect to receive Collateral Securities with a market value in excess of the Aggregate Outstanding Amount of the Class A-2 Notes (plus accrued and unpaid interest thereon) rather than have the Collateral Securities allocated to such Classes liquidated, which would allow the Class A-3 Noteholders and the Class B Noteholders to benefit from the liquidation of such Collateral Securities at a premium. Additionally, such determination through voting as a single class could be adverse to the interests of the Holders of the Class B Noteholders, as Holders of the Class A-3 Notes may elect to receive Collateral Securities with a Market Value in excess of the Aggregate Outstanding Amount of the Class A-3 Notes (plus accrued and unpaid interest thereon) rather than have the Collateral Securities allocated to such Classes liquidated, which would allow the Class B Noteholders to benefit from the liquidation of such Collateral Securities at a premium. See "Description of the Notes—Mandatory Redemption".

*Leverage.* The Aggregate Outstanding Amount of the Notes will be \$140,000,000 on the Closing Date. However, the Reference Portfolio Notional Amount will equal \$1,250,000,000 on the Closing Date, which amount represents the aggregate Reference Obligation Notional Amount on the Closing Date. Through the Credit Default Swap, investors in the Notes will be effectively providing the Protection Buyer loss protection with respect to each Reference Obligation up to the Reference Obligation Notional Amount of such Reference Obligation. Losses incurred will be borne by the Noteholders. Since the Reference Portfolio Notional Amount for the Reference Portfolio exceeds the Aggregate Outstanding Amount of the Notes, investors in the Notes are providing such loss protection to the Protection Buyer on a leveraged basis.

*Volatility.* Because investors in the Notes are providing loss protection to the Protection Buyer on a leveraged basis, the market value of the Notes may be subject to changes that are greater than the changes in market value that might occur to the Reference Portfolio. The market value of the Notes may vary over time and could be significantly less than par (or even zero) in certain circumstances.

*Credit Linkage of the Notes.* The Credit Default Swap will be linked to the credit of the Reference Entities. The amount payable in respect of principal of the Notes will depend upon, among other factors, whether and to the extent Credit Events have occurred under the Credit Default Swap. Under the Credit Default Swap, upon the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement, the Issuer will be obligated to pay the Protection Buyer a Cash Settlement Amount. Any Cash Settlement Amount paid by the Issuer will reduce the Aggregate Outstanding Amount of the Notes (in reverse order of seniority). See "Summary—Notes Offered—Decrease in the Aggregate Outstanding Amount of each Class of Notes". Except in the limited circumstances as described under "Summary—Notes Offered—Increase in the Aggregate Outstanding Amount of each Class of Notes", a decrease in the Aggregate Outstanding Amount of the Notes will be permanent and irreversible and the Noteholders will never receive a payment of principal in the amount of such decrease and from and after the date of such decrease, no interest will accrue on the amount of such decrease. Payment of principal in accordance with the Modified Sequential Paydown Sequence may cause principal of a Class of Notes to be paid prior to the payment in full of Classes of Notes senior to such Class, therefore reducing the subordination available to any such senior Classes. See "—Subordination of the Notes" and "Description of the Notes—Priority of Payments".

*Cash Available to Make Payments on the Notes.* The ability of the Issuer to make payments on the Notes will depend primarily on several factors. To the extent (i) one or more Credit Events occur, (ii) the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent fails to perform its obligations or (iii) there is a default in payments due in respect of any Collateral, the amount of available cash to make payments on the Notes in accordance with the Priority of Payments will be reduced. In addition, in the event that an Event of Default occurs in respect of the Notes or on the Mandatory Redemption Date, the Issuer may not be able to pay the principal of the Notes as a result of (a) paying unpaid Credit Default Swap Termination Payments, if any, owing to the Protection Buyer, (b) paying unpaid Basis Swap Termination Payments, if any, owing to the Basis Swap Counterparty, (c) amounts owed to the Collateral Put Provider pursuant to the Collateral Put Agreement and (d) the then applicable market value of the Collateral Securities being less than their principal amount. In the case of a Mandatory Redemption, the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

*No Portfolio Adviser; Replacement Reference Obligations.* The Issuer will not retain any portfolio adviser or any other Person acting in a similar capacity. During the Notional Reinvestment Period, the Protection Buyer may, in its sole discretion, (i) upon the redemption or amortization, in whole or in part, of a Reference Obligation, select one or more Replacement Reference Obligations for inclusion in the Reference Portfolio and (ii) select one or more Reference Obligations to be removed from the Reference Portfolio and substitute one or more Replacement Reference Obligations for inclusion in the Reference Portfolio, in each case subject to the Replacement Reference Obligation Eligibility Criteria, the Reference Portfolio Profile Constraints and the Replacement Reference Obligation Notional Constraints and, in the case of (ii) above, the Substitution Limitations. In selecting any Replacement Reference Obligation, the Protection Buyer will not act as a fiduciary to Noteholders, will not consider the interests of the Noteholders and will consider only its own economic or other interest.

*Interest Payments Dependent Primarily upon the Protection Buyer's Performance under the Credit Default Swap and the Basis Swap Counterparty's Performance under the Basis Swap.* Payments made by the Protection Buyer under the Credit Default Swap and payments made by the Basis Swap Counterparty under the Basis Swap are the Issuer's primary sources of funds to make interest payments on the Notes. Since the ability of the Issuer to make interest payments on the Notes prior to the occurrence of a Credit Default Swap Early Termination or a Basis Swap Early Termination will be dependent on its receipt of payments from the Protection Buyer under the Credit Default Swap and the Basis Swap Counterparty under the Basis Swap, the Noteholders are relying on the Protection Buyer to perform its obligations under the Credit Default Swap and the Basis Swap Counterparty to perform its

obligations under the Basis Swap. Accordingly, if a Credit Default Swap Early Termination or a Basis Swap Early Termination occurs prior to a Payment Date, the Issuer may not have sufficient funds to make interest payments on all Classes of Notes.

The insolvency of the Protection Buyer will be a Credit Default Swap Event of Default under the Credit Default Swap. In the event of the insolvency of the Protection Buyer, the Issuer will be treated as a general creditor of the Protection Buyer. Additionally, certain events with respect to a Credit Default Swap Early Termination (which can occur due to the insolvency of the Protection Buyer) will result in a Mandatory Redemption. Upon the occurrence of a Mandatory Redemption, the Trustee will liquidate all or a portion of the Collateral and will make any payments due to the Protection Buyer pursuant to the Credit Default Swap (other than a Protection Buyer Default Termination Payment), the Basis Swap Counterparty pursuant to the Basis Swap (other than a Basis Swap Counterparty Default Termination Payment) and the Collateral Put Provider pursuant to the Collateral Put Agreement prior to making payments to the Noteholders. Under such circumstances, Noteholders may not receive sufficient funds to repay the principal of the Notes and, as a result, Noteholders should expect to lose a substantial part, if not all, of their principal investment in the Notes and to receive no interest on the Notes. In addition, in the case of a Mandatory Redemption, the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

The insolvency of the Basis Swap Counterparty will be a Basis Swap Event of Default under the Basis Swap. In the event of the insolvency of the Basis Swap Counterparty, the Issuer will be treated as a general creditor of the Basis Swap Counterparty. Additionally, certain events with respect to a Basis Swap Early Termination (which can occur due to the insolvency of the Basis Swap Counterparty) will result in a Mandatory Redemption. Upon the occurrence of a Mandatory Redemption, the Trustee will liquidate the Collateral and will make any payments due to the Protection Buyer pursuant to the Credit Default Swap (other than a Protection Buyer Default Termination Payment), the Basis Swap Counterparty pursuant to the Basis Swap (other than a Basis Swap Counterparty Default Termination Payment) and the Collateral Put Provider pursuant to the Collateral Put Agreement prior to making payments to the Noteholders. Under such circumstances, Noteholders may not receive sufficient funds to repay the principal of the Notes and, as a result, Noteholders should expect to lose a substantial part, if not all, of their principal investment in the Notes and to receive no interest on the Notes.

*Collateral Put Provider Default.* In connection with an Optional Redemption, a Partial Optional Redemption or the payment of any Recovery Adjustment Amount or Amortization Adjustment Amount by the Issuer to the Noteholders, if the Collateral Disposal Agent is unable to obtain a price of at least 100% for a Collateral Security (excluding any accrued and unpaid interest), the Collateral Disposal Agent will inform the Trustee, who will then direct the Issuer to exercise the Issuer's rights under the Collateral Put Agreement pursuant to which the Issuer will deliver such Collateral Security to the Collateral Put Provider in exchange for 100% of the principal amount of such Collateral Security (plus accrued and unpaid interest). If a Collateral Put Provider defaults in its obligations under the Collateral Put Agreement, the Collateral Disposal Agent will be required to liquidate the Collateral in an amount which may be insufficient to pay such Recovery Adjustment Amount or Amortization Adjustment Amount or to redeem the Notes in full (in connection with an Optional Redemption) or in part (in connection with a Partial Optional Redemption) or the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

*No Claims on the Reference Entities.* The Credit Default Swap does not constitute a purchase or other acquisition or assignment of any interest in any obligation of any Reference Entity. The Issuer will have a contractual relationship only with the Protection Buyer and not with any Reference Entity, and generally will have no rights to enforce directly compliance by any Reference Entity with the terms of its obligations that are referred to in the Credit Default Swap, no rights of set-off against a Reference Entity, and no voting rights with respect to a Reference Entity. The Issuer will not directly benefit from any



collateral securing the obligations of the Reference Entities, and the Issuer will not have the benefit of the remedies that would normally be available to a holder of such secured obligation.

To the extent that the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates holds any obligation of a Reference Entity, neither the Protection Buyer, the Credit Default Swap Calculation Agent nor any of their affiliates will be, or will be deemed to be acting as, the Issuer's agent or trustee in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates arising under or in connection with its or their holding of any such obligation. None of the Issuer, the Trustee, the Issuing and Paying Agent, nor any Holder of any Note will have any right to acquire from the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates (or to require the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates to transfer, assign or otherwise dispose of) any interest in any Reference Obligation or other obligation of any Reference Entity pursuant to the Credit Default Swap. Furthermore, to the extent that the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates holds any obligation of a Reference Entity, neither the Protection Buyer, the Credit Default Swap Calculation Agent nor any of their affiliates will grant the Issuer, the Trustee or the Issuing and Paying Agent any security interest in such obligation.

In addition, in the event of the bankruptcy or insolvency of the Protection Buyer, the Issuer will be treated as a general creditor of the Protection Buyer and will not have any claim with respect to the Reference Entities. Consequently, the Issuer will be subject to the credit risk of the Protection Buyer as well as that of the Reference Entities.

*Limited Provision of Information about Reference Obligations/Reference Entities.* This Offering Circular does not provide any information with respect to any Reference Obligation or Reference Entity other than that contained in a description of the Reference Portfolio set forth under "The Credit Default Swap—Reference Portfolio". As the occurrence of a Credit Event may result in a permanent decrease in the amounts payable in respect of the Notes, investors should conduct their own investigation and analysis with respect to the creditworthiness of each Reference Obligation and the likelihood of the occurrence of a Credit Event with respect to each Reference Entity and Reference Obligation.

The Protection Buyer or its affiliates may have information, including material, non-public information, regarding the Reference Obligations and the Reference Entities. The Protection Buyer will not provide the Issuer, the Trustee, the Issuing and Paying Agent, any Noteholder or any other Person with any such non-public information. In addition, the Protection Buyer will not provide the Issuer, the Trustee, the Issuing and Paying Agent, any Holder of any Note or any other Person with any such information that is public (including financial information or notices), except in the case of information pertaining to one or more Credit Events with respect to each Reference Entity and one or more Reference Obligations of such Reference Entity in connection with which the Protection Buyer is seeking payment of one or more Loss Amounts.

The Issuer will be required pursuant to the Indenture to provide the Noteholders with periodic reports. See "Description of the Notes—The Indenture—Reports." None of the Initial Purchaser, the Protection Buyer or any of their respective affiliates has any obligation to keep the Issuer, the Trustee, the Issuing and Paying Agent or the Noteholders informed as to any other matters with respect to any Reference Entity or any Reference Obligation, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to a Reference Obligation or a Reference Entity.

None of the Issuer, the Trustee, the Issuing and Paying Agent or the Noteholders will have the right to inspect any records of the Initial Purchaser, the Protection Buyer or any of their respective affiliates. Except for the information contained in this Offering Circular, none of the Initial Purchaser, the Protection Buyer nor any of their respective affiliates will have any obligation to disclose any information or evidence regarding the existence or terms of any obligation of any Reference Entity or any matters arising in relation thereto or otherwise regarding any Reference Entity, any guarantor or any other person.

*Concentration Risk.* The concentration of the Reference Obligations in the Reference Portfolio in any one particular type of Structured Product Security subjects the Notes to a greater degree of risk with respect to credit defaults within such type of Structured Product Security. Investors should review the list of Reference Obligations set forth herein and conduct their own investigation and analysis with regard to each Reference Obligation. See "The Credit Default Swap—Reference Portfolio".

*Collateral Default.* To the extent that defaults occur with respect to any Collateral, a Mandatory Redemption will occur and the Collateral Disposal Agent will be required to liquidate the Collateral Securities. Thereafter, liquidation proceeds will be applied in accordance with "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". Depending on the market value of the remaining Collateral and the value of the Credit Default Swap and the Basis Swap at such time, the proceeds of such liquidation may not be sufficient to pay the unpaid principal of and interest on all of the Notes.

*Assets included in the Reference Portfolio or held as Collateral Securities.* The risks generally described below under Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Cashflow Securities and Asset-Backed Securities could affect payments on the Notes to the extent any such asset is (i) included in the Reference Portfolio as a Reference Obligation and experiences a Credit Event or (ii) held by the Issuer as a Collateral Security and subsequently experiences a Collateral Default.

*Commercial Mortgage-Backed Securities.* The Reference Obligations will include, and the Collateral Securities may include, Commercial Mortgage-Backed Securities.

CMBS bear various risks, including credit, market, interest rate, structural and legal risks. CMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional other retail space, office buildings, industrial or warehouse properties, hotels, rental apartments, self-storage, nursing homes and senior living centers. Risks affecting real estate investments include general economic conditions, the condition of financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The cyclicity and leverage associated with real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments. In addition, commercial mortgage loans generally lack standardized terms, tend to have shorter maturities than residential mortgage loans and may provide for the payment of all or substantially all of the principal only at maturity. Additional risks may be presented by the type and use of a particular commercial property. For instance, commercial properties that operate as hospitals and nursing homes may present special risks to lenders due to the significant governmental regulation of the ownership, operation, maintenance and financing of health care institutions. Hotel and motel properties are often operated pursuant to franchise, management or operating agreements which may be terminable by the franchisor or operator; and the transferability of a hotel's operating, liquor and other licenses upon a transfer of the hotel, whether through purchase or foreclosure, is subject to local law requirements. All of these factors increase the risks involved with commercial real estate lending. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential one-to-four family lending since it typically involves larger loans to a single borrower than residential one-to-four family lending.

Commercial mortgage lenders typically look to the debt service coverage ratio of a loan secured by income-producing property as an important measure of the risk of default on such a loan. Commercial property values and net operating income are subject to volatility, and net operating income may be sufficient or insufficient to cover debt service on the related mortgage loan at any given time. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project rather than upon the liquidation value of the underlying real

estate. Furthermore, the net operating income from and value of any commercial property may be adversely affected by risks generally incident to interests in real property, including events which the borrower or manager of the property, or the issuer or servicer of the related issuance of commercial mortgage-backed securities, may be unable to predict or control, such as changes in general or local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; and social unrest and civil disturbances. The value of commercial real estate is also subject to a number of laws, such as laws regarding environmental clean-up and limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

A commercial property may not readily be converted to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. Thus, if the borrower becomes unable to meet its obligations under the related commercial mortgage loan, the liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses. The exercise of remedies and successful realization of liquidation proceeds may be highly dependent on the performance of CMBS servicers or special servicers, of which there may be a limited number and which may have conflicts of interest in any given situation. The failure of the performance of such CMBS servicers or special servicers could result in cash flow delays and losses on the related issue of CMBS.

At any one time, a portfolio of CMBS may be backed by commercial mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the commercial mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations.

Mortgage loans underlying a CMBS issue may provide for no amortization of principal or may provide for amortization based on a schedule substantially longer than the maturity of the mortgage loan, resulting in a "balloon" payment due at maturity. If the underlying mortgage borrower experiences business problems, or other factors limit refinancing alternatives, such balloon payment mortgages are likely to experience payment delays or even default. As a result, the related issue of CMBS could experience delays in cash flow and losses.

In addition, interest payments on Commercial Mortgage-Backed Securities may be subject to an available funds-cap and/or a weighted average coupon cap (which cap will, in each case, have the practical effect of deferring part or all of such interest payments) if interest rate rises substantially.

*Residential Mortgage-Backed Securities.* The Reference Obligations will include, and the Collateral Securities may include, Residential Mortgage-Backed Securities.

RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one- to four-family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by Agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a

residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations. In addition, the residential mortgage loans may include so-called "jumbo" mortgage loans, having original principal balances that are higher than is generally the case for residential mortgage loans. As a result, such portfolio of RMBS may experience increased losses.

Each underlying residential mortgage loan in an issue of RMBS may have a balloon payment due on its maturity date. Balloon residential mortgage loans involve a greater risk to a lender than self-amortizing loans, because the ability of a borrower to pay such amount will normally depend on its ability to obtain refinancing of the related mortgage loan or sell the related mortgaged property at a price sufficient to permit the borrower to make the balloon payment, which will depend on a number of factors prevailing at the time such refinancing or sale is required, including, without limitation, the strength of the residential real estate markets, tax laws, the financial situation and operating history of the underlying property, interest rates and general economic conditions. If the borrower is unable to make such balloon payment, the related issue of RMBS may experience losses.

In addition, interest payments on Residential Mortgage-Backed Securities may be subject to an available funds-cap and/or a weighted average coupon cap (which cap will, in each case, have the practical effect of deferring part or all of such interest payments) if interest rate rises substantially.

*Structural and Legal Risks of CMBS and RMBS.* Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Violation of certain provisions of these laws, public policies and principles may limit the servicer's ability to collect all or part of the principal or of interest on a residential mortgage loan, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions. Any such violation could result also in cash flow delays and losses on the related issue of RMBS.

In addition, structural and legal risks of CMBS and RMBS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), the assets of the issuer could be treated as never having been truly sold by the originator to the issuer and could be substantively consolidated with those of the originator, or the transfer of such assets to the issuer could be voided as a fraudulent transfer. Challenges based on such doctrines could result also in cash flow delays and losses on the related issue of CMBS or RMBS.

It is not expected that CMBS or RMBS (other than the RMBS Agency Securities) will be guaranteed or insured by any governmental agency or instrumentality or by any other person. Distributions on CMBS and RMBS will depend solely upon the amount and timing of payments and other collections on the related underlying mortgage loans.

Some of the CMBS and RMBS included in the Reference Portfolio or held as Collateral Securities may be subordinated to one or more other senior classes of securities of the same series for purposes of, among other things, offsetting losses and other shortfalls with respect to the related underlying mortgage loans. In addition, in the case of CMBS and certain RMBS, no distributions of principal will generally be made with respect to any class until the aggregate principal balances of the corresponding senior classes

of securities have been reduced to zero. As a result, the subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

*CDO Cashflow Securities.* The Reference Obligations will include, and the Collateral Securities may include, CDO Cashflow Securities. CDO Cashflow Securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer ("**CDO Collateral**") or proceeds thereof. Consequently, CDO Cashflow Securities must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDO Cashflow Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency shall be extinguished.

CDO Cashflow Securities are subject to credit, liquidity and interest rate risks. CDO Collateral may consist of high yield debt securities, loans, structured finance securities and other debt instruments. High yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The below investment grade ratings of high yield securities reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest. Such investments may be speculative.

Issuers of CDO Cashflow Securities may acquire interests in loans and other debt obligations by way of assignment or participation. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution.

CDO Cashflow Securities are subject to interest rate risk. The CDO Collateral of an issuer of CDO Cashflow Securities may bear interest at a fixed (floating) rate while the CDO Cashflow Securities issued by such issuer may bear interest at a floating (fixed) rate. As a result, there could be a floating/fixed rate or basis mismatch between such CDO Cashflow Securities and CDO Collateral which bears interest at a fixed rate and there may be a timing mismatch between the CDO Cashflow Securities and assets that bear interest at a floating rate as the interest rate on such assets bearing interest at a floating rate may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDO Cashflow Securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO Cashflow Securities.

In addition, certain CDO Cashflow Securities may by their terms defer payment of interest or pay interest "in-kind".

*Asset-Backed Securities.* The Reference Obligations may include Asset-Backed Securities, the Initial Collateral Securities may include ABS Credit Card Securities and any Supplemental Collateral Securities may include Asset-Backed Securities. The structure of an Asset-Backed Security and the terms of the investors' interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing, acquiring synthetic exposure through the Credit Default Swap or holding Asset-Backed Securities include the relative seniority or subordination of the class of Asset-Backed Securities, the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents, how credit losses affect the issuing vehicle and the return on the different classes, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the asset-backed instrument) any remaining balance in the accounts may revert to the issuing company and the extent to which the company that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to any of the classes of securities. With respect to some types of Asset-Backed Securities, the

risk is more closely correlated with the default risk on corporate bonds of similar terms and maturities than with the performance of a pool of receivables. In addition, certain Asset-Backed Securities (particularly subordinated Asset-Backed Securities) provide that the non-payment of interest in cash on such securities will not constitute an event of default in certain circumstances and the holders of such securities will not have available to them any associated default remedies.

Holders of Asset-Backed Securities bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral and the issuer's or servicer's failure to perform. These two elements may be related, as, for example, in the case of a servicer which does not provide adequate credit-review scrutiny to the serviced portfolio, leading to higher incidence of defaults. Market risk arises from the cash flow characteristics of the security, which for most Asset-Backed Securities tend to be predictable. The greatest variability in cash flows comes from credit performance, including the presence of wind-down or acceleration features designed to protect the investor in the event that credit losses in the portfolio rise well above expected levels. Interest rate risk arises for the issuer from the relationship between the pricing terms on the underlying collateral and the terms of the rate paid to holders of securities and from the need to mark to market the excess servicing or spread account proceeds carried on the balance sheet. For the holder of the security, interest rate risk depends on the expected life of the Asset-Backed Securities which may depend on prepayments on the underlying assets or the occurrence of wind-down or termination events.

If the servicer becomes subject to financial difficulty or otherwise ceases to be able to carry out its functions, it may be difficult to find other acceptable substitute servicers and cash flow disruptions or losses may occur, particularly with non-standard receivables or receivables originated by private retailers who collect many of the payments at their stores. Structural and legal risks include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), the assets of the Issuer could be treated as never having been truly sold by the originator to the Issuer and could be substantively consolidated with those of the originator, or the transfer of such assets to the issuer could be voided as a fraudulent transfer. Challenges based on such doctrines could result also in cash flow delays and reductions on the Asset-Backed Securities. Other similar risks relate to the degree to which cash flows on the assets of the Issuer may be commingled with those on the originator's other assets.

*Currency Exchange Risk.* The Reference Portfolio may include non-Dollar denominated Reference Obligations. At the time that such non-Dollar denominated Reference Obligation is included in the Reference Portfolio, the Credit Default Swap Calculation Agent will determine the Notional Foreign Exchange Rate with respect to such non-Dollar denominated Reference Obligation. This Notional Foreign Exchange Rate will not change during the time such non-Dollar denominated Reference Obligation is in the Reference Portfolio, and, as such, will protect the Issuer from any unfavorable fluctuation of the applicable currency rate (which would increase the amount of any Cash Settlement Amount, Amortization Adjustment Amount and/or Recovery Adjustment Amount relating to such non-Dollar denominated Reference Obligation). However, because the Notional Foreign Exchange Rate is fixed, the Issuer will not benefit from any favorable fluctuation of the applicable currency exchange rate (which would reduce the amount of any Cash Settlement Amount, Amortization Adjustment Amount and/or Recovery Adjustment Amount relating to such non-Dollar denominated Reference Obligation).

*Average Life and Prepayment Considerations.* The Stated Maturity of each Class of Notes is March 28, 2045; however, the average life of each Class of Notes is expected to be shorter than the number of years until the Stated Maturity.

The approximations of the average life of each Class of Notes set forth in the table in "Summary—Notes Offered" with respect to the average life of each Class of Notes are not predictive and do not necessarily reflect historical performance of the Reference Obligations. Such approximations will also be affected by any Optional Redemption, Partial Optional Redemption, Mandatory Redemption or

the characteristics of the Reference Obligations, including the existence and frequency of exercise of any optional redemption, mandatory prepayment or sinking fund features, the prevailing level of interest rates and the actual default rate.

*Certain Conflicts of Interest.* Various potential and actual conflicts of interest may nevertheless arise from the activities of the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their affiliates. The following, together with "—No Portfolio Adviser; Replacement Reference Obligations" and "—Limited Provision of Information about Reference Obligations/Reference Entities", briefly summarize some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

It is expected that the Initial Purchaser and/or its respective affiliates will have placed or underwritten certain of the Reference Obligations and/or Collateral Securities at original issuance and/or will have provided investment banking services, advisory, banking and other services to issuers of Reference Obligations and/or Collateral Securities. The Initial Purchaser may not have completed its resale of the Notes by any date certain, which may affect the liquidity of the Notes as well as the ability, if any, of the Initial Purchaser to make a market in the Notes. From time to time, the Issuer may purchase or sell Collateral Securities from and/or through Goldman, Sachs & Co. and/or any of its affiliates (collectively, "**Goldman Sachs**"). The Issuer may invest in money market funds that are managed by Goldman Sachs or for which the Trustee or its affiliates provides services, *provided* that such money market funds otherwise qualify as Eligible Investments.

The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and certain of their respective affiliates are acting in a number of capacities in connection with the transactions described herein. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and each of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities, other than as expressly provided with respect to each such capacity. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates in their various capacities may enter into business dealings from which they may derive revenues and profits in addition to the fees stated in the various transaction documents, without any duty to account therefor. In such dealings, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may act in the same manner as if the Notes had not been issued, regardless of whether any such action (including without limitation, any action that might constitute or give rise to a Credit Event) might have an adverse effect on a Reference Entity, a Reference Obligation or any guarantor in respect thereof or otherwise.

The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may hold long or short positions with respect to Reference Obligations and/or other securities or obligations of related Reference Entities and may enter into credit derivative or other derivative transactions with other parties pursuant to which it sells or buys credit protection with respect to one or more related Reference Entities and/or Reference Obligations. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may act with respect to such transactions and may exercise or enforce, or refrain from exercising or enforcing, any or all of its rights and powers in connection therewith as if it had not entered into the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement, and without regard to whether any such action might have an adverse effect on the Issuer, the Noteholders, a related Reference Entity or any Reference Obligation. If the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or their respective affiliates, holds claims against a Reference Entity or a Reference Obligation other than in connection with the transactions



contemplated in this Offering Circular, such party's interest as a creditor may be in conflict with the interests of the Issuer.

*Evolving Nature of the Credit Default Swap Market.* Credit default swaps are relatively new instruments in the market. While ISDA has published and supplemented the ISDA Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit default swap market, the credit default swap market is expected to change and the ISDA Credit Derivatives Definitions and terms applied to credit derivatives are subject to interpretation and further evolution. There can be no assurance that changes to the ISDA Credit Derivatives Definitions and other terms applicable to credit derivatives generally will be predictable or favorable to the Issuer. Amendments or supplements to the ISDA Credit Derivatives Definitions that are published by ISDA will only apply to the Credit Default Swap if the Credit Default Swap is amended. Therefore, in addition to the credit risk of Reference Obligations, Reference Entities and the credit risk of the Protection Buyer, the Issuer is also subject to the risk that the ISDA Credit Derivatives Definitions could be interpreted in a manner that would be adverse to the Issuer or that the credit derivatives market generally may evolve in a manner that would be adverse to the Issuer.

## DESCRIPTION OF THE NOTES

The Co-Issued Notes will be issued pursuant to the Indenture (the "**Indenture**"), dated as of the Closing Date, among the Issuers and LaSalle Bank National Association, as Trustee. The Issuer Notes will be issued in accordance with each Deed of Covenant and will be subject to the Issuing and Paying Agency Agreement including the terms and conditions of such Notes contained therein. The following summary describes certain provisions of the Notes, the Indenture and the Issuing and Paying Agency Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Issuing and Paying Agency Agreement, copies of which may be obtained as described under "Listing and General Information".

### Status and Security

The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer, secured as described below. Accordingly, payments of interest on and principal of the Notes will be made solely from the proceeds of the Issuer Assets, in accordance with the priorities described under "—Priority of Payments" and in certain circumstances described under "—Mandatory Redemption" subject to the Special Liquidation Termination Procedure.

Under the terms of the Indenture, the Issuer will grant to the Trustee, for the benefit of the Secured Parties, a security interest in the Issuer Assets that is of first priority (subject to the Trustee's lien described under "Description of the Notes—The Indenture—Events of Default"), free of any adverse claim or the legal equivalent thereof, as applicable, to secure the Issuers' obligations with respect to the Secured Parties.

### Interest

The Notes will bear interest from the Closing Date at the annual rates set forth under "Summary—Notes Offered", payable, in each case, monthly in arrears on each Payment Date commencing June 28, 2005 and on the Stated Maturity.

Interest will cease to accrue on each Note, or, in the case of a partial repayment, write-down, on such part, from the date of such repayment, write-down, Partial Optional Redemption of such Class or Stated Maturity unless payment of principal is improperly withheld or unless a default is otherwise made with respect to such payments of principal. See "—Principal". To the extent lawful and enforceable, interest on any Defaulted Interest on the Notes will accrue at the interest rate applicable to such Notes, until paid as provided herein.



Interest on the Notes will be calculated on the basis of the actual number of days elapsed in the applicable Interest Accrual Period *divided* by 360, commencing on the Closing Date. In the event that the date of any Payment Date or the Stated Maturity, as the case may be, shall not be a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such Payment Date or the Stated Maturity, as the case may be, and, other than with respect to any Interest Accrual Period for a Class of Notes ending on the Stated Maturity of such Class of Notes, no interest shall accrue on such payment of interest for the period from and after any such nominal date; *provided* that interest shall accrue from and including the immediately preceding Payment Date or, in the case of the first Payment Date, the Closing Date to but excluding the following Payment Date or the Stated Maturity, as applicable.

For purposes of calculating the Note Interest Rates, the Issuers will appoint as calculation agent LaSalle Bank National Association (solely in such capacity, the "**Note Interest Rate Calculation Agent**"). Absent manifest error, the Note Interest Rate Calculation Agent will determine LIBOR based on the determination of the Basis Swap Calculation Agent under the Basis Swap. The Basis Swap Calculation Agent will determine LIBOR in accordance with the provisions set forth under the definition of "LIBOR".

The Note Interest Rate Calculation Agent may be removed by the Issuers at any time. If the Note Interest Rate Calculation Agent is unable or unwilling to act as such or is removed by the Issuers, or if the Note Interest Rate Calculation Agent fails to determine the Note Interest Rates and the Note Interest Amounts for any Interest Accrual Period, the Issuers will promptly appoint as a replacement Note Interest Rate Calculation Agent a leading bank which is engaged in transactions in Eurodollar deposits in the international Eurodollar market and which does not control or is not controlled by or under common control with the Issuers or their Affiliates. The Note Interest Rate Calculation Agent may not resign its duties without a successor having been duly appointed. For so long as any of the Notes remain Outstanding, there will at all times be a Note Interest Rate Calculation Agent for the purpose of calculating the Note Interest Rates. In addition, for so long as any of the Notes are listed on the Irish Stock Exchange and the rules of such Exchange so require, the Issuer will publish in the Irish Stock Exchange's *Daily Official List* notice of the appointment, termination or change in the office of such Note Interest Rate Calculation Agent.

The Note Interest Rate Calculation Agent will cause the Note Interest Rates, the Note Interest Amounts and Payment Date to be communicated to Euroclear, Clearstream and the Irish Stock Exchange (as long as any of the Notes are listed thereon) by the Business Day immediately following each LIBOR Determination Date. The determination of the Note Interest Rates and the Note Interest Amounts by the Note Interest Rate Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

## **Principal**

Principal will not be payable on the Notes prior to the Stated Maturity, except in connection with (i) payment of any Recovery Adjustment Amount and Amortization Adjustment Amount, (ii) an Optional Redemption or Partial Optional Redemption and/or (iii) a Mandatory Redemption. See "**—Optional Redemption and Partial Optional Redemption**", "**—Mandatory Redemption**", "**—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date**" and "**—Priority of Payments—Other Payment Dates**".

The Aggregate Outstanding Amount of each Class of Notes will be adjusted from time to time in accordance with the methodologies described in "**Summary—Decrease in the Aggregate Outstanding Amount of each Class of Notes**" and "**Summary—Increase in the Aggregate Outstanding Amount of each Class of Notes**".

From and after the date on which the Aggregate Outstanding Amount of any Class of Notes is reduced, no interest will accrue with respect to such reduced amount. From and after the date on which the principal amount of any Class of Notes is increased, interest will accrue with respect to such increased amount.

### **Optional Redemption and Partial Optional Redemption**

The Notes will be redeemed in whole on any Payment Date after the Non-Call Period by the Issuer if (i) the Protection Buyer elects to terminate the Credit Default Swap prior to the Scheduled Termination Date (an "**Optional Redemption**") and (ii) the Collateral Put Agreement has not been terminated at such time; *provided, however*, that if one or more Material Writedowns have caused the Aggregate Outstanding Amount of one or more Classes of Notes to be reduced, (i) Noteholders of each Reversible Writedown Class must consent in writing to such redemption or (ii) the Protection Buyer has agreed to pay the Issuer, prior to the Optional Redemption Date, for each Reversible Writedown Class, an amount equal to the Optional Redemption Reimbursement Amount (and the Issuer shall pay such Optional Redemption Reimbursement Amount to Holders of such Reversible Writedown Class in accordance with the Priority of Payments on the Optional Redemption Date).

Notwithstanding the foregoing sentence, the Issuer may not sell any Collateral unless, after giving effect to such sale, there will be sufficient funds to pay the amounts described in "—Optional Redemption Procedures" below (when taking into consideration the exercise of the Issuer's rights under the Collateral Put Agreement and whether the Protection Buyer will make any End Payment to the Issuer).

Any optional redemption in whole of the Notes will be made at a price of 100% of the Aggregate Outstanding Amount of the Notes (including accrued and unpaid interest) *plus*, under the circumstances described above with respect to each Reversible Writedown Class, the Optional Redemption Reimbursement Amount.

The Notes of one or more Classes will be redeemed in whole on any Payment Date after the Non-Call Period by the Issuer if (i) the Protection Buyer elects to optionally redeem such Classes prior to the Scheduled Termination Date (a "**Partial Optional Redemption**"), (ii) the Collateral Put Agreement has not been terminated at such time and (iii) in the case of a Partial Optional Redemption of any of the Issuer Notes, the Issuer receives an opinion of counsel on or prior to such Partial Optional Redemption Date to the effect that the tax analysis of the Notes contained herein will not be affected by such Partial Optional Redemption; *provided, however*, that if one or more Material Writedowns have caused the Aggregate Outstanding Amount of one or more Classes of Notes to be redeemed on such Payment Date to be reduced, (i) Noteholders of each such Reversible Writedown Class must consent in writing to such redemption or (ii) the Protection Buyer has agreed to pay the Issuer, prior to the Partial Optional Redemption Date, for each such Reversible Writedown Class, an amount equal to the Optional Redemption Reimbursement Amount (and the Issuer shall pay such Optional Redemption Reimbursement Amount to Holders of such Reversible Writedown Class in accordance with the Priority of Payments on the Partial Optional Redemption Date). Notwithstanding the foregoing sentence, the Issuer may not sell any Collateral unless, after giving effect to such sale, there will be sufficient funds to pay the amounts described in "—Optional Redemption Procedures" below (when taking into consideration the exercise of the Issuer's rights under the Collateral Put Agreement and whether the Protection Buyer will make any Partial Optional Redemption End Payment to the Issuer).

Any optional redemption in part of the Notes will be made at a price of 100% of the Aggregate Outstanding Amount of the Notes (including accrued and unpaid interest) *plus*, under the circumstances described above with respect to each Reversible Writedown Class being redeemed, the Optional Redemption Reimbursement Amount.

Following a Partial Optional Redemption with respect to a Class of Notes, the Unissued Class Amount of such Class of Notes will be increased by the principal amount of such Class of Notes redeemed in connection with such Partial Optional Redemption.

*Optional Redemption Procedures.* In connection with an Optional Redemption, if the Protection Buyer wishes to terminate the Credit Default Swap after the Non-Call Period, and therefore requires the Issuer to optionally redeem the Notes in whole, the Protection Buyer shall notify the Issuer, the Trustee and the Issuing and Paying Agent in writing no less than 15 Business Days prior to the proposed redemption date (which date must be a Payment Date). If one or more Reversible Writedown Classes exist at such time, the Trustee or the Issuing and Paying Agent, as applicable, shall deliver a notice to each Noteholder of each such Reversible Writedown Class, (i) notifying each such Noteholder (1) that the Protection Buyer has sought to terminate the Credit Default Swap prior to the Scheduled Termination Date, (2) of the proposed Optional Redemption Date and (3) that the consent of each such Noteholder is required under the Indenture or else Holders of such Reversible Writedown Class must receive the Optional Redemption Reimbursement Amount allocable to each such Class, (ii) providing any other information that the Trustee or the Issuing and Paying Agent, as applicable, may deem appropriate in its sole discretion and (iii) soliciting the consent of each such Noteholder. If the Trustee or the Issuing and Paying Agent, as applicable, does not receive the consent of each such Noteholder within ten Business Days of the delivery of such notice, the consent of each such Noteholder will be deemed not to have been obtained and an Optional Redemption may occur only if the Protection Buyer agrees to pay to the Issuer, for each Reversible Writedown Class, the Optional Redemption Reimbursement Amount prior to the Optional Redemption Date.

The Trustee and the Issuing and Paying Agent, as applicable, will then provide notice of Optional Redemption by first-class mail, postage prepaid, mailed not less than 10 Business Days prior to the scheduled redemption date, to each Noteholder at such Holder's address in the Note Register or the Issuing and Paying Agency Agreement Note Register, as applicable, and for so long as any Class of Notes is listed on the Irish Stock Exchange and the rules of such Exchange shall so require, a publication shall be made in the *Daily Official List*.

The Notes shall not be optionally redeemed in whole unless the Trustee has determined (based on the advice of the Collateral Disposal Agent with respect to Collateral Securities) that the aggregate principal amount of the Collateral, together with any other amounts available to be used for such optional redemption (including, any End Payment and/or termination payments to be received by the Issuer under the Credit Default Swap and the Basis Swap), are equal to an amount sufficient to pay the amounts specified under subclauses (i) through (vii) in "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". See "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". In determining whether sufficient proceeds will be available to redeem the Notes in whole under the preceding sentence, the Issuer's right under the Collateral Put Agreement to require the Collateral Put Provider to purchase a Collateral Security at a price of 100% of such Collateral Security shall be taken into consideration.

*Partial Optional Redemption Procedures.* In connection with a Partial Optional Redemption, if the Protection Buyer elects to have the Issuer redeem one or more Classes of Notes after the Non-Call Period, the Protection Buyer shall notify the Issuer, the Trustee and the Issuing and Paying Agent in writing no less than 15 Business Days prior to the proposed redemption date (which date must be a Payment Date). If one or more Reversible Writedown Classes exist and will be redeemed at such time, the Trustee or the Issuing and Paying Agent, as applicable, shall deliver a notice to each Noteholder of each such Reversible Writedown Class, (i) notifying each such Noteholder (1) that the Protection Buyer has sought to redeem such Class of Notes prior to the Stated Maturity, (2) of the proposed Partial Optional Redemption Date and (3) that the consent of each such Noteholder is required under the Indenture or else Holders of such Reversible Writedown Class must receive the Optional Redemption Reimbursement Amount allocable to each such Class, (ii) providing any other information that the Trustee

or the Issuing and Paying Agent, as applicable, may deem appropriate in its sole discretion and (iii) soliciting the consent of each such Noteholder. If the Trustee or the Issuing and Paying Agent, as applicable, does not receive the consent of each such Noteholder within ten Business Days of the delivery of such notice, the consent of each such Noteholder will be deemed not to have been obtained and a Partial Optional Redemption of such Class may occur only if the Protection Buyer agrees to pay to the Issuer, for such Reversible Writedown Class, the Optional Redemption Reimbursement Amount prior to the Partial Optional Redemption Date.

The Notes of any Class shall not be optionally redeemed in connection with a Partial Optional Redemption unless the Trustee has determined (based on the advice of the Collateral Disposal Agent with respect to Collateral Securities) that the aggregate principal amount of the Collateral to be liquidated, together with any other amounts available to be used for such optional redemption (including, any Partial Optional Redemption End Payment), are equal to an amount sufficient to pay the principal amount of such Class of Notes and any Class of Notes senior to such Class under subclause (iv) in "—Priority of Payments—Principal Proceeds—Other Payment Dates". See "—Priority of Payments—Principal Proceeds—Other Payment Dates". In determining whether sufficient proceeds will be available to redeem the Notes in part under the preceding sentence, the Issuer's right under the Collateral Put Agreement to require the Collateral Put Provider to purchase a Collateral Security at 100% of the principal amount of such Collateral Security shall be taken into consideration.

The Trustee and the Issuing and Paying Agent, as applicable, will then provide notice of a Partial Optional Redemption by first-class mail, postage prepaid, mailed not less than 10 Business Days prior to the scheduled redemption date, to each Holder of a Note to be redeemed at such Holder's address in the Note Register or the Issuing and Paying Agency Agreement Note Register, as applicable, and for so long as any Class of Notes is listed on the Irish Stock Exchange and the rules of such Exchange shall so require, a publication shall be made in the *Daily Official List*.

#### **Mandatory Redemption**

The occurrence of any (i) termination event (other than a termination event triggered by an Event of Default or, after the Non-Call Period, the Protection Buyer's election to terminate the Credit Default Swap prior to its scheduled termination date) or (ii) event of default, in each case under the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, where the party entitled to terminate such agreement has exercised such right shall constitute a "**Mandatory Redemption**".

Upon the occurrence of a Mandatory Redemption other than a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party or (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party, the Trustee will liquidate all Eligible Investments and the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities and apply such proceeds as described under "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

In the case of a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party or (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party, the Trustee will request that the Collateral Disposal Agent solicit bids for all of the Collateral Securities and take the actions described below.

If the Trustee determines that the expected liquidation proceeds of the Collateral Securities (as advised by the Collateral Disposal Agent) and the Eligible Investments will be an amount equal to or greater than the sum of (i) the amounts required to be paid under subclauses (i) through (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and (ii) with respect to the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes

and the Class B Notes, the Aggregate Outstanding Amount of such Classes of Notes plus any accrued interest thereon, the Trustee will liquidate the Eligible Investments and will notify the Collateral Disposal Agent to liquidate all Collateral Securities and, thereafter, apply such liquidation proceeds in accordance with the Priority of Payments.

If the Trustee determines that the expected liquidation proceeds of the Collateral Securities (as advised by the Collateral Disposal Agent) and the Eligible Investments cannot be sold in an amount equal to or greater than the sum of (i) the amounts required to be paid under subclauses (i) through (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and (ii) with respect to the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes, the Aggregate Outstanding Amount of such Class of Notes plus any accrued interest thereon, the Trustee will notify (such notice, the "**Special Termination Notice**") Holders of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes (a) of such occurrence, (b) that such Noteholders have the following options: (1) with the consent of 100% of such Noteholders, the Issuer will direct the Collateral Disposal Agent to liquidate all Collateral Securities distributable to such Classes of Notes pursuant to the Special Termination Liquidation Procedure and (2) if such consent is not obtained, each such Noteholder will have the option of either requesting the Issuer to (A) deliver to it the Collateral Securities distributable to such Noteholder pursuant to the Special Termination Liquidation Procedure or (B) direct the Collateral Disposal Agent to liquidate the Collateral Securities distributable to such Noteholder pursuant to the Special Termination Liquidation Procedure and (c) the identity of any Collateral Securities distributable to such Noteholders pursuant to the Special Termination Liquidation Procedure.

Each Class A-1 Noteholder, Class A-2 Noteholder, Class A-3 Noteholder and Class B Noteholder may, within ten Business Days of receipt of a Special Termination Notice, notify (such notice, a "**Special Termination Request Notice**") the Trustee the option(s) that it chooses to exercise under the Special Termination Notice and the delivery instructions for such Noteholder with respect to any Collateral Securities to be delivered to such Noteholder pursuant to the Special Termination Liquidation Procedure. If a Noteholder fails to so notify the Trustee within ten Business Days of receipt of such Special Termination Notice, such Noteholder will be deemed to have selected option (2)(A) of the Special Termination Notice.

Following the period in which the Trustee may receive timely Special Termination Request Notices exercising option (1) under the Special Termination Notice, the Trustee and the Collateral Disposal Agent, at the direction of the Issuer, will follow the procedures described below (such procedure, the "**Special Termination Liquidation Procedure**"):

- (i) the Trustee will liquidate all Eligible Investments;
- (ii) to the extent the liquidation proceeds of Eligible Investments are insufficient to make the payment described in this subclause (ii), the Collateral Disposal Agent will liquidate the highest-priced Collateral Security in the smallest principal amount that, when added to the proceeds obtained pursuant to subclause (i), will be sufficient to provide the Issuer with funds to pay any unpaid Administrative Expenses, subject to the Administrative Expense Cap on the Mandatory Redemption Date (and the Issuer shall make such payment); provided, that if more than one Collateral Security has received the highest bid price, the Collateral Disposal Agent will liquidate any of such Collateral Securities that it determines in a commercially reasonable manner would maximize the liquidation proceeds received on all Collateral Securities;
- (iii) (A) if less than 100% of the Aggregate Outstanding Amount of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes voting as a single class provide the Trustee with an effective Special Termination Request Notice exercising option (1) under the related Special Termination Notice, the Trustee will cause the remaining Collateral Securities to be delivered (in the case of the Notes) or liquidated (in the case of termination

payments owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date") on the Mandatory Redemption Date through the appropriate settlement method, in descending order of bid level as determined by the Collateral Disposal Agent, in a principal amount (subject in each case to any required minimum denomination of such Collateral Security) to the extent necessary to satisfy subclauses (1) through (4) below in the following order of priority:

(1) *pro rata*, (A) to the Holders of the Class A-1 Notes (in an amount such that after the payment of any principal of and/or interest on the Class A-1 Notes with any remaining proceeds obtained pursuant to subclause (i) above), a par amount of Collateral Securities equal to the Aggregate Outstanding Amount of the Class A-1 Notes, plus any accrued and unpaid interest thereon and (B) any parties that are owed any termination payments pursuant to subclause (ii) or (iii) of the Priority of Payments, liquidation proceeds from Collateral Securities with an aggregate par amount equal to any termination payments owed pursuant to subclause (ii) or (iii) of the Priority of Payments;

(2) *pro rata*, to the Holders of the Class A-2 Notes (in an amount such that after the payment of any principal of and/or interest on the Class A-2 Notes with any remaining proceeds obtained pursuant to subclause (i) above), a par amount of Collateral Securities equal to the Aggregate Outstanding Amount of the Class A-2 Notes, plus any accrued and unpaid interest thereon;

(3) *pro rata*, to the Holders of the Class A-3 Notes (in an amount such that after the payment of any principal of and/or interest on the Class A-3 Notes with any remaining proceeds obtained pursuant to subclause (i) above), a par amount of Collateral Securities equal to the Aggregate Outstanding Amount of the Class A-3 Notes, plus any accrued and unpaid interest thereon; and

(4) *pro rata*, to the Holders of the Class B Notes (in an amount such that after the payment of any principal of and/or interest on the Class B Notes with any remaining proceeds obtained pursuant to subclause (i) above), a par amount of Collateral Securities equal to the Aggregate Outstanding Amount of the Class B Notes, plus any accrued and unpaid interest thereon;

*provided* that if any Class A-1 Noteholder, Class A-2 Noteholder, Class A-3 Noteholder or Class B Noteholder has selected option (2)(B) in the related Special Termination Request Notice, the Trustee will, in lieu of distributing the relevant principal amount of Collateral Securities to such Noteholder pursuant to this subclause (A), notify the Collateral Disposal Agent which will liquidate the Collateral Securities deliverable to such Noteholders and the Trustee will pay the proceeds thereof to such Noteholder on the Mandatory Redemption Date; and

(B) if 100% of the Aggregate Outstanding Amount of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes and the Class B Notes voting as a single class provide the Trustee with an effective Special Termination Request Notice exercising option (1) under the Special Termination Notice, the Trustee will notify the Collateral Disposal Agent which will liquidate the Collateral Securities distributable to such Noteholders and as termination payments (in the case of termination payments owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date") and apply the liquidation proceeds of the Collateral Securities distributable to such Noteholders and as termination payments (in the case of termination payments owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity,

Optional Redemption Date or Mandatory Redemption Date") in the same priority as described in subclause (A) above; and

(iv) the Issuer will instruct the Collateral Disposal Agent to liquidate the remaining Collateral Securities and the liquidation proceeds thereof will be distributed in accordance with subclause (iv) (with respect to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes only) through (viii) of the "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

On the earliest of the Credit Default Swap Early Termination Date, the Basis Swap Early Termination Date and/or the Collateral Put Agreement Early Termination Date (the "**Mandatory Redemption Date**"), the Trustee shall apply Principal Proceeds in accordance with "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". Notwithstanding any provision to the contrary contained herein, even if there will be insufficient proceeds on the Mandatory Redemption Date to repay the Aggregate Outstanding Amount of any Class of Notes (plus accrued and unpaid interest), the Notes will be deemed to have been paid in full so long as (i) funds are properly applied in accordance with the Priority of Payments and/or (ii) funds and/or Collateral Securities are properly applied and/or distributed as described above on such Mandatory Redemption Date.

## **Payments**

Payments in respect of principal and interest on a Note will be made to the person in whose name the relevant Note is registered on the applicable record date. Payments on the Notes will be payable by wire transfer in immediately available funds to a Dollar account maintained by DTC or its nominee (in the case of the Global Notes) or each Noteholder (in the case of individual definitive Notes) to the extent practicable or otherwise by Dollar check drawn on a bank in the United States sent by mail either to DTC or its nominee (in the case of the Global Notes), or to each Holder of a Note at the Noteholder's address appearing in the applicable register (in the case of individual definitive Notes).

Final payments in respect of principal of the Notes will be made only against surrender of the Notes, at the office of any paying agent. None of the Issuers, the Trustee or any paying agent will have any responsibility or liability for any aspects of the records maintained by DTC or its nominee or any of its participants relating to, or for payments made thereby on account of beneficial interests in, a Global Note.

The Issuers expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note held by DTC or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in such Global Note as shown on the records of DTC or its nominee. The Issuers also expect that payments by participants to owners of beneficial interests in such Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

For so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuers will have a paying agent and a transfer agent in Ireland and will give prompt written notice to each Holder and publish in an authorized newspaper, which is expected to be the *Daily Official List*, notice of the appointment, termination or change in the location of any such office or agency.

## Priority of Payments

The Issuer will only make payments, subject to the final paragraph under "Summary—Decrease in the Aggregate Outstanding Amount of each Class of Notes", in accordance with priorities described below under "—Interest Proceeds", "—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and "—Principal Proceeds—Other Payment Dates" (collectively, the "Priority of Payments").

### *Interest Proceeds.*

On each Payment Date, the Optional Redemption Date, the Mandatory Redemption Date and/or the Stated Maturity, Interest Proceeds will be applied in the following order of priority:

- (i) to the payment of Administrative Expenses, which, with respect to the sum of those amounts listed in subclauses (iii), (v) and (vi) of the definition of "Administrative Expenses", will be subject to the Administrative Expense Cap;
- (ii) (a) to the payment of the Basis Swap Payment and (b) thereafter, to the payment of the Collateral Put Provider Fee Amount;
- (iii) to the payment of the Interest Distribution Amount of each Class of Notes in sequential order of priority; *provided* that with respect to each Class of the Issuer Notes, such payment will be made to the Issuing and Paying Agent, for distribution to the Holders of such Class of Notes;
- (iv) to the payment of any Administrative Expenses not covered in subclause (i) above; and
- (v) the balance of Interest Proceeds (if any) will be distributed to the Protection Buyer.

In addition, if the Issuer purchases a Supplemental Collateral Security at the direction of the Protection Buyer, the Issuer may use Interest Proceeds on any Business Day to pay for the portion of the purchase price of a Supplemental Collateral Security constituting accrued and unpaid interest thereon (such amount, the "**Purchased Accrued Interest Amount**").

### *Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date.*

On the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, Principal Proceeds (together with, in the case of the Optional Redemption Date, any End Payment) will be applied, subject to the provisions described under "—Mandatory Redemption", in the following order of priority:

- (i) to the payment of amounts referred to in subclause (i) of "—Interest Proceeds" above, but only to the extent not paid in full thereunder;
- (ii) to the payment of all amounts due to the Basis Swap Counterparty pursuant to the terms of the Basis Swap, other than a Basis Swap Counterparty Default Termination Payment (including, for the avoidance of doubt, any Basis Swap Payment not paid in full under subclause (ii)(a) of "—Interest Proceeds" above);
- (iii) (a) to the payment of all amounts due to the Collateral Put Provider pursuant to the terms of the Collateral Put Agreement, and (b) *thereafter*, in the case of the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date (other than in connection with a Collateral Default), to the payment of all amounts due to the



Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment;

- (iv) (a) to the payment of amounts referred to in subclauses (iii) and (iv) of "—Interest Proceeds" above, but only to the extent not paid in full thereunder and then
  - (b) (1) in the case of the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date (other than in connection with a Collateral Default), to the payment of the Aggregate Outstanding Amount of the Notes, at par, pursuant to the Note Payment Sequence *plus*, in the limited circumstances as described in "—Optional Redemption", with respect to a Reversible Writedown Class, the Optional Redemption Reimbursement Amount; or
    - (2) in the case of the Mandatory Redemption Date in connection with a Collateral Default, in the following priority: (A) to the payment of, *pro rata*, (i) all amounts due to the Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment and (ii) the Aggregate Outstanding Amount of the Class A-1 Notes, at par, not to exceed, in the case of subclause (A), \$100,000,000, (B) to the payment of the remaining Aggregate Outstanding Amount of the Class A-1 Notes, at par, (C) to the payment of all remaining amounts due to the Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment, such amount not to exceed the Aggregate Outstanding Amount of the Notes immediately prior to the distribution of Principal Proceeds on such Payment Date *less* amounts paid under subclause (2)(A) and (D) with respect to the Class A-2 Notes, the Class A-3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, to the payment of the Aggregate Outstanding Amount of each such Class of Notes, at par, in accordance with the Note Payment Sequence; *provided* that with respect to each Class of Issuer Notes, such payment will be made to the Issuing and Paying Agent, for payment to the Holders of such Class of Notes;
- (v) to the payment of the Basis Swap Counterparty Default Termination Payment, if any;
- (vi) to the payment of the Protection Buyer Default Termination Payment, if any;
- (vii) to the payment of any Administrative Expenses not covered in subclause (i) above; and
- (viii) the balance of Principal Proceeds (if any) will be distributed to the Protection Buyer.

*Principal Proceeds—Other Payment Dates.*

On each Business Day (other than the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date), Principal Proceeds will be applied in the following order of priority:

- (i) on a Credit Default Swap Settlement Date, to the payment of all Cash Settlement Amounts payable on such date;
- (ii) on a Credit Default Swap Settlement Date, if any Collateral was liquidated to pay any Recovery Adjustment Amount on such date, to the payment of principal of the Notes, at par, pursuant to the Note Payment Sequence, in an amount equal to such Recovery Adjustment Amount;
- (iii) after the Notional Reinvestment Period, if any Collateral was liquidated to pay any Amortization Adjustment Amount, on the Business Day following the day on which the

Issuer received all liquidation proceeds of Collateral relating to such Amortization Adjustment Amount, (a) if the Modified Sequential Paydown Sequence Requirements would be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with the Modified Sequential Paydown Sequence, to the payment of principal of the Notes, at par, pursuant to the Modified Sequential Paydown Sequence or (b) if the Modified Sequential Paydown Sequence Requirements would not be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with the Modified Sequential Paydown Sequence, to the payment of the principal of the Notes, at par, pursuant to the Note Payment Sequence, in an amount equal to such Amortization Adjustment Amount;

- (iv) on each Partial Optional Redemption Date and with respect to the Classes of Notes to be redeemed on such date, to the payment of principal of such Classes of Notes, at par, in accordance with the Note Payment Sequence; and
- (v) for reinvestment in Collateral Securities at the direction of the Protection Buyer and, pending such reinvestment, to be invested in Eligible Investments;

*provided* that Principal Proceeds representing Put Proceeds shall not be applied to the payment of any amount described in subclause (i) above.

#### **Form of the Notes**

Each Class of Notes sold in offshore transactions in reliance on Regulation S will be represented by one or more Regulation S Global Notes deposited with the Trustee or the Issuing and Paying Agent, as applicable, as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC, for the respective accounts of Euroclear and Clearstream. Interests in a Regulation S Global Note may be held only through Euroclear or Clearstream.

Each Class of Notes sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Notes deposited with the Trustee or the Issuing and Paying Agent, as applicable, as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

The Notes will be subject to certain restrictions on transfer as set forth under "Transfer Restrictions".

Any interest in one of the Regulation S Global Notes and the Rule 144A Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such interest.

Except in the limited circumstances described herein, owners of beneficial interests in either the Regulation S Global Notes or the Rule 144A Global Notes will not be entitled to receive physical delivery of certificated Notes. The Notes are not issuable in bearer form.

#### **The Indenture**

The following summary describes certain provisions of the Indenture. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture.

*Events of Default.* An "**Event of Default**" is defined in the Indenture as:

- (i) a default in the payment of principal on any Note at its Stated Maturity or the Optional Redemption Date;
- (ii) the failure on any Payment Date to disburse amounts available in the Payment Account in accordance with the Priority of Payments and continuation of such failure for a period of five Business Days;
- (iii) a circumstance in which either of the Issuers or the Issuer Assets becomes an investment company required to be registered under the Investment Company Act;
- (iv) a default in the performance, in a material respect, or breach, in a material respect, of any covenant, representation, warranty or other agreement of the Issuers in the Indenture (other than a covenant or agreement which is specifically addressed elsewhere herein) or in any certificate or other writing delivered pursuant hereto or in connection herewith or if any representation or warranty of the Issuers in the Indenture, the Issuing and Paying Agency Agreement or in any certificate or writing delivered pursuant hereto proves to be incorrect in any material respect when made, and the continuance of such default or breach for a period of 30 days after written notice thereof shall have been given to the Issuers by the Trustee or the Issuing and Paying Agent, as applicable, or to the Issuers and the Trustee or the Issuing and Paying Agent by the Holders of at least 25% of the Aggregate Outstanding Amount of the Notes, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "**Notice of Default**" under the Indenture or the Issuing and Paying Agency Agreement, as applicable;
- (v) the entry of a decree or order by a court having competent jurisdiction adjudging either of the Issuers as bankrupt or insolvent or granting an order for relief or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of either of the Issuers under the Bankruptcy Code, the bankruptcy or insolvency laws of the Cayman Islands or any other applicable law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of either of the Issuers or of any substantial part of its property, or ordering the winding up or liquidation of its affairs; or an involuntary case or proceeding shall be commenced against either of the Issuers seeking any of the foregoing and such case or proceeding shall continue in effect for a period of 60 consecutive days; or
- (vi) the institution by either of the Issuers of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by either of the Issuers of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code, the bankruptcy and insolvency laws of the Cayman Islands or any other applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of either of the Issuers or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of any action by either of the Issuers in furtherance of any such action.

If an Event of Default shall have occurred and be continuing, the Trustee by notice to the Issuers at the direction of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class, may, subject to the Indenture, declare the principal of and accrued and unpaid interest on all the Notes to be immediately due and payable (except that, in the case of an Event of Default described in subclause

(v) or (vi) above, such an acceleration will occur automatically and shall not require any action by the Trustee or any Noteholder).

At any time after such a declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in accordance with the terms of the Indenture, a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class, by written notice to the Issuers and the Trustee or the Issuing and Paying Agent, as applicable, may rescind and annul such declaration and its consequences if:

- (i) the Issuer or the Co-Issuer has paid or deposited with the Trustee a sum sufficient to pay, and shall pay:
  - (A) all overdue installments of interest on and principal of the Notes (other than amounts due solely as a result of such acceleration);
  - (B) to the extent that payment of such interest is lawful, interest upon any Defaulted Interest at the applicable Note Interest Rate; and
  - (C) all unpaid taxes and Administrative Expenses and other sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel;
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of the interest on or principal of Notes that have become due solely by such acceleration, have been cured and a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class by written notice to the Trustee or the Issuing and Paying Agent, as applicable, has agreed with such determination or waived such Event of Default as provided in the Indenture; and
- (iii) each of the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement has not been terminated or any such termination has been rescinded.

If an Event of Default should occur and be continuing, the Trustee will make payments to the Holders of the Notes only in the manner described in "Description of the Notes—Priority of Payments", except that if acceleration has occurred in accordance with the terms of the Indenture, or if a Payment Default has occurred and has not been cured or waived, no interest shall be payable on any Class of Notes until the Aggregate Outstanding Amount of all Classes of Notes that are senior to such Class, if any, have been repaid in full.

If an Event of Default should occur and be continuing, the Issuer or the Trustee shall instruct the Collateral Disposal Agent to liquidate Collateral Securities to the extent necessary (when added to the proceeds from the liquidation of all Eligible Investments) to make the Credit Default Swap Termination Payment, if any, to the Protection Buyer, the Basis Swap Termination Payment, if any, to the Basis Swap Counterparty and/or any amount owed to the Collateral Put Provider under the Collateral Put Agreement. See "The Credit Default Swap—Early Termination" and "The Basis Swap—Early Termination". After making such payments, the Trustee will retain the remaining Issuer Assets securing the Notes intact and collect all payments in respect of the remaining Issuer Assets and continue making payments in the manner described above under "—Priority of Payments" unless:

- (i) the Trustee determines that the anticipated proceeds of a sale or liquidation of the Collateral (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the sum of the amounts referred to in subclause (i) through (vi) of "Priority of Payments—Principal Proceeds—Stated Maturity and Early

Redemption" and a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class agrees with such determination; or

- (ii) the Holders of at least 66-2/3% of the Aggregate Outstanding Amount of each Class of Notes (voting separately by Class), subject to the provisions of the Indenture, direct the sale and liquidation of the Collateral.

As soon as practicable following the occurrence of either condition specified in subclause (i) or (ii) above, the Trustee will liquidate all Eligible Investments and the Issuer or the Trustee shall notify the Collateral Disposal Agent to liquidate all Collateral Securities.

A Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will have the right to direct the Trustee in conducting any proceedings or in the sale of any or all of the Collateral, but only if (i) such direction will not conflict with any rule of law or the Indenture and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has, in its opinion, received satisfactory indemnity against any such liability).

Pursuant to the Indenture, as security for the payment by the Issuer of the compensation and expenses of the Trustee and any sums the Trustee may be entitled to receive as indemnification by the Issuer, the Issuer has granted the Trustee a senior lien on the Issuer Assets, which is senior to the lien of the Holders of the Notes on the Issuer Assets. The Trustee's lien is exercisable by the Trustee only if the Notes have become due and payable following an Event of Default.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in the event that an Event of Default with respect to the Notes occurs and is continuing, the Trustee is under no obligation to exercise any of the rights or powers under the Indenture at the request of any Holders of Notes, unless such Holders have offered to the Trustee reasonable security or indemnity in the opinion of the Trustee. A Majority of the Aggregate Outstanding Amount of the Notes voting as a single class may, in certain cases, waive any default with respect to such Notes, except (a) a default specified in subclause (i), (ii), (v) or (vi) of the definition of "Events of Default" or (b) a default in respect of a covenant or provision of the Indenture that cannot be modified or amended without the waiver or consent of the Holder of each Outstanding Note adversely affected thereby.

No Holder of a Note will have the right to institute any proceeding with respect to the Indenture unless (i) such Holder previously has given to the Trustee or the Issuing and Paying Agent, as applicable, written notice of a continuing Event of Default; (ii) except in the case of a default in the payment of principal, the Holders of at least 25% of the Aggregate Outstanding Amount of the Notes have made a written request upon the Trustee to institute such proceedings in its own name as Trustee and such Holders have offered the Trustee reasonable indemnity; (iii) the Trustee has for 30 days failed to institute any such proceeding; and (iv) no direction inconsistent with such written request has been given to the Trustee or the Issuing and Paying Agent, as applicable, during such 30-day period by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class.

See "Glossary of Defined Terms—Outstanding" for determining whether the Holders of the requisite percentage of Notes have given any direction, notice or consent.

*Notices.* Notices to the Holders of the Notes shall be given by first class mail, postage prepaid, to each Holder at the address appearing in the Note Register or the Issuing and Paying Agency Agreement Note Register, as applicable. In addition, for so long as the Notes are listed on the Irish Stock Exchange and so long as the rules of such Exchange so require, notices to the Holders shall also be given by publication in the *Daily Official List*.

*Modification of Indenture.* The Issuers and the Trustee may also enter into one or more supplemental indentures, without obtaining the consent of Holders of the Notes, the Protection Buyer, the

Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent (x) so long as the S&P Rating Condition and the Moody's Rating Condition have been satisfied, if such supplemental indenture would have no material adverse effect on any of the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent (as evidenced by an officer's certificate of the Issuer) or (y) for any of the following purposes:

- (i) to evidence the succession of any person to either the Issuer or Co-Issuer and the assumption by any such successor of the covenants of the Issuer or Co-Issuer in the Notes and the Indenture;
- (ii) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuers;
- (iii) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Notes;
- (iv) to evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee;
- (v) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or to correct, amplify or otherwise improve upon any pledge, assignment or conveyance to the Trustee of any property subject to or required to be subject to the lien of the Indenture (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the lien of the Indenture any additional property;
- (vi) subject to clause (xiv) below, to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or to enable the Co-Issuers to rely upon any exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;
- (vii) to otherwise correct any inconsistency, mistake or cure any ambiguity (a) arising under the Indenture or (b) in connection with the final offering circular or any other transaction document;
- (viii) to take any action necessary or advisable to prevent the Issuer or the Trustee from becoming subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated for United States federal income tax purposes as engaged in a United States trade or business or otherwise being subject to United States federal, state or local income tax on a net income basis;
- (ix) to facilitate the issuance of additional Notes of any Class pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable;
- (x) to modify certain representations and warranties relating to the Trustee's security interest in the Issuer Assets;
- (xi) to facilitate the listing of any of the Notes on any exchange;
- (xii) to facilitate the issuance of combination securities or other similar securities;

- (xiii) to change the minimum denomination of the Notes; or
- (xiv) to modify the applicable ERISA restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) upon the receipt by the Issuer and the Trustee of satisfactory evidence, which may include an opinion of counsel, that such modified restrictions and/or modified procedures for resales and transfers are in compliance with applicable ERISA requirements.

The Trustee shall, consistent with the written advice of counsel, in its discretion determine whether or not the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent would be materially adversely affected by any supplemental indenture (after giving notice of such change to the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider and the Collateral Disposal Agent), and such determination shall be conclusive on all present and future Holders.

With the consent of a Majority of the Outstanding Notes of each Class of Notes materially and adversely affected thereby, and, if materially and adversely affected thereby, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent, the Trustee and the Issuers may execute a supplemental indenture to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider and the Collateral Disposal Agent; *provided that*, without the consent of each Holder of each Outstanding Note of each Class adversely affected thereby no supplemental indentures may be entered into which:

- (i) change the Stated Maturity of any Note, or the date on which any installment of principal or interest on any Note is due and payable, reduce the principal amount of any Note or the Note Interest Rate or the redemption price with respect to any Note, change the earliest specified date on which any Note may be redeemed, change the provisions of the Indenture for the application of Proceeds of any Issuer Assets to the payment of principal of or interest on the Notes or change any place where, or the coin or currency in which, any Note or the principal thereof or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of a redemption of a Note, on or after the Optional Redemption Date, the applicable Partial Optional Redemption Date or the Mandatory Redemption Date);
- (ii) reduce the percentage of the Aggregate Outstanding Amount of Notes of each Class the consent of the Holders of which is required for the authorization of any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences;
- (iii) impair or adversely affect the Issuer Assets except as otherwise permitted by the Indenture;
- (iv) except as expressly provided in the Indenture and other than the lien of the Indenture, permit the creation of any lien with respect to any part of the Issuer Assets or terminate such lien on any property at any time subject thereto or deprive the Holder of any Note or the Trustee of the security afforded by the lien of the Indenture;

- (v) reduce the percentage of Holders of the Notes of each Class whose consent is required to request the Trustee to preserve the Issuer Assets or rescind the Trustee's election to preserve the Issuer Assets or to sell or liquidate the Issuer Assets pursuant to the Indenture;
- (vi) modify any of the provisions of the Indenture with respect to any supplemental indenture except to increase the percentage of Outstanding Notes whose Holders' consent is required for any such action or to provide that other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note adversely affected thereby;
- (vii) modify the definition in the Indenture of the term "Outstanding";
- (viii) modify any of the provisions of the Indenture in such a manner as to (i) affect the calculation of the amount of any payment of interest on or principal of any Note or (ii) affect the right of the Holders of the Notes to the benefit of any provisions for the redemption of the Notes contained therein;
- (ix) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated hereby relating to the institution of proceedings for the Issuer or the Co-Issuer to be adjudicated as bankrupt or insolvent, or the consent of the Issuer or the Co-Issuer to the institution of bankruptcy or insolvency proceedings against it, or the filing with respect to the Issuer or the Co-Issuer of a petition or answer or consent seeking reorganization, arrangement, moratorium or liquidation proceedings, or other proceedings under the Bankruptcy Code or any similar laws, or the consent of the Issuer or the Co-Issuer to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or the Co-Issuer or any substantial part of its property, respectively; or
- (x) amend any limited recourse provision of the Indenture or any limited recourse provision of any other agreement entered into by the Issuer with respect to the transactions contemplated hereby (which limited recourse provision provides that the obligations of the Issuer are limited recourse obligations of the Issuer payable solely from the Issuer Assets in accordance with the terms of the Indenture).

The Trustee shall, consistent with the written advice of counsel, in its discretion determine whether or not the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent would be adversely affected by any supplemental indenture (after giving notice of such change to the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider and the Collateral Disposal Agent), and such determination shall be conclusive on all present and future Holders.

Under the Indenture, the Trustee will, for so long as the Notes are Outstanding and rated by the Rating Agencies, mail a copy of any proposed supplemental indenture to the Rating Agencies not later than (i) 15 Business Days prior to the execution of such proposed supplemental indenture if such proposed supplemental indenture requires the S&P Rating Condition and the Moody's Rating Condition to be satisfied or (ii) at any time prior to the execution of such proposed supplemental indenture if such proposed supplemental indenture does not require the S&P Rating Condition and the Moody's Rating Condition to be satisfied, and no such supplemental indenture shall be entered into unless the S&P Rating Condition and the Moody's Rating Condition have been satisfied (other than a supplemental indenture entered into in accordance with clause (y) of the first paragraph of this section).



*Additional Issuance.* No Class A-1 Notes will be issued on the Closing Date. With respect to the Co-Issued Notes, the Notes of any such Class may be issued from time to time following the Closing Date; *provided, however*, that the Additional Issuance Principal Amount related to an additional issuance of any such Class of Notes following the Closing Date shall not be greater than the Unissued Class Amount of such Class immediately prior to such additional issuance. Such additional Notes of any Class of Co-Issued Notes may be issued from time to time following the Closing Date if the following conditions are satisfied:

- (a) the proceeds from any such additional issuance shall be used by the Issuer to purchase Collateral Securities at the direction of the Protection Buyer in a principal amount not less than the principal amount of such additional issuance or, pending such investment, deposited in the Principal Collection Account and invested in Eligible Investments;
- (b) any such Notes must be issued for a cash sales price of 100%;
- (c) the terms (other than the date of issuance, the Note Interest Rate and the date from which interest will accrue) of any series of a Class of Notes will be identical to the terms of any previously issued Notes of such Class of any series, if any;
- (d) such Notes must be issued on a Payment Date;
- (e) the Protection Buyer must notify the Rating Agencies of such additional issuance prior to such additional issuance; and
- (f) with respect to (i) an issuance of Notes of a Class for which no previous issuance has occurred, the S&P Rating Condition and the Moody's Rating Condition must be satisfied and (ii) an issuance of Notes of a Class for which a previous issuance has occurred, such Class must not be rated lower than the Initial Ratings corresponding to such Class of Notes as described under "Summary—Notes Offered".

In connection with any such additional issuance, the Issuer shall, to the extent required by the rules thereof, provide the Irish Stock Exchange with a listing circular or an offering circular supplement, relating to such Notes.

For the avoidance of doubt, following a Partial Optional Redemption of any Class of Co-Issued Notes, such Class may be reissued in accordance with the requirements set forth in this section.

*Jurisdictions of Incorporation.* Under the Indenture, the Issuer and the Co-Issuer will be required to maintain their rights and franchises as a company and a corporation incorporated under the laws of the Cayman Islands and the State of Delaware, respectively, to comply with the provisions of their respective organizational documents and to obtain and preserve their qualification to do business as foreign corporations in each jurisdiction in which such qualifications are or shall be necessary to protect the validation and enforceability of the Indenture, the Notes or any of the Issuer Assets; *provided, however*, that the Issuer shall be entitled to change its jurisdiction of incorporation from the Cayman Islands to any other jurisdiction reasonably selected by the Issuer and approved by the common shareholder of the Issuer so long as (a) such change is not disadvantageous in any material respect to the Issuer, the Holders of any Class of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider and the Collateral Disposal Agent; (b) written notice of such change shall have been given by the Issuer to the Trustee, the Issuing and Paying Agent, the Holders of any Class of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider and each of the Rating Agencies at least 30 Business Days prior to such change of jurisdiction and (c) on or prior to the 15<sup>th</sup> Business Day following such notice the Trustee or the Issuing and Paying Agent, as applicable, shall not have received written notice from a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class,

the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent objecting to such change.

*Petitions for Bankruptcy.* The Indenture will provide that neither (i) the Trustee, in its own capacity, or on behalf of any Noteholder nor (ii) the Noteholders may, prior to the date which is one year and one day (or, if longer, the applicable preference period) after the payment in full of all Notes institute against, or join any other person in instituting against, the Issuer or Co-Issuer any bankruptcy, reorganization, arrangement, moratorium or liquidation proceedings, or other proceedings under federal or state bankruptcy or similar laws, including under Cayman Islands law.

*Satisfaction and Discharge of the Indenture.* The Indenture will be discharged with respect to the Issuer Assets securing the Notes upon delivery to the Trustee or the Issuing and Paying Agent, as applicable, for cancellation of all of the Notes, or, within certain limitations (including the obligation to pay principal and interest), upon deposit with the Trustee of funds sufficient for the payment or redemption thereof and the payment by the Issuers of all other amounts due under the Indenture.

*Trustee.* LaSalle Bank National Association will be the Trustee under the Indenture for the Notes. The Issuers and their Affiliates may maintain other banking relationships in the ordinary course of business with the Trustee. The payment of the fees and expenses of the Trustee relating to the Notes is solely the obligation of the Issuers. The Trustee and/or its Affiliates may receive compensation in connection with the Trustee's investment of trust assets in certain Eligible Investments as provided in the Indenture and in connection with the Trustee's administration of any securities lending activities of the Issuer.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

*Reports Prepared Pursuant to the Indenture.* Upon the written request in the form of Exhibit A hereto, any Noteholder may request that the Trustee or the Issuing and Paying Agent, as applicable, provide to such Noteholder the monthly reports and certain other reports prepared by or on behalf of the Issuer in accordance with the Indenture.

*Governing Law.* The Indenture and the Co-Issued Notes will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof.

*The Notes will be in book-entry form.* Persons acquiring beneficial ownership interests in the Notes will hold their interests through DTC if such Persons are direct participants in DTC, or indirectly through organizations that are participants in DTC. Therefore, a Person who holds a beneficial ownership interest in the Notes will only be permitted to exercise their rights through DTC and participants of DTC. DTC or its nominee shall be the registered holder of the Notes and DTC will only take action with respect to such rights at the instruction or the direction of the participants. Similarly, if the Trustee or the Issuing and Paying Agent, as applicable, has to provide any notice to Noteholders or to solicit the consent of any Noteholder, the Trustee or the Issuing and Paying Agent, as applicable, will only act through DTC (which in turn will notify its relevant participants, which in turn will notify Persons holding beneficial ownership interests in the Notes).

From time to time following the Closing Date, any Noteholder may submit to the Trustee, or the Issuing and Paying Agent, as applicable, in writing, a Noteholder Communication Notice requesting the contents of such communication be sent to all other Noteholders. Within three Business Days of receiving such Noteholder Communication Notice, the Trustee or Issuing and Paying Agent, as applicable, will deliver to all Noteholders a Trustee Noteholder Communication Notice.

## The Issuing and Paying Agency Agreement

*Issuing and Paying Agency Agreement.* Pursuant to the Issuing and Paying Agency Agreement, LaSalle Bank National Association will be appointed as the Issuing and Paying Agent. The Issuer may at any time and from time to time terminate the appointment of the Issuing and Paying Agent and appoint one or more additional Issuing and Paying Agents. The Issuer will give prompt notice to the Trustee of the appointment or termination of the Issuing and Paying Agent and of the location and any change in the location of the Issuing and Paying Agent's office or agency. The Issuing and Paying Agent will provide notice to the Holders of the Issuer Notes of any such change of which it receives notice.

Pursuant to the Issuing and Paying Agency Agreement, LaSalle Bank National Association will be appointed as the Issuing and Paying Agency Agreement Note Registrar. The Issuing and Paying Agency Agreement Note Registrar will keep the note register and provide for the registration and transfer of the Issuer Notes. The Issuer may at any time and from time to time terminate the appointment of the Issuing and Paying Agency Agreement Note Registrar and appoint one or more additional Issuing and Paying Agency Agreement Note Registrars. The Issuer will give prompt notice to the Issuing and Paying Agent of the appointment or termination of the Issuing and Paying Agency Agreement Note Registrar and of the location and any change in the location of the Issuing and Paying Agency Agreement Note Registrar's office. The Issuing and Paying Agency Agreement Note Registrar will provide notice to the Holders of the Issuer Notes of any such change of which it receives notice.

The Issuing and Paying Agent will make distributions on the Issuer Notes and perform various fiscal services on behalf of the Issuer. On or prior to the Closing Date, the Issuing and Paying Agent will establish a segregated bank account designated as the "**Issuing and Paying Agency Agreement Distribution Account**". The Issuing and Paying Agent will deposit any funds received from the Trustee pursuant to the Indenture (including, without limitation, all distributions of Interest Proceeds and Principal Proceeds on each Payment Date, any other Business Day on which Recovery Adjustment Amounts, Amortization Adjustment Amounts and/or ICE Interest Reimbursement Amounts are paid by the Issuer to the Holders of the Issuer Notes or on the Stated Maturity for, or date of redemption of, the applicable Issuer Notes, made by the Trustee to the Issuing and Paying Agent pursuant to the Indenture as described herein under "—Priority of Payments") into the Issuing and Paying Agency Agreement Distribution Account.

Pursuant to the Issuing and Paying Agency Agreement, the Issuing and Paying Agent, on behalf of the Issuer, will promptly give notice of the amount distributed thereunder for the relevant Payment Date to the Holders of the Issuer Notes and to the Issuer. The Issuing and Paying Agent will also make such information available to Holders of the Issuer Notes at its offices. Distributions to Holders of the Issuer Notes, if any, will be paid on each Payment Date, any other Business Day on which Recovery Adjustment Amounts, Amortization Adjustment Amounts and/or ICE Interest Reimbursement Amounts are paid by the Issuer to the Holders of the Issuer Notes or on the Stated Maturity for, or date of redemption of, a Class of the Issuer Notes, as applicable, to the persons in whose names such Issuer Notes are registered in the Issuing and Paying Agency Agreement Note Register at the close of business on the Record Date for such Payment Date. Pursuant to the Issuing and Paying Agency Agreement, distributions to Holders of any Class of Issuer Notes will be paid *pro rata* to Holders of such Class.

The Issuing and Agency Agreement also provides for the terms of transfer and exchange of the Issuer Notes described herein under "Transfer Restrictions". The payment of the fees and expenses of the Issuing and Paying Agent and the Issuing and Paying Agency Agreement Note Registrar is solely the obligation of the Issuer. The Issuing and Paying Agency Agreement contains provisions for the indemnification of the Issuing and Paying Agent and the Issuing and Paying Agency Agreement Note Registrar against any and all liabilities, costs and expenses (including reasonable legal fees and expenses) relating to or arising out of or in connection with their performance under the Issuing and Paying Agency Agreement, except to the extent that such liabilities, costs and expenses are caused by

the negligence, willful misconduct or bad faith of the Issuing and Paying Agent or the Issuing and Paying Agency Agreement Note Registrar, as the case may be.

*Additional Issuance.* No Class E Notes or Class F Notes will be issued on the Closing Date. With respect to the Issuer Notes, the Notes of any such Class may be issued from time to time following the Closing Date; *provided, however,* that the Additional Issuance Principal Amount related to an additional issuance of any such Class of Notes following the Closing Date shall not be greater than the Unissued Class Amount of such Class immediately prior to such additional issuance. Such additional Notes of any Class of Issuer Notes may be issued from time to time following the Closing Date if the following conditions are satisfied:

- (a) the proceeds from any such additional issuance shall be used by the Issuer to purchase Collateral Securities at the direction of the Protection Buyer in a principal amount not less than the principal amount of such additional issuance or, pending such investment, deposited in the Principal Collection Account and invested in Eligible Investments;
- (b) any such Notes must be issued for a cash sales price of 100%;
- (c) the terms (other than the date of issuance, the Note Interest Rate and the date from which interest will accrue) of any series of a Class of Notes will be identical to the terms of any previously issued Notes of such Class of any series, if any;
- (d) such Notes must be issued on a Payment Date;
- (e) the Protection Buyer must notify the Rating Agencies of such additional issuance prior to such additional issuance; and
- (f) with respect to (i) an issuance of Notes of a Class for which no previous issuance has occurred, the S&P Rating Condition and the Moody's Rating Condition must be satisfied and (ii) an issuance of Notes of a Class for which a previous issuance has occurred, such Class must not be rated lower than the Initial Ratings corresponding to such Class of Notes as described under "Summary—Notes Offered".

In connection with any such issuance of Class E Notes or Class F Notes, the Issuer shall, to the extent required by the rules thereof, provide the Irish Stock Exchange with a listing circular or an offering circular supplement, relating to such Notes.

For the avoidance of doubt, following a Partial Optional Redemption of any of the Issuer Notes, such Class may be reissued in accordance with the requirements set forth in this section.

*Governing Law.* The Issuer Notes and each Deed of Covenant will be governed by, and construed in accordance with, the laws of the Cayman Islands. The Issuing and Paying Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof.

*Reports Prepared Pursuant to the Indenture.* Upon the written request in the form of Exhibit A hereto, any Holder of the Issuer Notes may request that the Issuing and Paying Agent provide to such Holder the monthly reports and certain other reports prepared by or on behalf of the Issuer in accordance with the terms of the Indenture.

## USE OF PROCEEDS

The aggregate net proceeds of the offering of the Notes are expected to equal approximately \$140,000,000. The Issuer will use such net proceeds, together with part or all of the Upfront Payment, to purchase Collateral Securities and Eligible Investments that will have an aggregate principal amount of at least \$140,000,000.

## RATING OF THE NOTES

It is a condition to the issuance of the Notes that the Notes of each Class receive from the Rating Agencies the minimum rating indicated under "Summary—Notes Offered". A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

## THE CREDIT DEFAULT SWAP

The following description of the Credit Default Swap is a summary of certain provisions of the Credit Default Swap. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Credit Default Swap.

The Notes do not represent an obligation of the Protection Buyer. Noteholders will not have any right to proceed directly against the Protection Buyer in respect of the Protection Buyer's obligations under the Credit Default Swap. However, the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Protection Buyer.

### Effective Date and Termination Date

The effective date of the Credit Default Swap will be the Closing Date.

Unless terminated prior to its scheduled termination date, or unless an Extended Termination Date as described in this Section occurs, the Credit Default Swap will terminate on March 21, 2045 (the "**Scheduled Termination Date**").

Credit Event Notices may be given (the "**Notice Delivery Period**") during the period from and including the Closing Date to but including the earlier of the Scheduled Termination Date or a Credit Default Swap Early Termination Date.

If, on the Scheduled Termination Date a Credit Event has occurred with respect to which the Conditions to Settlement have been satisfied but with respect to which the Credit Default Swap Settlement Date has not occurred, the termination date of the Credit Default Swap will extend up to the day that is the last Credit Default Swap Settlement Date (such day, the "**Extended Termination Date**").

The "**Termination Date**" of the Credit Default Swap will be the later of (i) the Scheduled Termination Date and (ii) the Extended Termination Date.

### Payments

*Upfront Payment by the Protection Buyer to the Issuer.*

On the Closing Date, the Protection Buyer will make an upfront payment (the "**Upfront Payment**") to the Issuer in an amount, if greater than zero, equal to:

- (i) the sum of (a) the amount needed to purchase the Initial Collateral Securities (with an aggregate principal amount of at least \$140,000,000) and (b) expenses incurred on or prior to the Closing Date in connection with the offering of the Notes and the transactions contemplated hereby; less
- (ii) \$140,000,000.

*Periodic Payments by the Protection Buyer to the Issuer.*

(I) With respect to each Payment Date on which the long-term rating of the guarantor of the Protection Buyer's obligations under the Credit Default Swap is equal to or higher than "A-" by S&P and "A2" by Moody's, the Protection Buyer will pay to the Issuer an amount equal to the sum of:

- (i) the sum of the products for each Class of Notes of:
  - (a) the Weighted Average Interest Rate Spread for such Class of Notes;
  - (b) the average daily Aggregate Outstanding Amount of such Class of Notes during the preceding Credit Default Swap Fixed Rate Payer Calculation Period; and
  - (c) the actual number of days in the preceding Credit Default Swap Fixed Rate Payer Calculation Period divided by 360;
- (ii) an amount equal to the Collateral Put Provider Fee Amount due on such Payment Date to the Collateral Put Provider pursuant to the Collateral Put Agreement; and
- (iii) an amount equal to the Administrative Expenses payable on such Payment Date in accordance with the Priority of Payments.

(II) With respect to each Payment Date following the downgrade of the long-term rating of the guarantor of the Protection Buyer's obligations under the Credit Default Swap to lower than "A-" by S&P or "A2" by Moody's, subject to clause (III) below, the Protection Buyer will pay to the Issuer an amount equal to the sum of:

- (i) the sum of the products for each Class of Notes of:
  - (a) the Weighted Average Interest Rate Spread for such Class of Notes;
  - (b) the Aggregate Outstanding Amount of such Class of Notes on the last day of the preceding Credit Default Swap Fixed Rate Payer Calculation Period; and
  - (c) the actual number of days in the Credit Default Swap Fixed Rate Payer Calculation Period commencing on such date divided by 360;
- (ii) an amount equal to the Collateral Put Provider Fee Amount due on such Payment Date to the Collateral Put Provider pursuant to the Collateral Put Agreement; and
- (iii) an amount equal to the Administrative Expenses due on such Payment Date in accordance with the Priority of Payments; and

(III) With respect to the Payment Date immediately following the downgrade of the long-term rating of the guarantor of the Protection Buyer's obligations hereunder to lower than "A-" by S&P or "A2" by Moody's, the Protection Buyer will pay to the Issuer the sum of (I) and (II) above as determined with

respect to such Credit Default Swap Fixed Rate Payer Payment Date (each payment under (I) through (III) above, a "**Fixed Payment**").

*Cash Settlement Amounts paid by the Issuer to the Protection Buyer.*

On a Credit Default Swap Calculation Date, the Credit Default Swap Calculation Agent will determine the Cash Settlement Amount that will need to be paid by the Issuer on the related Credit Default Swap Settlement Date. See "Summary—The Credit Default Swap".

In addition, on a Credit Default Swap Calculation Date, the Trustee will direct the liquidation of any Eligible Investments held by the Issuer in an amount sufficient to pay the related Cash Settlement Amount on the Credit Default Swap Settlement Date.

If such liquidation proceeds are insufficient to pay such Cash Settlement Amount, the Issuer or Trustee will direct the Collateral Disposal Agent to attempt to sell a par amount of Collateral Securities (rounded up, if necessary, to reflect minimum denominations) in an amount (assuming that the Issuer will receive a price of at least 100% for such Collateral Securities in any such liquidation), when added to the amount of proceeds expected to be received by the Issuer from liquidation of Eligible Investments, sufficient to pay a Cash Settlement Amount (the par amount of Collateral Securities to be liquidated in connection with any liquidation of the Collateral Securities, the "**Collateral Securities Principal Amount**"), for settlement on the Credit Default Swap Settlement Date. The Collateral Disposal Agent shall select in its sole discretion the particular Collateral Securities to be liquidated in an aggregate principal amount equal to the Collateral Securities Principal Amount (the Collateral Securities selected by the Collateral Disposal Agent to be liquidated in connection with any liquidation of Collateral Securities, the "**Selected Collateral Securities**"). The Collateral Disposal Agent will then attempt to solicit bids for the sale of each such Selected Collateral Security. The Collateral Disposal Agent may, in its sole discretion, bid up to 100% for such Selected Collateral Security (excluding any accrued interest) if the Collateral Disposal Agent is not able to procure a third-party bid of at least 100%. A Selected Collateral Security will be sold to the highest bidder for settlement on the Credit Default Swap Settlement Date. Pursuant to the terms of the Credit Default Swap, if the liquidation proceeds of Eligible Investments and Collateral Securities would have been sufficient to pay a Cash Settlement Amount had such Collateral Securities been liquidated at a price of at least 100% (instead of a price below 100%), the Issuer will be deemed to have paid such Cash Settlement Amount in full upon the Protection Buyer's receipt of such liquidation proceeds.

See "Summary—The Credit Default Swap—Cash Settlement Amount".

*Payment by the Protection Buyer to the Issuer in connection with a Write-Up Amount.*

If, after the occurrence of a Material Writedown (for which a Loss Amount was calculated), the principal amount of the related Reference Obligation is reinstated, in whole or in part, by the related Reference Entity, the Protection Buyer will pay to the Issuer, no later than the Payment Date following the Due Period in which such reinstatement occurs, an amount equal to the sum of:

- (i) the aggregate of the Principal Reimbursement Amounts determined for each Class of Notes payable on such date; and
- (ii) the aggregate of the ICE Interest Reimbursement Amounts determined for each Class of Notes payable on such date.

*Payments by the Protection Buyer to the Issuer in connection with the Issuer's purchase of Collateral Securities.*

Following the Closing Date, on or prior to the date on which the Issuer purchases a Collateral Security, the Protection Buyer may make a payment to the Issuer equal to the product of (i) the par amount of such Collateral Security and (ii) the difference between (a) the purchase price (including accrued and unpaid interest) of such Collateral Security (expressed as a percentage of the par amount thereof) and (b) 100.00%.

*Payment on the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date.*

On the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date, in addition to any Credit Default Swap Termination Payment, the Protection Buyer may, to the extent of available Principal Proceeds, receive from the Issuer an amount as described under subclause (viii) of "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

*Payment on a Partial Optional Redemption Date.*

In the case of a Partial Optional Redemption, at the sole discretion of the Protection Buyer, the Protection Buyer may pay to the Issuer an amount (the "**Partial Optional Redemption End Payment**") equal to (a) the aggregate amount required to be paid by the Issuer on the Partial Optional Redemption Date in accordance with subclause (iv) of "Description of the Notes—Priority of Payments—Principal Proceeds—Other Payment Dates" less (b) the Principal Proceeds that are expected to be available on the Partial Optional Redemption Date to pay the amount described in subclause (a); provided however that a Partial Optional Redemption will be effected only in accordance with the Indenture.

## **Credit Events**

"**Bankruptcy**" means a Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger, or subsequent to the substitution of the Reference Entity as principal obligor);
- (ii) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (iii) seeks or becomes subject to the appointment of a bankruptcy administrator, provisional liquidator, conservator or receiver for it or for all or substantially all of its assets;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained within 30 days of the institution or presentation thereof;
- (v) is unable to pay its debts as they become due or fails or admits in writing in any proceeding or filing its inability generally to pay its debts as they become due and payable;



- (vi) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in subclauses (i) to (v) above (inclusive); or
- (vii) takes any formal action indicating its consent to, approval of or acquiescence in any of the foregoing acts;

*provided, however, that:*

- (a) none of the events specified in subclauses (i) to (vii) above which occurs with respect to the Reference Entity shall be a Bankruptcy Credit Event with respect to the related Reference Obligation if (a) the relevant event is not an actual or potential event of default (however described) under the terms of the Reference Obligation or (b) no security securing such Reference Obligation is avoided or set aside or adjusted pursuant to any action taken by an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official or any creditor of the Reference Entity; and
- (b) a Bankruptcy Credit Event under subclause (v) above shall not be treated as occurring solely by reason of the addition of accrued interest to the principal amount of the related Reference Obligation or the separate recording of interest as capitalized interest, in each case instead of being paid in cash and as provided for under the terms of such Reference Obligation (unless such addition of accrued interest or separate recording of interest constitutes a default or event of default under the terms of such Reference Obligation in effect at the time of inclusion of the Reference Obligation in the Reference Portfolio).

**"Senior Class Default"** means a Failure to Pay Interest on the senior-most class of securities issued by a Reference Entity that is secured by the same collateral that secures such Reference Obligation has occurred and is continuing for the greater of (a) two payment periods with respect to such Reference Obligation or (b) three consecutive months.

**"Failure to Pay Principal"** means a failure by a Reference Entity to pay the outstanding principal amount of the relevant Reference Obligation, at the earlier of:

- (i) the legal maturity of the relevant Reference Obligation; or
- (ii) the date on which the assets securing the relevant Reference Obligation or designated to fund amounts due in respect of such Reference Obligation are liquidated, distributed or otherwise disposed;

*provided, however, that the failure by a Reference Entity to pay the outstanding principal amount in accordance with the foregoing shall not constitute a Failure to Pay Principal where such failure has occurred solely due to a miscalculation on the part of the entity responsible for calculating such amounts pursuant to the terms of the relevant Reference Obligation where:*

- (a) such miscalculation has not resulted in a default or event of default pursuant to the terms of such Reference Obligation;
- (b) such miscalculation is acknowledged in writing or via facsimile by such responsible entity within two business days of its occurrence; and
- (c) such miscalculation is remedied and the outstanding principal amount is paid in full within two business days of such acknowledgement.

**"Failure to Pay Interest"** means a failure by a Reference Entity to make a scheduled interest payment on the relevant Reference Obligation on any scheduled distribution date (such unpaid amount being an **"Interest Shortfall"**), *provided* that (A) with respect to a Reference Obligation that is not an RMBS Security, the capitalization of such Interest Shortfall or the separate recording of such Interest Shortfall as capitalized interest (in each case, in lieu of cash payment of such interest) in accordance with and to the extent provided for under the terms of such Reference Obligation (as at the date on which such Reference Obligation is issued and incurred) will not constitute a Failure to Pay Interest and (B) with respect to a Reference Obligation that is an RMBS Security, the reduction of an interest payment on such Reference Obligation occurring solely as a result of an available funds cap and/or a weighted average coupon cap (as provided for in the underlying instruments of such Reference Obligation) will not constitute a Failure to Pay Interest unless, in the case of either of clause (A) or (B) above, (i) the same constitutes a default or an event of default under the terms of such Reference Obligation or (ii) the terms of such Reference Obligation do not provide for the reimbursement of such Interest Shortfall (and accrued interest thereon).

Notwithstanding any provision to the contrary contained herein, the failure by a Reference Entity to make a scheduled interest payment in accordance with the foregoing shall not constitute a Failure to Pay Interest where such failure has occurred solely due to a miscalculation on the part of the entity responsible for calculating such amounts pursuant to the terms of the relevant Reference Obligation where:

- (i) such miscalculation has not resulted in a default or event of default pursuant to the terms of such Reference Obligation;
- (ii) such miscalculation is acknowledged in writing or via facsimile by such responsible entity within two business days of its occurrence; and
- (iii) such miscalculation is remedied and the appropriate amount of interest is paid in full within two business days of such acknowledgement.

For the avoidance of doubt, the occurrence of an Interest Shortfall on a security rated by S&P and Moody's with respect to the timely payment of interest shall constitute a Failure to Pay Interest.

**"Downgrade to Default Ratings"** means a Reference Obligation:

- (i) if such Reference Obligation has a public Actual Rating by S&P:
  - (a) is downgraded to "CC" or below by S&P; or
  - (b) has the rating assigned to it by S&P withdrawn (and S&P has indicated in a public communication that such withdrawal is partially attributable to the fact that the Reference Obligation in S&P's opinion is expected to suffer an imminent default, an imminent impairment or an imminent loss, or that a default, impairment or loss has already occurred) and not reinstated within five Business Days of such withdrawal; and
- (ii) if such Reference Obligation has a public Actual Rating by Moody's:
  - (a) is downgraded to "Ca" or below by Moody's; or
  - (b) has the rating assigned to it by Moody's withdrawn (and Moody's has indicated in a public communication that such withdrawal is partially attributable to the fact that the Reference Obligation in Moody's opinion is expected to suffer an imminent default, an imminent impairment or an imminent loss, or that a default,

impairment or loss has already occurred) and not reinstated within five Business Days of such withdrawal;

*provided, however, that:*

- (1) a Downgrade to Default Ratings Credit Event shall not apply to an Interim Reference Obligation;
- (2) if such Reference Obligation has a public Actual Rating of "BBB-" or higher by S&P immediately prior to the occurrence of an event described under subclause (i) above, the provisions of such subclause shall only take effect if, after a period of six calendar months after the day of such downgrade or withdrawal, as the case may be, the rating of such Reference Obligation remains at "CC" or lower or S&P has not reinstated the rating of such Reference Obligation, as the case may be; and
- (3) if such Reference Obligation has a public Actual Rating of "Baa3" or higher by Moody's immediately prior to the occurrence of an event described under subclause (ii) above, the provisions of such subclause shall only take effect if, after a period of six calendar months after the day of such downgrade or withdrawal, as the case may be, the rating of such Reference Obligation remains at "Ca" or lower or Moody's has not reinstated the rating of such Reference Obligation, as the case may be.

For the avoidance of doubt, if a Reference Obligation is not publicly rated by S&P, then only the provisions of subclause (ii) above shall apply and if a Reference Obligation is not publicly rated by Moody's, then only the provisions of subclause (i) above shall apply.

**"Irreversible Writedown"** means a reduction in the principal amount of a Reference Obligation (other than as a result of scheduled or unscheduled payment of principal) (such reduction, a **"Writedown"** and the amount of such Writedown the **"Writedown Amount"**) and:

- (i) the terms of such Reference Obligation do not provide for the reinstatement or reimbursement of such Writedown Amount; or
- (ii) the terms of such Reference Obligation do not provide for interest to be paid or accrued on such Writedown Amount; or
- (iii) the terms of such Reference Obligation do not provide for interest to be paid or accrued on the interest which would have accrued on the Writedown Amount;

*provided, however, that a Writedown shall not constitute an Irreversible Writedown pursuant to clauses (ii) or (iii) above unless and until the amount of deferred and unpaid interest on an amount of the Reference Obligation equal to the applicable Reference Obligation Notional Amount at the last time of inclusion of such Reference Obligation in the Reference Portfolio exceeds \$1,000,000.*

**"Material Writedown"** means the cumulative Writedown Amount in respect of a Reference Obligation has exceeded zero for the greater of (i) two payment periods and (ii) three consecutive months in respect of such Reference Obligation.

**"Interest Deferral"** means, with respect to a Reference Obligation that is either (a) a CDO Cashflow Security or (b) an ABS Security, (i) a failure by the Reference Entity to make scheduled interest payments on such Reference Obligation for (1) twenty-four consecutive months if such Reference Obligation was initially rated "A3" or above by Moody's or "A-" or above by S&P or (2) thirty-six consecutive months otherwise and (ii) such failure described in clause (i) does not satisfy the definition of "Failure to Pay Interest" without giving effect to the minimum payment requirement.

## Reference Portfolio

The Initial Reference Portfolio is set out in Schedule A and is subject to modifications as described under "—Replacement Reference Obligations".

## Removal of Reference Obligations Following Credit Events

Following a Material Writedown and the satisfaction of the Conditions to Settlement relating thereto, the Reference Obligation that is the subject of such Credit Event will not be removed from the Reference Portfolio, and such Reference Obligation may experience one or more subsequent Credit Events (including a Material Writedown).

Following a Credit Event other than a Material Writedown and the satisfaction of the Conditions to Settlement, the Reference Obligation that is the subject of such Credit Event will be removed from the Reference Portfolio.

## Reference Obligations

A Replacement Reference Obligation will be eligible for inclusion in the Reference Portfolio if, at the time of such inclusion, it satisfies the following criteria (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent):

- (i) it satisfies the required Minimum Ratings;
- (ii) (a) it has a Current Market Price of at least (1) with respect to Floating Rate Reference Obligations, 95.0% of par and (2) with respect to Fixed Rate Reference Obligations, the Swap Benchmark Adjusted Price less 5.0% of par and (b)(1) if the Credit Default Swap Calculation Agent is unable to determine the Current Market Price and (2) the Collateral Administrator is unable to confirm that the Current Market Price is at least the applicable price required pursuant to subclause (a) above (based on information and calculations supplied by the Credit Default Swap Calculation Agent):
  - (A) at the request of the Protection Buyer, the Trustee or the Issuing and Paying Agent, as applicable, will transmit a notice of such proposed inclusion to each Noteholder, which notice shall request such Noteholder to notify the Trustee or the Issuing and Paying Agent, as applicable, upon receipt of such notice;
  - (B) if, within five Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the Trustee or the Issuing and Paying Agent, as applicable, has not received confirmation from each Noteholder that it has received such notice, the Trustee or the Issuing and Paying Agent, as applicable, will redeliver such notice to any Noteholder that has not confirmed receipt of such notice; and
  - (C) within 15 Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the proposed inclusion is not opposed by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class;
- (iii) no Credit Event with respect thereto has occurred and is continuing;
- (iv) it is a Structured Product Security;

- (v) unless it is a Wrapped Security, it is not of an Excluded Specified Type;
- (vi) it is not an Interest-Only Security;
- (vii) if it is a CDO Cashflow Security, the collateral manager, portfolio advisor or Person acting in a similar capacity (such Person, a "**CDO Manager**") with respect to the Replacement Reference Obligation, as confirmed by the Collateral Administrator, is either (1) an Approved CDO Manager or (2) the following conditions have been satisfied:
  - (a) at the request of the Protection Buyer, the Trustee or the Issuing and Paying Agent, as applicable, transmits a notice prepared by the Protection Buyer of such proposed Replacement Reference Obligation and the identity of the CDO Manager with respect to such Replacement Reference Obligation to each Noteholder, which notice shall request such Noteholder to notify the Trustee or the Issuing and Paying Agent, as applicable, upon receipt of such notice;
  - (b) if, within five Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the Trustee or the Issuing and Paying Agent, as applicable, has not received confirmation from each Noteholder that it has received such notice, the Trustee or the Issuing and Paying Agent, as applicable, redelivers such notice to any Noteholder that has not confirmed receipt of such notice; and
  - (c) within 15 Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the proposed substitution is not opposed by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class;
- (viii) it is not a NIM Security;
- (ix) if it is a CDO Cashflow Security, it has been issued subsequent to January 1, 2003;
- (x) it is issued by an obligor (a) organized in the United States or any state thereof or the District of Columbia, (b) organized in a sovereign jurisdiction that is commonly used as the place of organization for an entity for the purpose of reducing or eliminating tax liabilities for such entity, which shall be limited to the Bahamas, Bermuda, the Cayman Islands, the Channel Islands, the Isle of Man, Ireland, the Netherlands, Luxembourg or the Netherlands Antilles (an obligor described in this subclause (b), a "**Special Purpose Vehicle**") or (c) organized in a sovereign jurisdiction with a foreign currency issuer rating of at least "AA-" by S&P and "Aa3" by Moody's;
- (xi) it is denominated in Dollars, Euros or Sterling;
- (xii) it should be or will be treated as debt for U.S. tax purposes, or the Alternative Debt Test with respect to such Reference Obligation is satisfied;
- (xiii) the Reference Entity relating to such Replacement Reference Obligation is not an obligor of any other Reference Obligation then contained in the Reference Portfolio or of a Collateral Security then owned by the Issuer;
- (xiv) it was offered by an underwriter, a placement agent or any Person acting in a similar capacity through a public prospectus, a private placement memorandum or any other similar document;

- (xv) it is not a United States real property interest within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, (the "**Code**"); and
- (xvi) it does not provide for delayed funding and is not a revolving loan that, in either case, would increase the Reference Obligation Notional Amount after the Closing Date (the criteria enumerated in subclauses (i) through (xvi) above, the "**Replacement Reference Obligation Eligibility Criteria**").

At any time, a Noteholder may notify the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it will, effective immediately, oppose all proposed Replacement Reference Obligations pursuant to subclause (iii)(b) above (any such notice, a "**Market Value Veto Notice**"). Any such Market Value Veto Notice will remain in effect for all proposed Replacement Reference Obligations pursuant to subclause (iii)(b) of the preceding paragraph until such time that such Noteholder has notified the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it is canceling the Market Value Veto Notice previously delivered by such Noteholder (any such notice, a "**Market Value Veto Cancellation Notice**"). However, at any time after such Noteholder has delivered a Market Value Veto Notice but prior to such time that such Noteholder has cancelled such Market Value Veto Notice by delivering a Market Value Veto Cancellation Notice to the Trustee or the Issuing and Paying Agent, as applicable, such Noteholder may consent to a particular proposed Replacement Reference Obligation by notifying the Trustee or the Issuing and Paying Agent, as applicable, that it does not oppose such proposed Replacement Reference Obligations. For the avoidance of doubt, any notification provided with respect to the immediately preceding sentence will not be deemed a Market Value Veto Cancellation Notice. For the further avoidance of doubt, any Noteholder who has previously submitted to the Trustee or the Issuing and Paying Agent, as applicable, a Market Value Veto Cancellation Notice may subsequently deliver to the Trustee or the Issuing and Paying Agent, as applicable, another Market Value Veto Notice.

At any time, a Noteholder may notify the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it will, effective immediately, oppose all proposed modifications to the list of Approved CDO Managers (any such notice, an "**Approved CDO Managers Veto Notice**"). Any such Approved CDO Managers Veto Notice will remain in effect for all proposed modifications to the list of Approved CDO Managers until such time that such Noteholder has notified the Trustee or the Issuing and Paying Agent, as applicable, (which shall in turn notify the Protection Buyer) that it is canceling the Approved CDO Managers Veto Notice previously delivered by such Noteholder (any such notice, an "**Approved CDO Managers Veto Cancellation Notice**"). However, at any time after such Noteholder has delivered an Approved CDO Managers Veto Notice but prior to such time that such Noteholder has cancelled such Approved CDO Managers Veto Notice by delivering an Approved CDO Managers Veto Cancellation Notice to the Trustee or the Issuing and Paying Agent, as applicable, such Noteholder may consent to a particular proposed modification to the list of Approved CDO Managers by notifying the Trustee or the Issuing and Paying Agent, as applicable, that it does not oppose such proposed modification. For the avoidance of doubt, any notification provided with respect to the immediately preceding sentence will not be deemed an Approved CDO Managers Veto Cancellation Notice. For the further avoidance of doubt, any Noteholder who has previously submitted to the Trustee or the Issuing and Paying Agent, as applicable, an Approved CDO Managers Veto Cancellation Notice may subsequently deliver to the Trustee or the Issuing and Paying Agent, as applicable, another Approved CDO Managers Veto Notice.

For the avoidance of doubt, a Replacement Reference Obligation may be an Amortized Reference Obligation.

A Replacement Reference Obligation must also satisfy the requirements set forth below at the time it is included in the Reference Portfolio (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent) (the "**Replacement Reference Obligation Notional Constraints**"):

- (i) the Reference Obligation Notional Amount of such Replacement Reference Obligation shall not exceed \$12,500,000; and
- (ii) the Reference Obligation Notional Amount of such Replacement Reference Obligation does not exceed the sum of all Reference Obligation Amortization Amounts and Reference Obligation Substitution Amounts not previously notionally reinvested.

In addition to satisfying the Replacement Reference Obligation Eligibility Criteria and the Replacement Reference Obligation Notional Constraints, a Replacement Reference Obligation will be eligible for inclusion in the Reference Portfolio only if the inclusion of such Replacement Reference Obligation in the Reference Portfolio satisfies each of the following criteria (other than the Moody's CDOROM™ Test 1, which must be in compliance) (the "**Reference Portfolio Profile Constraints**") or, if any criterion is not satisfied, the addition of such Reference Obligation will at least maintain or improve such criterion (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent):

- (i) the aggregate Reference Obligation Notional Amount of Reference Obligations that have an Eligibility Rating of "BBB+" or below, shall not exceed 20.0% of the Initial Reference Portfolio Notional Amount;
- (ii) the Weighted Average Life shall not exceed 8.0 years, with such maximum declining by approximately 0.5 years each year from and including the Closing Date to and including the Payment Date in June 2017;
- (iii) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute Wrapped Securities shall not exceed 10.0% of the Initial Reference Portfolio Notional Amount; provided that all Reference Obligations that constitute Wrapped Securities must have an Actual Rating of "AAA" by S&P or "Aaa" by Moody's;
- (iv) the aggregate Reference Obligation Notional Amount of Reference Obligations that are issued by Non-U.S. Obligors shall not exceed 20.0% of the Initial Reference Portfolio Notional Amount;
- (v) the aggregate Reference Obligation Notional Amount of non-Dollar denominated Reference Obligations shall not exceed 10.0% of the Initial Reference Portfolio Notional Amount; provided that each such non-Dollar denominated Reference Obligation must be denominated in Euros or Sterling;
- (vi) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CDO Cashflow Securities shall not exceed 25.0% of the Initial Reference Portfolio Notional Amount;
- (vii) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CDO High-Grade Structured Product Securities shall not exceed 3.0% of the Initial Reference Portfolio Notional Amount;
- (viii) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CLO Securities shall not exceed 10.0% of the Initial Reference Portfolio Notional Amount;
- (ix) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CDO Cashflow Securities (excluding any Reference Obligations that constitute CLO Securities) shall not exceed 20.0% of the Initial Reference Portfolio Notional Amount;

- (x) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CMBS Large Loans shall not exceed 5.0% of the Initial Reference Portfolio Notional Amount; provided that each such Reference Obligation must have an Actual Rating of at least "A-" by S&P or "A3" by Moody's;
- (xi) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities or CMBS Securities and are serviced by a particular servicer or its Affiliates shall not exceed 8.0% of the Initial Reference Portfolio Notional Amount; provided that:
  - (a) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities or CMBS Securities and are serviced by a particular servicer or its Affiliates shall not exceed 10.0% of the Initial Reference Portfolio Notional Amount if such servicer or Affiliate has (1) a servicer evaluation rating of "above average" by S&P, (2) a servicer rating of "SQ2" by Moody's, (3) an explicit rating of "AA-" or higher by S&P or (4) an explicit rating of "Aa3" or higher by Moody's;
  - (b) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities or CMBS Securities and are serviced by a particular servicer or its Affiliates shall not exceed 12.0% of the Initial Reference Portfolio Notional Amount if such servicer or Affiliate has (1) a servicer evaluation rating of "strong" by S&P, (2) a servicer rating of "SQ1" by Moody's, (3) an explicit rating of "AAA" by S&P or (4) an explicit rating of "Aaa" by Moody's;
  - (c) notwithstanding anything in this clause (xi) to the contrary, the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities and are serviced by Long Beach Mortgage Company or its Affiliates shall not exceed 3.0% of the Initial Reference Portfolio Notional Amount; and
  - (d) notwithstanding anything in this clause (xi) to the contrary, the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities and are serviced by Saxon Capital Inc. or its Affiliates shall not exceed 3.0% of the Initial Reference Portfolio Notional Amount;
- (xii) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Securities shall not exceed 60.0% of the Initial Reference Portfolio Notional Amount;
- (xiii) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute RMBS Residential A Mortgage Securities shall not exceed 3.0% of the Initial Reference Portfolio Notional Amount; provided that each such Reference Obligation must have an Actual Rating of at least "A" by S&P or "A2" by Moody's;
- (xiv) the aggregate Reference Obligation Notional Amount of Reference Obligations that constitute CMBS Securities shall not exceed 25.0% of the Initial Reference Portfolio Notional Amount;
- (xv) the S&P Trading Model Test is satisfied;
- (xvi) the Moody's CDOROM™ Model Test 1 is satisfied;
- (xvii) the Equivalent Moody's Diversity Score shall be at least 17.0; and



(xviii) the Equivalent Moody's Weighted Average Rating Factor shall not exceed 180.0.

With respect to the determination of compliance with the Reference Portfolio Profile Constraints, all concentrations calculated as a percentage of the Reference Portfolio Notional Amount and the Weighted Average Life, calculated in terms of years, shall in each case be rounded to one decimal place prior to the determination of compliance with the Reference Portfolio Profile Constraints. For example, a concentration of 20.05% will be rounded to 20.1% and a Weighted Average Life of 7.05 years will be rounded to 7.1 years.

With respect to the determination of compliance with subclause (xi) of the Reference Portfolio Profile Constraints, the servicer with respect to a Reference Obligation shall be deemed to be (i) the primary servicer that services a majority of the aggregate principal amount of the underlying assets of such Reference Obligation and (ii) if there is no primary servicer that services a majority of the aggregate principal amount of the underlying assets of such Reference Obligation, the master servicer.

The "**S&P Trading Model Test**" is a test satisfied at any time of determination if, after giving effect to the inclusion of a Replacement Reference Obligation in the Reference Portfolio, the S&P Excess Credit Enhancement for each Class of Notes rated by S&P of the Proposed Portfolio is greater than or equal to zero. The S&P Trading Model Test will be considered to be improved if the S&P Excess Credit Enhancement of each Class of Notes rated by S&P of the Proposed Portfolio is greater than the S&P Excess Credit Enhancement of such Class of Notes of the Current Portfolio.

S&P's analysis includes the application of its proprietary default expectation computer model, which is used to estimate the default rate the Reference Portfolio is likely to experience. The computer model calculates the projected cumulative default rate of a pool of Reference Obligations consistent with a specified benchmark rating level based upon S&P's studies. The computer model takes into consideration, among other things, the rating of each Reference Obligation, the number of Reference Entities and Reference Obligations and the concentrations of asset classes. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand. Credit enhancement to support a particular rating is then provided based, in part, on the results of the computer model.

There can be no assurance that the actual loss on the Reference Obligations will not exceed those assumed in the application of the computer model. The Issuers make no representation as to the expected rate of defaults on the Reference Portfolio or as to the expected timing or magnitude of any defaults or recoveries that may occur.

S&P's rating of the Notes will be established under various assumptions and scenario analyses. There can be no assurance, and no representation is made hereby, that actual defaults on the Reference Obligations will not exceed those in S&P's analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those in S&P's analysis.

The "**Moody's CDOROM™ Model Test 1**" means a test that is satisfied at any time of determination if, after giving effect to the inclusion of a Replacement Reference Obligation in the Reference Portfolio, (i) the Current Buffer of each Class of Notes rated by Moody's is greater than or equal to zero and (ii) with respect to each Class of Notes for which such buffer determined in clause (i) above is less than zero after giving effect to the inclusion of such Replacement Reference Obligation in the Reference Portfolio, the Actual Moody's Metric of the Proposed Portfolio for such Class of Notes is less than or equal the Actual Moody's Metric of the Current Portfolio for each such Class of Notes. For the avoidance of doubt, the removal of a Reference Obligation from the Reference Portfolio following a related Credit Event shall not be subject to the Moody's CDOROM™ Model Test 1. Compliance by the Issuer with the Moody's CDOROM™ Model Test 1 will be confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent.

The "**Moody's CDOROM™ Model**" means the licensed Moody's CDOROMv2.0 model as provided by Moody's which incorporates (a) the Moody's CDOROM™ Inputs as specified in Schedule B and (b) the Moody's Additional Expected Loss Table.

The "**Moody's CDOROM™ Inputs**" are all inputs as described in Schedule B and the "Inputs Description" sheet of the Moody's CDOROM™ Model.

#### **Adjustment to the Super Senior Notional Amount**

The "**Super Senior Notional Amount**" will equal \$1,000,000,000 on the Closing Date and will be adjusted thereafter:

- (i) five Business Days following each Credit Default Swap Calculation Date, by decreasing the Super Senior Notional Amount by an amount equal to the lesser of (a) the aggregate Reference Obligation Recovery Amount determined on such Credit Default Swap Calculation Date and (b) the Super Senior Notional Amount immediately prior to such determination;
- (ii) five Business Days following each Credit Default Swap Calculation Date, by decreasing the Super Senior Notional Amount by an amount equal to the greater of (a)(1) the aggregate Loss Amount determined on the related Credit Default Swap Calculation Date less (2) Class Notional Amount of the Notes immediately prior to such determination and (b) zero;
- (iii) after the Notional Reinvestment Period, on any Business Day on which any principal is paid on one or more Reference Obligation(s) or the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), (a) if the Modified Sequential Paydown Sequence Requirements would be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence, by decreasing the Super Senior Notional Amount by an amount equal to the lesser of (I) the sum of (X) the notional amount required to reduce the Super Senior Notional Amount to the extent necessary to cause the Actual Super Senior Notional Overcollateralization Ratio to equal the Target Super Senior Notional Overcollateralization Ratio and (Y)(A) the aggregate Reference Obligation Amortization Amount determined on such date less (B) the reductions determined in accordance with subclauses (i) and (ii) of the Modified Sequential Paydown Sequence on such date and (II) the Super Senior Notional Amount immediately prior to such determination, or (b) if the Modified Sequential Paydown Sequence Requirements would not be satisfied following the projected amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes on such date in accordance with the Modified Sequential Paydown Sequence, by decreasing the Super Senior Notional Amount by an amount equal to the lesser of (I) the aggregate Reference Obligation Amortization Amount determined on such date and (II) the Super Senior Notional Amount immediately prior to such determination;
- (iv) on the day that one or more Replacement Reference Obligations relating to one or more Amortized Reference Obligations are included in the Reference Portfolio, by increasing the Super Senior Notional Amount by an amount equal to the aggregate Reference Obligation Notional Amount of such Replacement Reference Obligations;
- (v) if, after the occurrence of a Material Writedown (for which a Loss Amount was calculated), the principal amount of the related Reference Obligation is reinstated by the related Reference Entity, on the Business Day after such reinstatement, by increasing the

Super Senior Notional Amount by an amount equal to the lesser of (i) the Write-up Amount on such date and (ii) the ICE Super Senior Differential; and

- (vi) by increasing the Super Senior Notional Amount by the amount of any deferred interest on any Reference Obligation up to an aggregate amount not to exceed \$200,000,000.

On any date of determination, increases and decreases to the Super Senior Notional Amount will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Recovery Amount (if any), (iii) aggregate Reference Obligation Amortization Amount (if any) and (iv) aggregate Write-Up Amount (if any).

The Super Senior Notional Amount may be increased pursuant to subclause (vi) above in the limited circumstances as described under "Risk Factors—Commercial Mortgaged-Backed Securities" and "—Residential Mortgage-Backed Securities" and "—CDO Cashflow Securities".

### **Credit Default Swap Early Termination**

#### *Credit Default Swap Event of Default.*

The occurrence of any of the following events will constitute a "**Credit Default Swap Event of Default**":

- (i) failure by the Issuer, the Protection Buyer or the Protection Buyer Credit Support Provider to make, when due, any payment under the Credit Default Swap, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Protection Buyer or the Protection Buyer Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it, as the case may be, in accordance with any Protection Buyer Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of any Protection Buyer Credit Support Document or the failing or ceasing of such Protection Buyer Credit Support Document to be in full force and effect for the purpose of the Credit Default Swap (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Protection Buyer under the Credit Default Swap without the written consent of the Issuer; and (c) the Protection Buyer or the Protection Buyer Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Protection Buyer Credit Support Document; or
- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Protection Buyer or the Protection Buyer Credit Support Provider.

#### *Credit Default Swap Termination Events.*

The occurrence of any of the following events will constitute a "**Credit Default Swap Termination Event**":

- (iv) it becomes unlawful for the Protection Buyer, the Protection Buyer Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Credit Default Swap or to comply with any other material provision thereof or for the Protection Buyer or the Protection Buyer Credit Support Provider to perform its obligations under any Protection Buyer Credit Support Document and no party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;

- (v) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer or the Protection Buyer) or (b) a change in tax law, such party will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to (x) make a "gross-up" payment to the other party in respect of an indemnifiable tax or (y) receive a payment from the other party subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;
- (vi) as a result of the Issuer's or the Protection Buyer's consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, the Issuer or the Protection Buyer is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax;
- (vii) a Collateral Default;
- (viii) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
- (ix) an Adverse Tax Event;
- (x) an Optional Redemption;
- (xi) the designation of an early termination date under the Basis Swap (other than as triggered by the Credit Default Swap) (such designated date, the "**Basis Swap Early Termination Date**"); or
- (xii) the designation of an early termination date under the Collateral Put Agreement (other than as triggered by the Credit Default Swap) (such designated date, the "**Collateral Put Agreement Early Termination Date**").

Upon the Trustee or the Issuing and Paying Agent becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate Outstanding Amount of the Notes, in each case voting as a single class.

#### **Payments on Credit Default Swap Early Termination**

*Payment by the Issuer.* Upon the occurrence of a Credit Default Swap Early Termination, the Issuer will be required to pay to the Protection Buyer the following amounts:

- (i) any Cash Settlement Amounts owed by the Issuer to the Protection Buyer for any Credit Events that occur on or prior to the Credit Default Swap Early Termination Date for which the Conditions to Settlement have been satisfied; and
- (ii) any Credit Default Swap Termination Payment.

*Payment by the Protection Buyer.* Upon the occurrence of a Credit Default Swap Early Termination, the Protection Buyer will be required to pay to the Issuer the following amounts:

- (i) any accrued but unpaid Fixed Payments;
- (ii) any Credit Default Swap Termination Payment; and
- (iii) in the case of an Optional Redemption, at the sole discretion of the Protection Buyer, an amount (the "**End Payment**") equal to (a) the aggregate amount required to be paid by the Issuer on the Optional Redemption Date in accordance with subclauses (i) through (vii) of "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" *less* (b) the Principal Proceeds that are expected to be available on the Optional Redemption Date to pay the amount described in subclause (a); provided however that an Optional Redemption will be effected only in accordance with the Indenture.

As used herein, "**Credit Default Swap Termination Payment**" means the replacement cost or gain for a portfolio credit default swap with the financial terms of the Credit Default Swap, calculated in accordance with the terms of the Credit Default Swap; *provided, however*, that no Credit Default Swap Termination Payment shall be payable by the Protection Buyer in connection with a Credit Default Swap Early Termination caused by an Optional Redemption; and provided further that if the Credit Default Swap is terminated due to the Protection Buyer causing an Event of Default thereunder and, thereafter, in connection with the related Mandatory Redemption, the aggregate liquidation proceeds of all Collateral (excluding any liquidation proceeds representing accrued and unpaid interest) are less than the aggregate outstanding principal amount of such Collateral at the time of liquidation, any Credit Default Swap Termination Payment payable to the Protection Buyer will be reduced by the amount of such shortfall.

#### **Amendment**

The Credit Default Swap may be amended at any time without satisfying the S&P Rating Condition and the Moody's Rating Condition or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Credit Default Swap may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

#### **Transfer**

Neither the Issuer nor the Protection Buyer may transfer its rights and obligations under the Credit Default Swap without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that:

- (i) a party may make such a transfer of its rights and obligations pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Credit Default Swap; and
- (iii) the Protection Buyer may, without recourse, transfer the Credit Default Swap (in whole and not in part only) to any of the Protection Buyer's Affiliates so long as:

- (a) GS Group (or another entity with a credit rating at least equal to that of GS Group) guarantees such transferred obligations of the transferee pursuant to a guaranty in substantially the form of the guaranty of the GS Group specified in the Credit Default Swap or such transferee has a credit rating at least equal to that of GS Group;
- (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Protection Buyer in the absence of such transfer;
- (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Protection Buyer would have been required to so withhold or deduct in the absence of such transfer;
- (d) it does not become unlawful for either party to perform any obligation under the Credit Default Swap as a result of such transfer; and
- (e) a Credit Default Swap Early Termination does not occur as a result of such transfer.

#### **Guarantee**

The GS Group will guarantee the obligations of the Protection Buyer under the Credit Default Swap.

#### **THE PROTECTION BUYER**

The Protection Buyer is Goldman Sachs Capital Markets, L.P. As described above, the GS Group will guarantee the obligations of Goldman Sachs Capital Markets, L.P. as the Protection Buyer under the Credit Default Swap. Goldman Sachs Capital Markets, L.P. is an Affiliate of the GS Group.

The GS Group, together with its subsidiaries, is a leading global investment banking, securities and investment management firm that provides a wide range of financial services worldwide to a substantial and diversified clientbase that includes corporations, financial institutions, governments and high net-worth individuals. The GS Group is required to file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (the "**SEC**"). The GS Group's filings with the SEC are also available to the public through the SEC's Internet site at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which the GS Group's common stock is listed.

Investors in Notes are hereby informed that the reports and other information with respect to the GS Group on file with the SEC to which investors are referred above are not and will not be "incorporated by reference" herein.

The Notes do not represent an obligation of, and will not be insured or guaranteed by, the GS Group or any of its subsidiaries and investors will have no rights or recourse against the GS Group or any of its subsidiaries.

## THE COLLATERAL SECURITIES

### The Initial Collateral Securities

On the Closing Date, the Issuer will use the net proceeds of the offering and part or all of the Upfront Payment to purchase the securities described in the table below (the "**Initial Collateral Securities**", together with Supplemental Collateral Securities and any BIE Collateral Securities purchased by the Issuer, the "**Collateral Securities**") at the direction of the Protection Buyer. Such Initial Collateral Securities and any Eligible Investments purchased by the Issuer on the Closing Date will have an aggregate principal amount of at least \$140,000,000.

Original Principal Amount (USD)	Current Principal Amount (USD)	Security	CUSIP	Coupon	Type	Expected Weighted Average Life (years) (a)	Legal Maturity	Moody's Rating	S&P
80,000,000	20,026,596	AFC 2000-4 1A	00105HEN2	1mL +0.37%	RMBS Residential B/C Mortgage Security	2.65	1/25/2031	Aaa	AAA
60,000,000	12,437,435	AFC 2000-4 2A	00105HEP7	1mL +0.28%	RMBS Residential B/C Mortgage Security	1.90	1/25/2031	Aaa	AAA
2,000,000	798,677	GSAA 2004-5 AV1	36228F5A0	1mL +0.18%	RMBS Residential A Mortgage Security	0.57	6/25/2034	Aaa	AAA
66,350,000	55,260,636	GSAA 2005-2 2A1	36242DTK9	1mL +0.14%	RMBS Residential A Mortgage Security	0.87	12/25/2034	Aaa	AAA
11,579,000	9,723,962	GSAA 2005-3 A1	36242DWR0	1mL +0.13%	RMBS Residential A Mortgage Security	0.91	12/25/2034	Aaa	AAA
10,000,000	9,143,636	GSAA 2005-4 A1	36242DZJ5	1mL +0.11%	RMBS Residential A Mortgage Security	0.94	3/25/2035	Aaa	AAA
32,610,000	32,610,000	SWIFT 2005-A11 A	86837WAA5	1mL +0.12%	ABS Automobile Security	6.82	2/15/2014	Aaa	AAA
<b>Aggregate</b>	<b>\$140,000,942</b>								

(a) Expected Weighted Average Life based upon Bloomberg cashflow projections (assuming a settlement date of June 7, 2005)

### Supplemental Collateral Securities

The Protection Buyer shall direct the Issuer to purchase a Supplemental Collateral Security only if it satisfies the following criteria at the time of purchase (the "**Collateral Security Eligibility Criteria**") (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent); provided, however, that in the case of a Supplemental Collateral Security purchased with Excess Disposition Proceeds, such Collateral Security need only satisfy the criteria described in clauses (vii) through (xi) below:

- (i) other than with respect to an RMBS Agency Security, it has an Actual Rating by S&P of "AAA" and an Actual Rating by Moody's of "Aaa";
- (ii) (a) it is the senior-most class of securities issued by its obligor, it being acknowledged and agreed that such senior class may be paid *pro rata* with other senior classes of such securities issued by such obligor with respect to the payment of interest but must be senior to any other classes of such securities issued by such obligor with respect to the allocation of losses and (b) the aggregate notional amount of such class of securities at the time of issuance, together with the aggregate notional amount of any *pro rata* classes described in subclause (a) at the time of issuance, is greater than 10% of the initial aggregate notional amount of securities issued by such obligor;

- (iii) it has a stated maturity of no later than the Stated Maturity;
- (iv) the obligor of such Supplemental Collateral Security is not a Reference Entity in respect of any Reference Obligation in the Reference Portfolio;
- (v) it is denominated in U.S. dollars;
- (vi) it is either (a) a Diversified Security, (b) a RMBS Security (other than an Excluded Specified Type) or (c) a CDO Structured Product Security (other than an Excluded Specified Type) with (1) a legal maturity date within five years of the purchase of such CDO Structured Product Security or (2) that is subject to a put agreement (either embedded in the transaction in which such CDO Structured Product Security is issued or separately entered into for the benefit of the holder of such security) that is exercisable not more than five years after the purchase of such security with a counterparty that has (A) if explicitly rated by S&P, an S&P long-term rating of "AAA" and an S&P short-term rating of "A-1+" and (B) if explicitly rated by Moody's, a Moody's long-term rating of "Aaa" and a Moody's short-term rating of "P-1", in each case selected by the Protection Buyer that meets the requirements set forth in subclauses (i) through (iv) above, for so long as, in the case of subclause (b) or (c) above, and except in the case of Wrapped Securities, a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class did not object to such selection within five Business Days of the Counterparty's delivery of a notice of such selection to each Noteholder;
- (vii) it must have been offered by an underwriter, a placement agent or any Person acting in a similar capacity through a public prospectus, a private placement memorandum or any other similar document;
- (viii) it must not be a United States real property interest within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended;
- (ix) it must not provide for delayed funding or is not a revolving loan;
- (x) it is treated as debt for U.S. tax purposes or the Alternative Debt Test is satisfied; and
- (xi) if not publicly offered, its principal amount must not constitute more than 50% of the aggregate principal amount of the entire capital structure under which such Collateral Security was issued.

In addition to satisfying the Collateral Security Eligibility Criteria, a Supplemental Collateral Security or BIE Collateral Security will be eligible for inclusion in the Collateral only if, after the inclusion of such Supplemental Collateral Security or BIE Collateral Security in the Collateral, the Weighted Average Life of the Collateral Securities would not exceed 8.0 years, with such maximum declining by approximately 0.5 years each year from and including the Closing Date to and including the Payment Date in June 2017. Such Weighted Average Life, calculated in terms of years, shall in each case be rounded to one decimal place prior to the determination of compliance with the constraint referred to in the previous sentence. For example, a Weighted Average Life of 7.05 years will be rounded to 7.1 years (the test described in this paragraph, the "**Collateral Security Weighted Average Life Test**").

#### **Substitution of Collateral Securities**

From time to time following the Closing Date, any Noteholder may submit to the Trustee or the Issuing and Paying Agent, as applicable, in writing, a Collateral Security Substitution Request Notice requesting the substitution of one or more BIE Collateral Securities for one or more existing Collateral Securities, in whole or in part. The Trustee or the Issuing and Paying Agent, as applicable, will promptly



forward such Collateral Security Substitution Request Notice to the Protection Buyer. Within five Business Days of receiving such Collateral Security Substitution Request Notice, the Protection Buyer will determine whether each proposed BIE Collateral Security identified in the Collateral Security Substitution Request Notice is a BIE Collateral Security and will provide information and calculations in such respect to the Trustee. The Trustee will review and confirm such calculation and, if the BIE Collateral Security Eligibility Criteria are satisfied, the Trustee will determine the BIE Transaction Cost and (b) request the Basis Swap Calculation Agent to determine the BIE Basis Swap Payment. Upon such determination by the Trustee, the Trustee or the Issuing and Paying Agent, as applicable, will deliver either (1) a Collateral Security Substitution Information Notice or (2) a Collateral Security Substitution Refusal Notice to the Originating Noteholder with respect to each Collateral Security Substitution Request Notice, as applicable; *provided, however*, if the Trustee or the Issuing and Paying Agent, as applicable, delivers a Collateral Security Substitution Refusal Notice to the Originating Noteholder, the related Collateral Security Substitution Request Notice will be deemed to be void and of no further effect.

Within five Business Days of receiving a Collateral Security Substitution Information Notice relating to a Collateral Security Substitution Request Notice, the Originating Noteholder must (i) notify the Trustee or the Issuing and Paying Agent, as applicable, and the Protection Buyer whether it wishes to proceed with the proposed substitution and, if so (ii) agree to pay any BIE Transaction Cost (regardless of whether the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class consent to such proposed substitution) and, if the proposed substitution occurs, any applicable BIE Basis Swap Payment (the occurrence of subclauses (i) and (ii), a "**Substitution Confirmation**"). If a Substitution Confirmation is not received by the Trustee or the Issuing and Paying Agent, as applicable, within the time period specified above, the related Collateral Security Substitution Request Notice will be deemed to be void and of no further effect. Upon the receipt of a Substitution Confirmation, the Trustee or the Issuing and Paying Agent, as applicable, will deliver a BIE Consent Solicitation to all Noteholders, including the Originating Noteholder. Upon receipt of such BIE Consent Solicitation, each Noteholder may, on or prior to the BIE Notification Date, submit written notice to the Trustee or the Issuing and Paying Agent, as applicable, indicating either (1) approval or (2) disapproval of the Proposed New BIE Collateral Security. If the Trustee determines that (1) the BIE Consent Solicitation failed to receive the approval of the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class by the BIE Notification Date, the Trustee or the Issuing and Paying Agency Agreement will deliver a Collateral Security Substitution Noteholder Refusal Notice to the Originating Noteholder and the related Collateral Security Substitution Request Notice will be deemed void and of no further effect or (2) the BIE Consent Solicitation received the approval of Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class, it will deliver a BIE Acceptance Notice to the Originating Noteholder.

Upon receiving confirmation (1) from the Basis Swap Counterparty that the Originating Noteholder has paid the BIE Basis Swap Payment to the Basis Swap Counterparty, (2) that the Originating Noteholder has paid the BIE Transaction Cost to the Issuer and (3) that the relevant BIE Collateral Securities have been delivered to the Issuer, and the par amount of such delivered BIE Collateral Securities is equal to the par amount of the existing Collateral Securities to be substituted, the Trustee shall release its lien on the par amount of the relevant existing Collateral Securities to be substituted and deliver the par amount of such substituted Collateral Securities to such Originating Noteholder.

If (i) any BIE Collateral Security is not delivered to the Issuer, (ii) the Issuer is not paid the BIE Transaction Cost or (iii) the Basis Swap Counterparty is not paid the BIE Basis Swap Payment, in each case by the end of the BIE Exercise Period identified in the BIE Acceptance Notice, the BIE Acceptance Notice and the Collateral Security Substitution Request Notice will be deemed void and of no further effect.

## Voting and Other Matters Relating to Collateral Securities

If the Issuer has the right to vote or give consent in respect of any amendment, modification, waiver under any document relating to any Collateral Security or receives any other solicitation for any action with respect to any Collateral Security, the Trustee or the Issuing and Paying Agent, as applicable, shall give each Noteholder notice of such proposed action, including a description thereof, requesting instructions from each Noteholder as to whether or not to take such action, and, after receiving instruction from each Noteholder, the Trustee shall cause the Issuer to give such vote, consent or withhold consent, as the case may be, making such determination based on decision of Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class.

Notwithstanding the preceding paragraph, the Collateral Disposal Agent will have the right to direct the Trustee to take certain actions with respect to Collateral Securities. See "The Collateral Disposal Agreement—Exercise of Put, Repurchase or Similar Right".

## THE BASIS SWAP

The following description of the Basis Swap is a summary of certain provisions of the Basis Swap. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Basis Swap.

The Notes do not represent an obligation of the Basis Swap Counterparty. Noteholders will not have any right to proceed directly against the Basis Swap Counterparty in respect of the Basis Swap Counterparty's obligations under the Basis Swap. However, the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Basis Swap Counterparty.

### Effective Date and Scheduled Termination

The effective date of the Basis Swap will be the Closing Date.

Unless terminated prior to its scheduled termination date, the Basis Swap will terminate on March 28, 2045.

### Payments

*Periodic Payments by the Basis Swap Counterparty to the Issuer.*

On each Payment Date, the Basis Swap Counterparty will pay to the Issuer an amount (each a "**Monthly Basis Swap Payment**") equal to the product of:

- (i) one-month LIBOR for the Applicable Period;
- (ii) the average daily Aggregate Outstanding Amount of the Notes during the preceding Basis Swap Calculation Period; and
- (iii) the actual number of days in the preceding Basis Swap Calculation Period in which a payment is made *divided* by 360.

The Basis Swap Counterparty shall be the calculation agent under the Basis Swap (the "**Basis Swap Calculation Agent**").

*Periodic Payments by the Issuer to the Basis Swap Counterparty.*

Pursuant to the Basis Swap, the Issuer is obligated to pay to the Basis Swap Counterparty the Basis Swap Payment on each Payment Date. See "Summary—The Basis Swap—Terms" and "Priority of Payments—Interest Proceeds".

**Basis Swap Early Termination**

*Basis Swap Event of Default.*

The occurrence of any of the following events will constitute a "**Basis Swap Event of Default**":

- (i) failure by the Issuer, the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to make, when due, any payment under the Basis Swap, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Basis Swap Counterparty Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of any Basis Swap Counterparty Credit Support Document or the failing or ceasing of any such Basis Swap Counterparty Credit Support Document to be in full force and effect for the purpose of the Basis Swap (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Basis Swap Counterparty under the Basis Swap without the written consent of the Issuer; and (c) the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Basis Swap Counterparty Credit Support Document; or
- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Issuer or the Basis Swap Counterparty.

*Basis Swap Termination Events.*

The occurrence of any of the following events will constitute a "**Basis Swap Termination Event**":

- (i) it becomes unlawful for either the Basis Swap Counterparty, any Basis Swap Counterparty Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Basis Swap or to comply with any other material provision thereof or for the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to perform its obligations under any Basis Swap Counterparty Credit Support Document and neither party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;
- (ii) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer, the Basis Swap Counterparty, or any Basis Swap Counterparty Credit Support Provider) or (b) a change in tax law, the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to (1) make a "gross-up" payment in respect of an indemnifiable tax or (2) receive a

payment subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;

- (iii) as a result of the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, such party is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax, and neither party is able to transfer such obligation to a different jurisdiction or substitute another entity in its place such that the withholding or deduction does not apply;
- (iv) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
- (v) an Adverse Tax Event;
- (vi) the Basis Swap Counterparty or all of the Basis Swap Counterparty Credit Support Providers do not satisfy the Required Basis Swap Counterparty Rating and at least one of the following events has not occurred: (1) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty shall transfer the Basis Swap, in whole, but not in part, to a counterparty that satisfies the Required Basis Swap Counterparty Rating, (2) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty, so long as it is rated at least "BBB-" by S&P, shall collateralize its exposure to the Issuer, subject to the satisfaction of the S&P Rating Condition or the Moody's Rating Condition, as applicable, (3) within the time period specified in the Basis Swap with respect to such downgrade, the obligations of the Basis Swap Counterparty under the Basis Swap shall be guaranteed by a person or entity that satisfies the Required Basis Swap Counterparty Rating or (4) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty shall take such other steps, if any, as each of the Rating Agencies that has downgraded the Basis Swap Counterparty may require in order to be able to confirm to the Issuer in writing that the Basis Swap Counterparty's obligations under the Basis Swap will be treated by such Rating Agency as if such obligations were owed by a counterparty that satisfies the Required Basis Swap Counterparty Rating;
- (vii) the designation of an early termination date under the Credit Default Swap (other than as triggered by the Basis Swap) (such designated date, the "**Credit Default Swap Early Termination Date**");
- (viii) the designation of an early termination date under the Collateral Put Agreement (other than as triggered by the Basis Swap); or
- (ix) a Collateral Default.

Upon the Trustee becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate Outstanding Amount of the Notes, in each case voting as a single class.

*Payments on Basis Swap Early Termination.*

*Payment by the Issuer.* Upon the occurrence of a Basis Swap Early Termination, the Issuer will be required to pay to the Basis Swap Counterparty the following amounts:

- (i) any accrued but unpaid Basis Swap Payment; and
- (ii) any Basis Swap Termination Payment.

*Payment by the Basis Swap Counterparty.* Upon the occurrence of a Basis Swap Early Termination, the Basis Swap Counterparty will be required to pay to the Issuer the following amounts:

- (i) any accrued but unpaid Monthly Basis Swap Payments; and
- (ii) any Basis Swap Termination Payment.

As used herein, "**Basis Swap Termination Payment**" means the replacement cost or gain for a cash-flow swap with the financial terms of the Basis Swap, calculated in accordance with the terms of the Basis Swap; *provided, however*, that if the Basis Swap is terminated due to the Basis Swap Counterparty causing an Event of Default thereunder and, thereafter, in connection with the related Mandatory Redemption, the aggregate liquidation proceeds of all Collateral (excluding any liquidation proceeds representing accrued and unpaid interest) are less than the aggregate outstanding principal amount of such Collateral at the time of liquidation, any Basis Swap Termination Payment payable to the Basis Swap Counterparty will be reduced by the amount of such shortfall less the reduction in any Credit Default Swap Termination Payment due to such shortfall.

**Amendment**

The Basis Swap may be amended at any time without satisfying the S&P Rating Condition and the Moody's Rating Condition or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Basis Swap may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

**Transfer**

Neither the Issuer nor the Basis Swap Counterparty may transfer its rights and obligations under the Basis Swap without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that:

- (i) a party may make such a transfer of its rights and obligations pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Basis Swap; and
- (iii) the Basis Swap Counterparty may, without recourse, transfer the Basis Swap (in whole and not in part only) to any of the Basis Swap Counterparty's Affiliates so long as:
  - (a) (1) such Affiliate has a long-term, unsecured, unsubordinated debt obligation rating or financial program rating (or other similar ratings) by S&P and Moody's which are equal to or greater than the comparable long-term, unsecured,

unsubordinated debt obligation rating or financial program rating (or other similar ratings) of the Basis Swap Counterparty immediately prior to such transfer, or (2) the obligations transferred to such transferee must be guaranteed by the Basis Swap Counterparty pursuant to a guaranty in substantially the form of the guaranty of any Basis Swap Counterparty Credit Support Provider or other agreement or instrument consented to by the Issuer or other agreement or instrument mutually agreed upon by both parties and satisfactory to S&P;

- (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Basis Swap Counterparty in the absence of such transfer;
- (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Basis Swap Counterparty would have been required to so withhold or deduct in the absence of such transfer;
- (d) it does not become unlawful for either party to perform any obligation under the Basis Swap as a result of such transfer; and
- (e) a Basis Swap Early Termination does not occur as a result of such transfer.

#### **Guarantee**

Mitsui Marine and Fire Insurance Co., Ltd. and the GS Group will jointly guarantee the obligations of the Basis Swap Counterparty under the Basis Swap.

#### **THE COLLATERAL PUT AGREEMENT**

The following description of the Collateral Put Agreement is a summary of certain provisions of the Collateral Put Agreement. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Collateral Put Agreement.

The Notes do not represent an obligation of the Collateral Put Provider. Noteholders will not have any right to proceed directly against the Collateral Put Provider in respect of the Collateral Put Provider's obligations under the Collateral Put Agreement. However, the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Collateral Put Provider.

On each Payment Date, the Issuer will pay to the Collateral Put Provider an amount (each, a "**Collateral Put Provider Fee Amount**") equal to the product of:

- (i) a rate of 0.06% per annum; and
- (ii) the Aggregate Outstanding Amount of the Notes on the first day of the preceding Interest Accrual Period; and
- (iii) the actual number of days in the preceding Interest Accrual Period *divided* by 360.

#### **Effective Date and Scheduled Termination**

The effective date of the Collateral Put Agreement will be the Closing Date.

Unless terminated prior to its scheduled termination date, the Collateral Put Agreement will terminate on March 28, 2045.

## Payments and Delivery

In connection with any liquidation of the Collateral Securities in connection with (i) the payment of any Reference Obligation Amortization Amount by the Issuer, (ii) the payment of any Recovery Adjustment Amount by the Issuer or (iii) an Optional Redemption or a Partial Optional Redemption, if the Collateral Disposal Agent is unable to liquidate a Collateral Security at a price of at least 100% (excluding any accrued interest) (in each case other than in connection with any Selected Collateral Securities purchased with Excess Disposition Proceeds), the Collateral Disposal Agent will inform the Trustee. The Trustee will then direct the Issuer to exercise the Issuer's right under the Collateral Put Agreement pursuant to which the Trustee will deliver such Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to 100% of the principal amount of such Collateral Security (plus accrued and unpaid interest).

The Collateral Put Agreement will not apply to the liquidation of Collateral Securities to fund the payment of (i) Cash Settlement Amounts to the Protection Buyer or (ii) principal of the Notes in connection with a Mandatory Redemption. In addition, the Collateral Put Agreement will not apply to any Eligible Investments held by the Issuer.

## Collateral Put Agreement Early Termination

Upon the occurrence of an early termination of the Collateral Put Agreement, (i) the Issuer will be required to pay to the Collateral Put Provider any accrued but unpaid Collateral Put Provider Fee Amount, (ii) the Collateral Put Provider will be required to pay the Issuer any unpaid amounts with respect to its purchase of Collateral Securities from the Issuer pursuant to the Collateral Put Agreement and (iii) no other amounts will be payable pursuant to the Collateral Put Agreement.

### *Collateral Put Agreement Event of Default.*

The occurrence of any of the following events will constitute a "**Collateral Put Agreement Event of Default**":

- (i) failure by the Issuer, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider to make, when due, any payment under the Collateral Put Agreement, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Collateral Put Provider or the Collateral Put Provider Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with the Collateral Put Provider Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of the Collateral Put Provider Credit Support Document or the failing or ceasing of such Collateral Put Provider Credit Support Document to be in full force and effect for the purpose of the Collateral Put Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Collateral Put Provider under the Collateral Put Agreement without the written consent of the Issuer; and (c) the Collateral Put Provider or the Collateral Put Provider Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Collateral Put Provider Credit Support Document; or
- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Issuer, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider.

*Collateral Put Agreement Termination Events.*

The occurrence of any of the following events will constitute a "**Collateral Put Agreement Termination Event**":

- (i) it becomes unlawful for either the Collateral Put Provider, the Collateral Put Provider Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Collateral Put Agreement or to comply with any other material provision thereof or for the Collateral Put Provider or any Collateral Put Provider Credit Support Provider to perform its obligations under the Collateral Put Provider Credit Support Document and neither party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;
- (ii) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer, the Collateral Put Provider, or the Collateral Put Provider Credit Support Provider) or (b) a change in tax law, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to (1) make a "gross-up" payment in respect of an indemnifiable tax or (2) receive a payment subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;
- (iii) as a result of the Collateral Put Provider or the Collateral Put Provider Credit Support Provider consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, such party is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax, and neither party is able to transfer such obligation to a different jurisdiction or substitute another entity in its place such that the withholding or deduction does not apply;
- (iv) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
- (v) an Adverse Tax Event;
- (vi) the designation of an early termination date under the Credit Default Swap (other than as triggered by the Collateral Put Agreement);
- (vii) the designation of an early termination date under the Basis Swap (other than as triggered by the Collateral Put Agreement);
- (viii) a Collateral Default; or
- (ix) if (a) the Collateral Put Provider no longer satisfies the Replacement Counterparty Rating and (b) none of the following events has occurred:
  - (1) within five Business Days of such failure to satisfy the Replacement Counterparty Rating (the end of such five Business Days, the "**Posting Date**"), GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, posts eligible collateral, pursuant to a credit support annex (the "**Credit Support Annex**"), to the Issuer in



an amount that satisfies the S&P Rating Condition and the Moody's Rating Condition; or

- (2) if GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, does not elect to post eligible collateral to the Issuer in accordance with subclause (i) above by the Posting Date:
  - (A) GSI or a replacement counterparty, as the case may be, transfers the Collateral Put Agreement, in whole, but not in part, to a counterparty that satisfies the Replacement Counterparty Rating, subject to "—Transfer" below;
  - (B) the obligations of GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, under the Collateral Put Agreement are guaranteed by a Person that satisfies the Replacement Counterparty Rating;
  - (C) (I) GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, purchases from the Issuer at a price of 100% any Collateral Security that has a market value of 95% or less, as determined by the Collateral Disposal Agent and (II) after giving effect to the purchase described in the preceding subclause, the S&P Rating Condition and the Moody's Rating Condition will be satisfied; or
  - (D) GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, takes such other steps, if any, as S&P or Moody's, as the case may be, may require in order to be able to confirm to the Issuer in writing that GSI's, a replacement counterparty's or an entity's that guarantees the obligations of GSI or such replacement counterparty, as the case may be, obligations under the Collateral Put Agreement will be treated by such Rating Agency as if such obligations were owed by a counterparty that satisfies the Replacement Counterparty Rating.

Upon the Trustee becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate Outstanding Amount of the Notes, in each case voting as a single class.

#### **Amendment**

The Collateral Put Agreement may be amended at any time without satisfying the S&P Rating Condition and the Moody's Rating Condition or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Collateral Put Agreement may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

## Transfer

Neither the Issuer nor the Collateral Put Provider may transfer its rights and obligations under the Collateral Put Agreement without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that:

- (i) a party may make such a transfer of its rights and obligation pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Collateral Put Agreement; and
- (iii) the Collateral Put Provider may, without recourse, transfer the Collateral Put Agreement (in whole and not in part only) to any of the Collateral Put Provider's Affiliates so long as:
  - (a) GS Group (or another entity with a credit rating at least equal to that of GS Group) guarantees such transferred obligations of the transferee pursuant to a guaranty in substantially the form of the guaranty of the GS Group specified in the Collateral Put Agreement, or such transferee must have a credit rating at least equal to that of GS Group;
  - (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Collateral Put Provider in the absence of such transfer;
  - (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Collateral Put Provider would have been required to so withhold or deduct in the absence of such transfer;
  - (d) it does not become unlawful for either party to perform any obligation under the Collateral Put Agreement or the Credit Support Annex, if any, as a result of such transfer; and
  - (e) a Collateral Put Agreement Early Termination does not occur as a result of such transfer.

## Guarantee

The GS Group will guarantee the obligations of the Collateral Put Provider under the Collateral Put Agreement.

## THE COLLATERAL DISPOSAL AGREEMENT

On the Closing Date, the Issuer will enter into the Collateral Disposal Agreement (the "**Collateral Disposal Agreement**") with Goldman, Sachs & Co. (in such capacity, the "**Collateral Disposal Agent**"). The following description of the Collateral Disposal Agreement is a summary of certain provisions of the Collateral Disposal Agreement. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Collateral Disposal Agreement.

The Notes do not represent an obligation of the Collateral Disposal Agent. Noteholders will not have any right to proceed directly against the Collateral Disposal Agent in respect of the Collateral Disposal Agent's obligations under the Collateral Disposal Agreement. However, the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Collateral Disposal Agent.

## **Liquidation**

In connection with any liquidation in part of the portfolio of Collateral Securities for any of the circumstances described in subclauses (i) through (iii) and (vi) under "Summary—The Collateral Securities—Liquidation of Collateral Securities", the Collateral Disposal Agent will determine the Selected Collateral Securities to be liquidated (if applicable, after taking into consideration any proceeds from the liquidation of any Eligible Investments).

In connection with any liquidation of any Collateral Securities, the Collateral Disposal Agent will use commercially reasonable efforts to solicit bids on behalf of the Issuer. The Collateral Disposal Agent may, in its sole discretion, bid up to 100% of the principal amount of a Collateral Security (excluding any accrued interest) if the Collateral Disposal Agent is not able to procure a third-party bid of at least 100%. If such liquidation is in connection with the payment by the Issuer of an Amortization Adjustment Amount or a Recovery Adjustment Amount to the applicable Noteholders or an Optional Redemption or Partial Optional Redemption, the Issuer will have the benefit of the Collateral Put Agreement and no Collateral Security will be liquidated at a price of less than 100%. See "The Collateral Put Agreement".

In connection with any liquidation of Collateral Securities as described in subclause (viii) under "Summary—The Collateral Securities—Liquidation of Collateral Securities", the Collateral Disposal Agent will perform the acts described under "Description of the Notes—Mandatory Redemption", including, but not limited to, those acts described in the Special Termination Liquidation Procedure.

## **Early Termination**

The Collateral Disposal Agreement will terminate on the earlier of (i) the Stated Maturity, (ii) the Optional Redemption Date, (iii) the Mandatory Redemption Date, (iv) a liquidation of all Collateral Securities following the occurrence of an Event of Default and (v) the termination of the Indenture in accordance with its terms.

## **Exercise of Put, Repurchase or Similar Right**

Notwithstanding any provision to the contrary contained herein, the Collateral Disposal Agent will direct the Trustee to exercise any put right, right under repurchase agreement or other similar right that the Issuer has under any Collateral Security within the applicable time period.

## **Credit Support Amount Due and Payable**

If a Credit Support Annex has been entered into by the Collateral Put Provider and the Issuer and any credit support amount becomes due and payable pursuant to the terms thereof, the Collateral Disposal Agent will (i) calculate the market value of each Collateral Security and (ii) notify the Collateral Put Provider of any such Collateral Security that has a market value of 95% or less.

## **Amendment**

The Collateral Disposal Agreement may be amended only (i) if the S&P Rating Condition and the Moody's Rating Condition have been satisfied and (ii) with the consent of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class and the Protection Buyer. However, the

Collateral Disposal Agreement may be amended at any time without the consent of the Noteholders so long as such amendment will not (i) reduce in any manner the amount of, or delay the timing of, payments which are required to be made to the Issuer or (ii) materially adversely affect the Noteholders (as evidenced by a failure of a Majority of the Noteholders to object to such amendment within 10 Business Days of the Issuer's delivering a notice of such amendment to all Noteholders).

## ACCOUNTS

### Interest Collection Account and Principal Collection Account

Interest Proceeds and interest payments received on the Collateral Securities (which interest payments shall be paid to the Basis Swap Counterparty pursuant to the Basis Swap) shall be deposited into a segregated trust account held in the name of the Issuer for the benefit of the Holders of the Notes (the "**Interest Collection Account**"). Amounts deposited in the Interest Collection Account will be available, together with reinvestment earnings thereon, for application to the payment of the amounts set forth under "Description of the Notes—Priority of Payments".

Principal Proceeds shall be deposited into a segregated trust account designated as the "**Principal Collection Account**". Amounts deposited in the Principal Collection Account will be invested in Eligible Investments until such Principal Proceeds are (i) reinvested in Collateral Securities (or pending such reinvestment, reinvested in Eligible Investments) or (ii) applied in accordance with the Priority of Payments. See "Description of the Notes—Priority of Payments".

### Payment Account

On or prior to each Payment Date and on or prior to any other Business Day on which any other payment is required to be made by the Issuer, the Trustee will deposit into a separate account held in the name of the Issuer for the benefit of the Holders of the Notes and designated as the "**Payment Account**" as set forth in the Indenture, the applicable amount of funds from the Interest Collection Account and/or the Principal Collection Account, as applicable, for payment of amounts described in accordance with the priorities described under "Description of the Notes—Priority of Payments".

### Collateral Put Provider Account

If a Credit Support Annex has been entered into by the Collateral Put Provider and the Issuer, Posted Collateral pledged pursuant to the terms thereof shall be deposited into a segregated trust account or trust accounts so designated and established pursuant to the Indenture and held there pursuant to the Collateral Put Agreement (such account, the "**Collateral Put Provider Account**").

## THE ISSUERS

### General

The Issuer was incorporated on April 19, 2005 in the Cayman Islands under the Companies Law (2004 Revision) of the Cayman Islands with the registration number MC-147852. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093 GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Issuer was incorporated for the specific purpose of carrying out the transactions described in this Offering Circular, which primarily consists of issuing the Notes, acquiring the Collateral, entering into the Credit Default Swap, the Basis Swap and the Collateral Put Agreement and engaging in certain related transactions, as set forth in Clause 3 of its Memorandum and Articles of Association. Prior to the date hereof, the Issuer has not engaged in any activities other than in connection with the acquisition of certain of the Collateral Securities to be held on the Closing Date.

The Co-Issuer was incorporated on April 19, 2005 in the State of Delaware under the General Corporation Law of the State of Delaware. The registered office of the Co-Issuer is at 850 Library Avenue, Suite 204, Newark, Delaware 19711. The Co-Issuer was organized for the specific purpose of carrying out the transactions described in this Offering Circular, which primarily consists of co-issuing the Co-Issued Notes, as set forth in Article Third of its Certificate of Incorporation. The Co-Issuer has no prior operating history.

The Co-Issued Notes are obligations only of the Issuers and not of the Trustee, the Issuing and Paying Agent, the Initial Purchaser, the Administrator, the Share Trustee or any directors or officers of the Issuers or any of their respective Affiliates. The Issuer Notes are obligations only of the Issuer and not of the Co-Issuer, the Trustee, the Issuing and Paying Agent, the Initial Purchaser, the Administrator, the Share Trustee or any directors or officers of the Issuers or any of their respective Affiliates.

At the Closing Date, the authorized share capital of the Issuer will consist of 250 ordinary shares, \$1.00 par value per share (the "**Issuer Ordinary Shares**"), 250 of which shares will be issued prior to the Closing Date. The authorized common stock of the Co-Issuer consists of 1,000 shares of common stock, \$0.01 par value (the "**Co-Issuer Common Stock**"), all of which shares will be issued prior to the Closing Date. All of the outstanding Issuer Ordinary Shares and Co-Issuer Common Stock will be held by the Share Trustee under the terms of a charitable trust. For so long as any of the Notes are Outstanding, no beneficial interest in the Issuer Ordinary Shares or the Co-Issuer Common Stock shall be registered to a U.S. Person.

**Capitalization of the Issuer**

The initial proposed capitalization of the Issuer as of the Closing Date after giving effect to the issuance of the Notes and the Issuer Ordinary Shares (before deducting expenses of the Offering) is as set forth below.

<u>Amount</u>	
Class A-2 Notes	\$ 40,000,000
Class A-3 Notes	\$ 20,000,000
Class B Notes	\$ 39,375,000
Class C Notes	\$ 28,125,000
Class D Notes	\$ 12,500,000
Total Debt	\$ <u>140,000,000</u>
Issuer Ordinary Shares	\$ <u>250</u>
Total Equity	\$ 250
Total Capitalization	\$ <u>140,000,250</u>

**Capitalization of the Co-Issuer**

The Co-Issuer will be capitalized only to the extent of common equity of \$10, will have no assets other than its equity capital and will have no debt other than as Co-Issuer of the Co-Issued Notes.

The Co-Issuer has agreed to co-issue the Co-Issued Notes as an accommodation to the Issuer, and the Co-Issuer is receiving no remuneration for so acting. Because the Co-Issuer has no assets, and is not permitted to have any assets, Noteholders will not be able to exercise their rights with respect to the Notes against any assets of the Co-Issuer. Noteholders must rely on the Issuer Assets held by the Issuer and pledged to the Trustee for the benefit of the Noteholders (and certain service providers) for payment on their respective Notes, in accordance with the Priority of Payments.

## **Business**

The Issuers will not undertake any business other than the issuance of the Co-Issued Notes and, in the case of the Issuer, the issuance of the Issuer Notes and the Issuer Ordinary Shares, the acquisition of the Collateral and entering into the Credit Default Swap, the Basis Swap and the Collateral Put Agreement and, in each case, other related transactions. Neither of the Issuers will have any subsidiaries.

In addition, pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator to compile certain reports with respect to the Issuer Assets. The compensation paid by the Issuer for such services will be in addition to the fees paid to LaSalle Bank National Association in its capacity as Trustee, and will be treated as an expense of the Issuer and will be subject to the Priority of Payments.

The Administrator will act as the administrator of the Issuer. The office of the Administrator will serve as the general business office of the Issuer. Through this office and pursuant to the terms of an agreement, dated June 6, 2005, between the Administrator and the Issuer relating to the administration of the Issuer in the Cayman Islands, and as amended from time to time in accordance with the terms thereof (the "**Administration Agreement**"), the Administrator will perform various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until the termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The directors of the Issuer listed below are also officers and/or employees of the Administrator.

The Administrator will be subject to the overview of the Issuer's Board of Directors. The Administration Agreement may be terminated by either the Issuer or the Administrator upon 30 days' written notice.

The Administrator's principal office is: P.O. Box 1093 GT, Queensgate House, South Church Street, Grand Cayman, Cayman Islands.

## **Directors**

The Directors of the Issuer are Phillipa White, Guy Major and Wendy Ebanks.

The Director of the Co-Issuer is Donald Puglisi.

## **INCOME TAX CONSIDERATIONS**

### **General**

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. **In particular, no representation is made as to the manner in which payments under the Notes would be characterized by any relevant taxing authority.** Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

## Cayman Islands Tax Considerations

The following discussion of certain Cayman Islands income tax consequences of an investment in the Notes is based on the advice of Maples and Calder as to Cayman Islands law. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It assumes that the Issuer will conduct its affairs in accordance with assumptions made by, and representations made to, counsel. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The following is a general summary of Cayman Islands taxation in relation to the Notes.

Under existing Cayman Islands laws:

- (i) payments of principal and interest in respect of, or distributions on, the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any Holder of a Note and gains derived from the sale of Notes will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax; and
- (ii) certificates evidencing the Notes, in registered form, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument transferring title to a Note, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has applied for and obtained an undertaking from the Governor in Cabinet of the Cayman Islands substantially in the following form:

**"THE TAX CONCESSIONS LAW  
(1999 REVISION)  
UNDERTAKING AS TO TAX CONCESSIONS**

In accordance with Section 6 of the Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with:

ABACUS 2005-2, Ltd. ("the Company")

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of THIRTY years from the 3<sup>rd</sup> of May 2005.

GOVERNOR IN CABINET"

The Cayman Islands does not have an income tax treaty arrangement with the United States or any other country.

**THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN TAX IMPLICATIONS OF AN INVESTMENT IN THE NOTES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO INVESTING TO DETERMINE THE TAX IMPLICATIONS OF SUCH INVESTMENT IN LIGHT OF EACH SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.**

### **United States Federal Income Taxation**

#### *General.*

The following summary describes the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes to investors that acquire the Notes at original issuance for an amount equal to the "Issue Price" of the relevant Class of Notes (for purposes of this section, with respect to each such Class of Notes, the first price at which a substantial amount of Notes of such Class are sold to the public (excluding bond houses, brokers, underwriters, placement agents, and wholesalers) is referred to herein as the "Issue Price"). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular investor's decision to purchase the Notes. In addition, this summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States federal income tax laws. In general, the summary assumes that a holder holds a Note as a capital asset and not as part of a hedge, straddle, or conversion transaction, within the meaning of Section 1258 of the Code.

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The advice below by McKee Nelson LLP was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. The advice is written to support the promotion or marketing of the transaction. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The foregoing language is intended to satisfy the requirements under the new regulations in Section 10.35 of Circular 230.

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This summary is based on the U.S. tax laws, regulations (final, temporary and proposed), administrative rulings and practice and judicial decisions in effect or available on the date of this Offering Circular. All of the foregoing are subject to change or differing interpretation at any time, which change or interpretation may apply retroactively and could affect the continued validity of this summary.

This summary is included herein for general information only, and there can be no assurance that the U.S. Internal Revenue Service (the "IRS") will take a similar view of the U.S. federal income tax consequences of an investment in the Notes as described herein. ACCORDINGLY, PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, AND THE POSSIBLE APPLICATION OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS. IN PARTICULAR, NO REPRESENTATION IS MADE AS TO THE MANNER IN WHICH PAYMENTS UNDER THE NOTES WOULD BE CHARACTERIZED BY ANY RELEVANT TAXING AUTHORITY.

As used in this section, the term "U.S. Holder" includes a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or individual resident of the United States of America, an entity treated for United States federal income tax purposes as a corporation or a partnership created or organized in or under the laws of the United States of America or any state thereof or the District of Columbia, an estate the income of which is includable in gross income for U.S. federal income tax



purposes regardless of its source, or a trust if, in general, a court within the United States of America is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of such trust, and certain eligible trusts that have elected to be treated as United States persons. This summary also does not address the rules applicable to certain types of investors that are subject to special U.S. federal income tax rules, including but not limited to, dealers in securities or currencies, traders in securities, financial institutions, U.S. expatriates, tax-exempt entities, charitable remainder trusts and their beneficiaries, insurance companies, persons or their qualified business units ("**QBUs**") whose functional currency is not the U.S. Dollar, persons that own (directly or indirectly) equity interests in holders of Notes and subsequent purchasers of the Notes.

For U.S. federal income tax purposes, the Issuer, and not the Co-Issuer, will be treated as the issuer of the Co-Issued Notes.

### **Tax Treatment of the Issuer**

The Code and the Treasury regulations promulgated thereunder provide a specific exemption from net income-based U.S. federal income tax to non-U.S. corporations that restrict their activities in the United States to trading in stocks and securities (and any other activity closely related thereto) for their own account, whether such trading (or such other activity) is conducted by the corporation or its employees or through a resident broker, commission agent, custodian or other agent. This particular exemption does not apply to non-U.S. corporations that are engaged in activities in the United States other than trading in stocks and securities (and any other activity closely related thereto) for their own account or that are dealers in stocks and securities.

The Issuer intends to rely on the above exemption and does not intend to operate so as to be subject to U.S. federal income taxes on its net income. In this regard, on the Closing Date, the Issuer will receive an opinion from McKee Nelson LLP, special U.S. tax counsel to the Issuer and the Co-Issuer ("**Special U.S. Tax Counsel**") to the effect that, although no activity closely comparable to that contemplated by the Issuer has been the subject of any Treasury regulation, administrative ruling or judicial decision, under current law and assuming compliance with the Issuer's relevant governing documents, the Trust Deed, the Portfolio Management Agreement, the Agency Agreement and other related documents (the "**Documents**"), the Issuer's permitted activities will not cause it to be engaged in a trade or business in the United States, and consequently, the Issuer's profits will not be subject to U.S. federal income tax on a net income basis. The opinion of Special U.S. Tax Counsel will be based on the Code, the Treasury regulations (final, temporary and proposed) thereunder, the existing authorities, and Special U.S. Tax Counsel's interpretation thereof and judgment concerning their application to the Issuer's permitted activities, and on certain factual assumptions and representations as to the Issuer's permitted activities. The Issuer intends to conduct its affairs in accordance with the Documents and such assumptions and representations, and the remainder of this summary assumes such result. In addition, in complying with the Documents and such assumptions and representations, the Issuer is entitled to rely upon the advice and/or opinions of their selected counsel, and the opinion of Special U.S. Tax Counsel will assume that any such advice and/or opinions are correct and complete. However, the opinion of Special U.S. Tax Counsel and any such other advice or opinions are not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that positions contrary to those stated in the opinion of Special U.S. Tax Counsel or any such other advice or opinions may not be asserted successfully by the IRS.

If, notwithstanding the Issuer's intention and the aforementioned opinion of Special U.S. Tax Counsel or any such other advice or opinions, it were nonetheless determined that the Issuer were engaged in a United States trade or business and the Issuer had taxable income that was effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. corporate income tax on such effectively connected taxable income (and possibly to the 30% branch

profits tax as well). The imposition of such taxes would materially affect the Issuer's financial ability to make payments with respect to the Notes and could materially affect the yield of the Notes. In addition, the imposition of such taxes could constitute an Adverse Tax Event.

**United States Withholding Taxes.** Although, based on the foregoing, the Issuer is not expected to be subject to U.S. federal income tax on a net income basis, income derived by the Issuer may be subject to withholding taxes imposed by the United States or other countries. Generally, U.S. source interest income received by a foreign corporation not engaged in a trade or business within the United States is subject to U.S. withholding tax at the rate of 30% of the amount thereof. The Code provides an exemption (the "**portfolio interest exemption**") from such withholding tax for interest paid with respect to certain debt obligations issued after July 18, 1984, unless the interest constitutes a certain type of contingent interest or is paid to a 10% shareholder of the payor, to a controlled foreign corporation related to the payor, or to a bank with respect to a loan entered into in the ordinary course of its business. In this regard, the Issuer is permitted to acquire a particular Collateral Security only if the payments thereon are exempt from U.S. withholding taxes at the time of purchase or commitment to purchase or the obligor is required to make "gross-up" payments that offset fully any such tax on any such payments. The Issuer does not anticipate that it will derive material amounts of any other items of income that would be subject to U.S. withholding taxes. Accordingly, assuming compliance with the foregoing restrictions and subject to the foregoing qualifications, interest income derived by the Issuer will be free of or fully "grossed up" for any material amount of U.S. withholding tax. As for the Credit Default Swap, payments under the Credit Default Swap do not constitute interest for purposes of U.S. withholding taxes. The Issuer intends to treat the Credit Default Swap as either a "notional principal contract" or an option for U.S. federal income tax purposes. Generally, payments made pursuant to a notional principal contract or an option are not subject to U.S. withholding. However, the IRS may seek to characterize the Credit Default Swap in a manner that would make payment under it subject to U.S. withholding. Furthermore, there can be no assurance that income derived by the Issuer will not generally become subject to U.S. withholding tax as a result of a change in U.S. tax law or administrative practice, procedure, or interpretations thereof. Any change in U.S. tax law or administrative practice, procedure, or interpretations thereof resulting in the income of the Issuer becoming subject to U.S. withholding taxes could constitute an Adverse Tax Event. It is also anticipated that the Issuer will acquire Collateral Securities that consist of obligations of non-U.S. issuers. In this regard, the Issuer may only acquire a particular Collateral Security if either the payments thereon are not subject to foreign withholding tax or the obligor of the Collateral Security is required to make "gross-up" payments.

Prospective investors should be aware that, under certain Treasury Regulations, the IRS may disregard the participation of an intermediary in a "conduit" financing arrangement and the conclusions reached in the immediately preceding paragraph assume that such Treasury Regulations do not apply. Those Treasury Regulations could require withholding of U.S. federal income tax from payments to the Issuer. In order to prevent "conduit" classification, each Non-U.S. Holder and beneficial owner of an Issuer Note that is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate Outstanding Amount of any such Class of Issuer Notes, as applicable, will make or be deemed to make a representation to the effect that it is not an Affected Bank. "**Affected Bank**" means a "bank" for purposes of Section 881 of the Code or an entity affiliated with such a bank that neither (x) meets the definition of a U.S. Holder nor (y) is entitled to the benefits of an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such bank are reduced to 0%.

#### **Tax Treatment of U.S. Holders of the Co-Issued Notes**

**Treatment of the Co-Issued Notes.** Although there is no authority directly on point, and as a result, the opinion cannot be free from doubt, in the opinion of Special U.S. Tax Counsel, the Co-Issued Notes will be treated as debt for U.S. federal income tax purposes when issued. Although the Issuer Notes are denominated as debt, based on the capital structure of the Issuer and the characteristics of the Issuer Notes, it is unlikely that the Issuer Notes, when issued, would be treated as debt of the Issuer for

U.S. federal income tax purposes. However, it is possible that the IRS could assert that the Notes should be treated as the issuance of credit-linked debt by the Protection Buyer. The Holder of such Notes would have accrued income under the contingent debt rules which could affect the timing of such income. Any gain and certain losses from the sale of such Notes would result in ordinary income or loss because such Notes would be treated as contingent debt. This summary assumes that the treatment of the Co-Issued Notes as debt and the Issuer Notes as equity of the Issuer for U.S. federal income tax purposes is correct. The Issuer Notes are discussed below under "Tax Treatment of U.S. Holders of Issuer Notes". Further, the Issuer will treat, and each holder and beneficial owner of Co-Issued Notes (by acquiring such Notes or an interest in such Notes) will agree to treat, the Co-Issued Notes as debt for U.S. federal income tax purposes. The determination of whether a Co-Issued Note will be treated as debt for United States federal income tax purposes is based on the applicable law and facts and circumstances existing at the time such Note is issued. Material changes from those existing on the Closing Date (e.g. a material decline in the value of the Issuer's assets and/or, a material change in the likelihood a Note will be repaid in full) may adversely affect the characterization of any Co-Issued Notes issued after (but not before) such changes. However, the opinion of Special U.S. Tax Counsel is based on current law and certain representations and assumptions and is not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Notes. Accordingly, there can be no assurance that the IRS will not contend, and that a court will not ultimately hold, that one or more Classes of the Co-Issued Notes are properly treated as equity in the Issuer for U.S. federal income tax purposes. Recharacterization of a Class of Notes, particularly the Class C Notes because of their place in the capital structure, may be more likely if a single investor or a group of investors that holds all of the Issuer Notes also holds all of the more senior Class of Notes in the same proportion as the Issuer Notes are held. If any Class of the Co-Issued Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, U.S. Holders of such Class would be subject to taxation under rules substantially the same as those set forth below under "—Tax Treatment of U.S. Holders of Issuer Notes" which could cause adverse tax consequences for such U.S. Holders upon the sale, exchange, redemption, retirement or other taxable disposition of, or the receipt of certain types of distributions on, such Notes.

In this regard, any U.S. Holder of a Co-Issued Note that treats such Note as equity in the Issuer for U.S. federal income tax purposes, inconsistently with the Issuer's treatment of such Notes for such purposes, is required to disclose such treatment on its U.S. federal income tax return. Additionally, if a U.S. Holder of a Co-Issued Note treats such Note as debt of the Issuer for U.S. federal income tax purposes, consistently with the Issuer's treatment of such Note for such purposes, it is unclear whether such U.S. Holder will be able to make a protective QEF election (described below in "*Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company*") in anticipation of any possible recharacterization of such Note as equity in the Issuer.

***Interest or Discount on the Co-Issued Notes.*** The Co-Issued Notes may be subject to the rules applicable to contingent payment debt instruments because the timing of their principal repayment is contingent on the principal payments of the reference obligations rather than obligations held by the Issuer. If these Notes are not treated as contingent payment debt obligations and subject to the discussion below, U.S. Holders of these Notes generally should include in gross income payments of stated interest received, in accordance with their usual method of accounting for U.S. federal income tax purposes, as ordinary interest income from sources outside the United States.

If the Issue Price of the Co-Issued Notes is less than such Notes' respective "stated redemption price at maturity" by more than a *de minimis* amount, U.S. Holders will be considered to have purchased such Notes with original issue discount ("**OID**"). The respective stated redemption price at maturity of the Co-Issued Notes will be the sum of all payments to be received on such Notes, other than payments of stated interest which is unconditionally payable in money at least annually during the entire term of a debt instrument ("**Qualified Stated Interest**"). Interest can be considered unconditionally payable if nonpayment is sufficiently remote under the terms of the obligations or reasonable legal remedies exist to compel timely payment. Prospective U.S. Holders of the Co-Issued Notes should note that if any interest

is not unconditionally payable in money on each Payment Date (and, therefore, not Qualified Stated Interest), all of the stated interest payments may be included in the stated redemption prices at maturity, and required to be accrued by U.S. Holders pursuant to the rules described below.

A U.S. Holder of a Co-Issued Note issued with OID will be required to accrue and include in gross income the sum of the daily portions of total OID for each day during the taxable year on which the U.S. Holder held the Co-Issued Note, generally under a constant yield method, regardless of such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. In addition, if a Co-Issued Note is not treated as issued with OID a U.S. Holder should include any *de minimis* OID in gross income proportionately as stated principal payments are received. Such *de minimis* OID should be treated as gain from the sale or exchange of property and may be eligible as capital gain if the is a capital asset in the hands of the U.S. Holder.

Because the Co-Issued Notes provide for a floating rate of interest, the amount of OID to be accrued over the term of each Co-Issued Note will be based initially on the assumption that the floating rate in effect for the first Interest Period will remain constant throughout the term. To the extent such rate varies with respect to any Interest Period, such variation will be reflected in an increase or decrease of the amount of OID accrued for such period. Under the foregoing method, if stated interest on a class of Co-Issued Notes is required to be accrued under the OID rules, U.S. Holders may be required to include in gross income increasingly greater amounts of OID and may be required to include OID in advance of the receipt of cash attributable to such income.

Unless the contingent payment obligation rules apply each Class of Co-Issued Notes issued with more than *de minimis* OID may be subject to rules requiring the use of an assumption as to the prepayments, as discussed below under "Income Tax Considerations—OID on the Co-Issued Notes". A prepayment assumption applies to debt instruments if payment under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments. Application of a prepayment assumption is uncertain because prepayments on the Co-Issued Notes are generally dependent on prepayments on the Reference Portfolio rather than the Collateral Securities.

**OID on the Co-Issued Notes.** The Treasury regulations governing the calculation of OID on instruments having contingent interest payments specifically do not apply for purposes of calculating OID on debt instruments required to use a prepayment assumption. The Issuer intends to base its computations on a prepayment assumption for the Reference Portfolio, although, as noted above, it is uncertain whether such assumption is required or permitted. In addition, no regulatory guidance currently exists under the Code for prepayment assumptions. Accordingly, there can be no assurance that this methodology represents the correct manner of calculating OID. If the IRS were to successfully contend that another method of accruing OID with respect to the Co-Issued Notes is appropriate, the U.S. federal income tax consequences to a U.S. Holder of the Co-Issued Notes could be adverse or more favorable.

A subsequent purchaser of a Co-Issued Note issued with OID who purchases that Note at a cost less than the remaining stated redemption price at maturity will also be required to include in gross income the sum of the daily portions of OID on the Co-Issued Note. In computing the daily portions of OID for a subsequent purchaser of a Co-Issued Note (as well as an initial purchaser that purchases at a price higher than the adjusted Issue Price, but less than the stated redemption price at maturity), however, the daily portion is reduced by the amount that would be the daily portion for the day (computed in accordance with the rules set forth above) *multiplied* by a fraction, the numerator of which is the amount, if any, by which the price paid by the U.S. Holder for the Co-Issued Note exceeds the difference between (a) the sum of the Issue Price *plus* the aggregate amount of OID that would have been able to be included in the gross income of an original U.S. Holder (who purchased the Co-Issued Note at the Issue Price) and (b) any prior payments included in the stated redemption price at maturity, and the denominator of which is the sum of the daily portions for the Co-Issued Note for all days beginning on the date after the purchase date and ending on the maturity date computed under the prepayment assumption.

A U.S. Holder who pays a premium for a Co-Issued Note (i.e., purchases the Co-Issued Note for an amount greater than the stated redemption price at maturity) may elect to amortize such premium under a constant yield method over the life of the Co-Issued Note. The amortizable amount for any Interest Period would offset the amount of interest that must be included in the gross income of a U.S. Holder in such Interest Period. The U.S. Holder's basis in the Co-Issued Note would be reduced by the amount of amortization. It is not clear whether the prepayment assumption would be taken into account in determining the life of the Co-Issued Note for the timing of the amortization of such premium for this purpose.

If the U.S. Holder acquires a Co-Issued Note at a discount to the adjusted Issue Price of the Co-Issued Note that is greater than a specified *de minimis* amount, such discount is treated as market discount. Absent an election to accrue into income currently, the amount of accrued market discount on a Co-Issued Note is included in income as ordinary income when principal payments are received or the U.S. Holder disposes of the Co-Issued Note. Market discount is accrued rateably unless the U.S. Holder elects to use a constant yield method for accrual. For this purpose, the term "rateably" may be based on the term of the Co-Issued Note or a U.S. Holder may be permitted to accrue market discount in proportion to interest on Co-Issued Notes issued without OID or in proportion to OID on Co-Issued Notes issued with OID.

As a result of the complexity of the OID rules, each U.S. Holder of any Co-Issued Notes should consult its own tax advisor regarding the impact of the OID rules on its investment in such Notes.

***Election to Treat All Interest as OID.*** The OID rules permit a U.S. Holder of a Co-Issued Note to elect to accrue all interest, discount (including *de minimis* market or original issue discount) and premium in income as interest, based on a constant yield method. If an election to treat all interest as OID were to be made with respect to a Co-Issued Note with market discount, the U.S. Holder of such Note making such election would be deemed to have made an election to include in income currently market discount with respect to all other debt instruments having market discount that such U.S. Holder acquires during the year of the election or thereafter. Similarly, a U.S. Holder that makes this election for a Note that is acquired at a premium will be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that such U.S. Holder owns or acquires. The election to accrue interest, discount and premium on a constant yield method with respect to a Co-Issued Note cannot be revoked without the consent of the IRS.

***Disposition of the Co-Issued Notes.*** In general, a U.S. Holder of a Co-Issued Note initially will have a basis in such Note equal to the cost of such Note to such U.S. Holder, (i) increased by any amount includable in income by such U.S. Holder as OID with respect to such Note, and (ii) reduced by any amortized premium and by payments on the Co-Issued Note, other than payments of stated interest on the Co-Issued Note. Upon a sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other taxable disposition (other than amounts attributable to accrued interest on a Co-Issued Note, which will be taxable as described above) and the U.S. Holder's tax basis in such Note. Except to the extent of accrued interest or market discount not previously included in income, or unless the rules applicable to contingent payment debt obligations apply, gain or loss from the disposition of a Co-Issued Note generally will be long-term capital gain or loss if the U.S. Holder held the Co-Issued Note for more than one year at the time of disposition, *provided* that the Co-Issued Note is held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code, except to the extent of accrued market discount not previously included in income.

However, if the IRS or a court determines that any Class of the Co-Issued Notes constitute contingent payment debt obligations subject to the non-contingent bond method, then a U.S. Holder generally will have a basis in such Co-Issued Note equal to the cost of such Co-Issued Note to such U.S. Holder (i) increased by OID accrued with respect to the Co-Issued Notes (determined without regard to adjustments made to reflect the differences between actual and projected payments), and (ii) reduced by

the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Co-Issued Notes. Any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of the Co-Issued Note will be treated as ordinary interest income. Further, in such a case, any loss will be treated as ordinary loss to the extent of prior interest inclusions with respect to the Co-Issued Notes, reduced by the total net negative adjustments that the U.S. Holder has taken into account as ordinary loss with respect to the Co-Issued Notes; any remaining loss will be a capital loss.

In certain circumstances, U.S. Holders that are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

Any gain recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note generally will be treated as from sources within the United States assuming that such Co-Issued Note is not held by a U.S. Holder through a non-U.S. branch.

### **Tax Treatment of U.S. Holders of Issuer Notes**

**Investment in a Passive Foreign Investment Company.** The Issuer will constitute a passive foreign investment company ("PFIC"). By treating the Class D Notes and the Class E Notes and the Class F Notes, when issued, as equity in the Issuer, U.S. Holders of Issuer Notes (other than certain U.S. Holders that are subject to the rules pertaining to a controlled foreign corporation with respect to the Issuer, described below) will be considered U.S. shareholders in a PFIC. In general, a U.S. Holder of a PFIC may desire to make an election to treat the Issuer as a qualified electing fund ("QEF") with respect to such U.S. Holder. Generally, a QEF election should be made with the filing of a U.S. Holder's federal income tax return for the first taxable year for which it held the Issuer Notes. If a timely QEF election is made for the Issuer, an electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, such holder's *pro rata* share of the Issuer's ordinary earnings and (ii) as long-term capital gain, such holder's *pro rata* share of the Issuer's net capital gain, whether or not distributed. In determining the Issuer's ordinary earnings, the OID interest that accrues on the Co-Issued Notes may be expensed by the Issuer (whether or not the OID is *de minimis*). A U.S. Holder will not be eligible for the dividends received deduction with respect to such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to such U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. An amount included in an electing U.S. Holder's gross income should be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes. However, if U.S. Holders collectively own (directly or constructively) 50% or more (measured by vote or value) of the Issuer Notes, such amount will be treated as income from sources within the United States for such purposes to the extent that such amount is attributable to income of the Issuer from sources within the United States. If applicable to a U.S. Holder of Issuer Notes, the rules pertaining to a controlled foreign corporation, discussed below, generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. shareholders may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income subject to an interest charge on the deferred amount. As a result, the Issuer may have in any given year substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Issuer Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

Moreover, there is no direct authority dealing with the tax treatment of financial instruments like the Credit Default Swap. The Issuer intends to treat the Credit Default Swap as a "notional principal contract" for U.S. federal income tax purposes, in which case the Issuer's earnings for any period would be determined by taking into account the Credit Default Swap payments to the Issuer attributable to that

period. In a statement in its preamble to recently proposed guidance regarding the tax accounting for contingent nonperiodic payments under notional principal contracts, the U.S. Department of Treasury indicated that certain persons, such as the Issuer, would be required under current law to take such payments into account for income tax purposes over the life of the contract under a reasonable amortization method. Although the application of this rule to the Credit Default Swap is not entirely clear, the income of the Issuer may need to be determined by taking into account an adjustment for any such contingent payments which the Issuer may be required to make under the Credit Default Swap. It is possible, however, that a Credit Default Swap could be characterized for tax purposes as an option written by the Issuer. Because payments received for writing an option are generally taken into account only upon the termination of the transaction, characterizing the Credit Default Swap as an option may concentrate the Issuer's positive earnings, as determined for U.S. federal income tax purposes, into one or more taxable periods, which may result in the recognition of income in excess of any cash distributed on the Issuer Notes by the Issuer. U.S. holders of the Issuer Notes should consult their tax advisors regarding the U.S. federal income tax consequences of holding any of the Issuer Notes.

The Issuer will provide, upon request, all information and documentation that a U.S. Holder making a QEF election is required to obtain for U.S. federal income tax purposes.

A U.S. Holder of Issuer Notes (other than certain U.S. Holders that are subject to the rules pertaining to a controlled foreign corporation with respect to the Issuer, described below) that does not make a timely QEF election will be required to report any gain on disposition of any Issuer Notes as if it were an excess distribution, rather than capital gain, and to compute the tax liability on such gain and any excess distribution received with respect to the Issuer Notes as if such items had been earned ratably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the Issuer Notes. The U.S. Holder will be subject to tax on such items at the highest ordinary income tax rate for each taxable year, other than the current year of the U.S. Holder, in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for an additional tax equal to interest on the tax liability attributable to income allocated to prior years as if such liability had been due with respect to each such prior year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganizations and use of the Issuer Notes as security for a loan may be treated as a taxable disposition of the Issuer Notes. Very generally, an "excess distribution" is the amount by which distributions during a taxable year with respect to an Issuer Note exceed 125% of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Issuer Note). In addition, a stepped-up basis in the Issuer Note upon the death of an individual U.S. Holder may not be available.

In many cases, application of the tax on gain on disposition and receipt of excess distributions will be substantially more onerous than the treatment applicable if a timely QEF election is made. ACCORDINGLY, U.S. HOLDERS OF ISSUER NOTES SHOULD CONSIDER CAREFULLY WHETHER TO MAKE A QEF ELECTION WITH RESPECT TO THE ISSUER NOTES AND THE CONSEQUENCES OF NOT MAKING SUCH AN ELECTION.

***Investment in a Controlled Foreign Corporation.*** The Issuer may be classified as a controlled foreign corporation ("CFC"). In general, a foreign corporation will be classified as a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (actually or constructively) by "U.S. Shareholders". A U.S. Shareholder, for this purpose, is any U.S. person that possesses (actually or constructively) 10% or more of the combined voting power (generally the right to vote for directors of the corporation) of all classes of shares of a corporation. Although Issuer Notes do not vote for directors of the Issuer, it is possible that the IRS would assert that the Issuer Notes are de facto voting securities and that U.S. Holders possessing (actually or constructively) 10% or more of the total stated amount of outstanding Issuer Notes are U.S. Shareholders. If this argument were successful and Issuer Notes representing more than 50% of the voting power or value of the Issuer's equity are owned (actually or constructively) by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a deemed dividend at the end of the taxable year of the Issuer in an amount equal to that person's *pro rata* share of the subpart F income (as defined below) of the Issuer. Such deemed dividend would be treated as income from sources within the United States for U.S. foreign tax credit limitation purposes to the extent that it is attributable to income of the Issuer from sources within the United States. Among other items, and subject to certain exceptions, subpart F income includes dividends, interest, annuities, gains from the sale or exchange of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or most of its income would be subpart F income and, in general, if the Issuer's subpart F income exceeds 70% of its gross income, the entire amount of the Issuer's income will be subpart F income. In addition, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions. U.S. Holders should consult their tax advisors regarding these special rules.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer which made a QEF election with respect to the Issuer would be taxable on the subpart F income of the Issuer under rules described in the preceding paragraph and not under the QEF rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains will be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be reserved under the QEF rules.

Furthermore, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder therein, the Issuer would not be treated as a PFIC or a QEF with respect to such U.S. Holder for the period during which the Issuer remained a CFC and such U.S. Holder remained a U.S. Shareholder therein (the "qualified portion" of the U.S. Holder's holding period for the Issuer Notes). If the qualified portion of such U.S. Holder's holding period for the Issuer Notes subsequently ceased (either because the Issuer ceased to be a CFC or the U.S. Holder ceased to be a U.S. Shareholder), then solely for purposes of the PFIC rules, such U.S. Holder's holding period for the Issuer Notes would be treated as beginning on the first day following the end of such qualified portion, unless the U.S. Holder had owned any of such Class of Issuer Notes for any period of time prior to such qualified portion and had not made a QEF election with respect to the Issuer. In that case, the Issuer would again be treated as a PFIC which is not a QEF with respect to such U.S. Holder and the beginning of such U.S. Holder's holding period for the Issuer Notes would continue to be the date upon which such U.S. Holder acquired such Issuer Notes, unless the U.S. Holder made an election to recognize gain with respect to such Issuer Notes and a QEF election with respect to the Issuer.

**Credit Default Swap, Basis Swap and Collateral Put Agreement.** The IRS may argue that the Issuer does not own the Collateral Securities because the Credit Default Swap, the Basis Swap and the Collateral Put Agreement transfer the benefits and burdens of the ownership of the Collateral Securities to Goldman Sachs. Under such characterization, the Issuer would hold an obligation of Goldman Sachs to pay to the Issuer principal equal to the par value of the Collateral Securities and interest equal to the excess, if any, of interest payments on the Notes and the interest received on the Collateral Securities. Thus, under the PFIC or CFC rules discussed above, the timing of the income that that a U.S. Holder reports may differ from the timing of such income if the Credit Default Swap, the Basis Swap and the Collateral Put Agreement are respected. Alternatively, the IRS could argue that the Credit Default Swap, the Basis Swap and the Collateral Put Agreement create a contingent payment debt obligation subject to the non-contingent bond method. Under such characterization, the Issuer generally will have a basis in the contingent debt obligation equal to the cost of such obligation to the Issuer (i) increased by OID accrued with respect to such obligation (determined without regard to adjustments made to reflect the differences between actual and projected payments), and (ii) reduced by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on such obligation. Any gain recognized on the sale, exchange, redemption, retirement or other taxable



disposition of the obligation will be treated as ordinary interest income. Further, in such a case, any loss will be treated as ordinary loss to the extent of prior interest inclusions with respect to the contingent debt obligation, reduced by the total net negative adjustments that the Issuer has taken into account as ordinary loss with respect to such obligation; any remaining loss will be a capital loss. Such characterization would affect the timing and character of the income that a U.S. Holder reports. U.S. Holders of the Issuer Notes should consult their own tax advisors regarding the tax issues associated with the Credit Default Swap, the Basis Swap and the Collateral Put Agreement.

***Distributions on the Issuer Notes.*** The treatment of actual distributions of cash on each Class of Issuer Notes, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described above. See "Income Tax Considerations—Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company". If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to U.S. Holders. Distributions in excess of amounts previously taxed pursuant to a QEF election (or pursuant to the CFC rules, if applicable) will be taxable to U.S. Holders as ordinary income upon receipt to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Issuer. Distributions in excess of any current and accumulated earnings and profits will be treated first as a non-taxable reduction to the U.S. Holder's tax basis for such Issuer Notes to the extent thereof and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Issuer Notes may constitute excess distributions, taxable as previously described. See "Income Tax Considerations—Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company". In that event, except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as excess distributions, distributions on the Issuer Notes generally would be treated as dividends to the extent paid out of the Issuer's current or accumulated earnings and profits not allocated to any excess distributions, then as a non-taxable reduction to the U.S. Holder's tax basis for the Issuer Notes to the extent thereof and then as capital gain. Dividends received from a foreign corporation generally will be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes. However, if U.S. Holders collectively own (directly or constructively) 50% or more (measured by vote or value) of the Class of Issuer Notes, a percentage of the dividend income equal to the proportion of the Issuer's earnings and profits from sources within the United States generally will be treated as income from sources within the United States for such purposes.

***Purchase or Disposition of the Issuer Notes.*** In general, a U.S. Holder of an Issuer Note will recognize a gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note equal to the difference between the amount realized and such U.S. Holder's adjusted tax basis in the Issuer Note. Except as discussed below (or if the applicable Class of Issuer Notes were characterized as a contingent debt instrument), such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the U.S. Holder held such Class of Issuer Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Any gain or loss recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note (other than, in the case of a U.S. Holder treated as a "U.S. Shareholder", any such gain characterized as a dividend, as discussed below) generally will be treated as from sources within the United States.

Initially, a U.S. Holder's tax basis for an Issuer Note will equal the cost of such Issuer Note to such U.S. Holder. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of a QEF election, or by virtue of the CFC rules, as applicable, and decreased by actual distributions from the

Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable reduction to the U.S. Holder's tax basis for such Issuer Note (as described above).

If a U.S. Holder does not make a timely QEF election as described above, any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "Income Tax Considerations—Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company".

If the Issuer were treated as a CFC and a U.S. Holder were treated as a "U.S. Shareholder" therein, then any gain realized by such U.S. Holder upon the disposition of Issuer Notes, other than gain constituting an excess distribution under the PFIC rules, if applicable, would be treated as ordinary income to the extent of the U.S. Holder's share of the current or accumulated earnings and profits of the Issuer. In this regard, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules, as applicable.

### **Transfer Reporting Requirements**

A U.S. Holder of Issuer Notes that owns (actually or constructively) at least 10% by vote or value of the Issuer (and each officer or director of the Issuer that is a U.S. citizen or resident) may be required to file an information return on IRS Form 5471. A U.S. Holder of Issuer Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50% by vote or value of the Issuer. U.S. Holders should consult their own tax advisors regarding whether they are required to file IRS Form 5471.

A U.S. Person that purchases the Issuer Notes for cash will be required to file a Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10% by voting power or value of the Issuer or (ii) if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds U.S.\$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Issuer Notes subject to a maximum penalty of U.S.\$100,000, except in cases involving intentional disregard). U.S. Persons should consult their tax advisors with respect to this or any other reporting requirement that may apply with respect to their acquisition of the Issuer Notes.

### **Tax Return Disclosure and Investor List Requirements**

Any person that files a U.S. federal income tax return or U.S. federal information return and participates in a reportable transaction in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's U.S. tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. In addition, under these regulations, under certain circumstances, certain organizers and sellers of a reportable transaction will be required to maintain lists of participants in the transaction containing identifying information, retain certain documents related to the transaction, and furnish those lists and documents to the IRS upon request. Recently adopted legislation imposes significant penalties for failure to comply with these disclosure and list keeping requirements. The definition of reportable transaction is highly technical. However, in very general terms, a transaction may be a "reportable transaction" if, among other things, it is offered under conditions of confidentiality, it results in the claiming of a loss for U.S. federal income tax purposes in excess of certain threshold amounts, or an item from the transaction is treated differently for U.S. federal income tax purposes and for book purposes (generally under U.S. generally accepted accounting principles).

In this regard, in order to prevent the transactions described herein from being treated as offered under conditions of confidentiality, the Issuer and the Holders and beneficial owners of the Notes (and each of their respective employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions described herein and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such U.S. tax treatment and U.S. tax structure. However, any such disclosure of the tax treatment, tax structure and other tax-related materials shall not be made for the purpose of offering to sell the Notes offered hereby or soliciting an offer to purchase any such Notes. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meaning given to such terms under Treasury regulation section 1.6011-4(c) and applicable state or local tax law. In general, the tax treatment of a transaction is the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state or local tax law, and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state or local tax laws.

In addition, under these Treasury regulations, if the Issuer participates in a reportable transaction, a U.S. Holder of the Issuer Notes that is a "reporting shareholder" of the Issuer will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Issuer's activities generally are unlikely to give rise to "reportable transactions", it is nonetheless possible that the Issuer will participate in certain types of transactions that could be treated as reportable transactions. A U.S. Holder of Issuer Notes will be treated as a reporting shareholder of the Issuer if (i) such U.S. Holder owns 10% or more of the Issuer Notes and makes a QEF election with respect to the Issuer or (ii) the Issuer is treated as a CFC and such U.S. Holder is a U.S. Shareholder (as defined above) of the Issuer.

Prospective investors in the Notes should consult their own tax advisors concerning any possible disclosure obligations with respect to their ownership or disposition of the Notes in light of their particular circumstances.

### **Tax Treatment of Non-U.S. Holders of Notes**

In general, payments on the Notes to a Holder that is not, for U.S. federal income tax purposes, a U.S. Holder (a "**non-U.S. Holder**") and gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the Notes by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, unless (i) such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States, or (ii) in the case of gain, such non-U.S. Holder is a non-resident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale, exchange, redemption, retirement or other taxable disposition and certain other conditions are satisfied.

### **Information Reporting and Backup Withholding**

Under certain circumstances, the Code requires "information reporting", and may require "backup withholding" with respect to certain payments made on the Notes and the payment of the proceeds from the disposition of the Notes. Backup withholding generally will not apply to corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. Backup withholding will apply to a U.S. Holder if the U.S. Holder fails to provide certain identifying information (such as the U.S. Holder's taxpayer identification number) or otherwise comply with the applicable requirements of the backup withholding rules. The application for exemption from backup withholding for a U.S. Holder is available by providing a properly completed IRS Form W-9.

A non-U.S. Holder of the Notes generally will not be subject to these information reporting requirements or backup withholding with respect to payments of interest or distributions on the Notes if (1) it certifies to the Trustee or the Issuing and Paying Agent, as applicable, its status as a non-U.S.

Holder under penalties of perjury on the appropriate IRS Form W-8, and (2) in the case of a non-U.S. Holder that is a "nonwithholding foreign partnership", "foreign simple trust" or "foreign grantor trust" as defined in the applicable Treasury regulations, the beneficial owners of such non-U.S. Holder also certify to the Trustee or the Issuing and Paying Agent, as applicable, their status as non-U.S. Holders under penalties of perjury on the appropriate IRS Form W-8.

The payments of the proceeds from the disposition of a Note by a non-U.S. Holder to or through the U.S. office of a broker generally will not be subject to information reporting and backup withholding if the non-U.S. Holder certifies its status as a non-U.S. Holder (and, if applicable, its beneficial owners also certify their status as non-U.S. Holders) under penalties of perjury on the appropriate IRS Form W-8, satisfies certain documentary evidence requirements for establishing that it is a non-U.S. Holder or otherwise establishes an exemption. The payment of the proceeds from the disposition of a Note by a non-U.S. Holder to or through a non-U.S. office of a non-U.S. broker will not be subject to backup withholding or information reporting unless the non-U.S. broker has certain specific types of relationships to the United States, in which case the treatment of such payment for such purposes will be as described in the following sentence. The payment of proceeds from the disposition of a Note by a non-U.S. Holder to or through a non-U.S. office of a U.S. broker or to or through a non-U.S. broker with certain specific types of relationships to the United States generally will not be subject to backup withholding but will be subject to information reporting unless the non-U.S. Holder certifies its status as a non-U.S. Holder (and, if applicable, its beneficial owners also certify their status as non-U.S. Holders) under penalties of perjury or the broker has certain documentary evidence in its files as to the non-U.S. Holder's foreign status and the broker has no actual knowledge to the contrary.

Backup withholding is not an additional tax and may be refunded (or credited against the U.S. Holder's or non-U.S. Holder's U.S. federal income tax liability, if any); *provided* that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

#### ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in and subject to Section 3(3) of ERISA), including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans and on those persons who are fiduciaries with respect to such plans. Investments by the plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that a plan's investments be made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of a plan by taking into account the plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of plans and arrangements subject to ERISA (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (the "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

The U.S. Department of Labor has promulgated regulations, 29 C.F.R. Section 2510.3-101 (the "**Plan Asset Regulations**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA and Section 4975 of the Code, including the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. Under

the Plan Asset Regulations, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or, as further discussed below, that equity participation in the entity by "benefit plan investors" is not "significant."

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired with the assets of a Plan with respect to which the Issuer, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, any seller of Collateral Securities to the Issuer, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or any of their respective Affiliates, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers), ("**Investor-Based Exemptions**"). There can be no assurance that any of these Investor-Based Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state, local or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Notes.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of Title I of ERISA and Section 4975 of the Code in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA on August 20, 1996. In particular, such an insurance company should consider (i) the exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts in PTCE 95-60 and (ii) if such exemptive relief is not available, whether its purchase of the Notes will be permissible under the final regulations issued under Section 401(c) of ERISA. The final regulations provide guidance on which assets held by an insurance company constitute "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code. The regulations do not exempt the assets of insurance company general accounts from treatment as "plan assets" to the extent they support certain participating annuities issued to Plans after December 31, 1998.

### **The Co-Issued Notes**

The Plan Asset Regulations define an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. As noted above in Income Tax Considerations, it is the opinion of tax counsel to the Issuer that the Co-Issued Notes will be treated as debt for U.S. income tax purposes. Although there is little guidance on the subject, at the time of their issuance, the Co-Issued Notes should be treated as indebtedness without substantial equity features for purposes of the Plan Asset Regulations. This determination is based in part upon (i) tax counsel's opinion that the Co-Issued Notes will be classified as debt for U.S. federal income tax purposes when issued and (ii) the traditional debt features of the Co-Issued Notes, including the reasonable expectation of purchasers of the Co-Issued Notes that they will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. Based upon the foregoing and other considerations, subject to the considerations described below, the

Co-Issued Notes may be purchased by a Plan. Nevertheless, without regard to whether the Co-Issued Notes are considered equity interests, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Co-Issued Notes are acquired with the assets of a Plan with respect to which the Issuer, the Initial Purchaser or the Trustee and the Issuing and Paying Agent or in certain circumstances, any of their respective affiliates, is a party in interest or a disqualified person. The Investor-Based Exemptions may be available to cover such prohibited transactions.

By its purchase of any Co-Issued Notes, each purchaser and subsequent transferee thereof will be deemed to have represented and warranted either that (a) it is neither a Plan nor any entity whose underlying assets include "plan assets" (within the meaning of the Plan Asset Regulations) by reason of such Plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or foreign law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Co-Issued Note will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, any substantially similar law) for which an exemption is not available.

### **The Issuer Notes**

Equity participation in the Issuer of the Notes by "benefit plan investors" is "significant" and will cause the assets of the Issuer to be deemed the assets of an investing Plan (in the absence of another applicable Plan Asset Regulations exception) if 25% or more of the value of any Class of equity interest in the Issuer is held by "benefit plan investors". The term "benefit plan investor" includes (a) an employee benefit plan (as defined in Section 3(3) of ERISA) whether or not it is subject to the provisions of ERISA, (b) a plan as defined in Section 4975(e)(1) of the Code and subject to Section 4975 of the Code or (c) any entity whose underlying assets include "plan assets" (within the meaning of the Plan Asset Regulations) by reason of any such employee benefit plan's or plan's investment in the entity (collectively "**Benefit Plan Investors**").

The Issuer Notes would likely be considered to have substantial equity features under the Plan Assets Regulation, and the Issuer does not intend to limit the value of the interests held by benefit plan investors in the Issuer Notes to below 25%. However, as (i) no employee benefit plan as defined in Section 3(3) of ERISA which is subject to ERISA, (ii) no plan as defined in Section 4975(e)(1) of the Code which is subject to Section 4975 of the Code and (iii) no entity whose underlying assets include "plan assets" by reason of such plan's investment of the entity (collectively, "**ERISA Plans**") shall be permitted to acquire Issuer Notes in the initial offering or thereafter, the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code will not be applicable to the Issuer or to any other benefit plan investors who invest in the Issuer Notes. Therefore, provided no ERISA Plans acquire Issuer Notes, even if other types of benefit plan investors hold 25% of the value of the Issuer Notes, the assets of the Issuer should not be deemed plan assets under the Plan Asset Regulations for purposes of ERISA or Section 4975 of the Code.

BY ITS PURCHASE OR HOLDING OF AN ISSUER NOTE, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION, AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN, THAT (1) IT IS NOT AN ERISA PLAN; AND IF AFTER ITS INITIAL ACQUISITION OF AN ISSUER NOTE OR ANY INTEREST THEREIN, THE INVESTOR DETERMINES, OR IT IS DETERMINED BY ANOTHER PARTY, THAT SUCH INVESTOR IS AN ERISA PLAN, THE INVESTOR WILL DISPOSE OF ALL OF ITS ISSUER NOTES IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE, AND (2) IF IT IS A BENEFIT PLAN INVESTOR OTHER THAN AN ERISA PLAN, ITS PURCHASE, HOLDING AND DISPOSITION OF THE ISSUER NOTES WILL NOT CAUSE A NON-EXEMPT VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON-U.S. LAW WHICH IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED HEREIN AND (3) IT WILL NOT SELL OR OTHERWISE

TRANSFER ANY SUCH NOTE OR INTEREST THEREIN TO ANY PERSON WHO IS UNABLE TO SATISFY THE SAME FOREGOING REPRESENTATIONS AND WARRANTIES.

There can be no assurance that, despite the transfer restrictions relating to purchases by ERISA Plans, ERISA Plans will not in actuality own 25% or more of such value.

If for any reason the assets of the Issuer are deemed to be "plan assets" of an ERISA Plan because one or more ERISA Plans is an owner of Issuer Notes (or of a Note characterized as an "equity interest" in the Issuer), certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Issuer. The Issuer may be prevented from engaging in certain investments (as not being deemed consistent with the ERISA prudent investment standards) or engaging in certain transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. It also is not clear that Section 403(a) of ERISA, which generally requires that all of the assets of a plan or arrangement subject to ERISA be held in trust and limits delegation of investment management responsibilities by fiduciaries of such plans or arrangements, would be satisfied. In addition, it is unclear whether Section 404(b) of ERISA, which generally provides that no fiduciary may maintain the indicia of ownership of any assets of a plan outside the jurisdiction of the district courts of the United States, would be satisfied or any of the exceptions to the requirement set forth in 29 C.F.R. Section 2550.404b-1 would be available.

Any fiduciary of a benefit plan investor or other person who proposes to use assets of any benefit plan investor to purchase any Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of any Note to a benefit plan investor, or to a person using assets of any benefit plan investor to effect its purchase of any Note, is in no respect a representation by the Issuer or the Initial Purchaser that such an investment meets all relevant legal requirements with respect to investments by benefit plan investors generally or any particular benefit plan investor, or that such an investment is appropriate for benefit plan investors generally or any particular benefit plan investor.

## SETTLEMENT AND CLEARING

### Global Notes

Upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the respective aggregate original principal amount of the individual beneficial interests represented by such Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Initial Purchaser. Ownership of beneficial interests in Global Notes will be limited to persons who have accounts with DTC ("**participants**") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

So long as DTC, or its nominee, is the registered owner or Holder of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of each Class of the Notes represented by such Global Notes for all purposes under the Indenture and the Issuing and Paying Agency Agreement, as applicable, and such Notes. Unless DTC notifies the Issuers that it is unwilling or unable to continue as depositary for a global note or ceases to be a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act, owners of the beneficial interests in the

Global Notes will not be entitled to have any portion of such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in certificated form and will not be considered to be the owners or Holders of any Notes under the Indenture or the Issuing and Paying Agency Agreement, as applicable. The owner of a beneficial interest in a Global Note will also be entitled to receive a certificated Note in exchange for such interest if an Event of Default has occurred and is continuing. In addition, no beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold their interests in Regulation S Global Notes directly through Clearstream or Euroclear, if they are participants in these systems, or indirectly through organizations that are participants in these systems. Clearstream and Euroclear will hold interests in the Regulation S Global Notes on behalf of their participants through their respective depositaries, which in turn will hold the interests in the Regulation S Global Notes in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in a Rule 144A Global Note directly through DTC if they are participants in the system, or indirectly through organizations that are participants in the system.

Payments of the principal of and interest or distributions on Global Notes will be made to DTC or its nominee, as the registered owner thereof. None of the Issuers, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments or distributions made on account of beneficial ownership interests in the Global Notes or for any notice permitted or required to be given to Holders of Notes or any consent given or actions taken by DTC as Holder of Notes. The Issuers expect that DTC or its nominee, upon receipt of any payment of principal, interest or distributions, as the case may be, in respect of a Global Note representing any Notes held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective interests in the principal amount of such Note in global form as shown on the records of DTC or its nominee. The Issuers also expect that payments by participants to owners of interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants. Payments of the principal of and interest or distributions on the Regulation S Global Notes will be made to Clearstream or Euroclear, as applicable, as indirect participants in DTC, in accordance with their respective rules and operating procedures.

Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in Global Notes to these persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in Global Notes to pledge its interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of its interest, may be affected by the lack of a physical certificate of the interest. Transfers between account holders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above, cross-market transfers between DTC participants, on the one hand, and, directly or indirectly through Euroclear or Clearstream account holders, on the other, will be effected in DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in a Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for a same-day



funds settlement applicable to DTC. Clearstream and Euroclear account holders may not deliver instructions directly to the depositories for Clearstream or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC participant will be credited during the securities settlement processing day (which must be a Business Day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and the credit of any transactions in interests in a Global Note settled during the processing day will be reported to the relevant Euroclear or Clearstream participant on that day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day following settlement in DTC.

DTC has advised the Issuers that it will take any action permitted to be taken by a Holder of the Notes (including the presentation of the applicable Notes for exchange as described below) only at the direction of one or more participants to whose account with DTC interests in a Global Note are credited and only in respect of that portion or number of the aggregate principal amount of the Notes as to which the participant or participants has or have given direction.

The giving of notices and other communications by DTC to participants, by participants to persons who hold accounts with them and by such persons to Holders of beneficial interests in a Global Note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised the Issuers as follows: DTC is a limited purpose trust company principally located under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("**indirect participants**").

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in Global Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures, and the procedures may be discontinued at any time. Neither the Issuers, the Trustee nor the Issuing and Paying Agent will have any responsibility for the performance by DTC, Clearstream, Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Individual Definitive Securities**

If (i) DTC or any successor to DTC advises the Issuer in writing that it is at any time unwilling or unable to continue as a depository for the reasons described in "—Global Notes" and a successor depository is not appointed by the Issuer within 90 days, (ii) as a result of any amendment to or change in the laws or regulations of the Cayman Islands or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which become effective on or after the Closing Date, the Issuer or the paying agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive form or (iii) upon the written request of any beneficial owner of an interest in a Global Note following the occurrence of an Event of Default, the Issuer will issue individual definitive Notes in registered form in

exchange for the Global Notes. Upon receipt of such notice from DTC, the Issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the Global Notes for individual definitive Notes and cause the requested individual definitive Notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by or on behalf of the Trustee or the Issuing and Paying Agent, as applicable, for delivery to Holders of the Notes. Persons exchanging interests in a Global Note for individual definitive Notes will be required to provide to the Trustee or the Issuing and Paying Agent, as applicable, through DTC, Clearstream or Euroclear, (i) written instructions and other information required by the Issuer and the Trustee or the Issuing and Paying Agent, as applicable, to complete, execute and deliver such individual definitive Notes, (ii) in the case of an exchange of an interest in a Rule 144A Global Note, such certification as to "Qualified Institutional Buyer" status, and that such Holder is a Qualified Purchaser, as the Issuer shall require and (iii) in the case of an exchange of an interest in a Regulation S Global Note, such certification as the Issuer shall require as to non-U.S. Person status. In all cases, individual definitive Notes delivered in exchange for any Note in global form or beneficial interests therein will be registered in the names, and issued in denominations in compliance with the minimum denominations specified for the applicable Notes in global form, requested by DTC.

Individual definitive Notes will bear, and be subject to, such legend as the Issuer requires in order to assure compliance with any applicable law. Individual definitive Notes will be transferable subject to the minimum denomination applicable to such Notes, in whole or in part, and exchangeable for individual definitive Notes of the same kind at the office of the Trustee or the Issuing and Paying Agent, as applicable, or the office of any transfer agent, including the transfer agent in Ireland, upon compliance with the requirements set forth in the Indenture. Individual definitive Notes may be transferred through any transfer agent, including the transfer agent in Ireland, upon the delivery and duly completed assignment of such Notes. Upon a partial transfer of any Notes represented by the applicable definitive notes therefor, the Trustee or the Issuing and Paying Agent, as applicable, will issue in exchange therefor to the transferee one or more individual definitive Notes representing the amount being so transferred and will issue to the transferor one or more individual definitive Notes representing the remaining amount not being transferred. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge may be required. The Holder of a restricted individual definitive Note may transfer such Note, subject to compliance with the provisions of the legend thereon. Upon the transfer, exchange or replacement of Notes bearing the legend, or upon specific request for removal of the legend on a Note, the Issuer will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. Payments of principal and interest on individual definitive Notes shall be payable by wire transfer in immediately available funds to a Dollar account maintained by the Holder thereof or its nominee or, if appropriate instructions are not received at least fifteen days prior to the relevant Payment Date, by Dollar check drawn on a bank in the United States of America and sent by mail to the Registered holder thereof or, for so long as any of the Notes are listed on the Irish Stock Exchange and the rules of such Exchange shall so require, at the office of the Paying Agent in Ireland.

#### **TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes. Any purchase or transfer of the Notes will be subject to the minimum denomination set forth in "Summary—The Offering".

##### **Rule 144A Global Notes**

Each purchaser of a beneficial interest in a Rule 144A Global Note will be deemed to have represented and agreed with the Issuer as follows:

(i) (A) The purchaser is a Qualified Institutional Buyer and a Qualified Purchaser, (B) the purchaser is purchasing the Notes for its own account or the account of another Qualified Purchaser that is also a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, (C) the purchaser and any such account is acquiring the Notes as principal for its own account for investment and not for sale in connection with any distribution thereof, (D) the purchaser and any such account was not formed solely for the purpose of investing in the Notes (except when each beneficial owner of the purchaser or any such account is a Qualified Purchaser), (E) to the extent the purchaser (or any account for which it is purchasing the Notes) is a private investment company formed on or before April 30, 1996, the purchaser and each such account has received the necessary consent from its beneficial owners, (F) neither the purchaser nor any such account is a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made, (G) the purchaser agrees that it and each such account shall not hold such Notes for the benefit of any other Person and shall be the sole beneficial owner thereof for all purposes and that it shall not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other Person shall be entitled to a beneficial interest in the distributions on the Notes, (H) the Notes purchased directly or indirectly by the purchaser or any account for which it is purchasing the Notes constitute an investment of no more than 40% of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a Qualified Purchaser), (I) the purchaser and each such account is purchasing the Notes in a principal amount of not less than the minimum denomination requirement for the purchaser and each such account, (J) the purchaser will provide notice of the transfer restrictions set forth in the Indenture (including the exhibits thereto) to any transferee of its Notes, (K) the purchaser understands and agrees that the Issuer may receive a list of participants in the Notes from one or more book-entry depositories and (L) the purchaser understands and agrees that any purported transfer of the Notes to a purchaser that does not comply with the requirements of this paragraph (i) shall be null and void *ab initio*.

(ii) If any U.S. Person that is not both a Qualified Institutional Buyer and a Qualified Purchaser at the time it acquires an interest in a Note shall become the beneficial owner of any Note, (any such Person, a "**Non-Permitted Holder**"), the Trustee or the Issuing and Paying Agent, as applicable, shall, promptly after discovery that such Person is a Non-Permitted Holder by the Issuer, the Co-Issuer, the Trustee or the Issuing and Paying Agent, as applicable (and notice by the Trustee, the Issuing and Paying Agent or the Co-Issuer to the Issuer, if any of them makes the discovery), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a Person that is not a Non-Permitted Holder within 30 days of the date of such notice. If such Non-Permitted Holder fails to transfer its Notes, the Issuer shall have the right, without further notice to the Non-Permitted Holder, to sell such Notes or interest in Notes to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer, or the Trustee or the Issuing and Paying Agent, as applicable, acting on behalf of the Issuer, may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes, and selling such Notes to the highest such bidder. However, the Issuer or the Trustee or the Issuing and Paying Agent, as applicable, may select a purchaser by any other means determined by it in its sole discretion and the Trustee or the Issuing and Paying Agent, as applicable, may, at the expense of the Issuer, engage an independent investment bank to assist in such sale. The Holder of each Note, the Non-Permitted Holder and each other Person in the chain of title from the Holder to the Non-Permitted Holder, by its acceptance of an interest in the Notes, agrees to cooperate with the Issuer and the Trustee or the Issuing and Paying Agent, as applicable, to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale under this paragraph shall be determined in the sole discretion of the Issuer, and neither the Issuer nor the Trustee or Issuing and Paying Agent, as applicable, shall be liable to any Person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

(iii) The purchaser understands and agrees that the Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities

laws of any other jurisdiction and the sale of the Notes to the purchaser is being made in reliance on an exemption from registration under the Securities Act, and may be reoffered, resold, pledged or otherwise transferred only (A)(i) to a Person whom the purchaser reasonably believes is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (B) in accordance with all applicable securities laws of the states of the United States. The Issuer, the Co-Issuer and the Issuer Assets have not been registered under the Investment Company Act and, therefore, no transfer having the effect of causing the Issuer, the Co-Issuer or the Issuer Assets to be required to be registered as an investment company under the Investment Company Act will be recognized. The Notes are subject to the restrictions on transfer set forth herein and in the Indenture and the Notes. The purchaser understands and agrees that any purported transfer of the Notes to a purchaser that does not comply with the requirements of this paragraph (iii) shall be null and void *ab initio*.

(iv) The purchaser is not a member of the public of the Cayman Islands.

(v) The purchaser is not purchasing the Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands and agrees that an investment in the Notes involves certain risks, including the risk of loss of its entire investment in the Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(vi) In connection with the purchase of the Notes: (A) none of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) is acting as a fiduciary or financial or investment adviser for the purchaser; (B) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) other than in the final offering circular for such Notes and any representations expressly set forth in a written agreement with such party; (C) none of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) has given to the purchaser (directly or indirectly through any other Person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (D) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Administrator or the Share Trustee (or any of their respective Affiliates); (E) the purchaser has evaluated the terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming, and willing to assume (financially and otherwise) those risks; (F) the purchaser is a sophisticated investor; and (G) if acquiring the Notes for any account, the purchaser has not made any disclosure, assurance, guarantee or representation not consistent with the provisions and the requirements contained herein.

(vii) In the case of the Co-Issued Notes, either (A) the purchaser is not a Plan nor any entity whose underlying assets include "plan assets" (within the meaning of the Plan Asset Regulations) by reason of such Plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or foreign law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (B) if the purchaser is an entity described in (A), the

purchase, holding and disposition of a Co-Issued Note, as the case may be, will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. or other plan, any substantially similar federal, state, local or foreign law) for which an exemption is not available. Any purported transfer of a Note to a purchaser that does not comply with the requirements of this paragraph (vii) shall be null and void *ab initio*.

(viii) In the case of the Issuer Notes, each purchaser and subsequent transferee of a beneficial interest in any such Note will be deemed to represent that the purchaser or transferee, as the case may be, from the date on which it acquires its interest in such Notes through and including the date on which such purchaser or transferee disposes of its interest in such Notes (1) it is (i) not an employee benefit plan as defined in Section 3(3) of ERISA which is subject to ERISA, (ii) not a plan as defined in Section 4975(e)(1) of the Code which is subject to Section 4975 of the Code and (iii) not an entity whose underlying assets include "plan assets" by reason of such plan's investment in the entity (collectively, an "ERISA Plan"); and if after its initial acquisition of any such Note or any interest therein, the investor determines, or it is determined by another party, that such investor is an ERISA Plan, the investor will dispose of all of its Issuer Notes in a manner consistent with the restrictions set forth in the Indenture, and (2) if it is a Benefit Plan Investor other than an ERISA Plan, its purchase, holding and disposition of any such Notes will not cause a non-exempt violation of any U.S. federal, state or local law or any non-U.S. law which is substantially similar to ERISA or Section 4975 of the Code as a result of the transactions contemplated herein and (3) it will not sell or otherwise transfer any such Note or interest therein to any person who is unable to satisfy the same foregoing representations and warranties.

(ix) To the extent required by the Issuer, as determined by the Issuer, the Issuer may, upon notice to the Trustee and the Issuing and Paying Agent, impose additional transfer restrictions on the Notes to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the U.S. Patriot Act) and other similar laws or regulations, including, without limitation, requiring each transferee of a beneficial interest in a Note to make representations to the Issuer in connection with such compliance.

(x) The Co-Issued Notes will bear a legend substantially to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1) IN A PRINCIPAL AMOUNT OF NOT LESS THAN \$250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING TO A PURCHASER THAT (W) IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (X) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (Y) UNDERSTANDS AND AGREES THAT THE ISSUERS MAY RECEIVE A LIST OF PARTICIPANTS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (Z) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED ON OR BEFORE APRIL 30, 1996, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR EXCLUSION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES

LAWS OF THE STATES OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUERS, THE TRUSTEE OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE INDENTURE) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE INDENTURE.

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC"), NEW YORK, NEW YORK, TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO.).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR AN APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK-UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

THIS NOTE MAY NOT BE TRANSFERRED TO AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") AND SUBJECT TO ERISA) OR A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE CODE AND SUBJECT TO SECTION 4975 OF THE CODE) OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. § 2510.3-101) BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE IF THE PURCHASE, HOLDING AND DISPOSITION OF THE NOTE WILL CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL OR FOREIGN LAW) FOR WHICH AN EXEMPTION IS NOT

AVAILABLE. ANY PURPORTED TRANSFER OF THIS NOTE TO A PURCHASER THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

(xi) The Issuer Notes will bear a legend substantially to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1) IN A PRINCIPAL AMOUNT OF NOT LESS THAN \$250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING TO A PURCHASER THAT (W) IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (X) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (Y) UNDERSTANDS AND AGREES THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (Z) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED ON OR BEFORE APRIL 30, 1996, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR EXCLUSION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE ISSUING AND PAYING AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE ISSUING AND PAYING AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE ISSUING AND PAYING AGENCY AGREEMENT) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE ISSUING AND PAYING AGENCY AGREEMENT.

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO.).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE ISSUING AND PAYING AGENCY AGREEMENT REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE ISSUING AND PAYING AGENT.

THE FAILURE TO PROVIDE THE ISSUER, THE ISSUING AND PAYING AGENT AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR AN APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK-UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

BY ITS PURCHASE OR HOLDING OF AN ISSUER NOTE, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION, AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN, THAT (1) IT IS NOT AN ERISA PLAN; AND IF AFTER ITS INITIAL ACQUISITION OF AN ISSUER NOTE OR ANY INTEREST THEREIN, THE INVESTOR DETERMINES, OR IT IS DETERMINED BY ANOTHER PARTY, THAT SUCH INVESTOR IS AN ERISA PLAN, THE INVESTOR WILL DISPOSE OF ALL OF ITS ISSUER NOTES IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THE ISSUING AND PAYING AGENCY AGREEMENT, AND (2) IF IT IS A BENEFIT PLAN INVESTOR OTHER THAN AN ERISA PLAN, ITS PURCHASE, HOLDING AND DISPOSITION OF THE ISSUER NOTES WILL NOT CAUSE A NON-EXEMPT VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON-U.S. LAW WHICH IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED HEREIN AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST THEREIN TO ANY PERSON WHO IS UNABLE TO SATISFY THE SAME FOREGOING REPRESENTATIONS AND WARRANTIES.

(xii) Each purchaser or subsequent transferee of Rule 144A Issuer Notes that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate Outstanding Amount of any Class of Issuer Notes, as applicable, will be deemed to make a representation to the effect that it is not an Affected Bank.

### **Regulation S Global Notes**

Each purchaser of a beneficial interest in a Regulation S Global Note will be deemed to have represented and agreed with the Issuer:

(i) as set forth in paragraphs (iii), (iv), (v), (vi), (vii) (in the case of the Co-Issued Notes), (viii) (in the case of the Issuer Notes), (ix), (x) (in the case of the Co-Issued Notes) and (xi) (in the case of the Issuer Notes) under "—Rule 144A Global Notes";

(ii) that the purchaser is a non-U.S. Person acquiring the Notes in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S and in a principal amount of not less than the applicable minimum denomination requirement; and

(iii) each purchaser or subsequent transferee of Regulation S Global Issuer Notes that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate Outstanding Amount of any Class of Issuer Notes will be deemed to make a representation to the effect that it is not an Affected Bank.



## UNDERWRITING

Subject to the terms and conditions set forth in the Purchase Agreement, the Issuers, with respect to the Class A-2 Notes, the Class A-3 Notes, the Class B Notes and the Class C Notes and the Issuer, with respect to the Class D Notes have agreed to sell, on the Closing Date, and Goldman, Sachs & Co. has agreed to purchase all of such Notes.

Under the terms and conditions of the Purchase Agreement, the Initial Purchaser is committed to take and pay for all the Notes to be offered to the Initial Purchaser, not if any are taken. Under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. will be entitled to an underwriting discount. After the Notes are released for sale, the Initial Purchaser may change the offering price and other selling terms.

The Notes have not been and will not be registered under the Securities Act for offer or sale as part of their distribution and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. Person or a U.S. resident (as determined for purposes of the Investment Company Act, a "**U.S. Resident**") except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Issuers have been advised by the Initial Purchaser that (a) the Initial Purchaser proposes to resell the Notes outside the United States through its agent, Goldman Sachs International, in offshore transactions in reliance on Regulation S and in accordance with applicable law, and (b) the Initial Purchaser proposes to resell the Notes in the United States in reliance on Rule 144A under the Securities Act only to Qualified Institutional Buyers purchasing for their own accounts or for the accounts of Qualified Institutional Buyers each of which purchasers or accounts is a Qualified Purchaser. The offering price and the Initial Purchaser's underwriting discount will be the same for the Regulation S Global Notes and the Rule 144A Global Notes within each Class of Notes. Any offer or sale of Rule 144A Global Notes in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act will be made by broker-dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Notes sold pursuant to Regulation S to, or for the account or benefit of, any U.S. Person or U.S. Resident (as determined for purposes of the Investment Company Act) as part of its distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes pursuant to Regulation S a confirmation or other notice setting forth the prohibition on offers and sales of Notes sold pursuant to Regulation S within the United States or to, or for the account or benefit of, any U.S. Person or U.S. Resident.

With respect to the Notes initially sold pursuant to Regulation S, until the expiration of 40 days after the commencement of the distribution of the offering of Notes by the Initial Purchaser, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

In connection with the offering, the Initial Purchaser may purchase and sell the Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchaser of a greater amount of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The Initial Purchaser also may impose a penalty bid. This occurs when the Initial Purchaser repays a portion of the underwriting discount received by it because such Initial Purchaser or its Affiliates have repurchased Notes sold by or for the account of such Initial Purchaser in stabilizing or short covering transactions.

These activities by the Initial Purchaser may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchaser at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchaser has represented, warranted and agreed that (i) it has not offered or sold and, prior to the expiry of a period of 180 days from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Issuer; and (iii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

The Initial Purchaser has agreed that it has not made and will not make any invitation to the public in the Cayman Islands to purchase any of the Notes.

Buyers of Notes pursuant to Regulation S sold by Goldman Sachs International, as the agent of Goldman, Sachs & Co., may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuers or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Notes are a new issue of securities with no established trading market. The Issuers have been advised by the Initial Purchaser that the Initial Purchaser intends to make a market in the Notes but is not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes. See "Risk Factors—Certain Conflicts of Interest".

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the *Daily Official List*. There can be no assurance that such listing will be approved.

The Issuers have agreed to indemnify the Initial Purchaser, the Administrator, the Trustee and the Issuing and Paying Agent against certain liabilities, including, but not limited to, liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In addition, the Issuers have agreed to reimburse the Initial Purchaser for certain of its expenses.

## LISTING AND GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the *Daily Official List*. There can be no assurance that such listings will be granted. In connection with the listing of the Notes on the Irish Stock Exchange, this Offering Circular will be filed with the Registrar of Companies in Ireland pursuant to Regulation 13 of the European Communities (Stock Exchange) Regulations, 1984 of Ireland.

2. For fourteen days following the date of this Offering Circular, copies of the Memorandum and Articles of Association of the Issuer, the By-Laws of the Co-Issuer, the Indenture, the Issuing and Paying Agency Agreement, each Deed of Covenant, the Credit Default Swap, the Basis Swap, the Collateral Put Agreement, the Collateral Administration Agreement, the Administration Agreement and the Paying Agency Agreement for Ireland (such agreements collectively, the "**Material Contracts**") will be available for inspection at the registered office of the Issuer and the offices of RSM Robson Rhodes LLP (in such capacity, the "**Irish Paying and Listing Agent**" in Ireland) in Dublin, Ireland, and copies thereof may be obtained upon request. In addition, copies of any reports (including, without limitation, monthly reports) prepared under the Indenture may be obtained upon request from the Irish Paying and Listing Agent.

3. Copies of the Certificate of Incorporation and Memorandum and Articles of Association of the Issuer, the Certificate of Incorporation and By-laws of the Co-Issuer, the Administration Agreement, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Notes, the resolutions of the Board of Directors of the Co-Issuer authorizing the issuance of the Notes, will be available for inspection at the office of the Trustee and the Issuing and Paying Agent, as applicable, and at the office of the paying agent for the Notes in Ireland.

4. Since the date of establishment, there has been no significant change in the financial or trading position of the Issuer and no annual report or accounts have been prepared as of the date hereof.

5. The Issuers are not involved in any litigation or arbitration proceedings relating to claims on amounts which are material in the context of the issue of the Notes, nor, so far as each of the Issuers is aware, is any such litigation or arbitration involving it pending or threatened.

6. The issuance of the Notes is expected to be authorized by the Board of Directors of the Issuer by resolution passed on or prior to the Closing Date. The issuance of the Notes is expected to be authorized by the sole Director of the Co-Issuer by resolution on or about June 6, 2005.

7. The Notes sold in offshore transactions in reliance on Regulation S under the Securities Act represented by Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear. The Co-Issued Notes sold to U.S. Persons that are Qualified Institutional Buyers/Qualified Purchasers under the Securities Act represented by Rule 144A Global Notes have been accepted for clearance through DTC. The CUSIP Numbers, Common Codes and International Securities Identification Numbers (ISIN) for the Co-Issued Notes represented by Rule 144A Global Notes and Regulation S Global Notes are as indicated in the chart "Summary—The Offering—Notes Offered", as applicable.

8. For so long as any of the Notes are listed on the Irish Stock Exchange and the rules of such Exchange shall so require, the Issuer will inform the Irish Stock Exchange and publish a notice in an authorized newspaper, which is expected to be on the *Daily Official List*, if the ratings assigned to any of the Notes are reduced or withdrawn.

9. The Issuers do not intend to publish annual reports and accounts. The Indenture, however, requires the Issuers to provide written confirmation to the Trustee on an annual basis that no Event of Default or other matter which is required to be brought to the Trustee's attention has occurred.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for the Issuers and the Initial Purchaser by McKee Nelson LLP, New York, New York. Certain matters with respect to Cayman Islands corporate law and tax law will be passed upon for the Issuer by Maples and Calder, George Town, Grand Cayman, Cayman Islands.

## GLOSSARY OF DEFINED TERMS

**"ABS Aircraft Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of aircraft, vessels and telecommunications equipment to businesses for use in the provisions of goods or services to consumers, the military or the government, generally having the following characteristics: (1) the leases and subleases having varying contractual maturities; (2) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is primarily determined by an contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, sublessee or third party or the underlying equipment; (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value, subject to payments at the end of the lease term for excess usage or wear and tear; and (5) the obligations of the lessors or sublessors may be secured not only by the leased equipment but also by other assets of the lessee, sublessee or guarantees granted by third parties; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Automobile Securities"**: Securities, other than ABS Subprime Auto Securities, that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on:

- (1) the cash flow from installment sale loans made to finance the purchase of, or from leases of, automobiles or light duty trucks or medium duty trucks, generally having the following characteristics:
  - (i) the loans or leases may have varying contractual maturities;
  - (ii) the loans or leases are obligations of numerous borrowers or lessors and accordingly represent a diversified pool of obligor credit risk;
  - (iii) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and
  - (iv) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee does not exercise such purchase option; or
- (2) the cash flow from loans or leases made to finance the purchase of an automobile dealer's inventory, generally having the following characteristics:
  - (i) the loans or leases may have varying contractual maturities;
  - (ii) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and
  - (iii) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee does not exercise such purchase option.

**"ABS Car Rental Receivable Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of vehicles to car rental companies and their franchisees, generally having the following characteristics: (1) the leases and subleases have varying contractual maturities; (2) the subleases are obligations of numerous franchisees and accordingly represent a diversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee or third party of the underlying vehicle; and (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee or sublessee does not exercise such purchase option.

**"ABS Credit Card Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from balances outstanding under revolving consumer credit card accounts, generally having the following characteristics:

- (i) the accounts have standardized payment terms and require minimum monthly payments;
- (ii) the balances are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and
- (iii) the repayment stream on such balances does not depend upon a contractual payment schedule, with repayment depending primarily on interest rates, availability of credit against a maximum credit limit and general economic matters.

**"ABS Future Flow Securities"**: Securities that are financings by companies that export products and involve securitizations of receivables under contracts with foreign buyers or from sale through an established market pursuant to which cash generated from the existing and future receivables is captured, typically paid to a trust or collateral account in the United States and is used to service the debt evidenced by such securities. In a typical existing and future receivables transaction, the originator of the receivables establishes a limited purpose financing vehicle that issues such securities. The originator receives the issuance proceeds and may use these funds for general corporate purposes. ABS Future Flow Securities are generally backed by one or more contracts requiring the originator to generate the receivables backing the securities. In such a situation, if the receivables are not generated or if insufficient amounts of receivables are generated, holders of such securities may not receive the payments they are owed. Sellers of receivables in future receivables transactions are frequently in countries with low credit ratings. ABS Future Flow Securities may achieve a rating above the foreign currency sovereign rating of such company's country of domicile, thereby enabling the originator to obtain financing at a relatively lower cost than traditional loans or direct issuance of bonds by the originator. The determination of whether an ABS Future Flow Security shall be classified as an Excluded Specified Type shall be made by reference to the types of receivables expected to be generated. Any ABS Future Flow Security so classified as an Excluded Specified Type will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Health Care Receivable Securities"**: Securities (other than ABS Small Business Loan Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of equipment to hospitals, non-hospital medical facilities, physicians and physician groups for use in the provision of healthcare services, generally having the following characteristics: (1) the leases and subleases have varying contractual maturities; (2) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is

primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, sublessee or third party of the underlying equipment; and (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Mutual Fund Fee Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a pool of brokerage fees and costs relating to various mutual funds, generally having the following characteristics: (1) the brokerage fees and costs have standardized terms; (2) the brokerage fees and costs arise out of numerous mutual funds and accordingly represent a diversified pool of credit risk; and (3) the collection of brokerage fees and costs can vary substantially from the contractual payment schedule (if any), with the collection depending on numerous factors specific to the particular mutual funds and general economic matters; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Other Security"**: A Structured Finance Security that (i) cannot reasonably be classified as a CMBS Security, RMBS Security, CDO Cashflow Security, Wrapped Security, ABS Automobile Security, ABS Car Rental Receivable Security, ABS Credit Card Security, ABS Small Business Loan Security or ABS Student Loan Security and (ii) is not an Excluded Specified Type.

**"ABS Small Business Loan Securities"**: Securities that entitle holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from general purpose loans made to "small business concerns" (generally within the meaning given to such term by regulations of the United States Small Business Administration), including but not limited to those (a) made pursuant to Section 7(a) of the United States Small Business Act, as amended, and (b) partially guaranteed by the United States Small Business Administration, generally have the following characteristics:

- (i) the loans have payment terms that comply with any applicable requirements of the United States Small Business Act, as amended;
- (ii) the loans are obligations of a relatively limited number of borrowers and accordingly represent an undiversified pool of obligor credit risk; and
- (iii) repayment thereof can vary substantially from the contractual payment schedule (if any), with early repayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium.

**"ABS Structured Settlement Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from receivables representing the right of litigation claimants to receive future settlement payments under a settlement agreement that are funded by an annuity contract; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Student Loan Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from loans made to students (or their parents) to finance educational needs.

**"ABS Subprime Auto Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from subprime installment sale loans made to finance the acquisition of, or from leases of, automobiles, generally having the following characteristics: (1) the loans or leases may have varying contractual maturities; (2) the loans or leases are obligations of numerous borrowers or lessees and accordingly represent a diversified pool of obligor credit risk; (3) the borrowers or lessees under the loans or leases generally have a poor credit rating; (4) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and (5) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of the lease term for excess mileage or use in the event that the lessee does not exercise such purchase option; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Tax Lien Securities"**: Securities that entitle the holders thereof to receive payment that depend (except for rights or other assets designed to assure the servicing or timely distribution or proceeds to holders of such securities) on the cash flow from a pool of tax obligations owed by businesses and individuals to state and municipal governmental taxing authorities, generally having the following characteristics: (1) the tax obligations are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (2) the repayment stream on the obligation is primarily determined by a payment schedule entered into between the relevant tax authority and obligor, with early repayment on such obligation predominantly dependent upon interest rates and the income of the obligor following the commencement of amortization; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Timeshare Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from borrowers under timeshare mortgage loans. Timeshare mortgage loans are generally fixed rate, fully amortizing loans that are secured by first mortgage liens on timeshare estates. A timeshare estate consists of an interval (generally measured in weeks) in vacation ownership of fully furnished vacation units or apartments. Usage and ownership is generally divided into 52 one-week intervals, with one or two weeks reserved for maintenance. Ownership can also be through undivided fee simple interests ("UDIs") in a group of units. Owners become tenants in common with other owners of undivided interests, with "use" rights which allow more flexibility in terms of length and timing of stay than fixed week intervals, as purchasers are not restricted to fixed fee usage. Any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"Actual Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class and on any date of determination on which the Class Notional Amount of such Class of Notes is greater than zero, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the Reference Portfolio Notional Amount over (ii) the sum of (a) the Super Senior Notional Amount, (b) the Class Notional Amount with respect to any Class of Notes senior to such Class and (c) the Class Notional Amount with respect to such Class of Notes.

**"Actual Moody's Metric"**: With respect to any Class of Notes at any time of determination, the Moody's Metric of such Class of Notes determined by application of the Moody's CDOROM™ Model to the Current Portfolio; provided that for purposes of determining the Actual Moody's Metric, the Loss Amount with respect to a Reference Obligation for which a Credit Event has occurred but for which the Loss Amount has not yet been determined shall be deemed to be the Reference Obligation Notional Amount of such Reference Obligation prior to such Credit Event.



**"Actual Rating"**: With respect to any Obligation, the actual expressly monitored outstanding rating assigned by a Rating Agency or Fitch, as applicable, without reference to any other rating by another Rating Agency or Fitch, as applicable, and which rating by its terms addresses the full scope of the payment promise of the obligor on such Obligation, after taking into account any applicable guarantee or insurance policy or if no such rating is available from a Rating Agency or Fitch, as applicable, any "credit estimate" or "shadow rating" assigned by such Rating Agency or Fitch, as applicable. For purposes of this definition, the rating of a RMBS Agency Security shall be the rating assigned by a Rating Agency or Fitch, as applicable, to the agency that guarantees such RMBS Agency Security.

**"Actual Super Senior Notional Overcollateralization Ratio"**: On any date of determination on which the Super Senior Notional Amount is greater than zero, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the Reference Portfolio Notional Amount over (ii) the Super Senior Notional Amount.

**"Administrative Expense Cap"**: On any Payment Date, \$20,000.

**"Administrative Expenses"**: Amounts due or accrued with respect to any Payment Date (which shall be payable in the following order) to:

- (i) any Person not listed in subclause (ii), (iii) or (iv) below in respect of any governmental fee, including all filing, registration and annual return fees payable to the Cayman Islands government and registered office fees, charge or tax (other than withholding taxes);
- (ii) the Trustee, its fees pursuant to the Indenture;
- (iii) to the Trustee, its expenses pursuant to the Indenture;
- (iv) to the Issuing and Paying Agent, its fees pursuant to the Issuing and Paying Agency Agreement;
- (v) to the Issuing and Paying Agent, its expenses pursuant to the Issuing and Paying Agency Agreement;
- (vi) *pro rata* to:
  - (a) the Collateral Administrator under the Collateral Administration Agreement;
  - (b) the Independent accountants, agents and counsel of the Issuer for fees, including retainers, and expenses;
  - (c) the Rating Agencies for fees and expenses in connection with ratings of the Notes, on-going surveillance of such ratings and the provision of credit estimates; and
  - (d) any other Person in respect of any other reasonable fees or expenses of the Issuer not prohibited under the Indenture (including, without limitation, any monies owed to the Administrator under the Administration Agreement and registered office fees) and any reports and documents delivered pursuant to or in connection with the Indenture and the Notes.

**"Adverse Tax Event":** The adoption of, or a change in, any tax statute (including the Code), treaty, regulation (whether proposed, temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in (a) reducing monies received by the Issuer from the Issuer Assets or (b) the payments due on the Notes or pursuant to the Basis Swap, the Collateral Put Agreement or the Credit Default Swap becoming properly subject to the imposition of U.S. or other withholding tax.

**"Affiliate" or "Affiliated":** With respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, officer or employee (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in subclause (i) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of any such Person or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. With respect to the Issuers, this definition shall exclude the Administrator and any other special purpose vehicle to which the Administrator is or will be providing administrative services or acting as share trustee.

**"Agency"** means Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association.

**"Aggregate Outstanding Amount":** When used with respect to any or all of the Notes the aggregate principal amount of such Notes Outstanding on the date of determination.

**"Alternative Debt Test":** A test that is satisfied with respect to a Reference Obligation or Collateral Security, as applicable, if, on the date such Reference Obligation or Collateral Security, as applicable is included in the Reference Portfolio or the Collateral, as applicable, each of the following is satisfied: (i) such Reference Obligation or Collateral Security, as applicable is in the form of a note or other debt instrument and is treated as debt for corporate law purposes in the jurisdiction of the issuer of such Reference Obligation or Collateral Security, as applicable, (ii) the documents pursuant to which such Reference Obligation or Collateral Security, as applicable, was offered, if any, do not require that any holder thereof treat such Reference Obligation or Collateral Security, as applicable, other than as debt for tax purposes, (iii) such Reference Obligation or Collateral Security, as applicable, bears interest at a fixed rate per annum or at a rate based upon a customary floating rate index plus or minus a spread, (iv) such Reference Obligation or Collateral Security, as applicable, has a fixed maturity occurring no later than the Stated Maturity of the Notes, (v) such Reference Obligation or Collateral Security, as applicable, has an Actual Rating or Implied Rating of at least "Baa3" by Moody's, of at least "BBB-" by S&P or at least "BBB-" by Fitch as to ultimate payment of principal and interest and (vi) the issuer of such Reference Obligation or Collateral Security, as applicable, is treated as a corporation or grantor trust for U.S. federal income tax purposes; provided that, in the case of a Reference Obligation or Collateral Security, as applicable, in the form of a beneficial interest in a trust that is treated (as evidenced by an opinion of counsel or a reference to an opinion of counsel in documents pursuant to which such Reference Obligation or Collateral Security, as applicable, was offered) as a grantor trust for U.S. federal income tax purposes (and not as a partnership or association taxable as a corporation), any of the conditions specified in clauses (i), (ii), (iii) and (iv) may be satisfied by reference to each asset held pursuant to such grantor trust arrangement rather than by reference to such beneficial ownership interests.

**"Applicable Period":** With respect to (i) the first Interest Accrual Period, the period from and including the Closing Date to but excluding the first Payment Date and (ii) for each Interest Accrual Period thereafter, one month (except with respect to the last Applicable Period, to but excluding the Stated Maturity).

**"Approved CDO Manager":** Any of the CDO Managers or their affiliates set forth below (including the successor to any such CDO Manager):

ACA Management, L.L.C.  
AIG Global Investment Corp.  
Aladdin Asset Management  
Allianz AG  
American Express Asset Management Group Inc.  
Anthracite Capital, Inc.  
Ares Management  
AXA Investment Managers Paris S.A.  
Bear Stearns Asset Management Inc  
BlackRock Financial Management, Inc.  
C-BASS  
Cambridge Place Investment Management LLP  
Capital Trust, Inc.  
The Carlyle Group  
Cheyne Capital Management Limited  
Church Tavern Advisors  
Clinton Advisory  
David L. Babson & Company Inc.  
Ellington Management Group LLC  
Fidelity Management Trust Company  
Fortress Investment Corp.  
GMAC Commercial Mortgage Corp  
GoldenTree Asset Management, LP  
Greenwich Street Capital Partners LP  
Highland Capital Management Corp  
INVESCO Advisors  
JPMorgan Investment Management  
Katonah Capital LLC  
Lennar Partners Inc.  
MKP Capital Management LLC  
New York life Investment Management LLC  
Newcastle Investment Corp.  
NIB Capital Bank N.V.  
Oak Hill Advisors  
Pacific Investment Management Co. LLC

Princeton Asset Management Co  
The Putnam Advisory Company LLC  
Sankaty Advisors, Inc.  
State Street Global Advisors Ltd.  
State Street Research & Management Co.  
TCW Funds Management, Inc.  
Vanderbilt Capital Corp.  
Western Asset Management Company

provided that the list of Approved CDO Managers may be modified from time to time by the Protection Buyer if:

- (a) at the request of the Protection Buyer, the Trustee or the Issuing and Paying Agent, as applicable, transmits a notice prepared by the Protection Buyer of such modification to each Noteholder, which notice shall request such Noteholder to notify the Trustee or the Issuing and Paying Agent, as applicable, upon receipt of such notice;
- (b) if, within five Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the Trustee or the Issuing and Paying Agent, as applicable, has not received confirmation from each Noteholder that it has received such notice, the Trustee or the Issuing and Paying Agent, as applicable, redelivers such notice to any Noteholder that has not confirmed receipt of such notice; and
- (c) within 15 Business Days of the initial delivery of such notice by the Trustee or the Issuing and Paying Agent, as applicable, the proposed modification is not opposed by a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class.

**"Approved Dealer"**: Any of the Persons or their affiliates set forth below (including the successor to any such Person):

ABN AMRO Bank N.V.;  
Banc One Securities Corporation;  
Bank of America Securities LLC;  
Barclays Bank PLC;  
Bear, Stearns & Co. Inc.;  
BNP Paribas;  
Canadian Imperial Bank of Commerce;  
Citigroup;  
Commerzbank AG;  
Countrywide Securities Corporation;  
Credit Suisse First Boston;  
Deutsche Bank AG;  
Dresdner Bank AG;

First Tennessee Bank National Association;  
Greenwich Capital Markets, Inc.;  
HSBC Bank plc;  
JP Morgan Chase & Co.;  
Legg Mason Wood Walker;  
Lehman Brothers;  
Merrill Lynch & Co., Inc.;  
Morgan Stanley & Co., Inc.;  
Nomura Securities Co., Ltd.;  
Raymond James Financial, Inc.;  
Societe Generale Group;  
TD Bank Financial Group;  
UBS AG;  
United Capital Markets Inc.;  
Wachovia Securities, LLC;  
Washington Mutual Inc; or  
WestLB AG.

**"Asset-Backed Securities" or "ABS Securities"**: ABS Credit Card Securities, ABS Automobile Securities, ABS Car Rental Receivable Securities, ABS Small Business Loan Securities, ABS Student Loan Securities or ABS Other Securities, excluding, in each case, any securities that belong to an Excluded Specified Type.

**"Bank"**: LaSalle Bank National Association, a national banking association organized and existing under the laws of the United States of America, but in its individual capacity and not as Trustee or Issuing and Paying Agent, and any successor thereto.

**"Basis Swap Calculation Period"**: An Interest Accrual Period.

**"Basis Swap Counterparty Credit Support Document"**: The meaning assigned to such term in the Basis Swap and initially, the Guaranty dated as of December 20, 2000 between Mitsui Marine and Fire Insurance Co., Ltd. and the GS Group and the Support Agreement dated as of October 8, 1993 among the Basis Swap Counterparty, Mitsui Marine and Fire Insurance Co., Ltd. and the GS Group.

**"Basis Swap Counterparty Credit Support Provider"**: The meaning assigned to such term in the Basis Swap and initially, GS Group and Mitsui Marine and Fire Insurance Co., Ltd., jointly.

**"Basis Swap Counterparty Default Termination Payment"**: Any Basis Swap Termination Payment required to be made by the Issuer to the Basis Swap Counterparty pursuant to the Basis Swap in the event of a termination of the Basis Swap (i) in respect of which the Basis Swap Counterparty is the defaulting party, (ii) resulting from a downgrade of such Basis Swap Counterparty's credit rating or (iii) in which the Basis Swap Counterparty was the sole "Affected Party" (as such term is defined in the Basis Swap) (other than in connection with a "Tax Event" or "Illegality", in each case as defined in the Basis Swap).

**"Basis Swap Early Termination"**: The occurrence of either a Basis Swap Event of Default or a Basis Swap Termination Event.

**"BIE Acceptance Notice"**: A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder specifying (i) the BIE Collateral Security that will be substituted for an existing Collateral Security, (ii) each such Collateral Security to be substituted, (iii) the BIE Exercise Period, (iv) the BIE Transaction Cost, (v) the BIE Basis Swap Payment, (vi) account information of the Issuer for such Originating Noteholder to deliver such BIE Collateral Security to the Issuer and to present payment of the BIE Transaction Cost to the Issuer and (vii) account information for such Originating Noteholder to present payment of the BIE Basis Swap Payment to the Basis Swap Counterparty.

**"BIE Basis Swap Payment"**: An amount equal to the greater of (i) the present value of (1) the Basis Swap Payments that the Basis Swap Counterparty would receive (assuming no such substitution(s) described in subclause (2) below occurred) less (2) the Basis Swap Payments that the Basis Swap Counterparty would receive (assuming that BIE Collateral Securities identified in any related Collateral Security Substitution Request Notice have been substituted for the existing Collateral Securities identified therein) and (ii) zero.

**"BIE Collateral Security"**: A Collateral Security that a Noteholder proposes to substitute for part or all of an existing Collateral Security pursuant to the Indenture.

**"BIE Collateral Security Eligibility Criteria"**: (i) The Collateral Security Eligibility Criteria, (ii) the consent of each of the Basis Swap Counterparty, the Collateral Put Provider and the Protection Buyer (which consent not to be unreasonably withheld in each case), (iii) the Collateral Security Weighted Average Life Test and (iv) the par amount of all BIE Collateral Securities described in the related Collateral Security Substitution Request Notice must equal or exceed the par amount of all existing Collateral Securities proposed to be substituted.

**"BIE Consent Solicitation"**: A notice from the Trustee or the Issuing and Paying Agent, as applicable, to each Noteholder, including the originating Noteholder, specifying (i) each proposed BIE Collateral Security and its par amount, (ii) each Collateral Security to be substituted and its par amount, and (iii) the BIE Notification Date.

**"BIE Exercise Period"**: The period from and including the delivery of a BIE Acceptance Notice to but excluding the day that is three Business Days thereafter.

**"BIE Notification Date"**: The Business Day by which a Noteholder must respond to a BIE Consent Solicitation, which date shall be 20 Business Days from the date of such BIE Consent Solicitation.

**"BIE Transaction Cost"**: An amount, as determined by the Trustee equal to the aggregate amount of the expenses of the Issuer and the Trustee that would be incurred as a result of the proposed substitution of each BIE Collateral Security for part or all of an existing BIE Collateral Security.

**"Bloomberg Historical Swap Rate Page"**: With respect to a date and a tenor, the page on Bloomberg "USSW[tenor]", option "HP", using a time window that bounds the relevant date. For the avoidance of doubt, if such determination cannot be made using the method described above, the Bloomberg Historical Swap Rate Page shall be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Bond Equivalent Coupon"**: With respect to a Fixed Rate Reference Obligation, the semi-annual interest rate on a corporate-bond equivalent basis, expressed as a percentage and rounded to three decimal places, corresponding to the fixed rate coupon of the Reference Obligation, as it appears on Bloomberg page "DES" for such Reference Obligation. For the avoidance of doubt, if such determination cannot be made using the method described above, the Bond Equivalent Coupon will be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Business Day":** Any day other than (i) Saturday or Sunday or (ii) a day on which commercial banking institutions are authorized by law, regulation or executive order to close in New York, New York, in Chicago, Illinois, in London, England (with respect to the calculation of LIBOR) or in Dublin, Ireland (with respect to the obligations of the Irish Paying Agent only); *provided, however*, that for the sole purpose of calculating the Note Interest Rates, for relevant place of presentation, "Business Day" shall be defined as any day on which dealings in deposits in Dollars are transacted in the London interbank market.

**"CDO Cashflow Securities":** Collateralized debt obligations, collateralized bond obligations or CLO Securities, including CDO Structured Product Securities, CDO Mortgage-Backed Securities and CDO Commercial Real Estate Securities, but, in each case, excluding any securities that belong to an Excluded Specified Type.

**"CDO Commercial Real Estate Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of CMBS Securities and/or REIT Debt Securities.

**"CDO Corporate Bond Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of primarily high yield or investment grade bonds.

**"CDO Emerging Market Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of investments, of which more than 20% are issued by issuers located in Emerging Market Countries.

**"CDO High-Grade Structured Product Securities":** CDO Structured Product Securities for which the Moody's weighted average rating factor of the underlying portfolio of assets securing such CDO Structured Product Securities is less than or equal to 50.

**"CDO Market Value Securities":** Collateralized debt obligations, whose overcollateralization is measured with reference to the market value of the collateral portfolio securing such collateralized debt obligations.

**"CDO Mortgage-Backed Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of Mortgage-Backed Securities.

**"CDO Structured Product Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a portfolio diversified among categories of REIT Debt Securities, Asset-Backed Securities, Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities or CDO Cashflow Securities or any combination of more than one of the foregoing or solely of CDO Cashflow Securities (and which in any such case may include limited amounts of Corporate Securities), generally having the following characteristics:

- (i) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual debt securities depending on numerous factors specific to the particular issuers or obligors and upon whether, in the case of loans or securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium, and
- (ii) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans and/or debt securities.

**"Class"**: All of the Notes having the same priority and the same Stated Maturity.

**"Class A-1 Notes"**: The Class A-1 Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class A-2 Notes"**: The Class A-2 Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class A-3 Notes"**: The Class A-3 Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class B Notes"**: The Class B Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class C Notes"**: The Class C Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class D Notes"**: The Class D Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class E Notes"**: The Class E Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class F Notes"**: The Class F Floating Rate Notes having the applicable Note Interest Rate and Stated Maturity as set forth under "Summary—Notes Offered".

**"Class Notional Amount"**: With respect to the Notes of any Class on the Closing Date, the Maximum Issuable Amount of such Class of Notes; thereafter it will be increased or decreased as described under "Summary—Decrease in the Class Notional Amount of each Class of Notes" and "Summary—Increase in the Class Notional Amount of each Class of Notes".

**"Clearstream"**: Clearstream Banking, société anonyme, a corporation organized under the laws of the Grand Duchy of Luxembourg.

**"CLO Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of primarily loans.

**"Closing Date"**: June 7, 2005.

**"CMBS Conduit Securities"**: Commercial Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities)



on the cash flow from a pool of commercial mortgage loans, generally having the following characteristics:

- (i) the commercial mortgage loans have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the commercial mortgage loans are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk; and
- (iv) repayment thereof can vary substantially from the contractual payment schedule (if any), with early repayment of individual loans depending on numerous factors specific to the particular obligors; however, in the case of loans bearing interest at a fixed rate, such loans or securities typically include significant or complete prepayment protection.

**"CMBS Credit Tenant Lease Securities"**: Commercial Mortgage-Backed Securities (other than CMBS Large Loan Securities and CMBS Conduit Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties leased to corporate tenants (or on the cash flow from such leases), generally have the following characteristics:

- (i) the commercial mortgage loans or leases have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the leases are secured by leasehold interests;
- (iv) the commercial mortgage loans or leases are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk;
- (v) payment thereof can vary substantially from the contractual payment schedule (if any), with prepayment of individual loans or termination of leases depending on numerous factors specific to the particular obligors or lessees and upon whether, in the case of loans bearing interest at a fixed rate, such loans include an effective prepayment premium; and
- (vi) the creditworthiness of such corporate tenants is an important factor in any decision to invest in these securities.

**"CMBS Franchise Securities"**: Commercial Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from (a) a pool of franchise loans made to operators of franchises that provide oil, gasoline, restaurant or food services and provide other services related thereto and (b) leases or subleases of equipment to such operators for use in the provision of such goods and services. Such securities generally have the following characteristics:

- (i) the loans, leases or subleases have varying contractual maturities;

- (ii) the loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the obligations of the lessors or sublessors of the equipment may be secured not only by the leased equipment but also the related real estate;
- (iv) the loans, leases and subleases are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk;
- (v) payment of the loans can vary substantially from the contractual payment schedule (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans include an effective prepayment premium;
- (vi) the repayment stream on the leases and subleases is primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, a sublessee or third party of the underlying equipment; and
- (vii) such leases and subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value.

**"CMBS Large Loan Securities"**: Commercial Mortgage-Backed Securities (other than CMBS Conduit Securities and CMBS Credit Tenant Lease Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from a commercial mortgage loan or a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, generally having the following characteristics:

- (i) the commercial mortgage loans have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the commercial mortgage loans are obligations of a limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk (including in comparison to CMBS Conduit Securities);
- (iv) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium;
- (v) the valuation of individual properties securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and
- (vi) the commercial mortgage loans have relatively large average balances (including in comparison to RMBS Securities).

**"CMBS RE-REMIC Securities"**: Securities that represent an interest in a real estate mortgage investment conduit backed by CMBS Securities.

**"Co-issued Notes"**: Collectively, the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class B Notes and the Class C Notes.

**"Collateral"**: Collectively, the Collateral Securities and the Eligible Investments.

**"Collateral Account"**: The segregated trust account into which the Issuer shall, from time to time, deposit Issuer Assets.

**"Collateral Administration Agreement"**: The Collateral Administration Agreement, dated as of the Closing Date, between the Issuer and the Collateral Administrator.

**"Collateral Administrator"**: LaSalle Bank National Association, solely in its capacity as Collateral Administrator under the Collateral Administration Agreement, until a successor Person shall have become the Collateral Administrator pursuant to the applicable provisions of the Collateral Administration Agreement, and thereafter "Collateral Administrator" shall mean such successor Person.

**"Collateral Default"**: An event of default (as defined in the applicable Underlying Instrument) which has occurred and is continuing with respect to any of the Collateral.

**"Collateral Put Agreement Early Termination"**: The occurrence of either a Collateral Put Agreement Event of Default or a Collateral Put Agreement Termination Event.

**"Collateral Put Provider Credit Support Document"**: The meaning assigned to such term in the Collateral Put Agreement and initially, the guaranty dated as of the Closing Date by GS Group with respect to the obligations of the Collateral Put Provider under the Collateral Put Agreement.

**"Collateral Put Provider Credit Support Provider"**: The meaning assigned to such term in the Collateral Put Agreement and initially, GS Group.

**"Collateral Security Substitution Information Notice"**: A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that (i) each proposed BIE Collateral Security identified in the related Collateral Security Substitution Request Notice is an Eligible BIE Collateral Security and (ii) the BIE Transaction Cost and the BIE Basis Swap Payment relating to such proposed BIE Collateral Security.

**"Collateral Security Substitution Noteholder Refusal Notice"**: A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that the Holders of a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class did not approve the Proposed New BIE Collateral Security by the BIE Notification Date.

**"Collateral Security Substitution Refusal Notice"**: A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that (i) one or more proposed BIE Collateral Securities identified in the related Collateral Security Substitution Request Notice is not an Eligible BIE Collateral Security, (ii) the identity of each Eligible BIE Collateral Security and (iii) the identity of each proposed BIE Collateral Security that is not an Eligible BIE Collateral Security.

**"Collateral Security Substitution Request Notice"**: A notice from an Originating Noteholder to the Trustee or the Issuing and Paying Agent, as applicable, (i) requesting the substitution of one or more BIE Collateral Securities for one or more existing Collateral Securities, (ii) identifying each Collateral Security and the par amount to be substituted, (iii) identifying each proposed BIE Collateral Security and the par amount and (iv) any other information that such Originating Noteholder deems relevant.

**"Commercial Mortgage-Backed Securities" or "CMBS Securities"**: Securities that represent interests in, or enable holders thereof to receive payments that depend on the cashflow primarily from credit default swaps that reference, in each case, obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers and shall include, without limitation, CMBS Conduit Securities, CMBS Credit Tenant Lease Securities, CMBS Franchise Securities, CMBS Large Loan Securities or CMBS RE-REMIC Securities, excluding, in each case, any securities that belong to an Excluded Specified Type.

**"Corporate Securities"**: Publicly issued or privately placed debt obligations of corporate issuers which are not REIT Debt Securities or Wrapped Securities.

**"Credit Default Swap Fixed Rate Payer Calculation Period"**: An Interest Accrual Period.

**"Credit Event Notice"**: An irrevocable notice that describes a Credit Event.

**"Current Buffer"**: With respect to any Class of Notes rated by Moody's, (i) on the Closing Date, the Initial Buffer with respect to such Class and (ii) at any time thereafter following the inclusion of a Replacement Reference Obligation in the Reference Portfolio, the difference between (a) the Current Buffer with respect to such Class immediately prior to the inclusion of such Replacement Reference Obligation in the Reference Portfolio and (b) the greater of (1) zero and (2) the difference between (A) the Actual Moody's Metric with respect to such Class following the inclusion of such Replacement Obligation in the Reference Portfolio and (B) the Actual Moody's Metric with respect to such Class immediately prior to the inclusion of such Replacement Reference Obligation in the Reference Portfolio; provided that for purposes of determining the Current Buffer with respect to a Class, the Loss Amount with respect to a Reference Obligation for which a Credit Event has occurred but for which the Loss Amount has not yet been determined shall be deemed to be the Reference Obligation Notional Amount of such Reference Obligation prior to such Credit Event.

**"Current Market Price"**: At any time of determination, with respect to a Replacement Reference Obligation, a percentage price determined by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator (with respect to whether such Current Market Price is at least equal to (i) with respect to Floating Rate Reference Obligations, 95.0% of par for Floating Rate Reference Obligations and (ii) with respect to Fixed Rate Reference Obligations, the Swap Benchmark Adjusted Price less 5.0% of par) by (a) using the pricing service used by the Credit Default Swap Calculation Agent in its normal course of business for so long as the quote obtained from such pricing service has been provided by such pricing service within two Business Days of the time of such determination or (b) (1) if subclause (a) above is not applicable, asking each of five Approved Dealers to quote the offered-side price (excluding accrued interest) for such Replacement Reference Obligation (in an amount equal to its Reference Obligation Notional Amount) and (2) for so long as the Credit Default Swap Calculation Agent is able to obtain one such quote from one such Approved Dealer, taking the arithmetic average of such quotation(s).

**"Current Portfolio"**: At any time of determination, the Reference Portfolio at such time.

**"Defaulted Interest"**: Any interest due and payable in respect of any Note which is not punctually paid or duly provided for on the applicable Payment Date or at the Stated Maturity, as the case may be.

**"Determination Date"**: With respect to a Payment Date, the last Business Day of the immediately preceding Due Period.

**"Disposition Proceeds"**: All Sale Proceeds and Put Proceeds.

**"Distribution"**: Any payment of principal or interest or any dividend, premium or fee payment made on, or any other distribution in respect of, a security or obligation.

**"Diversified Securities"**: Any of (i) ABS Automobile Securities, (ii) ABS Car Rental Receivable Securities, (iii) ABS Credit Card Securities and (iv) ABS Student Loan Securities.

**"Dollar"**: A dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for all debts, public and private.

**"DTC"**: The Depository Trust Company, its nominees, and their respective successors.

**"Due Period"**: With respect to any Payment Date or the Mandatory Redemption Date, the period commencing on the day immediately following the fifth Business Day prior to the preceding Payment Date (or, in the case of the Due Period relating to the first Payment Date, beginning on the Closing Date) and ending on (and including) the fifth Business Day prior to such Payment Date (or, in the case of a Due Period that is applicable to the Payment Date relating to the Stated Maturity of any Note, the Optional Redemption Date, a Partial Optional Redemption Date or the Mandatory Redemption Date, as the case may be, ending on (and including) the Business Day immediately preceding such Payment Date or Mandatory Redemption Date, as the case may be).

**"Eligible BIE Collateral Security"**: A BIE Collateral Security that satisfies the BIE Collateral Security Eligibility Criteria.

**"Eligible Investment"**: Any U.S. Dollar-denominated investment that, at the time it is delivered to the Trustee, is one or more of the following obligations or securities: (i) direct Registered obligations of, and Registered obligations fully guaranteed by, the United States or any agency or instrumentality of the United States the obligations of which are expressly backed by the full faith and credit of the United States; (ii) demand and time deposits in, certificates of deposit of, or banker's acceptances issued by, any depository institution or trust company incorporated in the United States or any state thereof, which depository institution or trust company is subject to supervision and examination by federal or state authorities; (iii) repurchase obligations with respect to (a) any security described in clause (i) above or (b) any other security issued or guaranteed by an agency or instrumentality of the United States, entered into with a depository institution or trust company described in clause (ii) above or entered into with a corporation whose long-term senior unsecured rating is at least "A1" by Moody's and "A+" by S&P and whose short-term credit rating is "P-1" by Moody's and "A-1" by S&P at the time of such investment, with a term not in excess of 91 days; (iv) commercial paper or other short-term obligations of a corporation, partnership, limited liability company or trust, or any branch or agency thereof located in the United States or any of its territories, such commercial paper or other short-term obligations having a credit rating of "P-1" by Moody's and "A-1" by S&P, and that are Registered and either are interest bearing or are sold at a discount from the face amount thereof and have a maturity of not more than 91 days from their date of issuance in the case of S&P and Moody's; and (v) offshore money market funds which have a credit rating of not less than "Aaa/MR1+" by Moody's and "AAA" or "AAAm" or "AAAm-G" by S&P.

**"Eligibility Rating"**: With respect to a Reference Obligation, the higher of (a) its Actual Rating by S&P (if any) and (b) its Actual Rating by Moody's (if any) as expressed on the S&P rating scale.

**"Emerging Market Country"**: Any jurisdiction that is not the United States or does not have a foreign currency issuer rating of at least "AA-" by S&P and a long-term sovereign debt rating of at least "Aa3" by Moody's.

**"Emerging Market Securities"**: Debt securities that are the obligations of an issuer located in any Emerging Market Country.

**"Enhanced Equipment Trust Certificate"**: An enhanced equipment trust certificate.

**"Equivalent Moody's Diversity Score":** A single number that indicates portfolio concentration in terms of both issuer and industry concentration. The formula used to calculate the Equivalent Moody's Diversity Score on any measurement date is set forth below.

$$D = \frac{\left( \sum_{i=1}^n P_i F_i \right) \left( \sum_{i=1}^n Q_i F_i \right)}{\sum_{i=1}^n \sum_{j=1}^n C_{ij} \sqrt{P_i Q_i P_j Q_j F_i F_j}}$$

Assuming that the portfolio consists of  $n$  bonds, bond  $i$  has a face value  $F_i$ , and a default probability  $P_i$ , that is implied by the Moody's Mapped Rating and average life of the bond. The probability of survival for bond  $i$  is  $Q_i$ , which equals  $1 - P_i$ . In addition, the correlation coefficient of default between bond  $i$  and  $j$  is  $C_{ij}$ . For purposes of the calculation  $P_i$  is the loss amount of a Reference Obligation based on its Moody's Mapped Rating and its average life and tenor at the measurement date divided by the severity, which is equal to one minus the recovery rate, and  $C_{ij}$  is the default correlation. The portfolio can be represented by  $D$  homogenous securities with independent default risk.

$$\text{Average Face Value} = F = \left( \sum_{i=1}^n F_i \right) / D$$

$$\text{Average Default Probability} = P = \left( \sum_{i=1}^n P_i F_i \right) / \left( \sum_{i=1}^n F_i \right)$$

To calculate the Equivalent Moody's Diversity Score, portfolio parameters need to be input, including for each Reference Obligation the Moody's Mapped Rating, the Reference Obligation Notional Amount, the projected weighted average life and the default correlation assumptions which Moody's would customarily make in rating similar transactions.

**"Equivalent Moody's Weighted Average Rating Factor":** As of any measurement date, the number obtained by summing the product of the Reference Obligation Notional Amount of each Reference Obligation multiplied by its Moody's Rating Factor, dividing such sum by the Reference Portfolio Notional Amount rounding down to the first decimal place.

**"Euro", "Euros" and "€":** The currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

**"Euroclear":** The Euroclear System.

**"Exchange Act":** The U.S. Securities Exchange Act of 1934, as amended.

**"Excluded Specified Types":** Any of the following types of securities: ABS Aircraft Securities, Corporate Securities, CDO Market Value Securities, Enhanced Equipment Trust Certificates, ABS Future Flow Securities (to the extent classified as an Excluded Specified Type in accordance with the definition thereof), ABS Health Care Receivable Securities, ABS Mutual Fund Fee Securities, ABS Structured Settlement Securities, ABS Subprime Auto Securities, ABS Tax Lien Securities, ABS Timeshare Securities, CDO Corporate Bond Securities, CDO Emerging Market Securities, CMBS Credit Tenant Lease Securities, CMBS Franchise Securities, RMBS Manufactured Housing Securities or Synthetic CDO Securities.

**"Fitch":** Fitch Ratings, Inc. and any successor or successors thereto.

**"Fixed Rate Reference Obligation"**: Any Reference Obligation that is not a Floating Rate Reference Obligation, as determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and confirmed by the Collateral Administrator.

**"Floating Rate Reference Obligation"**: Any Reference Obligation that bears interest at a rate based upon a customary floating rate index plus or minus a spread, as determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and confirmed by the Collateral Administrator.

**"Global Notes"**: Collectively, the Rule 144A Global Notes and the Regulation S Global Notes.

**"GS Group"**: The Goldman Sachs Group, Inc.

**"Holder" or "Noteholder"**: With respect to any Note, the Person in whose name such Note is registered in the Note Register or Issuing and Paying Agency Agreement Note Register, as applicable.

**"ICE Accrued Interest Amount"**: With respect to any Class of Notes, an amount equal to the aggregate amount of interest accrued, at the applicable Note Interest Rate, during the related Interest Accrual Period on the average daily ICE Aggregate Outstanding Amount of such Class of Notes during the preceding Interest Accrual Period.

**"ICE Actual Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class and on any date of determination on which the ICE Class Notional Amount of such Class is greater than zero, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the aggregate ICE Reference Portfolio Notional Amount over (ii) the sum of (a) the ICE Super Senior Notional Amount, (b) the ICE Class Notional Amount with respect to any Class of Notes senior to such Class and (c) the ICE Class Notional Amount with respect to such Class of Notes.

**"ICE Actual Super Senior Notional Overcollateralization Ratio"**: On any date of determination on which the ICE Super Senior Notional Amount is greater than zero, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the ICE Reference Portfolio Notional Amount over (ii) the ICE Super Senior Notional Amount.

**"ICE Aggregate Outstanding Amount"**: An amount, with respect to any Class of Notes, equal to, on the Closing Date, the outstanding amount of such Class on the Closing Date; thereafter, it will be:

- (a) decreased by an amount equal to, if greater than zero:
  - (i) on each Credit Default Swap Settlement Date or on any Business Day on which a Reference Obligation for which one or more Material Writedowns has occurred is removed from the Reference Portfolio, the product of (a) the ICE Unscaled Credit Event Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (i), the **"ICE Credit Event Adjustment Amount"**);
  - (ii) on each Credit Default Swap Settlement Date, the product of (a) the ICE Unscaled Recovery Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (ii), the **"ICE Recovery Adjustment Amount"**);

- (iii) after the Notional Reinvestment Period, on the Business Day on which any principal is paid on one or more Reference Obligations or the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), the product of (a) the ICE Unscaled Amortization Adjustment Amount and (b) the Note Scaling Factor (such amount determined under subclause (iii), the "**ICE Amortization Adjustment Amount**"); and
  - (iv) on a Partial Optional Redemption Date, after giving effect to clauses (i) through (iii) above, with respect to a Class of Notes which is redeemed in full on such date in connection with a Partial Optional Redemption, an amount corresponding to the ICE Aggregate Outstanding Amount of such Class of Notes immediately prior to such Partial Optional Redemption Date; and
- (b) be increased on any day on which additional Notes of such Class are issued by the amount of such additional issuance.

On any date of determination, decreases to the ICE Aggregate Outstanding Amount of any Class of Notes will be determined by giving effect, in the following order, to any (i) aggregate ICE Loss Amount (if any), (ii) aggregate ICE Reference Obligation Recovery Amount (if any) and (iii) aggregate Reference Obligation Amortization Amount (if any).

**"ICE Aggregate Outstanding Amount Differential"**: An amount equal to, with respect to a Class of Notes, at any time of determination, the greater of (i) the ICE Aggregate Outstanding Amount of such Class at such time less the Aggregate Outstanding Amount of such Class at such time and (ii) zero.

**"ICE Class Notional Amount"**: With respect to the Notes of any Class on the Closing Date, the Maximum Issuable Amount of such Class of Notes; thereafter it will be decreased by an amount equal to, if greater than zero:

- (i) on each Credit Default Swap Settlement Date or on any Business Day on which a Reference Obligation for which one or more Material Writedowns has occurred is removed from the Reference Portfolio, (i) the aggregate ICE Loss Amount determined on the related Credit Default Swap Calculation Date or Business Day on which a Reference Obligation for which one or more Material Writedowns has occurred is removed from the Reference Portfolio less (ii) the ICE Class Notional Amount of any Class of Notes that is subordinated to such Class immediately prior to such determination (such amount, the "**ICE Unscaled Credit Event Adjustment Amount**");
- (ii) on each Credit Default Swap Settlement Date, (i) the aggregate ICE Reference Obligation Recovery Amount determined on the related Credit Default Swap Calculation Date less (ii) the sum of (1) the ICE Super Senior Notional Amount immediately prior to such determination and (2) the ICE Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to such determination (such amount, the "**ICE Unscaled Recovery Adjustment Amount**"); and
- (iii) after the Notional Reinvestment Period, (1) if the ICE Modified Sequential Paydown Sequence Requirements would be satisfied following the projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of each Class of Notes on such date in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence, the sum of (X) the lesser of (A) after giving effect to any projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of any Class senior to such Class in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence, the notional amount required to



maintain the ICE Actual Super Senior Notional Overcollateralization Ratio and the ICE Actual Class Notional Overcollateralization Ratio with respect to any Class of Notes that is senior to such Class and reduce the ICE Class Notional Amount of such Class of Notes to the extent necessary to cause the ICE Actual Class Notional Overcollateralization Ratio with respect to such Class of Notes to equal the Required Class Notional Overcollateralization Ratio with respect to such Class of Notes and (B) the difference between (I) the aggregate Reference Obligation Amortization Amount determined on such date and (II) the projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of any Class of Notes that is senior to such Class in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence on such date and (Y) (a) the aggregate Reference Obligation Amortization Amount determined on such date less (b) the sum of (I) the reductions determined in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence on such date, (II) the ICE Super Senior Notional Amount immediately prior to the determination made in subclause (iii) of the ICE Modified Sequential Paydown Sequence and (III) the ICE Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to the determination made in subclause (iii) of the ICE Modified Sequential Paydown Sequence or (2) if the ICE Modified Sequential Paydown Sequence Requirements would not be satisfied following the projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of each Class of Notes on such date in accordance with the ICE Modified Sequential Paydown Sequence, (A) the aggregate Reference Obligation Amortization Amount determined on such date less (B) the sum of (I) the ICE Super Senior Notional Amount immediately prior to such determination and (II) the ICE Class Notional Amount of any Class of Notes that is senior to such Class immediately prior to such determination (such amount, the **"ICE Unscaled Amortization Adjustment Amount"**).

**"ICE Class Notional Amount Differential"**: An amount equal to, with respect to a Class of Notes, at any time of determination, the greater of (i) the ICE Class Notional Amount of such Class at such time less the Class Notional Amount of such Class at such time and (ii) zero.

**"ICE Interest Differential"**: With respect to any Class of Notes, an amount equal to (i) the ICE Accrued Interest Amount less (ii) the Interest Distribution Amount with respect to such Class of Notes.

**"ICE Interest Reimbursement Amount"**: At any time, with respect to a Class of Notes, an amount equal to the product of:

- (i) the sum of:
  - (a) the ICE Reimbursable Interest Amount on the immediately preceding Payment Date (or, in the case of the first Payment Date, the Closing Date),
  - (b) the product of (1) the ICE Reimbursable Interest Amount on the immediately preceding Payment Date (or, in the case of the first Payment Date, the Closing Date), (2) the applicable Note Interest Rate and (3) the applicable Day Count; and
- (ii) the lesser of (a) 1 or (b) a fraction, the numerator of which is the Write-up Amount allocated to such Class and the denominator of which is the ICE Aggregate Outstanding Amount Differential of such Class immediately prior to such determination.

**"ICE Loss Amount":** On (i) any Credit Default Swap Calculation Date, an amount determined by the Credit Default Swap Calculation Agent with respect to the related Credit Event as follows:

- (a) with respect to a Failure to Pay Principal, the ICE Loss Amount will be an amount equal the amount of unpaid principal allocable to such Reference Obligation (plus any unpaid accrued or deferred interest);
  - (b) with respect to a Bankruptcy, a Senior Class Default, a Failure to Pay Interest, a Downgrade to Default Ratings or an Irreversible Writedown, the ICE Loss Amount will be the *product* of (1) the ICE Reference Obligation Notional Amount of the related Reference Obligation and (2) (100% *minus* the Recovery Assumption applicable to such Reference Obligation);
  - (c) with respect to an Interest Deferral, the ICE Loss Amount will be the sum of (1) the greater of (A) the product of (I) 100% *minus* the Final Price and (II) the ICE Reference Obligation Notional Amount of the related Reference Obligation and (B) zero and (2) any unpaid accrued or deferred interest on the related Reference Obligation;
  - (d) with respect to a Material Writedown, zero; and
- (ii) any Business Day on which a Reference Obligation for which one or more Material Writedowns has occurred is removed from the Reference Portfolio, the sum of any Material Writedowns that have not subsequently been written up with respect to such Reference Obligation prior to such removal.

*provided* that, with respect to a Reference Obligation not denominated in Dollars, the ICE Loss Amount shall equal the product of (a) the ICE Loss Amount denominated in such other currency determined under subclauses (i) through (iv) above and (b) the applicable Notional Foreign Exchange Rate.

**"ICE Modified Sequential Paydown Sequence":** The amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of each Class of Notes in the following priority: (i) if the ICE Super Senior Notional Amount is greater than zero, to reduce the ICE Super Senior Notional Amount to the extent necessary to cause the ICE Actual Super Senior Notional Overcollateralization Ratio to equal the Target Super Senior Notional Overcollateralization Ratio, (ii) with respect to each of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class B Notes, the Class C Notes and the Class D Notes in sequential order of priority, if the ICE Class Notional Amount with respect to such Class of Notes is greater than zero, to maintain the ICE Actual Super Senior Notional Overcollateralization Ratio and the ICE Actual Class Notional Overcollateralization Ratio with respect to any Class of Notes that is senior to such Class and reduce the ICE Class Notional Amount of such Class of Notes to the extent necessary to cause the ICE Actual Class Notional Overcollateralization Ratio with respect to such Class of Notes to equal the Required Class Notional Overcollateralization Ratio with respect to such Class of Notes and (iii) the remainder, if any, first, if the ICE Super Senior Notional Amount is greater than zero, to reduce the ICE Super Senior Notional Amount until the ICE Super Senior Notional Amount has been reduced to zero and, second, with respect to each Class of Notes in sequential order of priority, if the ICE Class Notional Amount with respect to such Class of Notes is greater than zero, to reduce the ICE Class Notional Amount with respect to such Class of Notes until the ICE Class Notional Amount of such Class of Notes has been reduced to zero.

**"ICE Modified Sequential Paydown Sequence Requirements":** With respect to the determination of whether the ICE Modified Sequential Paydown Sequence should be used for payments of ICE Amortization Adjustment Amounts, satisfaction of (i) the S&P Trading Model Test and (ii) the Moody's CDOROM™ Test 1, in each case after giving effect to the projected amortization of the Notes in accordance with the ICE Modified Sequential Paydown Sequence. For the avoidance of doubt, the ICE Modified Sequential Paydown Sequence Requirements shall not be satisfied if any Class of Notes is

rated lower than the Initial Ratings corresponding to such Class as described under "Summary—Notes Offered" or is on negative credit watch.

**"ICE Reference Obligation Notional Amount"**: Without giving effect to a Material Writedown Credit Event, the notional amount of (i) a Dollar denominated Reference Obligation is the notional amount of such Reference Obligation as recorded in the Reference Obligation Registry and (ii) a Reference Obligation denominated in a currency other than Dollars will be the product of (a) the notional amount of such Reference Obligation denominated in such other currency as recorded in the Reference Obligation Registry and (b) its Notional Foreign Exchange Rate.

**"ICE Reference Obligation Recovery Amount"**: With respect to a day that is five Business Days following a Credit Default Swap Calculation Date, the ICE Reference Obligation Notional Amount of any Reference Obligations for which an ICE Loss Amount has been determined on the related Credit Default Swap Calculation Date less the related ICE Loss Amount.

**"ICE Reference Portfolio Notional Amount"**: At any time of calculation, the aggregate ICE Reference Obligation Notional Amount of all Reference Obligations at such time.

**"ICE Reimbursable Interest Amount"**: With respect to any Class of Notes, an amount equal to:

- (i) on the Closing Date and any Payment Date prior to the occurrence of a Material Writedown, zero;
- (ii) on any Payment Date after the occurrence of a Material Writedown:
  - (A) the product of (i) the ICE Reimbursable Interest Amount on the immediately preceding Payment Date (or, in the case of the first Payment Date, the Closing Date) and (ii) one plus the product of (a) the applicable Note Interest Rate and (b) the applicable day count; plus
  - (B) the ICE Interest Differential for the period from and including the previous Payment Date (or, in the case of the first Payment Date, the Closing Date) to but excluding the current Payment Date; minus
  - (C) any ICE Interest Reimbursement Amount paid to such Class of Notes on such Payment Date; and
- (iii) on the day such Class of Notes are cancelled as described in "Summary—Cancellation of Notes", zero.

**"ICE Super Senior Differential"**: An amount equal to, at any time of determination, the greater of (i) the ICE Super Senior Notional Amount at any such time less the Super Senior Notional Amount at any such time and (ii) zero.

**"ICE Super Senior Notional Amount"**: An amount equal to \$1,000,000,000 on the Closing Date and will be adjusted thereafter:

- (i) five Business Days following each Credit Default Swap Calculation Date, by decreasing the ICE Super Senior Notional Amount by an amount equal to the lesser of (a) the aggregate ICE Reference Obligation Recovery Amount determined on such Credit Default Swap Calculation Date and (b) the ICE Super Senior Notional Amount immediately prior to such determination;

- (ii) five Business Days following each Credit Default Swap Calculation Date, by decreasing the ICE Super Senior Notional Amount by an amount equal to the greater of (a)(1) the aggregate ICE Loss Amount determined on the related Credit Default Swap Calculation Date *less* (2) the ICE Class Notional Amount of the Notes immediately prior to such determination and (b) zero;
- (iii) after the Notional Reinvestment Period, on any Business Day on which any principal is paid on one or more Reference Obligation(s) or the Business Day immediately following a non-Business Day on which any principal is paid on one or more Reference Obligation(s), (a) if the ICE Modified Sequential Paydown Sequence Requirements would be satisfied following the projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of each Class of Notes on such date in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence, by decreasing the ICE Super Senior Notional Amount by an amount equal to the lesser of (I) the sum of (X) the notional amount required to reduce the ICE Super Senior Notional Amount to the extent necessary to cause the ICE Actual Super Senior Notional Overcollateralization Ratio to equal the Target Super Senior Notional Overcollateralization Ratio and (Y)(A) the aggregate Reference Obligation Amortization Amount determined on such date less (B) the reductions determined in accordance with subclauses (i) and (ii) of the ICE Modified Sequential Paydown Sequence on such date and (II) the ICE Super Senior Notional Amount immediately prior to such determination, or (b) if the ICE Modified Sequential Paydown Sequence Requirements would not be satisfied following the projected amortization of the ICE Super Senior Notional Amount and the ICE Class Notional Amount of each Class of Notes on such date in accordance with the ICE Modified Sequential Paydown Sequence, by decreasing the ICE Super Senior Notional Amount by an amount equal to the lesser of (I) the aggregate Reference Obligation Amortization Amount determined on such date and (II) the ICE Super Senior Notional Amount immediately prior to such determination;
- (iv) on the day that one or more Replacement Reference Obligations relating to one or more Amortized Reference Obligations are included in the Reference Portfolio, by increasing the ICE Super Senior Notional Amount by an amount equal to the aggregate Reference Obligation Notional Amount of such Replacement Reference Obligations; and
- (v) by increasing the ICE Super Senior Notional Amount by the amount of any deferred interest on any Reference Obligation up to an aggregate amount not to exceed \$200,000,000.

On any date of determination, decreases to the ICE Super Senior Notional Amount will be determined by giving effect, in the following order, to any (i) aggregate ICE Loss Amount (if any), (ii) aggregate ICE Reference Obligation Recovery Amount (if any) and (iii) aggregate Reference Obligation Amortization Amount (if any).

**"ICE Unissued Class Amount":** With respect to any Class of Notes, the product of (i) the ICE Class Notional Amount of such Class of Notes as of such date and (ii) one minus the Note Scaling Factor for such Class of Notes.

**"ICE Unissued Class Amount Differential":** An amount equal to, with respect to a Class of Notes, at any time of determination, the product of (i) the ICE Class Notional Amount Differential of such Class at such time and (ii) one minus the Note Scaling Factor.

**"Implied Rating":** In the case of a rating of a Reference Obligation by a Rating Agency, a rating that is determined by reference to any publicly available, fully monitored rating by another rating agency that, by its terms, addresses the full scope of the payment promise of the obligor.

**"Independent"**: As to any Person, any other Person (including a firm of accountants or lawyers and any member thereof) who (i) does not have and is not committed to acquire any material direct or any material indirect financial interest in such Person or in any Affiliate of such Person, (ii) is not connected with such Person as an officer, employee, promoter, underwriter, voting trustee, partner, director or Person performing similar functions and (iii) is not Affiliated with a firm that fails to satisfy the criteria set forth in (i) and (ii). "Independent" when used with respect to any accountant may include an accountant who audits the books of any Person if in addition to satisfying the criteria set forth above the accountant is independent with respect to such Person within the meaning of Rule 101 of the Code of Ethics of the American Institute of Certified Public Accountants.

**"Initial Buffer"**: With respect to any Class of Notes rated by Moody's on the Closing Date, the difference between (i) the Required Moody's Metric with respect to such Class of Notes and (ii) the Actual Moody's Metric with respect to such Class of Notes on the Closing Date.

**"Initial Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the Initial Reference Portfolio Notional Amount over (ii) the sum of (a) the Super Senior Notional Amount as of the Closing Date, (b) the Class Notional Amount with respect to any Class of Notes senior to such Class as of the Closing Date and (c) the Class Notional Amount with respect to such Class of Notes as of the Closing Date.

**"Initial Purchaser"**: Goldman, Sachs & Co.

**"Initial Reference Portfolio"**: The portfolio of Reference Obligations on the Closing Date.

**"Initial Reference Portfolio Notional Amount"**: The aggregate Reference Obligation Notional Amount of the Initial Reference Portfolio.

**"Initial Super Senior Notional Overcollateralization Ratio"**: With respect to the Super Senior Notional Amount, the ratio, expressed as a percentage and rounded to one decimal place, of (i) the Initial Reference Portfolio Notional Amount over (ii) the Super Senior Notional Amount as of the Closing Date.

**"Interest Accrual Period"**: The period from and including the Closing Date to but excluding the first Payment Date, and each successive period from and including each Payment Date to but excluding the following Payment Date (except with respect to the Payment Date preceding the Stated Maturity or the Mandatory Redemption Date, as the case may be, to but excluding the Stated Maturity or the Mandatory Redemption Date, as the case may be).

**"Interest Distribution Amount"**: With respect to any Payment Date and any Class of Notes, an amount equal to:

- (a) the aggregate amount of interest accrued, at the applicable Note Interest Rate, during the related Interest Accrual Period on the average daily Aggregate Outstanding Amount of such Class of Notes during the preceding Interest Accrual Period;
- (b) the aggregate amount of interest accrued, at the applicable Note Interest Rate, during the related Interest Accrual Period, on any Defaulted Interest relating to such Class of Notes; and
- (c) any Defaulted Interest relating to such Class of Notes.

**"Interest-Only Security"**: A security that by its terms provides for periodic payments of interest and does not provide for the repayment of a stated principal amount.

**"Interest Proceeds"**: With respect to any Payment Date (including the Optional Redemption Date or any Partial Optional Redemption Date, the Mandatory Redemption Date and/or the Stated Maturity), without duplication:

- (i) the portion of the Collateral Interest Amount actually received during the related Due Period;
- (ii) the Monthly Basis Swap Payment received on such Payment Date;
- (iii) the Fixed Payment received on such Payment Date;
- (iv) any ICE Interest Reimbursement Amount received during the related Due Period;
- (v) after an event of default, as such term is defined under the Collateral Put Agreement, any interest payment received by the Issuer from the Posted Collateral during the related Due Period (but not to exceed the amount of the Collateral Put Provider's obligations owed to the Issuer); and
- (vi) all payments of principal on Eligible Investments purchased with the proceeds of any of items (i), (ii), (iii), (iv) and (v) of this definition (without duplication) received during the related Due Period.

For the avoidance of doubt, prior to an event of default, as such term is defined in the Collateral Put Agreement, any payments received by the Issuer under the Posted Collateral shall not constitute "Interest Proceeds" and such amounts shall be deposited in the Collateral Put Provider Account and be treated in accordance with the Credit Support Annex, if any.

**"Interim Reference Obligation"** A Reference Obligation in the Initial Reference Portfolio that is identified as such in the Reference Obligation Registry on the Closing Date. From time to time after the Closing Date, the Protection Buyer may remove the classification of any Reference Obligation as an Interim Reference Obligation. On the Business Day that is six months following the Closing Date, all Interim Reference Obligations will automatically cease to be classified as Interim Reference Obligations. For the avoidance of doubt, a Replacement Reference Obligation that was substituted for an Interim Reference Obligation will not be classified as an "Interim Reference Obligation".

**"Investment Company Act"**: The U.S. Investment Company Act of 1940, as amended.

**"ISDA Credit Derivatives Definitions"** means the 2003 Credit Derivative Definitions published by the International Swap and Derivatives Association, Inc., as supplemented by the May 2003 Supplement to the 2003 Credit Derivatives Definitions.

**"Issuer Accounts"**: The Interest Collection Account, the Principal Collection Account, the Payment Account and the Collateral Account.

**"Issuer Assets"**: All money (except for money, securities, investments and agreements in the Issuer's bank account in the Cayman Islands), instruments and other property and rights, including, without limitation, the Collateral and the Issuer's rights under the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement, subject to or intended to be subject to the lien of the Indenture for the benefit of the Secured Parties as of any particular time, including all Proceeds thereof and the rights, title and interest granted by the Issuer to the Trustee under the Indenture.

**"Issuer Notes"**: Collectively, the Class D Notes, the Class E Notes and the Class F Notes.

**"Issuing and Paying Agency Agreement Note Register"**: The register maintained by the Issuing and Paying Agent or any Issuing and Paying Agency Agreement Note Registrar with respect to the Issuer Notes under the Issuing and Paying Agency Agreement.

**"Issuing and Paying Agency Agreement Note Registrar"**: The agent appointed by the Issuer under the Issuing and Paying Agency Agreement to act as note registrar for the purpose of registering and recording in the Issuing and Paying Agency Agreement Note Register the Issuer Notes and transfers of such Notes.

**"LIBOR"**: The London Interbank Offered Rate.

For purposes of calculating the Note Interest Rates for each Applicable Period, LIBOR shall equal LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (i) On each LIBOR Determination Date, LIBOR shall equal the rate, as obtained by the Note Interest Rate Calculation Agent, for Eurodollar deposits for the Applicable Period which appears on Telerate Page 3750 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 3750, as of 11:00 a.m. (New York time) on such LIBOR Determination Date.
- (ii) If, on any LIBOR Determination Date, such rate does not appear on Telerate Page 3750, or such page as may replace Telerate Page 3750, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for Eurodollar deposits for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (New York time) on the LIBOR Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any LIBOR Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. If, on any LIBOR Determination Date, only one or none of the Reference Banks provides such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in the City of New York selected by the Basis Swap Calculation Agent are quoting on the relevant LIBOR Determination Date for Eurodollar deposits for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, LIBOR shall be LIBOR as determined on the most recent date LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.

The Basis Swap Calculation Agent shall provide LIBOR to the Note Interest Rate Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each LIBOR Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each LIBOR Determination Date, the Note Interest Rate Calculation Agent will cause notice of the Note Interest Rates for the next Interest Accrual Period and the Note Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Interest Rate Calculation Agent will also specify to the Issuers the quotations upon which the Note Interest Rates are based, and in any event the Note Interest Rate Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each LIBOR

Determination Date that either: (i) it has determined or is in the process of determining the Note Interest Rates and the Note Interest Amounts; or (ii) it has not determined and is not in the process of determining the Note Interest Rates and the Note Interest Amounts, together with its reasons therefor.

**"LIBOR Determination Date"**: The second Business Day prior to the commencement of an Interest Accrual Period.

**"Majority"**: With respect to the Notes or any Class thereof, the Holders of more than 50% of the Aggregate Outstanding Amount of the Notes or of such Class, as the case may be.

**"Maximum Issuable Amount"**: With respect to: (i) the Class A-1 Notes, \$72,500,000; (ii) the Class A-2 Notes, \$40,000,000; (iii) the Class A-3 Notes, \$20,000,000; (iv) the Class B Notes, \$39,375,000; (v) the Class C Notes, \$28,125,000; (vi) the Class D Notes, \$12,500,000; (vii) the Class E Notes, \$21,875,000; and (viii) the Class F Notes, \$15,625,000.

**"Minimum Rating"**: With respect to a Reference Obligation, as of the date of inclusion in the Reference Portfolio, such Reference Obligation must have an Actual Rating of at least (1) "BBB" by S&P, if rated by S&P, (2) "BBB" by Fitch, if rated by Fitch and (3) "Baa2" by Moody's, if rated by Moody's; *provided, however*:

- (i) such Reference Obligation must have an Actual Rating by at least two of S&P, Fitch and Moody's;
- (ii) if such Reference Obligation does not have an Actual Rating by S&P, S&P must permit notching of such Reference Obligation and its S&P Rating must be at least "BBB-";
- (iii) if such Reference Obligation does not have an Actual Rating by Moody's, Moody's must permit notching of such Reference Obligation and its Moody's Rating must be at least "Baa3";
- (iv) if such Reference Obligation has a public Actual Rating at such time on positive credit watch by either S&P or Moody's, such rating will be assumed to be one sub-category higher;
- (v) if such Reference Obligation has a public Actual Rating at such time on negative credit watch by either S&P or Moody's, such Reference Obligation shall not satisfy the Minimum Rating; and
- (vi) without giving effect to subclause (iv) above, if such Reference Obligation has a public Actual Rating at such time that is lower than the initial Actual Rating assigned to it by the applicable Rating Agency at the time of issuance of such Reference Obligation, such Reference Obligation shall not satisfy the Minimum Rating.

**"Modified Sequential Paydown Sequence"**: The amortization of the Super Senior Notional Amount and the Class Notional Amount of each Class of Notes in the following priority: (i) if the Super Senior Notional Amount is greater than zero, to reduce the Super Senior Notional Amount to the extent necessary to cause the Actual Super Senior Notional Overcollateralization Ratio to equal the Target Super Senior Notional Overcollateralization Ratio, (ii) with respect to each of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class B Notes, the Class C Notes and the Class D Notes in sequential order of priority, if the Class Notional Amount with respect to such Class of Notes is greater than zero, to maintain the Actual Super Senior Notional Overcollateralization Ratio and the Actual Class Notional Overcollateralization Ratio with respect to any Class of Notes that is senior to such Class and reduce the Class Notional Amount of such Class of Notes to the extent necessary to cause the Actual Class Notional Overcollateralization Ratio with respect to such Class of Notes to equal the Required



Class Notional Overcollateralization Ratio with respect to such Class of Notes and (iii) the remainder, if any, first, if the Super Senior Notional Amount is greater than zero, to reduce the Super Senior Notional Amount until the Super Senior Notional Amount has been reduced to zero and, second, with respect to each Class of Notes in sequential order of priority, if the Class Notional Amount with respect to such Class of Notes is greater than zero, to reduce the Class Notional Amount with respect to such Class of Notes until the Class Notional Amount of such Class of Notes has been reduced to zero.

**"Modified Sequential Paydown Sequence Requirements"**: With respect to the determination of whether the Modified Sequential Paydown Sequence should be used for payments of Amortization Adjustment Amounts, satisfaction of (i) the S&P Trading Model Test and (ii) the Moody's CDOROM™ Model Test 1, in each case after giving effect to the projected amortization of the Notes in accordance with the Modified Sequential Paydown Sequence. For the avoidance of doubt, the Modified Sequential Paydown Sequence Requirements shall not be satisfied if any Class of Notes is rated lower than the Initial Ratings corresponding to such Class as described under "Summary—Notes Offered" or is on negative credit watch.

**"Moody's"**: Moody's Investors Service, Inc. and any successor or successors thereto.

**"Moody's Additional Expected Loss Table"**: A cashflow model, provided by Moody's to the Credit Default Swap Calculation Agent and the Collateral Administrator on the Closing Date, that computes the "Additional EL" to be used in the Moody's CDOROM™ Inputs as specified in Schedule B.

**"Moody's Adjusted Recovery Rate"**: With respect to a Reference Obligation, the product of (i) the applicable Moody's Recovery Rate with respect to such Reference Obligation and (ii) (a) 100.0% less (b) the applicable Moody's Recovery Haircut with respect to such Reference Obligation.

**"Moody's Mapped Rating"**: With respect to a Reference Obligation, (a) the Actual Rating by Moody's if such Reference Obligation is explicitly rated by Moody's or (b) the Moody's rating directly corresponding to the higher of (i) the Actual Rating by S&P of the Reference Obligation (if rated by S&P) and (ii) the Actual Rating by Fitch of the Reference Obligation (if rated by Fitch), according to the table below:

<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Ba1	BB+	BB+
Ba2	BB	BB
Ba3	BB-	BB-
B1	B+	B+
B2	B	B
B3	B-	B-
Caa1	CCC+	CCC+
Caa2	CCC	CCC
Caa3	CCC-	CCC-

**"Moody's Metric":** An ordinal version of the Moody's rating scale where each Moody's Rating is represented numerically according to the following chart:

Moody's Rating	Moody's Metric
Aaa	1
Aa1	2
Aa2	3
Aa3	4
A1	5
A2	6
A3	7
Baa1	8
Baa2	9
Baa3	10
Ba1	11
Ba2	12
Ba3	13
B1	14
B2	15
B3	16
Ca	17
C	18

For the avoidance of doubt, Moody's Metrics which are fractional represent the geometric distance between two rating categories (e.g. a Moody's Metric of 2.5 represents the geometric mean between "Aa1" and "Aa2"). As of any time of determination and assumed Reference Portfolio composition, the Moody's Metric of any Class of Notes shall be the Moody's Metric indicated for such Class by the Moody's CDOROM™ Model.

**"Moody's Metric Extension Factor":** The following definition of "Moody's Metric Extension Factor" has been provided to the Issuer by Moody's and capitalized terms used therein with respect to types of securities have the meanings ascribed thereto by Moody's. With respect to each Reference Obligation, the appropriate extension factor as indicated in the following chart:

Type of Reference Obligation	Moody's Metric Extension Factor
All Loan Based Asset-Backed Securities, Agricultural/Industrial Equipment Loan, Arena/Stadium Financing, Auto Loan, Boat/Motorcycle/RV/Truck Loan, Consumer Loan, Franchise Loan, Manufactured Housing, Small Business Loans, Student Loans, Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, Home Equity Loans and CDOs	1.25
Trust Preferred Securities	1.5
Auto/Aircraft Lease, Computer/Small Equipment Lease, Credit cards, Royalties, Floorplan Receivables, Future Receivables, Healthcare Receivables and Trade Receivables	1.0

**"Moody's Metric Weighted Average Life":** As of any time of determination and with respect any Reference Obligation, the expected weighted average life of such Reference Obligation multiplied by the appropriate Moody's Metric Extension Factor.

**"Moody's Minimum Credit Enhancement":** With respect to the Notes of any Class and on any date of determination, the product of (a) the Reference Portfolio Notional Amount and (b) the minimum credit enhancement expressed as a percentage, rounded up to the first decimal place, that would cause the Actual Moody's Metric for such Class of Notes to equal the Required Moody's Metric for such Class of Notes, as determined using the Moody's CDOROM™ Model.

**"Moody's Rating":** The following definition of "Moody's Rating" has been provided to the Issuer by Moody's and capitalized terms used therein with respect to types of securities have the meanings ascribed thereto by Moody's. With respect to an Obligation, a rating to be determined as follows:

- (1) if such Obligation has an expressly monitored outstanding rating assigned by Moody's, which rating by its terms addresses the full scope of the payment promise of the obligor of such Obligation, the Moody's Rating shall be such rating, or if such Obligation is not rated by Moody's, but a request has been made to Moody's for a rating to such Obligation, the Moody's Rating shall be the rating so assigned by Moody's; *provided that for purposes of this definition,*
  - (i) the rating assigned by Moody's to an Obligation placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by two subcategories,
  - (ii) the rating for a CDO Cashflow Security rated "A3" or lower by Moody's and placed on watch for a possible downgrade by Moody's will be deemed to have been downgraded by two subcategories, and
  - (iii) the rating assigned by Moody's to an Obligation placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by two subcategories; *provided that an Obligation rated "Aa1" by Moody's that is placed*

on watch for possible upgrade by Moody's will be deemed to have been upgraded by one rating subcategory; and

- (2) (i) if such Obligation is not rated by Moody's but is rated by S&P, then the Moody's Rating of such Obligation may be an Implied Rating determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table ("notching"):

<b>ASSET CLASS</b>	<b>AAA to AA-</b>	<b>A+ to BBB-</b>	<b>Below BBB-</b>
<b>Asset Backed</b>			
Agricultural and Industrial Equipment loans	1	2	3
Aircraft and Auto leases	2	3	4
Arena and Stadium Financing	1	2	3
Auto loan	1	2	3
Boat, Motorcycle, RV, Truck	1	2	3
Computer, Equipment and Small-ticket item leases	1	2	3
Consumer Loans	1	3	4
Credit Card	1	2	3
Cross-border transactions	1	2	3
Entertainment Royalties	1	2	3
Floor Plan	1	2	3
Franchise Loans	1	2	4
Future Receivables	1	1	2
Health Care Receivables	1	2	3
Manufactured Housing	1	2	3
Mutual Fund Fees	1	2	4
Small Business Loans	1	2	3
Stranded Utilities	1	2	3
Structured Settlements	1	2	3
Student Loan	1	2	3
Tax Liens	1	2	3
Trade Receivables	2	3	4

	AAA	AA+ to BBB-	Below BBB-
<b>Residential Mortgage Related</b>			
Jumbo A	1	2	3
Alt-A or mixed pools	1	3	4
HEL (including Residential B&C)	1	2	3

- (ii) if such Obligation is dual-rated Jumbo A or Alt-A, the Moody's Rating shall be the rating determined in subclause (i) above, plus one-half of a subcategory;
- (iii) if such Obligation is not rated by Moody's but is rated by S&P and is a CMBS Security, the Moody's Rating of such Obligation may be determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table:

	Tranche rated by S&P; no tranche in deal rated by Moody's	Tranche rated by S&P; at least one other tranche in deal rated by Moody's
<b>Commercial Mortgage Backed Securities</b>		
Conduit <sup>1</sup>	2 notches from S&P	1.5 <sup>2</sup> notches from S&P
Credit Tenant Lease	Follow corporate notching practice	Follow corporate notching practice
Large Loan	No notching permitted	

<sup>1</sup> For purposes of the "Moody's Rating", conduits are defined as fixed rate, sequential pay, multi-borrower transactions having a Herfindahl score of 40 or higher at the loan level with all collateral including conduit loans, A notes, large loans, Credit Tenant Leases and any other real estate collateral factored in.

<sup>2</sup> A 1.5 notch haircut implies, for example, that if the S&P rating were BBB, then the Moody's Rating would be halfway between the Baa3 and Ba1 rating factors.

- (iv) if such Obligation is a CDO Cashflow Security, no notching is permitted and the Moody's Rating shall be the rating so assigned by Moody's;

*provided* that (1) any ratings by S&P used to determine a Moody's Rating shall (a) address the full return of interest and principal; (b) be for the benefit of multiple investors and remain valid if the Obligation is transferred to subsequent investors; (c) be actually expressly monitored ratings rather than any "credit estimate" or "shadow rating" and (d) be monitored through the life of the Obligation and (2) no notching is permitted based upon a rating by S&P with an "r", "t" or "Pi" subscript; and *provided, further*, that the aggregate Reference Obligation Notional Amount of Reference Obligations that may be given a Moody's Rating based on Reference Obligations rated by only S&P may not exceed 7.5% of the Reference Portfolio Notional Amount and *provided, further*, that Asset-Backed Securities or Mortgage-Backed Securities, other than those listed in this paragraph (2) and any RMBS Agency Securities, shall have the rating assigned by Moody's.

**"Moody's Rating Condition":** With respect to any proposed action to be taken under the Indenture or any other document contemplated by the Indenture, a condition that is satisfied when Moody's has confirmed in writing to the Issuer and/or the Trustee that an immediate withdrawal or

reduction with respect to any then-current rating by Moody's of any Class of Notes will not occur as a result of such proposed action.

**"Moody's Rating Factor"**: With respect to any Reference Obligation, is the number set forth in the table below opposite the rating of such Reference Obligation, which may be adjusted from time to time by Moody's:

<u>Moody's Mapped Rating</u>	<u>Rating Factor</u>	<u>Moody's Mapped Rating</u>	<u>Rating Factor</u>
Aaa	1	Ba1	940
Aa1	10	Ba2	1,350
Aa2	20	Ba3	1,766
Aa3	40	B1	2,220
A1	70	B2	2,720
A2	120	B3	3,490
A3	180	Caa1	4,770
Baa1	260	Caa2	6,500
Baa2	360	Caa3	8,070
Baa3	610	Ca or lower	10,000

**"Moody's Recovery Haircut"**: A percentage equal to (i) 35% with respect to a Reference Obligation that is an ABS Security or a CDO Cashflow Security and (ii) 0% with respect to a Reference Obligation that is not described in clause (i) above.

**"Moody's Recovery Rate"**: The Moody's Recovery Rate shall be determined with respect to a Reference Obligation with reference to the percentages set forth below in (x) the table corresponding to the relevant classification of such Reference Obligation, (y) the column in such table setting forth the Moody's Rating of such Reference Obligation as of the date on which such Reference Obligation was originally issued and (z) the row in such table opposite the percentage of the issue of which such Reference Obligation is a part relative to the total capitalization of (including both debt and equity securities issued by) the relevant issuer of or obligor on such Reference Obligation determined on the date on which such Reference Obligation was included in the Reference Portfolio in accordance with this definition.

The following information has been provided to the Issuer by Moody's and the capitalized terms used therein and not otherwise defined with respect to types of securities have the meanings ascribed thereto by Moody's.

For Diversified Securities<sup>1</sup>, the recovery rate is assumed as follows:

<b>Tranche as % of capital structure at issuance</b>	<b>Rating of a Tranche at Issuance</b>					
	<b>Aaa</b>	<b>Aa</b>	<b>A</b>	<b>Baa</b>	<b>Ba</b>	<b>B</b>
greater than 70%	85%	80%	70%	60%	50%	40%
greater than 10% and less than or equal to 70%	75%	70%	60%	50%	40%	30%
less than or equal to 10%	70%	65%	55%	45%	35%	25%

<sup>1</sup> "**Diversified Securities**" means: (i) ABS Automobile Securities; (ii) ABS Car Rental Receivable Securities; (iii) ABS Credit Card Securities; (iv) ABS Student Loan Securities; and (v) any other type of Reference Obligations that are designated as Diversified Securities after the Closing Date by Moody's and notified to the Trustee and the Issuer.

For Residential Mortgage-Backed Securities, the recovery rate is assumed as follows:

Tranche as % of capital structure at issuance	Rating of a Tranche at Issuance					
	Aaa	Aa	A	Baa	Ba	B
greater than 70%	85%	80%	65%	55%	45%	30%
greater than 10% and less than or equal to 70%	75%	70%	55%	45%	35%	25%
greater than 5% and less than or equal to 10%	65%	55%	45%	40%	30%	20%
greater than 2% and less than or equal to 5%	55%	45%	40%	35%	25%	15%
less than or equal to 2%	45%	35%	30%	25%	15%	10%

For Undiversified Securities<sup>2</sup>, the recovery rate is assumed as follows:

Tranche as % of capital structure at issuance	Rating of a Tranche at Issuance					
	Aaa	Aa	A	Baa	Ba	B
greater than 70%	85%	80%	65%	55%	45%	30%
greater than 10% and less than or equal to 70%	75%	70%	55%	45%	35%	25%
greater than 5% and less than or equal to 10%	65%	55%	45%	35%	25%	15%
greater than 2% and less than or equal to 5%	55%	45%	35%	30%	20%	10%
less than or equal to 2%	45%	35%	25%	20%	10%	5%

<sup>2</sup> "**Undiversified Securities**" means any Commercial Mortgage-Backed Securities and those Reference Obligations not included in Diversified Securities and any other type of Asset-Backed Securities that are designated as Undiversified Securities after the Closing Date by Moody's and notified to the Trustee and the Issuer.

For Low-Diversity CDOs<sup>3</sup>, the recovery rate is assumed as follows:

Tranche as % of capital structure at issuance	Rating of a Tranche at Issuance					
	Aaa	Aa	A	Baa	Ba	B
greater than 70%	80%	75%	60%	50%	45%	30%
greater than 10% and less than or equal to 70%	70%	60%	55%	45%	35%	25%
greater than 5% and less than or equal to 10%	60%	50%	45%	35%	25%	15%
greater than 2% and less than or equal to 5%	50%	40%	35%	30%	20%	10%
less than or equal to 2%	30%	25%	20%	15%	7%	4%

<sup>3</sup> "Low-Diversity CDOs" means CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the CDO Cashflow Securities) on the cash flow from a portfolio of commercial and industrial bank loans, asset-backed securities, mortgage-backed securities or corporate debt securities or any combination of the foregoing, generally having the following characteristics: (1) the bank loans and debt securities have varying contractual maturities; (2) the loans and securities are obligations of a pool of obligors or issuers that represent a relatively undiversified pool of obligor credit risk having a Moody's diversity score of 20 or lower; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual bank loans or debt securities depending on numerous factors specific to the particular issuers or obligors and upon whether, in the case of loans or securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium; and (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional bank loans and/or debt securities.

For High-Diversity CDOs<sup>4</sup>, the recovery rate is assumed as follows:

Tranche as % of capital structure at issuance	Rating of a Tranche at Issuance					
	Aaa	Aa	A	Baa	Ba	B
greater than 70%	85%	80%	65%	55%	45%	30%
greater than 10% and less than or equal to 70%	75%	70%	60%	50%	40%	25%
greater than 5% and less than or equal to 10%	65%	55%	50%	40%	30%	20%
greater than 2% and less than or equal to 5%	55%	45%	40%	35%	25%	10%
less than or equal to 2%	45%	35%	30%	25%	10%	5%

<sup>4</sup> "High-Diversity CDOs" means CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the CDO Cashflow Securities) on the cash flow from a portfolio of commercial and industrial bank loans, asset-backed securities, mortgage-backed securities or corporate debt securities or synthetic securities or any combination of the foregoing, generally having the following characteristics: (1) the bank loans and debt securities have varying contractual maturities; (2) the loans



and securities are obligations of obligors or issuers that represent a relatively diversified pool of obligor credit risk having a Moody's diversity score higher than 20; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual bank loans or debt securities depending on numerous factors specific to the particular issuers or obligors and on whether, in the case of loans or securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium; and (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional bank loans and/or debt securities.

Using such recovery rate assumptions, a High-Diversity CDO would have a diversity score higher than 20 and a Low-Diversity CDO would have a diversity score of 20 or lower.

For Reference Obligations that are Wrapped Securities, the recovery rate is the sum of (i) the product of (a) the applicable primary monoline insurer's recovery rate and (b) 100.0% less the recovery rate of such Reference Obligation plus (ii) the recovery rate of such Reference Obligation. The recovery rate of such Reference Obligation is calculated assuming that such Reference Obligation is rated in the "Ba" category, unless otherwise specified by Moody's, and the recovery rate of the applicable primary monoline insurer is assumed to be 30%.

**"Mortgage-Backed Securities"**: Any Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

**"NIM Security"**: A net interest margin security.

**"Non-U.S. Obligor"**: An issuer or obligor of a Reference Obligation that (i) is not a Special Purpose Vehicle and (ii) is organized in a sovereign jurisdiction other than the United States of America.

**"Noteholder"**: A Holder of the Notes of any Class.

**"Noteholder Communication Notice"**: A notice from an Originating Noteholder to the Trustee or the Issuing and Paying Agent, as applicable, the contents of which are to be delivered by the Trustee or the Issuing and Paying Agent, as applicable to all other Noteholders in accordance with the Indenture or the Issuing and Paying Agency Agreement, as applicable.

**"Note Interest Amount"**: With respect to any Class of Notes, as to each Interest Accrual Period, the amount of interest for such Interest Accrual Period payable in respect of each \$1,000 principal amount of such Class of Notes.

**"Note Interest Amounts"**: Collectively, the Note Interest Amount for each Class of Notes.

**"Note Interest Rate"**: With respect to the Notes of any Class, the annual rate at which interest accrues on the Notes of such Class, as specified in "Summary—Notes Offered".

**"Note Interest Rates"**: Collectively, the Note Interest Rate for each Class of Notes.

**"Note Payment Sequence"**: The application, in accordance with the Priority of Payments, of Principal Proceeds, in the following order: to the payment of principal of the Class A-1 Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class A-2 Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class A-3 Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class B Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class C Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class D Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class E Notes until redeemed or otherwise paid in full and then to the payment of principal of the Class F Notes until redeemed or otherwise paid in full.

**"Note Register"**: The register maintained by the Trustee or any Note Registrar with respect to the Co-Issued Notes under the Indenture.

**"Note Registrar"**: The agent appointed by the Issuer under the Indenture to act as note registrar for the purpose of registering and recording in the Note Register the Co-Issued Notes and transfers of such Notes.

**"Notes"**: Collectively, the Class A-1 Notes, the Class A-2 Notes, Class A-3 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes.

**"Note Scaling Factor"**: On the Closing Date, with respect to any Class of Notes, a fraction equal to (i) the Aggregate Outstanding Amount of such Class of Notes on the Closing Date divided by (ii) the Class Notional Amount of such Class of Notes on the Closing Date; thereafter it will be:

- (a) increased on any day on which an additional issuance of such Class of Notes takes place by an amount equal to (i) the Additional Issuance Principal Amount of such Class of Notes on such date divided by (ii) the Class Notional Amount of such Class of Notes on such date; and
- (b) reduced to zero on any day on which a Partial Optional Redemption with respect to such Class of Notes shall occur.

**"Notice of Publicly Available Information"**: An irrevocable notice from the Protection Buyer to the Trustee (which shall forward such notice to the Issuers, the Rating Agencies and the Collateral Disposal Agent) (which may be by telephone) that cites Publicly Available Information confirming the occurrence of a Credit Event. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information.

**"Notional Foreign Exchange Rate"**: A rate of exchange determined as follows:

- (i) each time a non-Dollar denominated Reference Obligation is being included in the Reference Portfolio, the Credit Default Swap Calculation Agent will determine the prevailing rate of exchange (expressed as a number rounded to four decimal places) of Euro or Sterling, as the case may be, for Dollars determined by the Credit Default Swap Calculation Agent at the time such non-Dollar denominated Reference Obligation is included in the Reference Portfolio (the "**Spot FX Rate**");
- (ii) if a non-Dollar denominated Reference Obligation has only been included in the Reference Portfolio once, the Notional Foreign Exchange Rate will be the Spot FX Rate; and
- (iii) if a non-Dollar denominated Reference Obligation has been included in the Reference Portfolio more than one time, the Notional Foreign Exchange Rate will be a fraction (expressed as a percentage) equal to (a) the sum of the products of (1) the Spot FX Rate each time the Reference Obligation is included in the Reference Portfolio and (2) the Reference Obligation Notional Amount of such Reference Obligation at the time of such addition to the Reference Portfolio expressed in Euro or Sterling, as the case may be, over (b) the sum of the Reference Obligation Notional Amounts expressed in Euro or Sterling, as the case may be, of each such Reference Obligation at the time it was included in the Reference Portfolio.

**"Obligation"**: A Reference Obligation, a Collateral Security or an Eligible Investment, as the case may be.

**"Optional Redemption Date"**: Any Payment Date specified for an Optional Redemption.

**"Optional Redemption Reimbursement Amount"**: With respect to a Reversible Writedown Class, an amount equal to the sum of: (i) the ICE Aggregate Outstanding Amount Differential with respect to such Class and (ii) the ICE Reimbursable Interest Amount with respect to such Class.

**"Original Prepayment Scenario"**: With respect to a Reference Obligation, the prepayment scenario in the "Original Issue" section, as it appears on Bloomberg page "DES" for such Reference Obligation. For the avoidance of doubt, if such determination cannot be made using the method described above, the Original Prepayment Scenario will be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Original Reference Obligation Weighted Average Life"**: With respect to a Reference Obligation, the average life corresponding to the "WAL" in the "Original Issue" section, as it appears on Bloomberg page "DES" for such Reference Obligation. For the avoidance of doubt, if such determination cannot be made using the method described above, the Original Reference Obligation Weighted Average Life will be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Originating Noteholder"**: With respect to (i) any Collateral Security Substitution Request Notice, the Noteholder(s) submitting such Collateral Security Substitution Request Notice and (ii) any Noteholder Communication Notice, the Noteholder(s) submitting such Noteholder Communication Notice.

**"Outstanding"**: With respect to the principal amount of any Note of any Class, as of any time of determination, the principal amount of such Note after giving effect to (i) each reduction (if any) in the principal amount of such Note as described in "Summary—Notes Offered—Reduction of the Aggregate Outstanding Amount of each Class of Notes", (ii) each increase (if any) in the principal amount of such Note as described in "Summary—Notes Offered—Reinstatement of the Aggregate Outstanding Amount of each Class of Notes", (iii) each payment (if any) of the principal amount of such Note and (iv) any additional Notes of such Class issued pursuant to the Indenture, in each case prior to such time of determination; except:

- (a) Notes theretofore cancelled by the Note Registrar or the Issuing and Paying Agency Agreement Note Registrar, as applicable or delivered to the Note Registrar or the Issuing and Paying Agency Agreement Note Registrar, as applicable, for cancellation;
- (b) Notes or, in each case, portions thereof for whose payment or redemption funds in the necessary amount have been theretofore irrevocably deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes; *provided* that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable or provision therefor satisfactory to the Trustee or the Issuing and Paying Agent, as applicable, has been made;
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable, unless proof satisfactory to the Trustee or the Issuing and Paying Agent, as applicable, is presented that any such original Notes are held by a holder in due course;
- (d) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided in the Indenture;

- (e) in determining whether the Holders of the requisite Aggregate Outstanding Amount have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Issuer or the Co-Issuer shall be disregarded and deemed not to be Outstanding, except that in determining whether the Trustee or Issuing and Paying Agent, as applicable, shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Trust Officer of the Trustee or the Issuing and Paying Agent, as applicable, knows to be so owned shall be so disregarded;
- (f) for the avoidance of doubt, any Notes held by, or with respect to which discretionary voting rights are held by, the Initial Purchaser and/or its Affiliates or its respective employees will have voting rights with respect to all matters as to which the Holders of Notes are entitled to vote; and
- (g) Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee or the Issuing and Paying Agent, as applicable, that the pledgee has the right so to act with respect to such Notes and the pledgee is not the Issuer, the Co-Issuer or any other obligor upon the Notes or any Affiliate of the Issuer, the Co-Issuer or such other obligor.

provided that with respect to any vote by the Noteholders of all Classes of Notes voting together as a single class, the principal amount of each Class A-1 Note Outstanding for purposes of determining the requisite Aggregate Outstanding Amount of the Notes shall be deemed to equal the product of (i) the principal amount of such Class A-1 Note on the date of determination and (ii) 50%.

**"Partial Optional Redemption Date":** Any Payment Date specified for a Partial Optional Redemption.

**"Payment Date":** The 28<sup>th</sup> of each month or if such day is not a Business Day, the next succeeding Business Day, commencing June 2005 and ending on the Stated Maturity.

**"Payment Default":** Any Event of Default specified in subclauses (i), (ii), (v) or (vi) of the definition of such term.

**"Person":** An individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), bank, unincorporated association or government or any agency or political subdivision thereof or any other entity of a similar nature.

**"Posted Collateral":** Any collateral posted by the Collateral Put Provider to the Issuer pursuant to the Credit Support Annex, if any.

**"Pricing Date Interpolated Swap Rate":** The rate, expressed as a percentage and rounded to three decimal places, determined through the use of straight line interpolation by reference to two Swap Rates appearing on the relevant Bloomberg Historical Swap Rate Pages as of the Reference Obligation Pricing Date, one of which shall be the rate for the integral year maturity next shorter than the Original Reference Obligation Weighted Average Life and the other of which shall be the rate for the integral year maturity next longer than the Original Reference Obligation Weighted Average Life. For the avoidance of doubt, if such determination cannot be made using the method described above, the Pricing Date Interpolated Swap Rate will be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Pricing Spread"**: The product of (i) 100 and (ii) the difference between (a) the Bond Equivalent Coupon of the Reference Obligation and (b) the Pricing Date Interpolated Swap Rate in respect of such Reference Obligation, rounded down to the nearest integer.

**"Principal Proceeds"**: Without duplication (in each case for so long as it has not been previously applied):

- (i) Disposition Proceeds;
- (ii) all payments of principal (including optional or mandatory redemptions or prepayments) received on the Collateral;
- (iii) all proceeds received from any additional issuance of Notes pursuant to the Indenture not previously invested in Collateral Securities;
- (iv) any termination payments paid to the Issuer under the Credit Default Swap and the Basis Swap;
- (v) any Principal Reimbursement Amount paid to the Issuer by the Protection Buyer;
- (vi) any Optional Redemption Reimbursement Amount paid to the Issuer by the Protection Buyer; and
- (vii) all payments of principal on Eligible Investments purchased with the proceeds of any of items (i) through (vi) of this definition (without duplication) and not applied during the related Due Period.

For the avoidance of doubt, prior to an event of default, as such term is defined under the Collateral Put Agreement, any payment received by the Issuer under the Posted Collateral shall not constitute Principal Proceeds and such amounts shall be deposited in the Collateral Put Provider Account and be treated in accordance with the Credit Support Annex, if any.

**"Proceeds"**: (i) Any property (including but not limited to cash and securities) received as a Distribution on the Issuer Assets or any portion thereof, (ii) any property (including but not limited to cash and securities) received in connection with the sale, liquidation, exchange or other disposition of the Issuer Assets or any portion thereof, and (iii) all proceeds (as such term is defined in the UCC) of the Issuer Assets or any portion thereof.

**"Proposed New BIE Collateral Security"**: The proposed BIE Collateral Securities set forth in the related Collateral Security Substitution Request Notice.

**"Proposed Portfolio"**: The Reference Portfolio determined on a *pro forma* basis after giving effect to the proposed inclusion of a Replacement Reference Obligation.

**"Protection Buyer Credit Support Document"**: The meaning assigned to such term in the Credit Default Swap and initially, the Guaranty dated as of the Closing Date by GS Group in favor of the Issuer as beneficiary thereof with respect to the obligations of the Protection Buyer under the Credit Default Swap.

**"Protection Buyer Credit Support Provider"**: The meaning assigned to such term in the Credit Default Swap and initially, the GS Group.

**"Protection Buyer Default Termination Payment"**: Any Credit Default Swap Termination Payment required to be made by the Issuer to the Protection Buyer pursuant to the Credit Default Swap

(i) in the event of a termination of the Credit Default Swap in respect of which the Protection Buyer is the defaulting party or (ii) in which the Protection Buyer was the sole "Affected Party" (as such term is defined in the Credit Default Swap) (other than in connection with a "Tax Event" or "Illegality", in each case as defined in the Credit Default Swap).

**"Publicly Available Information"**: Any information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (i) has been published in not less than two internationally recognized published or electronically displayed news sources (it being understood that each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos or The Australian Financial Review (or successor publications) shall be deemed to be an internationally recognized published or electronically displayed news source); *provided* that if either of the parties to the Credit Default Swap or any of their respective affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation, (ii) is information received from (a) a Reference Entity, (b) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation or a Person which was a party to the offering or distribution of the related Reference Obligation or is a party to any agreement relating to the related Reference Obligation, in each case other than the Protection Buyer or any of its affiliates, (c) a master servicer, a primary servicer, a special servicer or the servicer (or any successor servicer) or any other person acting in a similar capacity for a Reference Obligation, (d) Moody's, S&P or Fitch or any successor thereto, in each case generally made available to the public, (e) Trepp, LLC, Conquest®, Intex Solutions, Inc., Realpoint<sup>sm</sup>, Wall Street Analytics or any of their respective successors and assigns or (f) any internationally recognized stock exchange on which the related Reference Obligation is listed, (iii) is information contained in any petition or filing instituting a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights against or by a Reference Entity or a petition is presented for the winding-up or liquidation of a Reference Entity, (iv) is information contained in any order, decree or notice, however described, of a court, tribunal, regulatory authority or similar administrative or judicial body, (v) is information published in Asset-Backed Alert, International Securitization and Structured Finance Report, BondWeek, Derivatives Week, Asset Securitization Report, Securitization News, Commercial Mortgage Alert, Creditflux, Euromoney or International Financing Review (or successor publications) or (vi) subject to the confirmation of S&P and Moody's, is information contained in a certificate of the Credit Default Swap Calculation Agent signed by a Managing Director or other equivalently senior officer of the Credit Default Swap Calculation Agent specifically authorized to provide such certification.

In relation to any information of the type described in (ii), (iii), (iv) or (v), the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any affiliate thereof that would be breached by, or would prevent, the disclosure of such information to third parties.

**"Purchase Agreement"**: The purchase agreement, dated as of May 25, 2005, among the Issuers and the Initial Purchaser.

**"Put Proceeds"**: All amounts received by the Issuer from the Collateral Put Provider in accordance with the Collateral Put Agreement.

**"Qualified Institutional Buyer"**: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of the Notes, is a qualified institutional buyer as defined in Rule 144A.

**"Qualified Purchaser"**: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of the Notes, is a qualified purchaser for purposes of Section 3(c)(7) of the Investment Company Act.

**"Rating Agencies"**: S&P and Moody's (each, a **"Rating Agency"**) or, with respect to the Issuer Assets generally, if at any time S&P or Moody's ceases to provide rating services generally, any other nationally recognized investment rating agency selected by the Issuer and reasonably satisfactory to a Majority of the Aggregate Outstanding Amount of the Notes voting as a single class. In the event that at any time the Rating Agencies do not include S&P or Moody's, references to rating categories of S&P or Moody's in the Indenture shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and S&P or Moody's published ratings for the type of security in respect of which such alternative rating agency is used. References to Rating Agencies with respect to the Class A-2 Notes, the Class A-3 Notes, the Class B Notes, the Class C Notes and the Class D Notes shall apply only to Rating Agencies that assigned a rating (public or confidential) to such Class of the Notes on the Closing Date. References to Rating Agencies with respect to the Class A-1 Notes or the Class E Notes shall apply only to any nationally recognized investment rating agency selected by the Issuer that rates the Class A-1 Notes or the Class E Notes, as applicable, upon any issuance of such Notes.

**"Rating Agency Required Credit Enhancement"**: With respect to the Notes of any Class and on any date of determination, the greater of (a) the S&P Scenario Loss Assumption for such Class and (b) the Moody's Minimum Credit Enhancement for such Class.

**"Rating Agency Required Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class and on any date of determination, the ratio, expressed as a percentage and rounded to one decimal place, of (a) the Reference Portfolio Notional Amount over (b)(i) the Reference Portfolio Notional Amount minus (ii) the Rating Agency Required Credit Enhancement for such Class.

**"Recovery Assumption"**: For each Reference Obligation, the greater of (a) 60%, (b) its S&P BBB Recovery Rate and (c) its Moody's Recovery Rate.

**"Reference Entity"**: The issuer of a Reference Obligation as set forth in the Reference Obligation Registry and, as determined by the Credit Default Swap Calculation Agent, any entity that succeeds to the obligations of such Reference Entity relating to such Reference Obligation.

**"Reference Obligation"**: Each obligation listed as such in the Reference Obligation Registry on the Closing Date including each Replacement Reference Obligation included in the Reference Obligation Registry following the Closing Date in accordance with the terms and conditions of the Credit Default Swap.

**"Reference Obligation Pricing Date"**: With respect to a Fixed Rate Reference Obligation, the date corresponding to the "Pricing Date" in the "Original Issue" section, as it appears on Bloomberg page "DES" for such Reference Obligation. For the avoidance of doubt, if such determination cannot be made using the method described above, the Reference Obligation Pricing Date shall be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Reference Obligation Recovery Amount"**: With respect to a day that is five Business Days following a Credit Default Swap Calculation Date, the Reference Obligation Notional Amount of any Reference Obligations for which a Loss Amount has been determined on the related Credit Default Swap Calculation Date (other than in connection with a Material Writedown) less (2) the related Loss Amount (other than in connection with a Material Writedown).

**"Reference Obligation Registry"**: A registry, maintained by the Credit Default Swap Calculation Agent in accordance with the Credit Default Swap, that records, among other things, the identity of each Reference Obligation, the related Reference Entity, the Reference Obligation Notional Amount and certain other related information, which registry will be updated by the Credit Default Swap Calculation Agent to reflect any applicable changes.

**"Reference Portfolio Notional Amount"**: At any time of calculation, the aggregate Reference Obligation Notional Amount of all Reference Obligations at such time.

**"Registered"**: A debt obligation that is issued after July 18, 1984 and that is in registered form within the meaning of Section 881(c)(2)(B)(i) of the Code and the Treasury regulations promulgated thereunder.

**"Regulation S" or "Reg S"**: Regulation S under the Securities Act.

**"Regulation S Global Notes"**: One or more global notes for each Class of Notes in fully registered form without interest coupons sold in reliance on the exemption from registration under Regulation S.

**"REIT Debt Security"**: A security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision).

**"Replacement Counterparty Rating"**: With respect to a counterparty or entity guaranteeing the obligations of such counterparty, (x) a long-term senior, unsecured debt obligation rating, financial program rating or other similar rating (as the case may be, the "long-term rating") of at least "A2" by Moody's and (y) a long-term rating of at least "A-" by S&P.

**"Replacement Reference Obligation"**: During the Notional Reinvestment Period, a Reference Obligation that is included in the Reference Portfolio in accordance with the terms of the Credit Default Swap (i) following the redemption or amortization, in whole or in part, of a Reference Obligation or (ii) in substitution, in whole or in part, of another Reference Obligation.

**"Required Basis Swap Counterparty Rating"**: With respect to the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider, (x) either (i) if the Basis Swap Counterparty or Basis Swap Counterparty Credit Support Provider has only a long-term rating by Moody's, a long-term senior, unsecured debt obligation rating, financial program rating or other similar rating (as the case may be, the "long-term rating") of at least "Aa3" by Moody's and if rated "Aa3" by Moody's is not on negative credit watch by Moody's or (ii) if such counterparty or entity has a long-term rating and a short-term rating by Moody's, a long-term rating of at least "A1" by Moody's and a short-term rating of "P-1" by Moody's and, in each case, such rating is not on negative credit watch by Moody's and (y) either (i) if the Basis Swap Counterparty or Basis Swap Counterparty Credit Support Provider has only a long-term rating by S&P, a long-term rating of at least "A+" by S&P or (ii) if the Basis Swap Counterparty or the Basis Swap Counterparty Credit Support Provider has a long-term rating and a short-term rating by S&P, a long-term rating of at least "A-" by S&P and a short-term debt rating of at least "A-1" by S&P.

**"Required Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class, the greater of (a) the Target Class Notional Overcollateralization Ratio for such Class and (b) the Rating Agency Required Class Notional Overcollateralization Ratio for such Class.

**"Required Moody's Metric"**: With respect to any Class of Notes, the Moody's Metric corresponding to the initial Moody's rating of such Class of Notes on the Closing Date. For example, a rating of "Aaa" by Moody's corresponds to a Required Moody's Metric of 1 and a rating of "Aa2" by Moody's corresponds to a Required Moody's Metric of 3.



**"Residential Mortgage-Backed Securities" or "RMBS Securities"**: Securities that represent interests in, or enable holders thereof to receive payments that depend on the cashflow primarily from credit default swaps that reference, in each case, pools of residential mortgage loans secured by one- to four-family residential mortgage loans and shall include, without limitation, RMBS Residential A Mortgage Securities, RMBS Residential B/C Mortgage Securities, RMBS Home Equity Loan Securities or RMBS Agency Securities, excluding, in each case, any securities that belong to an Excluded Specified Type; *provided* that any RMBS Security whose underlying collateral does not consist of 20.0% or more of subordinate liens at the time of its issuance shall be deemed to be any of the aforementioned types of RMBS Security as determined by the Protection Buyer in accordance with common market practice.

**"Reversible Writedown Class"**: A Class of Notes for which a Write-up Amount is allocable.

**"RMBS Agency Security"**: A security issued or fully and unconditionally guaranteed by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or the Government National Mortgage Association.

**"RMBS Home Equity Loan Securities"**: Residential Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from balances (including revolving balances) outstanding under lines of credit secured by a first and/or subordinate lien on residential real estate (single or multi-family properties), the proceeds of which lines of credit are not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the balances have standardized payment terms and require minimum monthly payments;
- (ii) the balances are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk;
- (iii) the repayment of such balances may be based on a fixed scheduled payment or, alternatively, may not depend upon a contractual payment schedule, with early repayment depending primarily on interest rates, availability of credit against a maximum line of credit and general economic matters; and
- (iv) the combined loan-to-value ratios are higher than customary in the primary mortgage markets;

*provided* that any RMBS Security whose underlying collateral consists of 20.0% or more of subordinate liens at the time of its issuance shall be deemed to be an RMBS Home Equity Loan Security.

**"RMBS Manufactured Housing Loan Securities"**: Residential Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from manufactured housing (also known as mobile homes and prefabricated homes) installment sales contracts and installment loan agreements, generally having the following characteristics:

- (i) the contracts and loan agreements have varying, but typically lengthy contractual maturities;
- (ii) the contracts and loan agreements are secured by the manufactured homes and, in certain cases, by mortgages and/or deeds of trust on the real estate to which the manufactured homes are deemed permanently affixed;

- (iii) the contracts and/or loans are obligations of a large number of obligors and accordingly represent a relatively diversified pool of obligor credit risk;
- (iv) repayment thereof can vary substantially from the contractual payment schedule, with early prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium; and
- (v) in some cases, obligations are fully or partially guaranteed by a governmental agency or instrumentality.

**"RMBS Residential A Mortgage Securities"**: Residential Mortgage-Backed Securities (other than RMBS Residential B/C Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the mortgage loans have generally been underwritten to the standards of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association (without regard to the size of the loan);
- (ii) the mortgage loans have standardized payment terms and require minimum monthly payments;
- (iii) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and
- (iv) the repayment of such mortgage loans is subject to a contractual payment schedule, with early repayment depending primarily on interest rates and the sale of the mortgaged real estate and related dwelling.

**"RMBS Residential B/C Mortgage Securities"**: Residential Mortgage-Backed Securities (other than RMBS Residential A Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from subprime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the mortgage loans have generally not been underwritten to the standards of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association (without regard to the size of the loan);
- (ii) the mortgage loans have standardized payment terms and require minimum monthly payments;
- (iii) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and

- (iv) the repayment of such mortgage loans is subject to a contractual payment schedule, with early repayment depending primarily on interest rates and the sale of the mortgaged real estate and related dwelling.

**"Rule 144A"**: Rule 144A under the Securities Act.

**"Rule 144A Global Notes"**: One or more global notes for each Class of Notes in fully registered form without interest coupons sold in reliance on exemption from registration under Rule 144A.

**"S&P"**: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor to the ratings business thereof.

**"S&P BBB Recovery Rate"**: The recovery rate of a Reference Obligation determined in accordance with the S&P Recovery Rate Matrix under the column "Stress Case Equal to BBB" rating.

**"S&P Excess Credit Enhancement"**: At any time of determination with respect to a Class of Notes rated by S&P, an amount equal to (i) the Class Notional Amount of Notes subordinated to such Class *less* (ii) the S&P Scenario Loss Assumption with respect to such Class.

**"S&P Rating"**: With respect to any Obligation, a rating determined as follows:

- (a) (1) if S&P has assigned a rating to such Obligation either publicly or privately, the S&P Rating shall be the rating assigned thereto by S&P; *provided, however*, that if the rating assigned to such Obligation by S&P is on the then-current credit rating watch list with negative implications, then the rating of such Obligation will be one subcategory below the rating then assigned to such Obligation by S&P and if the rating assigned to such Obligation by S&P is on the then-current credit rating watch list with positive implications, then the rating of such Obligation will be one subcategory above the rating then assigned to such Obligation by S&P;
- (2) if such Obligation is not rated by S&P (other than an RMBS Agency Security), then an application may be made to S&P for a confidential credit estimate, which shall be the S&P Rating of such Obligation; *provided* that pending receipt from S&P of such estimate, such Obligation shall have an S&P Rating of "CCC-" if the Issuer believes that such estimate will be at least "CCC-"; or
- (3) if such Obligation is not rated by S&P and no application has been made to obtain an S&P Rating for such Obligation pursuant to subclause (2) above, then the S&P Rating of such Obligation may be implied only by reference to the chart set forth below so long as such referenced rating is a publicly monitored rating; *provided* that if such Obligation is not rated by S&P, and the Issuer does not obtain an S&P Rating for such Obligation pursuant to this subclause (a) then no more than 20% of the Reference Portfolio Notional Amount or the aggregate principal amount of Collateral Securities, as the case may be, may imply an S&P Rating pursuant to this subclause (a)(3).

Asset classes are eligible for notching if they are not first loss tranches or combination securities. If an Obligation is publicly rated by two agencies, notch down as shown below will be based on the lowest rating. If publicly rated only by one agency, then notch down what is shown below minus one additional notch based on the public rating.

		Issued prior to 8/1/01 and the current rating is investment grade	Issued prior to 8/1/01 and the current rating is non investment grade	Issued after 8/1/01 and the current rating is investment grade	Issued after 8/1/01 and the current rating is non investment grade
1.	<u>CONSUMER ABS</u>	-1	-2	-2	-3
	Automobile Loan Receivable Securities				
	Automobile Lease Receivable Securities				
	Car Rental Receivable Securities				
	Credit Card Securities				
	Healthcare Securities				
	Student Loan Securities				
2.	<u>COMMERCIAL ABS</u>	-1	-2	-2	-3
	Cargo Securities				
	Equipment Leasing Securities				
	Aircraft Leasing Securities				
	Small Business Loan Securities				
	Restaurant and Food Services Securities				
	Tobacco Litigation Securities				
3.	<u>Non-RE-REMIC RMBS</u>	-1	-2	-2	-3
	Manufactured Housing Loan Securities				
4.	<u>Non-RE-REMIC CMBS</u>	-1	-2	-2	-3
	CMBS – Conduit				
	CMBS - Credit Tenant Lease				
	CMBS - Large Loan				
	CMBS - Single Borrower				
	CMBS - Single Property				
5.	<u>CDO/CLO CASH FLOW SECURITIES*</u>	-1	-2	-2	-3
	Cash Flow CDO - at least 80% High Yield				
	Cash Flow CDO - at least 80% Investment Grade				
	Cash Flow CLO - at least 80% High Yield				
	Cash Flow CLO - at least 80% Investment Grade				
6.	<u>REITs</u>	-1	-2	-2	-3
	REIT - Multifamily and Mobile Home Park				
	REIT - Retail				
	REIT – Hospitality				
	REIT – Office				
	REIT - Industrial				
	REIT - Healthcare				
	REIT - Warehouse				
	REIT - Self Storage				
	REIT – Mixed Use				

	Issued prior to 8/1/01 and the current rating is investment grade	Issued prior to 8/1/01 and the current rating is non investment grade	Issued after 8/1/01 and the current rating is investment grade	Issued after 8/1/01 and the current rating is non investment grade
7. <u>RESIDENTIAL MORTGAGES</u>	-1	-2	-2	-3
Residential "A"				
Residential "B/C"				
Home equity loans				

\* No notching permitted with respect to CDO Cashflow Securities.

The information contained in the table above has been provided to the Issuer by S&P and the asset classes and related capitalized terms have the meanings ascribed thereto by S&P.

**"S&P Rating Condition"**: With respect to any proposed action to be taken under the Indenture or any other document contemplated by the Indenture, a condition that is satisfied when S&P has confirmed in writing to the Issuer and/or the Trustee that an immediate withdrawal or reduction with respect to any then-current rating by S&P of any Class of Notes will not occur as a result of such proposed action.

**"S&P Recovery Rate Matrix"**: The following information has been provided to the Issuer by S&P and the asset classes and related capitalized terms have the meanings ascribed thereto by S&P.

A. If a Reference Obligation is the senior-most tranche of securities issued by the Reference Entity :

<u>S&amp;P Rating of Reference Obligation at the time of its original issuance</u>	Stress Case Equal to "AAA" rating	Stress Case Equal to "AA" rating	Stress Case Equal to "A" rating	Stress Case Equal to "BBB" rating	Stress Case Equal to "BB" rating	Stress Case Equal to "B" rating	Stress Case Equal to "CCC" rating
AAA	80.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%
AA	70.0%	75.0%	85.0%	90.0%	90.0%	90.0%	90.0%
A	60.0%	65.0%	75.0%	85.0%	90.0%	90.0%	90.0%
BBB	50.0%	55.0%	65.0%	75.0%	85.0%	85.0%	85.0%
BB	50.0%	55.0%	65.0%	75.0%	85.0%	85.0%	85.0%
B	50.0%	55.0%	65.0%	75.0%	85.0%	85.0%	85.0%
CCC	50.0%	55.0%	65.0%	75.0%	85.0%	85.0%	85.0%

B. If the Reference Obligation is not the senior-most tranche of securities issued by the Reference Entity:

	Stress Case Equal to "AAA" rating	Stress Case Equal to "AA" rating	Stress Case Equal to "A" rating	Stress Case Equal to "BBB" rating	Stress Case Equal to "BB" rating	Stress Case Equal to "B" rating	Stress Case Equal to "CCC" rating
<u>S&amp;P Rating of Reference Obligation at the time of its original issuance</u>							
AAA	65.0%	70.0%	80.0%	85.0%	85.0%	85.0%	85.0%
AA	55.0%	65.0%	75.0%	80.0%	80.0%	80.0%	80.0%
A	40.0%	45.0%	55.0%	65.0%	80.0%	80.0%	80.0%
BBB	30.0%	35.0%	40.0%	45.0%	50.0%	60.0%	70.0%
BB	10.0%	10.0%	10.0%	25.0%	35.0%	40.0%	50.0%
B	3.0%	5.0%	5.0%	10.0%	10.0%	20.0%	25.0%
CCC	0.0%	0.0%	0.0%	0.0%	3.0%	5.0%	5.0%

C. If such Reference Obligation is a Wrapped Security (other than a monoline insurer as set forth in paragraph E below), the recovery rate will be determined by S&P on a case by case basis.

D. If the Underlying Instruments of the Reference Obligations permit more than 20% of the underlying collateral by principal amount to be non-U.S. assets, the recovery rate will be assigned by S&P upon the inclusion of such Reference Obligation by the Protection Buyer.

E. (1) If the primary monoline insurer guaranteeing such Reference Obligation is one of the following entities:

Ambac Assurance Corp.

Financial Guaranty Insurance Co.

Asset Guaranty Insurance Co.

Financial Security Assurance Inc.

MBIA Insurance Corp.

XL Capital Assurance Inc.,

then the recovery rate is the sum of (i) the product of (a) such primary monoline insurer's recovery rate and (b) 100.0% less the recovery rate of the related Reference Obligation plus (ii) the recovery rate of the related Reference Obligation. The recovery rate of the related Reference Obligation is calculated assuming that the Reference Obligation is rated "BBB", unless otherwise specified by S&P, and the recovery rate of the primary monoline insurer is assumed to be 44%.

(2) otherwise, the recovery rate will be assigned by S&P upon the inclusion of such Reference Obligation by the Protection Buyer.

**"S&P Scenario Default Rate":** At any time of determination, with respect to a Class of Notes, the rate (expressed as a percentage) determined by application of the modeling software supplied to the

Trustee by S&P for such purposes (which software may be modified by S&P from time to time), taking into consideration the rating of such Class of Notes by S&P on the Closing Date; *provided* that Reference Obligations that (i) are CDO Cashflow Securities and (ii) were initially rated "A-" or above by S&P will be notched down one subcategory for the purpose of calculating the S&P Scenario Default Rate.

**"S&P Scenario Loss Assumption"**: At any time of determination with respect to any Class of Notes rated by S&P, an amount equal to the product of (i) the Reference Portfolio Notional Amount, (ii) the S&P Scenario Default Rate with respect to such Class of Notes and (iii) one *minus* the S&P Weighted Average Recovery Rate consistent with the S&P rating of such Class of Notes on the Closing Date.

**"S&P Weighted Average Recovery Rate"**: With respect to any Class of Notes as of any measurement date, the number (expressed as a percentage) obtained by summing the product of the Reference Obligation Notional Amount of each Reference Obligation *multiplied* by its recovery rate determined in accordance with the S&P Recovery Rate Matrix under the stress case column corresponding to the S&P Rating of such Class of Notes on the Closing Date, dividing such sum by the Reference Portfolio Notional Amount, multiplying the result by 100 and rounding up to the first decimal place.

**"Sale Proceeds"**: All amounts representing (i) proceeds from the sale or other disposition (other than Put Proceeds) of any Collateral, excluding any Collateral Interest Amount and (ii) any proceeds from liquidating Posted Collateral after an event of default, as such term is defined under the Collateral Put Agreement, has occurred and is continuing under the Collateral Put Agreement (but not to exceed the amount of the Collateral Put Provider's obligations owed to the Issuer).

**"Secured Parties"**: (i) The Trustee, (ii) the Noteholders, (iii) the Issuing and Paying Agent (iv) the Protection Buyer, (v) the Basis Swap Counterparty and (vi) the Collateral Put Provider.

**"Securities Act"**: The U.S. Securities Act of 1933, as amended.

**"Securities Intermediary"**: The meaning specified in Section 8-102(a)(14) of the UCC.

**"Share Trustee"**: The Administrator as the trustee pursuant to the terms of a charitable trust.

**"Stated Maturity"**: With respect to any security or debt obligation, including a Note, the date specified in such security or debt obligation as the fixed date on which the final payment of principal of such security or debt obligation is due and payable or, if such date is not a Business Day, the next following Business Day. The Stated Maturity with respect to the Notes will be March 28, 2045.

**"Sterling"**: The lawful currency of the United Kingdom.

**"Structured Corporate Security"**: A security that represents the debt of a corporate obligor through the creation of a trust and the pledge of specific corporate assets.

**"Structured Finance Security"**: Any security that is an asset-backed security, mortgage-backed security, enhanced equipment trust certificate, collateralized debt obligation, collateralized bond obligation, collateralized loan obligation or similar instrument.

**"Structured Product Security"**: Any of the following types of securities: ABS Future Flow Securities not classified as an Excluded Specified Type in accordance with the definition thereof, CDO Cashflow Securities, RMBS Securities, CMBS Securities, Wrapped Securities, REIT Debt Securities or Asset-Backed Securities.

**"Swap Benchmark Adjusted Price"**: The price, as determined by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator, obtained on Bloomberg Page "YT" for

the relevant Reference Obligation, (i) using the Pricing Spread as an N-Spread input and (ii) using the Original Prepayment Scenario corresponding to the Original Reference Obligation Weighted Average Life. The Swap Benchmark Adjusted Price shall be exclusive of any accrued interest. For the avoidance of doubt, if such determination cannot be made using the method described above, the Swap Benchmark Adjusted Price shall be determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner and will be confirmed by the Collateral Administrator.

**"Synthetic CDO Security"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Securities) on the cash flow from (and not the market value of) a portfolio of primarily credit default swaps and, if applicable, related securities.

**"Target Class Notional Overcollateralization Ratio"**: With respect to the Notes of any Class, the sum, expressed as a percentage and rounded to one decimal place, of (i) 100% over (ii) the product of (a) two and (b) the difference between (1) the Initial Class Notional Overcollateralization Ratio of such Class of Notes and (2) 100%.

**"Target Super Senior Notional Overcollateralization Ratio"**: With respect to the Super Senior Notional Amount, the sum, expressed as a percentage and rounded to one decimal place, of (i) 100% and (ii) the product of (a) two and (b) the difference between (1) the Initial Super Senior Notional Overcollateralization Ratio and (2) 100%.

**"Trustee"**: LaSalle Bank National Association, solely in its capacity as Trustee for the Noteholders, unless a successor Person shall have become the Trustee pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean such successor Person.

**"Trustee Noteholder Communication Notice"**: A notice from the Trustee to the Noteholders that includes the contents of a Noteholder Communication Notice that an Originating Noteholder has requested to be communicated to all other Noteholders; provided that the Trustee will not under any circumstances be required to include the identity of such Originating Noteholder in the related Trustee Noteholder Communication Notice.

**"Underlying Instruments"**: The indenture and any credit agreement, assignment agreement, participation agreement, pooling and servicing agreement, trust agreement, instrument or other agreement pursuant to which an Obligation was issued and/or created and each other agreement that governs the terms of or secures such Obligation or of which holders of such Obligation are the beneficiaries, and any instrument evidencing or constituting such Obligation.

**"Unissued Class Amount"**: With respect to any Class of Notes, the product of (i) the Class Notional Amount of such Class of Notes as of such date and (ii) one minus the Note Scaling Factor for such Class of Notes.

**"U.S. Person"**: The meaning specified under Regulation S.

**"U.S. Resident"**: The meaning specified under the Investment Company Act.

**"Weighted Average Interest Rate Spread"**: With respect to a Class of Notes as of any measurement date, the number obtained by the Credit Default Swap Calculation Agent and confirmed by the Trustee by (i) multiplying the principal balance of each series of such Class of Notes by its stated spread above or below one-month LIBOR, (ii) summing all of the products calculated pursuant to subclause (i) and (iii) dividing the sum calculated pursuant to subclause (ii) by the Aggregate Outstanding Amount of such Class of Notes.



**"Weighted Average Life":** As of any measurement date, the number obtained by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator (a) with respect to Reference Obligations by (i) for each Reference Obligation, multiplying each scheduled principal payment by the number of years (rounded to the nearest hundredth) from such measurement date until such scheduled principal payment is due; (ii) summing all of the products calculated pursuant to subclause (i); and (iii) dividing the sum calculated pursuant to subclause (ii) by the sum of all scheduled principal payments due on all the Reference Obligations as of such measurement date and (b) with respect to the Collateral by (i) for each Collateral Security and each Eligible Investment, multiplying each scheduled principal payment by the number of years (rounded to the nearest hundredth) from such measurement date until such scheduled principal payment is due; (ii) summing all of the products calculated pursuant to subclause (i); and (iii) dividing the sum calculated pursuant to subclause (ii) by the sum of all scheduled principal payments due on all the Collateral Securities and Eligible Investments as of such measurement date; provided that for purposes of determining the Weighted Average Life of the Collateral, the number calculated under subclause (b)(i) with respect to Eligible Investments shall equal zero.

**"Wrapped Securities":** Securities (other than RMBS Agency Securities) that (i) have the benefit of a financial guarantee insurance policy or surety bond provided by a monoline or multiline insurer and (ii) are rated "AAA" by S&P or "Aaa" by Moody's, which ratings may take into consideration such financial guarantee insurance policy or surety bond.

**"Write-up Amount":** On any day, in respect of any Reference Obligation that is currently in the Reference Portfolio which has experienced a Material Writedown, the amount by which such Reference Obligation has been written up, or, if such Reference Obligation is not denominated in Dollars, the product of (1) the principal amount of such Write-up denominated in such other currency and (2) the applicable Notional Foreign Exchange Rate.

**EXHIBIT A: FORM OF NOTE OWNER CERTIFICATE**

LaSalle Bank National Association  
135 S. LaSalle Street, Suite 1511  
Chicago, Illinois 60603  
Attention: CDO Trust Services Group – ABACUS 2005-2, Ltd.  
as Trustee and Issuing and Paying Agent

ABACUS 2005-2, Ltd.  
P.O. Box 1093, GT  
Queensgate House  
South Church Street  
George Town  
Grand Cayman, Cayman Islands

ABACUS 2005-2, Inc.  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

Re: Reports Prepared Pursuant to the Indenture, dated as of June 7, 2005 among ABACUS 2005-2, Ltd., ABACUS 2005-2, Inc. and LaSalle Bank National Association (the "Indenture").

Ladies and Gentlemen:

The undersigned hereby certifies that it is the beneficial owner of U.S.\$ \_\_\_\_\_ in principal amount of the (Please check all that apply.):

- \_\_\_\_\_ Class A-1 Notes
- \_\_\_\_\_ Class A-2 Notes
- \_\_\_\_\_ Class A-3 Notes
- \_\_\_\_\_ Class B Notes
- \_\_\_\_\_ Class C Notes
- \_\_\_\_\_ Class D Notes
- \_\_\_\_\_ Class E Notes
- \_\_\_\_\_ Class F Notes

and hereby requests the Trustee or the Issuing and Paying Agent, as applicable, to provide to it (or its designated nominee set forth below) at the following address or with respect to certain monthly accounting reports or certain other accounting reports, grant access to such information at the Trustee's website the:

- \_\_\_\_\_ notice after the occurrence of any Default (specified in Section 6.2 of the Indenture)
- \_\_\_\_\_ information with respect to certain tax matters (specified in Section 7.19 of the Indenture)
- \_\_\_\_\_ certain monthly accounting reports with respect to the Issuer Assets (specified in Section 10.5(a) of the Indenture)
- \_\_\_\_\_ certain accounting reports determined as of the Determination Date (specified in Section 10.5(b) of the Indenture).

Please return form to the Trustee.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[NAME OF NOTE OWNER]

By: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name Here

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Schedule A**

Obigor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Servicer/ Manager
1	12,500,000	MMT 2004-2 B	Yes	59159UB00	ABS Credit Card Security	A2	A	65%	1.4	10/20/2010	11/5/2004	Direct Merchants Credit Card Bank
2	12,500,000	PGMT 2004-AA C	Yes	74408AAC4	ABS Credit Card Security	A2	A	65%	1.8	3/15/2011	3/31/2004	Providian National Bank
3	12,500,000	PGMT 2004-EA C		74408AAQ3	ABS Credit Card Security	A2	A	65%	2.5	11/15/2011	11/23/2004	Providian National Bank
4	12,500,000	MMT 2005-1A B		59159UBU1	ABS Credit Card Security	A2	A	65%	1.8	3/21/2011	4/6/2005	Direct Merchants Credit Card Bank
5	12,500,000	MBNAS 2004-C2 C2	Yes	55264TCR0	ABS Credit Card Security	Baa2	BBB	60%	9.1	11/15/2016	7/1/2004	MBNA
6	12,500,000	NCSLT 2004-2 C	Yes	63543PBB1	ABS Student Loan Security	A3	A	65%	12.2	12/26/2033	10/28/2004	Pennsylvania Higher Education Assistance Agency
7	12,500,000	NCSLT 2005-1 C	Yes	63543PBL9	ABS Student Loan Security	A3	A	65%	12.7	3/26/2035	2/23/2005	Pennsylvania Higher Education Assistance Agency
8	12,500,000	SLMA 2004-B B		78443CBQ6	ABS Student Loan Security	A1	A	65%	8.4	9/15/2033	5/26/2004	Sallie Mae
9	12,500,000	SLMA 2004-A B		78443CBJ2	ABS Student Loan Security	A1	A	65%	7.9	6/15/2033	3/25/2004	Sallie Mae
10	12,500,000	SLMA 2005-A C		78443CBX1	ABS Student Loan Security	A3	BBB	60%	7.9	12/15/2038	4/28/2005	Sallie Mae
11	12,500,000	BACM 2004-2 D		05947URJ9	CMBS Conduit Security	A2	A	65%	8.8	11/10/2038	4/1/2004	Bank Of America, National Association
12	12,500,000	BSCMS 2004-PWR3 D		07383FYL6	CMBS Conduit Security	A	A	65%	8.7	2/11/2041	3/1/2004	Prudential Asset Resources
13	12,500,000	BSCMS 2004-T14 D		07383FBZ3	CMBS Conduit Security	A2	A	65%	8.8	1/12/2041	5/1/2004	Wells Fargo Bank
14	12,500,000	CGCMT 2004-C1 D		173067AG4	CMBS Conduit Security	A2	A	65%	9.0	4/15/2040	6/1/2004	Wachovia Bank, National Association
15	12,500,000	COMM 2003-LB1A D		126175AE8	CMBS Conduit Security	A2	A	65%	8.1	6/10/2038	6/1/2003	GMAC Commercial Mitg Corp
16	12,500,000	COMM 2004-LB4A D		20047NAJ1	CMBS Conduit Security	A2	A	65%	9.4	10/15/2037	11/1/2004	GMAC Commercial Mitg Corp
17	12,500,000	GCCFC 2004-GG1 D		396789FW4	CMBS Conduit Security	A2	A	65%	8.9	6/10/2036	5/1/2004	Wachovia Bank, National Association
18	12,500,000	JPMCC 2003-CB7 D		46625MP52	CMBS Conduit Security	A2	A	65%	8.7	1/12/2038	12/1/2003	Midland Loan Services LP

Obligor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Service/ Manager
19	12,500,000	JPMCC 2004-CB8 D		46625M2E8	CMBS Conduit Security	A2	A	65%	8.9	1/12/2039	3/1/2004	GMAC Commercial Mtg Corp.
20	12,500,000	JPMCC 2004-PNC1 D		46625M5M7	CMBS Conduit Security		A	65%	9.1	6/12/2041	6/1/2004	Midland Loan Services LP
21	12,500,000	LBUS 2003-C7 F		52108HUT9	CMBS Conduit Security	A2	A	65%	8.2	7/15/2037	9/11/2003	Wachovia Bank, National Association
22	12,500,000	LBUS 2004-C2 F		52108HA53	CMBS Conduit Security	A2	A	65%	8.8	3/15/2036	3/11/2004	Midland Loan Services LP
23	12,500,000	LBUS 2004-C4 F		52108HE91	CMBS Conduit Security	A2	A	65%	9.1	6/15/2036	5/11/2004	Wachovia Bank, National Association
24	12,500,000	LBUS 2004-C6 F		52108HK52	CMBS Conduit Security		A	65%	9.2	8/15/2036	8/11/2004	Wachovia Bank, National Association
25	12,500,000	LBUS 2004-C7 F		52108HQ56	CMBS Conduit Security	A2	A	65%	9.5	10/15/2036	10/11/2004	Wachovia Bank, National Association
26	12,500,000	LBUS 2004-C8 F		52108HV50	CMBS Conduit Security	A2	A	65%	9.5	12/15/2039	11/11/2004	Wachovia Bank, National Association
27	12,500,000	MSC 2004-HQ3 F		61745MXG3	CMBS Conduit Security	A2	A	65%	8.7	1/13/2041	3/1/2004	Wells Fargo Bank
28	12,500,000	WBCMT 2004-C10 D		929769NT6	CMBS Conduit Security	A2	A	65%	8.7	2/15/2041	2/1/2004	Wachovia Bank, National Association
29	12,500,000	WBCMT 2004-C11 D		929766QY2	CMBS Conduit Security	A2	A	65%	8.9	1/15/2041	4/1/2004	Wachovia Bank, National Association
30	12,500,000	WCMCS 2003-C1A D		93934DAE7	CMBS Conduit Security	A2	A	65%	7.6	1/25/2035	3/1/2003	Washington Mutual Bank
31	12,500,000	AABST 2004-5 M2		00764MDH7	RMBS Home Equity Loan Security	A2	A	65%	5.0	12/25/2034	10/27/2004	Wells Fargo Bank
32	12,500,000	AABST 2004-6 M2		00764MDY0	RMBS Residential B/C Mortgage Security	A2	A+	65%	5.1	3/25/2035	12/22/2004	Wells Fargo Bank
33	12,500,000	AABST 2005-1 M5		00764MEP8	RMBS Residential B/C Mortgage Security	A2	A+	65%	4.7	3/25/2035	2/25/2005	Wells Fargo Bank
34	12,500,000	ABSHE 2004-HE9 M3		04541GNC2	RMBS Home Equity Loan Security	A3	A-	65%	4.3	12/25/2034	12/6/2004	Saxon Mortgage
35	12,500,000	ACCR 2004-4 M3		004375CJ8	RMBS Residential B/C Mortgage Security	A3	A	65%	5.2	1/25/2035	11/22/2004	Accredited Home Lenders
36	12,500,000	AMSI 2004-R11 M6		03072SWV3	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.3	11/25/2034	11/5/2004	Ameritrust Mortgage Company
37	12,500,000	AMSI 2005-R2 M5		03072SYV1	RMBS Residential B/C Mortgage Security	A2	A	65%	5.0	4/25/2035	3/24/2005	Ameritrust Mortgage Company
38	12,500,000	ARSI 2004-W11 M7		040104MM0	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.7	11/25/2034	10/8/2004	Ameritrust Mortgage Company
39	12,500,000	BSABS 2004-HE10 M3		073879MT2	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.9	12/25/2034	11/30/2004	EMC Mortgage Corp.

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Obligor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Servicer/ Manager
40	12,500,000	BSABS 2005-HE1 M2		073879PS1	RMBS Residential B/C Mortgage Security	A2	A	65%	4.4	1/25/2035	1/28/2005	EMC Mortgage Corp.
41	12,500,000	BSABS 2005-HE3 M2		073879RX8	RMBS Residential B/C Mortgage Security	A2	A	65%	4.6	3/25/2035	3/31/2005	EMC Mortgage Corp.
42	12,500,000	CBASS 2005-CB1 B2		12673TAM9	RMBS Home Equity Loan Security	Baa2	BBB	60%	4.3	1/25/2035	2/8/2005	Litton Loan Servicing
43	12,500,000	CBASS 2005-CB2 M2		04542BLM2	RMBS Residential B/C Mortgage Security	A2	A	65%	4.6	4/25/2036	4/7/2005	Litton Loan Servicing
44	12,500,000	CFLAT 2004-OPT1 M3		161542EB7	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.2	6/25/2034	11/23/2004	Chase Manhattan Mortgage Corp.
45	12,500,000	CWL 2004-12 MV6		126673NY4	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.4	2/25/2035	11/29/2004	Countrywide Home Loans, Inc.
46	12,500,000	CWL 2004-15 MV5		126673UR1	RMBS Residential B/C Mortgage Security	A2	A	65%	4.6	4/25/2035	12/30/2004	Countrywide Home Loans, Inc.
47	12,500,000	CWL 2005-3 MV5		126673B84	RMBS Residential B/C Mortgage Security	A2	A	65%	4.1	8/25/2035	3/30/2005	Countrywide Home Loans, Inc.
48	12,500,000	CWL 2005-BC1 M8		126673YR7	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	4.6	5/25/2035	3/30/2005	Countrywide Home Loans, Inc.
49	12,500,000	CXHE 2005-B B		152314NU5	RMBS Home Equity Loan Security	Baa2	BBB	60%	4.6	3/25/2035	3/24/2005	Centex Home Equity Corporation
50	12,500,000	FFML 2004-FF8 M3		32027NNS6	RMBS Residential B/C Mortgage Security	A2	A	65%	5.3	10/25/2034	12/30/2004	Countrywide Home Loans, Inc.
51	12,500,000	FFML 2005-FF1 M2		32027NQM6	RMBS Residential B/C Mortgage Security	A2	A+	65%	5.5	12/25/2034	2/24/2005	Saxon Mortgage
52	12,500,000	FFML 2005-FF2 B2		36242DN90	RMBS Residential B/C Mortgage Security	Baa2	BBB+	60%	5.1	3/25/2035	4/28/2005	NatCity
53	12,500,000	FHLT 2005-1 M5		35729PJF8	RMBS Residential B/C Mortgage Security	A2	A	65%	4.8	6/25/2035	3/29/2005	Litton Loan Servicing
54	12,500,000	FHLT 2005-A M5		35729PHQ6	RMBS Residential B/C Mortgage Security	A2	A	65%	4.6	1/25/2035	2/22/2005	Wells Fargo Bank
55	12,500,000	GSAMP 2005-HE1 M2		36242DRX3	RMBS Home Equity Loan Security	A2	A+	65%	5.1	12/25/2034	1/27/2005	Countrywide Home Loans, Inc.
56	12,500,000	GSAMP 2005-HE2 M2		36242DA60	RMBS Home Equity Loan Security	A2	A+	65%	5.3	3/25/2035	3/30/2005	Countrywide Home Loans, Inc.
57	12,500,000	HEAT 2005-2 B2		437084JX5	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	4.2	7/25/2035	4/1/2005	Wells Fargo Bank
58	12,500,000	LBMLT 2004-4 M5		542514HX5	RMBS Residential B/C Mortgage Security	A2	AA-	80%	4.8	10/25/2034	9/8/2004	Long Beach Mortgage Company

Obligor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Servicer/ Manager
59	12,500,000	LBMLT 2005-1 M5		542514KD5	RMBS Residential B/C Mortgage Security	A2	A	65%	5.0	2/25/2035	1/6/2005	Long Beach Mortgage Company
60	12,500,000	LBMLT 2005-2 M8		542514KY9	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	5.1	4/25/2035	4/5/2005	Long Beach Mortgage Company
61	12,500,000	MABS 2005-NC1 M8		57643LGN0	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	4.3	12/25/2034	1/20/2005	Ocwen Federal Bank FSB
62	12,500,000	MABS 2005-WMC1 M8		57643LHD1	RMBS Home Equity Loan Security	Baa2	BBB	60%	4.5	3/25/2035	4/29/2005	Ocwen Federal Bank FSB
63	12,500,000	MLMI 2005-NC1 M2		59020JRC0	RMBS Residential B/C Mortgage Security	A2	A+	65%	4.4	10/25/2035	1/31/2005	Wilshire Servicing Corp
64	12,500,000	MSAC 2004-HE9 M6		61744CJY3	RMBS Residential B/C Mortgage Security	A3	A-	65%	4.8	11/25/2034	11/30/2004	Countrywide Home Loans, Inc.
65	12,500,000	MSAC 2004-NC8 M6		61744CHU3	RMBS Residential B/C Mortgage Security	A3	A-	65%	5.1	9/25/2034	11/17/2004	Chase Manhattan Mortgage Corp.
66	12,500,000	MSAC 2005-HE2 B2		61744CNJ1	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	5.0	1/25/2035	3/30/2005	Option One Mortgage Corporation
67	12,500,000	MSAC 2005-NC1 M5		61744CMP8	RMBS Residential B/C Mortgage Security	A2	A	65%	5.1	1/25/2035	2/25/2005	Homeq Servicing Corp
68	12,500,000	MSAC 2005-NC2 B2		61744CPP5	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	5.0	3/25/2035	4/29/2005	Countrywide Home Loans, Inc.
69	12,500,000	MSAC 2005-WMC2 B2		61744CNY8	RMBS Home Equity Loan Security	Baa2	BBB+	60%	5.0	2/25/2035	3/30/2005	Countrywide Home Loans, Inc.
70	12,500,000	NHEL 2004-3 M6		66987XFU4	RMBS Residential B/C Mortgage Security	A3	A	65%	4.7	12/25/2034	9/9/2004	Novastar
71	12,500,000	NHEL 2004-4 M6		66987WBY2	RMBS Residential B/C Mortgage Security	A3	A+	65%	4.9	3/25/2035	11/18/2004	Novastar
72	12,500,000	NHEL 2005-1 M6		66987XGK5	RMBS Residential B/C Mortgage Security	A3	A	65%	4.9	6/25/2035	2/22/2005	Novastar
73	12,500,000	OCMLT 2004-3 M8		68389FGA6	RMBS Residential B/C Mortgage Security	Baa2	A-	65%	4.3	11/25/2034	10/5/2004	Option One Mortgage Corporation
74	12,500,000	PPSI 2004-WWF1 M6		70069FDP9	RMBS Residential B/C Mortgage Security	A2	A-	65%	4.7	1/25/2035	11/12/2004	Wells Fargo Bank
75	12,500,000	PPSI 2005-WCH1 M5		70069FFM4	RMBS Residential B/C Mortgage Security	A2	A	65%	4.9	1/25/2036	1/26/2005	JPMorgan Chase Bank
76	12,500,000	PPSI 2005-WHQ1 M5		70069FGE1	RMBS Residential B/C Mortgage Security	A2	A	65%	5.0	3/25/2035	2/24/2005	Homeq Servicing Corp
77	12,500,000	RASC 2004-KS11 M3		76110WJ56	RMBS Residential B/C Mortgage Security	A3	A	65%	3.9	12/25/2034	11/29/2004	Residential Funding Corporation

Obligor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Servicer/ Manager
78	12,500,000	RASC 2005-KS1 M2		76110WM45	RMBS Residential B/C Mortgage Security	A2	A+	65%	4.4	2/25/2035	1/28/2005	Residential Funding Corporation
79	12,500,000	RASC 2005-KS2 M5		76110WP26	RMBS Residential B/C Mortgage Security	Baa2	BBB+	60%	4.1	3/25/2035	2/25/2005	Residential Funding Corporation
80	12,500,000	RASC 2005-KS3 M9		76110WS98	RMBS Residential B/C Mortgage Security	Baa2	BBB	60%	4.3	4/25/2035	4/8/2005	Residential Funding Corporation
81	12,500,000	SABR 2005-OP1 M3		81375WCU8	RMBS Residential B/C Mortgage Security	A2	A	65%	5.6	1/25/2035	3/24/2005	Option One Mortgage Corporation
82	12,500,000	SAIL 2004-9 M4		86358EMW3	RMBS Residential B/C Mortgage Security	A3	A	65%	4.4	10/25/2034	9/25/2004	Aurora Loan Services, Inc
83	12,500,000	SAIL 2005-1 M5		86358EQM1	RMBS Residential B/C Mortgage Security	A2	A	65%	4.3	2/25/2035	1/25/2005	Aurora Loan Services, Inc
84	12,500,000	SAST 2004-3 M6		805564RA1	RMBS Residential B/C Mortgage Security	A3	A+	65%	4.0	12/26/2034	10/27/2004	Saxon Funding Management
85	12,500,000	SURF 2005-BC1 M3	Yes	84751PET2	RMBS Home Equity Loan Security	A2	A	65%	4.6	12/25/2035	3/7/2005	Litton Loan Servicing
86	12,500,000	CAMBR 3A D	Yes	131899AF3	CDO Structured Product Security	Baa2	BBB	60%	9.0	5/8/2040	4/20/2005	Cambridge Place
87	12,500,000	DVSQ 2005-4A C	Yes	23910TAE7	CDO Structured Product Security	A3	A	65%	5.5	4/9/2040	4/6/2005	TCW
88	12,500,000	TRNTY 2005-1A B	Yes	89643PAD2	CDO Structured Product Security	A3	A-	65%	7.9	3/8/2040	4/14/2005	Centre Pacific LLC
89	12,500,000	ORCHD 2005-2A B	Yes	68571UAG4	CDO Structured Product Security	A3	A-	65%	6.2	2/5/2043	4/19/2005	ST Asset Management
90	12,500,000	BALLY 2A D1	Yes	058739AD5	CLO Security	Baa2	BBB	60%	8.7	11/20/2015	11/5/2003	Ballyrock
91	12,500,000	CTCDO 2005-1A D	Yes	140558AD9	CDO Commercial Real Estate Security	BBB	BBB	60%	7.7	3/20/2050	3/15/2005	CapTrust
92	12,500,000	VFALL 2005-1A C	Yes	926244AE4	CLO Security	A2	A	65%	10.6	2/17/2017	2/17/2005	Jefferies
93	12,500,000	CTCDO 2004-1A D	Yes	140574AE4	CDO Commercial Real Estate Security	BBB	BBB	60%	4.9	7/20/2039	7/20/2004	CapTrust
94	12,500,000	RIVER 2005-1A C	Yes	768277AD7	CDO Structured Product Security	A2	A	65%	7.8	2/6/2040	1/19/2005	Deerfield Capital Management LLC
95	12,500,000	WITH 2004-1A C	Yes	97741PAD6	CDO Structured Product Security	A2	A	65%	6.3	9/15/2039	12/15/2004	Princeton Advisory
96	12,500,000	SANDS 2004-1A C	Yes	80011PAC7	CDO Structured Product Security	A2	A+	65%	5.3	6/6/2039	6/4/2004	HBK Investments LP
97	12,500,000	ARMSS 2004-1A C	Yes	03877VAC9	CDO Commercial Real Estate Security	A3	A-	65%	3.8	2/21/2040	1/19/2005	Arbor Realty

Obigor	Notional Amount	Reference Obligation	Interim Reference Obligation?	CUSIP	Specified Type	Moody's Actual Rating	S&P Actual Rating	Recovery Assumption	Expected Weighted Average Life	Rated Final Maturity	Dated Date	Servicer/ Manager
98	12,500,000	FAIRF 2004-1A C1	Yes	304727AE0	CDO Structured Product Security	A2	A-	65%	9.5	11/28/2039	12/16/2004	MFS Investment Management
99	12,500,000	GEMST 2004-1A C	Yes	36867KAE1	CDO Structured Product Security	A2	A	65%	6.1	12/15/2034	12/8/2004	HBK Investments LP
100	12,500,000	SMSTR 2004-1A B	Yes	86565PAD2	CDO Structured Product Security	A3	A-	65%	7.8	12/5/2039	12/2/2004	GE Asset Management



## Manage-to-Model Moody's CDOROM™ Guidelines

**INITIAL SETUP – "CALCULATIONS TAB"**

Field	Cell Designation	Specified Input or Action
"Model Used by a Portfolio Manager"	C9	Choose Test 1
"Type of CDO"	C10	Choose CDO <sup>1</sup>
"Advance Modeling Options"	C11	Check Box
Recovery Type	C15	Choose "Random/Fixed per entity"
"Add ABS Securities"	C17	Check Box
"Specific Maturity"	C19	Choose "Per Entity"
"Add Extra Haircut on RR"	C21	Check Box <sup>1</sup>
"Nb Simulations"	G15	Enter "5,000,000"
"Swap Rate"	G16	Enter "4%"

**CAPITAL STRUCTURE – "CALCULATIONS TAB"**

Field	Cell Designation	Specified Input or Action
"Calculate WAL"	J24	Click button <sup>2</sup>
"Notional Size %"		Enter the Moody's Metric Current Participation Percent for each tranche <sup>3</sup>
"CE%"		Enter the subordination percentage for each tranche <sup>4</sup>
"Initial/Target Rating"		Enter initial target ratings for each Class of Notes
"Spread"		Enter the spread for each Class of Notes
"Additional EL"		Enter Additional EL

**"PORTFOLIOS TAB"**

Column	Cell Designation	Specified Input or Action
"Reference Entity"		Enter entire universe of Reference Obligations appearing in the schedule of Reference Entities
"Amount"		Enter notional amounts for each Reference Obligation <sup>5</sup>
"SU"		Enter Moody's Rating for each Reference Obligation

<sup>1</sup> Manually enter the respective Liquidity Haircuts for each entity in the "Portfolio" tab of Moody's CDOROM™ Model. This option must be chosen for ABS securities that are subject to a bid quotation process following the occurrence of a Credit Event.

<sup>2</sup> The "Calculate WAL" must be clicked each time a change is made to the Reference Portfolio.

<sup>3</sup> For purposes of running the Moody's CDOROM™ Model, Reference Obligations for which a Credit Event has occurred but which remain unsettled are treated as if they've been written down by 100%.

<sup>4</sup> See footnote 3.

<sup>5</sup> See footnote 3.

"RO Seniority"		Enter "SU" for all Reference Obligations that are asset-backed securities
"Industry Code"		Enter Moody's industry code for each Reference Obligation. <sup>6</sup>
"ISO/Country"		Enter "United States"
"Transaction Name"		Enter full name of transaction and tranche level details.
"Closing Date"		Enter closing date for each Reference Obligation
"Guarantor/Wrapper"		Enter name, if applicable, of any guarantor or monoline insurance company guaranteeing such Reference Obligation
"Key Agent"		Enter the "Key Agent" <sup>7</sup>
"% in initial deal"		Enter the size (as a percentage of the related portfolio) of the Reference Obligations as of the time of issuance
"Initial Rating"		Enter the Moody's rating assigned to each Reference Obligation as of the time of issuance
"Asset Weighted Average Life"		Enter the Moody's Metric Weighted Average Life of each Reference Obligation
"Var RR Modeling"		Enter "False" for Reference Obligations that are asset-backed securities
"Digital RR %"		The "ABS theoretical recovery rate" for Reference Obligations that are asset-backed securities which do not have fixed recovery rates can be calculated by clicking the "Calculate Moody's Theor ABS RR" button
"Add DP Stress"		Enter 5% for Reference Obligations that are (i) CDO Cashflow Securities and (ii) were initially rated "A3" or above by Moody's or "A-" or above by S&P or 0% otherwise.
"Add RR Haircut"		Enter (a) 35% for Reference Obligations that are (i) CDO Cashflow Securities or (ii) ABS Securities or (b) 0% otherwise.

<sup>6</sup> The Moody's industry codes may be found in Table 3 of the "RefDate" tab of Moody's CDOROM™ Model.

<sup>7</sup> Refer to the industry classification in Table 3 of the "RefDate" tab of Moody's CDOROM™ Model for a definition of "Key Agent".

## APPENDIX A:

Date: [ ]

From: [ ]  
Attn: [ ]

To: Goldman Sachs International  
Attn: Documentation Unit

### **SUBJECT: SWAP TRANSACTION**

The purpose of this communication is to set forth the terms and conditions of the swap transaction entered into on the Trade Date referred to below (the "Swap Transaction"), between Goldman Sachs International ("Party A") and [ ] (Party B"). This communication constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

This Confirmation supplements, forms part of, and is subject to, the 1992 ISDA Master Agreement dated as of [ ], as amended and supplemented from time to time, between Party A and Party B (the "Swap Agreement"). All provisions contained in, or incorporated by reference to, such Swap Agreement shall govern this Confirmation except as expressly modified below.

Party A and Party B each represents that entering into the Swap Transaction is authorized and does not violate any laws of its jurisdiction of organization or residence or the terms of any agreement to which it is a party. Party A and Party B each represents that (i) it is not relying on the other party in connection with its decision to enter into this Swap Transaction, and neither party is acting as an advisor to or fiduciary of the other party in connection with this Swap Transaction regardless of whether the other party provides it with market information or its views; (ii) it understands the risks of the Swap Transaction and any legal, regulatory, tax, accounting and economic consequences resulting therefrom; and (iii) it has determined based upon its own judgment and upon any advice received from its own professional advisors as it has deemed necessary to consult that entering into the Swap Transaction is appropriate for such party in light of its financial capabilities and objectives.

This Confirmation incorporates the definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "Definitions"). In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

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

#### **1. General Terms**

Trade Date: [ ]

Effective Date: [ ]

Termination Date: The earliest to occur of (a) the Scheduled Termination Date and (b) the Final Amortization Date

Scheduled Termination Date: The Legal Final Maturity of the Reference Obligation, subject to adjustment in accordance with the Business Day Convention

Final Amortization Date: The earliest to occur of (a) the date on which the Outstanding Principal Amount of the Reference Obligation is reduced to zero and (b) the date on which the assets securing the Reference Obligation are liquidated, distributed or otherwise disposed

Reference Obligation: The obligation identified as follows:  
Primary Obligor:  
Obligation:  
Legal Final Maturity:  
Coupon:  
CUSIP/ISIN:  
Original Outstanding Principal Amount:

Notional Amount: [ ]

**2. Party B Initial Payment**

Party B Initial Payment: [ ]

Party B Initial Payment Date: [ ]

**3. Party A Floating Amounts**

Party A Floating Rate Payer Payment Dates: Each date, from and including the Effective Date to and including the Termination Date, occurring 3 Business Days after any amounts are paid in respect of principal or interest on the Reference Obligation

Notwithstanding the occurrence of the Termination Date, with respect to amounts due and payable by the Primary Obligor in respect of the Reference Obligation during the term of this Swap Transaction and paid within three months of the termination hereof, the obligation of Party A to pay Party A Floating Amounts shall survive the termination of this Swap Transaction by no more than three months.

Party A Floating Rate Amounts: In respect of each Party A Floating Rate Payer Payment Date, an amount equal to the product of (a) any and all amounts paid in respect of principal or interest (howsoever characterized) on the Reference Obligation

and received by the holder or holders of the Reference Obligation 3 Business Days prior to the related Party A Floating Rate Payer Payment Date, multiplied by (b) the Factor.

Factor:

The quotient of (a) the Notional Amount divided by (b) the Original Outstanding Principal Amount of the Reference Obligation

#### 4. Miscellaneous

Calculation Agent:

Party A

For the avoidance of doubt, to the extent that the trustee, servicer, paying agent or other similar entity responsible for calculating payment amounts and providing periodic statements or reports regarding the Reference Obligation to holders of the Reference Obligation, pursuant to an indenture, a trust agreement, a pooling and servicing agreement or other such agreement setting forth the terms of the Reference Obligation (such entity, the "Trustee", any such statement or report, a "Trustee Report" and such agreement or indenture, the "Indenture"), furnishes any Trustee Reports correcting information contained in previously issued Trustee Reports, and such corrections impact calculations pursuant to this Swap Transaction, the calculations relevant to the Swap Transaction shall be adjusted retroactively by the Calculation Agent to reflect the corrected information, and the Calculation Agent shall promptly notify both parties of any corrected payments required of either party. Any required corrected payments shall be made within 5 Business Days of such notification by the Calculation Agent. The obligation of either or both parties to make such required corrected payments shall survive the termination of this Swap Transaction for a period of 360 days.

Business Days:

New York, Chicago and London

Business Day Convention:

Following (which shall apply to any date, other than the Effective Date, referred to in this Confirmation that falls on a day that is not a Business Day)

No Exposure Required:

For the avoidance of doubt, neither Party A nor Party B are required to have any credit exposure to the Reference Obligation.

Account for Payment to  
Party A in USD:

Account of:	Goldman Sachs International
Name of Bank:	[ ]
Account No.:	[ ]
Fed ABA No:	[ ]

Account for Payment to  
Party B in USD:

[ ]

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

Very truly yours,

[ ]

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

AGREED & ACCEPTED BY:

GOLDMAN SACHS INTERNATIONAL

By: \_\_\_\_\_

Name:

Title:

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Class A-1 Floating  
Rate Notes, Due 2045

U.S.\$40,000,000 Class A-2  
Floating Rate Notes, Due 2045

U.S.\$20,000,000 Class A-3  
Floating Rate Notes, Due 2045

U.S.\$39,375,000 Class B  
Floating Rate Notes, Due 2045

U.S.\$28,125,000 Class C  
Floating Rate Notes, Due 2045

U.S.\$12,500,000 Class D  
Floating Rate Notes, Due 2045

Class E Floating  
Rate Notes, Due 2045

Class F Floating  
Rate Notes, Due 2045

**ABACUS 2005-2, LTD.**

**ABACUS 2005-2, INC.**

Secured Primarily by (i) the Collateral and (ii) the Issuer's rights under (a) the Collateral Put Agreement, (b) the Basis Swap and (c) as Protection Seller, the Credit Default Swap referencing a pool of CDO Cashflow Securities, RMBS Securities, CMBS Securities and Asset-Backed Securities

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