IMPORTANT NOTICE

Attached is an electronic copy of the Confidential Offering Circular (the "Offering Circular"), dated March 28, 2006, relating to the offering by Davis Square Funding VI, Ltd. (the "Issuer") and Davis Square Funding VI (Delaware) Corp. (the "Co-Issuer" and, together with the Issuer, the "Issuers") of the Securities described therein.

No registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities are being offered pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended. This Offering Circular is confidential and will not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of these securities in any jurisdiction where such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction.

No purchase of these securities may be made except pursuant to this Offering Circular. This Offering Circular may be transmitted electronically, but each investor in the securities should receive a printed version thereof prior to purchase. If you do not receive a printed version of this Offering Circular, please contact your Initial Purchaser representative at the address provided herein.

Distribution of this electronic transmission of the Offering Circular to any person other than (a) the person receiving this electronic transmission from the Initial Purchasers on behalf of the Issuer and/or the Co-Issuer and (b) any person retained to advise the person receiving this electronic transmission with respect to the offering contemplated by the Offering Circular (each, an "Authorized Recipient") is unauthorized. Any photocopying, disclosure or alteration of the contents of the Offering Circular, and any forwarding of a copy of the Offering Circular or any portion thereof by electronic mail or any other means to any person other than an Authorized Recipient, is prohibited. By accepting delivery of this Offering Circular, each recipient hereof agrees to the foregoing.

CONFIDENTIAL

DAVIS SQUARE FUNDING VI, LTD.

(Incorporated with limited liability in the Cayman Islands)

DAVIS SQUARE FUNDING VI (DELAWARE) CORP.

U.S.$ 274,000,000 Class A-1LT-a Floating Rate Notes Due 2041
U.S.$ 300,000,000 Class A-1LT-b Floating Rate Notes Due 2041
U.S.$ 85,000,000 Class A-2 Floating Rate Notes Due 2041
U.S.$ 105,000,000 Class B Floating Rate Notes Due 2041
U.S.$ 35,000,000 Class C Deferrable Floating Rate Notes Due 2041
U.S.$ 25,000,000 Class D Deferrable Floating Rate Notes Due 2041
U.S.$ 7,200,000 Class E-1 Participating Notes Due 2041
U.S.$ 2,800,000 Class E-2 Participating Notes Due 2041
U.S.$ 2,000,000,000 Notional Principal Balance Class X Notes Due 2041
U.S.$ 18,000,000 Combination Notes Due 2016

Secured Primarily by a Portfolio of Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Securities, Insured Securities, Asset-Backed Securities, REIT Debt Securities, Interest Only Securities and Synthetic Securities

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The Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E-1 Notes, the Class E-2 Notes (together with the Class E-1 Notes, the "Class E Notes"), the Class X Notes and the Combination Notes (the Combination Notes, together with the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes, the "Offered Securities") are being offered in the United States to qualified institutional buyers (as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act")) in reliance on Rule 144A under the Securities Act, and, solely in the case of the Class E Notes, the Class X Notes and the Combination Notes, to accredited investors (as defined in Rule 501(a) under the Securities Act) who have a net worth of not less than U.S. $10 million in transactions exempt from registration under the Securities Act. The Offered Securities are being offered hereby in the United States only to persons that are also "qualified purchasers" for purposes of Section 3(c)(7) under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition to the offering of the Offered Securities in the United States, the Offered Securities are being concurrently offered outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S ("Regulation S") under the Securities Act. See "Underwriting." TCW Asset Management Company will act as investment advisor to the Issuer (in such capacity, the "Investment Advisor").

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Offered Securities and the Class A-1LT-c Notes (the Class A-1LT-c Notes, together with the Class A-1LT-a Notes, the Class A-1LT-b Notes the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "Notes" and, together with the Class X Notes and the Combination Notes, the "Securities").

There is no established trading market for the Securities. Application may be made to admit the Securities on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought or granted.

It is a condition of the issuance of the Notes that the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the Class A-2 Notes be issued with a rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), that the Class B Notes be issued with a rating of at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be issued with a rating of at least "A2" by Moody's and at least "A" by S&P and that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P. The Class E Notes, the Class X Notes and the Combination Notes will not be rated. 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 "Ratings."

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

THE COLLATERAL IS THE SOLE SOURCE OF PAYMENTS ON THE SECURITIES. THE SECURITIES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE INVESTMENT ADVISOR, THE HEDGE COUNTERPARTY, THE CP PUT COUNTERPARTY, GOLDMAN, SACHS & CO. (AS INITIAL PURCHASER OR AS A CP NOTE PLACEMENT AGENT), ANY CP NOTE PLACEMENT AGENT, THE ISSUER ADMINISTRATOR, THE TRUSTEE, THE COLLATERAL AGENT, THE COLLATERAL ADMINISTRATOR, THE NOTE AGENTS, THE SHARE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, AND NEITHER OF THE ISSUERS WILL BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE DEFINED UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE SECURITIES ARE BEING OFFERED HEREBY ONLY TO (A) (1) QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND, SOLELY IN THE CASE OF THE CLASS E NOTES, THE CLASS X NOTES AND THE COMBINATION NOTES, ACCREDITED INVESTORS (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) THAT HAVE A NET WORTH OF NOT LESS THAN U.S. $10 MILLION AND WHO ARE (2) QUALIFIED PURCHASERS FOR PURPOSES OF SECTION 3(C)(7) UNDER THE INVESTMENT COMPANY ACT OR, SOLELY IN THE CASE OF THE CLASS E NOTES, THE CLASS X NOTES AND THE COMBINATION NOTES, "KNOWLEDGEABLE EMPLOYEES" WITH RESPECT TO THE ISSUER WITHIN THE MEANING OF RULE 3c-5 UNDER THE INVESTMENT COMPANY ACT AND (B) CERTAIN NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. PURCHASERS AND SUBSEQUENT TRANSFEREES OF CLASS E NOTES, CLASS X NOTES AND COMBINATION NOTES (OTHER THAN REGULATION S CLASS E NOTES AND REGULATION S COMBINATION NOTES) WILL BE REQUIRED TO EXECUTE AND DELIVER A LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS, AND PURCHASERS AND SUBSEQUENT TRANSFEREES OF CLASS A NOTES, CLASS B NOTES, CLASS C NOTES, CLASS D NOTES, REGULATION S CLASS E NOTES AND REGULATION S COMBINATION NOTES WILL BE DEEMED TO HAVE MADE SUCH REPRESENTATIONS AND AGREEMENTS, AS SET FORTH UNDER "NOTICE TO INVESTORS." THE SECURITIES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "NOTICE TO INVESTORS."

The Offered Securities are being offered by Goldman, Sachs & Co. (in the case of the Offered Securities offered outside the United States, selling through its selling agent) (the "Initial Purchaser"), as specified herein, subject to its right to reject any order in whole or in part, in one or more negotiated transactions or otherwise at varying prices to be determined at the time of sale *plus* accrued interest, if any, from March 30, 2006 (the "Closing Date"). The Class A-1LT-c Notes and the CP Notes are not offered hereby. It is expected that the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S Combination Notes will be ready for delivery in book-entry form only in New York, New York, on or about the Closing Date, through the facilities of The Depository Trust Company ("DTC") (in the case of such Notes sold outside the United States, for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream")), against payment therefor in immediately available funds. It is expected that the Class E Notes, the Class X Notes and the Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will be ready for delivery in definitive, certificated form in New York, New York on the Closing Date, against payment therefor in immediately available funds. The Offered Securities will be issued in minimum denominations of U.S. $100,000 and integral multiples of U.S. $1,000 in excess thereof.

Goldman, Sachs & Co.

Offering Circular dated March 28, 2006.

Davis Square Funding VI, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer"), and Davis Square Funding VI (Delaware) Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers"), will issue U.S. $274,000,000 principal amount of Class A-1LT-a Floating Rate Notes Due 2041 (the "Class A-1LT-a Notes",) U.S. $300,000,000 principal amount of Class A-1LT-b Floating Rate Notes Due 2041 (the "Class A-1LT-b Notes"), U.S. $85,000,000 principal amount of Class A-2 Floating Rate Notes Due 2041 (the "Class A-2 Notes" and, together with the Class A-1LT-a Notes, the Class A-1LT-b Notes and the Class A-1LT-c Notes (as defined herein), the "Class A Notes"), U.S. $105,000,000 principal amount of Class B Floating Rate Notes Due 2041 (the "Class B Notes") and U.S. $35,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2041 (the "Class C Notes") and the Issuer will issue U.S. $25,000,000 principal amount of Class D Deferrable Floating Rate Notes Due 2041 (the "Class D Notes"), U.S. $7,200,000 principal amount of Class E-1 Participating Notes Due 2041 (the "Class E-1 Notes,"), U.S. $2,800,000 principal amount of Class E-2 Participating Notes Due 2041 (the "Class E-2 Notes," and together with the Class E-1 Notes, the "Class E Notes", and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "Notes"), U.S. $2,000,000,000 Notional Principal Balance of Class X Notes Due 2041 (the "Class X Notes") and U.S. $18,000,000 principal amount of Combination Notes Due 2016 comprised of (i) U.S. $7,200,000 principal amount of Class E-1 Notes (the "Class E-1 Note Component") and (ii) a component representing approximately $18,000,000 (redemption amount) Zero Coupon Bullet Notes issued by HBOS Treasury Services PLC (London Office) due May 25, 2016 (the "Combination Note Principal Component") pursuant to a Trust Deed (the "Trust Deed") dated as of the Closing Date among the Issuers and JPMorgan Chase Bank, National Association, as trustee (the "Trustee"). Additional Notes of all existing Classes may be issued and sold during the Reinvestment Period *provided* the conditions described herein are satisfied. For definitions of certain capitalized terms used in this Offering Circular see "Appendix A—Certain Definitions" and for the location of the definitions of those and other terms, see "Index of Defined Terms."

On the Closing Date, the Issuers will also issue U.S. $ 1,166,000,000 of commercial paper notes (the "CP Notes") with maturities of no more than 270 days from the date of issuance. If the put pursuant to the CP Put Agreement is exercised in whole or in part prior to its expiration, the Issuers will issue the Class A-1LT-c Floating Rate Notes due 2041 (the "Class A-1LT-c Notes") in one or more placements to the CP Put Counterparty which will have an aggregate principal amount equal to the face amount of CP Notes to be retired as of the date of the exercise of the Put Option under the CP Put Agreement. Payments to the Class A-1LT-c Notes, if any, will be paid *pari passu* with the Class A-1LT-a Notes, the Class A-1LT-b Notes and the CP Notes. Neither the CP Notes nor the Class A-1LT-c Notes are offered hereby.

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Class E-1 Notes" shall include a reference to the Combination Notes to the extent of the Class E-1 Note Component and references to the rights and obligations of the Holders of the Class E-1 Notes (including with respect to any payments, distributions or redemptions on or of such Class E-1 Notes or votes, notices or consents to be given by such Holders) include the rights and obligations of the Holders of the Combination Notes to the extent of the Class E-1 Note Component (in all cases, without duplication). Unless the Holders of Combination Notes are explicitly excluded or addressed in the same context, references herein to Holders of Class E-1 Notes shall include a reference to the Holders of Combination Notes to the extent of the Class E-1 Note Component, and the Holders of Combination Notes shall be entitled to participate in any vote or consent of, or any direction or objection by, the Holders of Notes or the Class E-1 Notes to the extent of the Class E-1 Note Component (in all cases, without duplication).

The net proceeds received from, and associated with, the offering of the Securities and the CP Notes will be applied by the Issuer at the direction of the Investment Advisor to purchase a portfolio consisting primarily of Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Securities, Insured Securities, Asset-Backed Securities, REIT Debt Securities, Interest Only Securities and Synthetic Securities (collectively, "Collateral Assets," each as more fully defined herein), and pending the purchase of Collateral Assets, Eligible Investments. On the Closing Date, the Issuer will also enter into the Hedge Agreements and the CP Put Agreement and thereafter may enter into additional Hedge Agreements.

Interest will be payable on the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes in arrears on the seventh day of each calendar month, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Payment Date") commencing July 7, 2006. Interest will be payable on the Class D Notes in arrears on March 7, June 7, September 7 and December 7 of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Quarterly Payment Date") commencing on September 7, 2006. The Class A-1LT-c Notes will accrue interest from the date of issuance thereof and such interest will be payable monthly in arrears commencing on the first Payment Date following the date of issuance thereof. For each Interest Accrual Period, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes will bear interest at a per annum rate equal to LIBOR *plus* 0.24%, 0.42%, 0.57%, 1.37% and 3.00%, respectively. For each Interest Accrual Period, the Class A-1LT-a Notes will bear interest at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.32% on or before the July 2011 Payment Date and 0.34% thereafter. The Class A-1LT-c Notes, if issued, will bear interest at per annum rates described herein. The Class E Notes and the Class X Notes will be entitled to distributions to the extent of funds available in accordance with the Priority of Payments on each Quarterly Payment Date.

Principal generally will be payable on the Notes in accordance with the Priority of Payments on each Payment Date or Quarterly Payment Date, as applicable, commencing on the Payment Date occurring in August 2011 or on the Payment Date in July 2011 to the extent of any Principal Proceeds which were not reinvested in Collateral Assets before the end of the Reinvestment Period or deposited to the CP Interest Reserve Account. Principal on the Notes and the CP Notes will be payable earlier if the Reinvestment Period is terminated prior to July 2011 as described herein. Principal will also be payable on the Class D Notes in accordance with the Priority of Payments on each Quarterly Payment Date in an amount equal to the Class D Notes Amortizing Principal Amount with respect to such Quarterly Payment Date. In addition, on or after the Payment Date occurring in August 2016, following the payment of the Class D Notes Amortizing Principal Amount, in accordance with the Priority of Payments, principal will be payable *first*, to the Class C Notes until the Class C Notes are paid in full and, *second*, on Quarterly Payment Dates only, to the Class D Notes until the Class D Notes are paid in full to the extent funds are available therefor. The Class X Notes are not entitled to payments of principal, but will be entitled to receive the Class X Payment on each Payment Date, to the extent Proceeds are available therefor in accordance with the Priority of Payments.

All payments on the Securities and the CP Notes will be made from Proceeds (and, with respect to the CP Notes, the CP Reserve Accounts and the CP Account, as described herein) available in accordance with the Priority of Payments. On each Payment Date, except as otherwise provided in the Priority of Payments, payments on the Class A Notes and the CP Notes will be senior to payments on the Class B Notes and payments on the Class B Notes will be senior to payments on the Class C Notes. On each Quarterly Payment Date, except as otherwise provided in the Priority of Payments, payments on the Class A Notes and the CP Notes will be senior to payments on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes; payments on the Class B Notes will be senior to payments on the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes; payments on the Class C Notes will be senior to payments on the Class D Notes, the Class E Notes and the Class X Notes; payments on the Class D Notes will be senior to payments on the Class E Notes and the Class X Notes; payments on the Class X Notes will be senior to payments on the Class E Notes and payments to the Class E Notes, if any, will be paid *pari passu* among the Class E-1 Notes and the Class E-2 Notes, in each case in accordance with the Priority of Payments as described herein.

The Class A Notes and the Class B Notes are subject to mandatory redemption and the CP Notes are subject to Defeasance in accordance with the Priority of Payments, as described herein, on any Payment Date if the Class A/B Overcollateralization Test is not satisfied on the related Determination Date or on any Quarterly Payment Date if the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% on the related Determination Date. The Class A Notes, the Class B Notes and the Class C Notes are subject to mandatory redemption and the CP Notes are subject to Defeasance in accordance with the Priority of Payments, as described herein, on any

Payment Date if the Class C Overcollateralization Test is not satisfied on the related Determination Date or on any Quarterly Payment Date if the Class C Interest Coverage Test is not satisfied on the related Determination Date. The Class D Notes are subject to mandatory redemption in accordance with the Priority of Payments, as described herein, on any Quarterly Payment Date if the Class D Overcollateralization Test or the Class D Interest Coverage Test is not satisfied on the related Determination Date. The Securities are also subject to redemption and the CP Notes are subject to Defeasance in whole and not in part in connection with a Tax Redemption, an Optional Redemption and as a result of a successful Auction, as described herein.

The Notes (other than the Class E Notes) sold in reliance on Rule 144A under the Securities Act ("Rule 144A") will be evidenced by one or more global notes (the "Rule 144A Global Notes") in fully registered form without coupons, deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company ("DTC"). Beneficial interests in the Rule 144A Global Notes will trade in DTC's Same Day Funds Settlement System, and secondary market trading activity in such interests will therefore settle in immediately available funds. Except as described herein, beneficial interests in the Rule 144A Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants. The Class E Notes, the Class X Notes and the Combination Notes will be evidenced by one or more definitive notes in fully registered form. See "Description of the Securities."

The Securities that are being offered hereby in reliance on the exemption from registration under Regulation S (the "Regulation S Notes") have not been and will not be registered under the Securities Act and neither of the Issuers will be registered under the Investment Company Act. The Regulation S Notes may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S) unless the purchaser certifies or is deemed to have certified that it is a qualified institutional buyer as defined in Rule 144A (a "Qualified Institutional Buyer") and a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act (a "Qualified Purchaser") or, solely in the case of the Class E Notes, the Class X Notes and the Combination Notes, that it is an "accredited investor" as defined in Rule 501(a) under the Securities Act (an "Accredited Investor") who has a net worth of not less than U.S. $10 million and a Qualified Purchaser, and takes delivery in the form of an interest in a Rule 144A Global Note, or a definitive Class E Note or Class X Note, in each case in an amount equal to at least U.S. $100,000. See "Description of the Securities" and "Underwriting."

The requirements set forth under "Notice to Investors" apply only to Securities offered in the United States, except for the requirements set forth in Paragraphs (4), (5), (6), (9), (13) and (14) and except that the Regulation S Notes will bear the legends set forth in Paragraphs (10) and (11) under "Notice to Investors."

THE ISSUERS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OTHER THAN INFORMATION PROVIDED IN SECTION ENTITLED "THE INVESTMENT ADVISOR." THE INVESTMENT ADVISOR ACCEPTS RESPONSIBILITY FOR THE INFORMATION PROVIDED IN "THE INVESTMENT ADVISOR" SECTION. TO THE BEST OF THE KNOWLEDGE AND THE BELIEF OF THE ISSUERS, THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

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 Securities described herein. The information contained in this offering circular has been provided by the Issuers and other sources identified herein. Except in respect of the information contained under the heading "The Investment Advisor," for which the Investment Advisor accepts sole responsibility, no representation or warranty, express or implied, is made by the Initial Purchaser, the Investment Advisor, the CP Put Counterparty, any Hedge Counterparty or its

guarantor, the Trustee, the Collateral Agent or the Note Agents 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, the Investment Advisor, the Trustee, the CP Put Counterparty, the Collateral Agent, any Hedge Counterparty or its guarantor, or the Note Agents. 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 Securities is prohibited. Each offeree of the Securities, by accepting delivery of this offering circular, agrees to the foregoing.

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 securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this offering circular nor any sale hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date of this offering circular.

In this offering circular, references to "U.S. Dollars," "$" and "U.S.$" are to United States dollars.

THE SECURITIES 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.

The distribution of this offering circular and the offering and sale of the Securities in certain jurisdictions may be restricted by law. The Issuers and the Initial Purchaser require persons into whose possession this offering circular comes to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offering and sales of the Securities, see "Underwriting." This offering circular does not constitute an offer of, or an invitation to purchase, any of the Securities in any jurisdiction in which such offer or invitation would be unlawful.

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 ANNOTATED ("RSA 421-B") 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.

Each of the Issuers and the Initial Purchaser represents and agrees that it (i) 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 ("FSMA")) received by them in connection with the issue or sale of any Offered Securities in circumstances in which Section 21(a) of the FSMA does not apply to the

Issuer; and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Offered Securities, in, from or otherwise involving the United Kingdom.

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

The Issuers (and, with respect to the information contained in this offering circular under the heading "The Investment Advisor," the Investment Advisor), 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 such information or the expression of any such opinions or intentions misleading. The Issuers (and, with respect to the information in this offering circular under the heading "The Investment Advisor," the Investment Advisor) take responsibility accordingly. 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 SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH SECURITIES 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 SECURITIES 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, THE INITIAL PURCHASER, THE TRUSTEE, THE CP NOTE PLACEMENT AGENTS, THE CP PUT COUNTERPARTY, THE INVESTMENT ADVISOR, THE COLLATERAL AGENT, ANY HEDGE COUNTERPARTY OR ITS GUARANTOR, THE COLLATERAL ADMINISTRATOR OR THE NOTE AGENTS SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

NOTICE TO INVESTORS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Securities offered hereby.

Each purchaser who has purchased Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes will be deemed to have represented and agreed, and each purchaser of Class E Notes, Class X Notes and Combination Notes (other than Regulation S Class E Notes or Regulation S Combination Notes) will be required to represent and agree, in each case with respect to such Securities, as follows (terms used herein that are defined in Rule 144A, Regulation D or Regulation S are used herein as defined therein):

(1) (a) In the case of Class A Notes, Class B Notes, Class C Notes or Class D Notes sold in reliance on Rule 144A, the purchaser of such Notes (i) is a qualified institutional buyer (as defined in Rule 144A) (a "Qualified Institutional Buyer") that is not a broker-dealer which owns and invests on a discretionary basis less than U.S. $25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, (ii) is aware that the sale of Class A Notes, Class B Notes, Class C Notes or Class D Notes, as applicable, to it is being made in reliance on Rule 144A, (iii) is acquiring such Notes for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, and in a principal amount of not less than U.S. $100,000 for the purchaser and for each such account and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees.

(b) In the case of the Class E Notes, Class X Notes and Combination Notes sold in reliance on Rule 144A, the purchaser of such Class E Notes, Class X Notes or Combination Notes, as applicable, (i) is a Qualified Institutional Buyer that is not a broker-dealer which owns and invests on a discretionary basis less than U.S. $25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, (ii) is aware that the sale of the Class E Notes, Class X Notes or Combination Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Class E Notes, Class X Notes or Combination Notes for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, and, unless otherwise permitted by the Trust Deed, is purchasing the Class E Notes, Class X Notes or Combination Notes in a principal amount of not less than U.S. $100,000 for the purchaser and for each such account and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees; or, if the purchaser is not a Qualified Institutional Buyer, such purchaser (i) is a person who is an "accredited investor" (as defined in Rule 501(a) under the Securities Act) (an "Accredited Investor") who has a net worth of not less than U.S. $10 million that is purchasing such Class E Notes, Class X Notes or Combination Notes for its own account, (ii) is not acquiring such Class E Notes, Class X Notes or Combination Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below, (iii) is purchasing such Class E Notes, Class X Notes or Combination Notes in a principal amount of not less than U.S. $100,000 (unless otherwise permitted by the Trust Deed) and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees.

(2) The purchaser understands that the Securities 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, are being offered only in a transaction not involving any public offering, and may be reoffered, resold or pledged or otherwise transferred only (A)(i) to a person whom the purchaser reasonably believes is a Qualified Institutional Buyer that is not a broker-dealer which owns and invests on a discretionary basis less than U.S. $25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, and is 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, (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) solely in the case of the Class E Notes, Class X Notes and Combination Notes, to an Accredited Investor, and who shall have satisfied, and shall have represented, warranted, covenanted and agreed in the case of Class E Notes, Class X Notes or Combination Notes, or shall be deemed to have satisfied, and shall otherwise be deemed to have represented, warranted, covenanted and agreed that it will continue to comply with, all requirements for transfer of the Securities specified in this offering circular, the Note Agency Agreement, and, in the case of the Class E Notes, Class X Notes or Combination Notes (other than Regulation S Class E Notes and Regulation S Combination Notes), in the Class E Notes, Class X Notes and Combination Notes Purchase and Transfer Letter, and all other requirements for it to qualify for an exemption from registration under the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States. Before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, the transferor will be required to provide the Note Transfer Agent with a written certification (in the form provided in the Note Agency Agreement) as to compliance with the transfer restrictions described herein. Before any interest in a Class E Note, Class X Note or Combination Note (other than a Regulation S Class E Note or a Regulation S Combination Note) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Issuer and the Note Transfer Agent with a letter, substantially in the form attached as Schedule D to the Note Agency Agreement (the "Class E Notes, Class X Notes and Combination Notes Purchase and Transfer Letter"). The purchaser understands and agrees that any purported transfer of Securities to a purchaser that does not comply with the requirements of this paragraph (2) will, in the case of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S

Combination Notes, be null and void *ab initio* and, in the case of the Class E Notes, Class X Notes and Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes), not be permitted or registered by the Note Transfer Agent. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Securities that is a U.S. Person and is not a Qualified Institutional Buyer and a Qualified Purchaser or, in the case of Class E Notes, Class X Notes and Combination Notes only, either a Qualified Institutional Buyer or an Accredited Investor and either a Qualified Purchaser or a Knowledgeable Employee, to sell its interest in such Securities, or the Issuers may sell such Securities on behalf of such owner.

(3) In the case of the Securities sold in reliance on Rule 144A, the purchaser of such Securities also understands that neither of the Issuers has been registered under the Investment Company Act. The purchaser and each account for which the purchaser is acquiring such Securities is a qualified purchaser for the purposes of Section 3(c)(7) of the Investment Company Act (a "Qualified Purchaser") or, in the case of such Class E Notes, Class X Notes and Combination Notes only, the purchaser is a "Knowledgeable Employee" with respect to the Issuer within the meaning of Rule 3c-5 under the Investment Company Act (a "Knowledgeable Employee"). The purchaser is acquiring such Securities in a principal amount of not less than U.S. $100,000. The purchaser (or if the purchaser is acquiring such Securities for any account, each such account) is acquiring such Securities as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (a) was not formed for the specific purpose of investing in the Securities (except when each beneficial owner of the purchaser and each such account is a Qualified Purchaser or, in the case of the Class E Notes, Class X Notes and Combination Notes only, each beneficial owner of the purchaser is a Knowledgeable Employee), (b) to the extent the purchaser is a private investment company formed before April 30, 1996, the purchaser has received the necessary consent from its beneficial owners, (c) is not 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 and (d) is not a broker-dealer that owns and invests on a discretionary basis less than U.S. $25,000,000 in securities of unaffiliated issuers. Further, the purchaser agrees with respect to itself and each such account: (i) that it shall not hold such Securities for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes and (ii) that it shall not sell participation interests in the Securities or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Securities. The purchaser understands and agrees that any purported transfer of Securities to a purchaser that does not comply with the requirements of this paragraph (3) will, in the case of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, be null and void *ab initio* and, in the case of the Class E Notes, Class X Notes and Combination Notes, not be permitted or registered by the Note Transfer Agent. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Notes or Class X Notes that is a U.S. Person and is not a Qualified Purchaser, or, in the case of the Class E Notes, Class X Notes and Combination Notes only, a Knowledgeable Employee, to sell its interest in such Securities, or the Issuers may sell such Securities on behalf of such owner.

(4) (a) With respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, each purchaser will be deemed, by its purchase and holding, to have represented and warranted that either (i) the purchaser is not and will not be an "employee benefit plan" (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")) which is subject to Title I of ERISA, a plan which is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), any entity whose underlying assets include "plan assets" by reason of any such plan's investment in the entity, or any employee benefit or other plan which is subject to any federal, state, local or foreign law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (ii) the purchaser's purchase and holding of a Class A Note, Class B Note, Class C Note or Class D Note do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law for which an exemption is not available. The purchaser understands and agrees that any purported transfer of a Class A Note, Class B Note, Class C Note or Class D Note, as applicable, to a purchaser that does not comply with the requirements of this paragraph (4)(a) shall be null and void *ab initio*.

(b) With respect to the Class E Notes, Class X Notes and Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes): the purchaser or transferee must disclose in writing in advance to the Note Transfer Agent (i) whether or not it is (A) an "employee benefit plan" (as defined in Section 3(3) of ERISA), whether or not subject to the provisions of Title I of ERISA, (B) a "plan" described in Section 4975 of the Code, or (C) an entity whose underlying assets include "plan assets" within the meaning of ERISA by reason of any such plan's investment in the entity (all such persons and entities described in clauses (A) through (C) being referred to herein as "Benefit Plan Investors"); (ii) if the purchaser or transferee is a Benefit Plan Investor, the purchase and holding or transfer and holding of Class E Notes, Class X Notes and Combination Notes do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law for which an exemption is not available; and (iii) whether or not it is the Issuer or any other person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer, a person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Issuer, or any "affiliate" (within the meaning of 29 C.F.R. Section 2510.3-101(f)(3)) of any such person (a "Controlling Person")). If a purchaser is an insurance company acting on behalf of its general account, it will be permitted to so indicate, and to identify a maximum percentage of the assets in its general account that are or may become "plan assets," in which case the insurance company will be required to make certain further agreements that would apply in the event that such maximum percentage is thereafter exceeded. The purchaser agrees that, before any interest in a Class E Note, Class X Note or Combination Note (other than a Regulation S Class E Note or a Regulation S Combination Note) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Note Transfer Agent with a Class E Notes, Class X Notes and Combination Notes Purchase and Transfer Letter, stating, among other things, (i) whether the transferee is a Benefit Plan Investor or a Controlling Person, and (ii) that such transfer and subsequent holding do not and will not result in a non-exempt prohibited transaction. The purchaser acknowledges and agrees that no purchase or transfer will be permitted, and the Note Transfer Agent will not register any such transfer, to the extent that the purchase or transfer would result in Benefit Plan Investors owning 25% or more of the outstanding Class E-1 Notes (including the Class E-1 Note Component of the Combination Notes) or Class E-2 Notes, 25% or more of the outstanding Class X Notes or 25% or more of the outstanding Combination Notes immediately after such purchase or transfer (determined in accordance with the Plan Asset Regulation and the Note Agency Agreement). The foregoing procedures are intended to enable Class E Notes, Class X Notes and Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) to be purchased by or transferred to Benefit Plan Investors at any time, although no assurance can be given that there will not be circumstances in which purchases or transfers of Class E Notes, Class X Notes or Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will be required to be restricted in order to comply with the aforementioned 25% limitation. See "ERISA Considerations."

(c) With respect to the Regulation S Class E Notes and the Regulation S Combination Notes: the purchaser or transferee thereof will be deemed to have represented and warranted, that (i) it is not a Benefit Plan Investor, (ii) it is not a Controlling Person and (iii) it, and any fiduciary of it causing it to acquire such Class E Note or Combination Note, agrees to indemnify and hold harmless the Issuers, the Investment Advisor, the Trustee and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a Controlling Person. In addition, each purchaser or transferee of a Regulation S Class E Note or a Regulation S Combination Note will be required to covenant that (i) it will not transfer any Class E Note or Combination Note represented by an interest in a Regulation S Global Note to a Benefit Plan Investor or a Controlling Person and (ii) it will require each transferee of its interest to make the representations and covenants provided for in this paragraph. Any purported purchase or transfer of Class E Notes or Combination Notes represented by a Regulation S Global Note by a purchaser or to a transferee that does not comply with the foregoing will be null and void *ab initio*.

(5) The purchaser is not purchasing the Securities with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Securities involves certain risks, including the risk of loss of its entire investment in the Securities under certain circumstances. The purchaser has had access to such financial and other

information concerning the Issuers and the Securities as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Securities, including an opportunity to ask questions of, and request information from, the Issuer.

(6) In connection with the purchase of the Securities: (i) none of the Issuers, the Initial Purchaser, the CP Put Counterparty, the CP Note Placement Agents, the Investment Advisor, the Trustee, the Collateral Agent, the Collateral Administrator, the Note Agents, any Hedge Counterparty or its guarantor, the Issuer Administrator or the Share Trustee is acting as a fiduciary or financial or investment advisor for the purchaser; (ii) 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 CP Put Counterparty, any Hedge Counterparty or its guarantor, the CP Note Placement Agents, the Investment Advisor, the Trustee, the Collateral Agent, the Collateral Administrator, the Note Agents, the Issuer Administrator, or the Share Trustee other than in this offering circular for such Securities and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, the CP Put Counterparty, the CP Note Placement Agents, the Investment Advisor, the Trustee, the Collateral Agent, the Collateral Administrator, the Note Agents, any Hedge Counterparty or its guarantor, the Issuer Administrator or the Share Trustee 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, results, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Securities; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors 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 Note Agency Agreement) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, the CP Put Counterparty, the CP Note Placement Agents, the Trustee, the Collateral Agent, the Collateral Administrator, any Hedge Counterparty or its guarantor, the Note Agents, the Issuer Administrator or the Share Trustee; (v) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Securities with a full understanding of all of the risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the purchaser is a sophisticated investor; *provided* that, no representation or agreement in clause (i), (ii) or (iv) herein is required to be made, or deemed to be made, with respect to the Investment Advisor, by any purchaser that is the Investment Advisor, any affiliate of the Investment Advisor, or any fund or account that is managed or advised by the Investment Advisor.

(7) The purchaser understands that the Issuer may demand that any Holder of Rule 144A Global Notes or any Holder of Class E Notes, Class X Notes or Combination Notes (other than the Class E Notes, Class X Notes or Combination Notes sold in reliance on Regulation S) who is determined not to be both a Qualified Institutional Buyer and a Qualified Purchaser (or, in the case of Class E Notes, Class X Notes or Combination Notes sold in reliance on Rule 144A, both an Accredited Investor and a Qualified Purchaser or a Knowledgeable Employee) and any Holder of Regulation S Global Notes or any Holder of Class E Notes, Class X Notes or Combination Notes sold in reliance on Regulation S who is determined to be a U.S. Person at the time of acquisition of such Securities, sell the Securities (A) to a person who is both a Qualified Institutional Buyer and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A or, in the case of Class E Notes, Class X Notes or Combination Notes, to a person who is both an Accredited Investor and a Qualified Purchaser or a Knowledgeable Employee or (B) to a person who is not a U.S. Person in a transaction meeting the requirements of Regulation S and, if the Holder does not comply with such demand within thirty (30) days thereof, the Issuer may sell such Holder's interest in the Security.

(8) The purchaser acknowledges that it is its intent and that it understands it is the intent of the Issuer that, for purposes of U.S. federal income, state and local income and franchise tax and any other income taxes, the Issuer will be treated as a corporation, the Securities (other than the Class E Notes, Class X Notes and Combination Notes) will be treated as indebtedness of the Issuer, and the Class E Notes, Class X Notes and Combination Notes will be treated as equity in the Issuer; the purchaser agrees to such treatment and agrees to take no action inconsistent with such treatment.

(9) The purchaser understands that the Issuers, the Trustee, the Initial Purchaser, the Investment Advisor and their counsel will rely upon the accuracy and truth of the foregoing representations, and the purchaser hereby consents to such reliance.

(10) Pursuant to the terms of the Trust Deed, unless otherwise determined by the Issuers in accordance with the Trust Deed, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will bear a legend to the following effect:

THIS NOTE HAS 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)(X) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, 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 AND (Y) TO A PURCHASER THAT (I) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (II) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (III) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (IV) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (V) IS NOT 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, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR (2) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S. $100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. EACH HOLDER HEREOF SHALL BE DEEMED TO MAKE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE NOTE AGENCY AGREEMENT. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUERS, THE NOTE TRANSFER AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUERS HAVE THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A RULE 144A GLOBAL NOTE (AS DEFINED IN THE TRUST DEED) THAT IS A U.S. PERSON AND IS NOT BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTERESTS ON BEHALF OF SUCH OWNER.

THE HOLDER HEREOF, BY PURCHASING AND HOLDING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT EITHER (I) THE HOLDER IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS

AMENDED ("ERISA")) WHICH IS SUBJECT TO TITLE I OF ERISA, A PLAN WHICH IS SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY, OR ANY EMPLOYEE BENEFIT OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) THE HOLDER'S PURCHASE AND HOLDING OF THIS NOTE DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR SIMILAR LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE. ANY PURPORTED TRANSFER OF THIS NOTE TO A HOLDER THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL BE NULL AND VOID *AB INITIO.*

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 NOTE AGENCY AGREEMENT.

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 NOTE PAYING AGENT.

(11) Pursuant to the terms of the Trust Deed, unless otherwise determined by the Issuer in accordance with the Trust Deed, the Class E Notes, Class X Notes and Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will bear a legend to the following effect:

THIS SECURITY HAS 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 THIS SECURITY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25 MILLION IN SECURITIES OF ISSUER THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, AND IS 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, (2) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (3) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING

WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN EACH CASE IN AN AMOUNT OF NOT LESS THAN U.S. $100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS EITHER A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT OR A "KNOWLEDGEABLE EMPLOYEE" WITH RESPECT TO THE ISSUER WITHIN THE MEANING OF RULE 3c-5 UNDER THE INVESTMENT COMPANY ACT (A "KNOWLEDGEABLE EMPLOYEE"), (W) WAS NOT INCORPORATED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER OR EACH BENEFICIAL OWNER OF THE PURCHASER IS A KNOWLEDGEABLE EMPLOYEE), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY INCORPORATED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUER AND (Z) IS NOT 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, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE NOTE TRANSFER AGENT. EACH TRANSFEROR OF THE CLASS E NOTES, CLASS X NOTES OR COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE AGENCY AGREEMENT TO ITS TRANSFEREE.

THE TRANSFEREE OF THE CLASS E NOTES, CLASS X NOTES OR COMBINATION NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES, CLASS X NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE NOTE AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (1)(A)(X) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, OR (Y) AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE SECURITIES ACT) AND (B) EITHER A QUALIFIED PURCHASER OR A KNOWLEDGEABLE EMPLOYEE FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT OR (2) A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

THE PURCHASER OR TRANSFEREE OF THIS SECURITY MUST DISCLOSE IN WRITING IN ADVANCE TO THE NOTE TRANSFER AGENT (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")), WHETHER OR NOT SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF ANY SUCH PLAN'S INVESTMENT IN THE ENTITY (EACH SUCH PERSON AND ENTITY DESCRIBED IN CLAUSES (A) THROUGH (C), A "BENEFIT PLAN INVESTOR"); (ii) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF THIS SECURITY DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW OR

REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS ANY PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101) (THE "PLAN ASSET REGULATION") OF ANY SUCH PERSON (A "CONTROLLING PERSON"). IF A PURCHASER IS AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN ITS GENERAL ACCOUNT THAT ARE OR MAY BECOME "PLAN ASSETS," IN WHICH CASE THE INSURANCE COMPANY WILL BE REQUIRED TO MAKE CERTAIN FURTHER AGREEMENTS THAT WOULD APPLY IN THE EVENT THAT SUCH MAXIMUM PERCENTAGE IS THEREAFTER EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE NOTE AGENT WITH A CLASS E NOTES, CLASS X NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE NOTE AGENCY AGREEMENT) STATING, AMONG OTHER THINGS, (I) WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON, AND (II) THAT SUCH TRANSFER AND SUBSEQUENT HOLDING DO NOT AND WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION. THE NOTE TRANSFER AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF CLASS E NOTES, CLASS X NOTES OR COMBINATION NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E-1 NOTES (INCLUDING THE CLASS E-1 NOTE COMPONENT OF THE COMBINATION NOTES) OR CLASS E-2 NOTES, 25% OR MORE OF THE OUTSTANDING CLASS X NOTES OR 25% OR MORE OF THE OUTSTANDING COMBINATION NOTES IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER DETERMINED IN ACCORDANCE WITH THE PLAN ASSET REGULATION AND WITH THE NOTE AGENCY AGREEMENT.

DISTRIBUTIONS TO THE HOLDERS OF THE CLASS E NOTES AND COMBINATION NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES, THE PAYMENT OF THE CLASS X PAYMENT AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, AND PAYMENTS OF THE CLASS X PAYMENT TO THE HOLDERS OF THE CLASS X NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL AND INTEREST ON THE NOTES (OTHER THAN THE CLASS E NOTES) AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, IN EACH CASE TO THE EXTENT AND AS DESCRIBED IN THE SECURITY AGREEMENT.

(12) Pursuant to the terms of the Trust Deed, unless otherwise determined by the Issuer in accordance with the Trust Deed, the Class E Notes and Combination Notes sold to non-U.S. Persons in offshore transactions (the "Regulation S Class E Notes" and the "Regulation S Combination Notes", respectively) will bear a legend to the following effect:

THIS SECURITY HAS 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 THIS SECURITY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25 MILLION IN SECURITIES OF ISSUER THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF

INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, AND IS 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, (2) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (3) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN EACH CASE IN AN AMOUNT OF NOT LESS THAN U.S. $100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. EACH HOLDER OF THIS SECURITY SHALL BE DEEMED TO MAKE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE NOTE AGENCY AGREEMENT. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUERS, THE NOTE TRANSFER AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THE CLASS E NOTES OR THE COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE AGENCY AGREEMENT TO ITS TRANSFEREE.

THE HOLDER HEREOF, BY PURCHASING CLASS E NOTES OR COMBINATION NOTES IN RESPECT OF WHICH THIS SECURITY HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT (A) IT IS NOT (1) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")), WHETHER OR NOT SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (2) A "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (3) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF ANY SUCH PLAN'S INVESTMENT IN THE ENTITY (EACH SUCH PERSON AND ENTITY DESCRIBED IN CLAUSES (1) THROUGH (3), "BENEFIT PLAN INVESTORS), (B) IT IS NOT ANY PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER, A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON (A "CONTROLLING PERSON") AND (C) IT, AND ANY FIDUCIARY OF IT CAUSING IT TO ACQUIRE THIS SECURITY, AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE CO-ISSUER, THE INVESTMENT ADVISOR, THE TRUSTEE AND THEIR RESPECTIVE AFFILIATES FROM ANY COST, DAMAGE OR LOSS INCURRED BY THEM AS A RESULT OF IT BEING OR BEING DEEMED TO BE A BENEFIT PLAN INVESTOR. IN ADDITION, EACH PURCHASER THEREOF WILL BE REQUIRED TO COVENANT THAT (I) IT WILL NOT TRANSFER ANY SECURITY REPRESENTED BY AN INTEREST IN A REGULATION S GLOBAL NOTE TO A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON AND (II) IT WILL REQUIRE EACH TRANSFEREE OF ITS INTEREST TO MAKE THE REPRESENTATIONS AND COVENANTS PROVIDED FOR IN THIS PARAGRAPH. ANY PURPORTED PURCHASE OR TRANSFER OF CLASS E NOTES OR COMBINATION NOTES REPRESENTED BY A REGULATION S GLOBAL NOTE BY A PURCHASER OR TO A TRANSFEREE THAT DOES NOT COMPLY WITH THE FOREGOING WILL BE NULL AND VOID *AB INITIO*.

THE TRANSFEREE OF THIS SECURITY WILL BE DEEMED TO HAVE REPRESENTED THAT THE TRANSFEREE IS NOT A U.S. PERSON.

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS SECURITY FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN, UNLESS THIS SECURITY 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 SECURITY 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 SECURITY 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 SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE NOTE AGENCY AGREEMENT.

DISTRIBUTIONS TO THE HOLDERS OF THE CLASS E NOTES AND COMBINATION NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES, THE PAYMENT OF THE CLASS X PAYMENT AND THE PAYMENT OF CERTAIN OTHER AMOUNTS TO THE EXTENT AND AS DESCRIBED IN THE SECURITY AGREEMENT.

(13) The purchaser is not purchasing the Securities in order to reduce any U.S. federal income tax liability or pursuant to a tax avoidance plan with respect to U.S. federal income taxes within the meaning of U.S. Treasury regulation 1.881-3(a)(4).

(14) The purchaser agrees, in the case of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, to treat such Notes as debt and, in the case of the Class E Notes, the Class X Notes and the Combination Notes, to treat such Class E Notes, Class X Notes and the Class E-1 Note Component of the Combination Notes as equity for United States federal, state and local income and franchise tax and any other income tax purposes.

THE ISSUERS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OTHER THAN INFORMATION PROVIDED IN SECTION ENTITLED "THE INVESTMENT ADVISOR." THE INVESTMENT ADVISOR ACCEPTS RESPONSIBILITY FOR THE INFORMATION PROVIDED IN "THE INVESTMENT ADVISOR" SECTION. TO THE BEST OF THE KNOWLEDGE AND THE BELIEF OF THE ISSUERS, THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with the resale of the Securities, the Issuers will be required under the Note Agency Agreement to furnish upon request to a holder or beneficial owner of a Note and to 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) if, at the time of the request neither the Issuer nor the Co-Issuer, is a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

To the extent the Issuer or the Trustee delivers any annual or periodic reports to the Holders of the Securities, the Issuer or the Trustee, as applicable, will include in such report a reminder that (1) each holder (other than those holders who are not U.S. Persons and have purchased their Securities outside the United States pursuant to Regulation S) is required to be (a) a Qualified Institutional Buyer or, solely in the case of the Class E Notes and the Class X Notes, an Accredited Investor and (b) a Qualified Purchaser or, solely in the case of the Class E Notes and the Class X Notes, a Knowledgeable Employee, that, in the case of the Class E Notes and the Class X Notes, can make all of the representations in the Class E Notes and Class X Notes Purchase and Transfer Letter applicable to a holder who is a U.S. Person; (2) the Securities can only be transferred to a transferee that is (i) (a) a Qualified Institutional Buyer or, solely in the case of the Class E Notes and the Class X Notes, an Accredited Investor and (b) a Qualified Purchaser or, solely in the case of the Class E Notes and the Class X Notes, a Knowledgeable Employee or (ii) a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 under

Regulation S; and (3) the Issuers have the right to compel any holder who does not meet the transfer restrictions set forth in the Trust Deed and Note Agency Agreement to transfer its Securities to a person designated by the Issuer or sell such Securities on behalf of the holder on such terms as the Issuer may determine in its discretion.

In addition, notwithstanding the foregoing, any prospective purchaser (and each employee, representative, or other agent of a prospective purchaser) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering circular and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective purchaser relating to such tax treatment and tax structure. This authorization of tax disclosure is retroactively effective to the commencement of discussions with the prospective purchaser regarding the transactions contemplated herein.

SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this offering circular. For definitions of certain terms used in this offering circular see "Appendix A — Certain Definitions" and for the location of the definitions of those and other terms, see "Index of Defined Terms." For a discussion of certain factors to be considered in connection with an investment in the Securities see "Risk Factors."

The Issuers

Davis Square Funding VI, Ltd. (the "Issuer") is an exempted company incorporated under the laws of the Cayman Islands for the primary purpose of acquiring the Collateral Assets, Eligible Investments and Combination Note Collateral, entering into Hedge Agreements and the CP Put Agreement, co-issuing the Class A Notes, the Class B Notes, the Class C Notes and the CP Notes, issuing the Class D Notes, the Class E Notes, the Class X Notes, the Combination Notes and the Ordinary Shares and engaging in certain related transactions. All the Securities will be issued on or about March 30, 2006 (the "Closing Date"). The CP Notes will be issued on the Closing Date and from time to time thereafter.

The Issuer will not have any substantial assets other than the portfolio of Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Securities, Insured Securities, Asset-Backed Securities, REIT Debt Securities, Interest Only Securities and Synthetic Securities (collectively, "Collateral Assets"); Eligible Investments; Synthetic Security Collateral Account; interest rate exchange protection agreements entered into between the Issuer and an Interest Rate Swap Counterparty (the "Interest Rate Swap Agreements"); cashflow timing protection agreements entered into between the Issuer and a Cashflow Swap Counterparty (the "Cashflow Swap Agreements"); currency rate exchange protection agreements entered into between the Issuer and a Currency Swap Counterparty (the "Currency Swap Agreements" and, together with the Interest Rate Swap Agreements and the Cashflow Swap Agreements, the "Hedge Agreements"); rights under the CP Put Agreement and certain other assets, and the Combination Note Collateral. The Collateral Assets, the Eligible Investments, the rights of the Issuer under the Hedge Agreements and certain other assets of the Issuer will be pledged by the Issuer to the Collateral Agent under the Security Agreement (the "Security Agreement") dated as of the Closing Date, between the Issuer and JPMorgan Chase Bank, National Association, as trustee, collateral agent and securities intermediary (the "Trustee," the "Collateral Agent" and the "Securities Intermediary"), for the benefit of the Secured Parties, as security for, among other obligations, the Issuers' obligations under the Securities and the CP Notes. The Combination Note Collateral will be pledged by the Issuer to the Collateral Agent for the benefit of the Holders of the Combination Notes as security for the Issuer's obligations under the Combination Notes. The Combination Note Collateral is not part of the Collateral and will not be available to make distributions on the Notes, the Class X Notes or the CP Notes.

Davis Square Funding VI (Delaware) Corp. (the "Co-Issuer" and, together with the Issuer, the "Issuers") is a corporation incorporated under the laws of the State of Delaware for the sole purpose of co-issuing the Class A Notes, the Class B Notes, the Class C Notes and the CP Notes.

The Co-Issuer will not have any assets (other than U.S. $10 of equity capital) and will not pledge any assets to secure the Securities and the CP Notes. The Co-Issuer will have no claim against the Issuer in respect of the Collateral Assets or otherwise.

The Investment Advisor

TCW Asset Management Company, a California corporation, will perform certain advisory and administrative functions with respect to the Collateral pursuant to an investment advisory agreement to be dated as of the Closing Date (the "Investment Advisory Agreement") between the Issuer and TCW Asset Management Company, as investment advisor (in such capacity, the "Investment Advisor"). The Investment Advisor is a registered investment advisor under the United States Investment Advisers Act of 1940, as amended (the "Advisers Act"). See "The Investment Advisor" and "The Investment Advisory Agreement".

Securities Offered

On the Closing Date, the Issuer and the Co-Issuer will issue U.S. $274,000,000 principal amount of Class A-1LT-a Floating Rate Notes Due 2041 (the "Class A-1LT-a Notes"), U.S. $300,000,000 principal amount of Class A-1LT-b Floating Rate Notes Due 2041 (the "Class A-1LT-b Notes"), U.S. $85,000,000 principal amount of Class A-2 Floating Rate Notes Due 2041 (the "Class A-2 Notes" and, together with the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c-1 Notes and the Class A-1LT-c-2 Notes, the "Class A Notes"), U.S. $105,000,000 principal amount of Class B Floating Rate Notes Due 2041 (the "Class B Notes") and U.S. $35,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2041 (the "Class C Notes"), and the Issuer will issue U.S. $25,000,000 principal amount of Class D Deferrable Floating Rate Notes Due 2041 (the "Class D Notes"), U.S. $7,200,000 principal amount of Class E-1 Participating Notes Due 2041 (the "Class E-1 Notes"), U.S. $2,800,000 principal amount of Class E-2 Participating Notes Due 2041 (the "Class E-2 Notes" and, together with the Class E-1 Notes, the "Class E Notes" and the Class E Notes, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "Notes"), U.S. $2,000,000,000 Notional Principal Balance of Class X Notes Due 2041 (the "Class X Notes") and U.S. $18,000,000 principal amount of Combination Notes Due 2016 (the "Combination Notes") pursuant to a Trust Deed (the "Trust Deed") dated as of the Closing Date among the Issuers and JPMorgan Chase Bank, National Association, as trustee (the "Trustee"). Neither the CP Notes nor the Class A-1LT-c Notes are offered hereby.

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Class E-1 Notes" shall include a reference to the Combination Notes to the extent of the Class E-1 Note Component, and references to the rights and obligations of the Holders of the Class E-1 Notes (including with respect to any payments, distributions or redemptions on or of such Class E-1 Notes or votes, notices or consents to be given by such Holders) include the rights and obligations of the Holders of the Combination Notes to the extent of the Class E-1 Note Component (in all cases, without duplication). Unless the Holders of Combination Notes are explicitly excluded or addressed in the same context, references herein to Holders of Class E-1 Notes shall include a reference to the Holders of Combination Notes to the extent of the Class E-1 Note Component, and the Holders of Combination Notes shall be entitled to participate in any vote or consent of, or any direction or

objection by, the Holders of the Notes or the Class E-1 Notes to the extent of the Class E-1 Note Component (in all cases, without duplication).

The Securities will also be subject to a Note Agency Agreement (the "Note Agency Agreement") dated as of the Closing Date among the Issuers, JPMorgan Chase Bank, National Association, as principal paying agent for the Securities (the "Principal Note Paying Agent"), the Trustee and JPMorgan Chase Bank, National Association, as registrar (the "Note Registrar"), as calculation agent (the "Calculation Agent"), as transfer agent (the "Note Transfer Agent") and as paying agent for the Securities (the "Note Paying Agent" and, together with the Principal Note Paying Agent, the Note Registrar, the Calculation Agent, the Note Transfer Agent and the Listing and Paying Agent, if any, the "Note Agents").

Combination Notes

The Combination Notes are comprised of a Combination Note Principal Component and a Class E-1 Note Component, and the distributions on the Combination Notes will be equal to the distributions made on the Combination Note Principal Component and the Class E-1 Note Component. Distributions on the Class E-1 Note Component will be equal to the distributions made on the Class E-1 Notes comprising such Component. Such amounts are the only source of distributions in respect of the Combination Notes, and to the extent these amounts are insufficient, the Issuer will have no obligation to pay any further amounts in respect of the Combination Notes.

The Combination Note Principal Component will be payable on the Payment Date in June 2016 (the "Combination Note Maturity Date"). Unless previously redeemed, on the Combination Note Maturity Date, the Combination Notes shall be redeemed in exchange for delivery of (i) the Combination Note Collateral and (ii) the Class E-1 Notes comprising the Class E-1 Note Component.

If the Class E-1 Notes are redeemed, or if the final payment with respect to the Class E-1 Notes is made, prior to the Combination Note Maturity Date, the Combination Notes shall be redeemed in exchange for (i) delivery of the Combination Note Collateral and (ii) any distributions payable in respect of the Class E-1 Notes comprising the Class E-1 Note Component.

If the Combination Note Collateral is redeemed prior to the Combination Note Maturity Date and the Class E-1 Notes are not also subject to simultaneous redemption, the Combination Notes shall be redeemed in exchange for (i) the Class E-1 Notes comprising the Class E-1 Note Component and (ii) any proceeds received by the Issuer in respect of the Combination Note Collateral.

In addition, upon the occurrence of an event of default with respect to the Combination Note Collateral, the Combination Note Collateral will be delivered to the Holders of the Combination Notes. Upon such delivery, the Holders of the Combination Note Collateral could exercise all rights they may have as Holders of the Combination Note Collateral against HBOS Treasury Services PLC (London Office), as issuer of the Combination Note Collateral. An event of default with respect to the Combination Note Collateral will not constitute an Event of Default.

Other Securities	The Issuers will also issue on the Closing Date and, from time to time thereafter, U.S. $1,166,000,000 of commercial paper notes (the "CP Notes") with maturities of no more than 270 days from the date of issuance. The CP Notes (including any LIBOR CP Notes as described herein) will be issued pursuant to an issuing and paying agency agreement (the "CP Issuing and Paying Agency Agreement"), dated as of the Closing Date, between the Issuer and JPMorgan Chase Bank, National Association, as CP Issuing and Paying Agent (the "CP Issuing and Paying Agent"). At the option of the Investment Advisor, discount CP Notes can be issued as either Series A CP Notes or Series B CP Notes in accordance with the CP Issuing & Paying Agency Agreement. The maturity date of the CP Notes issued as Series A CP Notes is extendable by up to two Business Days in the event the CP Put Option is exercised in accordance with the CP Put Agreement ("Series A CP Notes"). CP Notes issued as Series B CP Notes are not extendable under any circumstances, but will be traded two Business Days prior to settlement ("Series B CP Notes"). See "Security for the Securities—CP Put Agreement" herein. If the Put Option under the CP Put Agreement is exercised in whole or in part, the Issuer will issue the Class A-1LT-c-1 Notes or the Class A-1LT-c-2 Notes (together, the "Class A-1LT-c Notes") in accordance with the CP Put Agreement in one or more placements to the CP Put Counterparty which will have an aggregate principal amount equal to the face amount of CP Notes to be retired as of the date of the exercise of such Put Option and will rank *pari passu* with the CP Notes, the Class A-1LT-a Notes and the Class A-1LT-b Notes, as described in the Priority of Payments. Neither the CP Notes nor the Class A-1LT-c Notes are offered hereby.
Closing Date	The Issuers will issue the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the CP Notes and the Issuer will issue the Class D Notes, the Class E Notes, the Class X Notes and the Combination Notes on or about March 30, 2006 (the "Closing Date").
Record Date	Payments in respect of principal of and interest on the Global Notes will be made to the person in whose name the relevant Global Note is registered at the close of business on the Business Day prior to such Payment Date or Quarterly Payment Date, as applicable. For the Class E Notes (other than the Regulation S Class E Notes) and the Class X Notes, distributions will be made to the person in whose name the relevant Security is registered as of the close of business 10 Business Days prior to such Quarterly Payment Date.
Status of the Securities	The Class A Notes, the Class B Notes, the Class C Notes and the CP Notes will be limited recourse obligations of the Issuers and the Class D Notes, the Class E Notes and the Class X Notes will be limited recourse obligations of the Issuer. See "Description of the Securities—Status and Security" and "—Priority of Payments."
Use of Proceeds	The net proceeds from and associated with the offering of the Securities and the CP Notes issued on the Closing Date (including an initial payment to the Issuer from the initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty), after the payment of applicable fees and expenses of the Issuer, are expected to equal approximately U.S. $2,008,000,000. Approximately U.S. $2,001,000,000 of the net proceeds will be used by the Issuer on the Closing Date to

purchase, or enter into agreements to purchase, a diversified portfolio of Collateral Assets which satisfy the Eligibility Criteria with an aggregate Principal Balance of approximately U.S. $1,995,500,000 and with accrued interest of approximately U.S. $2,500,000, the Combination Note Collateral and to enter into one or more Hedge Agreements as the Investment Advisor deems appropriate. The remaining net proceeds, constituting approximately U.S. $7,000,000 will be deposited in the Collection Account, invested in Eligible Investments and used to purchase additional Collateral Assets and possibly to enter into additional Hedge Agreements. See "Security for the Securities—Purchase of Collateral Assets" and "Use of Proceeds."

Interest Payments and Certain Distributions

The Notes (other than the Class A-1LT-c Notes and the Class E Notes) will accrue interest from the Closing Date and such interest will be payable, in the case of the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes, on the seventh day of each calendar month, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Payment Date") and, in the case of the Class D Notes, on March 7, June 7, September 7 and December 7 of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Quarterly Payment Date"). The Class A-1LT-c Notes will accrue interest from the date of issuance thereof and such interest will be payable commencing on the first Payment Date following the date of issuance thereof and each succeeding Payment Date thereafter. The Class X Payment will be payable on each Quarterly Payment Date, commencing on the December 2006 Quarterly Payment Date, to the extent funds are available therefor. All payments on the Securities and the CP Notes will be made from Proceeds (and, with respect to the CP Notes, the CP Reserve Accounts and the CP Account) in accordance with the Priority of Payments.

The Class A-1LT-a Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.32% on or before the July 2011 Payment Date, and 0.34% thereafter (the "Class A-1LT-a Note Interest Rate"), commencing on Closing Date. The Class A-1LT-b Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.24% (the "Class A-1LT-b Note Interest Rate"), commencing on the Closing Date. The Class A-1LT-c-1 Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.26% on or before the July 2011 Payment Date, and 0.30% thereafter (the "Class A-1LT-c-1 Note Interest Rate"), commencing on their date of issuance. The Class A-1LT-c-2 Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.25% on or before the July 2011 Payment Date, and 0.28% thereafter (the "Class A-1LT-c-2 Note Interest Rate"), commencing on their date of issuance. The Class A-2 Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.42% (the "Class A-2 Note Interest Rate"), commencing on the Closing Date. The Class B Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 0.57% (the "Class B Note Interest Rate"), commencing on the Closing Date. The Class C Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 1.37% per annum

commencing on the Closing Date (the "Class C Note Interest Rate"). The Class D Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 3.00% per annum commencing on the Closing Date (the "Class D Note Interest Rate").

The CP Notes (other than the LIBOR CP Notes as described herein) will be issued at a discount. To the extent CP Notes are issued with an equivalent LIBOR-based interest rate (the "LIBOR CP Notes"), they will mature on a Payment Date and will have a maturity that is more than one month and no more than 270 days from their issuance. CP Notes issued with a maturity greater than three months after their issuance are required to be LIBOR CP Notes. The LIBOR CP Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR (or, for a designated initial payment period of less than 25 days, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) for such Interest Accrual Period, commencing on their date of issuance (the "LIBOR CP Note Interest Rate"). The maturity date of any CP Note issued as a Series A CP Note is extendable by up to two Business Days if the Put Option is exercised in accordance with the CP Put Agreement. See "Security for the Notes—CP Put Agreement" herein. If the maturity date of a CP Note is so extended, the holder thereof will be entitled to receive accrued interest for the period of such extension at a per annum rate equal to LIBOR *plus* 0.08%. Payment of such accrued interest will be made first from the CP Interest Reserve Account and, then, to the extent of any shortfall, from the Collection Account in accordance with the Security Agreement. CP Notes issued as Series B CP Notes will not be extendable. The CP Notes are not offered hereby.

LIBOR for the first Interest Accrual Period with respect to each Class of Notes will be determined as of the second Business Day preceding the Closing Date (or, with respect to the Class A-1LT-c Notes, the issuance date thereof). Calculations of interest on each Class of the Notes will be made on the basis of a 360-day year and the actual number of days in each Interest Accrual Period.

To the extent interest is not paid on the Class C Notes on any Payment Date as a result of the operation of the Priority of Payments, such unpaid amount will be added to the principal amount, as applicable, of the Class C Notes ("Class C Deferred Interest"), and shall accrue interest at the Class C Note Interest Rate to the extent lawful and enforceable, until the Payment Date on which such interest is available to be paid in accordance with the Priority of Payments. To the extent interest is not paid on the Class D Notes on any Quarterly Payment Date as a result of the operation of the Priority of Payments, such unpaid amount will be added to the principal amount, as applicable, of the Class D Notes ("Class D Deferred Interest"), and shall accrue interest at the Class D Note Interest Rate to the extent lawful and enforceable, until the Quarterly Payment Date on which such interest is available to be paid in accordance with the Priority of Payments. Failure to pay interest on any Class A Notes, LIBOR CP Notes or Class B Notes when due (after the applicable grace period) will be an Event of Default under the Trust Deed; *however,* the failure to pay any interest on the Class C Notes or the Class D Notes, while any Class A Notes, CP Notes or Class B Notes are outstanding or the failure to pay any interest on the Class D Notes while

any Class A Notes, CP Notes, Class B Notes or Class C Notes are outstanding will not be an Event of Default under the Trust Deed. See "Description of the Securities" and "—Priority of Payments."

The "Interest Accrual Period" with respect to the Class A Notes, the Class B Notes, the Class C Notes and the LIBOR CP Notes and any Payment Date, is the period commencing on and including the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of issuance in the case of the first Interest Accrual Period and the Class A-1LT-c Notes and the LIBOR CP Notes) and ending on and including the day immediately preceding such Payment Date and, with respect to the Class D Notes and any Quarterly Payment Date, is the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on and including the day immediately preceding such Quarterly Payment Date.

On each Quarterly Payment Date, commencing on the December 2006 Quarterly Payment Date, the Holders of the Class X Notes will be entitled to receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, the Class X Payment. The Class X Payment will be calculated on the basis of a 360-day year consisting of four 90-day periods.

On each Quarterly Payment Date, the Holders of the Class E Notes will be entitled to receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, a distribution equal to the amount necessary for the Class E Notes to achieve a Class E Hurdle Return of 12% (assuming an initial investment of U.S. $10,000,000 on the Closing Date). In addition, on each Quarterly Payment Date the Holders of Class E Notes will be entitled to receive, after payment of items ranking higher in accordance with the Priority of Payments, including any Class E Notes Incentive Fees accrued for such period, any remaining proceeds. Distributions on the Class E Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal Payments

The Securities (other than the Combination Notes) will mature on the Payment Date in September 2041 (the "Stated Maturity" with respect to the Securities other than the Combination Notes) and the Combination Notes will mature on the Combination Note Maturity Date (the "Stated Maturity" with respect to the Combination Notes) unless redeemed or retired prior thereto. The average life of the Securities is expected to be substantially shorter than the number of years from issuance until their Stated Maturity. See "Description of the Securities—Principal of the Notes," "—Payments to the Holders of the Class E Notes", "—Scheduled Redemption of Class E Notes", "Yield Considerations" and "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

Principal will be payable on the Class D Notes in accordance with the Priority of Payments on each Quarterly Payment Date in an amount equal to the Class D Notes Amortizing Principal Amount with respect to such Quarterly Payment Date. In addition, on or after the Payment Date occurring in August 2016, following the payment of the Class D Notes Amortizing Principal Amount, in accordance with the Priority of Payments,

principal will be payable *first*, to the Class C Notes until the Class C Notes are paid in full, and *second*, on Quarterly Payment Dates only, to the Class D Notes until the Class D Notes are paid in full to the extent funds are available therefor. Principal generally will not be payable on the Notes (other than the Class D Notes as described above) prior to the end of the Reinvestment Period; *provided, however*, that to the extent funds are available therefor in accordance with the Priority of Payments, (i) the Class A Notes and the Class B Notes will be subject to mandatory redemption and the CP Notes will be subject to Defeasance out of funds available therefor in accordance with the Priority of Payments at par *plus* accrued interest on any Payment Date if the Class A/B Overcollateralization Test is not satisfied on the related Determination Date or on any Quarterly Payment Date if the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% on the related Determination Date, (ii) the Class A Notes, the Class B Notes and the Class C Notes will be subject to mandatory redemption and the CP Notes will be subject to Defeasance out of funds available therefor in accordance with the Priority of Payments at par *plus* accrued interest on any Payment Date if the Class C Overcollateralization Test is not satisfied on the related Determination Date or on any Quarterly Payment Date if the Class C Interest Coverage Test is not satisfied on the related Determination Date and (iii) the Class D Notes will be subject to mandatory redemption on any Quarterly Payment Date out of funds available therefor in accordance with the Priority of Payments at par *plus* accrued interest if either the Class D Overcollateralization Test or the Class D Interest Coverage Test is not satisfied on the related Determination Date. The Class E Notes and the Class X Notes will not be subject to mandatory redemption as a result of the failure of any Coverage Test. See "Description of the Securities—Principal of the Notes," "—Mandatory Redemption" and "—Priority of Payments."

Principal generally will be payable on the Notes in accordance with the Priority of Payments on each Payment Date and Quarterly Payment Date, as applicable, commencing on the Payment Date occurring in August 2011 or, to the extent of any Principal Proceeds which were not reinvested in Collateral Assets before the end of the Reinvestment Period, on the Payment Date in July 2011. After the Reinvestment Period, to the extent of funds available therefor, "shifting principal" will be paid *pro rata* to the Holders of the Class A Notes and the CP Notes only in an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, the payment of principal will shift to the Holders of the Class B Notes which will receive principal only in an amount required to increase (or maintain) the Class B Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, the payment of principal will shift to the Holders of the Class C Notes which will receive principal only in an amount required to increase (or maintain) the Class C Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, on Quarterly Payment Dates only, the payment of principal will shift to the Holders of the Class D Notes which will receive principal until the Class D Notes are paid in full. After the payments described in the preceding sentence, Proceeds, including any remaining Principal Proceeds, will be applied to the other items specified in the Priority of Payments, including distributions to the Class E Notes

and the Class X Notes. However, if the Net Outstanding Portfolio Collateral Balance is less than U.S. $600,000,000 on the related Determination Date, then only Principal Proceeds received or held during the related Due Period less the sum of (x) any Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period, (y) the amount of Principal Proceeds reinvested in substitute Collateral Assets (through the reinvestment of Sale Proceeds from Credit Risk Obligations and Unscheduled Principal Payments) during such Due Period and (z) any Sale Proceeds from Credit Risk Obligations and any Unscheduled Principal Payments in whole received during the related Due Period which the Issuer has retained for reinvestment during the following Due Period will be paid, such amount to be allocated, *first*, *pro rata*, to the payment of principal of all outstanding Class A Notes and to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, *second*, to the payment of principal of all outstanding Class B Notes, *third*, to the payment of principal of all outstanding Class C Notes, and *fourth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class D Notes. In addition, on or after any Quarterly Payment Date between the Quarterly Payment Date in September 2006 and the Quarterly Payment Date in September 2007 on which the Class D Interest Coverage Test has not been satisfied for two consecutive Determination Dates relating to Quarterly Payment Dates or the Class D Overcollateralization Test has not been satisfied for two consecutive Determination Dates related to Quarterly Payment Dates, then only Principal Proceeds received or held during the related Due Period less the sum of (x) any Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period, (y) the amount of Principal Proceeds reinvested in substitute Collateral Assets (through the reinvestment of Sale Proceeds from Credit Risk Obligations and Unscheduled Principal Payments) during such Due Period and (z) any Sale Proceeds from Credit Risk Obligations and any Unscheduled Principal Payments in whole received during the related Due Period which the Issuer has retained for reinvestment during the following Due Period will be paid, such amount to be allocated, *first*, *pro rata*, to the payment of principal of all outstanding Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-1LT-c Notes and to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, *second*, to the payment of principal of all outstanding Class A-2 Notes, *third*, to the payment of principal of all outstanding Class B Notes, *fourth*, to the payment of principal of all outstanding Class C Notes, and *fifth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class D Notes.

Principal on the Class A-1LT-c Notes, if any, the CP Notes, the Class A-1LT-a Notes, the Class A-1LT-b Notes and the Class A-2 Notes will be paid either *pro rata* or *first* to the Class A-1LT-c Notes, if any, and the Class A-1LT-a Notes, the Class A-1LT-b Notes and the CP Notes and *second* to the Class A-2 Notes depending on the circumstances as more fully described in the Priority of Payments.

On any Payment Date, payments of principal on the Class B Notes are subordinate to payments of principal due on the Class A Notes and CP Notes on such Payment Date and payments of principal on the Class C Notes are generally subordinate to payments of principal due on the Class A Notes, Class B Notes and CP Notes on such Payment Date. On

any Quarterly Payment Date, payments of principal on the Class B Notes are subordinate to payments of principal due on the Class A Notes and CP Notes on such Quarterly Payment Date; payments of principal on the Class C Notes are subordinate to payments of principal due on the CP Notes, Class A Notes and Class B Notes on such Quarterly Payment Date; payments of principal on the Class D Notes generally are subordinate to payments of principal due on the CP Notes, Class A Notes, Class B Notes and Class C Notes on such Quarterly Payment Date and payments of principal on the Class E Notes on any Payment Date generally are subordinate to payments of principal due on the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes on such Quarterly Payment Date. See "Description of the Securities—Priority of Payments."

The Class X Notes are not entitled to payments of principal, but will be entitled to receive the Class X Payment on each Payment Date, to the extent Proceeds are available therefor in accordance with the Priority of Payments.

Auction

Sixty days prior to the Payment Date occurring in July of each year commencing on the July 2016 Payment Date (each such date, an "Auction Payment Date"), the Investment Advisor shall take steps to conduct an auction (the "Auction") of the Collateral Assets in accordance with procedures specified in the Trust Deed. If the Investment Advisor receives one or more bids from Eligible Bidders not later than ten Business Days prior to the Auction Payment Date equal to or greater than the Minimum Bid Amount, it will sell the Collateral Assets for settlement on or before the fifth Business Day prior to such Auction Payment Date and the Securities, to the extent not redeemed prior thereto, will be redeemed in whole and the CP Notes will be Defeased in whole on the Auction Payment Date.

If any single bid, or the aggregate amount of multiple bids, does not equal or exceed the aggregate Minimum Bid Amount or if there is a failure at settlement, then the Collateral Assets will not be sold and no redemption of Securities and no Defeasance of the CP Notes on the related Auction Payment Date will be made.

Optional Redemption and Tax Redemption

The Securities may be redeemed and the CP Notes may be Defeased from Liquidation Proceeds in whole but not in part on any Payment Date on or after July 2011, at the written direction of, or with the written consent of, (i) Holders of a Majority of the Class E-1 Notes or (ii) if, upon a redemption of the Securities, the Holders of the Class E Notes will receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, a distribution equal to the amount necessary for the Class E Notes to achieve a Class E Hurdle Return (as shown in the Note Valuation Report) of 15% (assuming an initial investment of U.S. $10,000,000 on the Closing Date), the Holders of at least 66-2/3% of the Class E-2 Notes (each such redemption, an "Optional Redemption").

The Securities may also be redeemed and the CP Notes Defeased from Liquidation Proceeds in whole but not in part on any Payment Date during or after the Non-Call Period upon the occurrence of a Tax Event, at the written direction of, or with the written consent of, Holders of at least 66-2/3% of the Class E Notes (voting as a single class) or Holders of a

Majority of any other Class of Notes or a Majority of the CP Notes which, as a result of the occurrence of such Tax Event, has not received 100% of the aggregate amount of principal and interest or other amounts due and payable on the CP Notes or such Securities, as applicable (such redemption, a "Tax Redemption").

In the event of an Optional Redemption or a Tax Redemption as described above, the Securities will be redeemed and the CP Notes will be Defeased at their Optional Redemption Prices and Tax Redemption Prices, respectively, as described herein. See "Description of the Securities—Optional Redemption and Tax Redemption" and "—Priority of Payments."

No Securities will be redeemed and no CP Notes will be Defeased pursuant to an Optional Redemption or Tax Redemption unless the expected Liquidation Proceeds equal or exceed the Total Redemption Amount.

Mandatory Redemption

On any Payment Date on which the Class A/B Overcollateralization Test is not satisfied as of the related Determination Date or on any Quarterly Payment Date on which the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% as of the related Determination Date, the Class A Notes and the Class B Notes will be subject to mandatory redemption and the CP Notes will be subject to Defeasance in accordance with the Priority of Payments ("Mandatory Redemption" with respect to the Class A Notes, the Class B Notes and the CP Notes). On any Payment Date on which the Class C Overcollateralization Test is not satisfied as of related Determination Date or on any Quarterly Payment Date on which the Class C Interest Coverage Test is not satisfied as of the related Determination Date, the Class A Notes, the Class B Notes and the Class C Notes will be subject to mandatory redemption and the CP Notes will be subject to Defeasance in accordance with the Priority of Payments ("Mandatory Redemption" with respect to the Class A Notes, the Class B Notes, the Class C Notes and the CP Notes). On any Quarterly Payment Date on which any Class D Overcollateralization Test or Class D Interest Coverage Test is not satisfied as of the preceding Determination Date related to such Quarterly Payment Date, the Class D Notes will be subject to mandatory redemption in accordance with the Priority of Payments ("Mandatory Redemption" with respect to the Class D Notes). The Class E Notes and the Class X Notes are not subject to Mandatory Redemption as a result of the failure of any Coverage Test. See "Description of the Securities—Mandatory Redemption" and "—Priority of Payments."

CP Put Agreement

On or prior to the Closing Date, the Issuer will enter into a put agreement (together with the related schedule and confirmation, the "CP Put Agreement") with Société Générale, acting through its New York branch, (the "CP Put Counterparty"). Subject to certain conditions to exercise, under the CP Put Option, if the Trustee gives the CP Put Counterparty valid notice in accordance with the CP Put Agreement of the occurrence of certain events on the exercise date, the CP Put Counterparty will, on the later of (i) two Business Days after the valid delivery of notices to the CP Put Counterparty of an exercise of the CP Put Option in accordance with the terms of the CP Put Agreement and (ii) the date on which the CP Notes become due and payable (after, in the case of the Series A CP Notes and the LIBOR CP Notes, giving effect to any extension thereof),

provide the Issuer with sufficient funds (together with amounts on deposit in the CP Principal Reserve Account) to enable the Issuers to repay the face amount of such maturing CP Notes on such date. In exchange for such funds, the Issuer will, at the direction of the CP Put Counterparty, deliver to the CP Put Counterparty the Class A-1LT-c Notes in an equivalent amount. For purposes hereof, "CP Re-Issuance Settlement Date" means (i) with respect to any Series A CP Notes, the CP Re-Issuance Trade Date and (ii) with respect to any Series B CP Notes, two Business Days following the CP Re-Issuance Trade Date. In addition, for purposes hereof, "CP Re-Issuance Trade Date" means (i) with respect to any Series A CP Notes, any date on which such Series A CP Notes initially become due and payable, not taking into account any extensions thereof and (ii) with respect to any Series B CP Notes, two Business Days prior to the date on which such Series B CP Notes become due and payable. See "Security for the Securities—CP Put Agreement."

CP Interest Reserve Facility

The Issuer will enter into a Cashflow Swap Agreement with AIG Financial Products Corp. (the "Cashflow Swap Counterparty") which, together with proceeds deposited to the CP Interest Reserve Account directly by the Issuer on Payment Dates and Interim Payment Dates and amounts deposited to the CP Interest Reserve Account from the Collection Account, will provide a reserve for the CP Notes (the "CP Interest Reserve Facility").

Any discount on the CP Notes issued or, in the case of a Series B CP Note, purchased on the Closing Date will be funded through the Cashflow Swap Agreement. Under the CP Interest Reserve Facility, on each Payment Date in accordance with the Priority of Payments and each Interim Payment Date, the Issuer will be required to transfer to the CP Interest Reserve Account, first, from available Principal Proceeds and second, from available Interest Proceeds, subject to certain limitations, an amount equal to the CP Interest Reserve Deposit Amount. If, on any Payment Date or Interim Payment Date, amounts on deposit in the CP Interest Reserve Account, after taking into account the CP Interest Reserve Deposit Amount to be deposited thereto by the Issuer, are less than the CP Interest Reserve Required Amount, the Cashflow Swap Counterparty will be required to fund the Interim Cashflow Swap Payment on such Payment Date or Interim Payment Date. The Cashflow Swap Counterparty will not be required to make cumulative net payments (including all accrued and unpaid interest) to the Issuer in excess of the Cashflow Swap Capped Amount *minus* the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty.

Non-Call Period

The period from the Closing Date to but excluding the Payment Date in July 2011 (the "Non-Call Period").

Reinvestment Period

The period from the Closing Date and ending on the first to occur of: (i) the end of the Due Period related to the Payment Date in July 2011, (ii) the occurrence of an Event of Default resulting in acceleration of the Securities and the CP Notes, (iii) the Payment Date immediately following the date on which the Investment Advisor notifies the Trustee in writing that it has determined that investments in additional Collateral Assets within the foreseeable future would either be impractical or not beneficial, and (iv) the Class A/B Overcollateralization Ratio is less than 102.0% as of any Measurement Date.

Reinvestment in Collateral Assets

Principal Proceeds in respect of the Collateral Assets (other than Principal Proceeds deposited to the CP Interest Reserve Account) will be used during the Reinvestment Period to purchase Collateral Assets or Eligible Investments meeting the criteria specified herein. The Reinvestment Criteria consist of the Eligibility Criteria, the Collateral Profile Tests, the Collateral Quality Tests and the Coverage Tests. See "Security for the Securities—Substitute Collateral Assets and Reinvestment Criteria."

Sale Proceeds from the disposition of Credit Risk Obligations and Unscheduled Principal Payments received after the Reinvestment Period (other than Principal Proceeds deposited to the CP Interest Reserve Account) may be reinvested in substitute Collateral Assets, so long as the Reinvestment Criteria are satisfied and such amounts are reinvested no later than the last Business Day of the Due Period following the Due Period in which such amounts were received.

Coverage Tests and Collateral Quality Tests

The following table identifies certain of the Coverage Tests and the Collateral Quality Tests, and, with respect to each test, where applicable, the value at which such test is satisfied and the expected value on the Closing Date. The Coverage Tests and the Collateral Quality Tests will be applied to determine whether the Issuer is permitted to purchase substitute Collateral Assets and to determine application of funds under the Priority of Payments.

Test	Value at Which Test Is Satisfied	Expected Value on Closing Date
Coverage:		
Class A/B Overcollateralization Test	equal to or greater than 102.5%	103.6%
Class A/B Interest Coverage Test	equal to or greater than 102.0%	109.1%[1]
Class C Overcollateralization Test	equal to or greater than 100.2%	101.8%
Class C Interest Coverage Test	equal to or greater than 101.0%	106.8%[1]
Class D Overcollateralization Test	equal to or greater than 100.4%	100.5%
Class D Interest Coverage Test	equal to or greater than 100.0%	104.7%[1]
Collateral Quality:		
Moody's MAC Test	less than or equal to 24.5%	23.7%
Moody's Maximum Rating Distribution Test	maximum of 75	71
Maximum Weighted Average Life Test	initially less than or equal to 5 years and declining as stated herein	4.51
Moody's Minimum Weighted Average Recovery Rate Test	equal to or greater than 35%	39.8%
Weighted Average Spread Test	equal to or greater than 0.61%	0.64%
Weighted Average Coupon Test	equal to or greater than 5.45%	5.49%
S&P Minimum Average Recovery Rate Test		
(calculated using AAA stress case)	equal to or greater than 49.5%	51.1%
(calculated using AA stress case)	equal to or greater than 58.3%	59.3%
(calculated using A stress case)	equal to or greater than 68.0%	69.1%
(calculated using BBB stress case)	equal to or greater than 74.5%	75.5%

[1] *Pro forma*, assuming 31 days of interest on fully invested proceeds of the offering of the Securities, in accordance with the Collateral Assets Assumptions described herein. See "Yield Considerations."

See "Security for the Securities—The Coverage Tests" and "—The Collateral Quality Tests" and "Description of the Securities—Priority of Payments."

Certain Adjusted Overcollateralization Ratios

After the Reinvestment Period, if the Class A Adjusted Overcollateralization Ratio is at least 110.5%, Principal Proceeds may be distributed to the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Priority of Payments. The expected value of the Class A Adjusted Overcollateralization Ratio on the Closing Date is 109.6%. After the Reinvestment Period, if the Class B Adjusted Overcollateralization Ratio is at least 104.0%, Principal Proceeds may be distributed to the Class C Notes and the Class D Notes in accordance with the Priority of Payments. The expected value of the Class B Adjusted Overcollateralization Ratio on the Closing Date is 103.6%. After the Reinvestment Period, if the Class C Adjusted Overcollateralization Ratio is at least 102.0%, Principal Proceeds may be distributed to the Class D Notes in accordance with the Priority of Payments. The expected value of the Class C Adjusted Overcollateralization Ratio on the Closing Date is 101.8%.

Reports

With respect to each Payment Date, beginning in July 2006, a remittance report will be made available to Holders of the Securities, the Investment Advisor, the Issuer, the Trustee, the Collateral Agent, the Note Paying Agent, the CP Issuing and Paying Agent, the CP Note Placement Agents, the CP Put Counterparty and the Hedge Counterparties (each, a "Payment Report") which will provide information with respect to payments to be made on the related Payment Date to Holders of the Securities and the CP Notes. With respect to each Payment Date, beginning in July 2006, a note valuation report (each, a "Note Valuation Report") will be made available to Holders of the Securities, the Trustee, the Collateral Agent, the CP Put Counterparty and the CP Note Placement Agents which will provide information on the Collateral Assets and compliance with the Reinvestment Criteria, as well as information with respect to payments on the Securities and the CP Notes.

The Offering

The Securities are being offered to non-U.S. Persons in offshore transactions in reliance on Regulation S, and otherwise in the United States to persons who are Qualified Institutional Buyers purchasing in reliance on the exemption from registration under Rule 144A or, with respect to the Class E Notes, the Class X Notes and the Combination Notes only, Accredited Investors purchasing in transactions exempt from registration under the Securities Act. Each purchaser other than a non-U.S. Person purchasing in an offshore transactions in reliance on Regulation S must also be a Qualified Purchaser. Each Accredited Investor must have a net worth of at least U.S. $10 million. See "Description of the Securities—Form of the Securities," "Underwriting" and "Notice to Investors."

Additional Issuance

Additional notes of all existing Classes and additional CP Notes (in addition to any outstanding or maturing CP Notes) may be issued and sold during the Reinvestment Period, and if so issued, the Issuer will use the proceeds to purchase additional Collateral Assets and, if applicable, enter into additional Hedge Agreements. The issuance of additional securities is conditioned upon consent of the Investment Advisor, the CP Put Counterparty and the Hedge Counterparties and satisfaction of certain other conditions in the Trust Deed including those described

	under "Description of the Securities—The Note Agency Agreement, the Trust Deed and the Security Agreement—Trust Deed—Additional Issuance."
Minimum Denominations	The Securities will be issued in minimum denominations of U.S. $100,000 and integral multiples of U.S. $1,000 in excess thereof.
Form of the Securities	Each Class of Notes and Combination Notes sold in offshore transactions in reliance on Regulation S will initially be represented by one or more temporary global notes (each, a "Temporary Regulation S Global Note") which will be exchangeable for a beneficial interest in one or more permanent global notes of the related Class (each, a "Regulation S Global Note"). The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes sold in reliance on Rule 144A will be issued in the form of one or more global notes in fully registered form (the "Rule 144A Global Notes" and, together with the Temporary Regulation S Global Notes and the Regulation S Global Notes, the "Global Notes"). Beneficial interests in the Global Notes may not be transferred except in compliance with the transfer restrictions described herein. The Class E Notes, the Class X Notes and the Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will be issued in definitive certificated form only and may not be transferred except in compliance with the transfer restrictions described herein. See "Description of the Securities—Form of the Securities" and "Notice to Investors".
Governing Law	The Security Agreement will be governed by the laws of the State of New York; *provided, however,* that certain provisions of the Security Agreement will be governed by English law. The Securities, the Note Agency Agreement and the Trust Deed will be governed by English law.
Listing and Trading	There is currently no market for the Securities and there can be no assurance that such a market will develop. See "Risk Factors—Securities—Limited Liquidity and Restrictions on Transfer." Application may be made by the Issuer to admit the Securities on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought or granted. See "Listing and General Information."
Ratings	It is a condition of the issuance of the Notes that the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the Class A-2 Notes each be issued with a rating of "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be issued with a rating of at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be issued with a rating of at least "A2" by Moody's and at least "A" by S&P and that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P. The S&P ratings of the Class A Notes and Class B Notes address the likelihood of the timely payment of principal of and interest thereon. The S&P ratings of the Class C Notes and the Class D Notes address the likelihood of the ultimate payment of principal of and interest thereon. The Moody's rating of the Notes (other than the Class E Notes) addresses the ultimate cash receipt of all required interest and

	principal payments as provided in the governing documents. The Class E Notes, the Class X Notes and the Combination Notes will not be rated. 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 "Ratings."
Tax Status	See "Income Tax Considerations".
ERISA Considerations	See "ERISA Considerations".

The Offering						
Securities Issued						
Class Designation	**CP**	**A-1LT-a**	**A-1LT-b**	**A-2**	**B**	**C**
Original Principal Amount	$1,166,000,000	$274,000,000	$300,000,000	$85,000,000	$105,000,000	$35,000,000
Stated Maturity	September 2041					
Minimum Denomination (Integral Multiples):						
Rule 144A	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($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)
Reg D	N/A	N/A	N/A	N/A	N/A	N/A
Applicable Investment Company Act of 1940 Exemption	3 (c)(7)					
Initial Ratings:						
Moody's	P-1	Aaa	Aaa	Aaa	Aa2	A2
S&P	A-1+	AAA	AAA	AAA	AA	A
Deferred Interest	No	No	No	No	No	Yes
Pricing Date	March 10, 2006					
Closing Date	March 30, 2006					
Interest Rate[1]	Variable		1 Month LIBOR + 0.24%	1 Month LIBOR + 0.42%	1 Month LIBOR + 0.57%	1 Month LIBOR + 1.37%
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating
Interest Accrual Period[2]	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period
Dates of Payment	(i) the 7th day of each month (or if such day is not a Business Day, the next succeeding Business Day) and at Stated Maturity (each, a "Scheduled Payment Date") and (ii) any Redemption Date					
First Payment Date	7/7/2006	7/7/2006	7/7/2006	7/7/2006	7/7/2006	7/7/2006
Record Date	Business Day prior to the applicable Payment Date (or the 10th Business Day prior to the applicable Payment Date for Notes issued in definitive form)					
Frequency of Payments	Variable	Monthly	Monthly	Monthly	Monthly	Monthly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360
Form of Securities:						
Global	Yes	Yes	Yes	Yes	Yes	Yes
Certificated	No	No	No	No	No	No
CUSIPS Rule 144A	23910VAJ1	23910VAB8	23910VAC6	23910VAF9	23910VAG7	23910VAH5
CUSIPS Reg S	G26818AJ6	G26818AB3	G26818AC1	G26818AF4	G26818AG2	G26818AH0
ISIN Reg S	USG26818AJ65	USG26818AB30	USG26818AC13	USG26818AF44	USG26818AG27	USG26818AH00
CUSIPS REG D	N/A	N/A	N/A	N/A	N/A	N/A
Euroclear Common Codes	024903699	024903753	024854051	024854094	024904229	024904253
Clearing Method:						
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC
Reg S	EuroClear	EuroClear	EuroClear	EuroClear	EuroClear	EuroClear

1. With respect to the Class A-1LT-a Notes, the Class A-1LT-c-1 Notes, the Class A-1LT-c-2 Notes and the Class X Notes, please refer to the following defined terms: Class A-1LT-a Note Interest Rate, Class A-1LT-c-1 Note Interest Rate, Class A-1LT-c-2 Note Interest Rate and Class X Payment.

2. **"Floating Period"** means, with respect to the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the LIBOR CP Notes and any Payment Date, the period commencing on and including the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of issuance in the case of the first Interest Accrual Period and the LIBOR CP Notes) and ending on and including the day immediately preceding such Payment Date and with respect to the Class D Notes and the Class X Notes and any Quarterly Payment Date, the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on and including the day immediately preceding such Quarterly Payment Date.

The Offering							
Securities Issued							
Class Designation	**D**	**E-1**	**E-2**	**X**	**Combination**	**A-1LT-c-1**	**A-1LT-c-2**
Original Principal Amount	$25,000,000	$7,200,000	$2,800,000	$2,000,000,000	$18,000,000	$0	$0
Stated Maturity	September 2041	September 2041	September 2041	September 2041	June 2016	September 2041	September 2041
Minimum Denomination (Integral Multiples):							
Rule 144A	$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)
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)
Reg D	N/A	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($1,000)	$100,000 ($1,000)	N/A	N/A
Applicable Investment Company Act of 1940 Exemption	3 (c)(7)						
Initial Ratings:							
Moody's	Baa2	N/A	N/A	N/A	N/A	Aaa	Aaa
S&P	BBB	N/A	N/A	N/A	N/A	AAA	AAA
Deferred Interest	Yes	N/A	N/A	N/A	N/A	No	No
Pricing Date	March 10, 2006						
Closing Date	March 30, 2006						
Interest Rate[1]	3 Month LIBOR + 3.00%	N/A	N/A		N/A		
Fixed or Floating Rate	Floating	N/A	N/A	Fixed	N/A	Floating	Floating
Interest Accrual Period[2]	Floating Period	N/A	NA	Floating Period	Floating Period	Floating Period	Floating Period
Dates of Payment	(i) (a)with respect to the Class D Notes, Class E-1 Notes, Class E-2 Notes, Class X Notes and Combination Notes, on March 7, June 7, September 7 and December 7 of each year (or if such day is not a Business Day, the next succeeding Business Day) and at Stated Maturity (each, a "Scheduled Quarterly Payment Date") and (b) with respect to the Class A-1LT-c-1 Notes and the Class A-1LT-c-2 Notes, the 7th day of each month (or if such day is not a Business Day, the next succeeding Business Day) and at Stated Maturity (each, a "Scheduled Payment Date") and (ii) any Redemption Date						
First Payment Date	9/7/2006	9/7/2006	9/7/2006	12/7/2006	9/7/2006	N/A	N/A
Record Date	Business Day prior to the applicable Payment Date (or the 10th Business Day prior to the applicable Payment Date for Notes issued in definitive form)						
Frequency of Payments	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Monthly	Monthly
Day Count	Actual/360	30/360	30/360	90/360	N/A	Actual/360	Actual/360
Form of Securities:							
Global	Yes	No	No	No	No	Yes	Yes
Certificated	No	Yes	Yes	Yes	Yes	No	No
CUSIPS Rule 144A	23910WAA8	23910WAB6	23910WAC4	23910WAF7	23910WAG5	23910VAD4	23910VAE2
CUSIPS Reg S	G2681PAA7	G2681PAB5	G2681PAC3	G2681PAD1	G2681PAE9	G26818AD9	G26818AE7
ISIN Reg S	USG2681PAA78	USG2681PAB51	USG2681PAC35	USG2681PAD18	USG2681PAE90	USG26818AD95	USG26818AE78
CUSIPS REG D	N/A	23910WAD2	23910WAE0	23910WAH3	23910WAJ9	N/A	N/A
Euroclear Common Codes	24904296	024990184	024990206	N/A	024990281	024904393	024904423
Clearing Method:							
Rule 144A	DTC	Physical	Physical	Physical	Physical	DTC	DTC
Reg S	EuroClear	EuroClear	EuroClear	Physical	EuroClear	EuroClear	EuroClear

1. With respect to the Class A-1LT-a Notes, the Class A-1LT-c-1 Notes, the Class A-1LT-c-2 Notes and the Class X Notes, please refer to the following defined terms: Class A-1LT-a Note Interest Rate, Class A-1LT-c-1 Note Interest Rate, Class A-1LT-c-2 Note Interest Rate and Class X Payment.

2. **"Floating Period"** means, with respect to the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the LIBOR CP Notes and any Payment Date, the period commencing on and including the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of issuance in the case of the first Interest Accrual Period and the LIBOR CP Notes) and ending on and including the day immediately preceding such Payment Date and with respect to the Class D Notes and the Class X Notes and any Quarterly Payment Date, the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on and including the day immediately preceding such Quarterly Payment Date.

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:

Securities

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Securities. Although the Initial Purchaser has advised the Issuers that it intends to make a market in the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, neither Initial Purchaser is obligated to do so, and any such market-making with respect to such Securities may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Securities will develop or, if a secondary market does develop, that it will provide the Holders of the Securities with liquidity of investment or that it will continue for the life of such Securities. Since it is likely that there will never be a secondary market for the Class E Notes or the Class X Notes, a purchaser must be prepared to hold its Class E Notes or Class X Notes, as applicable, until their Stated Maturity.

In addition, no sale, assignment, participation, pledge or transfer of the Securities 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 Securities will not be registered under the Securities Act or any state securities laws or the laws of any other jurisdiction, and the Issuer has no plans, and is under no obligation, to register the Securities under the Securities Act or any state securities laws or under the laws of any other jurisdiction. The Securities are subject to certain transfer restrictions and can be transferred only to certain transferees as described herein under "Description of the Securities—Form of the Securities" and "Notice to Investors." Such restrictions on the transfer of the Securities may further limit their liquidity. Application may be made by the Issuer to admit the Securities on a stock exchange of the Issuer's choice, if practicable, but there can be no assurance that such admission will be sought or granted.

Limited Recourse Obligations. The Class A Notes, the CP Notes, the Class B Notes and the Class C Notes will be limited recourse obligations of the Issuers, and the Class D Notes, the Class E Notes and the Class X Notes will be limited recourse obligations of the Issuer, payable solely from the Collateral pledged by the Issuer to secure the Securities and the CP Notes. None of the Investment Advisor, the Initial Purchaser, the CP Put Counterparty, the CP Issuing and Paying Agent, the CP Note Placement Agents, the Trustee, the Collateral Agent, the Collateral Administrator, the Issuer Administrator, the Share Trustee, the Note Agents, the Hedge Counterparties, any Synthetic Security Counterparties 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 Securities and the CP Notes. Consequently, Holders of the Securities (other than the Combination Notes) and the CP Notes must rely solely on distributions on the Collateral (or, in the case of the Combination Notes only, from the Combination Note Collateral pledged by the Issuer to secure the Combination Notes and from payments received on the Class E-1 Notes comprising the Class E-1 Note Component) pledged to secure the Securities and the CP Notes for the payment of principal and interest on the Notes, payment of the Class X Payment to the Holders of the Class X Notes and other distributions on the Class E Notes. If distributions on the Collateral (or, in the case of the Combination Notes only, the Combination Note Collateral and the Class E-1 Notes comprising the Class E-1 Note Component) are insufficient to make payments on the Securities, no other assets will be available for payment of the deficiency, and following realization of the Collateral (or, in the case of the Combination Notes only, the Combination Note Collateral and the Class E-1 Notes comprising the Class E-1 Note Component) pledged to secure the Securities and the CP Notes, the obligations of the Issuers to pay such deficiency shall be extinguished. The Combination Notes are secured solely by the Combination Note Collateral; the Combination Notes are not secured by the Collateral except to the extent that the Class E-1 Notes comprising the Class E-1 Note Component are secured by the Collateral.

Subordination of the Securities. Payments on the Class A-2 Notes are either subordinate to or *pari passu* with payments on the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the CP Notes as provided in the Priority of Payments; payments on the Class B Notes are subordinate to payments on the Class A Notes and the CP Notes to the extent provided in the Priority of Payments; payments on the Class C Notes are subordinate to payments on the Class A Notes, the CP Notes and the Class B Notes, to the extent provided in the Priority of Payments; payments on the Class D Notes are subordinate to payments on the Class A Notes, the CP Notes, the Class B Notes and the Class C Notes, to the extent provided in the Priority of Payments; the Class X Payment is subordinate to payments on the Notes (other than the Class E Notes); and payments on the Class E Notes are subordinate to payments on the other Classes of Notes, the Class X Notes and the CP Notes to the extent provided in the Priority of Payments. Principal payments on the Class A Notes will be paid *pro rata* or, *first,* to the Class A-1LT-a Notes, the Class A-1LT-b Notes and the Class A-1LT-c Notes and, *second,* to the Class A-2 Notes on any Payment Date as set forth in the Priority of Payments. Payments with respect to the CP Notes and the Class A-1LT-c Notes, if any, will be paid *pari passu* with payments on the Class A-1LT-a Notes and the Class A-1LT-b Notes. As a result of the Priority of Payments, notwithstanding the subordination of the Securities described herein, the Class B Notes may be entitled to receive certain payments of principal while the Class A Notes are outstanding, the Class C Notes may be entitled to receive certain payments of principal while the Class A Notes and the Class B Notes are outstanding and the Class D Notes may be entitled to receive certain payments of principal while the Class A Notes, the Class B Notes and the Class C Notes are outstanding. To the extent that any losses are incurred by the Issuer in respect of any Collateral, such losses will be borne first by Holders of the Class E Notes, then, by the Holders of the Class D Notes, then, by the Holders of the Class C Notes, then, by Holders of the Class B Notes, then, by Holders of the Class A-2 Notes and, finally, by the Holders of the Class A-1LT-c Notes, the CP Notes, the Class A-1LT-a Notes and the Class A-1LT-b Notes. The Class X Notes are not entitled to payments of principal, but will be entitled to receive the Class X Payment on each Payment Date, to the extent Proceeds are available therefor in accordance with the Priority of Payments.

After the Reinvestment Period, through a "shifting principal" method described under "Description of the Securities—Priority of Payments", Holders of the Class A-2 Notes may be permitted to receive distributions of Principal Proceeds while the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the CP Notes remain outstanding, Holders of the Class B Notes may be permitted to receive distributions of Principal Proceeds while the Class A Notes and the CP Notes remain outstanding, Holders of the Class C Notes may be permitted to receive distributions of Principal Proceeds while the CP Notes, the Class A Notes and the Class B Notes are outstanding and Holders of the Class D Notes may be permitted to receive distributions of Principal Proceeds while CP Notes, the Class A Notes, the Class B Notes and the Class C Notes are outstanding a, to the extent funds are available in accordance with the Priority of Payments. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Notes or to the Investment Advisor will not be recoverable in the event of a subsequent shortfall in the amount required to pay a more senior Class of Notes. Once any Class of Notes has been paid in full, such Notes will no longer bear any losses of the Issuer.

An action may result in an adverse impact on the Class E Notes or the Class X Notes and still satisfy the rating conditions. As described in this offering circular, the Issuer or Investment Advisor may be required to obtain confirmation that the ratings assigned by Moody's and S&P to the Class A Notes, Class B Notes, Class C Notes and Class D Notes will not be withdrawn or reduced by one or more subcategories (either from their original ratings as of the Closing Date or from their then current levels, as specified) prior to taking certain actions and making certain investments. Consequently, the Issuer or Investment Advisor could take certain actions or make certain investments that would have an adverse impact on the Class E Notes or the Class X Notes and the rating conditions would still be satisfied.

Holders of the Controlling Class may not be able to effect a liquidation of the Collateral in an Event of Default; Holders of other Classes of Notes may be Adversely Affected by Actions of the Controlling Class. If an Event of Default occurs and is continuing, a Majority of the Controlling Class will be entitled to determine the remedies to be exercised under the Trust Deed, Note Agency Agreement and Security Agreement; however, the Majority of the Controlling Class will not be able to direct a sale or

liquidation of the Collateral unless, among other things, the Trustee determines (which determination may be based upon a certificate from the Investment Advisor) that the expected proceeds from such sale or liquidation (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to pay in full the Total Redemption Amount. There can be no assurance that proceeds of a sale and liquidation, together with all other available funds, will be sufficient to pay in full the Total Redemption Amount. In addition, even if the anticipated proceeds of such sale or liquidation would not be sufficient to pay in full the Total Redemption Amount, the Holders of a SupraMajority of the Controlling Class, any Hedge Counterparty (unless any such Hedge Counterparty will be paid in full the amounts due to them other than any Defaulted Hedge Termination Payments at the time of distribution of the proceeds of any sale or liquidation of the Collateral) and the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) may direct the sale and liquidation of the Collateral.

Remedies pursued by the Holders of the CP Notes and the Class A Notes could be adverse to the interests of the Holders of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes or the Combination Notes. After the Class A Notes and the CP Notes have been redeemed, Defeased or otherwise paid in full, the Holders of the Class B Notes will be entitled to determine the remedies to be exercised under the Trust Deed, Note Agency Agreement and Security Agreement (except as noted above) if an Event of Default occurs. After the Class A Notes, the CP Notes and the Class B Notes have been redeemed, Defeased or otherwise paid in full, the Holders of the Class C Notes will be entitled to determine the remedies to be exercised under the Trust Deed, Note Agency Agreement and Security Agreement (except as noted above) if an Event of Default occurs. After the Class A Notes, the CP Notes, the Class B Notes and the Class C Notes have been redeemed, Defeased or otherwise paid in full, the Holders of the Class D Notes will be entitled to determine the remedies to be exercised under the Trust Deed, Note Agency Agreement and Security Agreement (except as noted above) if an Event of Default occurs. See "Description of the Securities—The Note Agency Agreement, the Trust Deed and the Security Agreement—Trust Deed—Events of Default."

Leveraged Investment. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes represent a leveraged investment in the underlying Collateral Assets. The use of leverage generally magnifies an investor's opportunities for gain and risk of loss. Therefore, changes in the market value of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes can be expected to be greater than changes in the market value of the underlying assets included in the Collateral Assets, which are also subject to credit, liquidity and, with respect to the fixed rate portion of the portfolio, interest rate risk.

Auction. There can be no assurance that an Auction of the Collateral Assets on any Auction Payment Date will be successful. The success of an Auction will shorten the average lives of the Securities and the duration of the Class E Notes and the Class X Notes and may reduce the yield to maturity of the Securities. Moreover, a successful Auction of the Collateral Assets is not required to result in any proceeds for distribution to the Holders of the Class E Notes or the Class X Notes in excess of the Auction Redemption Price.

Optional Redemption and Tax Redemption of Securities. Subject to the satisfaction of certain conditions, the Securities may be optionally redeemed and the CP Notes may be optionally Defeased in whole and not in part (i) on any Payment Date after the Non-Call Period (i.e., beginning July 2011) at the written direction of, or with the written consent of, (A) Holders of a Majority of the Class E-1 Notes or (B) if, upon a redemption of the Securities, the Holders of the Class E Notes will receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, a distribution equal to the amount necessary for the Class E Notes to achieve a Class E Hurdle Return (as shown in the Note Valuation Report) of 15% (assuming an initial investment of U.S. $10,000,000 on the Closing Date), the Holders of at least 66-2/3% of the Class E-2 Notes or (ii) on any Payment Date during or after the Non-Call Period upon the occurrence of a Tax Event, at the written direction of, or with the written consent of, Holders of at least 66-2/3% of the Class E Notes (voting as a single class) or Holders of a Majority of any other Class of Notes or a Majority of the CP Notes, if as a result of an occurrence of a Tax Event, the CP Notes or such Class of Notes has not received 100% of

the aggregate amount of principal and interest or other amounts due and payable on the CP Notes or such Securities, as applicable. If any Optional Redemption or Tax Redemption occurs, the Class E Notes and Combination Notes will be redeemed simultaneously. Holders of the Class E Notes and Combination Notes may not be paid in full upon the occurrence of an Optional Redemption or Tax Redemption.

There can be no assurance that after payment of the redemption prices for the Securities and the CP Notes and all other amounts payable in accordance with the Priority of Payments, any additional Proceeds will remain to pay the Class X Payment to the Holders of the Class X Notes or to distribute to the Holders of the Class E Notes a upon redemption. See "Description of the Securities—Optional Redemption and Tax Redemption." An Optional Redemption or Tax Redemption of the Securities and the CP Notes could require the Investment Advisor to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Collateral Assets sold. In addition, the redemption procedures in the Security Agreement may require the Investment Advisor to aggregate securities to be sold together in one block transaction, thereby possibly resulting in a lower aggregate realized value for the Collateral Assets sold. In any event, there can be no assurance that the market value of the Collateral Assets will be sufficient for the Holders of the Class E-1 Notes or the Class E-2 Notes, as applicable, to direct an Optional Redemption or, in the case of a Tax Redemption, for the Holders of the affected Class of Notes to direct a Tax Redemption. A decrease in the market value of the Collateral Assets would adversely affect the proceeds that could be obtained upon a sale of the Collateral Assets; consequently, the conditions precedent to the exercise of an Optional Redemption or a Tax Redemption may not be met. The interests of the Holders of the Class E-1 Notes or Class E-2 Notes in determining whether to elect to effect an Optional Redemption and the interests of the Holders of the affected Class of Notes with respect to a Tax Redemption may be different from the interests of the Holders of the other Classes of Securities in such respect. The Holders of the Securities also may not be able to invest the proceeds of the redemption of the Securities in one or more investments providing a return equal to or greater than the Holders of the Securities expected to obtain from their investment in the Securities.

Special Considerations with respect to the Class X Notes. The Class X Notes are not entitled to payments of principal, but will be entitled to receive the Class X Payment on each Payment Date, to the extent Proceeds are available therefor in accordance with the Priority of Payments. To the extent the Class X Payment is not paid on any Quarterly Payment Date, the Holders of the Class X Notes will not be entitled to receive the amount of such deficiency (or interest thereon) on any subsequent Payment Date or Quarterly Payment Date. The Class X Notes will therefore be highly sensitive to the availability of Interest Proceeds, including as a result of factors described herein and of the diversion of such Interest Proceeds to redeem more senior Classes of Notes in a Mandatory Redemption, and may also be highly sensitive to prepayments on the Collateral Assets after the Reinvestment Period. The rights of the Holders of the Class X Notes to receive the Class X Payment on any Quarterly Payment Date are subordinated to the rights of all other Classes of Notes (other than the Class E Notes) as described herein. In addition, the Notional Principal Balance of the Class X Notes on any date of determination will equal the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK Bonds. As a result, the yield on the Class X Notes will be highly sensitive to the rate, timing and amount of defaults, delinquencies, interest deferrals and losses on the Collateral Assets. In addition, the yield on the Class X Notes will be affected by any Optional Redemption, Tax Redemption, Auction or redemption due to an Event of Default resulting in acceleration of the Securities and liquidation of the Collateral.

Mandatory Redemption of the Notes and the CP Notes. If the Class A/B Overcollateralization Test is not satisfied on the Determination Date related to any Payment Date or if the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% on the Determination Date related to any Quarterly Payment Date, Proceeds that otherwise might have been paid as interest to or distributed to the Holders of the Class C Notes, Class D Notes, the Class E Notes, the Class X Notes and the Combination Notes will be used to redeem the Class A Notes and the Class B Notes and to Defease the CP Notes in the order of priority and in such amounts as are set forth in the Priority of Payments until such Securities and CP Notes are paid or Defeased in full on such Payment Date or Quarterly Payment Date, as applicable. This could result in an elimination, deferral or reduction in the amounts available to make payments and distributions to Holders of the Class C Notes, Class D

Notes, the Class E Notes and the Class X Notes. See "Security for the Securities—The Coverage Tests." If the Class C Overcollateralization Test is not satisfied on the Determination Date related to any Payment Date or if the Class C Interest Coverage Test is not satisfied on the Determination Date related to any Quarterly Payment Date, Proceeds that otherwise might have been paid as interest to or distributed to the Holders of the Class D Notes, the Class E Notes and the Class X Notes will be used to redeem the Class A Notes, the Class B Notes and the Class C Notes and to Defease the CP Notes in the order of priority and in such amounts as are set forth in the Priority of Payments until such Notes and CP Notes are paid or Defeased in full on such Payment Date or Quarterly Payment Date, as applicable. This could result in an elimination, deferral or reduction in the amounts available to make payments and distributions to Holders of the Class D Notes, the Class E Notes and the Class X Notes. See "Security for the Securities—The Coverage Tests." If either the Class D Overcollateralization Test or the Class D Interest Coverage Test is not satisfied on the Determination Date immediately preceding any Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class E Notes and the Class X Notes may be used to redeem the Class D Notes in full in the order of priority and in such amounts as are set forth in the Priority of Payments. Mandatory Redemptions could result in an elimination, deferral or reduction in the amounts available to make payments to the Holders of the Class C Notes, the Class D Notes, Class E Notes and the Class X Notes, as applicable. See "Security for the Securities—The Coverage Tests." Any such redemptions will shorten the average life and duration and may adversely affect the yield on the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes.

Collateral Accumulation. In anticipation of the issuance of the Securities, an affiliate of Goldman, Sachs & Co. has agreed to "warehouse" substantially all of the Collateral Assets selected by the Investment Advisor for resale to the Issuer pursuant to the terms of a forward purchase agreement. Of such amount, it is expected that a portion will be purchased from affiliates of Goldman, Sachs & Co. and a portion will be purchased from third parties. It is also expected that a portion of such amount will be represented by one or more default swaps entered into between the Issuer and Goldman, Sachs & Co. or an affiliate thereof wherein the Issuer will be selling credit protection. Pursuant to the terms of the forward purchase agreement, the Issuer will be obligated to purchase the "warehoused" assets *provided* such Collateral Assets satisfy the Eligibility Criteria on the Closing Date for a formula purchase price designed to reflect the yields or spreads (or premiums in the case of Synthetic Securities) at which the Collateral Assets were purchased (using the prepayment speed and other assumptions used to set the initial price of each individual asset), as adjusted for any hedging gain or loss and any loss or gain on any Collateral Assets sold to a party other than the Issuer during the warehousing period. Consequently, the market values of "warehoused" Collateral Assets at the Closing Date may be less than or greater than the formula purchase price paid by the Issuer. In addition, if a Collateral Asset becomes ineligible during the warehousing period and is not purchased by the Issuer on the Closing Date, or if a Collateral Asset is otherwise sold at the direction of the Investment Advisor or Goldman, Sachs & Co. (which sale may only occur with the consent of the Initial Purchaser's affiliate), the Issuer will bear the loss or receive the gain on the sale of such Collateral Asset to a third party.

Reinvestment Period Provisions. During the Reinvestment Period, so long as certain requirements are met, the Investment Advisor will have discretion to dispose of certain Collateral Assets and to reinvest the Sale Proceeds in substitute Collateral Assets in compliance with the Reinvestment Criteria, except as otherwise described herein. Furthermore, during the Reinvestment Period, to the extent that any Collateral Assets prepay, mature or amortize, the Investment Advisor will seek, subject to the Reinvestment Criteria, to invest the proceeds thereof in additional Collateral Assets. After the Reinvestment Period, the Investment Advisor may reinvest Unscheduled Principal Payments and Sale Proceeds from Credit Risk Obligations in Collateral Assets in compliance with the Reinvestment Criteria. Certain Principal Proceeds may be deposited to the CP Interest Reserve Account during each Due Period as described herein and may not be available for reinvestment during or after the Reinvestment Period. There may be potentially substantial lags between the receipt of principal of the Collateral Assets and the reinvestment thereof, during which the proceeds will be invested in lower yielding short term high quality investments. In the event of a decline, generally, in interest rates or in asset yields, the Investment Advisor may not be able to reinvest principal received at rates at least equal to the current yields on such assets or at the reinvestment rates presented herein. Such substitute Collateral Assets may bear interest

at a lower rate or may have a lower rate of return than the Collateral Assets that were replaced. Any decrease in the yield on the Collateral Assets may have the effect of reducing the amounts available to make distributions on the Securities. There can be no assurance that in the event Collateral Assets are sold, called, prepay, amortize or mature, yields on Collateral Assets that are eligible for purchase will be at the same levels as those replaced, that the characteristics of any additional Collateral Assets purchased will be the same as those replaced or as to what the timing of the purchase of any additional Collateral Assets will be. In addition, certain Principal Proceeds will be deposited to the CP Interest Reserve Account and will not be available for reinvestment. See "Security for the Securities—Substitute Collateral Assets and Reinvestment Criteria."

Early Termination of the Reinvestment Period and Early Payments of Principal. Although the Reinvestment Period is expected to terminate at the end of the Due Period relating to the Payment Date occurring in July 2011, the Reinvestment Period will terminate prior to such date if (i) an Event of Default resulting in acceleration of the Securities occurs, (ii) the Investment Advisor notifies the Trustee in writing that, in light of the composition of the Collateral Assets, general market conditions and other factors, the Investment Advisor (in its sole discretion) has determined that investments in additional Collateral Assets within the foreseeable future would either be impractical or not beneficial, or (iii) the Class A/B Overcollateralization Ratio is less than 102.0% as of any Measurement Date. Further, Holders of Notes (other than the Class E Notes) may receive principal payments during the Reinvestment Period out of funds available therefor in accordance with the Priority of Payments (i) with respect to the Class A Notes and the Class B Notes, on any Payment Date if the Class A/B Overcollateralization Test is not satisfied or on any Quarterly Payment Date if the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85%, (ii) with respect to the Class A Notes, the Class B Notes and the Class C Notes, on any Payment Date if the Class C Overcollateralization Test is not satisfied or on any Quarterly Payment Date if the Class C Interest Coverage Test is not satisfied and (iii) with respect to the Class D Notes, on any Quarterly Payment Date if either the Class D Overcollateralization Test or the Class D Interest Coverage Test is not satisfied on the related Determination Date. Furthermore, the Class D Notes are entitled to receive payments of the Class D Notes Amortizing Principal Amount, respectively, to the extent funds are available therefor in accordance with the Priority of Payments. If the Reinvestment Period terminates early, or if principal payments are made during the Reinvestment Period, such early termination or early payments may shorten the expected average lives of the Securities and the expected duration of the Class E Notes and Class X Notes described under "Yield Considerations."

Recharacterization of Interest Proceeds. The Investment Advisor may direct the Collateral Agent, at any time during the Reinvestment Period, to sell Credit Improved Obligations, Credit Risk Obligations, or Defaulted Obligations as well as engage in Discretionary Sales of Collateral Assets which are not Credit Improved Obligations, Credit Risk Obligations, or Defaulted Obligations subject to certain percentage limits, as described herein. After the Reinvestment Period, the Issuer may sell only Credit Risk Obligations and Defaulted Obligations. Sale Proceeds from all sales during the Reinvestment Period and from sales of Credit Risk Obligations and from Unscheduled Principal Payments after the Reinvestment Period may be reinvested in substitute Collateral Assets in compliance with the Reinvestment Criteria. The Issuer is not required to use Sale Proceeds to purchase substitute Collateral Assets which have a par value equal to or greater than the par value of the specific Collateral Asset sold. However, the Issuer is obligated to maintain par on an aggregate basis by adding to Principal Proceeds on each Determination Date from other Proceeds an amount equal to the excess, if any, of (a) the par amount of Collateral Assets sold, principal payments and any recoveries on Defaulted Obligations in such Due Period *minus* the discount to par realized from the sale of Credit Risk Obligations and Defaulted Obligations and the discount to par realized on any recoveries on Defaulted Obligations in such Due Period over (b) the Principal Balance of Collateral Assets purchased in such Due Period and Eligible Investments acquired with Principal Proceeds in such Due Period which are outstanding on the related Determination Date for such Due Period *(provided, however,* that the sum of (i) the excess of the aggregate of all prior Payment Dates of the amounts described in sub-clause (b) over the aggregate for all prior Payment Dates of the amounts described in sub-clause (a) and (ii) the excess of the Aggregate Principal Amount on the Closing Date over U.S. $2,000,000,000 will be applied to reduce the excess of amounts described in sub-clause (a) over amounts described in sub-clause (b) to, but not less than, zero). Thus, in the event the Issuer is unable to purchase substitute Collateral Assets in an amount

sufficient to replace the par amount of the sold Collateral Assets (or with respect to Credit Risk Obligations and Defaulted Obligations, the Sale Proceeds) on a cumulative basis, it will be required to treat as Principal Proceeds a portion of Proceeds that would otherwise constitute interest collections on the Collateral Assets. As long as the Class A Notes and the CP Notes are outstanding, the recharacterization of any such amounts as Principal Proceeds to replace par will reduce the amount of Proceeds available for distribution to the Holders of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class X Notes.

Average Lives, Duration and Prepayment Considerations. The average lives of the Securities and the duration of the Class E Notes and the Class X Notes are expected to be shorter than the number of years until their Stated Maturity. See "Yield Considerations."

The average lives of the Securities and the duration of the Class E Notes and the Class X Notes will be affected by the financial condition of the obligors on or issuers of the Collateral Assets and the characteristics of the Collateral Assets, including the existence and frequency of exercise of any prepayment, optional redemption or sinking fund features, the prepayment speed, the occurrence of any early amortization events, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries in respect of any Defaulted Obligations, the frequency of tender or exchange offers for the Collateral Assets and the tenor of any sales or substitutions of Collateral Assets.

Some or all of the loans underlying the RMBS or Asset-Backed Securities may be prepaid at any time and the commercial mortgage loans underlying the CMBS may also be subject to prepayment (although certain of such commercial mortgage loans may have "lockout" periods, defeasance provisions, prepayment penalties or other disincentives to prepayment). The REIT Debt Securities may provide for redemption at the option of the issuer that could result in the early repayment thereof. Defaults on and liquidations of the loans underlying the RMBS, Asset-Backed Securities or the CMBS may also lead to early repayment thereof. Prepayments on loans are affected by a number of factors. If prevailing rates for similar loans fall below the interest rates on such loans, prepayment rates would generally be expected to increase. Conversely, if prevailing rates for similar loans rise above the interest rates on such loans, prepayment rates would generally be expected to decrease. The existence and frequency of such prepayments, optional redemptions, defaults and liquidations will affect the average lives of, and credit support for, the Securities and the duration of the Class E Notes and the Class X Notes. See "Yield Considerations" and "Security for the Securities."

Projections, Forecasts and Estimates. Estimates of the weighted average lives or duration of, and returns on, the Securities included herein or in any supplement to this offering circular, together with any other projections, forecasts and estimates provided to prospective purchasers of the Securities, are forward looking statements. Such statements are necessarily speculative in nature, as they are based on certain assumptions. It can be expected that some or all of the assumptions underlying such statements will not reflect actual conditions. Accordingly, there can be no assurance that any estimated projections, forecasts or estimates will be realized or that the forward looking statements will materialize, and actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, the timing of acquisitions of the Collateral Assets, differences in the actual allocation of the Collateral Assets among asset categories from those assumed, mismatches between the timing of accrual and receipt of Proceeds from the Collateral Assets and the effectiveness of the Hedge Agreements, among others.

None of the Issuer, the Co-Issuer, the Investment Advisor, the Initial Purchaser, the Trustee, the Collateral Agent, the Collateral Administrator, the Note Agents or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Dependence on Key Personnel. The success of the Issuer will be dependent on the financial and managerial expertise of the investment professionals of the Investment Advisor. In the event that one or more of the investment professionals of the Investment Advisor were to leave the Investment Advisor, the Investment Advisor would have to re-assign responsibilities internally and/or hire one or more replacement employees and such a loss could have a material adverse effect on the performance of the Issuer. See "The Investment Advisor" and "Risk Factors—Certain Conflicts of Interest."

Relation to Prior Investment Results. The prior investment results of the Investment Advisor and the services associated with the Investment Advisor or any other entity or person described herein are not indicative of the Issuer's future investment results. The nature of, and risks associated with, the Issuer's future investments may differ substantially from those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the Issuer's investments will perform as well as the past investments of any such persons or entities.

Additional Risks relating to the Combination Notes.

General. An investment in the Combination Notes involves certain risks. In addition to the risks particular to Combination Notes described in the following paragraphs, the risk of ownership of the Combination Notes will be (a) with respect to the Combination Note Collateral, the risks of ownership of the Combination Note Principal Component and (b) with respect to the Class E-1 Note Component, the risks of ownership of the Class E-1 Notes. As a result, all of the risks of the Combination Note Principal Component or of the Class E-1 Notes (or of the Offered Securities generally) described under "Risk Factors" also will be applicable to an investment in the Combination Notes.

Non-transferability of Components. The Components are not separately transferable while they are Components of the Combination Notes. See "Notice to Investors."

Limited Liquidity. There is currently no market for the Combination Notes. Although the Initial Purchaser may from time to time make a market in the Combination Notes, the Initial Purchaser is not under any obligation to do so. In the event that the Initial Purchaser commences any market-making, the Initial Purchaser may discontinue the same at any time. There can be no assurance that a secondary market for the Combination Notes will develop, or if a secondary market does develop, that it will provide the holders of the Combination Notes with liquidity of investment or that such market will continue for the life of the Combination Notes. In addition, the Combination Notes are subject to certain transfer restrictions and can only be transferred to certain transferees as described under "Notice to Investors." Consequently, an investor in the Combination Notes must be prepared to hold the Combination Notes for an indefinite period of time or until their Stated Maturity.

Value of Combination Note Collateral. The Combination Notes are secured solely by the Combination Note Collateral and the Class E-1 Notes and are not secured by the Collateral pledged by the Issuer to the Collateral Agent as security for the Notes, the Class X Notes and the CP Notes. The Combination Note Collateral is intended to provide for a single payment of U.S.$ 18,000,000 on May 25, 2016, which is equal to the principal amount of the Combination Note Principal Component. In the event that the Combination Note Collateral and the payments or distributions received in connection with the Class E-1 Note Component (if any) are not sufficient to pay the principal amount of the Combination Notes, the Issuer will have no obligation whatsoever to pay such deficiency. Investors in the Combination Notes should obtain a copy of the underlying documents for the Combination Note Principal Component and make their own investigation of the terms of the Combination Note Principal Component.

Collateral Assets

Nature of Collateral. The Collateral is subject to credit, liquidity, interest rate and currency exchange risks. In addition, Sale Proceeds and Proceeds of Collateral Assets that prepay, mature, or amortize will be reinvested after the Closing Date, and, accordingly, the financial performance of the Issuer may be affected by the price and availability of Collateral to be purchased. The amount and nature

of collateral securing the Securities and the CP Notes has been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Collateral Assets. See "Ratings." If any deficiencies exceed such assumed levels, however, payment of the Securities could be adversely affected. To the extent that a default occurs with respect to any Collateral Asset securing the Securities and the CP Notes and the Issuer (upon the advice of the Investment Advisor) sells or otherwise disposes of such Collateral Asset, it is not likely that the proceeds of such sale or other disposition will be equal to the amount of principal and interest owing to the Issuer in respect of such Collateral Asset.

The market value of the Collateral Assets generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the Collateral Assets (or, with respect to Synthetic Securities, of the counterparties of such Synthetic Securities and of the obligors on or issuers of the Reference Obligations), the credit quality of the underlying pool of assets in any Collateral Asset that is an Asset-Backed Security or Mortgage-Backed Security, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. None of the Issuer, the Co-Issuer, the Initial Purchaser, the Investment Advisor, the Trustee or the Collateral Agent has any liability or obligation to the Holders of Notes as to the amount or value of, or decrease in the value of, the Collateral Assets from time to time.

In the event that a Collateral Asset becomes a Credit Risk Obligation or a Defaulted Obligation, the Investment Advisor may either sell or retain the affected asset. There can be no assurance as to the timing of the Investment Advisor's sale of the affected asset, or if there will be any market for such asset or as to the rates of recovery on such affected asset. The inability to realize immediate recoveries at the recovery levels assumed herein may result in lower cash flow which may adversely affect payments on the Class E Notes and the Class X Notes.

Although the Issuer is permitted to invest in Collateral Assets of certain foreign obligors and Synthetic Securities, the Issuer may find that, as a practical matter, these investment opportunities or investments in obligations of issuers located in certain countries are not available to it for a variety of reasons such as the limitations imposed by the Eligibility Criteria and Collateral Profile Tests and requirements with respect to Synthetic Securities that the Issuer receive confirmation of the ratings of the Securities from each of the Rating Agencies except for Form-Approved Synthetic Securities.

For the foregoing reasons and otherwise, at any time there may be a limited universe of investments that would satisfy the Reinvestment Criteria given the other investments in the Issuer's portfolio. As a result, the Investment Advisor may at times find it difficult to purchase suitable investments for the Issuer. See "Security for the Securities—Purchase of Collateral Assets" and "—Eligibility Criteria and Collateral Profile Tests."

The ability of the Issuer to sell Collateral Assets prior to maturity is subject to certain restrictions under the Security Agreement.

PROSPECTIVE PURCHASERS OF THE SECURITIES SHOULD CONSIDER AND ASSESS FOR THEMSELVES THE LIKELY LEVEL OF DEFAULTS ON THE COLLATERAL ASSETS, AS WELL AS THE LIKELY LEVEL AND TIMING OF RECOVERIES ON THE COLLATERAL ASSETS.

Commercial Mortgage-Backed Securities. The Collateral Assets may include Commercial Mortgage-Backed Securities ("CMBS"), including without limitation CMBS Conduit Securities, CMBS Large Loan Securities, CMBS Franchise Securities, CMBS Credit Tenant Lease Securities, CMBS RE-REMIC Securities and Commercial Real Estate Repackaging Securities.

Holders of 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 malls, other retail space, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centers and self-storage. 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 cyclicality 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 incidental 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.

The CMBS included in the Collateral Assets at any time may pay fixed rates of interest. Fixed rate CMBS, like all fixed-income securities, generally decline in value as interest rates rise. Moreover, although generally the value of fixed-income securities increases during periods of falling interest rates, this inverse relationship may not be as marked in the case of CMBS due to the increased likelihood of prepayments during periods of falling interest rates. This effect is mitigated to some degree for mortgage loans providing for a period during which no prepayments may be made. However, prepayments on the underlying commercial mortgage loans may still result in a reduction of the yield 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, 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 losses on the related issue of CMBS.

Residential Mortgage-Backed Securities. The Collateral Assets may include Residential Mortgage-Backed Securities ("RMBS"), including without limitation RMBS Agency Securities, RMBS Prime Mortgage Securities, RMBS Alt-A Mortgage Securities, RMBS Residential B/C Mortgage Securities and RMBS Home Equity Loan Securities.

Holders of 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. See "Yield Considerations." 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.

Prepayments on the underlying residential mortgage loans in an issue of RMBS will be influenced by the prepayment provisions of the related mortgage notes and may also be affected by a variety of economic, geographic and other factors, including the difference between the interest rates on the underlying residential mortgage loans (giving consideration to the cost of refinancing) and prevailing mortgage rates and the availability of refinancing. In general, if prevailing interest rates fall significantly below the interest rates on the related residential mortgage loans, the rate of prepayment on the underlying residential mortgage loans would be expected to increase. Conversely, if prevailing interest rates rise to a level significantly above the interest rates on the related mortgages, the rate of prepayment would be expected to decrease. Prepayments could reduce the yield received on the related issue of RMBS.

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 of or 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.

It is expected that some of the CMBS and RMBS owned by the Issuer 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 commercial 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 Securities. The Collateral Assets may include CDO Securities which include CDO Structured Product Securities, Synthetic CDO Securities, CDO RMBS Securities and Collateralized Loan Obligations (other than Commercial Real Estate Repackaging Securities, which are described and categorized under "—Commercial Mortgage-Backed Securities"). CDO 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, holders of CDO 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 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. Many subordinate classes of CDO Securities provide that a deferral of interest thereon does not constitute an event of default and the holders of such securities will not have available to them any associated default remedies. During such periods of non-payment, such non-paid interest will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the amount of current payments made on such CDO Securities.

CDO Securities are subject to credit, liquidity and interest rate risks. The assets backing CDO Securities 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. Recently, there has been a significant increase in the default rates reported on high yield corporate debt securities and loans. An increase in the default rates of high yield corporate debt securities or loans could increase the likelihood that payments may not be made to holders of CDO Securities which are secured by high yield corporate debt securities and loans.

Issuers of CDO 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.

In purchasing participations, an issuer of CDO Securities will usually have a contractual relationship only with the selling institution, and not the borrower. The issuer generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States of America and the states thereof, the issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the issuer may be subject to the credit risk of the selling institution as well as of the borrower.

CDO Securities are subject to interest rate risk. The CDO Collateral of an issuer of CDO Securities may bear interest at a fixed (floating) rate while the CDO 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 Securities and CDO Collateral which bears interest at a fixed rate and there may be a timing mismatch between the CDO 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 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 Securities.

REIT Debt Securities. A portion of the Collateral Assets may consist of REIT Industrial Securities, REIT Multi-family Securities, REIT Office Securities, REIT Retail Securities and REIT Other Securities. REIT Debt Securities are generally unsecured and investments in REIT Debt Securities involve special risks. In particular, real estate investment trusts (as defined in Section 856 of the Code) generally are permitted to invest solely in real estate or real estate-related assets and are subject to the inherent risks associated with such investments. Consequently, the financial condition of any REIT Debt Security may be affected by the risks described above with respect to commercial mortgage loans and commercial mortgage-backed securities and similar risks, including (i) risks of delinquency and foreclosure, and risks of loss in the event thereof, (ii) the dependence upon the successful operation of and net income from real property, (iii) risks that may be presented by the type and use of a particular commercial property and (iv) the difficulty of converting certain property to an alternative use.

The real estate investment trusts issuing the REIT Debt Securities invest in one or more of the retail, office, industrial, self storage, residential real estate and other sectors. Each such property type is subject to particular risks. For example, retail properties are subject to risks of competition for tenants, events affecting anchor or other major tenants, tenant concentration, property condition and competition of their tenants with other local retailers, discount stores, factory outlet centers, video shopping networks,

catalogue retailers, direct mail and telemarketing and Internet retailers. Office and industrial properties are subject to risks relating to the quality of their tenants, tenant and industry concentration, local economic conditions, and the age, condition, adaptability and location of the property.

Risks of REIT Debt Securities may include (among others): (i) limited liquidity and secondary market support, (ii) substantial market price volatility resulting from changes in prevailing interest rates, (iii) subordination to the prior claims of banks and other senior lenders, (iv) the operation of optional redemption or sinking fund provisions during periods of declining interest rates, (v) the possibility that earnings of the issuer may be insufficient to meet its debt service and (vi) the declining creditworthiness and potential for insolvency of the issuer of such REIT Debt Securities during periods of rising interest rates and economic downturn. An economic downturn or an increase in interest rates could severely disrupt the market for REIT Debt Securities and adversely affect the value of outstanding REIT Debt Securities and the ability of the issuers thereof to repay principal and interest.

Issuers of REIT Debt Securities may be highly leveraged and may not have available to them more traditional methods of financing. The risk associated with acquiring the securities of such issuers generally is greater than is the case with more highly rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of REIT Debt Securities may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, timely service of debt obligations may also be adversely affected by specific issuer developments, or the unavailability of additional financing. The risk of loss due to default by the issuer may be significantly greater for the holders of REIT Debt Securities because such securities are unsecured. In addition, the Issuer may incur additional expenses to the extent it is required to seek recovery upon a default of a REIT Debt Security (or any other Collateral Asset) or participate in the restructuring of such obligation. Furthermore, although the Issuer as a holder of a REIT Debt Security may be entitled to vote on certain matters with respect to such REIT Debt Security on which bondholders are entitled to vote under the indenture pursuant to which such REIT Debt Security was issued, such as the remedy for an "event of default" on a REIT Debt Security, the Investment Advisor on behalf of the Issuer may not be able to control such remedies. Moreover, in some instances the Issuer and other holders of an issue of REIT Debt Securities may be compelled to vote as a class with securities issued in other issuances of any underlying issuer.

As a result of the limited liquidity of REIT Debt Securities, their prices have at times experienced significant and rapid decline when a substantial number of holders decided to sell. In addition, the Issuer may have difficulty disposing of certain REIT Debt Securities because there may be a thin trading market for such securities. Reduced secondary market liquidity may have an adverse impact on market price and the Issuer's ability to dispose of particular issues if they become Defaulted Obligations or Credit Risk Obligations.

Because REIT Debt Securities generally evidence an unsecured debt obligation of the related underlying issuer, the REIT Debt Securities will rank junior to any secured debt of the related underlying issuer, and thus, the REIT Debt Securities would be subordinated to the prior payment in full of such debt. Accordingly, any change in an underlying issuer's ability to meet its debt service requirements may have an adverse effect on the ability of the Issuer to make required payments on the Securities and in the event of an underlying issuer's bankruptcy, the Issuer, as the owner of the REIT Debt Securities, will become a general creditor of such underlying issuer. In addition, certain of the underlying issuers may be structured as "UPREITs," which hold most of their assets through an operating partnership in which another entity holds a general partnership interest. Any REIT Debt Securities issued by such an UPREIT may effectively be subordinated to the other debts of the operating partnership. Furthermore, it is likely that the underlying issuers will have outstanding debt secured by mortgages on one or more of their properties. If any underlying issuer is unable to meet its mortgage payments, the mortgage securing its properties could be foreclosed upon by, or the properties could be otherwise transferred to, the mortgagee with a consequent loss of income and asset value to such underlying issuer. Any foreclosure would reduce the likelihood of payment in full of the related REIT Debt Security and in some cases could impair the ability of the related underlying issuer to continue to operate, thus further reducing the likelihood of payment of the related REIT Debt Security.

Issuers of REIT Debt Securities may be subject to certain of the following additional risks due to their organizational and operational structure, each of which may adversely affect the value of the REIT Debt Securities. The profitability of an underlying issuer will depend in part on its ability to manage its properties in a cost-efficient and profitable manner. In many cases, the properties of any underlying issuer will be managed by third party management companies or non-controlled affiliated companies. Therefore, a non-controlled party may take actions that are adverse to the holders of the related REIT Debt Security.

Finally, a real estate investment trust must continue to satisfy certain U.S. federal income tax requirements and real estate investment trust qualification requirements. Failure of an underlying issuer in any taxable year to qualify as such will render such underlying issuer subject to tax on its taxable income at regular corporate rates. The additional tax liability of an underlying issuer for the year or years involved would reduce the net earnings of such underlying issuer and would adversely affect its ability to make payments on the REIT Debt Securities of which it is an issuer.

Asset-Backed Securities. A portion of the Collateral Assets may be Asset Backed Securities that are in an Approved Subcategory or Asset Backed Securities that are ABS Credit Card Securities, ABS Student Loan Securities, ABS Small Business Loan Securities, ABS Automobile Securities or ABS Other Securities (e.g., they cannot otherwise be classified under the RMBS Security, CMBS Security, CDO Security, Insured Security, REIT Debt Security or Interest Only Security categories). 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 or holding Asset-Backed Securities include the relative seniority or subordination of the class of Asset-Backed Securities held by an investor, 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 to investors, 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 the investors. 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. Interest not paid in cash will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the yield on such Asset-Backed Securities.

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. 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.

Single Name Synthetic Securities. A portion of the Collateral Assets may consist of Single Name Synthetic Securities. The economic return on a Single Name Synthetic Security depends substantially upon the performance of the related Reference Obligation. Reference Obligations may consist of any debt securities or other obligations which satisfy the Eligibility Criteria. Single Name Synthetic Securities generally have probability of default, recovery upon default and expected loss characteristics, which are closely correlated to the corresponding Reference Obligation, but may have different maturity dates, coupons, payment dates or other non-credit characteristics than the corresponding Reference Obligation. In addition to the credit risks associated with holding the Reference Obligation, with respect to Single Name Synthetic Securities, the Issuer will usually have a contractual relationship only with the related Synthetic Security Counterparty, and not with the Reference Obligor of the Reference Obligation. Due to the fact that a Single Name Synthetic Security may be illiquid or may not be terminable on demand (or terminable on demand only upon payment of a substantial fee by the Issuer), the Investment Advisor's discretion in determining when to dispose of a Single Name Synthetic Security may be limited. The Issuer generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set-off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The Issuer will not directly benefit from the collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the Synthetic Security Counterparty, the Issuer will be treated as a general creditor of such Synthetic Security Counterparty, and will not have any claim with respect to the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the Reference Obligor. As a result, concentrations of Single Name Synthetic Securities in any one Synthetic Security Counterparty subject the Securities to an additional degree of risk with respect to defaults by such Synthetic Security Counterparty as well as by the Reference Obligor. It is expected that the Initial Purchaser and/or one or more of its affiliates, with acceptable credit support arrangements, if necessary, may act as Synthetic Security Counterparty with respect to all or a portion of the Single Name Synthetic Securities, which may create certain conflicts of interest. See "—Certain Conflicts of Interest."

In accordance with the terms of certain of the Single Name Synthetic Securities structured as credit default swaps, the Synthetic Security Counterparty will make a periodic fixed payment to the Issuer and the Issuer will make certain payments to the Synthetic Security Counterparty if a "credit event" occurs thereunder. The fixed payment due to the Issuer under such Single Name Synthetic Securities, however, will be reduced by an amount equal to any interest shortfalls with respect to the related Reference Obligation. Any reduction in the fixed payment to the Issuer from the Synthetic Security Counterparty under such Single Name Synthetic Securities could adversely affect the Issuer's ability to make payments due to the Securities.

To the extent the Issuer enters into Single Name Synthetic Securities structured as credit default swaps, the Issuer may be required to purchase an item of Synthetic Security Collateral and pledge to the related Synthetic Security Counterparty a first priority security interest in such Synthetic Security Collateral. In the event a "credit event" occurs under such a Single Name Synthetic Security, the item of Synthetic Security Collateral chosen by the related Synthetic Security Counterparty after the application of any cash on deposit in the Synthetic Security Collateral Account will be sold by the Collateral Agent at the direction of the Investment Advisor and any loss or write down amount owed to the Synthetic Security Counterparty will be paid by the Issuer from the liquidation proceeds of such Synthetic Security Collateral.

In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Synthetic Security Collateral sold which is equal to the loss or write down amount. In addition, under certain circumstances and at the option of the Synthetic Security Counterparty, upon the occurrence of a "credit event", the Synthetic Security Collateral chosen by the Synthetic Security Counterparty will instead be delivered to the Synthetic Security Counterparty in exchange for a Deliverable Obligation. Any Deliverable Obligation delivered to the Issuer whether or not it satisfies the definition of a Collateral Asset or an Eligible Investment in the business judgment of the Investment Advisor may be retained by the Issuer or sold by the Issuer at the sole discretion of the Investment Advisor without regard to whether such sale would be permitted under the Security Agreement; *provided* that no Event of Default has occurred and is continuing. In the event that no "credit event" under such a Single Name Synthetic Security occurs prior to the termination or scheduled maturity of such Single Name Synthetic Security, the related Synthetic Security Collateral will be released from the lien of the Synthetic Security Counterparty and be treated as a Collateral Asset or Eligible Investment to the extent it meets the definition of either such term, in the business judgment of the Investment Advisor, upon the termination or scheduled maturity of such Single Name Synthetic Security. If the Investment Advisor elects to sell or terminate a portion of a Single Name Synthetic Security prior to its scheduled maturity, the Synthetic Security Counterparty will choose the Synthetic Security Collateral to be liquidated to make any termination payments due to the Synthetic Security Counterparty after the application of cash available in the Synthetic Security Collateral Account and the Investment Advisor will cause such portion of the related Synthetic Security Collateral to be sold and the liquidation proceeds equaling any such termination payment to be paid to the Synthetic Security Counterparty. The remaining portion of Synthetic Security Collateral not required to be pledged to such Synthetic Security Counterparty will be delivered to the Collateral Agent free of such lien. The Investment Advisor has no right to sell or transfer any Synthetic Security Collateral until the applicable Single Name Synthetic Security is terminated or matures, even under circumstances where the Synthetic Security Collateral deteriorates in credit quality. In addition, in accordance with the terms of the related Single Name Synthetic Security and the Security Agreement, the Investment Advisor may be able to replace Synthetic Security Collateral with the consent of the Synthetic Security Counterparty prior to the termination or maturity of the related Single Name Synthetic Security if such Synthetic Security Collateral matures or prepays. The Issuer may realize a loss upon any sale of any Synthetic Security Collateral.

Tranched Synthetic Securities. A portion of the Collateral Assets may consist of Tranched Synthetic Securities. In a Tranched Synthetic Security, the Issuer will sell credit protection to a Synthetic Security Counterparty on a pool of Reference Obligations between an attachment and an exhaustion point in exchange for a fixed premium from the Synthetic Security Counterparty based on the notional amount of the Tranched Synthetic Security. There are no requirements that the Issuer take only certain attachment point risk and the Issuer may enter into Tranched Synthetic Securities in which it sells protection in a subordinated position. The economic return on a Tranched Synthetic Security depends substantially upon the performance of the related pool of Reference Obligations. Such Reference Obligations may consist of any debt securities or other obligations which satisfy the eligibility criteria contained in such Tranched Synthetic Security, but are expected to consist primarily of structured product securities. For purposes of the Eligibility Criteria and the Collateral Quality Tests, Tranched Synthetic Securities will be deemed to have probability of default, recovery upon default and expected loss characteristics of such Tranched Synthetic Securities and not of the corresponding pool of Reference Obligations. The Issuer will usually have a contractual relationship only with the related Synthetic Security Counterparty, and not with the Reference Obligors of the pool of Reference Obligations. Due to the fact that a Tranched Synthetic Security may be illiquid or may not be terminable on demand (or terminable on demand only upon payment of a substantial fee by the Issuer), the Investment Advisor's discretion in determining when to dispose of a Tranched Synthetic Security may be limited. The Issuer generally will have no right to directly enforce compliance by any Reference Obligor with the terms of the applicable Reference Obligations nor any rights of set-off against any Reference Obligor, nor have any voting rights with respect to the Reference Obligations. The Issuer will not directly benefit from the collateral supporting the Reference Obligations and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligations. In addition, in the event of the insolvency of the Synthetic Security Counterparty, the Issuer will be treated as a general creditor of such Synthetic Security Counterparty, and will not have any claim with respect to the Reference Obligations.

Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the Reference Obligors. As a result, concentrations of Synthetic Securities in any one Synthetic Security Counterparty subject the Securities to an additional degree of risk with respect to defaults by such Synthetic Security Counterparty as well as by the related Reference Obligors. It is expected that the Initial Purchaser and/or one or more of its affiliates, with acceptable credit support arrangements, if necessary, may act as Synthetic Security Counterparty with respect to all or a portion of the Tranched Synthetic Securities, which may create certain conflicts of interest. See "—Certain Conflicts of Interest."

In accordance with the terms of certain of the Tranched Synthetic Securities, the Synthetic Security Counterparty will make a periodic fixed payment to the Issuer and the Issuer will make certain payments to the Synthetic Security Counterparty if a "credit event" occurs thereunder. The fixed payment due to the Issuer under such Synthetic Securities, however, will be reduced if the notional amount of such Tranched Synthetic Security is reduced. Any reduction in the fixed payment to the Issuer from the Synthetic Security Counterparty under such Tranched Synthetic Securities could adversely affect the Issuer's ability to make payments due to the Securities.

Pursuant to the terms of a Tranched Synthetic Security, the Synthetic Security Counterparty may have the right to substitute or replace one or more Reference Obligations with replacement Reference Obligations. Any such replacements may result in material changes to the composition of the portfolio of Reference Obligations relating to such Tranched Synthetic Security and will be subject to, among other restrictions, compliance with any applicable replacement conditions. The Synthetic Security Counterparty is not required to consider the interests of the Issuer or the Noteholders in exercising its right to determine whether to substitute or replace Reference Obligations. The Issuer may realize a loss in connection with any such substitution or replacement of Reference Obligations.

To the extent the Issuer enters into Tranched Synthetic Securities structured as credit default swaps, in the event a "credit event" occurs under such a Tranched Synthetic Security, the Issuer will be required to pay any loss or write down amount owed to the Synthetic Security Counterparty thereunder. The Investment Advisor shall have no right to terminate a Tranched Synthetic Security prior to the maturity of such Tranched Synthetic Security or its termination upon the exercise by the Synthetic Security Counterparty of its optional termination right, even under circumstances where the portfolio of Reference Obligations deteriorates in credit quality. As a result, the Issuer may realize a loss.

Insolvency Considerations with Respect to Issuers of Collateral Assets. Various laws enacted for the protection of creditors may apply to the Collateral Assets. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a Collateral Asset, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the Collateral Asset and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer, or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness constituting the Collateral Asset or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of a Collateral Asset, payments made on such Collateral Asset could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency. Payments made under residential mortgage loans may also be subject to avoidance in the event of the bankruptcy of the borrower.

In general, if payments on a Collateral Asset are avoidable, whether as fraudulent conveyances or preferences, such payments could be recaptured. To the extent that any such payments are recaptured, the resulting loss will be borne first by the Holders of the Class E Notes, then by the Holders of the Class X Notes, then by the Holders of the Class D Notes, then by the Holders of the Class C Notes, then by Holders of the Class B Notes, then by the Holders of the Class A-2 Notes and, finally, by the Holders of the Class A-1LT-c Notes, if any, and the Class A-1LT-a Notes, the Class A-1LT-b Notes and the CP Notes.

The Collateral Assets consisting of obligations of non-U.S. issuers may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These insolvency considerations will differ depending on the country in which each issuer is located or domiciled and may differ depending on whether the issuer is a non-sovereign or a sovereign entity.

Defaulted Obligations and Deferred Interest PIK Bonds. If any Collateral Asset becomes a Defaulted Obligation and is liquidated in accordance with the terms of the related underlying documents, it is unlikely that the Issuer will receive the full amount of principal and interest accrued on such Collateral Asset and, consequently, the resulting shortfall would adversely affect the ability of the Issuer to pay the unpaid principal of, and interest on, the Notes and the Class X Payment on the Class X Notes. In addition, with respect to a Deferred Interest PIK Bond the shortfall of Proceeds would adversely affect the Issuer's ability to pay amounts due in respect of the Securities.

Illiquidity of Collateral Assets; Certain Restrictions on Transfer. There may be a limited trading market for many of the Collateral Assets purchased by the Issuer, and in certain instances there may be effectively no trading market therefor. The Issuer's investment in illiquid Collateral Assets may restrict its ability to dispose of such investments if they become Defaulted Obligations or Credit Risk Obligations, in a timely fashion and for an attractive price. Illiquid Collateral Assets may trade at a discount from comparable, more liquid investments.

In addition, it is expected that substantially all of the Collateral Assets other than a portion of any REIT Debt Securities and Asset-Backed Securities will generally not have been registered or qualified under the Securities Act, or the securities laws of any other jurisdiction, and no person or entity will be obligated to register or qualify any such Collateral Assets under the Securities Act or any other securities law. Consequently, the Issuer's transfer of such Collateral Assets will be subject to satisfaction of legal requirements applicable to transfers that do not require registration or qualification under the Securities Act or any applicable state securities laws and upon satisfaction of certain other provisions of the respective agreements pursuant to which the Collateral Assets were issued. It is expected that such transfers will also be subject to satisfaction of certain other restrictions regarding the transfer thereof to, for the benefit of or with assets of, a Plan, as well as certain other transfer restrictions. The existence of such transfer restrictions will negatively affect the liquidity of, and consequently the price that may be realized upon a sale of, such securities.

The illiquidity of Collateral Assets and the restrictions on transfer of Collateral Assets, in each case as described above, may affect the amount and timing of receipt of proceeds from the sale of Collateral Assets in connection with the exercise of remedies following an Event of Default.

Volatility of Collateral Assets' Market Value. The market value of the Collateral Assets will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, developments or trends in any particular industry and the financial condition of the issuers of the Collateral Assets. A decrease in the market value of the Collateral Assets would adversely affect the proceeds that could be obtained upon the sale of the Collateral Assets and could ultimately affect the ability of the Issuer to (a) effect an Optional Redemption, Tax Redemption or Auction, or (b) pay the principal of the Notes, the Class X Payment or make additional distributions to the Class E Notes, upon a liquidation of the Collateral Assets following the occurrence of an Event of Default.

Interest Rate Risk; Hedge Agreements. There will be a floating/fixed rate or basis mismatch between the Notes (other than the Class E Notes) and those underlying Collateral Assets that bear interest at a fixed rate and there will be a basis and timing mismatch between such Notes and the Collateral Assets which bear interest at a floating rate, since the interest rates on such Collateral 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 rate on the Notes (other than the Class E Notes). The fixed rates and the margins over LIBOR or other floating rates borne by replacement Collateral Assets may be lower than those on sold or amortized Collateral Assets which could cause a significant decline in interest coverage for the Notes. Further, an increase in LIBOR, and therefore in the interest rate borne by the Notes (other than the Class E Notes), could adversely impact the interest coverage for the Notes, and a decrease in LIBOR, although also a decrease in the interest rate borne by the Notes (other than the Class E Notes), could also adversely impact the interest coverage for the Notes because under the Interest Rate Swap Agreements the Issuer will generally be paying a fixed rate to the Interest Rate Swap Counterparty determined at closing and the fixed rates and spreads of subsequently purchased Collateral Assets may be lower.

On the Closing Date, the Issuer will enter into Interest Rate Swap Agreements to reduce the impact of the interest rate mismatch, and one or more Cashflow Swap Agreements to reduce the impact of the timing mismatches between the payments on the Notes and the LIBOR CP Notes and the receipt of payments on the Collateral Assets. After the Closing Date, subject to the terms of the Security Agreement and the Investment Advisory Agreement including the requirement to satisfy the Rating Agency Condition, and subject to the constraints imposed by AIG Financial Products Corp. ("AIG FP"), as the initial Interest Rate Swap Counterparty, the Investment Advisor may on behalf of the Issuer, employ a variety of hedging strategies, which strategies may vary during the life of the transaction. After the Closing Date, even if the Investment Advisor believes that engaging in a hedging technique (or replacing an existing Hedge Agreement that is terminated) would be beneficial, the Investment Advisor may be unable to do so because (among other reasons) such technique will not satisfy the Rating Agency Condition, the initial Interest Rate Swap Counterparty's consent may be required and not given, such technique may be too costly or insufficient funds may be available for such purpose or the Issuer may be unable to find a counterparty satisfying the requirements of the Security Agreement and a counterparty that is willing to receive payments from the Issuer subject to the other prior applications set forth in the Priority of Payments and in accordance with the terms of the Security Agreement. Accordingly, the Issuer may be unable, as a practical matter, to use hedging techniques to protect against interest rate risk. Despite the Issuer having the benefit of Hedge Agreements, there can be no assurance that the Collateral Assets and the Eligible Investments will in all circumstances generate sufficient Proceeds to make timely payments of stated interest on the Notes and the LIBOR CP Notes or amounts subordinated thereto. There is no assurance that any interest rate hedge will provide the necessary interest rate protection to the Notes and the LIBOR CP Notes or that the cashflow hedge will solve all timing mismatches.

The notional amounts in the Interest Rate Swap Agreements will be based on amortization schedules derived from the anticipated amortization of those Collateral Assets that are Fixed Rate Assets that the Issuer expects to own as of the Closing Date and purchase during the Reinvestment Period. The amortization schedules will be designed such that on the Closing Date and thereafter on each Measurement Date, the aggregate notional amount under such Interest Rate Swap Agreements will be slightly less than (i) the outstanding scheduled principal amount of the Notes scheduled to be outstanding on the related trade date less (ii) the outstanding principal amount of Collateral Assets that pay interest pursuant to a floating rate on such date. The Collateral Profile Tests restrict the amount of Floating Rate Assets and Floating Rate Securities that can be purchased. There can be no assurance that the actual amortization of the Collateral Assets will correspond to the anticipated amortization on which the Interest Rate Swap Agreements will be based. The Collateral Assets are subject to prepayment and extension risk which may result in a further mismatch between the cash flow anticipated on the Collateral Assets and any Hedge Agreements. See "—Certain Conflicts of Interest."

Except for Deemed Floating Asset Hedges and Deemed Fixed Asset Hedges with the initial Interest Rate Swap Counterparty, the Issuer may only enter into or terminate a Hedge Agreement if the Applicable Rating Agency Condition is satisfied. In the event a Hedge Agreement is terminated, the

Issuer has agreed to use reasonable efforts to enter into a substitute Hedge Agreement unless the Applicable Rating Agency Condition would not be satisfied by a substitute Hedge Agreement, but there is no assurance that a substitute will be found or that the Applicable Rating Agency Condition will be satisfied. Any termination of a Hedge Agreement, whether in whole or in part, may require the Issuer to pay termination payments to the Hedge Counterparty, which amounts are payable in accordance with the Priority of Payments prior to any payments on the Securities and the CP Notes if the Issuer terminates the Hedge Agreement.

Because the Collateral Assets are subject to prepayment and extension risk, the notional amounts under the Interest Rate Swap Agreements from time to time may be greater or lower than the outstanding principal amount of Collateral Assets that the Interest Rate Swap Agreements were intended to hedge. Such an imbalance could require the Issuer to make payments to the Interest Rate Swap Counterparties that exceed the amounts earned from the Collateral Assets unless the Interest Rate Swap Agreements are partially terminated. A partial termination of an Interest Rate Swap Agreement may require that the Issuer pay a termination payment to the Interest Rate Swap Counterparty, which would reduce the Proceeds available for payment on the Securities and the CP Notes and may prevent the Applicable Rating Agency Condition from being satisfied, which would prevent the Issuer from effecting a partial termination. The Issuer may also enter into offsetting Interest Rate Swap Agreements, subject to satisfaction of the Applicable Rating Agency Condition and subject to the constraints imposed by AIG FP, as the initial Interest Rate Swap Counterparty, pursuant to which the Interest Rate Swap Counterparty will agree to pay to the Issuer an amount equal to interest on the notional amount at a fixed interest rate specified therein and the Issuer will agree to pay the Interest Rate Swap Counterparty an amount equal to interest on the notional amount at LIBOR. To the extent the fixed rate received under the offsetting Interest Rate Swap Agreement is lower than the fixed rate paid under the initial Interest Rate Swap Agreement, there will be less Proceeds available for payments on the Securities.

The Issuer's ability to meet its obligations on the Securities will largely depend on the ability of the Hedge Counterparties to meet their respective obligations under the Hedge Agreements. In the event a Hedge Counterparty defaults or a Hedge Agreement is terminated, there can be no assurance that the amounts received from the Collateral Assets will be sufficient to provide for full payments due and payable on the Securities, or that amounts otherwise distributable to the Holders of the Class E Notes and the Class X Notes will not be reduced.

In the event of the insolvency of a Hedge Counterparty, the Issuer will be treated as a general creditor of such Hedge Counterparty. Consequently, the Issuer will be subject to the credit risk of each Hedge Counterparty. As a result, concentrations of Hedge Agreements in any one Hedge Counterparty subject the Securities to an additional degree of risk with respect to defaults by such Hedge Counterparty.

AIG Financial Products Corp. will be the initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty. Any Interest Rate Swap Counterparty or Cashflow Swap Counterparty may act as a Currency Swap Counterparty (subject to certain rating constraints), which may create certain conflicts of interest.

Prospective Purchasers of the Securities should consider and assess for themselves the likelihood of a default by the Hedge Counterparties, as well as the obligations of the Issuer under the Hedge Agreements, including the obligation to make termination payments to any Hedge Counterparties, and the likely ability of the Issuer to terminate or reduce any Hedge Agreements or enter into additional Hedge Agreements.

Collateral Assets Denominated in Non-U.S. Currencies. Investments in Collateral Assets denominated in non-U.S. Dollars create currency exchange risks for the Issuer (including the inability to repatriate currency, devaluation and non-exchangeability). In addition, Collateral Assets denominated in non-U.S. Dollars are likely to be issued by non-U.S. obligors and also involve risks unique to investments in obligations of foreign issuers. See "—International Investing" below. Because the Issuer will calculate its income in U.S. Dollars and will pay the Securities in U.S. Dollars, the Issuer will at the direction of the

Investment Advisor enter into one or more Currency Swap Agreements with Currency Swap Counterparties in order to hedge the risks associated with exchange rate fluctuations if it purchases Collateral Assets which are not denominated in U.S. Dollars. However, the amount and timing of distributions on Non-U.S. Dollar Denominated Assets may not match the anticipated payments hedged by the Currency Swap Agreements, which would leave the amounts available to make payments on the Securities subject to risks from exchange rate fluctuations.

The Principal Balance of a Non-U.S. Dollar Denominated Asset will be an amount equal to the product of the outstanding balance of such Collateral Asset and the exchange rate set forth in the applicable Currency Swap Agreement. Because the notional amount of each Currency Swap Agreement is not linked directly to the principal balance of a Non-U.S. Dollar Denominated Asset, there can be no assurance that the notional amount of each Currency Swap Agreement will not at any time be less than or more than the outstanding principal amount of the applicable Non-U.S. Dollar Denominated Assets. If the prevailing "spot" rate on the spot market is less favorable to the Issuer than the rate established in the applicable Currency Swap Agreement, the calculation of the Principal Balance of the related Non-U.S. Dollar Denominated Asset may not represent the Issuer's actual foreign currency exposure, and correspondingly, the Aggregate Principal Amount, the denominator of each Collateral Profile Test and the Collateral Quality Tests may be overstated or understated when compared to the Issuer's actual exposure to the related foreign currency. Consequently, if such a mismatch exists the Issuer may have less U.S. Dollars available on the related Payment Date to satisfy its obligations under the Priority of Payments.

In addition, non-performance by any Currency Swap Counterparty of its obligations under the applicable Currency Swap Agreement could expose the Issuer to losses. If any Currency Swap Counterparty fails to make the payments required to be made by it under the related Currency Swap Agreement or if a Currency Swap Agreement is terminated (other than a termination or partial termination resulting from a payment in respect of the principal amount of any related Non-U.S. Dollar Denominated Assets), the amounts receivable from Non-U.S. Dollar Denominated Assets will be subject to the risk associated with exchanging the foreign currency collections received on Non-U.S. Dollar Denominated Assets into U.S. Dollars at then-available exchange rates until a replacement Currency Swap Agreement is executed. Conversion at the then available exchange rates may adversely affect the results of the required Coverage Tests and the ability of the Issuer to make payments on the Securities.

International Investing. A portion of the Collateral Assets may consist of obligations of an issuer organized under the laws of the Bahamas, Bermuda, the Cayman Islands, the Channel Islands, Ireland, the Netherlands Antilles or any other commonly used domicile for structured product transactions or obligations of a Qualifying Foreign Obligor. Moreover, subject to compliance with certain of the Eligibility Criteria described herein, collateral securing some Collateral Assets may consist of obligations of issuers or borrowers organized under the laws of various jurisdictions other than the United States. Investing outside the United States may involve greater risks than investing in the United States. These risks may include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, foreign companies are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

There generally is less governmental supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the United States. For example, there may be no comparable provisions under certain foreign laws with respect to insider trading and similar investor protection securities laws that apply with respect to securities transactions consummated in the United States.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets of the Issuer are uninvested and no return is earned thereon. The inability of the Issuer to

make intended Collateral Asset purchases due to settlement problems or the risk of intermediary counterparty failures could cause the Issuer to miss investment opportunities. The inability to dispose of a Collateral Asset due to settlement problems could result either in losses to the Issuer due to subsequent declines in the value of such Collateral Asset or, if the Issuer has entered into a contract to sell the security, could result in possible liability to the purchaser. Transaction costs of buying and selling foreign securities, including brokerage, tax and custody costs, also are generally higher than those involved in domestic transactions. Furthermore, foreign financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than securities of comparable domestic companies.

In many foreign countries there is the possibility of expropriation, nationalization or confiscatory taxation, limitations on the convertibility of currency or the removal of securities, property or other assets of the Issuer, political, economic or social instability or adverse diplomatic developments, each of which could have an adverse effect on the Issuer's investments in such foreign countries (which may make it more difficult to pay U.S. Dollar-denominated obligations such as the Collateral Assets). The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

Lender Liability Considerations; Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Issuer may be subject to allegations of lender liability. However, the Investment Advisor does not intend to engage in conduct that would form the basis for a successful cause of action based upon lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of the Collateral Assets, the Issuer may be subject to claims from creditors of an obligor that Collateral Assets issued by such obligor that are held by the Issuer should be equitably subordinated. However, the Investment Advisor does not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as Collateral Assets that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

Other Considerations

Failure to Issue and Sell Replacement CP Notes. The Issuer may fail to sell replacement CP Notes with a CP Face Amount sufficient (together with amounts in the CP Principal Reserve Account and the CP Interest Reserve Account) to repay maturing CP Notes for many reasons, including general market or economic conditions, a decline in the creditworthiness or rating of the CP Put Counterparty or the Cashflow Swap Counterparty, a reduction in the rating (or the placement on credit watch with negative

implications) of any securities issued by the Issuer, a failure of a purchaser of a replacement CP Note to pay the purchase price therefor, the resignation of a CP Note Placement Agent, the inability of a CP Note Placement Agent to place CP Notes, the decision of a CP Note Placement Agent to not attempt to place CP Notes, the occurrence of an Event of Default or a decline in the performance or credit quality of the Issuer's portfolio of Collateral Debt Securities. In order for the Issuer to sell, and for the CP Note Placement Agents to place, replacement CP Notes, the Issuer must prepare and issue a CP Note private placement memorandum from time to time, which discloses all information material to an investment in the CP Notes, including information on the Issuer and the CP Put Counterparty. The Issuer has covenanted to do this in the CP Note Placement Agreement but there are no assurances that the Issuer will do so in a timely manner. No other party has undertaken to prepare the CP Note private placement memorandum on behalf of the Issuer. If the Issuer does not maintain at all times a CP Note private placement memorandum which describes all information material to a purchaser of a CP Note, the Issuer will not be able to issue, and the CP Note Placement Agents will decline to place, replacement CP Notes. In the event that the Issuer is not able to issue replacement CP Notes, the Trustee will, on behalf of the Issuer (if the conditions to exercise specified under "Security for the Securities—CP Put Agreement" are satisfied), exercise the CP Put Option. If the CP Put Counterparty fails to purchase Class A-1LT-c Notes or if the conditions to exercise under the CP Put Agreement are not satisfied, an Event of Default is likely to occur under the Trust Deed.

On the CP Re-Issuance Trade Date or either of the two Business Days preceding such CP Re-Issuance Trade Date, or, in the case of a settlement failure, on the settlement date (the "Exercise Date"), if any of the following events has occurred (or is expected to occur by the applicable CP Re-Issuance Trade Date), the Issuer will be permitted to exercise the CP Put Option in respect of the CP Notes *provided* that the conditions to exercise described below have been satisfied:

(i) the Issuers are not able to issue, sell or place new CP Notes having maturities of no more than 270 days, at a discount amount, if any, less than or equal to any amounts in the CP Interest Reserve Account (including amounts deposited to the CP Interest Reserve Account directly from the Collection Account) *plus* the CP Interest Reserve Deposit Amount held by the Trustee for the following Interim Payment Date (including the original amount of any CP Put Counterparty Deposit Amount (as defined below) but excluding any withdrawals made or to be made from the CP Interest Reserve Account on such date) and a discount rate less than or equal to the Maximum Put Option Strike Rate in a face amount at least equal to the face amount of maturing CP Notes less amounts on deposit in the CP Principal Reserve Account; or

(ii) the short-term senior unsecured debt rating of the CP Put Counterparty is downgraded below "A-1" or "P-1" by S&P or Moody's, respectively, collateral is not posted in accordance with the CP Put Agreement, the CP Put Counterparty is not replaced in accordance with the CP Put Agreement and Goldman, Sachs & Co., is a CP Note Placement Agent (it being agreed that there is no obligation of the CP Put Counterparty to post collateral or be replaced); or

(iii) a payment default under the Trust Deed has occurred with respect to the Class A Notes, the CP Notes, a required deposit to the CP Principal Reserve Account or the Class B Notes solely as a result of a failure by a Hedge Counterparty to make a payment under a Hedge Agreement; or

(iv) the CP Put Counterparty has notified the Issuer or the Issuer has notified the CP Put Counterparty that it elects to terminate the CP Put Agreement as a consequence of the occurrence of an event of default or termination event thereunder; or

(v) the CP Put Agreement is scheduled to terminate as the result of the occurrence of an Event of Default under the Trust Deed or the Security Agreement and acceleration under the Trust Deed and the commencement of the liquidation of Collateral thereunder; or

(vi) the CP Put Agreement is scheduled to terminate as the result of an early redemption in full of the Notes and Defeasance of the CP Notes in full under the Security Agreement (with such CP Put Option termination not in any case becoming effective prior to the earlier of the date on which no CP Notes remain outstanding and the date on which all outstanding CP Notes have been Defeased in full under the Security Agreement); or

(vii) on or after March 29, 2007 the CP Put Counterparty elects to terminate the CP Put Agreement in whole or in part; or

(viii) a prospective purchaser of CP Notes to be settled on any CP Re-Issuance Settlement Date fails in its obligation to pay the cash purchase price for such CP Notes it was obligated to purchase on such date.

If the Trustee gives the CP Put Counterparty notice of one of the events described above on the Exercise Date, the CP Put Counterparty will, on the later of (i) two Business Days after the valid delivery of notices to the CP Put Counterparty of an exercise of the CP Put Option in accordance with the terms of the CP Put Agreement and (ii) the date on which the CP Notes become due and payable (after, in the case of the Series A CP Notes and the LIBOR CP Notes, giving effect to any extension thereof), provide the Issuer with sufficient funds (together with amounts on deposit in the CP Principal Reserve Account) to enable the Issuers to repay the face amount of such maturing CP Notes on such date subject to none of the following events having occurred on or prior to the applicable CP Re-Issuance Trade Date or, in the case of clause (viii) above, the settlement date: (1) a bankruptcy or insolvency default under the Trust Deed has occurred with respect to either Co-Issuer, (2) the CP Put Premium due to be paid to the CP Put Counterparty by the Issuer under the CP Put Agreement has not been paid, (3) there are any payment defaults on the Class A Notes, the CP Notes or with respect to a required deposit to the CP Principal Reserve Account and all CP Notes which were Outstanding on the date such Event of Default originally occurred have matured (unless such payment default is due solely to a failure by a Hedge Counterparty to make payments required to be made under any of the Hedge Agreements), or (4) the Class A Overcollateralization Ratio is less than 100%.

Notwithstanding the foregoing, the CP Put Option will not be exercised if, upon the occurrence of either condition described in clause (i) or (viii) above, the Issuer is able to issue CP Notes with maturities of no more than 270 days and a discount rate that is less than or equal to the discount equivalent of the Maximum Put Option Strike Rate on or before the date of settlement of such CP Put Option. The CP Put Counterparty will be permitted to (but is not obligated to) make deposits to the CP Interest Reserve Account (the "CP Put Counterparty Deposit Amount") in an amount sufficient to prevent the CP Put Option from being exercised under certain conditions. If the CP Put Counterparty does make such a deposit, discount on the issued CP or purchased CP may in certain cases, exceed the Maximum Put Option Strike Rate. The CP Put Counterparty is not entitled to be reimbursed for any such deposits.

Ratings of the CP Notes. The CP Notes are expected to be rated "A-1+" by S&P and "P-1" by Moody's on the Closing Date. The ratings assigned to the CP Notes by S&P are linked to the rating of the CP Put Counterparty and any such ratings can be expected to be downgraded by S&P and Moody's if the rating of the CP Put Counterparty is downgraded.

Voting Rights Held by CP Put Counterparty. The terms of the various Transaction Documents entitle the CP Put Counterparty to exercise certain voting rights with respect to the CP Notes, pertaining to, among other things, the Collateral as described herein, subject to any applicable provision of law and any applicable provisions of such Transaction Documents.

Changes in Tax Law; No Gross-Up; U.S. Federal Income Tax Treatment of Issuer; U.S. Federal Income Tax Classification of the Class E Notes and the Class X Notes. Under the Eligibility Criteria, a Collateral Asset will be eligible for purchase by the Issuer if, at the time it is purchased, either the payments thereon are not subject to withholding taxes imposed by any jurisdiction of more than 15% of the interest amounts payable on the Collateral Asset or the obligor is required to make "gross-up"

payments that cover the full amount of any such withholding taxes. In the case of Collateral Assets issued by U.S. obligors after July 18, 1984, payments thereon generally are exempt under current United States tax law from the imposition of United States withholding tax. However, there can be no assurance that, as a result of any change in any applicable law, treaty, rule or regulation or interpretation thereof, the payments on the Collateral Assets would not in the future become subject to additional withholding taxes imposed by the United States of America or another jurisdiction. In that event, if the obligors of such Collateral Assets were not then required to make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on, or distributions to, the Holders of the Securities would accordingly be reduced. There can be no assurance that remaining payments on the Collateral would be sufficient to make timely payments of interest on and payment of principal at the Stated Maturity of each Class of the Notes, to pay the Class X Payment and to make any distributions to the Class E Notes.

In the event that any withholding tax is imposed on payments on the Securities, the Holders of such Securities will not be entitled to receive "grossed-up" amounts to compensate for such withholding tax. In addition, upon the occurrence of a Tax Event, the Issuer may on any Payment Date, whether during or after the Non-Call Period, simultaneously redeem in whole but not in part, at the Tax Redemption Prices specified herein, the Securities in accordance with the procedures described in the Trust Deed.

Generally, a non-U.S. corporation is subject to U.S. federal income tax on a net income basis (and also may be subject to a branch profits tax of 30%) in respect of earnings of the corporation that are effectively connected with its conduct of a U.S. trade or business. The Issuer plans to operate in a manner that does not cause it to be engaged in the conduct of a U.S. trade or business. However, the U.S. federal income tax treatment of the Issuer will not be entirely free from doubt, and the activities of the Issuer could be affected by subsequent events. If the Issuer were found to be engaged in a U.S. trade or business, the imposition of U.S. taxes described above would materially affect the Issuer's financial ability to make payments with respect to the Securities.

The Class E Notes and the Class X Notes will be treated as equity (and not debt) for U.S. federal income tax purposes. See "Income Tax Considerations—Treatment of U.S. Holders of the Class E Notes and the Class X Notes."

For additional tax considerations, see "Income Tax Considerations."

ERISA. See "ERISA Considerations."

Lack of Operating History. The Issuer is a recently incorporated entity and has no significant prior operating history. Accordingly, the Issuer does not have a performance history for a prospective investor to consider.

Investment Company Act. Neither of the Issuers has registered with the United States Securities and Exchange Commission (the "SEC") as an investment company pursuant to the Investment Company Act. The Issuer has not so registered in reliance on an exception for investment companies organized under the laws of a jurisdiction other than the United States whose investors resident in the United States are solely Qualified Purchasers or solely in the case of the Class E Notes, the Class X Notes and the Combination Notes, Knowledgeable Employees and which do not make a public offering of their securities in the United States. Counsel for the Issuers will opine, in connection with the sale of the Securities by the Initial Purchaser, that neither the Issuer nor the Co-Issuer is on the Closing Date an investment company required to be registered under the Investment Company Act (assuming, for the purposes of such opinion, that the Securities are sold by the Initial Purchaser in accordance with the terms of the Purchase Agreement). No opinion or no-action position has been requested of the SEC.

If the SEC or a court of competent jurisdiction were to find that the Issuer or the Co-Issuer is required to register as an investment company, possible consequences include, but are not limited to, the SEC applying to enjoin the violation, investors suing the Issuer or the Co-Issuer, as applicable, to recover any damages caused by the violation and any contract to which the Issuer or the Co-Issuer, as

applicable, is a party made in violation or whose performance involves a violation of the Investment Company Act being unenforceable unless enforcing such contract would produce a more equitable result. Should the Issuer or the Co-Issuer be subjected to any or all of the foregoing or to any other consequences, the Issuer or the Co-Issuer, as the case may be, would be materially and adversely affected.

The Securities are only permitted to be transferred to Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A or, solely in the case of the Class E Notes, the Class X Notes and the Combination Notes, to Accredited Investors in transactions exempt from registration under the Securities Act, or in an offshore transaction, to a non-U.S. Person, complying with Rule 903 or Rule 904 of Regulation S. The Securities being offered in the United States are being offered only to persons that are also Qualified Purchasers or solely with respect to the Class E Notes, the Class X Notes and the Combination Notes, Knowledgeable Employees. Any non-permitted transfer will be voided and the Issuers can require the transferee to sell its Notes to a permitted transferee. See "Description of the Securities—Form of the Securities" and "Notice to Investors."

Credit Ratings. Credit ratings of debt securities represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value, therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of the Collateral Assets will be used by the Investment Advisor only as preliminary indicators of investment quality.

Document Repository. Pursuant to the Trust Deed and the Security Agreement, the Issuer will consent to the posting of this Confidential Offering Circular, the Trust Deed, the Security Agreement and certain periodic reports required to be delivered pursuant to the Transaction Documents, together with any amendments or modifications thereto, to the internet-based password protected electronic repository of transaction documents relating to privately offered and sold collateralized debt obligation securities located at "www.cdolibrary.com".

Emerging Requirements of the European Community. As part of the harmonization of securities markets in Europe, the European Commission has adopted directives known as the Prospectus Directive, the Transparency Obligations Directive and the Market Abuse Directive that, among other things, regulate issuers of securities that are offered to the public or admitted to trading on a European Union regulated market. The European Commission also is expected to consider other directives which may affect issuers of securities listed on a European Union stock exchange. The listing of Notes on any European Union stock exchange would subject the Issuer to regulation under these directives, although the requirements applicable to the Issuer are not yet fully clarified. The Trust Deed will not require the Issuer to apply for, list or maintain a listing for any Class of Securities on a European Union stock exchange if compliance with these directives (or other requirements adopted by the European Commission or a relevant member state) becomes burdensome in the sole judgment of the Investment Advisor. Should the Securities be delisted from any exchange, the ability of the holders of such Securities to sell such Securities in the secondary market may be negatively impacted.

Certain Conflicts of Interest

Certain Conflicts of Interest Involving the Initial Purchaser. Various potential and actual conflicts of interest may arise from the conduct by the Initial Purchaser and its affiliates in other transactions with the Issuer, including, without limitation, acting as counterparty with respect to any Hedge Agreements and Synthetic Securities. The Initial Purchaser will initially act as a CP Note Placement Agent under the CP Note Placement Agreement. The Initial Purchaser will be paid a fee by the Issuer for its services in acting as Initial Purchaser in connection with the Offering of the Securities from proceeds available on the Closing Date. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

It is expected that Goldman, Sachs & Co. and/or its affiliates and selling agent will have placed or underwritten certain of the Collateral Assets at original issuance, will own equity or other securities of issuers of or obligors on Collateral Assets and will have provided investment banking services, advisory, banking and other services to issuers of Collateral Assets. From time to time, the Investment Advisor on behalf of the Issuer may purchase or sell Collateral Assets through Goldman, Sachs & Co. and/or any of its affiliates (collectively, "Goldman Sachs"). The Issuer may invest in the securities of companies affiliated with Goldman Sachs and/or any of its respective affiliates or in which Goldman Sachs and/or any of their respective affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of Goldman Sachs' and/or any of its affiliates' own investments in such companies. In addition, it is expected that one or more affiliates of Goldman Sachs may also act as counterparty with respect to one or more Synthetic Securities. The Issuer may invest in money market funds that are managed by TCW Asset Management Company or its affiliated companies (collectively, "TCW") or Goldman Sachs or their respective affiliates; *provided* that such money market funds otherwise qualify as Eligible Investments. Goldman Sachs and/or a consolidated entity controlled by Goldman Sachs or an affiliate thereof intends to provide "warehouse" financing to the Issuer prior to the Closing Date. See "—Securities—Collateral Accumulation."

There is no limitation or restriction on the Initial Purchaser or any of its affiliates with regard to acting as investment advisor, initial purchaser or placement agent (or in a similar role) to other parties or persons. This and other future activities of the Initial Purchaser and/or their respective affiliates may give rise to additional conflicts of interest.

It is anticipated that Goldman, Sachs & Co. or one of its affiliates may initially retain the Class E-2 Notes and may sell any such Securities from time to time in privately negotiated transactions. As holder of the Class E-2 Notes, the interests of Goldman, Sachs & Co. or its affiliate may conflict with the interests of investors in the other Securities. In addition, the Initial Purchaser and/or its affiliates may act as a Synthetic Security Counterparty. The Initial Purchaser and/or its affiliates may purchase from time to time and retain on the Closing Date other Securities.

Conflicts of Interest Involving the CP Put Counterparty. SG Americas Securities, L.L.C. will act as a CP Note Placement Agent in connection with the issuance of the CP Notes, and its affiliate, Société Générale, acting through its New York branch ("Société Générale"), will act as CP Put Counterparty and will be an investor in the Class A-1LT-a Notes, and may be holder of the CP Notes or other Notes. SG Americas Securities, L.L.C. and Société Générale, acting through its New York branch, are also affiliates of the Investment Advisor. SG Americas Securities, L.L.C. interests as a CP Note Placement Agent, Société Générale, acting through its New York branch, interests as CP Put Counterparty, as a senior Notes investor and/or as a holder of CP Notes or other Notes and the Investment Advisor's interests may, in certain circumstances, be conflicted.

There is no limitation or restriction on the CP Put Counterparty or Société Générale or any of its affiliates with regard to acting as a put counterparty or a note placement agent to other parties or persons or as an investor in commercial paper notes or other notes (except as otherwise described herein). This and other future activities of the CP Put Counterparty and Société Générale and/or their respective affiliates may give rise to additional conflicts of interest.

SG Americas Securities, L.L.C. as CP Note Placement Agent, is not obligated or required to place CP Notes and may cease doing so at any time.

Conflicts of Interest Involving the Investment Advisor and its Affiliates. An affiliate of the Investment Advisor, SG Americas Securities, L.L.C. will initially act as a CP Note Placement Agent under a CP Note Placement Agreement. In addition, the Investment Advisor is an affiliate of the CP Put Counterparty. Furthermore, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Investment Advisor, its affiliates or any funds managed by them and their respective clients and employees. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Notwithstanding certain provisions of the Advisers Act and internal policies of the Investment Advisor that are meant to reduce the possibility of, or effect of, conflicts of interest, the size and scope of activities of the Investment Advisor create various potential and actual conflicts of interest that may arise from the advisory, investment and other activities of the Investment Advisor, its affiliates and their respective clients and employees.

Various potential and actual conflicts of interest may arise from the overall investment activity of the Investment Advisor and/or its affiliates. The Investment Advisor and its affiliates may invest, for their own account or for accounts for which they have investment discretion, in securities that would be appropriate investments for the Issuer; such investments may be the same as or different from those made on behalf of the Issuer. The Investment Advisor and/or its affiliates have no affirmative obligation to offer any investment to the Issuer, or to inform the Issuer of any investment opportunity, before offering such investment or opportunity to other funds or accounts that the Investment Advisor or its affiliates manage or advise. In addition, affiliates and clients of the Investment Advisor may invest in securities (or make loans) that are senior to, or have interests different from or adverse to, the Collateral Assets. The Investment Advisor may at certain times be simultaneously seeking to purchase or sell investments for the Issuer and any similar entity for which the Investment Advisor serves as manager in the future, or for its clients or affiliates. The effects of some of these actions may be adverse to the market from which the Investment Advisor seeks to buy, or to which the Investment Advisor seeks to sell, securities on behalf of the Issuer.

The Investment Advisor and its affiliates may also have equity and other investments in, may be lenders to, and may have other ongoing relationships with, the issuers of the Collateral Assets and may have provided advisory and other services to issuers of Collateral Assets. As a result, officers or affiliates may possess information relating to the Collateral Assets that is not known to the individuals at the Investment Advisor responsible for monitoring the Collateral Assets and performing other obligations under the Investment Advisory Agreement.

No provision in the Investment Advisory Agreement prevents the Investment Advisor or any of its affiliates from rendering services of any kind to any person or entity, including the issuer of any obligation included in the Collateral and its affiliates, the Trustee, the Holders of the Securities, the Holders of the CP Notes, Synthetic Security Counterparties and the Hedge Counterparties. Without limiting the generality of the foregoing, the Investment Advisor, its affiliates and their directors, officers, employees and agents may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any issuer of any obligation included in the Collateral; (b) receive fees for services rendered to the issuer of any obligation included in the Collateral or any affiliate thereof; (c) be retained to provide services unrelated to the Investment Advisory Agreement, to the Issuer or its affiliates and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any obligation included in the Collateral; (e) sell any Collateral Asset or Eligible Investment to, or purchase any Collateral Asset from, the Issuer while acting in the capacity of principal or agent; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the Collateral which has become or may become a Defaulted Obligation. Services of this kind may lead to conflicts of interest within the Investment Advisor, and may lead individual officers or employees of the Investment Advisor to act in a manner adverse to the Issuers.

The Investment Advisor and its affiliates currently provide and, in the future, will continue to provide services including advisory services to, investing in, lending to, or being affiliated with, clients that include issuers of securities similar to or the same as the Collateral Assets and affiliates of such issuers. In providing services to other clients, the Investment Advisor and its affiliates may recommend activities that would compete with or otherwise adversely affect the Issuer. In the course of managing the Collateral Assets held by the Issuers, the Investment Advisor may consider its relationships with other clients (including companies the securities of which are pledged to secure the Securities and the CP Notes) and its affiliates. The Investment Advisor may decline to make a particular investment for the Issuer in view of such relationships. In connection with business activities with or on behalf of others, the Investment Advisor will be free, in its sole discretion, to make recommendations to others, or effect

transactions on behalf of itself or for others, that may be the same as or different from those effected on behalf of the Issuer, and the Investment Advisor may furnish investment management and advisory services to others that may have investment policies similar to those followed by the Investment Advisor with respect to the Issuer and that may own securities of the same class, or which are the same type, as the Collateral Assets. The Investment Advisor is under no obligation to make consistent recommendations to, or to effect similar transactions for, all or any of its clients.

In connection with its activities, the Investment Advisor and its affiliates may from time to time come into possession of material non-public information that limits the ability of the Investment Advisor to make an investment, and the Issuer's investments may be constrained as a consequence of the Investment Advisor's inability to use such information for advisory purposes or otherwise to take actions that would be in the best interest of the Issuer. In addition to legal prohibitions on the use of certain information, the Investment Advisor also has the option to refrain from directing the purchase or sale of securities issued by persons of which the Investment Advisor, its affiliates or any of its or their officers, directors or employees are directors or officers or persons for which the Investment Advisor or its affiliates act as financial adviser or underwriter. If the Investment Advisor exercises that option, the Issuer will forego the opportunities presented by such purchase or sale.

The Investment Advisor may also, at certain times, be seeking to effect purchases and sales of assets on behalf of the Issuer and on behalf of other clients for whom it serves as investment advisor or for any other clients or affiliates. The Investment Advisor may aggregate sales and purchase orders of securities placed with respect to the Collateral with similar orders being made simultaneously for other clients or other accounts managed by the Investment Advisor or with accounts of the affiliates of the Investment Advisor, if in the Investment Advisor's judgment such aggregation will result in an overall economic benefit to the Issuer, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses. However, no provision of the Investment Advisory Agreement requires the Investment Advisor or its affiliates to execute orders as part of concurrent authorizations or to aggregate orders.

In the selection of brokers and dealers, the Investment Advisor may take into account considerations other than the price offered by such brokers and dealers, including method and timing of trade execution, general market trends, research and other brokerage services furnished to the Investment Advisor or its affiliates by brokers and dealers. Benefits received by the Investment Advisor that serve as the basis for using a particular broker or dealer may not accrue directly to the Issuer, and may be used by the Investment Advisor in connection with the Investment Advisor's other advisory services or investment operations.

The Investment Advisor, its affiliates, and funds or accounts for which the Investment Advisor or its affiliates act as an investment advisor may at times own Securities and CP Notes. The Investment Advisor may have a conflict of interest as between the interests of the Issuer and of any fund or account that owns Notes and CP Notes and for which it or an affiliate acts as an investment advisor. In addition, the Investment Advisor may rebate a portion of its Investment Advisor Fee, to any account which owns Securities and CP Notes and for which the Investment Advisor acts as investment advisor. It should not be assumed that the Investment Advisor, its affiliates and funds or accounts for which the Investment Advisor or its affiliates act as an investment advisor that may purchase Securities and/or CP Notes on the Closing Date will continue to hold the Securities and/or the CP Notes.

The Issuer, acting through the Investment Advisor, may engage in securities transactions with any affiliate of the Investment Advisor, in particular those of the affiliates of the Investment Advisor, other than The TCW Group, Inc. or any of its direct or indirect subsidiaries (referred to herein as "Permitted Affiliates"). Subject to the provisions of the Transaction Documents, including the Investment Advisory Agreement, the Investment Advisor will be permitted to acquire a security or an obligation on behalf of the Issuer to be included in the Collateral from its Permitted Affiliates as principal or agent, or from funds or accounts for which any Permitted Affiliate acts as investment advisor, or to sell an obligation to the Permitted Affiliates of the Investment Advisor as principal or agent or to funds or accounts for which any

Permitted Affiliate acts as investment advisor. In addition, it is possible that, subject to the provisions of the Transaction Documents, including the Investment Advisory Agreement, the Investment Advisor may acquire an obligation on behalf of the Issuer to be included in the Collateral from itself or from any of its affiliates that are not Permitted Affiliates, or sell an obligation on behalf of the Issuer to itself or to any of its affiliates that are not Permitted Affiliates.

In the foregoing situations, the Investment Advisor and its Permitted Affiliate or other affiliate may have a potentially conflicting division of loyalties and responsibilities regarding both parties in the transaction. If an affiliate of the Investment Advisor acts as broker in an agency cross transaction, such person may receive commissions from one or both of the parties in the transaction. While the Investment Advisor anticipates that any such commissions charged will be at competitive market rates, the Investment Advisor may have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favorable commissions.

At any given time, the Investment Advisor and its affiliates will not be entitled to vote the Notes and/or the CP Notes held by any of the Investment Advisor, its affiliates or accounts for which the Investment Advisor or its affiliates act as investment advisor (and for which the Investment Advisor or such affiliate has discretionary authority) with respect to the removal of the Investment Advisor or termination of the Investment Advisory Agreement. If SG Americas Securities, L.L.C. and/or the CP Put Counterparty are not permitted to vote with respect to the removal of the Investment Advisor or termination of the Investment Advisory Agreement due to their affiliation with the Investment Advisor, for so long as it remains a Hedge Counterparty, AIG FP will be permitted to vote such Notes and CP Notes in place of SG Americas Securities, L.L.C. and/or the CP Put Counterparty, as applicable. However, the Investment Advisor and its affiliates will be entitled to vote the Notes and/or the CP Notes held by them and by such accounts with respect to all other matters. The interests of the Investment Advisor may not in all cases be aligned with those of the Holders of the Securities and the CP Notes.

It is also possible that one or more affiliates of the Investment Advisor may also act as counterparty with respect to one or more Synthetic Securities.

Anti-Money Laundering Provisions. The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, imposes anti-money laundering obligations on different types of financial institutions, including banks, broker-dealers and investment companies. The USA PATRIOT Act requires the Secretary of the United States Department of the Treasury (the "Treasury") to prescribe regulations to define the types of investment companies subject to the USA PATRIOT Act and the related anti-money laundering obligations. It is not clear whether Treasury will require entities such as the Issuer to enact anti-money laundering policies. It is possible that Treasury will promulgate regulations requiring the Issuers, the Initial Purchaser or other service providers to the Issuers, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to investors in the Securities. Such legislation and/or regulations could require the Issuers to implement additional restrictions on the transfer of the Securities. As may be required, the Issuer reserves the right to request such information and take such actions as are necessary to enable it to comply with the USA PATRIOT Act.

The Issuer. The Issuer is a recently incorporated Cayman Islands exempted limited liability company and has no substantial prior operating history other than in connection with the acquisition of certain Collateral Assets that meet the Eligibility Criteria prior to the issuance of the Securities and the engagement of the Investment Advisor and the entering into of arrangements with respect thereto. The Issuer will have no significant assets other than the Collateral Assets, Eligible Investments, Combination Note Collateral, rights under the Hedge Agreements, the CP Put Agreement and certain other accounts and agreements entered into as described herein, and proceeds thereof, all of which (other than the Combination Note Collateral) have been granted to the Collateral Agent for the benefit of the Trustee to secure the Issuer's obligations to the Holders of the Securities, the Holders of the CP Notes, the CP Put Counterparty, the CP Note Placement Agents and the Hedge Counterparties, and the Combination Note

Collateral has been granted to the Collateral Agent for the benefit of the Trustee to secure the Issuer's obligations to the Holders of the Combination Notes. The Issuer will not engage in any business activity other than the issuance and sale of the Securities and the CP Notes as described herein, the issuance of the Ordinary Shares, the acquisition and disposition of, and investment and reinvestment in, Collateral Assets and Eligible Investments as described herein, the acquisition of the Combination Note Collateral, the entering into of, and the performance of its obligations under, the Security Agreement, the Note Agency Agreement, the Trust Deed, the Hedge Agreements, the CP Put Agreement, the Account Control Agreement, the Investment Advisory Agreement, the Collateral Administration Agreement, the CP Note Placement Agreement, any other applicable Transaction Document, the pledge of the Collateral as security for its obligations in respect of the Securities and the CP Notes and otherwise for the benefit of the Secured Parties, the pledge of the Combination Note Collateral as security for its obligations in respect of the Combination Notes, certain activities conducted in connection with the payment of amounts in respect of the Securities and the management of the Collateral and other activities incidental to the foregoing. Income derived from the Collateral Assets and other Collateral will be the Issuer's only source of cash.

The Co-Issuer. The Co-Issuer is a newly incorporated Delaware corporation and has no prior operating history. The Co-Issuer does not have and will not have any significant assets. The Co-Issuer will not engage in any business activity other than the co-issuance of the Class A Notes, the Class B Notes, the Class C Notes and the CP Notes.

DESCRIPTION OF THE SECURITIES

The Securities (other than the Class D Notes, the Class E Notes, the Class X Notes and the Combination Notes) will be issued by the Issuers and the Class D Notes, the Class E Notes, the Class X Notes and the Combination Notes will be issued by the Issuer, pursuant to, constituted by, and have the benefit of, the Trust Deed, will be subject to the Note Agency Agreement and will be secured pursuant to the Security Agreement. The following summary describes certain provisions of the Securities, the Note Agency Agreement, the Trust Deed, the Security Agreement and the CP Put Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Securities, the Note Agency Agreement, the Trust Deed, the Security Agreement and the CP Put Agreement. Copies of the Note Agency Agreement, the Trust Deed, the Security Agreement and the CP Put Agreement may be obtained by prospective purchasers of the Securities upon request in writing to the Note Paying Agent at 600 Travis Street, 50th Floor, Houston, Texas 77002, Attention: Worldwide Securities Services - Davis Square Funding VI, Ltd., and, so long as any Securities are listed on any stock exchange, the Note Agency Agreement, the Trust Deed and the Security Agreement will be available for inspection upon prior reasonable notice free of charge from the office of the Trustee or the Listing and Paying Agent.

Status and Security

Under the terms of the Security Agreement, the Issuer will grant to the Collateral Agent for the benefit and security of (i) the Trustee, (ii) the Trustee on behalf of the Holders of the Securities and the CP Notes, (iii) the Hedge Counterparties, (iv) the CP Put Counterparty, (v) the CP Note Placement Agents, (vi) the CP Issuing and Paying Agent, (vii) the Investment Advisor and (viii) any Synthetic Security Counterparties (collectively, the "Secured Parties"), a first priority security interest (other than with respect to the Synthetic Security Collateral Account) in certain of its assets that is free of any adverse claim to secure the Issuer's obligations with respect to the Securities and the CP Notes under, as applicable, the Trust Deed, the Note Agency Agreement, the Security Agreement, the CP Issuing and Paying Agency Agreement, the CP Put Agreement, the CP Note Placement Agreement, each Hedge Agreement and the Investment Advisory Agreement (the "Secured Obligations"). The assets which will be subject to the security interest of the Security Agreement will consist of (i) the Collateral Assets; (ii) the Collection Account; (iii) the Payment Account and the Note Payment Account; (iv) the Hedge Termination Receipts Account and the Hedge Replacement Account (subject, in each case, to the rights of the Hedge Counterparties); (v) the Expense Reserve Account; (vi) the Collateral Account; (vii) the CP Put Collateral

Account (subject to the rights of the CP Put Counterparty); (viii) the CP Interest Reserve Account and the CP Principal Reserve Account (pledged, in each case, only for the benefit of the Holders of the CP Notes); (ix) the Hedge Collateral Account (subject to the rights of the Hedge Counterparties); (x) the Synthetic Security Collateral Account (subject to the rights of the Synthetic Security Counterparties) (items (ii) through (x), the "Accounts"); (xi) Eligible Investments; (xii) the Issuer's rights under any Interest Rate Swap Agreements; (xiii) the Issuer's rights under any Cashflow Swap Agreements; (xiv) the Issuer's rights under any Currency Swap Agreements; (xv) the Issuer's rights under the Investment Advisory Agreement; (xvi) the Issuer's rights under the Collateral Administration Agreement; (xvii) the Issuer's rights under the CP Put Agreement (*provided* that the Issuers' rights under the CP Put Agreement will be granted to the CP Issuing and Paying Agent for the benefit of the Holders of the CP Notes only, and not for the benefit of any other party), (xviii) the Issuer's rights under the CP Note Placement Agreement; (xix) all money (as defined in the Uniform Commercial Code) delivered to the Collateral Agent; (xx) all securities, investments and agreements of any nature in which the Issuer has an interest (except for the Issuer's bank account in the Cayman Islands and the proceeds of the Issuer Ordinary Shares and any transaction fees paid to the Issuer for issuing the Securities and the CP Notes which shall be deposited therein and any interest thereon or proceeds thereof); and (xxi) all proceeds of the foregoing (collectively, the "Collateral"). Under the terms of the Security Agreement, the Issuer will grant to the Collateral Agent for the benefit and security of the Trustee on behalf of the Holders of the Combination Notes, a first priority security interest in the Combination Note Collateral.

Payments due on the CP Notes, payments of interest on and principal of the Notes and distributions to Holders of the Class E Notes and the Class X Notes will be made by the Issuer solely from the proceeds of the Collateral and the CP Reserve Accounts in accordance with the Priority of Payments.

The aggregate amount that will be available for payments required or permitted to be made on the CP Notes, the Securities and fees and expenses owed by the Issuers on any Payment Date will be the sum of (i) the Proceeds received during the period (a "Due Period") 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 Security, ending on (and including) the day preceding such Payment Date) and commencing 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, on the Closing Date) and not reinvested or retained for reinvestment in Collateral Assets, (ii) the Proceeds received during the related Due Period (or, in the case of the final Payment Date, on or prior to the Business Day immediately preceding the final Payment Date) from any additional issuance of Notes or CP Notes that were not reinvested or retained for reinvestment in Collateral Assets, (iii) any such amounts described in clauses (i) and (ii) received in prior Due Periods that were not disbursed on a previous Payment Date and not reinvested or retained for reinvestment in Collateral Assets and (iv) in the case of the CP Notes, purchase proceeds of newly issued CP Notes, any amount paid pursuant to the CP Put Agreement and certain amounts on deposit in the CP Reserve Accounts.

Interest on the Securities

The Notes (other than the Class A-1LT-c Notes and the Class E Notes) will accrue interest from the Closing Date and such interest, with respect to the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes, will be payable monthly in arrears on each Payment Date commencing on the July 2006 Payment Date and interest on the Class D Notes will be payable quarterly in arrears, commencing on the September 2006 Quarterly Payment Date. The Class A-1LT-c Notes will accrue interest from the date of issuance thereof and such interest will be payable monthly in arrears commencing on the first Payment Date following the date of issuance thereof. The Class X Notes will be entitled to receive the Class X Payment on each Quarterly Payment Date, commencing on the December 2006 Quarterly Payment Date, to the extent funds are available therefor.

The Class A-1LT-a Notes will bear interest during each Interest Accrual Period at the Class A-1LT-a Note Interest Rate for such Interest Accrual Period. The Class A-1LT-b Notes will bear interest during each Interest Accrual Period at the Class A-1LT-b Note Interest Rate for such Interest Accrual

Period. The Class A-1LT-c-1 Notes will bear interest during each Interest Accrual Period at its applicable Class A-1LT-c-1 Note Interest Rate for such Interest Accrual Period. The Class A-1LT-c-2 Notes will bear interest during each Interest Accrual Period at its applicable Class A-1LT-c-2 Note Interest Rate for such Interest Accrual Period. The Class A-2 Notes will bear interest during each Interest Accrual Period at the Class A-2 Note Interest Rate for such Interest Accrual Period. The Class B Notes will bear interest during each Interest Accrual Period at the Class B Note Interest Rate for such Interest Accrual Period. The Class C Notes will bear interest during each Interest Accrual Period at the Class C Note Interest Rate for such Interest Accrual Period. The Class D Notes will bear interest during each Interest Accrual Period at the Class D Note Interest Rate for such Interest Accrual Period.

LIBOR for the first Interest Accrual Period with respect to the Notes will be determined as of the second Business Day preceding the Closing Date (or, with respect to the Class A-1LT-c Notes, the issuance date thereof), and will be based on, with respect to the Class A Notes, the LIBOR CP Notes, the Class B Notes and the Class C Notes, a one-month period (or, in the case of a designated initial payment period of less than 25 days or in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) and, for the Class D Notes, a three-month period (or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology). Calculations of interest on the Notes will be made on the basis of a 360-day year and the actual number of days in each Interest Accrual Period. The "Interest Accrual Period," is (a) with respect to the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the LIBOR CP Notes and any Payment Date, the period commencing on and including the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of issuance in the case of the first Interest Accrual Period and Class A-1LT-c Notes and the LIBOR CP Notes) and ending on and including the day immediately preceding such Payment Date and (b) with respect to the Class D Notes and any Quarterly Payment Date, the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on and including the day immediately preceding such Quarterly Payment Date.

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

The failure to pay interest due on any Class A Notes, CP Notes or Class B Notes, for so long as any such Notes are outstanding, and, if no such Notes are outstanding, the failure to pay interest due on the Class C Notes when due and payable, and, if no Class C Notes are outstanding, the failure to pay interest due on the Class D Notes when due and payable, and a continuation of such default for a period of 7 days, will generally constitute an Event of Default as described in the Trust Deed.

Payments to the Holders of the Class E Notes

On each Quarterly Payment Date, the Holders of the Class E Notes will be entitled to receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, a distribution (if available) equal to the amount necessary for the Class E Notes to achieve a 12% Class E Hurdle Return (assuming an initial investment of U.S. $10,000,000 on the Closing Date). In addition, on each Quarterly Payment Date the Holders of Class E Notes will also be entitled to receive, after payment of all other senior amounts payable in accordance with the Priority of Payments, including any Class E Notes Incentive Fees accrued for such period, any remaining proceeds. Payments on Class E Notes, if any, will be *pari passu* among the Class E-1 Notes and the Class E-2 Notes. The calculation of distributions and the Class E Hurdle Return on the Class E Notes will be made on the basis of a 360-day year consisting of twelve 30-day months.

Payments to the Holders of the Class X Notes

On each Quarterly Payment Date, the Holders of the Class X Notes will be entitled to receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, the Class X Payment. The Class X Payment will be calculated based on the Notional Principal Balance of the Class X Notes, which will at any time be equal to the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK Bonds (the "Notional Principal Balance"), measured as of the beginning of the Due Period preceding the next Quarterly Payment Date. The Class X Notes are not entitled to payments of principal or interest.

Principal of the Notes

The Securities (other than the Combination Notes) will mature on the Payment Date in September 2041 (the "Stated Maturity" with respect to the Securities other than the Combination Notes) and the Combination Notes will mature on the Payment Date in June 2016 (the "Stated Maturity" with respect to the Combination Notes), unless redeemed or retired prior thereto due to, as applicable, payment in full, an Auction, Optional Redemption, Tax Redemption, mandatory redemption or occurrence of an Event of Default resulting in acceleration of the Securities.

Principal may be payable on the Class D Notes in accordance with the Priority of Payments on each Quarterly Payment Date in an amount equal to the Class D Notes Amortizing Principal Amount with respect to each Quarterly Payment Date. In addition, on or after the Payment Date occurring in August 2016, following the payment of the Class D Notes Amortizing Principal Amount, in accordance with the Priority of Payments, principal will be payable, first, to the Class C Notes until the Class C Notes are paid in full and second, on Quarterly Payment Dates only, to the Class D Notes until the Class D Notes are paid in full, to the extent funds are available therefor. Principal generally will not be payable on the Notes (other than the Class D Notes as described above) prior to the end of the Reinvestment Period; *provided, however*, that, subject to the availability of funds therefor in accordance with the Priority of Payments certain partial or total mandatory redemptions of the Notes (other than the Class E Notes and the Class X Notes) may occur due to the failure of certain Coverage Tests as more fully described in the Priority of Payments. The Class E Notes and the Class X Notes will not be subject to mandatory redemption as a result of the failure of any Coverage Test.

"Shifting principal" will be payable on the Notes by the Issuers in accordance with clause (12) of the Priority of Payments on each Payment Date or Quarterly Payment Date, as applicable, commencing on the second Payment Date following the Reinvestment Period, or on the first Payment Date following the Reinvestment Period to the extent of any Principal Proceeds which were not reinvested in Collateral Assets before the end of the Reinvestment Period (or on any earlier Payment Date if the Reinvestment Period has been terminated). After the Reinvestment Period, unless the Notes have been accelerated due to an Event of Default, Principal Proceeds will be paid to the CP Principal Reserve Account and to the Holders of the Class A-1LT-c Notes, if any, and the Holders of the Class A-1LT-a Notes, the Class A-1LT-b Notes and the Class A-2 Notes, *pro rata*, only in an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target of 110.5% and after achieving and maintaining such target level, the payment of Principal Proceeds will shift to the Class B Notes in an amount required to increase (or maintain) the Class B Adjusted Overcollateralization Ratio to a specified target of 104.0% and after achieving and maintaining such target level, the payment of Principal Proceeds will shift to the Class C Notes in an amount required to increase (or maintain) the Class C Adjusted Overcollateralization Ratio to a specified target of 102.0% and after achieving and maintaining such target level, on Quarterly Payment Dates only, the payment of Principal Proceeds will shift to the Class D Notes until the Class D Notes are paid in full and thereafter, the payment of Principal Proceeds will shift to payment of the other items indicated in the Priority of Payments. However, if the Net Outstanding Portfolio Collateral Balance is less than U.S. $600,000,000 on the related Determination Date, then only Principal Proceeds received or held during the related Due Period less the sum of (x) any Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period, (y) the amount of Principal Proceeds reinvested in substitute Collateral Assets (through the reinvestment of Sale Proceeds

from Credit Risk Obligations and Unscheduled Principal Payments) during such Due Period and (z) any Sale Proceeds from Credit Risk Obligations and any Unscheduled Principal Payments in whole received during the related Due Period which the Issuer has retained for reinvestment during the following Due Period will be paid, such amount to be allocated, *first*, *pro rata*, to the payment of principal of all outstanding Class A Notes and to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, *second*, to the payment of principal of all outstanding Class B Notes, *third*, to the payment of principal of all outstanding Class C Notes and *fourth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class D Notes. In addition, if, on or after any Quarterly Payment Date between the Quarterly Payment Date in September 2006 and the Quarterly Payment Date in September 2007 on which the Class D Interest Coverage Test has not been satisfied for two consecutive quarterly Determination Dates or the Class D Overcollateralization Test has not been satisfied for two consecutive quarterly Determination Dates, then only Principal Proceeds received or held during the related Due Period less the sum of (x) any Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period, (y) the amount of Principal Proceeds reinvested in substitute Collateral Assets (through the reinvestment of Sale Proceeds from Credit Risk Obligations and Unscheduled Principal Payments) during such Due Period and (z) any Sale Proceeds from Credit Risk Obligations and any Unscheduled Principal Payments in whole received during the related Due Period which the Issuer has retained for reinvestment during the following Due Period will be paid, *first*, *pro rata*, to the payment of principal of all outstanding Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-1LT-c Notes and to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, *second*, to the payment of principal of all outstanding Class A-2 Notes, *third*, to the payment of principal of all outstanding Class B Notes, *fourth*, to the payment of principal of all outstanding Class C Notes and *fifth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class D Notes. The Reinvestment Period will be terminated and principal will be payable on any Payment Date for which the Investment Advisor has notified the Trustee in writing that it has determined that investments in additional Collateral Assets would be impractical or not beneficial. See "—Mandatory Redemption" and "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

The Investment Advisor will exercise its sole discretion in determining whether to reinvest Principal Proceeds in Collateral Assets or hold Principal Proceeds for reinvestment during the Reinvestment Period, and after the Reinvestment Period, Unscheduled Principal Payments and Sale Proceeds of Credit Risk Obligations may be reinvested in additional Collateral Assets in accordance with the Reinvestment Criteria. Notwithstanding the foregoing, on the first Payment Date after the last day of the Reinvestment Period, available Principal Proceeds which have not been reinvested in Collateral Assets or deposited to the CP Interest Reserve Account prior to the last day of the Reinvestment Period shall be applied to reduce the principal balance of the Notes in accordance with clause (12) of the Priority of Payments.

The Class X Notes are not entitled to payments of principal, but will be entitled to receive the Class X Payment on each Payment Date, to the extent Proceeds are available therefor in accordance with the Priority of Payments.

Scheduled Redemption of Class E Notes

On or prior to the date that is one Business Day prior to the Final Payment Date, the Issuer (or the Investment Advisor acting on behalf of the Issuer) will liquidate the Collateral. The net proceeds of such liquidation and all available cash (other than the U.S. $250 of capital contributed by the owners of the Issuer Ordinary Shares in accordance with the Issuer's Memorandum and Articles of Association and the U.S. $250 representing a transaction fee to the Issuer) remaining after the payment (in accordance with the Priority of Payments for Final Payment Dates) of all (i) fees, (ii) expenses (including any amounts required to be paid by the Issuer to the CP Put Counterparty, the CP Note Placement Agents, any Hedge Counterparty and any Currency Swap Counterparty), (iii) interest on and principal of the Notes and the CP Notes, and (iv) all other amounts payable in accordance with the Priority of Payments, will be distributed to the Holders of the Class E Notes in accordance with the Priority of Payments whereupon all of the Securities will be canceled.

CP Notes and Defeasance

The CP Notes (other than the LIBOR CP Notes as described herein) will be issued at a discount. To the extent CP Notes are issued with a LIBOR based interest rate (the "LIBOR CP Notes"), they will mature on a Payment Date and will have a maturity that is more than one month and no more than 270 days from their issuance. Any CP Note with a maturity that is more than three months must be a LIBOR CP Note. The LIBOR CP Notes will bear interest during each Interest Accrual Period at a per annum rate equal to LIBOR (or, for a designated initial Interest Accrual Period of less than 25 days, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) for such Interest Accrual Period, commencing on their date of issuance (the "LIBOR CP Note Interest Rate") and will be payable on each Payment Date *pari passu* with interest on the Class A-1LT-c Notes, if any, the Class A-1LT-a Notes and the Class A-1LT-b Notes, as described in the Priority of Payments. The maturity date of any CP Note issued as a Series A CP Note will be extendable by up to two Business Days if the Put Option is exercised in accordance with the CP Put Agreement. CP Notes issued as Series B CP Notes are not extendable under any circumstances, but will be traded two Business Days prior to settlement. See "Security for the Securities—CP Put Agreement" herein. If the maturity date of a Series A CP Note is extended in connection with the exercise of the Put Option, the holder thereof will be entitled to receive accrued interest for the period of such extension at a per annum rate equal to LIBOR *plus* 0.08%. Payments of interest accrued during any such extension will be made first from the CP Interest Reserve Account and, then, to the extent of any shortfall, from the Collection Account even if such date is not a Payment Date.

The LIBOR CP Notes will be subject to early redemption, in part or in whole, and to acceleration and amortization under the following circumstances as described herein: (i) a successful Auction has occurred, (ii) an Optional Redemption has occurred, (iii) a Tax Redemption has occurred as a result of a Tax Event, (iv) the Class A/B Overcollateralization Test or the Class A/B Interest Coverage Test was not satisfied or the Class D Overcollateralization Ratio is less than 85% as of any applicable Determination Date, (v) the Class C Overcollateralization Test or the Class C Interest Coverage Test was not satisfied as of any applicable Determination Date, (vi) the Reinvestment Period has ended and principal is paid to the Class A Notes or (vii) an Event of Default has occurred under the Trust Deed and the Securities and the CP Notes have been accelerated. If the LIBOR CP Notes are being redeemed and Defeased in full, an amount necessary to pay the holders of the LIBOR CP Notes par will be deposited to the CP Principal Reserve Account and an amount equal to any accrued interest thereon will be paid to the holders of the LIBOR CP Notes directly and such LIBOR CP Notes will not continue to accrue interest beyond their respective Redemption Dates, dates of Mandatory Redemption in full or Final Maturity Dates, as applicable. Any amounts deposited to the CP Principal Reserve Account will be applied by the CP Issuing and Paying Agent on the applicable Redemption Date, date of Mandatory Redemption in full or Final Maturity Date to the Defeasance of such LIBOR CP Notes. In the event of a Mandatory Redemption or partial amortization of the CP Notes under the Trust Deed, the Defeasance of the CP Notes may not be in whole. The CP Issuing and Paying Agent, at the direction of the Investment Advisor upon consultation with the Lead CP Note Placement Agent, will cause CP Notes to be Defeased in the order of their choice; *provided* that, if the liquidation proceeds available following an Event of Default and acceleration are not sufficient to pay the CP Notes in full or in any situation where the CP Notes would not receive payment in full (including in connection with a Mandatory Redemption or amortization on a Payment Date) the CP Notes would be Defeased *pro rata*.

When used herein, the term "Defease" or "Defeasance" means, and references in this Offering Circular to payments of principal of the CP Notes mean, with respect to any CP Note (other than a LIBOR CP Note), the depositing of cash into the CP Principal Reserve Account to be applied to the repayment of such CP Note on its maturity date, such maturity date set according to the terms of such CP Note, and, with respect to any LIBOR CP Note, the depositing of cash into the CP Principal Reserve Account to be applied to the repayment of the principal amount of such LIBOR CP Note on the earlier of its initial scheduled maturity date or on any Payment Date, Mandatory Redemption date, Redemption Date or Final Maturity Date where principal is paid to the CP Principal Reserve Account on account of a LIBOR CP Note. For the avoidance of doubt, accrued interest paid to the Holders of the LIBOR CP Notes upon a

Mandatory Redemption, on a Payment Date, on a Redemption Date or on a Final Maturity Date or otherwise will not be deposited to the CP Principal Reserve Account but will instead be paid directly to the Holders of the LIBOR CP Notes and such amounts will not be considered to Defease the LIBOR CP Notes.

The CP Notes (other than the LIBOR CP Notes) will not be subject to early redemption or to acceleration but will instead be subject to Defeasance under circumstances that would result in early redemption or acceleration of the LIBOR CP Notes. If the CP Notes (other than the LIBOR CP Notes) are Defeased under such circumstances, the amounts deposited to the CP Principal Reserve Account will not be applied by the CP Issuing and Paying Agent to the repayment of the CP Notes (other than the LIBOR CP Notes which are subject to certain redemptions as described above) until their respective maturity dates.

Determination of LIBOR

For purposes of calculating the LIBOR CP Note Interest Rate, the Class A-1LT-a Note Interest Rate, the Class A-1LT-b Note Interest Rate, the Class A-1LT-c-1 Note Interest Rate, the Class A-1LT-c-2 Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate and the Class D Note Interest Rate, the Issuers will appoint as agent JPMorgan Chase Bank, National Association (in such capacity, the "Calculation Agent"). The London interbank offered rate for Eurodollar deposits ("LIBOR") shall be determined by the Calculation Agent in accordance with the following provisions:

(i) On the second Business Day prior to the commencement of an Interest Accrual Period (each such day, a "LIBOR Determination Date"), LIBOR shall equal the rate, as obtained by the Calculation Agent, for Eurodollar deposits for, with respect to the Class A Notes, the LIBOR CP Notes, the Class B Notes and the Class C Notes, a one-month period (or, in the case of a designated initial payment period of less than 25 days and in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) and, for the Class D Notes, a three-month period (or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology), which appears on Bridge Telerate Page 3750 (as Telerate is defined in the International Swaps and Derivatives Association, Inc. Annex to the 2000 ISDA Definitions (June 2000 version)), or such page as may replace Bridge Telerate Page 3750, as of 11:00 a.m. (London time) on such LIBOR Determination Date.

(ii) If, on any LIBOR Determination Date, such rate does not appear on Bridge Telerate Page 3750, or such page as may replace Bridge Telerate Page 3750, the Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks (as defined below) to leading banks in the London interbank market for Eurodollar deposits for, with respect to the Class A Notes, the LIBOR CP Notes, the Class B Notes and the Class C Notes, a one-month period (or, in the case of a designated initial payment period of less than 25 days and in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) and, for the Class D Notes, a three-month period (or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) in an amount determined by the Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on the LIBOR Determination Date made by the 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 provide 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 Calculation Agent are quoting on the relevant LIBOR Determination Date for Eurodollar deposits for the applicable period in an amount determined by the Calculation Agent by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the 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 Calculation Agent.

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. (London time) on the Business Day immediately following each LIBOR Determination Date, the Calculation Agent will cause notice of the LIBOR CP Note Interest Rate, the Class A-1LT-a Note Interest Rate, the Class A-1LT-b Note Interest Rate, the Class A-1LT-c-1 Note Interest Rate, the Class A-1LT-c-2 Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate and the Class D Note Interest Rate for the next Interest Accrual Period and the amount of interest for such Interest Accrual Period payable in respect of each U.S. $1,000 principal amount of the LIBOR CP Notes (the "LIBOR CP Note Interest Amount"), the Class A-1LT-a Notes (the "Class A-1LT-a Note Interest Amount"), the Class A-1LT-b Notes (the "Class A-1LT-b Note Interest Amount"), the Class A-1LT-c-1 Notes (the "Class A-1LT-c-1 Note Interest Amount"), the Class A-1LT-c-2 Notes (the "Class A-1LT-c-2 Note Interest Amount"), the Class A-2 Notes (the "Class A-2 Note Interest Amount"), the Class B Notes (the "Class B Note Interest Amount"), the Class C Notes (the "Class C Note Interest Amount") and the Class D Notes (the "Class D Note Interest Amount") (each rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date or Quarterly Payment Date, as applicable, to be communicated to the Issuers, DTC, Euroclear, Clearstream, the Note Paying Agents, the Trustee, the Investment Advisor, the CP Note Placement Agents, the CP Put Counterparty, the Collateral Agent and the applicable stock exchange (as long as any of the Securities are listed thereon). In the last case, the Calculation Agent will furnish such information as soon as possible after its determination to stock exchange as long as any Securities are listed thereon. The Calculation Agent will also specify to the Issuers and the Investment Advisor the quotations upon which the LIBOR CP Note Interest Rate, the Class A-1LT-a Note Interest Rate, the Class A-1LT-b Note Interest Rate, the Class A-1LT-c-1 Note Interest Rate, the Class A-1LT-c-2 Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate and the Class D Note Interest Rate are based. The Calculation Agent shall notify the Issuers and the Investment Advisor before 5:00 p.m. (New York time) on any LIBOR Determination Date if it has been unable to determine the LIBOR CP Note Interest Rate, the Class A-1LT-a Note Interest Rate, the Class A-1LT-b Note Interest Rate, the Class A-1LT-c-1 Note Interest Rate, the Class A-1LT-c-2 Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate, the LIBOR CP Note Interest Amount, the Class A-1LT-a Note Interest Amount, the Class A-1LT-b Note Interest Amount, the Class A-1LT-c-1 Note Interest Amount, the Class A-1LT-c-2 Note Interest Amount, the Class A-2 Note Interest Amount, the Class B Note Interest Amount, the Class C Note Interest Amount and the Class D Note Interest Amount (collectively, the "Interest Calculations"), together with its reasons therefor. With respect to the Securities, "Business Day" means any day other than (x) Saturday or Sunday or (y) a day on which commercial banking institutions in New York, New York, Houston, Texas or London, England are authorized or obligated by law, regulation or executive order to be closed; *provided* that, if any action is required of the Listing and Paying Agent, solely for purposes of determining when such action of the Listing and Paying Agent is required, days on which commercial banking institutions are authorized or obligated by law or executive order to be closed in the city in which the Listing and Paying Agent is located will also be considered in determining whether such day is a "Business Day"; *provided, further*, that for the sole purpose of determining LIBOR, "Business Day" shall be defined as any day on which dealings in deposits in U.S. Dollars are transacted in the London interbank market.

The Calculation Agent may be removed by the Issuers at any time. If the Calculation Agent is unable or unwilling to act as such or is removed by the Issuers, or if the Calculation Agent fails to determine the applicable Interest Calculations for any Interest Accrual Period, the Issuers will promptly appoint as a replacement 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 Calculation Agent may not resign its duties without a successor having been duly appointed. In addition, for so long as any Securities are listed on any stock exchange and the rules of such exchange so require, notice of the appointment of any Calculation Agent will be furnished to such stock exchange. For so long as any of the Notes remain outstanding, there will at all times be a Calculation Agent for the purpose of calculating the applicable Interest Calculations. The determination of the applicable Interest Calculations by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

Auction

Sixty days prior to the Payment Date occurring in July of each year (each, an "Auction Payment Date") commencing on the July 2016 Payment Date, the Investment Advisor will take steps to conduct an auction (the "Auction") of the Collateral Assets in accordance with procedures specified in the Trust Deed. If the Investment Advisor receives one or more bids from Eligible Bidders not later than ten Business Days prior to an Auction Payment Date equal to or greater than the Minimum Bid Amount, it will sell the Collateral Assets for settlement on or before the fifth Business Day prior to the Auction Payment Date and the CP Notes will be Defeased and the Securities, to the extent not already redeemed, will be redeemed in whole on the Auction Payment Date.

The Securities will be redeemed and the CP Notes will be Defeased following a successful Auction at their Auction Redemption Prices. The amount distributable as the final distribution on the Class E Notes following any such redemption will equal any amount remaining after the redemption of the other Classes of Securities and Defeasance of the CP Notes at the Auction Redemption Prices, the payment of any amounts due in connection with the termination of any Hedge Agreements, any amount payable to the CP Put Counterparty and the CP Note Placement Agents in connection with the termination of the CP Put Agreement and the CP Note Placement Agreement and the payment of fees and expenses, in accordance with the Priority of Payments.

The Investment Advisor will, not later than nine Business Days prior to a relevant Auction Payment Date, give the Trustee, the Collateral Agent, the CP Put Counterparty and the Principal Note Paying Agent notice of the redemption of the Securities and Defeasance of the CP Notes and the amount of any distributions on the Class E Notes on such Payment Date. If the Minimum Bid Amount is not offered by any Eligible Bidder on or before the tenth Business Day before a relevant Auction Payment Date or if there is a failed settlement on or before the last day of a Due Period before a relevant Auction Payment Date, the Securities shall not be redeemed, the CP Notes shall not be Defeased and a final distribution on the Class E Notes shall not be made and the Investment Advisor shall give notice thereof as promptly as practicable to the Trustee, the Principal Note Paying Agent and the Collateral Agent.

Optional Redemption and Tax Redemption

Subject to certain conditions described herein, the Securities may be redeemed and the CP Notes may be Defeased by the Issuers, in whole but not in part at their Optional Redemption Prices on or after the July 2011 Payment Date, at the written direction of, or with the written consent of, (i) Holders of a Majority of the Class E-1 Notes or (ii) if, upon a redemption of the Securities, the Holders of the Class E Notes will receive, after payment of items ranking higher in accordance with the Priority of Payments, and to the extent of funds legally available therefor, a distribution equal to the amount necessary for the Class E Notes to achieve a Class E Hurdle Return (as shown in the Note Valuation Report) of 15% (assuming an initial investment of U.S. $10,000,000 on the Closing Date), the Holders of at least 66-2/3% of the Class E-2 Notes (each such redemption, an "Optional Redemption"); *provided* that no Optional Redemption shall be effected unless the expected Liquidation Proceeds will equal or exceed the Total Redemption Amount.

In addition, the Securities will be redeemable and the CP Notes will be Defeasible at any time, in whole but not in part at their Tax Redemption Prices during or after the Non-Call Period, at the written direction of, or with the written consent of, (i) the Holders of at least 66-2/3% of the Class E Notes (voting as a single class) upon the occurrence of a Tax Event or (ii) the Holders of a Majority of any other Class of Notes or a Majority of the CP Notes which, as a result of the occurrence of a Tax Event, has not received 100% of the aggregate amount of principal and interest or other amounts then due and payable on the CP Notes or such Notes, as applicable, on any Payment Date (such redemption, a "Tax Redemption"); *provided* that no such redemption shall be effected unless the expected Liquidation Proceeds equal or exceed the Total Redemption Amount.

In connection with an Optional Redemption or a Tax Redemption, the Issuers shall notify the Trustee of such Optional Redemption or Tax Redemption and the Payment Date which is the date for redemption (the "Redemption Date") and direct the Collateral Agent, in writing, to sell, in the manner determined by the Investment Advisor, and in accordance with the Security Agreement, any Collateral Assets and upon any such sale the Collateral Agent shall release the lien upon such Collateral Assets pursuant to the Security Agreement; *provided, however*, that the Issuer may not direct the Collateral Agent to sell (and the Collateral Agent shall not be obligated to release the lien upon) any Collateral Asset except in accordance with the procedures in the Trust Deed, including the requirement that the Investment Advisor shall have forwarded to the Trustee binding agreements or certificates evidencing that the Liquidation Proceeds anticipated from the disposition of the Collateral Assets and other assets of the Issuer will equal or exceed the Total Redemption Amount.

The amount payable in connection with any Optional Redemption or Tax Redemption of the Securities will equal the Total Redemption Amount. The "Total Redemption Amount" means the sum of all amounts due pursuant to clauses (1), (2), (3), (4), (5) and (6) of the Priority of Payments for Final Payment Dates (which will include, in the case of an Optional Redemption, the Optional Redemption Prices for all the Securities, and in the case of a Tax Redemption, the Tax Redemption Prices for all the Securities).

The Trustee will provide notice of any Optional Redemption or Tax Redemption by first-class mail, postage prepaid, mailed not less than ten (10) Business Days prior to the scheduled Redemption Date, to the Principal Note Paying Agent, to each Hedge Counterparty, to the CP Issuing and Paying Agent, to the CP Put Counterparty and to each Holder at such Holder's address in the register maintained by the Note Registrar under the Note Agency Agreement, and the Trustee will also give notice to the Listing and Paying Agent which shall give notice to the applicable stock exchange if any Securities are then listed thereon.

On each Payment Date on which an Optional Redemption or Tax Redemption is occurring pursuant to the procedures in the Trust Deed, Liquidation Proceeds will be distributed pursuant to the Priority of Payments for Final Payment Dates.

Mandatory Redemption

On any Payment Date (other than a Final Payment Date) on which the Class A/B Overcollateralization Test or on any Quarterly Payment Date on which the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% on the last Business Day of the immediately preceding Due Period (such Business Day, the "Determination Date"), the Class A Notes, the Class B Notes and the LIBOR CP Notes will be redeemed at par *plus* accrued interest and the other CP Notes will be Defeased or paid in full (such redemption or Defeasance, a "Mandatory Redemption" with respect to the CP Notes, the Class A Notes and the Class B Notes) as follows:

If the Class A/B Overcollateralization Test or the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% and the Class A-1 Overcollateralization Ratio is less than 105% on any Determination Date, then Proceeds net of amounts payable under clauses (1) through (6) of the Priority of Payments will be used *first*, to Defease the CP Notes and to redeem the Class A-1LT-a Notes, Class A-1LT-b Notes and Class A-1LT-c Notes, *pro rata*, until the Class A-1LT-a Notes, Class A-1LT-b Notes and Class A-1LT-c Notes have been paid in full and the CP Notes have been Defeased or paid in full, *second*, to redeem the Class A-2 Notes until the Class A-2 Notes have been paid in full, and, *third*, to redeem the Class B Notes until the Class B Notes have been paid in full.

If the Class A/B Overcollateralization Test or the Class A/B Interest Coverage Test is not satisfied or the Class D Overcollateralization Ratio is less than 85% and the Class A-1 Overcollateralization Ratio is greater than or equal to 105% on any Determination Date, then Proceeds net of amounts payable under clauses (1) through (6) of the Priority of Payments will be used *first*, to Defease the CP Notes and to redeem the Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-1LT-c Notes and the Class A-2 Notes,

pro rata, until the Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-1LT-c Notes and Class A-2 Notes have been paid in full and the CP Notes have been Defeased in full, and, *second*, to redeem the Class B Notes until the Class B Notes have been paid in full.

On any Payment Date (other than a Final Payment Date) on which the Class C Overcollateralization Test or on any Quarterly Payment Date on which the Class C Interest Coverage Test is not satisfied on the related Determination Date, the Class A Notes, the Class B Notes, the Class C Notes and the LIBOR CP Notes will be redeemed at par *plus* accrued interest and the other CP Notes will be Defeased or paid in full (such redemption or Defeasance, a "Mandatory Redemption" with respect to the CP Notes, the Class A Notes, the Class B Notes and the Class C Notes) as follows:

If the Class C Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any amounts payable under clauses (1) through (8) of the Priority of Payments) or if the Class C Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then, Proceeds net of amounts payable under clauses (1) through (8) of the Priority of Payments will be used to Defease the CP Notes and to redeem the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes, *pro rata*, until the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes have been paid in full and the CP Notes have been Defeased in full.

On any Quarterly Payment Date (other than a Final Payment Date) on which the Class D Overcollateralization Test or the Class D Interest Coverage Test is not satisfied on the related Determination Date, the Proceeds net of amounts payable under clauses (1) through (12) of the Priority of Payments will be used to redeem the Class D Notes until the Class D Notes have been paid in full (such redemption, a "Mandatory Redemption" with respect to the Class D Notes).

If a Mandatory Redemption occurs, the Investment Advisor is not permitted to sell Collateral Assets to generate additional Proceeds to be applied to Defease the CP Notes or to redeem the Securities except to the extent such Collateral Assets may be otherwise sold as Credit Improved Obligations, Credit Risk Obligations, Defaulted Obligations or Discretionary Sales as described herein.

In connection with the Mandatory Redemption of any Notes and the Defeasance of the CP Notes, the Issuer may terminate a portion of any Hedge Agreement upon satisfaction of the Rating Agency Condition and satisfaction of any constraints imposed by the initial Hedge Counterparty. A termination payment may be payable by the Issuer to any Hedge Counterparty, which termination payment will be payable prior to certain payments on the Securities and the CP Notes, in accordance with the Priority of Payments.

Payments

Payments on any Payment Date or Quarterly Payment Date, as applicable, in respect of principal, interest and other distributions on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Regulation S Class E Notes issued as Global Notes will be made to the person in whose name the relevant Global Note is registered at the close of business on the Business Day prior to such Payment Date or Quarterly Payment Date. For the Class E Notes (other than the Regulation S Class E Notes) and the Class X Notes, and for any other Classes of Notes issued in definitive form, payments on any Payment Date or Quarterly Payment Date, as applicable, in respect of principal, interest and other distributions will be made to the person in whose name the relevant Security is registered as of the close of business 10 Business Days prior to such Payment Date or Quarterly Payment Date. Payments on the Notes will be payable by wire transfer in immediately available funds to a U.S. Dollar account maintained by DTC or its nominee (in the case of the Global Notes) or each Holder (in the case of individual definitive notes) to the extent practicable or otherwise by U.S. 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 at its

address appearing in the applicable register. Final payments in respect of principal on the Securities will be made only against surrender of the Securities at the office of any paying agent. None of the Issuers, the CP Put Counterparty, the CP Note Placement Agents, the Collateral Agent, 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 Notes 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.

If any payment on a Security is due on a day that is not a Business Day, then payment will not be made until the next succeeding Business Day with the same force and effect.

For so long as any Securities are listed on any stock exchange and the rules of such exchange so require, the Issuers will have a paying agent and a transfer agent (which shall be the Listing and Paying Agent) for such Securities and payments on and transfers or exchanges of interest in such Securities may be effected through the Listing and Paying Agent. In the event that the Listing and Paying Agent is replaced at any time during such period, notice of the appointment of any replacement will be given to the applicable stock exchange as long as any Securities are listed thereon.

Priority of Payments

With respect to any Payment Date (other than an Auction Payment Date or a Final Payment Date), all Proceeds received on the Collateral during the related Due Period in respect of the Collateral will be applied by the Collateral Agent in the priority set forth below (the "Priority of Payments"); *provided* that, (i) certain amounts on deposit in the Collection Account may be used to make certain payments to the CP Interest Reserve Account during the related Due Period as described herein and (ii) funds deposited in the CP Interest Reserve Account and the CP Principal Reserve Account will be used to pay CP Notes and in either case such funds will not be available to make payments in accordance with the Priority of Payments. For purposes of the Priority of Payments, Proceeds not constituting Principal Proceeds will be assumed to be applied prior to any Principal Proceeds.

On the Business Day prior to each Payment Date, the Collateral Agent will transfer all funds then on deposit in the Collection Account (other than amounts received after the end of the related Due Period) into the Payment Account. On each Payment Date (other than a Final Payment Date), amounts in the Payment Account will be applied by the Collateral Agent in the manner and order of priority set forth below:

(1) to the payment of taxes and government filing and registration fees owed by the Issuers, if any;

(2) to the payment of accrued and unpaid fees of (i) the Trustee, the Collateral Administrator and the Collateral Agent up to a maximum amount on any Payment Date equal to the greater of U.S. $8,333 and 0.0006667% of the Monthly Asset Amount for the related Due Period and (ii) the CP Issuing and Paying Agent equal to the greater of U.S. $1,000 and 0.000125% of the Aggregate Outstanding Amount of the CP Notes on the related Determination Date (or, in the case of the first Due Period, as such amounts are adjusted based on the number of days in such Due Period);

(3) *first,* (a) to the payment of any remaining accrued and unpaid Administrative Expenses of the Issuers, excluding any indemnities (and legal expenses related thereto) payable by the Issuers, *first, pro rata*, to the Trustee, the Collateral Agent, the Collateral Administrator and the CP Issuing and Paying Agent, and *second, pro rata*, to any other parties entitled thereto; *second*, (b) to the payment of any indemnities (and legal expenses related thereto) payable by the Issuers, *first, pro rata*, to the Trustee, the Collateral Administrator and the CP Issuing and Paying Agent and *second, pro rata*, to any other parties entitled thereto; and *third*, (c) to the Expense Reserve Account the lesser of U.S. $25,000 and the amount necessary to bring the balance of such account to U.S. $275,000*; provided, however*, that the aggregate payments pursuant to subclauses (a)-(c) of this clause (3) on any Payment Date shall not exceed U.S. $300,000 and the total distributions in subclauses (a) and (b) of this clause (3) and the prior 11 Payment Dates shall not exceed U.S. $500,000;

(4) to the payment of (a) *first*, amounts, if any, scheduled to be paid to the Hedge Counterparties pursuant to the Hedge Agreements (other than termination payments payable under clause (5) below), including any Interim Issuer Cashflow Swap Payments due (calculated on a pro forma basis) and (b) *second*, to the payment to the Investment Advisor of the accrued and unpaid Base Investment Advisor Fee, *plus* interest due on any portion of such fee not paid on a prior Payment Date at a rate equal to LIBOR;

(5) to the payment of (a) *first*, any termination payments payable by the Issuer pursuant to the Hedge Agreements including any termination or partial termination of a Hedge Agreement (other than any Defaulted Hedge Termination Payments required to be paid pursuant to clause (17) below) and (b)*second*, the CP Put Premium, if any, payable to the CP Put Counterparty;

(6) to the payment of (a) *first, pro rata* (based upon the amount due), (i) accrued and unpaid interest on the Class A-1LT-a Notes (including any Defaulted Interest and interest thereon), (ii) accrued and unpaid interest on the Class A-1LT-b Notes (including any Defaulted Interest and interest thereon), (iii) accrued and unpaid interest on the Class A-1LT-c Notes (including any Defaulted Interest and interest thereon), (iv) to the payment into the CP Interest Reserve Account of the CP Interest Reserve Deposit Amount, (v) to the holders of the LIBOR CP Notes, if any, accrued and unpaid interest on any LIBOR CP Notes then outstanding, (vi) accrued and unpaid interest on the Class A-2 Notes (including any Defaulted Interest and interest thereon) and (vii) the CP Note Placement Agent Fees (to the extent not incorporated in the discount for the CP Notes), if any, payable to the CP Note Placement Agents in accordance with the CP Note Placement Agreement; and (b) *second*, accrued and unpaid interest on the Class B Notes (including any Defaulted Interest and any interest thereon);

(7) if the Class A/B Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any payments pursuant to this clause (7)), if the Class A/B Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date or if the Class D Overcollateralization Ratio is less than 85% on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such date (without giving effect to any payments pursuant to this clause (7)), then (a) if the Class A-1 Overcollateralization Ratio is greater than or equal to 105% on the Determination Date with respect to the related Payment Date, *first, pro rata*, (i) to the payment of principal of all outstanding Class A-1LT-a Notes, (ii) to the payment of principal of all outstanding Class A-1LT-b Notes, (iii) to the payment of principal of all outstanding Class A-1LT-c Notes, (iv) to the payment to the CP Principal Reserve Account in an amount equal to the CP Principal Reserve Required Amount and (v) to the payment of principal of all outstanding Class A-2 Notes, until the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes, the CP Notes and the Class A-2 Notes are paid or Defeased in full, and *second*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full and (b) if the Class A-1 Overcollateralization Ratio is less than 105% on the Determination Date with respect to the related Payment Date, *first, pro rata*, (i) to the payment of principal of all outstanding Class A-1LT-a Notes, (ii) to the payment of principal of all outstanding Class A-1LT-b Notes, (iii) to the payment of principal of all outstanding Class A-1LT-c Notes and (iv) to the payment to the CP Principal Reserve Account in an amount equal to the CP Principal Reserve Required

Amount, until the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the CP Notes are paid or Defeased in full, *second*, to the payment of principal of all outstanding Class A-2 Notes until the Class A-2 Notes are paid in full, and *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full;

(8) to the payment of accrued and unpaid interest on the Class C Notes (including Defaulted Interest and any interest thereon but not including Class C Deferred Interest);

(9) if the Class C Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any payments pursuant to this clause (9)) or if the Class C Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then, *pro rata*, (i) to the payment of principal of all outstanding Class A-1LT-a Notes, (ii) to the payment of principal of all outstanding Class A-1LT-b Notes, (iii) to the payment of principal of all outstanding Class A-1LT-c Notes, (iv) to the payment to the CP Principal Reserve Account in an amount equal to the CP Principal Reserve Required Amount, (v) to the payment of principal of all outstanding Class A-2 Notes, (vi) to the payment of principal of all outstanding Class B Notes, and (vii) to the payment of principal of all outstanding Class C Notes until the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes, the CP Notes, the Class A-2 Notes, the Class B Notes, and the Class C Notes are paid or Defeased in full;

(10) on Quarterly Payment Dates only, to the payment of accrued and unpaid interest on the Class D Notes (including Defaulted Interest and any interest thereon but not including Class D Deferred Interest);

(11) (a) prior to the end of the Reinvestment Period, to the purchase of additional Collateral Assets or to the Collection Account for reinvestment in Eligible Investments pending investment in additional Collateral Assets in accordance with the Reinvestment Criteria, in an amount equal to the amount of Principal Proceeds received during the related Due Period less the amount of Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period and less the amount of Principal Proceeds previously reinvested in substitute Collateral Assets during such Due Period and (b) after the Reinvestment Period, at the discretion of the Investment Advisor, to the purchase of additional Collateral Assets or to the Collection Account for reinvestment in Eligible Investments pending investment in additional Collateral Assets in accordance with the Reinvestment Criteria, in an amount equal to the sum of any Unscheduled Principal Payments in whole and any Sale Proceeds from the disposition of Credit Risk Obligations received during the related Due Period less the amount of Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period and less the amount of Principal Proceeds previously reinvested in substitute Collateral Assets during such Due Period;

(12) on or after the second Payment Date after the last day of the Reinvestment Period (and on the first such Payment Date with respect to any Principal Proceeds which have not been invested in Collateral Assets on or prior to the last day of the Reinvestment Period) and with respect to any Payment Date upon which the Investment Advisor notifies the Trustee in writing that it has determined that investments in additional Collateral Assets within the foreseeable future would either be impractical or not beneficial, to the payment first, *pro rata*, of principal of the Class A Notes and to the CP Principal Reserve Account in an amount equal to the CP Principal Reserve Required Amount, in the aggregate up to the amount specified in clause (b)(1) below, *second*, of principal to the Class B Notes up to the amount specified in subclause (b)(2) below, *third*, of principal to the Class C Notes up to the amount specified in subclause (b)(3) below, and *fourth*, on Quarterly Payment Dates only, of principal to the Class D Notes up to the amount specified in subclause (b)(4) below, in an aggregate amount equal to the lesser of (a) Principal Proceeds received or held during the related Due Period less the sum of (x) any Principal Proceeds deposited to the CP Interest Reserve Account during the related Due Period, (y) the amount of Principal Proceeds reinvested in substitute Collateral Assets (through the reinvestment of Sale Proceeds from Credit Risk Obligations and Unscheduled Principal Payments) during such Due Period and (z) any

Sale Proceeds from Credit Risk Obligations and any Unscheduled Principal Payments in whole received during the related Due Period which the Issuer has retained for reinvestment during the following Due Period; and (b) the sum of (1) the amount necessary to increase the Class A Adjusted Overcollateralization Ratio to or maintain it at 110.5%, *plus* (2) the amount necessary to increase the Class B Adjusted Overcollateralization Ratio to or maintain it at 104.0%, *plus* (3) the amount necessary to increase the Class C Adjusted Overcollateralization Ratio to or maintain it at 102.0%, *plus* (4) on Quarterly Payment Dates only, the amount necessary to pay the Class D Notes in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance (*provided*, that after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to this clause (12) on the related Payment Date assuming that the Coverage Tests are satisfied) is less than U.S. $600,000,000, then only the amount described in sub-clause (a) of this clause (12) will be paid, such amount to be allocated, *first*, *pro rata*, (1) to the payment of principal of all outstanding Class A-1LT-a Notes, (2) to the payment of principal of all outstanding Class A-1LT-b Notes, (3) to the payment of principal of all outstanding Class A-1LT-c Notes, (4) to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, and (5) to the payment of principal of all outstanding Class A-2 Notes, *second*, to the payment of principal of all outstanding Class B Notes, *third*, to the payment of principal of all outstanding Class C Notes and, *fourth*, on Quarterly Payment Dates only, to the payment of all outstanding Class D Notes; *provided, however*, that if, on or after any Quarterly Payment Date between the Quarterly Payment Date in September 2006 and the Quarterly Payment Date in September 2007 on which the Class D Interest Coverage Test has not been satisfied for two consecutive quarterly Determination Dates or the Class D Overcollateralization Test has not been satisfied for two consecutive quarterly Determination Dates, then only the amount described in sub-clause (a) of this clause (12) will be paid, such amount to be allocated, *first*, *pro rata*, (1) to the payment of principal of all outstanding Class A-1LT-a Notes, (2) to the payment of principal of all outstanding Class A-1LT-b Notes, (3) to the payment of principal of all outstanding Class A-1LT-c Notes, and (4) to the payment to the CP Principal Reserve Account in an amount equal to the full amount of the CP Principal Reserve Required Amount, *second*, to the payment of principal of all outstanding Class A-2 Notes, *third*, to the payment of principal of all outstanding Class B Notes, *fourth*, to the payment of principal of all outstanding Class C Notes, and *fifth*, on Quarterly Payment Dates only, to the payment of all outstanding Class D Notes;

(13) on Quarterly Payment Dates only, if the Class D Overcollateralization Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date after giving effect to all payments of principal and reinvestments anticipated on such Quarterly Payment Date (without giving effect to any payments pursuant to this clause (13)) (for the avoidance of doubt, the anticipated payments will not be made until the appropriate step in the Priority of Payments) or if the Class D Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full;

(14) to the payment, *first,* of principal of the Class C Notes in an amount equal to that portion of the principal of the Class C Notes comprised of Class C Deferred Interest unpaid after giving effect to payments under clauses (9) and (12) above (amounts will be considered unpaid for this purpose if the principal balance of the Class C Notes after giving effect to clauses (9) and (12) above exceeds any previous lowest amount outstanding) and *second,* on Quarterly Payment Dates only, to the payment of principal of the Class D Notes in an amount equal to that portion of the principal of the Class D Notes comprised of Class D Deferred Interest unpaid after giving effect to payments under clauses (12) and (13) above (amounts will be considered unpaid for this purpose if the principal balance of the Class D Notes after giving effect to clauses (12) and (13) above exceeds any previous lowest amount outstanding);

(15) on Quarterly Payment Dates only, to the payment of principal of the Class D Notes in an amount equal to the Class D Notes Amortizing Principal Amount;

(16) on or after the Payment Date occurring in August 2016, *first*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full, and *second*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full;

(17) on Quarterly Payment Dates only, to the payment of any Defaulted Hedge Termination Payments, *pro rata*, based on the amount owed;

(18) on Quarterly Payment Dates only, *first*, (a) to the payment, *pro rata*, of any remaining accrued and unpaid Administrative Expenses of the Issuers not paid pursuant to clauses (2) and (3) above (as the result of the limitations on amounts set forth therein) excluding any indemnities (and legal expenses related thereto) payable by the Issuers; *second*, (b) to the payment, *pro rata*, of any indemnities (and legal expenses related thereto) payable by the Issuers not paid pursuant to clause (3) above (as the result of the limitation on amounts set forth therein); and *third*, (c) to the Expense Reserve Account until the balance of such account reaches U.S. $275,000 (after giving effect to any deposits made therein on such Quarterly Payment Date under clause (3) above); *provided, however*, that the aggregate payments pursuant to subclause (c) of this clause (18) and subclause (c) of clause (3) on any Payment Date shall not exceed U.S. $25,000;

(19) on Quarterly Payment Dates only, to the payment, *pari passu*, (i) to the Investment Advisor of the accrued and unpaid Debt Subordinate Investment Advisor Fee and (ii) to the Class X Notes of the accrued and unpaid Class X Payment;

(20) on Quarterly Payment Dates only, to the Class E Notes, the amount necessary for the Class E Notes to achieve a Class E Hurdle Return of 12%;

(21) on Quarterly Payment Dates only, to the payment to the Investment Advisor of the Class E Notes Incentive Fee;

(22) on Quarterly Payment Dates only, to the payment of any Defaulted Synthetic Security Termination Payments, with respect to the Synthetic Securities, *pro rata*, based on the amount owed;

(23) on Quarterly Payment Dates only, any remaining amount to the payment of the Class E Notes as additional distributions thereto; and

(24) any remaining amount to the Collection Account for distribution on the next Payment Date.

On or prior to the Stated Maturity of the Securities, the Issuer (or the Investment Advisor acting pursuant to the Investment Advisory Agreement on behalf of the Issuer) will liquidate any remaining Collateral Assets and Eligible Investments and terminate the CP Put Agreement and the Hedge Agreements and liquidate any other items comprising the Collateral and deposit the proceeds thereof in the Collection Account. The net proceeds of such liquidation and all available cash (other than the U.S. $250 of capital contributed by the owners of the Issuer Ordinary Shares in accordance with the Issuer's Memorandum and Articles of Association and U.S. $250 representing a transaction fee to the Issuer) will be distributed in accordance with the Priority of Payments whereupon all of the Securities will be canceled.

On a Final Payment Date, amounts in the Payment Account will be applied by the Collateral Agent in the Priority of Payments for Final Payment Dates set forth below:

(1) to the payment of the amounts referred to in clauses (1) through (6) of the Priority of Payments for Payment Dates which are not Final Payment Dates, in that order (without regard to the limitations in clauses (2) and (3)); *provided* that (a) no deposit shall be made to the Expense Reserve Account pursuant to subclause (3)(c)) and (b) no deposit shall be made to the CP Interest Reserve Account pursuant to subclause (6)(a)(ii);

(2) *first*, *pro rata*, to the payment to the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and to the payment into the CP Principal Reserve Account of an amount equal to the CP Principal Reserve Amount and *second,* to the payment of the Class A-2 Notes, in each case, the amount necessary to pay the outstanding principal amounts of such Notes, to redeem and Defease the LIBOR CP Notes in full and to Defease the other CP Notes in full;

(3) to the payment to the Class B Notes, the amount necessary to pay the outstanding principal amount of such Notes in full;

(4) to the payment to the Class C Notes, the amount necessary to pay accrued and unpaid interest on and the outstanding amount of such Notes (including any Deferred Interest and Defaulted Interest and any interest thereon) in full;

(5) to the payment to the Class D Notes, the amount necessary to pay accrued and unpaid interest on and the outstanding amount of such Notes (including any Deferred Interest and Defaulted Interest and any interest thereon) in full;

(6) to the payment of the amounts referred to in clause (17) of the Priority of Payments for Payment Dates that are not Final Payment Dates; and

(7) to the payment of the amounts referred to in clauses (18), (19), (20), (21) and (22) of the Priority of Payments for Payment Dates which are not Final Payment Dates, in that order, to the extent not previously paid, treating all remaining funds as Principal Proceeds (*provided* that no deposit shall be made to the Expense Reserve Account pursuant to subclause (18)(c)).

The Note Agency Agreement, the Trust Deed and the Security Agreement

The following summary describes certain provisions of the Note Agency Agreement, the Trust Deed and the Security 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 Note Agency Agreement, the Trust Deed and the Security Agreement.

Trust Deed

The Trust Deed has a number of schedules which are integral parts thereof, including the "Terms and Conditions of the Notes," the "Glossary of Defined Terms," provisions related to "Form, Registration and Transfer" of the Securities and certain provisions pertaining to meetings of Holders and forms of transfer certificates. For ease of reference, the term Trust Deed may include these components or they may be referred to separately.

Events of Default. An "Event of Default" is defined in the Terms and Conditions of the Notes and includes:

(i) a default in the payment, when due and payable, of any LIBOR CP Note Interest Amount or interest on any Class A Note or Class B Note or, if there are no Class A Notes, CP Notes or Class B Notes outstanding, any Class C Note or, if there are no Class A Notes, CP Notes, Class B Notes or Class C Notes outstanding, any Class D Note, which default continues for a period of seven days;

(ii) a default in the payment of principal due on any Note at its Stated Maturity or on any Redemption Date, a default in the payment of the CP Face Amount of any CP Note at its Stated Maturity or on any Redemption Date or a default in the payment by the Issuer of a required deposit into the CP Principal Reserve Account on any Payment Date and, if such default is not due to credit-related reasons or fraud, the continuation of such default for a period of seven days;

(iii) the failure to disburse any amount on deposit in the Payment Account in excess of U.S. $500 on any Payment Date, and the continuation of such failure for a period of five days (from the date such error is found) or seven days (from the date such error is found) if such failure to disburse is not due to credit-related reasons or fraud;

(iv) a circumstance in which either of the Issuers or the Collateral or any portion thereof becomes an investment company required to be registered under the Investment Company Act;

(v) a default, which has a material adverse effect on the Holders of the Notes or the CP Notes (as determined by the Trustee on behalf of the Holders of the Notes and the CP Notes or by the Holders of at least 25% in aggregate outstanding principal amount of the Controlling Class), in the performance, or breach, of any covenant, representation, warranty or other agreement of the Issuers in the Note Agency Agreement, the Security Agreement or the Trust Deed (it being understood that a failure to satisfy a Collateral Quality Test, a Collateral Profile Test, a Coverage Test or any of the Reinvestment Criteria is not a default or breach) or in any certificate or writing delivered pursuant to the Note Agency Agreement, the Security Agreement or the Trust Deed, or if any representation or warranty of the Issuers made in the Note Agency Agreement, the Security Agreement or the Trust Deed or in any certificate or writing delivered pursuant thereto proves to be incorrect in any material respect when made, and the continuation of such default or breach for a period of 30 days after notice thereof shall have been given to the Issuers and the Investment Advisor by the Trustee or to the Issuers, the Investment Advisor and the Trustee by the Holders of at least 25% in aggregate outstanding principal amount of the Controlling Class; and

(vi) certain events of bankruptcy, insolvency, receivership or reorganization of either of the Issuers.

In the case of a payment default resulting solely from an administrative error or omission by any party to the Transaction Documents, so long as such payment default is cured within seven days after the party responsible for such error or omission is made aware of such administrative error or omission, no Event of Default will occur as a result thereof. Notwithstanding the foregoing, the CP Put Counterparty will not be excused from performing its obligations under the CP Put Agreement unless otherwise not required to do so under the terms of the CP Put Agreement.

If an Event of Default should occur and be continuing, the Trustee shall, if directed by the Holders of a Majority of the Controlling Class, declare the principal of and accrued and unpaid interest on all Securities, the LIBOR CP Notes and the CP Face Amount of the CP Notes (other than the LIBOR CP Notes) to be immediately due and payable (except that in the case of an Event of Default described in clause (vi) above, such acceleration will occur automatically and shall not require any action by the Trustee or any Holder and the Reinvestment Period shall terminate automatically). Upon an acceleration of the Securities, the Reinvestment Period will terminate.

The "Controlling Class" will be the Class A Notes and the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) voting in the amount of the then outstanding aggregate face amount of the CP Notes (voting together as a single class), for so long as any Class A Notes or CP Notes are outstanding; if no Class A Notes or CP Notes are outstanding, then the Class B Notes, so long as any Class B Notes are outstanding; if no Class A Notes, CP Notes or Class B Notes are outstanding, then the Class C Notes, so long as any Class C Notes are outstanding; if no Class A Notes, CP Notes, Class B Notes or Class C Notes are outstanding, then the Class D Notes, so long any Class D Notes are outstanding. For purposes of any vote by the CP Notes or Class A Notes as part of the Controlling Class, the Trustee will provide the CP Put Counterparty with notice of such vote.

In addition to any voting and consent rights the CP Put Counterparty may have in its individual capacity, unless expressly provided otherwise, for any purpose described herein, the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) will have the right to exercise the voting and consent rights of the then Outstanding CP Notes as "Holder" of such CP Notes, including as part of the Controlling Class. The CP Put Counterparty will also have certain voting and consent rights with respect to the Class A-1LT-c Notes as described herein.

If an Event of Default should occur and be continuing, the Trustee will direct the Collateral Agent to retain the Collateral intact and collect all payments in respect of the Collateral, if any, and continue making payments in the manner described under the Priority of Payments unless (a) the Trustee

determines (which determination may be based upon a certificate from the Investment Advisor) that the anticipated proceeds of a sale or liquidation of the Collateral based on an estimate obtained from a nationally recognized investment banking firm in the United States (which estimate takes into account the time elapsed between such estimate and the anticipated date of the sale of the Collateral) would equal or exceed the amount necessary to pay in full (after deducting the reasonable expenses of such sale or liquidation) the sum of (i) the principal and accrued interest (including any Class C Deferred Interest, Class D Deferred Interest and all Defaulted Interest and interest thereon) with respect to all the Notes (other than the Class E Notes), (ii) the principal, discount and interest (including all Defaulted Interest and interest thereon), as applicable, with respect to the CP Notes, (iii) all Administrative Expenses, (iv) all amounts payable by the Issuer to any Hedge Counterparty (including any applicable termination payments), the CP Put Counterparty and each CP Note Placement Agent net of all amounts payable to the Issuer by any Hedge Counterparty, the CP Put Counterparty and each CP Note Placement Agent, (v) all Base Investment Advisor Fees payable to the Investment Advisor and (vi) all other amounts under the Transaction Documents that are payable pursuant to the Priority of Payments applicable following liquidation of the Collateral and ranking prior to payments on the Securities and the CP Notes and, in any case, the Holders of a Majority of the Controlling Class agree with such determination or (b) (i) the Holders of a SupraMajority of the Controlling Class, (ii) the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) and (iii) each Hedge Counterparty (unless any such Hedge Counterparties will be paid in full the amounts due to them, including any applicable termination payments, other than Defaulted Hedge Termination Payments, at the time of distribution of the proceeds of any sale or liquidation of the Collateral) direct, subject to the provisions of the Trust Deed, the Security Agreement and the Note Agency Agreement, the sale and liquidation of the Collateral.

If an Event of Default should occur and be continuing, the Holders of a Majority of the Controlling Class will have the right to direct the Trustee in writing in the conduct of any proceedings against the Issuers or in the sale of any and all of the Collateral, but only if (i) such direction will not conflict with any rule of law or the Trust Deed (including the limitations described in the immediately preceding paragraph) and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has received an indemnity which is reasonably acceptable to the Trustee against any such liability).

Subject to the provisions of the Trust Deed relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee is under no obligation to exercise any of the rights or powers under the Trust Deed or the Terms and Conditions of the Notes at the request of any Holders of Notes and the CP Notes, unless such Holders have offered to the Trustee reasonable security or an indemnity which is reasonably acceptable to the Trustee. The Holders of a Majority of the Controlling Class may waive any default with respect to the Notes and the CP Notes, except (a) a default in the payment of principal of or interest on any Note or CP Note (including any discount on any CP Note); (b) any events described above in sub-clause (vi) of the definition of Event of Default; or (c) a default in respect of a provision of the Note Agency Agreement, the Trust Deed or the Terms and Conditions of the Notes that cannot be modified or amended without the waiver or consent of the Holder of each outstanding Note adversely affected thereby; *provided, however*, that no such waiver of an Event of Default shall affect the right of the CP Put Counterparty to terminate the CP Put Agreement.

Furthermore, any declaration of acceleration of maturity of the Securities and the CP Notes may be revoked and annulled by the Holders of a Majority of the Controlling Class before a judgment or decree for the payment of money has been obtained by the Trustee or the Collateral has been sold or foreclosed in whole or in part, by notice to the Issuers, the Investment Advisor, the Trustee and the Collateral Agent, if (a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay, in accordance with the Priority of Payments, the principal and accrued interest (including all Defaulted Interest and the interest thereon) with respect to the outstanding Notes and CP Notes (including any discount on the CP Notes) and any other due and unpaid administrative expenses, fees or other amounts (if any) due to the Hedge Counterparties and other amounts payable pursuant to clauses (1) through (6) of the Priority of Payments for Final Payment Dates, (b) the Trustee has determined that all Events of Default, other than the non-payment of the interest on, discount on or principal of the outstanding Notes

and CP Notes that have become due solely by such acceleration, have been cured and the Holders of a Majority of the Controlling Class by notice to the Trustee have agreed with such determination (which agreement shall not be unreasonably withheld) or waived such Event of Default in accordance with the provisions set forth in the Terms and Conditions of the Notes and (c) the Hedge Agreements and the CP Put Agreement have not been terminated; *provided, however,* that no such revocation or annulment shall affect the rights of the CP Put Counterparty under the CP Put Agreement.

Only the Trustee may pursue the remedies available under the Trust Deed, the Note Agency Agreement, the Securities and the CP Notes and no Holder of a Security or a CP Note will have the right to institute any proceeding with respect to the Note Agency Agreement, the Trust Deed, its Note, CP Note or otherwise unless (i) such Holder previously has given to the Trustee written notice of a continuing Event of Default; (ii) except in the case of a default in the payment of principal or interest, the Holders of at least 25% of the aggregate outstanding amount of the Controlling Class 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 an indemnity which is reasonably acceptable to the Trustee; (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 during such 30-day period by the Holders of a Majority of the Controlling Class. The Trustee, the Issuers and the Holders of the Securities shall be deemed to understand and intend that no one or more Holders of Securities shall have any right in any manner whatsoever by virtue of, or by availing itself of, any provision of the Trust Deed to affect, disturb or prejudice the rights of any other Holders of Securities of the same Class or to obtain or to seek to obtain priority or preference over any other Holders of the Securities of the same Class, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Securities of the same Class subject to and in accordance with the Priority of Payments and the Security Agreement and the CP Issuing and Paying Agency Agreement.

In determining whether the Holders of the requisite percentage of Notes and/or CP Notes have given any direction, notice or consent, Notes and/or CP Notes owned by the Issuer, the Co-Issuer or any affiliate thereof shall be disregarded and deemed not to be outstanding. In determining the Majority of the Controlling Class in connection with any waiver, (i) all Notes (if any) of the applicable Class and/or CP Notes held by the Trustee and its affiliates shall be disregarded if the relevant waiver relates to a default arising primarily from any act or omission of the Trustee and (ii) all Notes (if any) of the applicable Class and/or CP Notes held by the Investment Advisor and its affiliates shall be disregarded if the relevant waiver relates to a default arising primarily from any act or omission of the Investment Advisor; *provided* that the Notes and/or CP Notes held by the CP Put Counterparty and/or SG Americas Securities, L.L.C. shall not be disregarded other than with respect to the removal of the Investment Advisor or termination of the Investment Advisory Agreement.

Notices. Notices to the Holders of the Securities shall be given by first class mail, postage prepaid, or sent by facsimile transmission (including electronic mail) in legible form, to each Noteholder at the address appearing in the applicable note register, or in the case of Holders of Notes that are Global Notes, to DTC, Euroclear or Clearstream. In addition, for so long as any of the Securities are listed on a stock exchange and so long as the rules of such Exchange so require, notices to the Holders of such Securities shall also be published in the official list thereof or otherwise given in accordance with such rules. To the extent any Noteholder wishes to organize a vote or otherwise communicate with any other Noteholders, such Noteholder shall direct the Trustee and the Trustee shall deliver notices thereof to the Noteholders either directly in the case of Securities in definitive form or by giving notice through DTC, Euroclear or Clearstream in the case of any Global Notes.

Modification of the Trust Deed. Except as provided below, with (i) the written consent of (a) the Holders of not less than a Majority of the aggregate outstanding principal amount of each Class of Notes (other than the Class E Notes) and the CP Notes (with the Holders of the Class A Notes, the CP Notes and the Class B Notes voting as a single Class and with the Class C Notes and the Class D Notes voting together as a single class) materially and adversely affected thereby, (b) the Holders of not less than a Majority of the Class E Notes materially and adversely affected thereby and (c) the Holders of not less than a Majority of the Class X Notes materially and adversely affected thereby and (ii) the consent of the

Investment Advisor, the Trustee and the Issuers may execute a supplemental trust deed to add provisions to, or change in any manner or eliminate any provisions of, the Trust Deed or the Terms and Conditions of the Securities or modify in any manner the rights of the Holders of such Class, the Holders of the Class X Notes and the CP Noteholders, *provided* that the Rating Agency Condition would be satisfied after such addition, change or elimination.

Without the written consent of 100% of the Holders of each materially adversely affected Class of Notes and CP Notes (with the Holders of the Class A Notes and the CP Notes voting together as a single Class), 100% of the Holders of the Class X Notes, if materially adversely affected, and each materially adversely affected Hedge Counterparty and CP Put Counterparty, and unless the Rating Agency Condition has been satisfied, no supplemental trust deed may (i) change the Stated Maturity of the principal of or the due date of any installment of interest or additional distributions on a Security or CP Note (including discount on any CP Note); reduce the principal amount thereof or the rate of interest or discount thereon, or the applicable Optional Redemption Price, Tax Redemption Price or Auction Redemption Price with respect thereto; change the earliest date on which a Security or a CP Note may be redeemed or Defeased; change the provisions of the Trust Deed or the Security Agreement relating to the application of proceeds of any Collateral to the payment of principal of or interest or discount on the Securities or CP Notes, or change any place where, or the coin or currency in which, Securities or CP Notes or the principal thereof or interest or discount thereon are 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 redemption, on or after the Redemption Date); (ii) reduce the percentage in aggregate principal amount of Holders of the Notes of each Class, the Class X Notes, the CP Notes or the CP Put Counterparty whose consent is required for the authorization of any supplemental trust deed or for any waiver of compliance with certain provisions of the Trust Deed or for the waiver of certain defaults thereunder or their consequences; (iii) impair or adversely affect the Collateral except as otherwise permitted by the Trust Deed; (iv) permit the creation of any security interest ranking prior to or on a parity with the security interest created by the Security Agreement with respect to any part of the Collateral (it being understood that the addition of Hedge Counterparties, Synthetic Security Counterparties and any replacement CP Put Counterparty does not require consent under this clause) or terminate such security interest on any property at any time subject thereto or deprive the Holder of any Security, CP Note, the Collateral Agent, the Trustee, the CP Issuing and Paying Agent, the Trustee or any other Secured Party of the security afforded by the lien of the Security Agreement; (v) reduce the percentage of Holders of each Class of Notes or CP Notes or the CP Put Counterparty whose consent is required to request the Trustee to preserve the Collateral or rescind the Trustee's election to preserve the Collateral or to sell or liquidate the Collateral pursuant to the Trust Deed and the Security Agreement; (vi) modify any of the provisions of the Trust Deed with respect to supplemental trust deeds except (a) to increase the percentage of outstanding Notes or CP Notes whose Holders' (or, in the case of the CP Notes, the CP Put Counterparty's) consent is required for any such action or (b) to increase the percentage of outstanding Notes, Class X Notes or CP Notes whose Holders' (or, in the case of the CP Notes, the CP Put Counterparty's) consent is required to modify or waive other provisions of the Trust Deed; (vii) modify the definition of the term "Outstanding" or the Priority of Payments set forth in the Security Agreement; (viii) modify any of the provisions of the Trust Deed in such a manner as to affect the calculation of the amount of any payment of interest or discount on or principal of any Note or CP Note, modify any amount distributable to the Holders of the Class X Notes on any Quarterly Payment Date or modify any amount distributable to the Holders of the Class E Notes on any Payment Date or Quarterly Payment Date, as applicable, or to affect the right of the Holders of the Securities or the CP Notes, the CP Put Counterparty or the Trustee to the benefit of any provisions for the redemption of such Securities or CP Notes contained therein; (ix) amend any provision of the Trust Deed or any other agreement entered into by the Issuer with respect to the transactions contemplated by the Trust Deed 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 United States 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; (x) increase the

amount of the Investment Advisor Fee payable to the Investment Advisor beyond the amount provided for in the original Investment Advisory Agreement; (xi) amend any provision of the Trust Deed or any other agreement entered into by the Issuer with respect to the transactions contemplated by the Trust Deed that provides that the obligations of the Issuers or the Issuer, as the case may be, are limited recourse obligations of the Issuers or the Issuer, respectively, payable solely from the Collateral in accordance with the terms of the Trust Deed; (xii) at the time of the execution of such supplemental trust deed, cause the Issuer, the Investment Advisor, the CP Put Counterparty or any Note Paying Agent to become subject to withholding or other taxes, fees or assessments or cause the Issuer to be treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis; or (xiii) at the time of the execution of such supplemental trust deed, result in a deemed sale or exchange of any of the Securities under Section 1001 of the Code (items (i) through (xiii) above collectively, the "Reserved Matters").

Notwithstanding the foregoing, the Glossary of Defined Terms attached as Schedule A to the Trust Deed may only be amended in accordance with the procedures required to amend the Security Agreement; *provided* that any amendment to the Glossary of Defined Terms which relates to a Reserved Matter shall require the written consent of 100% of the Holders of each materially adversely affected Class of Notes and CP Notes (with the Holders of the CP Notes and Class A Notes voting as a single Class), the Holders of the Class X Notes, if materially adversely affected thereby, and each materially adversely affected Hedge Counterparty and CP Put Counterparty.

Except as provided above, the Issuers and the Trustee may enter into one or more supplemental trust deeds, without obtaining the consent of Holders of any of the Securities or the CP Notes (i) if such supplemental trust deeds would, in the opinion of the Trustee, have no material adverse effect on any of the Holders or the CP Noteholders (as evidenced by an opinion of counsel or an officer's certificate delivered by the Issuer (or the Investment Advisor on behalf of the Issuer) to the Trustee) or (ii) for any of the following purposes: (a) 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 Securities, the CP Notes and the Trust Deed; (b) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Securities and the CP Notes or to surrender any right or power conferred upon the Issuers; (c) to convey, transfer, assign, mortgage or pledge any property to 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 Securities; (d) to evidence and provide for the acceptance of appointment by a successor trustee, investment advisor, listing agent, calculation agent, note registrar, note paying agent or collateral agent and to add to or change any of the provisions of the Trust Deed as necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee; (e) to provide for the issuance of additional Notes and CP Notes to the extent permitted under the Trust Deed; (f) to correct or amplify the description of any property at any time subject to the security interest created by the Security Agreement, or to better assure, convey, and confirm unto the Trustee any property subject or required to be subject to the security interest created by the Security Agreement (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security interest created by the Security Agreement any additional property; (g) to cure any ambiguity or manifest error or correct or supplement any provisions contained in the Trust Deed which may be defective or inconsistent with any provision contained in the Trust Deed or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error; (h) to take any action necessary or advisable to prevent the Issuers, the Collateral Agent, the CP Put Counterparty, the CP Note Placement Agents or any Note Agents from becoming subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated 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 or to avoid the Issuer or the Co-Issuer or the Collateral from being required to register as an investment company under the Investment Company Act; (i) to conform the Trust Deed to the description contained in this offering circular; (j) to comply with any requests made by any stock exchange in order to list or maintain the listing of any Securities on such stock exchange or to de-list the Securities pursuant to the Trust Deed; (k) to modify the restrictions on and procedures for resale and other transfer of the Securities to reflect any changes in any applicable law or regulation (or the interpretation thereof) or

enable the Issuer to rely upon any less restrictive 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; (l) to accommodate the issuance of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes or the Regulation S Combination Notes as Definitive Notes; (m) to amend the reporting requirements or procedures contained in the Trust Deed to comply with such requirements and procedures as required by the Bond Market Association or as required to post any documents on the Repository or (n) to facilitate the issuance of the CP Notes and the maintenance of the Issuer's CP Note program. Prior to entering into any such supplemental Trust Deed, the Trustee will give written notice of such supplemental Trust Deed to each Rating Agency (*provided* that a supplemental Trust Deed relating to items (a) or (e) of clause (ii) of the first sentence in this paragraph shall require satisfaction of the Rating Agency Condition with respect to S&P).

The Issuer will not consent to any modification of any Transaction Document (other than the Security Agreement and the Trust Deed) and, in the case of the Memorandum and Articles of Association of the Issuer, will procure that its shareholders shall not so consent, unless the Rating Agency Condition with respect to S&P and, if such modification requires the consent of any Holders, with respect to Moody's has been satisfied with respect to such modification of such Transaction Document; *provided, however*, that satisfaction of the Rating Agency Condition will not be required for amendment to the Transaction Documents (i) in order to further effectuate the grant of, or further perfect, any lien or security interest of the Collateral Agent in, any item of Collateral, (ii) to amend the terms of such Transaction Documents for the purpose of facilitating compliance by the Issuer with any exemption from registration under the Investment Company Act, (iii) to cure any ambiguity or manifest error or correct or supplement any provision contained in the Transaction Documents which may be defective or inconsistent with any other provision contained in the Transaction Documents or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error, (iv) to comply with any reasonable requests made by any stock exchange in order to list or maintain the listing of any Securities thereon or to de-list the Securities, (v) to conform the terms of the Transaction Documents with the terms described in the offering circular, (vi) to amend the reporting requirements or procedures contained in the Trust Deed to comply with such requirements and procedures as required by the Bond Market Association or as required to post any documents on the Repository or (vii) to facilitate the issuance of the CP Notes and the maintenance of the Issuer's CP Note program. Prior to entering into any waiver in respect of any of the foregoing agreements, the Issuer will provide each Rating Agency, each Hedge Counterparty, the CP Put Counterparty, the Investment Advisor, the CP Note Placement Agents and the Trustee with written notice thereof which will specify the action proposed to be taken by the Issuer (and the Trustee will promptly deliver a copy of such notice to each Noteholder, CP Noteholder and each Holder of Class X Notes).

The Trustee may rely upon an Opinion of Counsel or an Officer's certificate, in each case delivered at the expense of the Issuer, with regard to establishing whether or not the Holders of Notes, CP Notes or Class X Notes, the CP Put Counterparty, the Investment Advisor or any Hedge Counterparty or CP Note Placement Agents would be materially adversely affected by any supplemental trust deed or amendment or modification to the Trust Deed (after giving notice of such change to the CP Put Counterparty, the Investment Advisor and the Hedge Counterparty) and that a supplemental trust deed or amendment or modification is permitted under the terms of the Trust Deed. Such determination shall be conclusive and binding on all present and future Holders of Notes and CP Notes.

Notwithstanding anything herein to the contrary, the Issuers will not consent to, or enter into, any supplemental trust deed or any amendment to the Trust Deed, Security Agreement or the Note Agency Agreement that would have a material adverse effect on any Hedge Counterparty, any Synthetic Security Counterparty, the CP Put Counterparty or any CP Note Placement Agent without the prior consent of each Hedge Counterparty, each Synthetic Security Counterparty, the CP Put Counterparty and each CP Note Placement Agent materially adversely affected, as applicable, which consent shall not be unreasonably withheld or delayed. Any amendment to the Trust Deed will not be effective until the Investment Advisor has received written notice of such amendment, has consented in writing to the terms of the proposed amendment and has received a copy of the final version of such amendment from the

Issuer or the Trustee. Notwithstanding anything in the Trust Deed to the contrary, the Investment Advisor will not be bound by any supplemental trust deed that modifies the rights or increases the obligations of the Investment Advisor unless the Investment Advisor has consented thereto in writing.

Notwithstanding anything herein to the contrary, for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred, in addition to any voting and consent rights the CP Put Counterparty may have in its capacity as CP Put Counterparty, (x) the CP Put Counterparty will have the right to exercise the voting and consent rights of the then outstanding CP Notes for any purpose, including as a part of the Controlling Class and (y) any modification to the Trust Deed, the Terms and Conditions of the Notes or the Security Agreement that would materially and adversely affect the Class A-1LT-c Notes, if they were outstanding (or the rights of any Holders thereof, if the Class A-1LT-c Notes were outstanding) shall be deemed to materially and adversely affect the CP Put Counterparty, even if there are no Class A-1LT-c Notes outstanding at the time of such modification. Any time that the consent of the CP Put Counterparty is required with respect to the transactions contemplated hereunder and such consent is not allowed to be unreasonably withheld, if the CP Put Counterparty is not permitted to so consent without violating another contract to which the CP Put Counterparty is a party related to its rights and obligations under the CP Put Agreement, the denial of consent in such case will be deemed to be reasonable.

At the cost of the Issuers, the Trustee will provide the Holders of the Securities, the Investment Advisor, the CP Put Counterparty, the CP Issuing and Paying Agent, the CP Note Placement Agents and the Hedge Counterparties a copy of any proposed supplemental trust deed at least 20 days prior to the execution thereof by the Trustee. The Trustee will, for so long as the Securities and the CP Notes are outstanding and rated by the Rating Agencies, mail a copy of any proposed supplemental trust deed (whether or not required to be approved by the Holders of any Securities or CP Notes) to the Rating Agencies not later than 15 Business Days prior to the execution of such proposed supplemental trust deed. Unless a supplemental trust deed is approved by 100% of the Holders of all the Notes, any supplemental trust deed must also satisfy the Rating Agency Condition unless otherwise described herein. The Trustee must provide notice of any amendment or modification of the Trust Deed (whether or not required to be approved by the Holders of any Securities or CP Notes) to the Holders of the Securities, the Investment Advisor, the CP Put Counterparty, the CP Issuing and Paying Agent, the CP Note Placement Agents, each Hedge Counterparty and, for so long as any Securities are listed on any stock exchange, the Listing and Paying Agent promptly upon the execution of such supplemental trust deed. The Trustee will not enter into any such supplemental trust deed if, with respect to such supplemental trust deed, the Rating Agency Condition is required to be satisfied, but would not be satisfied; *provided* that the Trustee shall, with the consent of the Holders of 100% of the aggregate outstanding amount of Notes of each Class, the CP Notes, the Investment Advisor, the CP Put Counterparty and each Hedge Counterparty, enter into any such supplemental trust deed notwithstanding any such reduction or withdrawal of the ratings of any outstanding Class of Notes.

Additional Issuance. The Trust Deed and the CP Issuing and Paying Agency Agreement will provide that during the Reinvestment Period the Issuers may issue and sell additional notes of all existing Classes of Notes and CP Notes (in addition to any CP Notes then outstanding or issued to replace maturing CP Notes) and the Issuer will use the proceeds to purchase additional Collateral Assets and, if applicable, enter into additional Hedge Agreements in connection with the Issuer's issuance of and making of payments on, the notes and ownership and disposition of the Collateral Assets; *provided* that the following conditions are satisfied: (i) such additional issuances may not exceed 100% in the aggregate of the principal amount of the currently outstanding Class A-1LT-a Notes, the currently outstanding Class A-1LT-b Notes and the currently outstanding Class A-1LT-c Notes, 100% in the aggregate face amount of the CP Notes currently outstanding (aggregated as a single class) and 100% in the aggregate of the original principal amount of each other applicable Class of Notes; such additional notes must be issued for a cash sales price (the net sale proceeds to be invested in Collateral Assets or, pending such investment, deposited in the Collection Account and invested in Eligible Investments); additional CP Notes, Class A-1LT-a Notes, Class A-1LT-b Notes and Class A-1LT-c Notes (in the aggregate), and Notes of each other Class must be issued in a *pro rata* amount (based on the then aggregate outstanding principal amount of the Class A-1LT-a Notes, the Class A-1LT-b Notes and the

Class A-1LT-c Notes and the aggregate outstanding face amount of the CP Notes (aggregated as a single class) and each other Class of Notes); and the terms (other than the date of issuance, the issue price, the date from which interest will accrue and, in the case of the Class A-1LT-a Notes, the Class A-1LT-b Notes and the Class A-1LT-c Notes only, the interest rate and current margin over LIBOR thereon) of such Notes must be identical to the terms of the Notes of the Class of which such Notes are a part, or, in the case of the CP Notes, the terms (other than the date of issuance, the maturity, the issue price and (if applicable) the interest rate and the date from which interest will accrue) of such CP Notes must be identical to the terms of the originally issued CP Notes; (ii) the ratings on each Class of Notes must at such time be no lower than the original ratings assigned on the Closing Date; (iii) the Rating Agency Condition has been satisfied; (iv) the Holders of the Class E Notes shall have been afforded the first opportunity to purchase additional Class E-1 Notes or Class E-2 Notes, as applicable, in an amount at least equal to the percentage of the outstanding Class of Class E Notes each Holder held immediately prior to such issuance of such additional Class E Notes and on the same terms offered to investors generally; (v) the Investment Advisor shall have consented to such additional issuance; (vi) the CP Put Counterparty and the Hedge Counterparties have been provided notice in writing 30 days prior to such issuance and shall have consented to such issuance; and (vii) an opinion of counsel must be delivered to the Trustee to the effect that none of the Issuer, the Co-Issuer or the pool of Collateral (or any part thereof) will be required, as a result of such issuance, to be registered as an investment company under the Investment Company Act, and that (a) such additional issuance will not result in the Issuer becoming subject to U.S. federal income taxation with respect to its net income, (b) such additional issuance would not cause Holders of the Notes previously issued to be deemed to have sold or exchanged such Notes under Section 1001 of the Code, (c) any such additional Class A Notes, CP Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes shall be accorded the same tax characterization for U.S. federal income tax purposes as the respective original notes and (d) any such additional CP Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes, respectively, will be part of the same issue as the original CP Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes, respectively, for purposes of Sections 1271 through 1275 of the Code. Any additional issuance of Notes will not require the consent of the Class A Notes or the CP Notes and will not require an amendment to the Trust Deed, the Security Agreement, the Note Agency Agreement or the CP Issuing and Paying Agency Agreement, except to provide for proportional increased dollar limitations in the Priority of Payment provisions of the Security Agreement. No additional Class X Notes may be issued after the Closing Date.

The proceeds of any additional issuance that are not used on the date of such issuance to purchase Collateral Assets will be deposited into the Collection Account.

Jurisdictions of Incorporation and Formation. Under the Trust Deed, the Issuer and the Co-Issuer will be required to maintain their rights and franchises as a company incorporated under the laws of the Cayman Islands and a corporation incorporated under laws of 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 validity and enforceability of the Trust Deed, the Securities, the CP Notes or any of the Collateral; *provided, however*, that the Issuers shall be entitled to change their jurisdictions of incorporation or formation from the Cayman Islands or Delaware, as applicable, to any other jurisdiction reasonably selected by the Issuer or Co-Issuer, as applicable, and approved by its common shareholders or members, as applicable, so long as (i) the Issuer or Co-Issuer, as applicable, does not believe such change is disadvantageous in any material respect to such entity, the Holders of any Class of Notes or CP Notes, the CP Put Counterparty or any Hedge Counterparty; (ii) written notice of such change shall have been given by the Issuer or Co-Issuer, as applicable, to the other one, the Trustee, the Note Paying Agents, the Investment Advisor, the CP Put Counterparty, the CP Note Placement Agents, the Hedge Counterparties, the Holders of each Class of Notes and CP Notes, any stock exchange on which any Security are then listed and each of the Rating Agencies at least thirty (30) Business Days prior to such change of jurisdiction; and (iii) on or prior to the 25th Business Day following such notice the Trustee shall not have received written notice from Holders of a Majority of the Controlling Class, the Holders of a Majority of the Class E Notes, the CP Put Counterparty, any Hedge Counterparty or from any stock exchange on which such Securities are listed objecting to such change.

Trustee. JPMorgan Chase Bank, National Association will act as Trustee and as the Collateral Agent. In addition, JPMorgan Chase Bank, National Association will also act as the Principal Note Paying Agent, the Note Paying Agent in the United States, the Note Transfer Agent and the Note Registrar. The Issuers and their affiliates may maintain other transaction relationships in the ordinary course of business with the Trustee. In addition, JPMorgan Chase Bank, National Association acts as trustee with respect to a portion of the aggregate principal amount of Collateral Assets which, as of the date of this offering circular, are expected to be acquired by the Issuer on the Closing Date. JPMorgan Chase Bank, National Association and any of its affiliates providing services with respect to the Issuer will have only the duties and responsibilities expressly provided in each capacity and shall not, by virtue of its or any affiliate acting in any other capacity, be deemed to have duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. The payment of the fees and expenses of the Trustee relating to the Securities and the CP 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 Security Agreement.

The Trust Deed 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 Trust Deed. The Trustee will not be bound to take any action unless indemnified for such action. The Noteholders shall together have the power, exercisable by Extraordinary Resolution, to remove the Trustee as set forth in the Trust Deed. The removal of the Trustee shall not become effective until the acceptance of appointment by a successor trustee. If the Trustee is removed without cause, costs and expenses of the Trustee incurred in connection with the transfer to the successor Trustee shall be paid by the successor Trustee or the Issuer. In addition, if JPMorgan Chase Bank, National Association is removed in its capacity as the Trustee, it shall also be removed in each other capacity it serves under the Transaction Documents.

Petitions for Bankruptcy. The Trust Deed and the Note Agency Agreement will provide that neither (i) any of the Hedge Counterparties, the CP Put Counterparty, the Collateral Agent, the Note Agents, or the Trustee, in its own capacity, or on behalf of any Holder of Notes, CP Notes or Class X Notes, nor (ii) the Noteholders may, prior to the date which is one year and one day (or, if longer, the applicable preference period then in effect) after the payment in full of all Notes and CP Notes, institute against, or join any other person in instituting against, the Issuer or Co-Issuer any bankruptcy, reorganization, arrangement, insolvency, moratorium, liquidation or similar proceedings under the laws of any jurisdiction. The shareholders of the Issuer may voluntarily wind up the Issuer only by a resolution by holders of at least 66-2/3% of the Issuer Ordinary Shares. The Share Trustee, as registered holder of the Issuer Ordinary Shares under a declaration of trust, has covenanted not to exercise the votes attaching to the Issuer Ordinary Shares to wind up the Issuer before one year and one day or, if longer, the applicable preference period then in effect, after all Notes have ceased to be outstanding and the directors of the Issuer have confirmed to the Share Trustee that the Issuer does not intend to issue any additional Notes.

Note Agency Agreement

Note Agents. JPMorgan Chase Bank, National Association will be the Principal Note Paying Agent, the Note Paying Agent, the Note Registrar, the Calculation Agent and the Note Transfer Agent under the Note Agency Agreement. The Issuers and their affiliates may maintain other banking relationships in the ordinary course of business with JPMorgan Chase Bank, National Association. The payment of the fees and expenses of JPMorgan Chase Bank, National Association relating to the Securities and the CP Notes is solely the obligation of the Issuers. The Note Agency Agreement contains provisions for the indemnification of JPMorgan Chase Bank, National Association for any loss, liability or expense incurred without gross negligence, willful misconduct, default or bad faith on its part arising out of or in connection with the acceptance or administration of the Note Agency Agreement.

Listing and Paying Agent. For so long as any Class of Securities is listed on any stock exchange and the rules of such exchange shall so require, the Issuer will have a listing agent and a paying agent (which shall be the "Listing and Paying Agent") for Securities. The Issuers and their affiliates may

maintain other relationships in the ordinary course of business with the Listing and Paying Agent. The payment of the fees and expenses of the Listing and Paying Agent relating to Securities (if issued) is solely the obligation of the Issuers. The Note Agency Agreement contains provisions for the indemnification of the Listing and Paying Agent for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on their respective parts arising out of or in connection with the acceptance or administration of the Note Agency Agreement.

Security Agreement

Modification of the Security Agreement. The Security Agreement (including the Glossary of Defined Terms attached thereto), may be amended by the Issuer upon satisfaction of the Rating Agency Condition with respect to S&P but without the consent of any other party (i) in order to further effectuate the grant of the security interest, or further perfect any lien or security interest of the Collateral Agent in, any item of Collateral, (ii) to amend the terms of the Security Agreement for the purpose of facilitating compliance by the Issuer with any exemption from registration under the Investment Company Act, (iii) to cure any ambiguity or correct or supplement any provision contained in the Security Agreement which may be defective or inconsistent with any other provision contained in the Security Agreement or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error, (iv) to comply with any reasonable requests made by any stock exchange in order to list or maintain the listing of any Securities on such stock exchange or to de-list the Securities pursuant to the Trust Deed, (v) to conform the terms of the Security Agreement with the terms described in this offering circular and (vi) to facilitate the issuance of the CP Notes and the maintenance of the Issuer's CP Note program; *provided* that the Issuer shall be allowed to amend the reporting requirements or procedures contained in the Security Agreement to comply with such requirements and procedures as required by the Bond Market Association or as required to post any documents on the Repository without the consent of any other party (except for the Trustee, the Investment Advisor and the Collateral Administrator) and without the satisfaction of the Rating Agency Condition.

Notwithstanding the foregoing, the Issuers will not consent to any amendment to the Security Agreement that would have a material adverse effect on any Hedge Counterparty, the Investment Advisor, the CP Put Counterparty, any Synthetic Security Counterparty or any CP Note Placement Agent without the prior consent of each Hedge Counterparty, the Investment Advisor, the CP Put Counterparty, each Synthetic Security Counterparty and each CP Note Placement Agent materially adversely affected (as evidenced by an officer's certificate delivered by the Issuer (or the Investment Advisor on behalf of the Issuer) to the Trustee), as applicable, which consent shall not be unreasonably withheld or delayed.

The Security Agreement (and the Glossary of Defined Terms attached thereto) may otherwise be amended, changed, modified or altered by a written instrument or written instruments signed by the Collateral Agent, the Trustee, the Investment Advisor and the Issuer, and to the extent each is adversely affected thereby, the Securities Intermediary, the CP Put Counterparty, each CP Note Placement Agent, each Synthetic Security Counterparty and each Hedge Counterparty (to the extent required under the Hedge Agreement) and upon satisfaction of the Rating Agency Condition with respect to S&P and, if the consent of the Holders of any Class of Notes, CP Notes or Class X Notes is required in connection with such amendment, change, modification or alteration, with respect to Moody's; *provided,* that to the extent that such amendment, change, modification or alteration of the Security Agreement or the Glossary of Defined Terms would have a material adverse effect on the Holders of any Class of Notes, CP Notes or Class X Notes (as evidenced by an officer's certificate), the Issuer shall not consent to any such amendment, change, modification or alteration without the approval of the Holders of a SupraMajority of each Class of Notes, the CP Notes and the Class X Notes (with the Class A Notes and the CP Notes voting as a single class) materially adversely affected thereby. Notwithstanding the foregoing, any amendment of the Security Agreement or the Glossary of Defined Terms which relates to a Reserved Matter shall require the consent of the Holder of each Note and CP Note and, to the extent required under the relevant Hedge Agreement and Synthetic Security, each Hedge Counterparty and Synthetic Security Counterparty, as applicable.

The Trustee may rely upon an Opinion of Counsel or an officer's certificate, in each case delivered at the expense of the Issuer, in determining whether or not the Holders of the Securities or the CP Notes, any Counterparty, any Synthetic Security Counterparty, the CP Note Placement Agents or the Investment Advisor would be adversely or materially adversely affected by any amendment or modification to the Security Agreement or the Glossary of Defined Terms (after giving notice of such change to the CP Put Counterparty or in the case of each Hedge Counterparty and Synthetic Security Counterparty whether or not the consent of such Hedge Counterparty and Synthetic Security Counterparty is required under the applicable Hedge Agreement or Synthetic Security, as applicable) and that such amendment or modification is permitted under the terms of the Security Agreement. Such determination will be conclusive and binding on all present and future Holders of the Securities and the CP Notes and the Hedge Counterparty, each Synthetic Security Counterparty, the CP Put Counterparty, the Investment Advisor and any Hedge Counterparty or CP Note Placement Agent.

The Issuer will give prior notice to the Hedge Counterparties, the Investment Advisor, the Note Agents, the Trustee, each Synthetic Security Counterparty, the Collateral Agent, the CP Put Counterparty, the CP Issuing and Paying Agent, the Securities Intermediary, each of the Rating Agencies and, for so long as any Securities are listed on any stock exchange, any such stock exchange, of any amendment, change, modification or alteration of the Security Agreement and provide copies of such amendment, change, modification or alteration to the Hedge Counterparties, the Investment Advisor, the Note Agents, each Synthetic Security Counterparty, the CP Put Counterparty, the CP Issuing and Paying Agent, the Trustee, the Collateral Agent, the Securities Intermediary, each of the Rating Agencies and, for so long as any Securities are listed on any stock exchange, any such stock exchange.

Notwithstanding anything herein to the contrary, for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred, in addition to any voting and consent rights the CP Put Counterparty may have in its capacity as CP Put Counterparty, (x) the CP Put Counterparty will have the right to exercise the voting and consent rights of the then outstanding CP Notes for any purpose, including as a part of the Controlling Class and (y) any modification to the Trust Deed, the Terms and Conditions of the Notes or the Security Agreement that would materially and adversely affect the Class A-1LT-c Notes, if they were outstanding (or the rights of any Holders thereof, if the Class A-1LT-c Notes were outstanding) shall be deemed to materially and adversely affect the CP Put Counterparty, even if there are no Class A-1LT-c Notes outstanding at the time of such modification. Any time that the consent of the CP Put Counterparty is required with respect to the transactions contemplated hereunder and such consent is not allowed to be unreasonably withheld, if the CP Put Counterparty is not permitted to so consent without violating another contract to which the CP Put Counterparty is a party related to its rights and obligations under the CP Put Agreement, the denial of consent in such case will be deemed to be reasonable.

Collateral Agent. JPMorgan Chase Bank, National Association will be the Collateral Agent and Securities Intermediary for the Secured Parties under the Security Agreement. The Issuers and their affiliates may maintain other banking relationships in the ordinary course of business with the Collateral Agent. The payment of the fees and expenses of the Collateral Agent relating to the Securities and the CP Notes is solely the obligation of the Issuers. The Collateral Agent and/or its affiliates may receive compensation in connection with their investment of trust assets in certain Eligible Investments as provided in the Security Agreement. Pursuant to the Security Agreement, the Collateral Agent will hold the assets of the Issuer in the Collateral Agent's name as securities intermediary for, and for the benefit of, the Trustee and will carry out its duties and obligations, including with respect to the disposition and liquidation of the assets of the Issuer, in accordance with the directions delivered pursuant to the Security Agreement.

The Security Agreement contains provisions for the Issuer to indemnify the Collateral Agent for any loss, liability or expense incurred without negligence, willful misconduct, default or bad faith on its part arising out of or in connection with the acceptance or administration of the Security Agreement. Any indemnification is payable in accordance with the Priority of Payments.

The Collateral Agent and any successor Collateral Agent may at any time resign by giving 90 days' written notice to the Trustee, the Issuer, the CP Issuing and Paying Agent, the Investment Advisor, each Hedge Counterparty, the CP Put Counterparty, the CP Note Placement Agents and each Rating Agency of such resignation; *provided* that such resignation shall take effect only upon the date which is the later of (i) the effective date of the appointment of a successor Collateral Agent which meets the requirements for a successor Collateral Agent set forth in the Security Agreement, reasonably acceptable to the Trustee and the Issuer (or the Investment Advisor acting on behalf of the Issuer) and which satisfies the Rating Agency Condition with respect to S&P, and (ii) the date of acceptance in writing by such successor Collateral Agent of such appointment and of its obligation to perform its duties under the Security Agreement in accordance with the provisions thereof. The Collateral Agent may be removed by the Issuer at any time prior to date on which all obligations of the Issuer under the Transaction Documents, the Securities and the CP Notes are satisfied in full, with or without cause, by an instrument in writing delivered to the Investment Advisor, the Issuer Administrator, the CP Issuing and Paying Agent, the Trustee, each Hedge Counterparty, the CP Put Counterparty, the CP Note Placement Agents and each Rating Agency.

Governing Law of the Note Agency Agreement, the Trust Deed and the Security Agreement. The Security Agreement will be governed by, and construed in accordance with, the laws of the State of New York; *provided*, *however*, that certain provisions of the Security Agreement related to the Priority of Payments and the subordination of the Securities and the CP Notes will be governed by English law. The Note Agency Agreement, the Trust Deed and the Securities will be governed by, and construed in accordance with, English law. Under the Security Agreement, the Note Agency Agreement and the Trust Deed, the parties thereto have submitted irrevocably to the non-exclusive jurisdiction of the courts of the State of New York and the courts of the United States of America in the State of New York (in each case sitting in the County of New York) for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Security Agreement, the Trust Deed, the Note Agency Agreement or the Securities.

Form of the Securities

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S Combination Notes. The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Notes and will be deposited with JPMorgan Chase Bank, National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC. The Rule 144A Global Notes (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Combination Notes sold in offshore transactions in reliance on Regulation S will initially be represented by Temporary Regulation S Global Notes deposited on the Closing Date with JPMorgan Chase Bank, National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC, for the respective accounts of Euroclear and Clearstream. Beneficial interests in a Temporary Regulation S Global Note may be held only through Euroclear or Clearstream. Beneficial interests in a Temporary Regulation S Global Note will be exchanged for beneficial interests in a permanent Regulation S Global Note for a Note of the related Class in definitive, fully registered form upon the later of (i) the expiration of the Distribution Compliance Period (as defined below) and (ii) the first date on which the requisite certifications (in the form provided in the Trust Deed) are provided to the Trustee. The "Distribution Compliance Period" with respect to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S Combination Notes ends 40 days after the later of (i) the commencement of the offering of the Securities and (ii) the Closing Date; *provided* that the Trustee may assume such expiration is on the 40th day after the Closing Date unless advised otherwise in writing by the Initial Purchaser. The Regulation S Global Note for each sub-class of Notes will be registered in the name of Cede & Co., a nominee of DTC, and deposited with

JPMorgan Chase Bank, National Association as custodian for DTC for credit to the accounts of Euroclear and Clearstream for the respective accounts of the Holders of such Notes. Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream.

A beneficial interest in a Regulation S Global Note or a Temporary Regulation S Global Note may be transferred, whether before or after the expiration of the Distribution Compliance Period, to a U.S. Person only, with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, in the form of a beneficial interest in a Rule 144A Global Note, and, with respect to any Regulation S Class E Notes or Regulation S Combination Notes, in the form of a definitive Class E Note or a definitive Combination Note, respectively, and only upon receipt by the Note Transfer Agent of a written certification from the transferor (in the form provided in the Trust Deed) to the effect that the transfer is being made to a person the transferor reasonably believes is a Qualified Institutional Buyer (or, in the case of a Class E Note or a Combination Note, an Accredited Investor) and is a Qualified Purchaser or, in the case of a Class E Note or a Combination Note, a Knowledgeable Employee. In addition, transfers of a beneficial interest in a Regulation S Global Note or Temporary Regulation S Global Note to a person who takes delivery in the form of an interest in a Rule 144A Global Note may occur only in denominations greater than or equal to the minimum denominations applicable to the Rule 144A Global Notes.

A beneficial interest in a Rule 144A Global Note or a definitive Class E Note or Combination Note may be transferred to a person who takes delivery in the form of an interest in a Temporary Regulation S Global Note or a Regulation S Global Note, as the case may be, whether during or after the expiration of the Distribution Compliance Period, only upon receipt by the Note Registrar of a written certification from the transferor (in the form provided in the Trust Deed) to the effect that such transfer is being made to a non-U.S. Person in accordance with Rule 903 or 904 of Regulation S.

Any beneficial interest in one of the Global Notes that is transferred to the person who takes delivery in the form of an interest in another 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 below, owners of beneficial interests in any Global Note will not be entitled to receive physical delivery of certificated Class A Notes, Class B Notes, Class C Notes, Class D Notes Regulation S Class E Notes or Regulation S Combination Notes. The Securities are not issuable in bearer form.

The Securities will be issued in minimum denominations of U.S. $100,000 and integral multiples of U.S. $1,000 in excess thereof.

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 Note Agency Agreement 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 under 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 Class A Notes, Class B Notes,

Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes in certificated form and will not be considered to be the owners or Holders of any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes under the Note Agency Agreement. 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 Note Agency Agreement and the Trust Deed referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold their interests in a Regulation S Global Note or a Temporary Regulation S Global Note directly through Clearstream or Euroclear, if they are participants in these systems, or indirectly through organizations which 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 and Temporary Regulation S Global Notes in customers' securities accounts in the depositories' 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 which are participants in the system.

Payments of the principal of and interest on the Global Notes will be made to DTC or its nominee, as the registered owner thereof. Neither the Issuers, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments 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 Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes. The Issuers expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note representing any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination 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 Global Notes 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 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.

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 Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination 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 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 Temporary Regulation S Global Note or 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 depositaries 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 Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination 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 of the aggregate principal amount of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination 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 organized 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").

Clearstream. Clearstream Banking, société anonyme, was incorporated as a limited liability company under Luxembourg law. Clearstream is owned by Cedel International, société anonyme, and Deutsche Börse AG. The shareholders of these two entities are banks, securities dealers and financial institutions.

Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thus eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, securities lending and borrowing and collateral management. Clearstream interfaces with domestic markets in a number of countries. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of the Euroclear System, to facilitate settlement of trades between Clearstream and Euroclear.

As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream customers are limited to securities brokers and dealers and banks and may include the Initial Purchaser. Other institutions that maintain a custodial relationship with a Clearstream customer may obtain indirect access to Clearstream. Clearstream is an indirect participant in DTC.

Distributions with respect to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by Clearstream.

The Euroclear System. The Euroclear System was created in 1968 to hold securities for participants of the Euroclear System and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including U.S. Dollars and Japanese Yen. The Euroclear System provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described above.

The Euroclear System is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"), under contract with Euroclear Clearance System plc, a U.K. corporation (the "Euroclear Clearance System"). The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Euroclear Clearance System. The Euroclear Clearance System establishes policy for the Euroclear System on behalf of Euroclear participating organizations. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Initial Purchaser. Indirect access to the Euroclear System is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC.

The Euroclear Operator is a Belgian bank. The Belgian Banking Commission regulates and examines the Euroclear Operator.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within the Euroclear System;
- withdrawal of securities and cash from the Euroclear System; and
- receipts of payments with respect to securities in the Euroclear System.

All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Distributions with respect to Notes and Regulation S Combination Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participating organizations in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear Operator and by Euroclear.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Notes and in the Rule 144A 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 nor the Trustee 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.

Payments; Certifications by Holders of Temporary Regulation S Global Notes. A Holder of a beneficial interest in a Temporary Regulation S Global Note must provide Clearstream or Euroclear, as the case may be, with a certificate in the form required by the Trust Deed certifying that the beneficial owner of the interest in such Global Note is not a U.S. Person (as defined in Regulation S), and Clearstream or Euroclear, as the case may be, must provide to the Trustee a certificate in the form required by the Trust Deed prior to (i) the payment of interest or principal with respect to such Holder's beneficial interest in the Temporary Regulation S Global Note and (ii) any exchange of such beneficial interest for a beneficial interest in a Regulation S Global Note.

Individual Definitive Notes. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S Combination Notes will be initially issued in global form. If DTC or any successor to DTC advises the Issuer in writing that it is at any time unwilling or unable to continue as a depositary for the reasons described in "—Global Notes" and a successor depositary is not appointed by the Issuers within ninety (90) days or as a result of any amendment to or change in, the laws or regulations of the Cayman Islands or the State of Delaware, as applicable, 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 Issuers or the Note Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes or the Regulation S Combination Notes which would not be required if the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes were in definitive form and the Issuers will issue individual definitive Class A Notes, Class B Notes, Class C, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes in registered form in exchange for the Regulation S Global Notes and the Rule 144A Global Notes, as the case may be. Upon receipt of such notice from DTC, the Issuers will use their best efforts to make arrangements with DTC for the exchange of interests in the Global Notes for individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes and cause the requested individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes to be executed and delivered to the Note Registrar in sufficient quantities and authenticated by or on behalf of the Note Transfer Agent for delivery to Holders of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes. Persons exchanging interests in a Global Note for individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes will be required to provide to the Note Transfer Agent, through DTC, Clearstream or Euroclear, (i) written instructions and other information required by the Issuers and the Note Transfer Agent to complete, execute and deliver such individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination 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 Issuers shall require and (iii) in the case of an exchange of an interest in a Regulation S Global Note, such certification as the Issuers shall require as to non-U.S. Person status. In all cases, individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in denominations in compliance with the minimum denominations specified for the applicable Global Notes, requested by DTC.

Individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes will bear, and be subject to, such legend as the Issuers require in order to assure compliance with any applicable law. Individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes will be transferable subject to the minimum denomination applicable to the Securities, in whole or in part, and exchangeable for individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes of the same Class at the office of the Note Paying Agent, Note Transfer Agent or the office of any transfer agent, including the Listing and Paying Agent, upon compliance with the requirements set forth in the Note Agency Agreement and the Trust Deed. Individual definitive Class A Notes, Class B Notes, Class C

Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes may be transferred through any transfer agent upon the delivery and duly completed assignment of such Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes. Upon transfer of any individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes in part, the Note Transfer Agent will issue in exchange therefor to the transferee one or more individual definitive C Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes, respectively, in the amount being so transferred and will issue to the transferor one or more individual definitive Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes, respectively, in 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 Class A Note, Class B Note, Class C Note, Class D Note, Regulation S Class E Note or Regulation S Combination Note may transfer such Class A Note, Class B Note, Class C Note, Class D Note, Regulation S Class E Note or Regulation S Combination Note, subject to compliance with the provisions of the legend thereon. Upon the transfer, exchange or replacement of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination Notes bearing the legend, or upon specific request for removal of the legend on a Class A Note, Class B Note, Class C Note, Class D Note, Regulation S Class E Note or Regulation S Combination Note, the Issuer will deliver only Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes or Regulation S Combination 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 Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Combination Notes shall be payable by the Note Paying Agents by U.S. Dollar check drawn on a bank in the United States of America and sent by mail to the registered Holder thereof, by wire transfer in immediately available funds. In addition, for so long as any Securities are listed on any stock exchange and the rules of such exchange shall so require, in the case of a transfer or exchange of individual definitive Notes, a Holder thereof may effect such transfer or exchange by presenting such Notes at, and obtaining a new individual definitive Note from the office of the Listing and Paying Agent, in the case of a transfer of only a part of an individual definitive Note, a new individual definitive Note in respect of the balance of the principal amount of the individual definitive Note not transferred will be delivered at the office of applicable stock exchange, and in the case of a replacement of any lost, stolen, mutilated or destroyed individual definitive Notes, a Holder thereof may obtain a new individual definitive Note from the Listing and Paying Agent.

The Class E Notes, the Class X Notes and the Combination Notes (other than Regulation S Class E Notes and Regulation S Combination Notes). The Class E Notes, the Class X Notes and the Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will be represented by one or more notes in definitive form and will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

The Class E Notes, the Class X Notes and the Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) may be transferred only upon receipt by the Issuer and Note Transfer Agent of a Class E Notes, Class X Notes and Combination Notes Purchase and Transfer Letter to the effect that the transfer is being made (i)(a) to a Qualified Institutional Buyer that has acquired an interest in the Class E Notes, Class X Notes or Combination Notes, as applicable, in a transaction meeting the requirements of Rule 144A, or (b) to an Accredited Investor in a transaction exempt from registration under the Securities Act, who in the case of (a) is also a Qualified Purchaser and in the case of (b) is also a Qualified Purchaser or a Knowledgeable Employee, or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S. The transferee must also make certain other representations applicable to such transferee, as set forth in the Class E Notes, Class X Notes and Combination Notes Purchase and Transfer Letter.

Payments on the Class E Notes, the Class X Notes and the Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) on any Quarterly Payment Date will be made to the person in whose name the relevant Note is registered as of the close of business 10 Business Days prior to such Quarterly Payment Date.

DESCRIPTION OF THE COMBINATION NOTES

General. The Issuer will issue the Combination Notes on the Closing Date pursuant to the Trust Deed. The Combination Notes will consist of two components:

(1) a component initially consisting of approximately U.S.$18,000,000 (redemption amount) of Zero Coupon Bullet Notes issued by HBOS Treasury Services PLC (London Office) due May 25, 2016 allocable to, and represented by, the Combination Notes (the "Combination Note Principal Component"); and

(2) a component initially consisting of U.S.$ 7,200,000 aggregate original principal amount of Class E-1 Notes allocable to, and represented by, the Combination Notes (the "Class E-1 Note Component").

Each of the Combination Note Principal Component and the Class E-1 Note Component is referred to herein as a "Component" and collectively as the "Components."

The aggregate principal amount of Class E-1 Notes included in the Class E-1 Note Component is included in, and is not in addition to, the aggregate principal amount of Class E-1 Notes issued by the Issuer as described elsewhere in this offering circular. The Class E-1 Notes included in the Class E-1 Note Component will not be separately issued. The Combination Note Principal Component and the Class E-1 Notes included in the Class E-1 Note Component, respectively, will be represented by the relevant certificates evidencing the Combination Notes.

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Class E-1 Notes" shall include a reference to the Combination Notes to the extent of the Class E-1 Note Component, and references to the rights and obligations of the Holders of the Class E-1 Notes (including with respect to any payments, distributions or redemptions on or of such Class E-1 Notes or votes, notices or consents to be given by such Holders) include the rights and obligations of the Holders of the Combination Notes to the extent of the Class E-1 Note Component (in all cases, without duplication). Unless the Holders of Combination Notes are explicitly excluded or addressed in the same context, references herein to Holders of Class E-1 Notes shall include a reference to the Holders of Combination Notes to the extent of the Class E-1 Note Component, and the Holders of Combination Notes shall be entitled to participate in any vote or consent of, or any direction or objection by, the Holders of Notes or the Class E-1 Notes to the extent of the Class E-1 Note Component (in all cases, without duplication).

Status and Security. The Class E-1 Note Component of the Combination Notes is a limited recourse obligation of the Issuer. The Combination Notes will be entitled to receive payments only to the extent that payments are made on the Combination Note Principal Component or the Class E-1 Notes included in the Class E-1 Note Component. In the event that the Combination Note Collateral and the payments or distributions received in connection with the Class E-1 Notes comprising the Class E-1 Note Component (if any) are not sufficient to pay the principal amount of the Combination Notes, the Issuer will have no obligation to pay such deficiency.

The Combination Note Principal Component. The Combination Note Collateral (which is not offered hereunder) consists of the Combination Note Collateral Account and the Combination Note Principal Component (together, the "Combination Note Collateral"), which consists of approximately U.S.$18,000,000 (redemption amount) Zero Coupon Bullet Notes Due May 25, 2016, ISIN XS0245398903 issued by HBOS Treasury Services PLC (London Office) and held by the Issuer solely for

the benefit of the Combination Notes, together with all the proceeds thereof. No payment of interest will be made on the Combination Note Principal Component and a single scheduled payment of U.S. $18,000,000 will be due at maturity. In the event that the Combination Note Collateral and the payments or distributions received in connection with the Class E-1 Notes comprising the Class E-1 Note Component (if any) are not sufficient to pay the principal amount of the Combination Notes, the Issuer will have no obligation to pay such deficiency and any and all outstanding obligations shall be extinguished and shall not revive. The Combination Note Collateral is intended to support payment of the principal amount of the Combination Notes. The Combination Notes will be entitled to all payments received on the Combination Note Collateral independent of the priority of distributions described in "Description of the Notes—Payments on the Notes; Priority of Distributions". The Combination Note Collateral will not support payment of and will not be available with respect to any Notes, Class X Notes or CP Notes.

If the Combination Notes are to be exchanged for the Components thereof and the Trustee or the Issuer is advised by any Holder of the Combination Notes that such Holder is not permitted, under the documents governing the terms of the Combination Note Principal Component, applicable law or otherwise, to receive the Combination Note Principal Component or any Holder of Combination Notes fails to complete any documentation required for a transfer of the Combination Note Principal Component, the Issuer will direct the Trustee to liquidate such Holder's portion of the Combination Note Principal Component in a commercially reasonable sale (conducted by an agent to be appointed by the Issuer at such time, or an investment bank selected by such agent, in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) and such Holder's Combination Notes will be exchanged for the relevant Class E-1 Notes and the net proceeds of the sale of the Combination Note Principal Component. In order for the Holders of the Combination Notes to obtain delivery of the Combination Note Collateral, each Holder must be an eligible transferee of the Combination Note Principal Component pursuant to the documents governing the terms of the Combination Note Principal Component and applicable law.

Prior to investing in the Combination Notes, a prospective investor or transferee must obtain copies of the agreements pursuant to which the Combination Note Principal Component was issued from the Trustee, the Initial Purchaser or the transferor of the Combination Notes, and review such information in order to understand the terms of the Combination Note Principal Component and to confirm that such investor is eligible to own the Combination Notes. The Trustee is not obligated and has no responsibility to monitor, enforce or otherwise verify an investor's eligibility.

Notwithstanding anything herein to the contrary, the Combination Note Collateral will be pledged to the Collateral Agent solely as security for the Issuer's obligations under the Combination Notes, which will not be secured by the Collateral except to the extent that the Class E-1 Notes comprising the Class E-1 Note Component are secured by the Collateral.

Interest. The Combination Notes do not bear a stated rate of interest. Instead, payments of principal, interest and distributions on the Components, as applicable, will be paid to holders of the Combination Notes as described below under "Description of the Securities—Priority of Payments."

Early Redemption. The Combination Notes will only be redeemed prior to the Combination Note Maturity Date when the Combination Note Principal Component or Class E-1 Notes are redeemed. On an early redemption of the Class E-1 Notes prior to the Combination Note Maturity Date, the Combination Notes shall be redeemed in exchange for delivery of the Combination Note Collateral and any distributions payable in respect of the Class E-1 Notes comprising the Class E-1 Note Component. If an event of default occurs with respect to the Combination Note Principal Component pursuant to the terms of the Combination Note Principal Component prior to the Combination Note Maturity Date, the Combination Notes shall be redeemed in exchange for delivery of the Combination Note Collateral, the Class E-1 Notes comprising the Class E-1 Note Component and any distributions payable thereon.

Any proceeds of the early redemption of the Combination Note Principal Component or the Class E-1 Note Component will be paid to the Holders of the Combination Notes on the related Payment Date to the extent of the ratable portion of such proceeds allocable to such Components. See "Description of the Securities—Auction," "—Optional Redemption and Tax Redemption" and "—Mandatory Redemption."

Redemption. The Combination Notes will be redeemed on the Combination Note Maturity Date in exchange for delivery of the Combination Note Collateral and the Class E-1 Notes comprising the Class E-1 Note Component.

Acts of Holders of Combination Notes. Except as provided in the Trust Deed or the Security Agreement, the Holders of the Combination Notes will not have any rights to vote or give consents under the Trust Deed or the Security Agreement as a class of securities. Instead, the Holders of the Combination Notes will be treated as Holders of the Combination Note Principal Component and the Class E-1 Notes (to the extent of the Class E-1 Note Component) for purposes of any requests, demands, authorizations, directions, notices, consents, waivers or other actions under the Trust Deed or the Security Agreement. The Holders of the Combination Notes will be entitled only to vote, or to direct the voting of, the Components of such Combination Notes (in all cases, without duplication).

Payments. On each date on which payments, if any, are made by the Issuer on the Class E-1 Notes, a portion of such payments will be allocated to the Combination Notes based on the Class E-1 Note Component Percentage. Such amounts will be paid to the Holders of the Combination Notes *pro rata* based on the outstanding principal amount of Class E-1 Notes allocated to the Class E-1 Note Component of each of the Combination Notes. If the principal amount of the Combination Note Principal Component of the Combination Notes has been reduced to zero prior to the Combination Note Maturity Date, the holders of the Combination Notes will continue to be entitled to receive all payments on the Class E-1 Note Component *pro rata* in accordance with the outstanding principal amount of Class E-1 Notes allocated to the Class E-1 Note Component of the Combination Notes held by them (in all cases, without duplication).

With respect to the Combination Note Principal Component of the Combination Notes, the proceeds of, or the payments of principal and interest on, the Combination Note Collateral will be distributed, *pro rata* based on the outstanding principal amount of Combination Note Principal Component allocated to each of the Combination Notes, by the Trustee to the registered Holders of the Combination Notes as of the close of business on the applicable Record Date.

No other payments will be made on the Combination Notes. The Class E-1 Note Component Percentage will be adjusted, as appropriate, upon an exchange of the applicable Combination Note, in whole or in part, for the underlying Combination Note Principal Component and Class E-1 Notes, as described under "—Exchange of Combination Notes for Underlying Components."

Exchange of Combination Notes for Underlying Components. The Components are not separately transferable. However, a Holder may exchange its Combination Notes (in whole but not in part) for its ratable share of the underlying Combination Note Collateral and Class E-1 Notes, as applicable, represented by the applicable Components as described herein and in the Trust Deed and Security Agreement, as applicable. Specifically, upon an exchange of the Combination Notes, a Holder of Combination Notes will receive its ratable share, based on the portion of the total amount of Combination Notes owned by such investor, of (1) Combination Note Collateral and (2) Class E-1 Notes with a principal balance equal to the Class E-1 Note Component Percentage of the aggregate outstanding principal amount of the Class E-1 Notes (including the Class E-1 Note Component) (without duplication).

A Holder of Class E-1 Notes (including a Holder that received such Class E-1 Notes upon exchange of a Combination Note) will not have the right to exchange such Class E-1 Notes for a Combination Note.

USE OF PROCEEDS

The net proceeds from and associated with the offering of the Securities and the CP Notes issued on the Closing Date (including an initial payment to the Issuer from the initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty), after the payment of applicable fees and expenses of the Issuer, are expected to equal approximately U.S. $2,008,000,000. Approximately U.S. $2,001,000,000 of the net proceeds will be used by the Issuer on the Closing Date to purchase, or enter

into agreements (i) to purchase, a diversified portfolio of Collateral Assets which satisfy the Eligibility Criteria described herein with an aggregate Principal Balance of approximately U.S. $1,995,500,000 and with accrued interest of approximately U.S. $2,500,000 and the Combination Note Collateral and (ii) to enter into one or more Hedge Agreements as the Investment Advisor deems appropriate. The remaining net proceeds, constituting approximately U.S. $7,000,000 will be deposited in the Collection Account, invested in Eligible Investments and used to purchase additional Collateral Assets and possibly to enter into additional Hedge Agreements.

RATINGS

It is a condition to the issuance of the Notes that the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the Class A-2 Notes each be issued with a rating of "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be issued with a rating of at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be issued with a rating of at least "A2" by Moody's and at least "A" by S&P and that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P. The Class E Notes, the X Notes and the Combination Notes will not be rated. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. If and so long as any of the Notes are listed on any stock exchange and the rules of such exchange so require, the Issuer will notify such stock exchange if any rating assigned to any Class of Notes is reduced or withdrawn.

Moody's

The long term ratings, and to a certain degree, the short term ratings assigned to the Notes by Moody's are based upon its assessment of the probability that the Collateral Assets will provide sufficient funds to pay the rated portion of such Notes, based largely upon Moody's statistical analysis of historical default rates on debt obligations with various ratings, expected recovery rates on the Collateral Assets, the asset and interest coverage required for such Notes (which is achieved through the subordination of more junior Notes), and the diversification requirements that the Collateral Assets must satisfy.

Moody's rating of the Notes (other than the Class E Notes) addresses the ultimate cash receipt of all required interest and principal payments as provided in the governing documents. Moody's ratings are based on the expected loss posed to the Holders of the Notes relative to the promise of receiving the present value, calculated using a discounted rate equal to the promised interest rate of such payments. Moody's analyzes the likelihood that each debt obligation included in the portfolio will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody's then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the potential recovery value of the Collateral Assets and the expected volatility of the default rate of the portfolio based on the level of diversification by issuer and industry.

In addition to these quantitative tests, Moody's ratings take into account qualitative features of a transaction, including the experience of the investment advisor, the legal structure and the risks associated with such structure, its view as to the quality of the participants in the transaction and other factors that it deems relevant.

S&P

S&P will rate the Notes in a manner similar to the manner in which it rates other structured issues. The ratings assigned to the Class A Notes and Class B Notes by S&P address the likelihood of the timely payment of interest and ultimate payment of principal by the Stated Maturity. The rating assigned to the Class C Notes and the Class D Notes by S&P addresses the likelihood of the ultimate payment of interest and principal on such Notes.

S&P's analysis includes the application of its proprietary default expectation computer model, the Standard & Poor's CDO Monitor (which will be provided to the Investment Advisor), which is used to estimate the default rate the portfolio is likely to experience. The Standard & Poor's CDO Monitor calculates the projected cumulative default rate of a pool of Collateral Assets consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The Standard & Poor's CDO Monitor takes into consideration the rating of each issuer or obligor, the number of issuers or obligors, the issuer or obligor industry concentration and the remaining weighted average maturity of each of the Collateral Assets and Eligible Investments included in the portfolio. 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 Standard & Poor's CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of overcollateralization/subordination, cash collateral/reserve account, excess spread/interest and amortization. A transaction-specific cash flow model (the "Transaction-Specific Cash Flow Model") is used to evaluate the portfolio and determine whether it can withstand an estimated level of default while fully repaying the class of debt under consideration.

There can be no assurance that actual loss on the Collateral Assets will not exceed those assumed in the application of the Standard & Poor's CDO Monitor or that recovery rates and the timing of recovery with respect thereto will not differ from those assumed in the Transaction-Specific Cash Flow Model. The Issuers make no representation as to the expected rate of defaults on the portfolio or as to the expected timing of any defaults 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 the Investment Advisor makes no representation, that actual defaults on the Collateral Assets 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.

SECURITY FOR THE SECURITIES

Under the terms of the Security Agreement, the Issuer will grant to the Collateral Agent, for the benefit of the Secured Parties, a first priority perfected security interest in the Collateral, including the Collateral Assets, that is free of any adverse claim, to secure the Issuer's obligations under the Securities, the CP Notes, the Trust Deed, the Note Agency Agreement, the Security Agreement, the CP Issuing and Paying Agency Agreement, the CP Put Agreement, the CP Note Placement Agreement, the Investment Advisory Agreement and the Hedge Agreements. The CP Reserve Accounts will be used primarily for payments due and payable to the Holders of the CP Notes.

Purchase of Collateral Assets

The composition of the portfolio of Collateral Assets will be determined by the Investment Advisor, and will, on the date of purchase by the Issuer, be required to meet the Eligibility Criteria. On and after the Closing Date, each purchase of a Collateral Asset is required to satisfy the Reinvestment Criteria, including the Collateral Profile Tests, Collateral Quality Tests and Coverage Tests. Other than with respect to Trading Plans, compliance with the Reinvestment Criteria shall be measured as of the date the Issuer makes a commitment to purchase the Collateral Asset (the "trade date"), not the settlement date. See, "—Substitute Collateral Assets and Reinvestment Criteria." In addition, with respect to any "package trade" in which multiple Collateral Assets are purchased and/or sold within the same "trade date" (regardless of whether the settlement dates are the same), compliance with the Reinvestment Criteria shall be measured by determining the aggregate effect of such "package trade" on the Issuer's level of compliance with the applicable Reinvestment Criteria rather than considering the effect of each purchase and sale of a Collateral Asset individually. The Reinvestment Criteria (or any part thereof) shall be "satisfied" if the same are passed, maintained or improved, except as otherwise described in the applicable Reinvestment Criteria. In addition and as described in this offering circular,

prior to taking certain actions or making certain investments, the Issuer or Investment Advisor will be required to obtain confirmation that such actions or investments will not result in the withdrawal or reduction of the long term ratings assigned by the Rating Agencies to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by one or more subcategories.

Eligibility Criteria and Collateral Profile Tests

A Collateral Asset will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets both the General Eligibility Criteria and the specific eligibility criteria applicable to the Category or Subcategory to which the Collateral Asset belongs (together, the "Eligibility Criteria").

In addition to the Eligibility Criteria, the general collateral profile tests and the specific collateral profile tests applicable to the Category or Subcategory to which the Collateral Asset belongs (together, the "Collateral Profile Tests") must be satisfied upon the purchase of a Collateral Asset on and after the Closing Date; *provided* that if, after the Closing Date, any of the limits of one or more of the Collateral Profile Tests is not satisfied prior to any acquisition, (1) the level of compliance with respect to such Collateral Profile Test must be maintained or improved after such acquisition; and (2) the level of compliance with any other Collateral Profile Test may not be made worse after such acquisition, except to the extent that a reduction in the level of compliance does not result in non-compliance; *provided further* that each calculation made to determine compliance with the Collateral Profile Tests will be made with the assumption that the Aggregate Principal Amount will remain unchanged by the sale or purchase of the Collateral Asset.

For purposes of the Collateral Profile Tests, in calculating the Aggregate Principal Amount, the Principal Balances of all Defaulted Obligations, Deferred Interest PIK Bonds, Single B Rated Assets, Double B Rated Assets and Triple C Rated Assets shall be their respective par balances.

With respect to any Collateral Asset, the date on which such obligation shall be deemed to "mature" (or its "maturity" date) shall be the earlier of (x) the stated maturity of such obligation or (y) if an investor in such Collateral Asset has the right to require a third party rated at least "A2" by Moody's and at least "A" by S&P to purchase, redeem or retire such Collateral Asset (at par) on any one or more dates prior to its stated maturity and the Investment Advisor certifies to the Collateral Agent that it shall exercise such put right on any such date, the maturity date shall be the date specified in such certification.

General Eligibility Criteria

A Collateral Asset will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the following general eligibility criteria (the "General Eligibility Criteria") in addition to the specific eligibility criteria applicable to the Category or Subcategory to which the Collateral Asset belongs:

(i) it can be classified in one of the following Categories: Commercial Mortgage-Backed Security (CMBS Security), Residential Mortgage-Backed Security (RMBS Security), CDO Security, Insured Security, Asset-Backed Security (ABS Security), REIT Debt Security, Interest Only Security or Synthetic Security whose Reference Obligation can be classified in one of the previous Categories;

(ii) neither the acquisition, ownership, enforcement nor disposition of it will cause the Issuer to be (A) treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or (B) otherwise subject to tax on a net income basis in any jurisdiction outside the Issuer's jurisdiction of incorporation;

(iii) it is issued by an issuer (A) incorporated or organized under the laws of the United States, a state thereof, the District of Columbia, the Bahamas, Bermuda, the Cayman Islands, the Channel Islands, Ireland, or the Netherlands Antilles, (B) incorporated or organized under the laws of any other commonly used domicile for structured product transactions *provided* that such domicile has satisfied the Rating Agency Condition or (C) which is a Qualifying Foreign Obligor;

(iv) the payments on such Collateral Asset are not subject to withholding tax at a rate of greater than 15% of the interest payments thereon (as measured in the currency of such Collateral Assets) unless the issuer thereof or the obligor thereon is required to make additional payments sufficient (net of taxes) to cover any withholding tax imposed at any time on payments made to the Issuer with respect thereto;

(v) either (a) it was issued pursuant to an effective registration statement under the Securities Act in a "firm commitment" underwriting or (b) it was issued in a transaction exempt from registration under the Securities Act pursuant to an offering memorandum, private placement memorandum or similar document;

(vi) its acquisition would not cause the Issuer or the pool of Collateral to be required to register as an investment company under the Investment Company Act;

(vii) it is not (a) a Collateral Asset issued by an issuer located in a country that imposes foreign exchange controls that effectively limit the availability or use of U.S. Dollars to make when due the scheduled payments of principal of and interest on such Collateral Asset; (b) a financing by a debtor-in-possession in any insolvency proceeding; or (c) the subject of an Offer other than a Permitted Offer (and it has not been called for redemption);

(viii) the Issuer is not required by the terms of the related Underlying Instruments to make any payment or advance to the issuer of any Collateral Asset under the terms of its Underlying Instruments after its acquisition thereof or to any Synthetic Security Counterparty, other than any requirement to transfer Synthetic Security Collateral under the terms of a Synthetic Security and unless a subaccount has been fully funded to cover any such payments or advances;

(ix) it provides for periodic payments of interest no less frequently than semiannually;

(x) it was issued after July 18, 1984, and is in registered form for purposes of the Code;

(xi) (a) it is U.S. Dollar-denominated and it is not convertible into, or payable in, any other currency or (b) it is a Non-U.S. Dollar Denominated Asset;

(xii) if it is a Deemed Floating Collateral Asset, the Deemed Floating Asset Hedge entered into with respect to such Deemed Floating Collateral Asset conforms to all requirements set forth in the definition of "Deemed Floating Asset Hedge" and if it is a Deemed Fixed Collateral Asset, the Deemed Fixed Asset Hedge entered into with respect to such Deemed Fixed Collateral Asset conforms to all requirements set forth in the definition of "Deemed Fixed Asset Hedge";

(xiii) if it is a Deemed Floating Collateral Asset or a Deemed Fixed Collateral Asset, not more than 10% of the Aggregate Principal Amount consists of Deemed Floating Collateral Assets and Deemed Fixed Collateral Assets;

(xiv) if it is a Floating Rate Asset, its interest rate (or the interest rate on the underlying pool of loans and securities) adjusts by reference to one of the following indices: Constant Maturity Treasury, Moving Treasury Average, any London interbank offered rate, prime or the corporate base rate, cost of funds index (all districts), constant maturity swaps, federal funds, Treasury bills, commercial paper composite or any other index added upon satisfaction of the Rating Agency Condition;

(xv) if it is a Floating Rate Asset, not more than 10.0% of the Aggregate Principal Amount may consist of Floating Rate Assets referenced to an index other than any London interbank offered rate, and not more than 5.0% of the Aggregate Principal Amount may consist of Floating Rate Assets referenced to the Moving Treasury Average index, Constant Maturity Treasury, or constant maturity swaps;

(xvi) it does not have a Weighted Average Life greater than 12 years, and its stated legal maturity is not later than December 2045;

(xvii) if it has a Weighted Average Life greater than 10 years, it has an Actual Rating of at least "Aa3" by Moody's (if rated by Moody's) and an Actual Rating of at least "AA-" by S&P (if rated by S&P) and Fitch (if rated by Fitch);

(xviii) it is expected to have an outstanding principal balance of less than U.S. $1,000 after the Stated Maturity of the Class B Notes, assuming a constant prepayment rate since the date of purchase equal to the lesser of (a) 5.0% per annum and (b) the constant prepayment rate reasonably expected by the Investment Advisor as of the date of purchase;

(xix) it is not a Defaulted Obligation or a security currently deferring interest or an obligation which, in the Investment Advisor's judgment, has a significant risk of declining in credit quality and, with the lapse of time, becoming a Defaulted Obligation (excluding Haircut Assets);

(xx) it is not a Collateral Asset that is ineligible under its Underlying Instruments to be purchased by the Issuer and pledged to the Collateral Agent;

(xxi) it is not preferred or common stock, a security convertible into preferred or common stock or a security combined with any of the preceding preferred or common stock or "margin stock" as defined under Regulation U issued by the Board of Governors of the Federal Reserve System;

(xxii) it is not a bank loan or a Corporate Security;

(xxiii) if it is not an Interest Only Security, it provides for the payment of principal at not less than par upon maturity, redemption or acceleration;

(xxiv) it has an Actual Rating of at least "A3" by Moody's (if rated by Moody's) and an Actual Rating of at least "A-" by S&P (if rated by S&P) and Fitch (if rated by Fitch), and if the S&P rating (if any) includes an "r", "t", "pi", "p" or "q" subscript, it satisfies the Rating Agency Condition with respect to S&P;

(xxv) if it is a PIK Bond, it is not currently deferring interest and does not have any balance of deferred or capitalized interest; and

(xxvi) such security was purchased at a discount margin that is (i) less than or equal to the Average Current Comparable Discount Margin *plus* 0.20% or (ii) less than 0.80%.

For purposes of the Eligibility Criteria and the Collateral Profile Tests, Single Name Synthetic Securities shall, where applicable, be treated as having the characteristics of the related Reference Obligations and not of such Single Name Synthetic Securities and Tranched Synthetic Securities shall, where applicable, be treated as CDO Securities and shall not be subject to Eligibility Criteria and Collateral Profile Tests applicable only to cash securities (and not to Tranched Synthetic Securities).

In order to reduce the risk that the Issuer might be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes, the Issuer and the Investment Advisor will observe certain additional restrictions and limitations on their activities and on the Collateral Assets that may be purchased. Accordingly, although a particular prospective investment may satisfy the Eligibility Criteria, it may be ineligible for purchase by the Issuer and the Investment Advisor as a result of these limitations and restrictions. The Investment Advisor shall be deemed to have complied with its responsibilities under the Investment Advisory Agreement and clause (ii) of the General Eligibility Criteria so long as the Investment Advisor only directs the Issuer to acquire Collateral Assets in compliance with the terms of the Investment Advisory Agreement and any investment guidelines contained therein or attached thereto.

In addition, the Issuer will not purchase, acquire or hold (whether as part of a "unit" with a Collateral Asset, in exchange for a Collateral Asset or otherwise) (i) any asset that is treated for U.S. federal income tax purposes as an equity interest in an entity that is treated as a "domestic partnership" under Section 7701(a)(30)(B) of the Code or the ownership of which would otherwise cause the Issuer to be subject to income tax on a net income basis in any jurisdiction, (ii) any asset the gain from the disposition of which will be subject to U.S. federal income or withholding tax under Section 897 or Section 1445 of the Code and the Treasury regulations promulgated thereunder or (iii) any asset that is treated as an equity interest in an entity in which one or more employee benefit plans subject to ERISA are or could reasonably be treated as owning an undivided interest in each of the underlying assets of such entity for purposes of ERISA pursuant to 29 C.F.R. § 2510.3-101.

General Collateral Profile Tests

A Collateral Asset will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the general collateral profile tests listed below (the "General Collateral Profile Tests") in addition to the specific profile tests applicable to the Category or Subcategory to which the Collateral Asset belongs. For purposes of determining compliance with any Collateral Profile Test, (i) if the Aggregate Principal Amount of the Collateral Assets is less than U.S. $1,870,000,000 on any Measurement Date, only the percentages and not the dollar amount limitations below shall be used and (ii) all calculated percentages will be rounded to the nearest tenth of 1%, i.e., 5.13% would be rounded to 5.1%. The General Collateral Profile Tests are:

Aa3/AA- Rated Securities	not more than the greater of (i) 40.0% and (ii) U.S. $800,000,000 of the Aggregate Principal Amount may consist of Collateral Assets with an Actual Rating or Implied Rating of less than "Aa3" by Moody's and less than "AA-" by S&P (excluding RMBS Agency Securities); *provided, however*, that no more than the greater of (i) 45.0% and (ii) U.S. $900,000,000 of the Aggregate Principal Amount may consist of Collateral Assets with an Actual Rating of less than "Aa3" by Moody's (if rated by Moody's) or an Actual Rating of less than "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch);
Below A3 Rated Securities	no Collateral Assets may have an Actual Rating of less than "A3" by Moody's (if rated by Moody's) or an Actual Rating of less than "A-" by S&P (if rated by S&P) or Fitch (if rated by Fitch) (excluding RMBS Agency Securities).
Single Servicer	not more than the greater of (i) 25.0% and (ii) U.S. $500,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations) which are RMBS Securities or CMBS Securities serviced by a single Servicer which is ranked "Average" or better by S&P; *provided, however,* that notwithstanding the foregoing, up to the greater of (i) 35.0% and (ii) U.S. $700,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations) which are RMBS Securities or CMBS Securities serviced by Countrywide Home Loans Servicing, LLC, or its affiliates; not more than the greater of (i) 7.50% and (ii) U.S. $150,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single

	Name Synthetic Securities, the Reference Obligations) which are RMBS Securities or CMBS Securities serviced by a single Servicer which is ranked below "Average" by S&P or not ranked by S&P;
Single Obligor	(x) not more than the greater of (i) 2.0% and (ii) U.S. $40,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations) that are issued or guaranteed by the same Obligor; *provided* that RMBS Agency Securities backed by different pools of mortgage loans shall be treated as having different Obligors; and (y) in addition, with respect to up to five separate Obligors referred to in subclause (x), up to the greater of 1.0% and (ii) U.S. $20,000,000 of the Aggregate Principal Amount, in each case, may consist of additional Collateral Assets issued by such Obligor that have an Actual Rating of at least "Aaa" by Moody's (if rated by Moody's) and "AAA" by S&P (if rated by S&P) and Fitch (if rated by Fitch);
AA/Aa Rated Single Obligor	not more than the greater of (i) 2.0% and (ii) U.S. $40,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations and excluding any RMBS Agency Securities) that have an Actual Rating less than "Aaa" by Moody's (if rated by Moody's) or "AAA" by S&P (if rated by S&P) or Fitch (if rated by Fitch) and are issued or guaranteed by the same Obligor;
A/A Rated Single Obligor	not more than the greater of (i) 1.0% and (ii) U.S. $20,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations and excluding any RMBS Agency Securities) that have an Actual Rating less than "Aa3" by Moody's (if rated by Moody's) or an Actual Rating less than "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch) and are issued or guaranteed by the same Obligor;
Non-U.S. Securities	not more than the greater of (i) 15.0% and (ii) U.S. $300,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are Non-U.S. Securities;
Non-U.S. Dollar Denominated Assets	not more than the greater of (i) 2.0% and (ii) U.S. $40,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are Non-U.S. Dollar Denominated Assets and are not balance guaranteed swapped into U.S. Dollars but hedged with a currency swap using the expected prepayment schedule;
Floating Rate Assets/ Floating Rate Securities	not more than the greater of (i) 93.75% and (ii) U.S. $1,875,000,000 of the Aggregate Principal Amount may consist of Collateral Assets which are (i) Floating Rate Assets or (ii) Deemed Floating Collateral Assets;

Fixed Rate Assets/ Fixed Rate Securities	not more than the greater of (i) 7.75% and (ii) U.S. $155,000,000 of the Aggregate Principal Amount may consist of Collateral Assets which are (i) Fixed Rate Assets or (ii) Deemed Fixed Collateral Assets;
Certain Pure Private Collateral Assets	not more than the greater of (i) 10.0% and (ii) U.S. $200,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that were not (a) issued pursuant to an effective registration statement under the Securities Act or (b) privately placed Collateral Assets that are eligible for resale under Rule 144A or Regulation S under the Securities Act;
Haircut Assets	not more than the greater of (i) 5.0% and (ii) U.S. $100,000,000 of the Aggregate Principal Amount may consist of Collateral Assets which are Haircut Assets;
Approved Subcategories	not more than the greater of (i) 10.0% and (ii) U.S. $200,000,000 of the Aggregate Principal Amount may consist of Collateral Assets which are classified in a single Approved Subcategory;
Weighted Average Life	not more than the greater of (i) U.S. $0 of the Aggregate Principal Amount and (ii) the excess of the Aggregate Principal Amount *over* U.S. $2,000,000,000 may consist of Collateral Assets that have a Weighted Average Life greater than 12 years, not more than the greater of (i) 2.0% and (ii) U.S.$40,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that have a Weighted Average Life greater than 10 years, not more than the greater of (i) 8.0% and (ii) U.S. $160,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that have a Weighted Average Life greater than 8 years, not more than the greater of (i) 30% and (ii) U.S. $600,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that have a Weighted Average Life greater than 5 years, not more than the greater of (i) 10% and (ii) U.S. $200,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that have a Weighted Average Life greater than 5 years and have an Actual Rating below "Aa3" by Moody's (if rated by Moody's) or "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch); and not more than the greater of (i) 5.0% and (ii) U.S. $100,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that have a Weighted Average Life greater than 8 years and have an Actual Rating below "Aa3" by Moody's (if rated by Moody's) or an Actual Rating below "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch).
Issue Size	not more than the greater of (i) 15.0% and (ii) U.S. $300,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are part of an Original Issuance Amount which has an aggregate principal amount of less than U.S. $100,000,000 and not more than the greater of (i) 5.0% and (ii) U.S. $100,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are part of an Original

	Issuance Amount of less than U.S. $50,000,000 *provided*, that such limits will not apply to Synthetic Securities or to REIT Debt Securities issued by an issuer of REIT Debt Securities having an aggregate principal amount of outstanding securities of at least U.S. $200,000,000; and *provided, further*, that Collateral Assets that were not (a) issued pursuant to an effective registration statement under the Securities Act or (b) privately placed and eligible for resale under Rule 144A or Regulation S under the Securities Act must have an Original Issuance Amount of at least U.S. $100,000,000;
Bivariate Basket Limitation	not more than the greater of (i) 20.0% and (ii) U.S. $400,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are (i) Synthetic Securities and (ii) obligors domiciled in AA/Aa2 Jurisdictions;
PIK Bonds	not more than the greater of (i) 3% and (ii) U.S. $60,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are PIK Bonds;
Synthetic Securities Limitation	not more than the greater of (i) 20.0% and (ii) U.S. $400,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are Synthetic Securities;
Number of Obligors	not less than 115 separate Obligors shall be represented in the Aggregate Principal Amount of Collateral Assets during the Reinvestment Period; *provided* that with respect to RMBS Agency Securities, each CUSIP number shall be considered a separate Obligor;
Obligor Concentration	not more than 20 separate Obligors, each comprising greater than the greater of (i) 1.5% and (ii) U.S. $30,000,000 of the Aggregate Principal Amount, shall be represented in the Collateral Assets and not more than 30 separate Obligors, each comprising greater than the greater of (i) 1.25% and (ii) U.S. $25,000,000 of the Aggregate Principal Amount, shall be represented in the Collateral Assets.

Specific Category Eligibility Criteria and Specific Category Collateral Profile Tests

A Collateral Asset will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the following specific Category eligibility criteria and specific Category collateral profile tests in addition to the general eligibility criteria and general collateral profile tests applicable to the Collateral Assets:

CMBS Security Eligibility Criterion

CMBS Security Eligibility Criteria

A CMBS Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criteria (such additional criteria, the "CMBS Security Eligibility Criteria"):

it can be classified in an Approved Subcategory of CMBS Securities or one of the following Subcategories: CMBS Conduit Security, CMBS Large Loan Security, CMBS Franchise Security, CMBS Credit Tenant Lease Security, CMBS RE-REMIC Security or Commercial Real Estate Repackaging Security.

RMBS Security Eligibility Criteria

RMBS Security Eligibility Criteria

A RMBS Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following specific Category criteria (such additional criteria, the "RMBS Security Eligibility Criteria"):

(i) it can be classified in an Approved Subcategory of RMBS Securities or one of the following Subcategories: RMBS Agency Security, RMBS Prime Mortgage Security, RMBS Alt-A Mortgage Security, RMBS Residential B/C Mortgage Security or RMBS Home Equity Loan Security ; and

(ii) it is not an RMBS Manufactured Housing Security.

CDO Security Eligibility Criteria and Profile Tests

CDO Security Eligibility Criteria

A CDO Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criteria (such additional criteria, the "CDO Security Eligibility Criteria"):

(i) it can be classified (A) based on its underlying asset type in an Approved Subcategory of CDO Securities or one of the following Subcategories: CDO Structured Product Security, CDO RMBS Security or Collateralized Loan Obligation and (B) based on its structure as either a cashflow CDO Security or a Synthetic CDO Security; *provided*, that any Synthetic CDO Security shall also be subject to the applicable Collateral Profile Test;

(ii) if it is a CDO Security, except with respect to Collateral Assets purchased on the Closing Date, it is not a Market Value CDO Security, Corporate CDO Security, CDO Trust Preferred Security or CDO of CDOs Security;

(iii) if it is a CDO Security, the investment advisor is not TCW; and

(iv) if it is a CDO Security or a Commercial Real Estate Repackaging Security, it does not have a Weighted Average Life of greater than 10 years (except with respect to Tranched Synthetic Securities purchased on the Closing Date).

CDO Security Profile Tests

CDO Securities and Commercial Real Estate Repackaging Securities	not more than the greater of (i) 10.0% and (ii) U.S. $200,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are CDO Securities and Commercial Real Estate Repackaging Securities; *provided* that not more than the greater of (i) 6.0% and (ii) U.S. $120,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are CDO Securities and Commercial Real Estate Repackaging Securities without a rating of at least "Aaa" by Moody's (if rated by Moody's) and "AAA" by S&P (if rated by S&P) and Fitch (if rated by Fitch), respectively and not more than the greater of (i) 3.0% and (ii) U.S.

	$60,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are CDO Securities and Commercial Real Estate Repackaging Securities without a rating of at least "Aa3" by Moody's (if rated by Moody's) and "AA-" by S&P (if rated by S&P) and Fitch (if rated by Fitch).
Collateralized Loan Obligations	not more than the greater of (i) 3.0% and (ii) U.S. $60,000,000 of the Aggregate Principal Amount may consist of CDO Securities that are Collateralized Loan Obligations.
Synthetic CDO Securities	not more than the greater of (i) 5.0% and (ii) U.S. $100,000,000 of the Aggregate Principal Amount may consist of Collateral Assets that are Synthetic CDO Securities; *provided*, that each Synthetic CDO Security can be classified in one of the following Subcategories: CDO Structured Product Security, CDO RMBS Security, Collateralized Loan Obligation or Commercial Real Estate Repackaging Security or an Approved Subcategory of CDO Securities.

Insured Security Eligibility Criterion and Profile Test

Insured Security Eligibility Criterion

An Insured Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criterion (such additional criterion, the "Insured Security Eligibility Criterion"):

it is rated "Aaa" by Moody's (if rated by Moody's) and "AAA" by S&P (if rated by S&P) and Fitch (if rated by Fitch) (and is not on credit watch for possible downgrade).

Insured Security Profile Test

Insured Securities	not more than the greater of (i) 3.0% and (ii) U.S. $60,000,000 of the Aggregate Principal Amount may consist of Collateral Assets (including for this purpose, with respect to Single Name Synthetic Securities, the Reference Obligations) that are Insured Securities (excluding RMBS Agency Securities);

Asset-Backed Security Eligibility Criterion

Asset-Backed Security Eligibility Criterion

An Asset-Backed Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criteria (such additional criteria, the "Asset-Backed Security Eligibility Criteria"):

it can be classified in an Approved Subcategory of ABS Securities or one of the following Subcategories: ABS Credit Card Securities, ABS Automobile Securities, ABS

Student Loan Securities, ABS Small Business Loan Securities (collectively, "On-the-Run ABS Securities") or ABS Other Securities; *provided,* that, with respect to any Approved Subcategory of ABS Securities or ABS Other Securities, such Approved Subcategory of ABS Securities or ABS Other Securities, as applicable, shall not be a Restricted ABS Asset Type or any other specified type of asset backed securities that are not secured by direct mortgage liens on real property, unless such Approved Subcategory of ABS Securities or ABS Other Securities shall be approved in writing by the initial Hedge Counterparty; *provided, further*, that no more than the greater of (i) 2.0% and (ii) U.S. $40,000,000 of the Aggregate Principal Amount may consist of ABS Securities other than On-the-Run ABS Securities.

REIT Debt Security Eligibility Criterion

REIT Debt Security Eligibility Criterion

A REIT Debt Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criterion (the "REIT Debt Security Eligibility Criterion"):

it can be classified in an Approved Subcategory of REIT Debt Securities or one of the following Subcategories: REIT Retail Security, REIT Office Security, REIT Industrial Security, REIT Multi-family Security or REIT Other Security (each as defined herein).

Interest Only Security Eligibility Criteria and Profile Test

Interest Only Security Eligibility Criteria

An Interest Only Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria and the following additional criteria (such additional criteria, the "Interest Only Security Eligibility Criteria"):

(i) it has an Actual Rating of "Aaa" by Moody's (if rated by Moody's) and "AAA" by S&P (if rated by S&P); and

(ii) at the time of purchase, in the reasonable judgment of the Investment Advisor, it is able to withstand two times the expected prepayment on the underlying assets without a value decline greater than 1%, or the majority of its underlying collateral has some form of prepayment protection *provided*, that within 10 days of the acquisition of any such Interest Only Security, the Investment Advisor shall give the Rating Agencies notice of such acquisition, together with evidence of satisfaction of this clause (ii).

Interest Only Security Profile Test

Interest Only Securities	the Aggregate Amortized Cost of all such Collateral Assets that are Interest Only Securities must not exceed the greater of (i) 2% and (ii) U.S. $40,000,000 of the Aggregate Principal Amount.

Synthetic Security Eligibility Criteria

Synthetic Security Eligibility Criteria

A Synthetic Security will be eligible for purchase by the Issuer and pledge to the Collateral Agent if, at the time it is purchased, it meets the General Eligibility Criteria (except with respect to Tranched Synthetic Securities purchased on the Closing Date) and the following additional criteria:

(i) except with respect to Collateral Assets purchased on the Closing Date, it is not a Tranched Synthetic Security; and

(ii) if it is a Single Name Synthetic Security, the Reference Obligation of such Synthetic Security can be classified as a RMBS Security, CMBS Security, a CDO Security, an Insured Security, an Asset-Backed Security or a REIT Debt Security.

The Collateral Quality Tests

The Collateral Quality Tests will be used primarily as criteria for purchasing Collateral Assets. See "—Substitute Collateral Assets and Reinvestment Criteria." The "Collateral Quality Tests" will consist of the Moody's MAC Test, the Moody's Maximum Rating Distribution Test, the Maximum Weighted Average Life Test, the Moody's Minimum Weighted Average Recovery Rate Test, the Weighted Average Spread Test, the Weighted Average Coupon Test, the Standard & Poor's CDO Monitor Test and the S&P Minimum Average Recovery Rate Test. For purposes of the Collateral Quality Tests, unless otherwise specified, (i) a Single Name Synthetic Security shall be included as a Collateral Asset having the characteristics of the Reference Obligation and not of the Single Name Synthetic Security; *provided* that such Synthetic Security Counterparty is rated higher than the Reference Obligation or its obligor and that such Synthetic Security Counterparty is not in default under the related Synthetic Security and (ii) a Tranched Synthetic Security shall be included as a Collateral Asset having the characteristics of such Tranched Synthetic Security and not of the related Reference Obligations.

Measurement of the degree of compliance with the Collateral Quality Tests will be required: (i) upon a sale, purchase or substitution of Collateral Assets (giving effect to such sale, purchase or substitution and any prior ratings upgrade or downgrade or default), (ii) on each Determination Date, and (iii) with reasonable notice to the Issuer, on any Business Day specified as a Measurement Date by any of the Rating Agencies or the Holders of at least a SupraMajority of any Class of Notes.

Moody's Asset Correlation ("MAC") Test. The "Moody's MAC Test" will be satisfied as of the Closing Date and any other Measurement Date if the MAC Factor is less than or equals 24.5%; *provided* that the MAC Factor is based on a number of Collateral Assets equal to 228. The "MAC Factor" means a single number determined in accordance with the Moody's asset correlation methodology provided from time to time to the Investment Advisor by Moody's (a copy of which the Investment Advisor shall promptly provide to the Trustee) and attached to the Security Agreement. The MAC Factor is expected to be approximately 23.7% as of the Closing Date.

Moody's Maximum Rating Distribution Test. The "Moody's Maximum Rating Distribution Test" will be satisfied on any Measurement Date if the Moody's Maximum Rating Distribution of the Collateral Assets is equal to or less than 75. "Moody's Maximum Rating Distribution," "Moody's Rating Factor" and "Moody's Rating" are defined in Appendix B hereto.

Maximum Weighted Average Life Test. The "Maximum Weighted Average Life Test" will be satisfied if, as of any Measurement Date, the Weighted Average Life of the Collateral Assets is less than or equal to 5.0 years, declining to 2.0 years by 1.0 year each year on the Determination Date relating to the March Quarterly Payment Date, beginning in March 2009, with respect to the Collateral Assets with an Actual Rating below "Aa3" by Moody's (if rated by Moody's) or "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch), the Weighted Average Life of such Collateral Assets is less than or equal to 5.0 years,

declining to 2.0 years by 1.0 year each year on the Determination Date relating to the March Quarterly Payment Date, beginning in March 2009 and, with respect to the Collateral Assets with an Actual Rating of at least "Aa3" by Moody's (if rated by Moody's) and "AA-" by S&P (if rated by S&P) or Fitch (if rated by Fitch) and with an Actual Rating below "Aaa" by Moody's (if rated by Moody's) or "AAA" by S&P (if rated by S&P) or Fitch (if rated by Fitch), the Weighted Average Life of such Collateral Assets is less than or equal to 5.0 years, declining to 2.0 years by 1.0 year each year on the Determination Date relating to the March Quarterly Payment Date, beginning in March 2009.

"Weighted Average Life of the Collateral Assets" will equal the number obtained by summing the products obtained by multiplying the Principal Balance of each Collateral Asset (other than Defaulted Obligations and Deferred Interest PIK Bonds) by its Weighted Average Life, dividing such sum by the aggregate Principal Balance of all such Collateral Assets and rounded to the nearest hundredth.

Moody's Minimum Weighted Average Recovery Rate Test. "Moody's Minimum Weighted Average Recovery Rate Test" will be satisfied as of any Measurement Date if the Moody's Weighted Average Recovery Rate (as defined below) is greater than or equal to 35%.

The "Moody's Weighted Average Recovery Rate" will equal the number obtained by summing the products obtained by multiplying the Principal Balance of each Collateral Asset by its Moody's Recovery Rate (determined for purposes of this definition pursuant to clause (a) of the definition of Applicable Recovery Rate), dividing such sum by the Aggregate Principal Amount of all such Collateral Assets, multiplying the result by 100 and rounding up to the first decimal place. For purposes of the Moody's Weighted Average Recovery Rate, the Principal Balance of a Defaulted Obligation or Deferred Interest PIK Bond will be deemed to be equal to its outstanding principal amount (without regard to any deferred and capitalized interest).

Weighted Average Spread Test. The "Weighted Average Spread Test" will be satisfied as of any Measurement Date if the Weighted Average Spread as of such Measurement Date is greater than or equal to the Minimum Weighted Average Spread.

The "Minimum Weighted Average Spread" is 0.61%.

For purposes of reporting, any Gross Fixed Rate Excess or Gross Spread Excess necessary to satisfy the Weighted Average Spread Test or Weighted Average Coupon Test, respectively, will be subtracted, in percentage form, from the alternative test so as not to double-count the application of such excess.

Weighted Average Coupon Test. The "Weighted Average Coupon Test" will be satisfied as of any Measurement Date if the Weighted Average Coupon as of such Measurement Date is greater than or equal to the Minimum Weighted Average Coupon.

The "Minimum Weighted Average Coupon" is 5.45%.

Standard & Poor's CDO Monitor Test. The "Standard & Poor's CDO Monitor Test" will be satisfied as of any Measurement Date, if each of the Class A Note Default Differential, the Class B Note Default Differential, the Class C Note Default Differential and the Class D Note Default Differential of the Current Portfolio or the Proposed Portfolio, as applicable, is positive. The Standard & Poor's CDO Monitor Test will be considered to be improved if the Class A Note Default Differential of the Proposed Portfolio is greater than the Class A Note Default Differential of the Current Portfolio, the Class B Note Default Differential of the Proposed Portfolio is greater than the Class B Note Default Differential of the Current Portfolio, the Class C Note Default Differential of the Proposed Portfolio is greater than the Class C Note Default Differential of the Current Portfolio and the Class D Note Default Differential of the Current Portfolio is greater than the Class D Note Default Differential of the Current Portfolio.

The "Standard & Poor's CDO Monitor" means the model used to estimate the default rate the portfolio is likely to experience and which will be provided to the Investment Advisor and the Trustee on or before the first Payment Date (or such later Payment Date as first provided by S&P) together with such instructions and assumptions as are needed to use such model. The Standard & Poor's CDO Monitor calculates the projected cumulative default rate of a pool of Collateral Assets consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the Class A Note Scenario Default Rate, the Class B Note Scenario Default Rate, the Class C Note Scenario Default Rate and the Class D Note Scenario Default Rate, the Standard & Poor's CDO Monitor considers each obligor's issuer rating, the number of obligors in the portfolio, the obligor and industry concentrations in the portfolio and the remaining weighted average maturity of the Collateral Assets and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Assets and Eligible Investments. "Class A Note Default Differential," "Class A Note Scenario Default Rate," "Class A Note Break-Even Default Rate," "Class B Note Default Differential," "Class B Note Scenario Default Rate," "Class B Note Break-Even Default Rate," "Class C Note Default Differential," "Class C Note Scenario Default Rate," "Class C Note Break-Even Default Rate," "Class D Note Default Differential," "Class D Note Scenario Default Rate" and "Class D Note Break-Even Default Rate" are each defined in Appendix A hereto.

There can be no assurance that actual defaults of the Collateral Assets or the timing of defaults will not exceed those assumed in the application of the Standard & Poor's CDO Monitor or that recovery rates with respect thereto will not differ from those assumed in the Standard & Poor's CDO Monitor Test. S&P makes no representation that actual defaults will not exceed those determined by the Standard & Poor's CDO Monitor. None of the Issuers, the Investment Advisor or the Initial Purchaser makes any representation as to the expected rate of defaults of the Collateral Assets or the timing of defaults or as to the expected recovery rate or the timing of recoveries.

S&P Minimum Average Recovery Rate Test. The "S&P Minimum Average Recovery Rate Test" will be satisfied as of any Measurement Date if the S&P Minimum Average Recovery Rate is greater than or equal to 49.5% (calculated using the AAA stress case) for the Class A Notes, 58.3% (calculated using the AA stress case) for the Class B Notes, 68.0% (calculated using the A stress case) for the Class C Notes and 74.5% (calculated using the BBB stress case) for the Class D Notes.

The "S&P Minimum Average Recovery Rate" means, as of any Measurement Date, a rate expressed as a percentage equal to the number obtained by (i) summing the products obtained by multiplying the Principal Balance of each Collateral Asset by its S&P Recovery Rate and (ii) dividing such sum by the Aggregate Principal Amount less cash and Eligible Investments representing Principal Proceeds and (iii) rounding up to the first decimal place. For this purpose, the Principal Balance of a Defaulted Obligation or a Deferred Interest PIK Bond will be deemed to be equal to its outstanding principal amount (excluding any capitalized interest thereon).

S&P's recovery rate matrix and Moody's recovery assumptions are set forth in Appendix D hereto.

The Coverage Tests, the Class A Overcollateralization Ratio and the Class A-1 Overcollateralization Ratio

The Class A/B Overcollateralization Test, the Class A/B Interest Coverage Test and the Class D Overcollateralization Ratio will be used primarily to determine whether Proceeds may be distributed to the Holders of the Class C Notes, Class D Notes, the Class X Notes and the Class E Notes, or whether Proceeds must instead be used to make mandatory redemptions of the Class A Notes and the Class B Notes and to Defease the CP Notes, as described in the Priority of Payments. The Class C Overcollateralization Test and the Class C Interest Coverage Test will be used primarily to determine whether Proceeds may be distributed to the Holders of the Class D Notes, the Class X Notes and the Class E Notes, or whether Proceeds must instead be used to make mandatory redemptions of the Class A Notes, the Class B Notes and the Class C Notes and to Defease the CP Notes, as described in

the Priority of Payments. The Class D Overcollateralization Test and the Class D Interest Coverage Test will be used primarily to determine whether Proceeds must be used to make mandatory redemptions of the Class D Notes or whether Proceeds may be distributed as described in the Priority of Payments. The Coverage Tests will also be used on any Measurement Date to determine whether Principal Proceeds may be reinvested in Collateral Assets, subject to satisfaction of the other Reinvestment Criteria. See "—Substitute Collateral Assets and Reinvestment Criteria" and "Description of the Securities—Principal of the Notes" and "—Priority of Payments." The "Coverage Tests" will consist of the Class A/B Overcollateralization Test, the Class A/B Interest Coverage Test, the Class C Overcollateralization Test, the Class C Interest Coverage Test, the Class D Overcollateralization Test and the Class D Interest Coverage Test. For purposes of the Coverage Tests, (i) unless otherwise specified, a Synthetic Security shall be included as a Collateral Asset having the characteristics of the Reference Obligation and not of the Synthetic Security; *provided*, that if such Synthetic Security Counterparty is in default under the related Synthetic Security, such Synthetic Security shall not be included in the Coverage Tests or such Synthetic Security will be treated in such a way that will satisfy the Rating Agency Condition, (ii) the calculation of the Class A/B Overcollateralization Ratio, the Class A Overcollateralization Ratio, the Class A-1 Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D Overcollateralization Ratio on any Measurement Date or prior to the end of the Reinvestment Period shall include in the numerator Principal Proceeds held for reinvestment; *provided* that, for purposes of calculating the Class A/B Overcollateralization Ratio, the Class A Overcollateralization Ratio, the Class A-1 Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D Overcollateralization Ratio, after the end of the Reinvestment Period, Principal Proceeds will not be included in the numerator and will be subtracted from the denominator and (iii) the calculation of the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio on any Measurement Date shall be made without giving effect to payments and reinvestments scheduled or expected to be made pursuant to the Priority of Payments on the Quarterly Payment Date following such Measurement Date.

Measurement of the degree of compliance with the Coverage Tests will be required as of each Measurement Date.

The Class A/B Overcollateralization Test

The "Class A/B Overcollateralization Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance (*provided* that, after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) on such Measurement Date by (ii) the sum of the aggregate outstanding principal amount of the CP Notes, the Class A Notes and the Class B Notes, *minus* any amount deposited in the CP Principal Reserve Account to Defease the CP Notes, *minus*, after the end of the Reinvestment Period, Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied, excluding, without duplication, Principal Proceeds required to be deposited in the CP Interest Reserve Account.

The "Class A/B Overcollateralization Test" will be satisfied on any Measurement Date on which any Class A Notes, CP Notes or Class B Notes remain outstanding if the Class A/B Overcollateralization Ratio on such Measurement Date is equal to or greater than 102.5%. The Class A/B Overcollateralization Ratio is expected to be 103.6% as of the Closing Date.

Class A/B Interest Coverage Test

The "Class A/B Interest Coverage Test" will be satisfied on each Quarterly Payment Date if the Class A/B Interest Coverage Ratio is equal to or greater than 102.0%.

The "Class A/B Interest Coverage Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing:

(i) (a) the sum of the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received or expected to be received, including Proceeds of any sold Collateral Asset which represents accrued interest (unless such accrued interest is required to be classified as Principal Proceeds) (current interest payments expected to be received on Non-U.S. Dollar Denominated Assets shall be calculated in U.S. Dollars after giving effect to payments expected to be made to the Issuer and by the Issuer under the Currency Swap Agreements) in the Due Period in which such Measurement Date occurs on the Collateral Assets and the Eligible Investments (other than cash received from Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, limited, in the case of Interest Only Securities to the Applicable Amount for Interest Only Securities, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement (excluding any net payments into the CP Interest Reserve Account from the Cashflow Swap Counterparty) less any amounts scheduled to be paid to any Hedge Counterparty under any Hedge Agreement (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the excess of amounts expected to be paid on the next Payment Date under clauses (1), (2), (3) and 4(b) of the Priority of Payments over amounts on deposit in the Expense Reserve Account on such Measurement Date; by

(ii) an amount not less than U.S. $1.00 equal to the sum of (a) the interest payments due on the Class A Notes and the Class B Notes on the following Payment Date, (b) the aggregate interest due and payable on CP Notes from but excluding the prior Payment Date to and including the current Payment Date (which will not include discounts on CP Notes), (c) any CP Put Premium and any CP Note Placement Agent Fees (excluding any such amounts paid as discount on CP Notes) due on such Payment Date and (d) the CP Interest Reserve Deposit Amount in Interest less any CP Interest Reserve Interest Release Amount excluding any net payments from the CP Interest Reserve Account to the Cashflow Swap Counterparty.

For purposes of calculating the Class A/B Interest Coverage Ratio, expected interest payments on the Collateral Assets and the Eligible Investments will not include any scheduled interest payments which the Investment Advisor expects will not be made in cash during the applicable Due Period (including on any assets currently deferring interest unless and until such assets actually pay interest) and amounts scheduled to be received under any Hedge Agreement which the Investment Advisor expects will not be made prior to the applicable Payment Date.

The Class A Overcollateralization Ratio

The "Class A Overcollateralization Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance (*provided* that, after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) on such Measurement Date by (ii) the sum of the aggregate outstanding principal amount of the CP Notes and the Class A Notes, *minus* any amount deposited in the CP Principal Reserve Account to Defease the CP Notes, *minus*, after the end of the Reinvestment Period, Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied, excluding, without duplication, Principal Proceeds required to be deposited in the CP Interest Reserve Account.

The Class A-1 Overcollateralization Ratio

The "Class A-1 Overcollateralization Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance (*provided* that, after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds

expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) on such Measurement Date by (ii) the sum of the aggregate outstanding principal amount of the CP Notes and the Class A-1LT-c Notes, *minus* any amount deposited in the CP Principal Reserve Account to Defease the CP Notes, *minus*, after the end of the Reinvestment Period, Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied, excluding, without duplication, Principal Proceeds required to be deposited in the CP Interest Reserve Account.

The Class C Overcollateralization Test

The "Class C Overcollateralization Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance (*provided* that, after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) on such Measurement Date by (ii) the sum of the aggregate outstanding principal amount of the CP Notes, the Class A Notes, the Class B Notes and the Class C Notes (including Class C Deferred Interest), *minus* any amount deposited in the CP Principal Reserve Account to Defease the CP Notes, *minus*, after the end of the Reinvestment Period, Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied, excluding, without duplication, Principal Proceeds required to be deposited in the CP Interest Reserve Account.

The "Class C Overcollateralization Test" will be satisfied any Measurement Date on which any Class C Notes remain outstanding if the Class C Overcollateralization Ratio on such Measurement Date is equal to or greater than 100.2%. The Class C Overcollateralization Ratio is expected to be 101.8% as of the Closing Date.

Class C Interest Coverage Test

The "Class C Interest Coverage Test" will be satisfied on each Quarterly Payment Date if the Class C Interest Coverage Ratio is equal to or greater than 101.0%.

The "Class C Interest Coverage Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing:

(i) (a) the sum of the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Default Swaps) received or expected to be received, including Proceeds of any sold Collateral Asset which represents accrued interest (unless such accrued interest is otherwise required to be classified as Principal Proceeds) (current interest payments expected to be received on Non U.S. Dollar Denominated Assets shall be calculated in U.S. Dollars after giving effect to payments expected to be made to the Issuer and by the Issuer under the Currency Swap Agreements) in the Due Period in which such Measurement Date occurs on the Collateral Assets and the Eligible Investments (other than cash received from Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, limited, in the case of Interest Only Securities to the Applicable Amount for Interest Only Securities, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement (excluding any net payments into the CP Interest Reserve Account from the Cashflow Swap Counterparty) less any amounts scheduled to be paid to any Hedge Counterparty (including amounts payable to the Cashflow Swap Counterparty relating to any unreimbursed Interim Cashflow Swap Payments that are not paid out of the CP Interest Reserve Account) (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the excess of amounts expected to be paid on the next Payment Date under clauses (1), (2), (3) and 4(b) of the Priority of Payments over amounts on deposit in the Expense Reserve Account on such Measurement Date; by

(ii) an amount not less than $1.00 equal to the sum of (a) interest payments due on the Class A Notes, the Class B Notes and the Class C Notes on the following Payment Date, (b) the aggregate interest due and payable on CP Notes issued from but excluding the prior Payment Date to and including the current Payment Date (which will not include discounts on CP Notes), (c) any CP Put Premium and any CP Note Placement Agent Fees (excluding any such amounts paid as discount on CP Notes) due on such Payment Date and (d) the CP Interest Reserve Deposit Amount in Interest less any CP Interest Reserve Interest Release Amount excluding any net payments from the CP Interest Reserve Account to the Cashflow Swap Counterparty.

For purposes of calculating the Class C Interest Coverage Ratio, (i) expected interest payments on the Collateral Assets and the Eligible Investments will not include any scheduled interest payments which the Investment Advisor expects will not be made in cash during the applicable Due Period (including on any asset currently deferring interest unless and until such assets actually pay interest) and including amounts scheduled to be received under any Hedge Agreement which the Investment Advisor expects will not be made prior to the applicable Payment Date; and (ii) interest scheduled to be paid on the Class C Notes (excluding any previously capitalized interest) on the following Payment Date shall be considered due on any Measurement Date prior to or on such Payment Date even if all or a portion of such interest shall become Class C Deferred Interest on such Payment Date as provided for under "Description of the Securities—Interest on the Securities."

The Class D Overcollateralization Test

The "Class D Overcollateralization Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance (*provided* that, after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) on such Measurement Date by (ii) the sum of the aggregate outstanding principal amount of the CP Notes, the Class A Notes, the Class B Notes, the Class C Notes (including Class C Deferred Interest) and the Class D Notes (including Class D Deferred Interest) *minus* any amount deposited in the CP Principal Reserve Account to Defease the CP Notes, *minus*, after the end of the Reinvestment Period, Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

The "Class D Overcollateralization Test" will be satisfied on any Measurement Date on which any Class D Notes remain outstanding if the Class D Overcollateralization Ratio on such Measurement Date is equal to or greater than 100.4%. The Class D Overcollateralization Ratio is expected to be 100.5% as of the Closing Date.

Class D Interest Coverage Test

The "Class D Interest Coverage Test" will be satisfied on each Quarterly Payment Date if the Class D Interest Coverage Ratio is equal to or greater than 100.0%.

The "Class D Interest Coverage Ratio" as of any Measurement Date will equal the ratio (expressed as a percentage) obtained by dividing:

(i) (a) the sum of the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received or expected to be received, including Proceeds of any sold Collateral Asset which represents accrued interest (unless such accrued interest is required to be classified as Principal Proceeds) (current interest payments expected to be received on Non-U.S. Dollar Denominated Assets shall be calculated in U.S. Dollars after giving effect to payments expected to be made to the Issuer and by the Issuer under the Currency Swap Agreements) in the Due Period in which such Measurement Date occurs on the Collateral Assets and the Eligible Investments (other than cash received from Defaulted Obligations and Deferred Interest PIK Bonds) held

in any of the Accounts, limited, in the case of Interest Only Securities to the Applicable Amount for Interest Only Securities, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement (excluding any net payments into the CP Interest Reserve Account from the Cashflow Swap Counterparty) less any amounts scheduled to be paid to any Hedge Counterparty (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the excess of amounts expected to be paid on the next Payment Date under clauses (1), (2), (3) and 4(b) of the Priority of Payments over amounts on deposit in the Expense Reserve Account on the Measurement Date; by

(ii) an amount not less than U.S. $1.00 equal to the sum of (a) interest payments due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the following Payment Date, (b) the aggregate interest due and payable on CP Notes issued from but excluding the prior Payment Date to and including the current Payment Date (which will not include discounts on CP Notes), (c) any CP Put Premium and any CP Note Placement Agent Fees (excluding any such amounts paid as discount on CP Notes) due on such Payment Date and (d) the CP Interest Reserve Deposit Amount in Interest less any CP Interest Reserve Interest Release Amount excluding any net payments from the CP Interest Reserve Account to the Cashflow Swap Counterparty.

For purposes of calculating the Class D Interest Coverage Ratio (i) expected interest payments on the Collateral Assets and the Eligible Investments will not include any scheduled interest payments which the Investment Advisor expects will not be made in cash during the applicable Due Period (including on any asset currently deferring interest unless and until such assets actually pay interest) and including amounts scheduled to be received under any Hedge Agreement which the Investment Advisor expects will not be made prior to the applicable Payment Date; and (ii) interest scheduled to be paid on the Class D Notes (excluding any previously capitalized interest) on the following Payment Date shall be considered due on any Measurement Date prior to or on such Payment Date even if all or a portion of such interest shall become Class D Deferred Interest on such Payment Date as provided for under "Description of the Securities—Interest on the Securities."

For purposes of calculating the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio and for purposes of the criteria described under "—Substitute Collateral Assets and Reinvestment Criteria," the expected interest payments on Collateral Assets which are Floating Rate Assets, Deemed Floating Collateral Assets and Eligible Investments (including amounts scheduled to be received under any Hedge Agreement) and the expected interest payable on the Class A Notes, Class B Notes, Class C Notes (solely with respect to the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio) and the Class D Notes (solely with respect to the Class D Interest Coverage Ratio) will be calculated using the then-current interest rates and currency rates applicable thereto and the expected collateral interest income on Collateral Assets subject to withholding tax without the benefit of a gross-up by the obligor will be calculated net of withholding tax at a rate of the actual withholding tax rate applicable thereto. For purposes of calculating the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio, any non-U.S. Dollar payments that are not hedged with a fixed exchange rate will be converted at then-current currency exchange rates and valued at half of the resulting amount.

Substitute Collateral Assets and Reinvestment Criteria

Sales of Collateral Assets. The Collateral Assets may be retired prior to their respective final maturities due to, among other things, the existence and frequency of exercise of any optional or mandatory redemption features of such Collateral Assets. In addition, pursuant to the Security Agreement and *provided* no Event of Default has occurred and is continuing, the Investment Advisor may direct the Collateral Agent to sell (i) any Defaulted Obligation, (ii) any Credit Risk Obligation, (iii) any Credit Improved Obligation and (iv) subject to limitations on amounts and other requirements set forth in the Security Agreement and described herein, other Collateral Assets in Discretionary Sales.

Defaulted Obligations and equity securities may be sold at any time during or after the Reinvestment Period without regard to the foregoing restrictions; *provided* that (i) Defaulted Obligations which exceed 2.5% of the Aggregate Principal Amount and have been defaulted for more than one year will be deemed to have a Principal Balance of U.S. $0, (ii) Defaulted Obligations which exceed 1.0% of the Aggregate Principal Amount and have been defaulted for more than 2 years shall be deemed to have a Principal Balance of U.S. $0 and (iii) any Defaulted Obligations which have been defaulted for more than 3 years shall be deemed to have a Principal Balance of U.S. $0. During the Reinvestment Period, proceeds from the sale of Defaulted Obligations may be reinvested in Collateral Assets which satisfy the Reinvestment Criteria. After the Reinvestment Period, the proceeds from the sale of Defaulted Obligations will be applied as Principal Proceeds on the Payment Date following the Due Period in which such sale occurs. Equity securities received in exchange offers shall be sold as soon as commercially practicable in the Investment Advisor's judgment, but in any event within one year from the later of their acquisition and the date when they are legally permitted to be sold. Subject to applicable law, the Issuer shall sell any Margin Stock acquired by it not later than 45 days after the Issuer's acquisition of such Margin Stock. The limits and time periods described in this paragraph may be extended subject to satisfaction of the Rating Agency Condition.

A Credit Risk Obligation may be sold at any time during or after the Reinvestment Period *provided,* (i) if such sale occurs during the Reinvestment Period, the Investment Advisor is required to use its commercially reasonable efforts to purchase on behalf of the Issuer one or more substitute Collateral Assets which satisfy the Reinvestment Criteria prior to the end of the Due Period following the Due Period in which such Credit Risk Obligation is sold; and (ii) if such sale occurs after the Reinvestment Period, the Investment Advisor may in its discretion purchase one or more substitute Collateral Assets after the Reinvestment Period which satisfies the Reinvestment Criteria; *provided, further,* that the effect of any reinvestment in substitute Collateral Assets on the Coverage Tests shall be measured by comparing such Coverage Tests as calculated after the sale of such Credit Risk Obligation with the calculation after the purchase of such substitute Collateral Assets in order to determine whether such Coverage Tests will be satisfied as a result of such reinvestment. In addition, when calculating the Standard & Poor's CDO Monitor Test in connection with the sale of a Credit Risk Obligation, any Collateral Asset acquired with Sale Proceeds of a Credit Risk Obligation need not comply with the Standard & Poor's CDO Monitor Test.

A Credit Improved Obligation may only be sold during the Reinvestment Period and only if in the Investment Advisor's judgment one or more substitute Collateral Assets can be purchased such that after giving effect to such sale and to the purchase of substitute Collateral Assets with the Sale Proceeds thereof, the Reinvestment Criteria will be satisfied.

Notwithstanding the foregoing, if no Event of Default has occurred and is continuing, any Collateral Asset which is not a Defaulted Obligation, a Credit Risk Obligation, a Credit Improved Obligation or equity security may be disposed of by the Issuer during the Reinvestment Period (each such sale, a "Discretionary Sale") so long as (i) the aggregate Principal Balance of Collateral Assets sold in Discretionary Sales during the annual period from and including the Closing Date to but excluding the date that is one year following the Closing Date does not exceed 25% of the Aggregate Principal Amount measured as of the Closing Date and during each successive one-year period from and including such anniversary date to but excluding the anniversary date occurring in the following calendar year (an "Annual Period") through the end of the Reinvestment Period does not exceed 15% of the Aggregate Principal Amount measured as of the beginning of each Annual Period; *provided* that the percentage of the Aggregate Principal Amount permitted to be traded on a discretionary basis during the related Annual Period will be reduced to 7.5% if the Net Outstanding Portfolio Collateral Balance *minus* the Aggregate Outstanding Amount of the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes is less than $2,500,000 and discretionary trading will not be permitted if the Aggregate Outstanding Amount of the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes minus the Net Outstanding Portfolio Collateral Balance is ever greater than $20,000,000 or the Moody's Weighted Average Rating Factor is ever greater than 125; and (ii) (x) the ratings assigned to any of the Class A Notes or the Class B Notes by Moody's as of the Closing Date have not been withdrawn or reduced (which includes placement on "credit watch" with negative implications) by one or more subcategories since the Closing Date and the ratings assigned to any of the Class C Notes or the Class D Notes by

Moody's as of the Closing Date have not been withdrawn or reduced by two or more subcategories (which includes placement on "credit watch" with negative implications)(in each case without subsequent reinstatement at or to the Closing Date levels for the Class A Notes or Class B Notes, as applicable, and at or to at least one subcategory below their initial levels for the Class C Notes or Class D Notes) by Moody's or (y) the Holders of a Majority of the Class A Notes vote to waive the requirement of subclause (x) of this clause (ii). During the Reinvestment Period, the Sale Proceeds of any Discretionary Sale may be reinvested *provided* the Reinvestment Criteria are satisfied.

For purposes of determining whether a Collateral Asset may be sold as specified above, Synthetic Securities shall be treated as Collateral Assets containing the same coupon, maturity and Principal Balance of such Synthetic Security.

Notwithstanding the foregoing restrictions, the Issuer may also in the case of an Optional Redemption or Tax Redemption, as applicable, direct the Collateral Agent to sell, and the Collateral Agent shall sell in the manner directed by the Investment Advisor in writing, the Collateral Assets and liquidate the remaining Collateral; *provided* that the criteria for an Optional Redemption or Tax Redemption, as applicable, can be demonstrably met prior to any such sale. In connection with an Auction, if the Investment Advisor receives timely bids (which are each "firm offers") that are, in the aggregate, at least equal to the Minimum Bid Amount, the Investment Advisor will sell the Collateral Assets. See "Description of the Securities—Optional Redemption and Tax Redemption" and "—Auction."

Reinvestment Criteria

Any Principal Proceeds (and after the Reinvestment Period, Unscheduled Principal Payments and Sale Proceeds from the disposition of Credit Risk Obligations) may be reinvested in Collateral Assets if, after such investment or reinvestment, the following criteria are satisfied (the "Reinvestment Criteria"):

(i) such security is a Collateral Asset;

(ii) such Collateral Asset meets all of the Eligibility Criteria;

(iii) if the Weighted Average Coupon is less than the current LIBOR as determined by the Calculation Agent for the Interest Accrual Period during which such reinvestment occurs, any Fixed Rate Assets or Deemed Fixed Collateral Assets acquired must have an interest rate greater than such current LIBOR;

(iv) each of the Collateral Profile Tests is satisfied or, if immediately prior to such acquisition one or more of such Collateral Profile Tests was not satisfied, (a) the level of compliance with respect to such Collateral Profile Test not satisfied must be maintained or improved; and (b) the level of compliance with any other Collateral Profile Test may not be made worse after such acquisition, except to the extent that a reduction in the level of compliance does not result in non-compliance;

(v) if such Collateral Asset is acquired after the Closing Date, (a) each of the Collateral Quality Tests is satisfied or (b) if immediately prior to such acquisition one or more of such Collateral Quality Tests was not satisfied, (1) the level of compliance with respect to each such Collateral Quality Test not satisfied must be maintained or improved; and (2) the level of compliance with each other Collateral Quality Test may not be made worse after such acquisition except to the extent that a reduction in the level of compliance does not result in non-compliance; *provided*, that any Collateral Asset acquired with Sale Proceeds of a Credit Risk Obligation need not comply with the S&P CDO Monitor Test;

(vi) no Event of Default has occurred and is continuing on such date;

(vii) each of the Coverage Tests is satisfied following any investment; *provided, however*, with respect to any reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Risk Obligations), if, as calculated immediately prior to such reinvestment, any Coverage Test was not satisfied prior to such reinvestment, the coverage ratio relating to such test will be at least as close to being satisfied after giving effect to such reinvestment as it was before giving effect to the transaction that generated such Sale Proceeds; *provided, further,* that, with respect to reinvestment of Sale Proceeds from Credit Risk Obligations, if measured immediately after the sale of such Credit Risk Obligation but prior to any reinvestment, any Coverage Test was not satisfied, the coverage ratio relating to such test will be at least as close to being satisfied after giving effect to such reinvestment as it was immediately before giving effect to such reinvestment;

(viii) the Actual Rating or Implied Rating by S&P of any Collateral Asset acquired after the Reinvestment Period is at least equal to the Actual Rating or Implied Rating by S&P with respect to the Collateral Asset which gave rise to the proceeds used to acquire such Collateral Asset; and

(ix) with respect to the reinvestment of Unscheduled Principal Payments and Sale Proceeds from Credit Risk Obligations after the Reinvestment Period, in addition to clauses (i) - (viii) above, (a) the remaining expected average life of Collateral Assets purchased with Unscheduled Principal Payments or Sale Proceeds from Credit Risk Obligations must not exceed the remaining expected average life of the Collateral Asset which gave rise to such Unscheduled Principal Payments or Sale Proceeds as calculated by the Investment Advisor (as measured relative to pro forma expectations as of the date of purchase and not the date of redemption or prepayment in whole), (b) the Collateral Quality Tests must be satisfied (not maintained or improved) after giving effect to any reinvestment of Sale Proceeds of Credit Risk Obligations and (c) the ratings of the Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-1LT-c Notes and Class A-2 Notes by Moody's must at such time be no lower than the original ratings assigned by Moody's on the Closing Date, and the ratings of the Class B Notes, Class C Notes and Class D Notes by Moody's must at such time be no lower than one subcategory below the original ratings assigned by Moody's on the Closing Date.

If the Issuer has previously entered into a commitment to acquire an obligation or security in order to be acquired for inclusion in the Collateral, then the Issuer must comply with each of the Reinvestment Criteria on the date on which the Issuer entered into such commitment, and need not comply with the Reinvestment Criteria with respect to such obligation or security on the date of acquisition.

Notwithstanding the foregoing provisions, if an Event of Default shall have occurred and be continuing or if a Trading Termination Event has occurred, no Collateral Asset may be acquired unless it was the subject of a commitment entered into by the Issuer prior to the occurrence of such Event of Default or Trading Termination Event, as applicable.

Notwithstanding the foregoing provisions, the Issuer shall have the right to effect any transaction which has been consented to by Holders of Notes evidencing 100% of the aggregate outstanding amount of each Class of Notes and the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) of which the Rating Agencies have been notified.

With respect to any series of trades in which the Issuer commits to purchase and or sell multiple Collateral Assets pursuant to a Trading Plan, compliance with the Reinvestment Criteria may, at the option of the Investment Advisor, be measured by determining the aggregate effect of such on the Issuer's level of compliance with the Reinvestment Criteria rather than considering the effect of each purchase and sale of such Collateral Assets individually. The Issuer (or the Investment Advisor on its behalf) may only enter into a Trading Plan if (i) as evidenced by an officer's certificate of the Investment Advisor delivered to the Trustee and Standard & Poor's on or prior to the earliest event specified in the related Trading Plan, the Reinvestment Criteria are expected to be satisfied as of the scheduled completion date of the related Trading Plan, (ii) the Coverage Tests are in compliance, (iii) the ratings by Moody's on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are not one

or more rating subcategories, and the rating by Moody's on the Class E Notes is not two or more rating subcategories, below the applicable ratings in effect on the Closing Date and such ratings have not been withdrawn by Moody's and (iv) if after completion of any previous Trading Plan, any of the Reinvestment Criteria were not satisfied, the level of compliance with each of such Reinvestment Criteria is equal to or better than the level of compliance with such Reinvestment Criteria prior to the initiation of such previous Trading Plan. Upon completion of a Trading Plan, an officer's certificate of the Investment Advisor will be delivered to the Trustee specifying whether each of the Reinvestment Criteria were satisfied. The Collateral Administrator will provide written notice to Standard & Poor's if, upon completion of a Trading Plan, any of the Reinvestment Criteria is not met.

"Trading Plan" means a series of sales and purchases of Collateral Assets (a) that is completed within the lesser of approximately 10 business days or less as set forth in the Security Agreement and the period of time between the date on which the first purchase or sale is made pursuant to such Trading Plan and the next succeeding Determination Date and (b) that results in the purchase of Collateral Assets having an aggregate Principal Balance of not more than 5% of the Aggregate Principal Amount. The time period for a Trading Plan will commence on the first date on which the Issuer sells or purchases (or commits to sell or purchase) a Collateral Asset included in such Trading Plan and will end on the last day on which the Issuer sells or purchases (or commits to sell or purchase) a Collateral Asset included in such Trading Plan.

Accounts

Pursuant to the Security Agreement, the Issuer shall cause there to be opened and at all times maintained the Collection Account, the Payment Account, the Note Payment Account, the Expense Reserve Account, the Collateral Account, the CP Put Collateral Account, the CP Principal Reserve Account, the CP Interest Reserve Account, the Hedge Termination Receipts Account, the Hedge Replacement Account, the Hedge Collateral Account, the Synthetic Security Collateral Account and the Combination Note Collateral Account, each of which shall be a trust account established with the Securities Intermediary in the name of the Collateral Agent for the benefit of the Secured Parties (and in the case of the Synthetic Security Collateral Account, the Synthetic Security Counterparties and in the case of the Combination Note Collateral Account, the Holders of the Combination Notes only), as further described in the Security Agreement; *provided* that the Note Payment Account may be a subaccount of the Payment Account. Each Account (other than the Payment Account) shall constitute a "securities account" under the Uniform Commercial Code of the State of New York, shall be under the exclusive control of the Collateral Agent and shall be maintained by the Collateral Agent (as long as it is an Eligible Depositary) or another Eligible Depositary.

All distributions on the Collateral Assets and any proceeds received from the disposition of any Collateral Asset (unless simultaneously reinvested in substitute Collateral Assets subject to the Reinvestment Criteria), and all amounts transferred to the Issuer from the Hedge Collateral Account or the Synthetic Security Collateral Account prior to the Business Day prior to a Payment Date will be remitted to a trust account (which may be a subaccount of the Collateral Account for administrative purposes) (the "Collection Account") and will be available, together with any reinvestment earnings thereon, for application in accordance with the Priority of Payments and for the acquisition of substitute Collateral Assets under the circumstances and pursuant to the requirements described herein and in the Security Agreement. On any date on which funds on deposit in the CP Interest Reserve Account are insufficient to pay amounts coming due on maturing CP Notes, after taking into account funds on deposit in the CP Principal Reserve Account and the CP Interest Reserve Account, the Trustee shall transfer to the CP Interest Reserve Account from the Collection Account the shortfall amount necessary to pay such maturing CP Notes in full.

On the Business Day prior to each Payment Date (the "Transfer Date"), the Collateral Agent will deposit into a separate account (the "Payment Account") all funds (including any reinvestment income) in the Collection Account and any Hedge Receipt Amount, received on or after the Transfer Date related to such Payment Date for application in accordance with the Priority of Payments.

Proceeds from the issuance and sale of the Securities and the initial CP Notes and initial payments from the initial Interest Rate Swap Agreement shall be deposited in the Collection Account and the Expense Reserve Account, as described below, until such amounts are used to purchase Collateral Assets or otherwise applied in accordance with the Priority of Payments.

Principal Proceeds received during the Reinvestment Period that have not been reinvested in substitute Collateral Assets upon the receipt of such Principal Proceeds shall be deposited in the Collection Account and invested in Eligible Investments until such Principal Proceeds are reinvested in Collateral Assets in accordance with the Reinvestment Criteria or applied in accordance with the Priority of Payments.

On the Closing Date, after payment of the organizational and structuring fees and expenses of the Issuers and the expenses of offering the Securities, at least U.S. $275,000 from the proceeds associated with the offering of the Securities will be deposited by the Collateral Agent into a single, segregated trust account established and maintained by the Collateral Agent under the Security Agreement (the "Expense Reserve Account"). On each Payment Date, to the extent that funds are available for such purpose in accordance with and subject to the limitations of the Priority of Payments, the Trustee will deposit into the Expense Reserve Account an amount from Proceeds equal to the lesser of U.S. $25,000 and the amount necessary to bring the balance of the Expense Reserve Account to U.S. $275,000. On each Transfer Date, the Trustee, in accordance with the Note Valuation Report, will transfer funds from the Expense Reserve Account to the Payment Account in an amount equal to the lesser of (i) the amount by which the amounts payable under clause (3)(a), (3)(b), (19)(a) and (19)(b) of the Priority of Payments exceed U.S. $25,000 and (ii) the balance in the Expense Reserve Account. Amounts on deposit in the Expense Reserve Account may be withdrawn from time to time to pay accrued and unpaid Administrative Expenses of the Issuers. All funds on deposit in the Expense Reserve Account at the time when substantially all of the Issuer's assets have been sold or otherwise disposed of will be transferred by the Trustee to the Payment Account for application as Proceeds on the immediately succeeding Payment Date.

On or prior to the Closing Date, pursuant to the terms of the Security Agreement, the Collateral Agent will establish the CP Interest Reserve Account (the "CP Interest Reserve Account") and the CP principal reserve account (the "CP Principal Reserve Account" and, together with the CP Interest Reserve Account, the "CP Reserve Accounts"). The Trustee shall, from time to time, withdraw amounts from the CP Reserve Accounts for use by the CP Issuing and Paying Agent to make payments on maturing CP Notes pursuant to the CP Issuing and Paying Agency Agreement. If on any Determination Date, the Collateral Agent determines that amounts expected to be on deposit in the CP Interest Reserve Account on the related Payment Date, taking into account amounts expected to be withdrawn from and deposited to such account on such Payment Date, exceed the CP Interest Reserve Required Amount, such excess amount will be transferred to the Payment Account on the related Transfer Date for distribution as interest or principal proceeds in accordance with the Priority of Payments on such Payment Date. The Trustee shall transfer all amounts and deposit all amounts required to be deposited in the CP Reserve Accounts in accordance with the Priority of Payments and the CP Put Agreement. See "Description of the Securities—Priority of Payments." Withdrawals from the CP Reserve Accounts will be made in accordance with the CP Issuing and Paying Agency Agreement and not in accordance with the Priority of Payments.

The Synthetic Securities may require that the Issuer purchase or post Synthetic Security Collateral as security for its obligations under such Synthetic Security. The Synthetic Security Collateral shall be deposited in an account (the "Synthetic Security Collateral Account"), with each item of Synthetic Security Collateral pledged in connection with each Synthetic Security deposited into a separate subaccount relating to the Synthetic Security for which the Issuer has pledged such Synthetic Security Collateral. The Synthetic Security Collateral Account, including each such subaccount thereunder, shall be established in the name of the Collateral Agent.

In the event any Hedge Counterparty fails to maintain the ratings required under the Hedge Agreement, such Hedge Counterparty will be required to post collateral under the terms of the related Hedge Agreement unless the Hedge Agreement is assigned to, or the Hedge Counterparty is replaced with, a Hedge Counterparty which has, or whose guarantor has, such required ratings. The Hedge Collateral pledged by such Hedge Counterparty will be deposited by the Collateral Agent into an account (the "Hedge Collateral Account") established in the name of the Collateral Agent and held therein pursuant to the terms of the related Hedge Agreement. Each item of collateral deposited in the Hedge Collateral Account will be deposited in a separate subaccount relating to the Hedge Agreement for which the related Hedge Counterparty has pledged such collateral.

In the event any Synthetic Security Counterparty fails to maintain the ratings required under the Synthetic Security, such Synthetic Security Counterparty will be required to post collateral under the terms of the related Synthetic Security agreement unless the Synthetic Security agreement is assigned to, or the Synthetic Security Counterparty is replaced with, a Synthetic Security Counterparty which has, or whose guarantor has, such required ratings. The Synthetic Security collateral pledged by such Synthetic Security Counterparty will be deposited by the Collateral Agent into an account (the "Synthetic Security Counterparty Collateral Account") established in the name of the Collateral Agent and held therein pursuant to the terms of the related Synthetic Security. Each item of collateral deposited in the Synthetic Security Counterparty Collateral Account will be deposited in a separate subaccount relating to the Synthetic Security agreement for which the related Synthetic Security Counterparty has pledged such collateral.

Amounts retained in the Accounts during a Due Period will be invested in Eligible Investments.

Synthetic Securities

As part of the purchase of a Synthetic Security, the Issuer may be required to purchase or post Synthetic Security Collateral. Under the terms of the Security Agreement, all Synthetic Security Collateral is required to be deposited in the Synthetic Security Collateral Account and shall be credited to clearly identified subaccounts with respect to each Synthetic Security for which Synthetic Security Collateral is deposited. The Issuer will also grant to the Collateral Agent for the benefit of the Secured Parties, a security interest in any Synthetic Security Collateral, subject to the first priority security interest of the related Synthetic Security Counterparty, and shall notify the Synthetic Security Counterparty of such security interest and obtain the Synthetic Security Counterparty's acknowledgment of the Collateral Agent's security interest on behalf of the Secured Parties.

Interest payments, redemption premiums, dividend distributions, investment earnings on and any fees paid with respect to any Synthetic Security Collateral will constitute property of the Issuer and will be deposited into the Collection Account and treated as Proceeds unless such amounts are required to be paid to the related Synthetic Security Counterparty under the terms of the related Synthetic Security. Principal payments on the Synthetic Security Collateral prior to the termination of the Synthetic Security shall be held in the related subaccount of the Synthetic Security Collateral Account and invested in Eligible Investments until reinvested in Synthetic Security Collateral at the direction of the Investment Advisor on behalf of the Issuer and with the consent of the Synthetic Security Counterparty.

In the event a Synthetic Security is terminated prior to its scheduled maturity without the occurrence of a "credit event," the Investment Advisor on behalf of the Issuer shall cause such portion of the related Synthetic Security Collateral chosen by the Synthetic Security Counterparty as may be required to make any required termination payment owed to the Synthetic Security Counterparty, to be liquidated and any such termination payments paid to the Synthetic Security Counterparty. If, in connection with such termination, the Synthetic Security Counterparty is the sole Defaulting Party or the sole Affected Party (as defined in the related Synthetic Security), other than with respect to "Illegality" or "Tax Event", such termination payment shall be paid to the Synthetic Security Counterparty, subject to the Priority of Payments, on the Payment Date immediately following such liquidation, as a Defaulted Synthetic Security Termination Payment. The remaining related Synthetic Security Collateral to the extent not required to be pledged to the related Synthetic Security Counterparty shall be released from

the lien of the Synthetic Security Counterparty and delivered to the Collateral Agent free of such lien. In the event that no "credit event" under a Synthetic Security has occurred prior to the scheduled maturity of the Synthetic Security, upon the scheduled maturity of the Synthetic Security, the Synthetic Security Counterparty's lien on the Synthetic Security Collateral shall be released and the Investment Advisor on behalf of the Issuer shall cause such Synthetic Security Collateral to be delivered to the Collateral Agent free of such lien. Upon release of the lien of the Synthetic Security Counterparty, the Investment Advisor shall direct the Collateral Agent to take any specific actions necessary to create in favor of the Collateral Agent a valid, perfected, first priority security interest in such Synthetic Security Collateral under applicable law and regulations for the benefit of the Secured Parties. Any Synthetic Security Collateral released from the lien of the Synthetic Security Counterparty which satisfies the definition of an Eligible Investment shall be treated as an Eligible Investment and any Synthetic Security Collateral released from the lien of the Synthetic Security Counterparty which satisfies the definition of a Collateral Asset shall be treated as a Collateral Asset and in either case may be retained by the Collateral Agent or sold by the Collateral Agent in the sole discretion of the Investment Advisor without regard to whether such sale would be permitted under the Security Agreement; *provided* that no Event of Default has occurred and is continuing. Any cash received upon the maturity or liquidation of the Synthetic Security Collateral released from the lien of the Synthetic Security Counterparty shall be deemed to be (a) Principal Proceeds, if the Synthetic Security was terminated at its scheduled maturity, (b) Sale Proceeds, if the Synthetic Security was terminated, sold or assigned by the Investment Advisor prior to its scheduled maturity, or (c) Unscheduled Principal Payments, if the Synthetic Security was subject to early termination other than by the Investment Advisor.

Upon the occurrence of a "credit event" under a Synthetic Security (including, for Tranched Synthetic Securities, if losses on the portfolio of Reference Obligations have occurred in excess of the applicable attachment point, as specified in the confirmation relating to such Tranched Synthetic Security), the Synthetic Security Collateral chosen by the Synthetic Security Counterparty after the application of any cash on deposit in the Synthetic Security Collateral Account will be sold by the Investment Advisor in a sale arranged by the Investment Advisor and any loss or writedown owed to the Synthetic Security Counterparty will be paid by the Issuer from the liquidation proceeds of such Synthetic Security Collateral. In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Synthetic Security Collateral sold which is equal to the loss or write-down amount. In addition, under certain circumstances upon the occurrence of a "credit event", the Synthetic Security Collateral chosen by the Synthetic Security Counterparty will instead be delivered to the Synthetic Security Counterparty in exchange for a Deliverable Obligation. A Deliverable Obligation may be delivered to the Issuer notwithstanding that it may cause the Issuer to fail a Collateral Profile Test. Any Deliverable Obligation delivered to the Issuer whether or not it qualifies as a Collateral Asset or an Eligible Investment in the business judgment of the Investment Advisor may be retained or sold by the Issuer at the sole discretion of the Investment Advisor without regard to whether such sale would be permitted under the Security Agreement; *provided* that no Event of Default has occurred and is continuing. In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Synthetic Security Collateral sold which is equal to the loss or write down amount. In the event a "credit event" has occurred and the Issuer is required to liquidate Synthetic Security Collateral and deliver cash to the Synthetic Security Counterparty, the Synthetic Security Counterparty will bear any market risk on the liquidation of the Synthetic Security Collateral.

Synthetic Security Counterparty Ratings

Each Synthetic Security Counterparty (i) shall have, or the long-term senior unsecured debt of such entity shall have (which ratings must, with respect to any Synthetic Security Counterparty, be Actual Ratings) a rating of not less than "A3" by Moody's (unless the Rating Agency Condition with respect to Moody's is satisfied) and "AA-" by S&P (or if the short-term unsecured commercial paper rating of such Synthetic Security Counterparty is at least "P-1" by Moody's and "A-1" by S&P, it may have, for the long-term senior unsecured debt of such entity, a rating of at least "A2" by Moody's and "A" by S&P; *provided* that (i) no more than 10% of the Aggregate Principal Amount may consist of Synthetic Securities with a

Synthetic Security Counterparty that has long-term senior unsecured debt ratings or an issuer rating of (which ratings must, with respect to any Synthetic Security Counterparty, be Actual Ratings) less than "AA-" by S&P and (ii) no more than 5% of the Aggregate Principal Amount may consist of Synthetic Securities with a Synthetic Security Counterparty that has long-term senior unsecured debt ratings of less than "A" by S&P; *provided, further*, that in each case the Synthetic Security Counterparty shall have at least one rating from Moody's and S&P (such ratings the "Synthetic Security Counterparty Required Ratings"); *provided, further, however*, that the rating of a Synthetic Security Counterparty which has been placed on "credit watch" with negative implications by Moody's or S&P shall be deemed to be one notch below its then-current rating by such Rating Agency, and the rating of a Synthetic Security Counterparty which has been placed on "credit watch" with positive implications by Moody's, or S&P, shall be deemed to be one notch above its then-current rating by such Rating Agency, or (ii) shall satisfy the Rating Agency Condition. In the event either the rating of a Synthetic Security Counterparty or the long-term unsecured debt rating of a Synthetic Security Counterparty has been withdrawn by any Rating Agency or downgraded below the Synthetic Security Counterparty Required Ratings, the Synthetic Security Counterparty shall notify the Trustee, the Issuer, and the Investment Advisor of such withdrawal or downgrade and such Synthetic Security Counterparty shall be required within 30 days of the date of such downgrade or withdrawal to (i) post collateral in an amount sufficient to satisfy the Rating Agency Condition, (ii) assign the related Synthetic Security to a replacement Synthetic Security Counterparty which satisfies the Synthetic Security Counterparty Required Ratings or (iii) obtain a guarantor of its obligations under the Synthetic Security which satisfies the Synthetic Security Counterparty Required Ratings with a form of guarantee that satisfies S&P's published criteria with regard to guarantees. Notwithstanding the foregoing, with regard to any Synthetic Security where the Synthetic Security Collateral is in a Synthetic Security Collateral Account, no such Synthetic Security Counterparty Required Rating will be required. The failure of any Synthetic Security Counterparty to post collateral, assign the Synthetic Security or secure a guarantor as described in the preceding sentence will constitute a termination event under the terms of the related Synthetic Security with such Synthetic Security Counterparty as the sole Affected Party.

Hedge Agreements

General. From time to time the Issuer will enter into one or more Interest Rate Swap Agreements, Cashflow Swap Agreements or Currency Swap Agreements (collectively, "Hedge Agreements") in order to protect against interest rate risk, mismatches in the timing of cash flows received from the Collateral Assets and the Payment Dates on the Notes and maturing CP Notes during certain periods, and currency risk. On the Closing Date, the Issuer will enter into an Interest Rate Swap Agreement and a Cashflow Swap Agreement with AIG Financial Products Corp. ("AIG FP") as initial Cashflow Swap Counterparty and initial Interest Rate Swap Counterparty. The Issuer shall not enter into any additional Interest Rate Swap Agreements or Cashflow Swap Agreements without obtaining the consent of AIG FP (which consent shall not be unreasonably withheld) and subject to certain other restrictions specified in the initial Interest Rate Swap Agreements and Cashflow Swap Agreement, as applicable, as long as AIG FP remains a Hedge Counterparty, and unless the Rating Agency Condition is satisfied; *provided* that a Majority of the Class E Notes may consent in writing to permanently waive the Rating Agency Condition with respect to a Rating Agency Condition which would not be satisfied as a result of a downgrade exclusively of the Class E Notes regarding any Hedge Agreements (such Rating Agency Condition, after giving effect to such waivers, the "Applicable Rating Agency Condition"); and *provided, further*, that the Issuer will not have to satisfy any Rating Agency Condition (i) when entering into or amending or modifying an existing Interest Rate Swap Agreement (other than with respect to rate, term and any provisions for deferral of amounts otherwise payable to the Hedge Counterparty) in connection with Deemed Floating Asset Hedges or Deemed Fixed Asset Hedges using Form-Approved Hedge Agreements unless such Hedge Agreement is with a new Interest Rate Swap Counterparty or (ii) when entering into Currency Swap Agreements using Form-Approved Currency Swap Agreements.

The Issuer shall ensure that each Hedge Agreement shall provide that (i) the Issuer will have the option to terminate any Hedge Agreement without cause, in whole or in part, at any time, upon payment (or receipt) of the termination price quoted by such Hedge Counterparty, and upon satisfaction of the

Applicable Rating Agency Condition; *provided, further*, that the Issuer will not have to satisfy any Rating Agency Condition when terminating a Currency Swap Agreement, (ii) the Hedge Counterparty will agree (a) that the Issuer's obligations under the Hedge Agreements are limited recourse obligations of the Issuer payable solely from the Collateral and subordinated as set forth in the Priority of Payments and (b) to a standard non-petition clause, and (iii) such Hedge Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Payments (other than Defaulted Hedge Termination Payments) due to any Hedge Counterparty under any Hedge Agreement shall be paid, in accordance with the Priority of Payments, prior to any payments on the Securities, from Proceeds available therefor on each Payment Date. The claims of each Hedge Counterparty shall rank equally and *pari passu* with the claims of other Hedge Counterparties entitled to receive payments at the same level of priority within the Priority of Payments. Defaulted Hedge Termination Payments shall be paid after payment of Principal Proceeds to the Notes (other than the Class E Notes) in accordance with the Priority of Payments.

The initial Hedge Agreements entered into between the Issuer and AIG FP on the Closing Date shall generally provide that if (A)(i) the long-term senior unsecured debt rating from S&P of American International Group, Inc. (the "Credit Support Provider") falls below "A+" or no such long-term rating from S&P exists and (ii) the short-term rating of the Credit Support Provider falls below "A-1" or no such short-term rating from S&P exists, (B) the long-term senior unsecured debt rating from Moody's of the Credit Support Provider falls to "Aa3" (and is on credit watch for possible downgrade) or below "Aa3" if the Credit Support Provider has no short-term rating or (C) the long-term senior unsecured debt rating of the Credit Support Provider from Moody's falls to "A1" (and is on credit watch for possible downgrade) or below "A1" or the short-term senior unsecured debt rating of the Hedge Counterparty or, if no such rating is available, the Credit Support Provider or, if no such rating is available, a guaranteed affiliate thereof (whose rating is based solely upon the support of the Credit Support Provider) from Moody's, if so rated by Moody's, falls to "P-1" (and is on credit watch for possible downgrade) or below "P-1" (any such event, a "Collateralization Event"), then the Hedge Counterparty shall generally be required to within 30 days, (i) provide sufficient collateral as required under the Hedge Agreement, (ii) transfer its rights and obligations upon 10 days prior notice to a replacement Hedge Counterparty who satisfies the Hedge Counterparty Ratings Requirement, *provided* that (1) the Applicable Rating Agency Condition is satisfied and (2) certain other requirements set forth in the Hedge Agreement are satisfied, (iii) obtain a guarantor for the Hedge Counterparty's obligations under the Hedge Agreement who satisfies the Hedge Counterparty Ratings Requirement, or (iv) take such other steps to allow the Issuer (as confirmed by the Investment Advisor in writing) to satisfy conditions of the Rating Agencies. If the Hedge Counterparty fails to comply with at least one of the obligations as set forth in clauses (i)-(iv) of the preceding sentence, or if certain further downgrades occur, a substitution event shall have occurred (a "Hedge Substitution Event"). Upon the occurrence of a Hedge Substitution Event, the Hedge Counterparty will generally be required to assign its rights and obligations under such Hedge Agreement to a new Hedge Counterparty in accordance with the terms of the Hedge Agreement, *provided* that such substitute Hedge Counterparty or its guarantor satisfies the Hedge Counterparty Ratings Requirement and the Rating Agency Condition is satisfied with respect to such assignment. Parallel collateralization events and substitution events in Hedge Agreements entered into after the Closing Date, if any, will comply with the requirements set forth in the Security Agreement and may differ significantly from the foregoing.

Each Hedge Agreement may be terminated, whether or not the Notes have been paid in full on or prior to such termination, upon, among other things, (i) certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization of the Issuer or the related Hedge Counterparty, (ii) failure on the part of the Issuer or the related Hedge Counterparty to make any payment under the Hedge Agreement within the applicable grace period, (iii) certain withholding or other taxes being imposed on payments to be made under the Hedge Agreement as set forth in Sections 5(b)(ii) and (iii) of the ISDA Master Agreement incorporated in the Hedge Agreement, (iv) a change in law making it illegal for either the Issuer or the related Hedge Counterparty to be a party to, or perform an obligation under, the Hedge Agreement and (v) the declaration of acceleration following an Event of Default under the Security Agreement which cannot be rescinded or annulled.

A termination of a Hedge Agreement will not constitute an Event of Default under the Trust Deed. Although the Issuer believes that any such termination is unlikely, the Issuer has agreed to use reasonable efforts to enter into a substitute Hedge Agreement on similar terms to the extent that the Issuer is able to enter into such an agreement, and shall apply any termination receipts to the purchase of a new Hedge Agreement. If the Issuer is unable to obtain a substitute Hedge Agreement, interest due on the Securities will be paid from amounts received on the Collateral Assets without the benefit of any Hedge Agreement. There can be no assurance that such amounts will be sufficient to provide for the full payment of interest on the Securities, or that amounts that would otherwise be available to make the Class X Payment or for distribution to the Holders of the Class E Notes and the Class X Notes will not be reduced.

In the event of any early termination of a Hedge Agreement (i) any hedge termination receipts paid to the Issuer and not concurrently applied in connection with the Issuer's entering into a replacement Hedge Agreement will be deposited in a single, segregated trust account held in the name of the Collateral Agent (the "Hedge Termination Receipts Account") for the benefit of the Secured Parties and (ii) any amounts received by the Issuer from a replacement counterparty in consideration for entering into a substantially similar replacement agreement that preserves for the Issuer the economic equivalent of the terminated Hedge Agreement ("Hedge Replacement Proceeds") will be deposited in a single, segregated trust account held in the United States in the name of the Collateral Agent (the "Hedge Replacement Account") for the benefit of the Secured Parties.

The Investment Advisor may cause the Issuer, promptly following the early termination of a Hedge Agreement (other than with respect to a Final Payment Date) and to the extent possible through application of funds available in the Hedge Termination Receipts Account, to enter into a replacement Hedge Agreement (a "Replacement Hedge Agreement") which may have different terms, including different notional amounts, *provided* that the Applicable Rating Agency Condition has been satisfied (unless satisfaction of the Applicable Rating Agency Condition is not required in connection with Deemed Floating Asset Hedges and Deemed Fixed Asset Hedges using Form-Approved Hedge Agreements with an existing Interest Rate Swap Counterparty or with Currency Swap Agreements using Form-Approved Currency Swap Agreements).

If (i) the funds available in the Hedge Termination Receipts Account exceed the costs of entering into a Replacement Hedge Agreement, (ii) the Investment Advisor determines not to replace the terminated Hedge Agreement and the Applicable Rating Agency Condition is satisfied, or (iii) the termination is occurring on a Final Payment Date, then amounts in the Hedge Termination Receipts Account (after providing for the costs of entering into a Replacement Hedge Agreement, if any) will be transferred to the Collection Account on the next following Transfer Date and will be treated as Principal Proceeds and be distributed in accordance with the Priority of Payments on the next Payment Date (or on such Final Payment Date, in the event of a redemption of the Securities).

If a Hedge Agreement is terminated and the costs of entering into a Replacement Hedge Agreement exceed the funds on deposit and available therefor in the Hedge Termination Receipts Account, then, after using the funds in the Hedge Termination Receipts Account, the Issuer may enter into a Replacement Hedge Agreement with the amount of such shortfall payable to the replacement Hedge Counterparty in accordance with the Priority of Payments on following Payment Dates.

The amounts in the Hedge Replacement Account will be applied directly to the payment of termination amounts owing to the Hedge Counterparties, if any. To the extent not fully paid from Hedge Replacement Proceeds, such amounts will be payable to the Hedge Counterparties on subsequent Payment Dates in accordance with the Priority of Payments. To the extent that the funds available in the Hedge Replacement Account exceed any such termination amounts (or if there are no termination amounts), the excess amounts in the Hedge Replacement Account will be transferred to the Collection Account on the next Transfer Date and will be treated as Principal Proceeds and distributed in accordance with the Priority of Payments on the next Payment Date. If the termination amounts owing to Hedge Counterparties exceed the Hedge Replacement Proceeds for such agreements, then, unless such amounts represent Defaulted Hedge Termination Payments, they will be paid before funds are applied to pay principal or interest on any Notes in accordance with the Priority of Payments.

In order to effect an Optional Redemption, Tax Redemption or Auction or liquidation of the Collateral following an Event of Default, the Hedge Agreements must be terminated and the proceeds from such termination and from the liquidation of the remaining Collateral must be sufficient to pay any termination payment owing to the Hedge Counterparties in addition to any amounts owing under the Securities and certain other expenses. The Security Agreement will not permit the termination of a Hedge Agreement in connection with the liquidation of Collateral following an Optional Redemption, Tax Redemption or Auction or Event of Default prior to the time that the Investment Advisor shall have furnished to the Collateral Agent evidence that the Issuer has entered into one or more binding agreements with purchasers whose short term debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P, to purchase such Collateral on a date not later than 10 days after such termination and that such redemption or liquidation is non-revocable.

The Issuer may not terminate any Hedge Agreement (other than a Currency Swap Agreement) without satisfaction of the Applicable Rating Agency Condition and without the consent of AIG FP (such consent not to be unreasonably withheld) if AIG FP is still a Hedge Counterparty.

Each Hedge Agreement (other than with respect to the initial Hedge Counterparty) will provide that a Hedge Counterparty, with the consent of the Investment Advisor (on behalf of the Issuer) (such consent not to be unreasonably withheld), may assign its obligations under a Hedge Agreement to any institution which satisfies the Applicable Rating Agency Condition with respect to such assignment; *provided* that the Hedge Counterparty may assign its obligations to an affiliate in accordance with the Hedge Agreement without satisfaction of the Applicable Rating Agency Condition or consent of the Issuer, but with prior notice to the Rating Agencies, *provided* that such affiliate has the higher ratings required in accordance with the terms of the Hedge Agreement.

The initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty is AIG FP. Affiliates of the Initial Purchaser or the Investment Advisor may also act as Hedge Counterparties from time to time, which may create certain conflicts of interest. See "Risk Factors—Certain Conflicts of Interest."

Each Hedge Agreement will provide that the Issuer's obligations thereunder will be limited recourse obligations of the Issuer payable solely from the Collateral and subordinated as set forth in the Priority of Payments, and will contain a standard non-petition clause for the benefit of the Issuer. Each Hedge Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

The Hedge Counterparty ratings requirements and the required consents and actions described herein are subject to modification prior to the Closing Date, and may be revised thereafter upon satisfaction of the Applicable Rating Agency Condition.

Interest Rate Swap Agreements. As of the Closing Date, the Issuer will enter into an Interest Rate Swap Agreement with AIG FP as initial Interest Rate Swap Counterparty that will provide for the Issuer to pay the initial Interest Rate Swap Counterparty an amount equal to 6.388% per annum from the August 2006 Payment Date in exchange for payments equal to LIBOR on an initial notional amount of U.S. $175,000,000. The Issuer will receive an aggregate initial payment on the Closing Date of approximately U.S. $13,000,000 from the initial Interest Rate Swap Counterparty under the initial Interest Rate Swap Agreement. After the Closing Date, the Issuer may enter into additional Interest Rate Swap Agreements with AIG FP or other counterparties (each, an "Interest Rate Swap Counterparty") which may consist of interest rate swaps and/or interest rate caps.

The Issuer is authorized (i) to enter into additional Interest Rate Swap Agreements in connection with Deemed Floating Collateral Assets or Deemed Fixed Collateral Assets and (ii) to enter into, or terminate, Interest Rate Swap Agreements in whole or in part from time to time in order to manage interest rate timing mismatches and other risks in connection with the Issuer's issuance of, and making of payments on, the Securities and ownership and disposition of the Collateral Assets and with such Interest Rate Swap Counterparties as it may elect in its sole discretion, in each case subject to the satisfaction of

the Applicable Rating Agency Condition; *provided* that the Issuer will not have to satisfy any Applicable Rating Agency Condition for entering into Interest Rate Swap Agreements in connection with Deemed Floating Asset Hedges or Deemed Fixed Asset Hedges which are Form-Approved Hedge Agreements; *provided, further,* that after the Closing Date the Issuer shall not enter into any Interest Rate Swap Agreements without obtaining the consent of AIG FP (which consent shall not be unreasonably withheld) and subject to certain other restrictions specified in the initial Hedge Agreements as long as AIG FP remains a Hedge Counterparty. The Issuer will not modify any Interest Rate Swap Agreement in connection with Deemed Floating Collateral Assets or Deemed Fixed Collateral Assets that would require the payment of a termination payment by the Issuer unless the Applicable Rating Agency Condition has been satisfied.

Pursuant to any Interest Rate Swap Agreements that are interest rate swap agreements (including Deemed Floating Asset Hedges), the Issuer will generally agree to pay to the Interest Rate Swap Counterparty an amount equal to interest on the notional amount at a fixed interest rate specified therein and the Interest Rate Swap Counterparty will agree to pay the Issuer an amount equal to interest on the notional amount at LIBOR. The Issuer may also enter into offsetting Interest Rate Swap Agreements, subject to satisfaction of the Applicable Rating Agency Condition, pursuant to which the Interest Rate Swap Counterparty will agree to pay to the Issuer an amount equal to interest on the notional amount at a fixed interest rate specified therein and the Issuer will agree to pay the Interest Rate Swap Counterparty an amount equal to interest on the notional amount at LIBOR. Only a single net payment will be made under an Interest Rate Swap Agreement with respect to each Payment Date. If the floating rate payment to be made by a party (the "Floating Rate Payor") is greater than the fixed rate payment to be made by the other party (the "Fixed Rate Payor"), then the Floating Rate Payor will pay the difference to the Fixed Rate Payor, whereas if the floating rate payment to be made by the Floating Rate Payor is less than the fixed rate payment to be made by the Fixed Rate Payor, then the Fixed Rate Payor will pay the difference to the Floating Rate Payor.

Pursuant to any Interest Rate Swap Agreements that are interest rate cap agreements, the Interest Rate Swap Counterparty will agree to pay to the Issuer with respect to each interest rate cap payment date an amount equal to the excess, if any, of LIBOR over a fixed strike rate on a notional amount. The Issuer will make a single fixed payment to the Interest Rate Swap Counterparty at the beginning of such transaction or a series of fixed payments to the Interest Rate Swap Counterparty on two or more Payment Dates.

The Issuer has agreed to enter into Interest Rate Swap Agreements in notional amounts based on amortization schedules derived from the anticipated amortization of those Collateral Assets that are Fixed Rate Assets that the Issuer expects to own as of the Closing Date. The amortization schedules will be designed such that on the Closing Date and thereafter on each Measurement Date, the aggregate notional amount under such Interest Rate Swap Agreements will be slightly less than (i) the outstanding scheduled principal amount of the Notes scheduled to be outstanding on such date less (ii) the outstanding principal amount of Collateral Assets that pay interest pursuant to a floating rate on such date. However, there can be no assurance that the actual amortization of the Collateral Assets will correspond to the anticipated amortization on which the Interest Rate Swap Agreements will be based.

Cashflow Swap Agreements. As of the Closing Date, the Issuer will enter into a Cashflow Swap Agreement with AIG FP and may from time to time enter into additional Cashflow Swap Agreements (each, a "Cashflow Swap Agreement") with AIG FP or other counterparties (each, a "Cashflow Swap Counterparty"), in order to manage mismatches between the timing of payment receipts on the Collateral Assets and Eligible Investments and the timing of payments due on Payment Dates in accordance with the Priority of Payments. In a Cashflow Swap Agreement, the Issuer will receive a payment from a Cashflow Swap Counterparty on dates relating to each Interim Payment Date and each Payment Date in exchange for the Issuer's obligations to make payments to the Cashflow Swap Counterparty, relating to interest payments on Collateral Assets which pay less frequently than monthly, out of Proceeds to the extent available in accordance with the Priority of Payments. The Cashflow Swap Agreement will be reduced automatically for any Collateral Assets which prepay or default or which are sold and will be increased for any Collateral Assets which are purchased.

In addition to the foregoing, the Issuer will enter into a Cashflow Swap Agreement with AIG FP (the "Cashflow Swap Counterparty") which, together with proceeds deposited to the CP Interest Reserve Account directly by the Issuer on Payment Dates and Interim Payment Dates and amounts deposited to the CP Interest Reserve Account from the Collection Account, will provide a reserve for the CP Notes (the "CP Interest Reserve Facility"). Any discount on the CP Notes issued on the Closing Date will be funded through the Cashflow Swap Agreement. Under the CP Interest Reserve Facility, on each Payment Date in accordance with the Priority of Payments and on each Interim Payment Date, the Issuer will be required to transfer to the CP Interest Reserve Account, first, from available Principal Proceeds and second, from available Interest Proceeds, an amount (subject to certain limitations) equal to the CP Interest Reserve Deposit Amount. If, on any Interim Payment Date, amounts on deposit in the CP Interest Reserve Account, after taking into account the CP Interest Reserve Deposit Amount to be deposited thereto by the Issuer, are less than the CP Interest Reserve Required Amount, the Cashflow Swap Counterparty will be required to fund the Interim Cashflow Swap Payment on each Interim Payment Date. The Cashflow Swap Counterparty will not be required to make cumulative net payments (including all accrued and unpaid interest) to the Issuer in excess of the Cashflow Swap Capped Amount *minus* the balance of the Cashflow Swap Agreement due to AIG FP. If AIG FP fails to pay such amount, funds otherwise available to make payments to AIG FP will instead be used to pay amounts to the CP Interest Reserve Account as required. To the extent funds are available for such purpose and after the payment of certain amounts, the Issuer will pay to AIG FP on each Payment Date the equivalent amount of unreimbursed Interim Cashflow Swap Payments as of such Payment Date.

In addition, on any date on which funds on deposit in the CP Interest Reserve Account are insufficient to pay amounts coming due on maturing CP Notes, after taking into account funds on deposit in the CP Principal Reserve Account and the CP Interest Reserve Account, the Trustee shall transfer to the CP Interest Reserve Account from the Collection Account the shortfall amount necessary to pay such maturing CP Notes in full.

On any Payment Date and Interim Payment Date, after the payment of the Interim Issuer Cashflow Payments to the Cashflow Swap Counterparty, the CP Interest Reserve Interest Release Amount and the CP Interest Reserve Principal Release Amount, to the extent available, will be deposited to the Collection Account from the CP Interest Reserve Account and will be treated as Interest Proceeds or Principal Proceeds, as applicable.

Currency Swap Agreements. The Issuer may enter into one or more Currency Swap Agreements with counterparties (each, a "Currency Swap Counterparty"), subject to satisfaction of the Applicable Rating Agency Condition. The Issuer is authorized to enter into additional Currency Swap Agreements in connection with Non-U.S. Dollar Denominated Assets and to terminate Currency Swap Agreements in whole or in part from time to time in order to manage its currency risks subject to satisfaction of the Applicable Rating Agency Condition. The Issuer may enter into agreements with such Currency Swap Counterparties as it may elect in its sole discretion, in each case subject to the satisfaction of the Applicable Rating Agency Condition; *provided* that the Issuer will not have to satisfy the Applicable Rating Agency Condition when entering into Currency Swap Agreements which are Form-Approved Currency Swap Agreements; *provided, further,* that after the Closing Date the Issuer shall not enter into any Currency Swap Agreements without obtaining the consent (which consent shall not be unreasonably withheld) of the initial Hedge Counterparty and subject to certain other restrictions in the initial Hedge Agreements if AIG FP is then a Hedge Counterparty.

The Currency Swap Agreements will require the Issuer to pay amounts in British Sterling, Canadian Dollars, Japanese Yen or the Euro accrued on a notional amount in the same currency and will generally require the Currency Swap Counterparty to pay U.S. Dollars based on a U.S. Dollar notional amount and may also require the Issuer to exchange amounts in British Sterling, Canadian Dollars, Japanese Yen or the Euro for pre-agreed amounts of U.S. Dollars. The notional amounts and exchange amounts will be based on amortization schedules derived from the anticipated interest and principal distributions on Non-U.S. Dollar Denominated Assets that the Issuer owns when the Currency Swap Agreement is entered into. However, there can be no assurance that the actual amortization of the Non-U.S. Dollar Denominated Assets will correspond to the anticipated amortization on which the Currency

Swap Agreements will be based. If the Issuer does not receive sufficient funds in British Sterling, Canadian Dollars, Japanese Yen or the Euro from the Non-U.S. Dollar Denominated Assets to make required payments under the Currency Swap Agreements, it must convert other Proceeds into those currencies at the then-current spot exchange rate to make such payments. Proceeds from Non-U.S. Dollar Denominated Assets in excess of the amounts needed to make required payments under the Currency Swap Agreements will be converted into U.S. Dollars at the then-current spot exchange rate and deposited into the Collection Account.

CP Put Agreement

The Issuer and the CP Put Counterparty will enter into a 1992 ISDA Master Agreement and a schedule and confirmation thereto, each dated as of March 30, 2006, as amended from time to time (together, the "CP Put Agreement"). On the Closing Date, the CP Put Counterparty will be entitled to a fixed structuring fee. Subject to certain conditions to exercise, under the CP Put Option, if the Trustee gives the CP Put Counterparty valid notice in accordance with the CP Put Agreement of the occurrence of certain events on the exercise date, the CP Put Counterparty will, on the later of (i) two Business Days after the valid delivery of notices to the CP Put Counterparty of an exercise of the CP Put Option in accordance with the terms of the CP Put Agreement and (ii) the date on which the CP Notes become due and payable (after, in the case of the Series A CP Notes and the LIBOR CP Notes, giving effect to any extension thereof), provide the Issuer with sufficient funds (together with amounts on deposit in the CP Principal Reserve Account) to enable the Issuers to repay the face amount of such maturing CP Notes on such date (the "Put Option"). If an early termination condition occurs and is continuing under the CP Put Agreement, the CP Put Counterparty will be obligated to purchase Class A-1LT-c Notes issued pursuant to the terms of the Trust Deed and Terms and Conditions of the Notes at par in accordance with the terms of (and subject to satisfaction of the conditions described in) the CP Put Agreement. The purchase of such new Class A-1LT-c Notes (together with amounts on deposit in the CP Principal Reserve Account), will provide the Issuer with sufficient funds on such extended maturity date to enable the Issuers to repay maturing CP Notes in accordance with the CP Put Agreement.

The CP Put Agreement is scheduled to terminate on the Stated Maturity of the Notes. At any time on or after March 29, 2007, the CP Put Counterparty may at its option terminate the CP Put Agreement in whole or in part. If the CP Put Counterparty elects to terminate the CP Put Agreement, the outstanding CP Notes in an amount equal to the amount of the CP Put Agreement so terminated will be retired at their next maturity date and the CP Put Counterparty will be required to purchase Class A-1LT-c-2 Notes in an equivalent amount. Class A-1LT-c-2 Notes issued to the CP Put Counterparty upon the exercise of its right to terminate the CP Put Agreement will bear interest at the Class A-1LT-c-2 Note Interest Rate for each Interest Accrual Period from and after their issuance date and will mature on the Stated Maturity of the Notes. In all other cases where the Put Option is exercised, the CP Put Counterparty will be required to purchase Class A-1LT-c-1 Notes which will bear interest at the Class A-1LT-c-1 Note Interest Rate for each Interest Accrual Period from and after their issuance date. The CP Put Agreement is also subject to termination in accordance with the typical ISDA termination provisions as described therein. Other than amounts due and owing under the CP Put Agreement at the time of termination, no termination payments will be due to or from the Issuer and the CP Put Counterparty in connection with any termination of the CP Put Agreement other than amounts already due and owing thereunder.

On the CP Re-Issuance Trade Date or either of the two Business Days preceding such CP Re-Issuance Trade Date, or, in the case of a settlement failure, on the settlement date (the "Exercise Date"), if any of the following events has occurred (or is expected to occur by the applicable CP Re-Issuance Trade Date), the CP Put Option in respect of the CP Notes will be exercised *provided* that the conditions to exercise described below have been satisfied:

(i) the Issuers are not able to issue, sell or place new CP Notes having maturities of no more than 270 days, at a discount amount, if any, less than or equal to any amounts in the CP Interest Reserve Account (including amounts deposited to the CP Interest Reserve Account directly from the Collection Account) *plus* the CP Interest Reserve Deposit Amount held by the Trustee for the following

Interim Payment Date (including the original amount of any CP Put Counterparty Deposit Amount (as defined below) but excluding any withdrawals made or to be made from the CP Interest Reserve Account on such date) and a discount rate less than or equal to the Maximum Put Option Strike Rate in a face amount at least equal to the face amount of maturing CP Notes less amounts on deposit in the CP Principal Reserve Account; or

(ii) the short-term senior unsecured debt rating of the CP Put Counterparty is downgraded below "A-1" or "P-1" by S&P or Moody's, respectively, collateral is not posted in accordance with the CP Put Agreement, the CP Put Counterparty is not replaced in accordance with the CP Put Agreement and Goldman, Sachs & Co., is a CP Note Placement Agent (it being agreed that there is no obligation of the CP Put Counterparty to post collateral or be replaced); or

(iii) a payment default under the Security Agreement has occurred with respect to the Class A Notes, the CP Notes, a required deposit to the CP Principal Reserve Account or the Class B Notes solely as a result of a failure by a Hedge Counterparty to make a payment under a Hedge Agreement; or

(iv) the CP Put Counterparty has notified the Issuer or the Issuer has notified the CP Put Counterparty that it elects to terminate the CP Put Agreement as a consequence of the occurrence of an event of default or termination event thereunder; or

(v) the CP Put Agreement is scheduled to terminate as the result of the occurrence of an Event of Default under the Trust Deed or the Security Agreement and acceleration under the Indenture and the commencement of the liquidation of Collateral thereunder; or

(vi) the CP Put Agreement is scheduled to terminate as the result of an early redemption in full of the Notes and Defeasance of the CP Notes in full under the Security Agreement (with such CP Put Option termination not in any case becoming effective prior to the earlier of the date on which no CP Notes remain outstanding and the date on which all outstanding CP Notes have been Defeased in full under the Security Agreement); or

(vii) on or after March 29, 2007 the CP Put Counterparty elects to terminate the CP Put Agreement in whole or in part; or

(viii) a prospective purchaser of CP Notes to be placed on any date fails in its obligation to pay the cash purchase price for such CP Notes it was obligated to purchase on such date.

In addition to the occurrence of one or more of the events described above, for the CP Put Option to be exercised none of the following events may have occurred on or prior to the applicable CP Re-Issuance Trade Date or, in the case of clause (viii) above, the settlement date: (1) a bankruptcy or insolvency default under the Trust Deed has occurred with respect to either Co-Issuer, (2) the CP Put Premium due to be paid to the CP Put Counterparty by the Issuer under the CP Put Agreement has not been paid, (3) there are any payment defaults on the Class A Notes, the CP Notes or with respect to a required deposit to the CP Principal Reserve Account and all CP Notes which were Outstanding on the date such Event of Default originally occurred have matured (unless such payment default is due solely to a failure by a Hedge Counterparty to make payments required to be made under any of the Hedge Agreements), or (4) the Class A Overcollateralization Ratio is less than 100%.

Notwithstanding the foregoing, the CP Put Option will not be exercised if, upon the occurrence of either condition described in clause (i) or (viii) above, the Issuer is able to issue CP Notes with maturities of no more than 270 days and a discount rate that is less than or equal to the discount equivalent of the Maximum Put Option Strike Rate on or before the date of settlement of such CP Put Option. The CP Put Counterparty will be permitted to (but is not obligated to) make deposits to the CP Interest Reserve Account (the "CP Put Counterparty Deposit Amount") in an amount sufficient to prevent the CP Put Option from being exercised under certain conditions. If the CP Put Counterparty does make such a deposit, discount on the issued CP or purchased CP may in certain cases, exceed the Maximum Put Option Strike Rate. The CP Put Counterparty is not entitled to be reimbursed for any such deposits.

YIELD CONSIDERATIONS

The Stated Maturity of the Securities (other than the Combination Notes) is the Payment Date in September 2041 and the Stated Maturity of the Combination Notes is the Payment Date in June 2016. However, the principal of each Class of the Notes (other than the Combination Notes) is expected to be paid in full prior to their Stated Maturity.

The table set forth below entitled "Class A-1LT-a, A-1LT-b, A-2, B, C and D Note Constant Default Rate Stress Tests" is based on the following assumptions (the "Collateral Assets Assumptions"):

(i) Forward 1-month LIBOR curve and 3-month LIBOR curve as of March 27, 2006 is assumed;

(ii) the Closing Date is March 30, 2006, the first Payment Date is July 7, 2006 and the first Quarterly Payment Date is September 7, 2006;

(iii) the Coverage Tests are satisfied as of the Closing Date;

(iv) each Collateral Asset will pay principal and interest in accordance with its terms and scheduled payments will be timely received, unless otherwise specified;

(v) all interest payments on the Collateral Assets in the initial portfolio are assumed to be made on a monthly basis;

(vi) payments on Collateral Assets are made on the 7th day of the month in which such payment is due;

(vii) payments on the Class A-1LT-a Notes, Class A-1LT-b Notes, Class A-2 Notes, Class B Notes and Class C Notes are made on the seventh day of the month in which each applicable Payment Date falls (each of which is assumed to be a Business Day) commencing in July 2006 and payments on the Class D Notes, Class E Notes and Class X Notes are made on the seventh day of each of the month in which each applicable Quarterly Payment Date falls (each of which is assumed to be a Business Day) commencing in September 2006;

(viii) defaults on the Collateral Assets acquired by the Issuer on the Closing Date are incurred at the constant annual default rates and are applied on each Payment Date to the outstanding Principal Balance of such Collateral Assets as of such Payment Date commencing on the Payment Date in July 2007;

(ix) defaults on Collateral Assets acquired by the Issuer through reinvestment of Proceeds are incurred at the constant annual default rates and are applied on each applicable Payment Date to the outstanding Principal Balance of such Collateral Assets as of such Payment Date commencing on the 13th month following each respective purchase;

(x) all Proceeds are fully reinvested or paid out pursuant to the Priority of Payments;

(xi) expenses are paid on each Payment Date and will be fixed at 0.01% per annum of the outstanding collateral balance as of the immediately preceding Payment Date;

(xii) there are no trading gains or call premiums;

(xiii) each Hedge Counterparty makes all required payments to the Issuer on a timely basis;

(xiv) the Class A Adjusted Overcollateralization Ratio, the Class B Adjusted Overcollateralization Ratio and the Class C Adjusted Overcollateralization Ratio are modeled using the Net Outstanding Portfolio Collateral Balance rather than the Adjusted Net Outstanding Portfolio Collateral Balance;

(xv) Collateral Assets purchased during the Reinvestment Period are priced at par; and principal payments from Fixed Rate Assets are reinvested at a coupon of 5.50% per annum with a bullet maturity of five years and one month from the date of reinvestment and principal payments from Floating Rate Assets are reinvested at a spread equal to 0.64% over 1-month LIBOR with a bullet maturity of five years and one month from the date of reinvestment;

(xvi) failure to pay interest to the holders of the CP Notes or the Class A Notes is not an Event of Default;

(xvii) there are no taxes owed by the Issuers;

(xviii) no additional issuance of Notes, CP Notes (with the exception of reissuance) or Class A-1LT-c Notes, as applicable, occurs;

(xix) with respect to the table below entitled " Class A-1LT-a, A-1LT-b, A-2, B, C and D Note Constant Default Rate Stress Tests," no redemption due to an Auction is assumed;

(xx) all of the Notes are purchased at par;

(xxi) all collateral payments are reinvested at a rate equal to 1-month LIBOR *minus* 0.25% for 12.5 days prior to each applicable Payment Date;

(xxii) amounts retained in the Collection Account pursuant to clause (24) of the Priority of Payments are reinvested at a rate equal to 1-month LIBOR *minus* 0.25% until applied on the following Quarterly Payment Date;

(xxiii) the CP Notes are expected to fund at 1-month LIBOR;

(xxiv) the CP Put Premium Rate is 0.18% per annum from the Closing Date to and including the July 2011 Payment Date and 0.22% thereafter;

(xxv) clause (i)(e) of the definitions of Class A/B Interest Coverage Ratio, Class C Interest Coverage Ratio and Class D Interest Coverage Ratio is assumed to equal $0.00 for each Payment Date; and

(xxvi) no proceeds are assumed to be available in the Payment Account after payments are made pursuant to clauses (1) through (14) of the Priority of Payments on the September 2006 Payment Date.

The table set forth below entitled "Class A-1LT-a, A-1LT-b, A-2, B, C and D Note Constant Default Rate Stress Tests" shows the Constant Default Rate ("CDR") and Cumulative Defaults for each Class of Notes under three stress scenarios, assuming a 50% severity in terms of principal recoveries on defaulted Collateral Assets. In column one ("First Dollar of Loss"), CDR represents the CDR starting on the July 2007 Payment Date that would result in the first dollar reduction in yield to the respective Class of Notes. Cumulative Defaults represent the sum of such defaults. In column two ("LIBOR Flat"), CDR represents the CDR starting on the July 2007 Payment Date that would result in a yield equivalent to LIBOR Flat. Cumulative Defaults represent the sum of such defaults. In column three ("Return of Investment (0% return)"), the CDR represents the CDR starting on the July 2007 Payment Date that would result in a 0.0% return to the respective Class of Notes. Cumulative Defaults represent the sum of such defaults.

Class A-1LT-a, A-1LT-b, A-2, B, C and D Note Constant Default Rate Stress Tests

	First Dollar of Loss		LIBOR Flat		Return of Investment (0% return)	
Constant Annual Default Rate at 50% Severity	CDR	Cumulative Defaults	CDR	Cumulative Defaults	CDR	Cumulative Defaults
Class A-1LT-a	4.2%	14.685%	5.8%	19.697%	20.5%	54.017%
Class A-1LT-b	4.2%	14.685%	5.4%	18.472%	20.2%	53.489%
Class A-2	4.2%	14.685%	4.6%	15.966%	5.5%	18.780%
Class B	2.0%	7.282%	2.2%	7.981%	3.2%	11.396%
Class C	0.6%	2.242%	0.8%	2.979%	1.1%	4.073%
Class D	0.4%	1.500%	0.5%	1.872%	0.6%	2.242%

The yield to maturity of the Securities of each Class will also be affected by the rate of repayment of the Collateral Assets, as well as by the redemption of the Securities in an Optional Redemption, Tax Redemption or Auction (and by their respective Optional Redemption Prices, Tax Redemption Prices or Auction Redemption Prices, as applicable, which are then payable). The Issuer is not required to repay the Securities on any date prior to their Stated Maturity. The receipt of principal payments on the Securities at a rate slower than the rate anticipated by investors purchasing the Securities at a discount will result in an actual yield that is lower than anticipated by such investors.

The yield to maturity of the Securities may also be affected by the rate of delinquencies and defaults on and liquidations of the Collateral Assets, to the extent not absorbed by the Class E Notes; sales of Collateral Assets; and/or purchases of Collateral Assets having different scheduled payments and payment characteristics and the operation of the variables in the Priority of Payments. The yield to investors in the Securities will also be adversely affected to the extent that the Issuers incur expenses in excess of the amount payable in accordance with the Priority of Payments that are not absorbed by the Class E Notes.

The yield on the Class X Notes will be highly sensitive to the rate, timing and amount of defaults, delinquencies, interest deferrals and losses on the Collateral Assets. In addition, the yield on the Class X Notes will be affected by any Optional Redemption, Tax Redemption, Auction or redemption due to an Event of Default resulting in acceleration of the Securities and liquidation of the Collateral and may also be highly sensitive to prepayments on the Collateral Assets after the Reinvestment Period. See "Risk Factors—Securities—Special Considerations with respect to the Class X Notes."

THE INVESTMENT ADVISOR

The information appearing in this section has been prepared by the Investment Advisor, and has not been independently verified by the Issuers or the Initial Purchaser. Accordingly, notwithstanding anything to the contrary herein, neither the Issuers nor the Initial Purchaser assume any responsibility for the accuracy, completeness or applicability of such information. The Issuers do, however, take responsibility for correctly reproducing the information they received from the Investment Advisor.

General

TCW Asset Management Company will act as Investment Advisor to the Issuer (in such capacity, together with any successor, the "Investment Advisor") and in such capacity will be responsible for certain administrative and investment advisory functions relating to the Collateral Assets, the Hedge Agreement and other assets included in the Collateral. The Investment Advisor is a registered investment advisor regulated by the SEC.

TCW Asset Management Company is a California corporation with its principal offices at 865 South Figueroa Street, Suite 1800, Los Angeles, California 90017. TCW Asset Management Company was organized in 1971 and is a wholly owned subsidiary of The TCW Group, Inc., whose subsidiaries, including Trust Company of the West, provide a variety of trust, investment management and investment advisory services. TCW Asset Management Company and its affiliated companies (collectively, "TCW") manage assets of over 1,625 institutional and private clients. Assets under management or committed to management by TCW totaled approximately U.S. $125 billion as of December 31, 2005.

As of December 31, 2005, TCW employed over 600 individuals, including 355 investment and administrative professionals. TCW operates out of offices in Los Angeles, New York and Houston.

In July 2001, The TCW Group, Inc. sold a majority of its interests to Société Générale Asset Management, S.A. ("SG Asset Management"), a subsidiary of Société Générale, S.A. ("Soc Gen"), one of the world's leading financial service companies. SG Asset Management is a leading asset manager serving private and corporate clients worldwide.

Pursuant to the terms of the Investment Advisory Agreement, the Investment Advisor will determine the specific Collateral Assets to be purchased or sold, or entered into or terminated or novated, by the Issuer and the terms of such purchases and sales or executions, terminations or novations, monitor the Collateral Assets included in the Collateral from time to time and provide the Issuer with certain information with respect to the composition and characteristics of such Collateral Assets, any dispositions or tenders of such Collateral Assets and the reinvestment of the proceeds of any such dispositions in substitute Collateral Assets. Accounts for which the Investment Advisor acts as investment advisor may at times own a portion of the Securities and/or the CP Notes. See "Risk Factors—Certain Conflicts of Interest."

In accordance with the Reinvestment Criteria set forth in the Security Agreement and the other requirements set forth in the Investment Advisory Agreement, the Note Agency Agreement, the Security Agreement and the Trust Deed, the Investment Advisor, on behalf of the Issuer, will instruct the Trustee in writing with respect to any disposition or tender of a Collateral Asset included in the Collateral and investment in substitute Collateral Assets.

Key Personnel

Set forth below is the information regarding the backgrounds and experience of certain persons who are currently employed by the Investment Advisor and who are expected to comprise the team that is responsible for substantially all of the investment activities of the Issuer. There can be no assurance that such persons will continue to be employed by the Investment Advisor.

CDO Product Development

Sonia C. Mangelsdorf, Senior Vice President

Ms. Mangelsdorf joined TCW in 1999. Previously, she worked at Bankers Trust New York in Sales and Trading of Australian and New Zealand fixed income securities and currencies. Prior to that, she worked at Bankers Trust Australia Ltd. in Sydney, as an Assistant Portfolio Manager, responsible for the BTAL Cash Management Trusts and the Short-term Managed Funds. Ms. Mangelsdorf holds a B.S. in Economics from The University of Sydney, Australia.

Portfolio Management

Jeffrey E. Gundlach
Chief Investment Officer – TCW Group
President – TCW Asset Management Company
Group Managing Director – Mortgage-Backed Securities
Chairman – Multi-Strategy Fixed Income Committee

Mr. Gundlach was associated with Transamerica Corporation's Los Angeles based Property/Casualty Insurance division prior to joining TCW in 1985. He worked in the Finance Department as Senior Loss Reserve Analyst, responsible for investment discount and funding strategies. He is a graduate of Dartmouth College summa cum laude holding B.A. in Mathematics and Philosophy. He attended Yale University as a Ph.D. candidate in Mathematics.

Louis C. Lucido, Group Managing Director – Credit Mortgage-Backed Securities

Prior to joining TCW in 2001, Mr. Lucido was the Chief Investment Officer for Delphi Financial Group (DFG) responsible for the asset/liability management of the firm, oversight and management of the firm's $2.3 billion investment portfolio. Before DFG, Mr. Lucido was the Chief Operating Officer, Managing Director & Corporate Secretary for Hyperion Capital Management, an MBS, CMBS & ABS investment management company, and was responsible for managing the daily operation of the firm, which had $5.5 billion of assets under management. While at Hyperion, Mr. Lucido was also a member of the Resolution Trust Advisory Committee, responsible for the conservatorship and ultimate liquidation of the Franklin Savings Association. Mr. Lucido has an M.B.A. in Management and Finance from New York University.

Roland K.W. Ho, CFA, Managing Director – Credit Mortgage-Backed Securities

Prior to joining TCW in 2001, Mr. Ho was the Director and Head of Research at Hyperion Capital Management where he was responsible for the research, design, development and implementation of Hyperion's analytical system for fixed income securities. These included MBS prepayment modeling, CMBS cash flow modeling, and term structure modeling. Mr. Ho holds a B.A. and an M.B.A. in electrical science from Cambridge University in England. He also studied for his doctorate in Mathematics at the Imperial College, University of London. He is a Chartered Financial Analyst.

Samuel M. Garza, Senior Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW in 2000, Mr. Garza worked at Union Bank of California in the Commercial Banking Group where he was involved with corporate loan underwriting. Mr. Garza holds a B.A. in Business Economics from the University of California at Santa Barbara.

Andrew Hsu, Assistant Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW in 2002, Mr. Hsu was working with InteCap as a Strategic/Economic Consultant. Mr. Hsu obtained his B.S. in Finance from the University of Southern California and is presently a Level III candidate in the CFA Program.

Vincent A. Fiorillo, Managing Director – Credit Mortgage-Backed Securities

Prior to joining TCW, Mr. Fiorillo was an Executive Director with Morgan Stanley. He brings twenty-eight years of mortgage, asset-backed and commercial mortgage experience to the TCW team. Responsibilities at Morgan Stanley included developing mortgage origination providers into the MSAC Conduit and expanding the firm's activity in both the asset-backed and commercial mortgage-backed securities markets. Prior to joining Morgan Stanley, Mr. Fiorillo was the Co-Head, Managing Director of the Mortgage Backed Securities Group at Smith Barney. Before being recruited to Smith Barney he was the head of marketing and sales of the Mortgage Backed Securities Group at Merrill Lynch. Mr. Fiorillo attended the City University of New York and Marist College.

Philip A. Barach, Group Managing Director – Mortgage-Backed Securities

Mr. Barach joined TCW in 1987 after being associated with Sun Life Insurance Company, where he was Senior Vice President and Chief of Investments. Previously, he served as head of Fixed Income Investments for the State of California Retirement System. Mr. Barach attended the Hebrew University of Jerusalem, where he received a B.A. in International Relations and an M.B.A. in Finance.

Jennifer A. Jacob, Managing Director – Mortgage-Backed Securities

Prior to joining TCW in 1993, Ms. Jacob was a Senior Portfolio Manager with CMB Investment Counselor where she was responsible for over $1 billion in fixed income assets. Prior to CMB, she was a Portfolio Manager with Transamerica and SunAmerica Life Insurance Companies and was responsible for the management of multi billion dollar fixed income portfolios invested in mortgage-backed securities and high grade corporate bonds. She is a Phi Beta Kappa graduate from the University of California at Los Angeles, where she received a B.A. in Anthropology of Southern California. Ms. Jacob is a Chartered Financial Analyst and a Chartered Investment Counselor.

Sajjad H. Naqvi, Senior Vice President - Credit Mortgage-Backed Securities

Prior to joining TCW in 2002, Mr. Naqvi was responsible for credit analysis at Hyperion Capital Management, which included ABS, CMBS and corporate securities, where he held the title of Assistant Vice President. Prior to Hyperion, Mr. Naqvi was an Associate at Smith Barney where he performed equity research with an Institutional Investor ranked analyst. Mr. Naqvi holds two undergraduate degrees: a B.A. in Political Science from the University of Winnipeg, and a B.S. in Finance from St. John's University in New York. He also holds an M.B.A. from the Lubin School of Business at Pace University in New York.

George P. Kappas, Ph.D., Senior Vice President – Credit Mortgage-Backed Securities

Mr. Kappas joined TCW in 2003 after working for 2 years at Countrywide on residential MBS structuring where he specialized in S&P, Moody's stress models and NIM structuring. Previously he worked as an analyst/trader for Delphi Financial Group, Eagle Capital Management and Cargill Financial. Mr. Kappas holds an M.S. and D.E.S. in Engineering and Applied Science from Columbia University in New York.

Susan Nichols, Senior Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW, Susan held a position as the Investment Tax and Accounting Manager at Reliance Standard Life Insurance for thirteen years. In that capacity, Susan interfaced with numerous departments and was involved in the development of a bank loan participation program with Bank United in Texas, was responsible for maintaining the NAIC relationship and coordinated risk based capital requirements with the investment portfolio strategy to maintain agency ratings. Susan has extensive experience in insurance, investment and regulatory accounting. Susan is a Phi Beta Kappa, magna cum laude graduate of Lehigh University, with a B.S. degree in Accounting. She is also a Certified Public Accountant and Fellow of the Life Management Institute.

Shirley Zheng, CFA, Senior Vice President – Credit Mortgage-Backed Securities

Ms. Zheng joined TCW's Investment Grade Fixed Income in 2000. Later she joined the Credit Mortgage-Backed Securities group in 2004. Prior to TCW, Ms. Zheng was with Merrill Lynch, where she worked as a Senior Credit Analyst specializing in the credit analysis of basic industrial companies. Previously, she was employed as a Credit Analyst with ING Barings conducting credit analysis on energy and mining companies. Ms. Zheng received her BA from Nankai University in China, her MA in American History from the University of Cincinnati and her Master of International Affairs (concentration in International Banking and Finance) from Columbia University. She is a CFA charterholder.

Jonathan R. Marcus, Senior Vice President – Credit Mortgage-Backed Securities

Mr. Marcus joined TCW in 2000 as a Systems Analyst in the Information Services department. He served as a team lead in the enterprise upgrade to the Windows 2000 operating system, as well as providing technical assistance for the Mortgage-Backed Securities group. He joined the Credit Mortgage-Backed Securities group in 2001. Mr. Marcus has his B.S. in Mathematics from the University of California at Santa Barbara.

Stephanie Y. M. Cheung, Vice President – Credit-Mortgage-Backed Securities

Prior to joining TCW in 2005, Ms. Cheung was a Finance Associate for Robertson Properties Group (an affiliate of Pacific Theatres Corporation), where she focused on land acquisitions and retail development analysis. Prior to that, she worked at CB Richard Ellis Investors, as a Senior Financial Analyst, responsible for due diligence and acquisitions of commercial real estate on behalf of public pension funds. Prior to CB Richard Ellis Investors, Ms. Cheung worked at Jones Lang LaSalle as a Financial Analyst in the Capital Markets Group. Ms. Cheung is a Phi Kappa Phi, Magna Cum Laude graduate from the University of Southern California, holding a B.S. degree in Business Administration with a concentration in Finance and Real Estate. Ms. Cheung also holds an MBA in Finance from Yale University.

Qun Ju, Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW in 2005, Ms. Ju worked at Hyperion Capital Management for seven years as a Senior Quantitative Strategist. Her responsibilities focused on security analysis and portfolio strategy development in the product areas including mortgage-backed securities, subprime mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, and collateralized debt obligations. Ms. Ju holds a BA in Computer Science and an MS in Applied Mathematics from Peking University. In addition, Ms. Ju holds an MA in Mathematics from the Johns Hopkins University and a PhD in Computer Science from Brandeis University.

Kerry A. Eschwie, Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW, Ms. Eschwie worked as an asset-backed securities credit analyst in the Capital Markets Group at Nord/LB. Previously, she worked for Princeton Advisory Group as a consultant on the collateral manager's first ABS CDO. Prior to consulting, Ms. Eschwie spent nearly 8 years as an analyst in the CDO group at Moody's Investors Service. Ms. Eschwie holds a B.S. in Finance from Fordham University in New York, as well as an M.B.A. in Finance from New York University.

Helen Chen, Assistant Vice President – Credit Mortgage-Backed Securities

Prior to joining TCW in 2003, Ms. Chen was working for Houlihan Lokey Howard and Zukin as a Financial Analyst, where she specialized in financial restructuring. Ms. Chen is a Magna Cum Laude graduate from the University of California at Los Angeles with a BA in Business Economics and a minor in Accounting.

Morris Chen, Assistant Vice President – Credit Mortgage-Backed Securities

Mr. Chen joined TCW in 2003 as an intern for the CMBS group, where he was later hired to his current position as an analyst. Mr. Chen graduated from the University of California, Riverside with a BS in Business Administration and a concentration in Business Development and Finance.

Ken K. Shinoda, Assistant Vice President – Credit Mortgage-Backed Securities

Mr. Shinoda joined TCW in 2003 as an intern for the CMBS group, where he was later hired to his current position as an analyst. Mr. Shinoda graduated from the University of Southern California with a BS in Finance and an emphasis in International Relations.

Nanlan Ye, Assistant Vice President – Credit Mortgage-Backed Securities

Ms. Ye joined TCW in 2003 as an intern for the CMBS group, where she was later hired to her current position as an analyst. Ms. Ye is a Summa Cum Laude graduate from California State University, Los Angeles with a BS in Computer Information Systems and a Minor in Finance. Ms. Ye also holds an MA in Economics from California State University, Los Angeles.

Sriram Balasubramanian, Systems-Analyst – Credit Mortgage-Backed Securities

Prior to joining TCW in 2004, Mr. Balasubramanian was a lead web engineer at Goyogi.com where he developed specialized search engines, and backend database applications. Mr. Balasubramanian holds a BS in Computer Science from San Jose State University, where he was awarded the 2001 Physics Award for outstanding performance in physics coursework.

Eric Huynh, Systems Analyst – Credit Mortgage-Backed Securities

Prior to joining TCW in 2004, Mr. Huynh was a software engineer for Logic Links, Inc., where he designed and built a national hotel reservation and billing system. Mr. Huynh hold a BS in Computer Science & Engineering from the University of California at Los Angeles and a BS in Computer Information Systems from the University of Saigon.

THE INVESTMENT ADVISORY AGREEMENT

General

The Investment Advisor will perform certain investment management functions, including supervising and directing the investment and reinvestment of Collateral and managing the issuance of the CP Notes, and perform certain administrative functions on behalf of the Issuer in accordance with the applicable provisions of the Security Agreement, the Trust Deed and the Investment Advisory Agreement. The Investment Advisor agrees, and will be authorized, to (i) select the Collateral Assets and Eligible Investments to be acquired by the Issuer, (ii) invest and reinvest the Collateral and facilitate the acquisition and settlement of Collateral Assets by the Issuer, (iii) advise the Issuer on the issuance and sale of the CP Notes, (iv) advise the Issuer with respect to interest rate cash flow timing and currency exchange risk management, (v) advise the Collateral Agent with respect to any disposition or tender of a Collateral Asset or Eligible Investment by the Issuer, (vi) conduct Auctions and (vii) select and negotiate Hedge Agreements, Synthetic Securities, Deemed Floating Asset Hedges, and Deemed Fixed Asset Hedges.

Indemnification and Expenses

The Investment Advisor will perform its duties and functions in accordance with the Investment Advisory Agreement; *provided, however*, that the Investment Advisor, its affiliates and the members, managers, directors, officers and employees of the Investment Advisor and its affiliates will not be liable to the Issuers, the Collateral Agent, the Trustee, the Initial Purchaser, any Secured Party, the Holders of the Securities or the CP Notes, any other persons or any of their respective affiliates, partners, shareholders, officers, directors, employees, agents, accountants and attorneys for any Losses incurred as a result of the actions taken or recommended, or for any other acts or omissions, by the Investment Advisor under the Investment Advisory Agreement or under the other Transaction Documents or otherwise for any mistake of judgment or in any event whatsoever, except that the Investment Advisor will be so liable by reason of acts or omissions constituting bad faith, willful misconduct or gross negligence in the performance of its obligations thereunder. The Investment Advisor will be entitled to indemnification by the Issuer under certain circumstances (as described more fully below), but, except in the limited amount described in clause (3) of the Priority of Payments, only after payment in full of the CP Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Pursuant to the terms of the Investment Advisory Agreement, the Issuer will indemnify and hold harmless the Investment Advisor, its affiliates and the shareholders, members, managers, directors, officers, employees, agents, accountants and attorneys of the Investment Advisor and its affiliates (each, an "Indemnified Party") from and against any and all expenses, losses, damages, liabilities, demands, charges or claims of any nature whatsoever (including reasonable attorneys' fees and expenses) (collectively, "Losses"), as incurred, in respect of or arising from the issuance of the Securities and the CP Notes, the transactions described in this offering circular, the Investment Advisory Agreement or the other Transaction Documents, or any action or failure to act by the Investment Advisor and not as a result of acts or omissions by such Indemnified Party constituting bad faith, willful misconduct or gross negligence in the performance of the Investment Advisor's obligations under the Investment Advisory Agreement, and in respect of, or arising from, any untrue statement or alleged untrue statement of a material fact contained in this offering circular, or any omission or alleged omission to state a material fact necessary to make the statements in this offering circular, in light of the circumstances under which they were made, not misleading; *provided* that, with respect to the foregoing indemnity provided with respect to this offering circular, the Issuer will not be liable for any Losses that arise out of or are based upon any untrue statement or alleged untrue statement or omission or alleged omission of a material fact in this offering circular based upon information contained under the heading "The Investment Advisor" in this offering circular. The obligations of the Issuer to indemnify any Indemnified Party for any Losses will be payable solely out of the Collateral in accordance with the Priority of Payments and to the extent that funds are available therefor.

The Investment Advisor will be responsible for its own expenses incurred in the course of performing its obligations under the Investment Advisory Agreement; *provided, however*, that the Investment Advisor will not be liable, among other things, for the following reasonable expenses and reasonable costs: (a) legal advisers, accountants, auditors, record keepers, consultants and other professionals retained by the Issuer (or by the Investment Advisor on the Issuer's behalf), in connection with the services provided by the Investment Advisor pursuant to the Investment Advisory Agreement or pursuant to the other Transaction Documents including, without limitation, fees and expenses of Rating Agencies incurred in connection with obtaining ratings for Collateral; (b) legal advisers, consultants and other professionals retained by the Issuer (or by the Investment Advisor on the Issuer's behalf) for the restructuring of, or enforcement of rights under or with respect to, the Collateral; (c) reasonable travel expenses (airfare, meals, lodging and other transportation) undertaken in connection with the performance by the Investment Advisor of its duties pursuant to the Investment Advisory Agreement or the other Transaction Documents; (d) amounts payable to the Collateral Administrator pursuant to the Collateral Administration Agreement; (e) any fees for bookkeeping, accounting or recordkeeping services obtained or maintained on behalf of the Issuer (including those services rendered at the Investment Advisor's behest); (f) the preparation of Investment Advisor reports to the Holders of the Securities and the CP Notes and (g) fees and expenses of auditors incurred in connection with any consolidation review with respect to the Issuer. Such expenses will be paid by the Issuer in accordance with the Priority of Payments.

Substitution of Investment Advisor

The Investment Advisor may assign its rights and obligations under the Investment Advisory Agreement to a substitute investment advisor (a "Substitute Investment Advisor"). Any Substitute Investment Advisor may be, but is not required to be, an affiliate of the Investment Advisor. The Investment Advisor's rights and obligations may be assigned only if the Rating Agency Condition is satisfied, whereupon such assignment shall be effective. If the Rating Agency Condition is satisfied, notice of the assignment will be provided to the Trustee for delivery to the Holders of the Securities and CP Notes and the assignment will become effective 30 days after such notice is sent if the assignment is not objected to by the Holders of a SupraMajority of the Controlling Class or by the Holders of a SupraMajority of the Class E Notes (voting as a single class); *provided* that if the Substitute Investment Advisor is an affiliate of the Investment Advisor, such assignment will be effective upon satisfaction of the Rating Agency Condition and there will be no rights of objection by the Holders of the Securities or the Holders of the CP Notes to such assignment.

In addition, the Investment Advisor may employ third parties (including subsidiaries or affiliates) to render advice (including investment advice) and assistance to the Issuer and to perform any of its duties under the Investment Advisory Agreement; *provided, however*, that the Investment Advisor will not be relieved of any of its duties under the Investment Advisory Agreement regardless of the performance of any services by third parties.

Termination of the Investment Advisory Agreement

Subject to the following provisions regarding removal of the Investment Advisor, the Investment Advisory Agreement will be entered into on the Closing Date for a term of one year and will be automatically renewed for an additional year on each date of its expiration unless the Holders of (i) a SupraMajority of each Class of Notes and (ii) a SupraMajority of the CP Notes object to such renewal by giving notice to the Issuer and the Investment Advisor.

The Investment Advisory Agreement may be terminated at any time by the Investment Advisor, without the payment of any penalty, on 90 days' written notice to the Issuer, the Trustee, the CP Put Counterparty, each CP Note Placement Agent and the Rating Agencies or on such shorter notice as is acceptable to the Issuer, the Trustee and the Rating Agencies. The Investment Advisory Agreement will terminate automatically in the event the Securities and the CP Notes are redeemed or cancelled in their entirety.

Termination Without Cause

The Investment Advisor may be removed without cause upon at least 90 days' prior written notice if Holders of (i) a SupraMajority of each Class of Notes and (ii) a SupraMajority of the CP Notes give notice to the Investment Advisor, the Issuer and the Trustee of such removal and the Rating Agency Condition is satisfied; *provided* that if the Investment Advisor is removed pursuant to this provision, any successor investment advisor shall not be a Holder of or a person that, directly or indirectly, is in control of, or controlled by, or is under common control with, an affiliate of any Holder of Notes or CP Notes.

Termination For Cause

The Investment Advisor may be removed for Cause upon 15 Business Days' prior written notice by the Issuer or the Trustee, at the direction of the Holders of (i) a SupraMajority of the Controlling Class or (ii) a SupraMajority of the Class E Notes (voting as a single class); *provided* that notice of such removal will have been given to the Holders of each Class of the Notes, the CP Put Counterparty and the CP Note Placement Agents. For purposes of the Investment Advisory Agreement, "Cause" will mean: (a) willful violation or willful breach by the Investment Advisor of any provision of the Investment Advisory Agreement or the Security Agreement applicable to the Investment Advisor; (b) violation by the Investment Advisor of any provision of the Investment Advisory Agreement or the Security Agreement applicable to it (other than as covered by the preceding clause (a)) (it being understood that the failure of any Coverage Tests, Collateral Profile Tests or Collateral Quality Tests is not such a violation) which violation (1) has a material adverse effect on the Holders of any Class of Notes or the CP Notes and (2) if capable of being cured, is not cured within 30 days of the Investment Advisor becoming aware of, or receiving notice from the Issuer, the Collateral Agent or the Trustee of, such violation; (c) the occurrence of any Event of Default under the Trust Deed which results from any breach by the Investment Advisor of its duties under the Trust Deed or the Investment Advisory Agreement; (d) the failure of any representation or warranty set forth in Section (a) of Annex B of the Investment Advisory Agreement, or any certification or written statement specifically required to be made or delivered by the Investment Advisor in or pursuant to the Investment Advisory Agreement to be correct in any respect made and (i) such failure has a material adverse effect on the Holders of the Notes, CP Notes or any of their respective rights under the Trust Deed or the Investment Advisory Agreement and (ii) no correction is made for a period of 30 days after the Investment Advisor becomes aware of or receives notice from the Trustee of such violation, in each case in connection with the performance of the Investment Advisor's obligations under the Investment Advisory Agreement or the conviction of the Investment Advisor for a felony

materially related to its asset management business; (e) the dissolution, bankruptcy, insolvency, liquidation or reorganization of the Investment Advisor; (f) the commission of fraud or a crime by the Investment Advisor in the performance of its obligations under the Investment Advisory Agreement or the Trust Deed; or (g) the indictment of any managing director of the Investment Advisor who has direct supervisory responsibility for the investment activities of the Issuer, and who continues to have such direct supervisory responsibility for the Investment Advisor's performance under the Investment Advisory Agreement for a period of 30 days after such indictment, for a criminal felony offense materially related to the Investment Advisor's advisory services relating to mortgage-backed securities, asset-backed securities or CDOs. In no event will the Trustee be responsible for determining whether the Investment Advisor will be terminated for "Cause" under the Investment Advisory Agreement.

Resignation and Replacement of Investment Advisor

The Investment Advisor may resign upon 90 days' prior written notice to the Issuer, the CP Put Counterparty and each of the CP Note Placement Agents, the Trustee and the Collateral Agent.

Upon any resignation or removal of the Investment Advisor while any of the Notes or the CP Notes are outstanding, the Holders of at least a Majority of the Class E Notes, may appoint an institution as replacement investment advisor which is not affiliated with the Investment Advisor; *provided* that the Holders of at least a Majority of each Class of Notes and CP Notes do not disapprove such institution within 30 days of notice of such appointment and the Rating Agency Condition is satisfied.

In the event the Investment Advisor shall have been terminated or resigns, if a successor investment advisor is not selected in accordance with the Investment Advisory Agreement within 60 days after the Investment Advisor receives notice of termination or gives notice of resignation, then the Investment Advisor may petition any court of competent jurisdiction for the appointment of a successor investment advisor without the approval of any of the Issuer, the Holders of the Notes or the CP Notes or the Rating Agencies.

The successor investment advisor will be an established institution that (x) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Investment Advisor under the Investment Advisory Agreement, (y) is legally qualified and has the capacity to act as Investment Advisor under the Investment Advisory Agreement, as successor to the Investment Advisor and will agree to assume in writing all of the Investment Advisor's duties and obligations pursuant to the Investment Advisory Agreement, and (z) has prior experience serving as an investment advisor in structured finance transactions involving collateral similar to the Collateral.

No resignation or removal will be effective until such time as a successor investment advisor has been appointed and has agreed to assume in writing all of the Investment Advisor's duties and obligations pursuant to the Investment Advisory Agreement.

All Notes and/or CP Notes beneficially owned by (or, with respect to the CP Put Counterparty and the CP Notes, for which the related voting and consent rights are otherwise controlled by) the Investment Advisor or any affiliate thereof (including SG Americas Securities L.L.C. and the CP Put Counterparty) or by an account or fund for which the Investment Advisor or an affiliate thereof acts as the investment advisor (and for which the Investment Advisor or an affiliate has discretionary voting authority) (the "Investment Advisor Notes") will be disregarded and deemed not to be outstanding with respect to any vote or consent of the Holders on removal of the Investment Advisor or termination of the Investment Advisory Agreement; *provided, however*, that the Investment Advisor will notify the Trustee of any Investment Advisor Notes; *provided further* that, if SG Americas Securities L.L.C. and/or the CP Put Counterparty are not permitted to vote with respect to the removal of the Investment Advisor or termination of the Investment Advisory Agreement due to their affiliation with the Investment Advisor, for so long as it remains a Hedge Counterparty, AIG FP will be permitted to vote such Notes and CP Notes in place of SG Americas Securities L.L.C. and/or the CP Put Counterparty, as applicable. Neither the Investment Advisor nor any of its affiliates (other than the CP Put Counterparty) are under any obligation to purchase any of the Notes or the CP Notes for its own account or for any account for which it serves as investment advisor.

Amendment of the Investment Advisory Agreement

The Investment Advisory Agreement may not be supplemented, amended or modified in any manner except by a written agreement executed by all the parties to the Investment Advisory Agreement and only if the Rating Agency Condition is satisfied.

For so long as any of the Notes are listed on any stock exchange, the Issuer will cause a copy of any amendment or modification to the Investment Advisory Agreement to be sent to such stock exchange.

Conflicts of Interest

The Investment Advisor and any of its affiliates may engage in other businesses and may furnish investment management and advisory services to related entities whose investment policies may differ from or be similar to those followed by the Investment Advisor on behalf of the Issuer, as required by the Investment Advisory Agreement and the Security Agreement. The Investment Advisor and its affiliates will be free, in their sole discretion, to make recommendations to others, or effect transactions on behalf of themselves or others which may be the same as or different from those effected with respect to the Collateral securing the Securities and the CP Notes. In addition, the Investment Advisor and its affiliates may, from time to time, cause, direct or recommend that their clients buy or sell securities of the same or different kind or class of the same issuer as securities that are part of the Collateral and that the Investment Advisor directs to be purchased or sold on behalf of the Issuer. See "Risk Factors—Certain Conflicts of Interest—Conflicts of Interest Involving the Investment Advisor and its Affiliates."

The Investment Advisor will be deemed to have observed the restrictions in clause (ii) of "General Eligibility Criteria" and clause (iv) of the second paragraph of Section 2(b) of the Investment Advisory Agreement if the Investment Advisor acquires a Collateral Asset in compliance with the requirements contained in the Investment Advisory Agreement.

The Investment Advisor will cause any acquisition or sale by the Issuer of Collateral to be conducted on an arm's length basis and, if effected with the Investment Advisor or a person affiliated with the Investment Advisor, or any fund or account for which the Investment Advisor or an affiliate thereof acts as investment advisor, on terms no less favorable to the Issuer as would be the case if such person were not so affiliated *provided* that the Investment Advisor will be permitted to acquire an obligation (which obligation must meet the "Eligibility Criteria") on behalf of the Issuer to be included in the Collateral from its Permitted Affiliates as principal or as agent or from funds or accounts for which any Permitted Affiliate acts as investment advisor or to sell an obligation to its Permitted Affiliates as principal or agent or to funds or accounts for which any Permitted Affiliate acts as investment advisor; *provided, further,* that the Investment Advisor may acquire an obligation (which obligation must meet the "Eligibility Criteria") on behalf of the Issuer to be included in the Collateral from itself or from any of its Non-Permitted Affiliates as principal or as agent, or from funds or accounts for which it or any of its Non-Permitted Affiliates acts as an investment advisor, or sell an obligation on behalf of the Issuer to itself, or to any of its Non-Permitted Affiliates as principal or as agent or to funds or accounts for which it or any of its Non-Permitted Affiliates acts as an investment advisor, *provided* that any such acquisition or disposition must be ratified or approved by the Board of Directors of the Issuer.

An affiliate of the Investment Advisor, SG Americas Securities, L.L.C., will initially act as a CP Note Placement Agent under a CP Note Placement Agreement. In addition, the Investment Advisor is an affiliate of the CP Put Counterparty. SG Americas Securities, LLC and/or Société Générale, acting through its New York branch, may purchase some or all of the Class A-1LT-a Notes.

Compensation

As compensation for the performance of its obligations under the Investment Advisory Agreement, the Investment Advisor will be entitled to receive a fee, payable in arrears on each Payment Date, consisting of a senior management fee of 0.12% per annum (the "Base Investment Advisor Fee") times the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK

Bonds, and subject to the Priority of Payments, measured as of the beginning of the Due Period preceding such Payment Date; *provided* that the amount of the Base Investment Advisor Fee may be increased up to 0.17% (subject to a cap of U.S. $2,400,000 per annum), if the Rating Agency Condition is satisfied, in connection with the appointment of a replacement investment advisor that is not the Investment Advisor or an affiliate. The Investment Advisor may, at its election (the "Fee Election") upon notice to the Issuer and the Trustee, reduce for a predetermined period of time the amount which is due to it as Base Investment Advisor Fee by a specific percentage. Any Fee Election must be made on or before the Determination Date for the first Due Period in respect of which the Fee Election will apply and will not be revocable during the period specified in the Fee Election; except that, in the event that the Investment Advisor is removed, resigns or assigns its rights to any person, the Fee Election will initially revert to the payments referred to in the first sentence of this paragraph.

The Investment Advisor will be entitled to receive, in addition to the Base Investment Advisor Fee, on each Quarterly Payment Date (i) a fee subordinate to payments on the Notes (and *pari passu* with the Class X Payment) and other payments as specified in the Priority of Payments of 0.02% per annum times the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK Bonds, and subject to the Priority of Payments, measured as of the beginning of the Due Period preceding such Quarterly Payment Date (the "Debt Subordinate Investment Advisor Fee") and (ii) a fee subordinated to certain payments on the Class E Notes of 0.01% per annum times the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK Bonds, and subject to the Priority of Payments, measured as of the beginning of the Due Period preceding such Quarterly Payment Date (the "Class E Notes Incentive Fee") *plus* the aggregate amount of any Class E Notes Incentive Fee not paid on any previous Quarterly Payment Date; *provided* that the Class E Notes Incentive Fee shall not begin to accrue with respect to a Due Period until the Class E Notes achieve an internal rate of return at least equal to the Class E Hurdle Return.

On the Closing Date, the Investment Advisor will receive a fee in the amount of U.S. $500,000 (paid from the proceeds of the offering of the Securities and the CP Notes) as compensation for the performance of its obligations with respect to the accumulation and management of the Collateral Assets prior to the Closing Date.

The Base Investment Advisor Fee will be calculated on the basis of a 360 day year consisting of twelve 30-day months and the Debt Subordinate Investment Advisor Fee and the Class E Notes Incentive Fee will be calculated on the basis of a 360 day year consisting of four 90-day periods. All fees payable to the Investment Advisor on a Payment Date or a Quarterly Payment Date are payable only in accordance with the Priority of Payments.

In the event that the Investment Advisor resigns or is terminated and a replacement advisor is appointed, the Investment Advisor nonetheless will be entitled to receive payment of all unpaid Investment Advisor Fees accrued through the effective date of the termination or resignation, to the extent that funds are available for that purpose in accordance with the Priority of Payments, and such payments will rank *pari passu* with the Investment Advisor Fees due to the replacement investment advisor.

Initial Portfolio

The Collateral Assets expected to be purchased on the Closing Date have been selected by the Investment Advisor in accordance with the Investment Advisory Agreement, the Security Agreement and the Investment Advisor's customary procedures for selecting investments of a type similar to the Collateral Assets. The Investment Advisor has undertaken its own investigation in selecting the initial Collateral Assets and has reviewed such information as it deemed appropriate and proper. In accordance with the Investment Advisory Agreement, the Investment Advisor has further determined that each of the Collateral Assets expected to be purchased on the Closing Date is eligible to be purchased on the Closing Date as described herein under "Security for the Securities—Purchase of Collateral Assets."

THE ISSUERS

General

The Issuer was incorporated on September 13, 2005 under the Companies Law (2004 Revision) of the Cayman Islands with the registered number 154773. 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 has no significant prior operating history. Clause 3 of the Issuer's Memorandum and Articles of Association sets out the objects of the Issuer, which are unrestricted and permit the business to be carried out by the Issuer in connection with the Securities and the CP Notes.

The Co-Issuer was incorporated on March 2, 2006 under the laws of the State of Delaware with the registered number 4118423. The registered office of the Co-Issuer is at Donald J. Puglisi, Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware, 19711. The Co-Issuer has no prior operating history. Article 3 of the Co-Issuer's Certificate of Incorporation sets out the purposes of the Co-Issuer, which include the business to be carried out by the Co-Issuer in connection with the issuance of the CP Notes, the Class A Notes, the Class B Notes and the Class C Notes.

The Class A Notes, the Class B Notes and the Class C Notes are obligations only of the Issuers, and the Class D Notes, the Class E Notes, the Class X Notes and the Combination Notes are obligations only of the Issuer, and not of the Trustee, the Investment Advisor, the Initial Purchaser, the Issuer Administrator, the Note Agents, the Share Trustee or any directors, managers or officers of the Issuers or any of their respective affiliates.

The issued share capital of the Issuer consists of 250 ordinary shares, U.S. $1.00 par value per share (the "Issuer Ordinary Shares"). All of the Issuer Ordinary Shares have been issued and are held by the Share Trustee under the terms of a charitable trust. All of the outstanding common equity of the Co-Issuer will be held by the Share Trustee under the terms of the charitable trust which holds the Issuer Ordinary Shares. For so long as any of the Securities are outstanding, no beneficial interest in the Issuer ordinary shares or of the common equity of the Co-Issuer shall be registered to a U.S. Person.

Neither the Issuer nor the Co-Issuer has any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance credits, hire purchase agreements, guarantees or other contingent liabilities, as of the date hereof, other than the Securities and the CP Notes.

Capitalization of the Issuer

The initial proposed capitalization of the Issuer as of the Closing Date after giving effect to the issuance of the Securities, the CP Notes and the Issuer Ordinary Shares and entry into the initial Hedge Agreement (before deducting expenses of the offering of the Securities) is as set forth below.

	Amount
Class A-1LT-a Notes	U.S. $274,000,000
Class A-1LT-b Notes	U.S. $300,000,000
CP Notes (not offered hereby)	U.S. $1,166,000,000
Class A-1LT-c Notes (not offered hereby)	U.S. $0
Class A-2 Notes	U.S. $85,000,000
Class B Notes	U.S. $105,000,000
Class C Notes	U.S. $35,000,000
Class D Notes	U.S. $25,000,000
Class E-1 Notes	U.S. $7,200,000

Class E-2 Notes	U.S. $2,800,000
Class X Notes	U.S. $100
Payment to the Issuer under the Initial Hedge Agreements	U.S. $13,000,000
Total Debt	U.S. $2,013,000,100
Issuer Ordinary Shares	250
Total Equity	250
Total Capitalization	U.S. $2,013,000,350

Capitalization of the Co-Issuer

The Co-Issuer will be capitalized only to the extent of its common equity of U.S. $10, will have no assets other than its equity capital and will have no debt other than as Co-Issuer of the CP Notes, the Class A Notes, the Class B Notes and the Class C Notes. The Co-Issuer has agreed to co-issue the CP Notes, the Class A Notes, the Class B Notes and the Class C 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, Holders of Notes will not be able to exercise their rights with respect to the Securities against any assets of the Co-Issuer. Holders of Notes must rely on the Collateral held by the Issuer and pledged to the Collateral Agent 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 CP Notes, the Class A Notes, the Class B Notes and the Class C Notes and, in the case of the Issuer, the issuance of the Class D Notes, the Class E Notes, the Class X Notes, the Combination Notes and the Ordinary Shares, the acquisition and management of the Collateral and, in each case, other related transactions. Neither of the Issuers will have any subsidiaries.

The Issuer Administrator will act as the administrator of the Issuer. The office of the Issuer Administrator will serve as the general business office of the Issuer. Through this office and pursuant to the terms of an agreement to be entered into on or prior to the Closing Date by and between the Issuer Administrator and the Issuer (the "Administration Agreement"), the Issuer Administrator will perform various administrative 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 termination of the Administration Agreement. In consideration of the foregoing, the Issuer 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 Issuer Administrator and may be contacted at the address of the Issuer Administrator.

The Issuer Administrator's activities 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 Issuer Administrator upon three months' written notice.

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

Directors

The Directors of the Issuer are Phillipa White, Wendy Ebanks and Steven O'Connor.

The sole member of the Co-Issuer is Donald Puglisi who may be contacted at the address of the Co-Issuer.

INCOME TAX CONSIDERATIONS

United States Tax Considerations

The following is a summary of certain of the United States federal income tax consequences of an investment in the Securities by purchasers that acquire their Securities in their initial offering and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Securities. The discussion and the opinions referenced below are based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions. Further, the following summary does not deal (except, in some instances, in very general terms) with all United States federal income tax consequences applicable to any given investor; nor does it address the United States federal income tax considerations applicable to all categories of investors, some of which may be subject to special rules, such as Non-U.S. Holders (defined below), banks, RICs, REITs, insurance companies, tax-exempt organizations, dealers in securities or currencies, electing large partnerships, natural persons, cash method taxpayers, S corporations, estates and trusts, investors that hold the Securities as part of a hedge, straddle, or an integrated or conversion transaction, or investors whose "functional currency" is not the United States dollar. Furthermore, it does not address alternative minimum tax consequences or the indirect effects on the investors of equity interests in either a U.S. Holder (defined below) or a Non-U.S. Holder. In addition, this summary is generally limited to investors that will hold the Securities as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). **INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SECURITIES.** An investment in this transaction may be required to be reported to the IRS. Prospective investors should consult with their own tax advisors regarding whether they are required to file a Form 8886 in respect of this transaction.

As used herein, "U.S. Holder" means a beneficial holder of a Note that is an individual citizen or resident of the United States for U.S. federal income tax purposes, a corporation or partnership or other entity treated as a corporation or partnership for U.S. federal income tax purposes created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust for which a court within the United States is able to exercise primary supervision over its administration and for which one or more United States persons (as defined in the Code) have the authority to control all of its substantial decisions or a trust that has made a valid election under United States Treasury Regulations to be treated as a domestic trust. If a partnership holds the Securities, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding the Securities should consult their own tax advisors. "Non-U.S. Holder" means any holder (or beneficial holder) of a Note that is not a U.S. Holder.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the Internal Revenue Service (Circular 230), the Co-Issuers and their tax advisors are (or may be) required to inform prospective purchasers that:

(a) Any advice contained herein, including any opinion of counsel referred to herein, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

(b) Any such advice is written to support the promotion or marketing of the Securities and the transactions described herein (or in such opinion or other advice); and

(c) Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Treatment of the Issuer

Upon the issuance of the Securities, Orrick, Herrington & Sutcliffe LLP, special U.S. tax counsel to the Issuer, will deliver an opinion generally to the effect that under current law, and assuming compliance with the Trust Deed, the Security Agreement, the Note Agency Agreement (and certain other documents) and based on certain factual representations made by the Issuer and the Investment Advisor, although the matter is not free from doubt, the Issuer will not be treated as engaged in the conduct of a trade or business in the United States. Accordingly, the Issuer does not expect to be subject to U.S. federal income taxation on its net income. Prospective investors should be aware that opinions of counsel are not binding on the IRS and there can be no absolute assurance that the IRS will not seek to treat the Issuer as engaged in a United States trade or business. If the IRS were to successfully characterize the Issuer as engaged in such a trade or business, among other consequences, the Issuer would be subject to United States federal income taxation on its net income that was effectively connected with such trade or business (as well as the branch profits tax). The levying of such taxes would materially affect the Issuer's financial ability to pay principal and interest on the Securities.

Other than with respect to withholding imposed on up to 15% of the interest amounts payable on the Collateral Assets, the Issuer intends to acquire Collateral Assets the interest on which, and any gain from the sale or disposition thereof, is expected not to be subject to United States federal withholding tax or withholding tax imposed by other countries (unless subject to being "grossed up"). The Issuer will not, however, make any independent investigation of the circumstances surrounding the issuance of the individual assets comprising the Collateral Assets and thus there can be no absolute assurance that in every case payments will be received free of withholding tax. If the Issuer is a CFC (defined below), the Issuer would incur United States federal withholding tax on interest received from a related United States person. Under current law, *provided* that any necessary certifications are issued, payments received on the Hedge Agreements are not subject to United States federal withholding tax.

In addition, it is not expected that the Issuer will derive material amounts of any other items of income that would be subject to United States federal withholding taxes.

If withholding or deduction of any taxes from payments is required by law in any jurisdiction, the Issuer will be under no obligation to make any additional payments to the holders of any Securities in respect of such withholding or deduction.

Notwithstanding the foregoing, any commitment fee, facility fee or other similar fee that the Issuer earns may be subject to a 30% withholding tax.

Treatment of U.S. Holders of the Notes (other than the Class E Notes)

Classification of the Notes (other than the Class E Notes)

The Issuer has agreed and, by its acceptance of a Note (other than the Class E Note), each Holder of a Note (other than the Class E Note) will be deemed to have agreed, to treat each of the Notes (other than the Class E Notes), as applicable, as debt of the Issuer for United States federal income tax purposes. Upon the issuance of the Notes (other than the Class E Notes), Orrick, Herrington & Sutcliffe LLP will deliver an opinion generally to the effect that assuming compliance with the Trust Deed, the Security Agreement, the Note Agency Agreement (and certain other documents) and based on certain factual representations made by the Issuer and the Investment Advisor, the Class A Notes, the Class B Notes and the Class C Notes will be and the Class D Notes should be characterized as debt for U.S. federal income tax purposes. Prospective investors should be aware that opinions of counsel are not binding on the IRS and there can be no assurance that the IRS will not seek to characterize any class of Notes (other than the Class E Notes) as other than indebtedness. Except as provided below under "—Alternative Characterization of the Notes (other than the Class E Notes)," the balance of this discussion assumes that the Notes (other than the Class E Notes) will be characterized as debt of the Issuer for United States federal income tax purposes.

For U.S. federal income tax purposes, the Issuer of the Notes (other than the Class E Notes), and not the Co-Issuer, will be treated as the issuer of the Notes (other than the Class E Notes).

Although there can be no assurance, the Notes (other than the Class E Notes) should not be "contingent payment debt instruments" ("CPDIs") within the meaning of Treasury Regulation section 1.1275-4. If any such Notes were considered such instruments, among other consequences, gain on the sale of such Notes that might otherwise be capital gain would be ordinary income. Prospective investors should consult their own tax advisors regarding the possible characterization of the Notes as CPDIs.

The Notes (other than the Class E Notes) may be debt instruments described in section 1272(a)(6) of the Code (debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). Special tax rules principally relating to the accrual of original issue discount, market discount and bond premium apply to debt instruments described in section 1272(a)(6) of the Code. Further, those debt instruments may not be part of an integrated transaction with a related hedge under Treasury Regulation section 1.1275-6. Prospective investors should consult with their own tax advisors regarding the effects of section 1272(a)(6) of the Code.

Interest on the Notes (other than the Class E Notes)

U.S. Holders of the Class A Notes and the Class B Notes will include payments of stated interest received on the Class A Notes and the Class B Notes in income in accordance with their normal method of tax accounting as ordinary interest income. While not absolutely certain, it appears that the Class C Notes and the Class D Notes will be issued with original issue discount ("OID" and such a Note, an "OID Note") because interest payments on such Notes ("OID interest payments") may not be considered to be unconditionally payable (a requisite for interest to not constitute OID) since, with respect to the Class C and D Notes, a failure to pay interest will not, in certain circumstances, be an event of default, and interest will be deferred in the event that certain overcollateralization tests are not met. A U.S. Holder of an OID Note will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Note. Thus, the U.S. Holder of an OID Note will be required to include original issue discount in income as it accrues, prior to the receipt of the cash attributable to such income. U.S. Holders, however, would be entitled to claim a loss upon maturity or other disposition of an OID Note with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

Sale, Exchange or Other Disposition of the Notes (other than the Class E Notes)

In general, a U.S. Holder of a Note (other than a Class E Note) will have a basis in such Note (other than the Class E Note), as applicable, equal to the cost of such Note (other than the Class E Note) increased by any market discount and OID includible in income by such U.S. Holder and reduced by any amortized premium and any principal payments thereon and any OID interest payments. Upon a sale, exchange or other disposition of a Note (other than a Class E Note), a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or other disposition (less any accrued and unpaid interest, which would be taxable as such) and the U.S. Holder's tax basis in such Note. Such gain or loss generally will be long term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. 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.

Alternative Characterization of the Notes (other than the Class E Notes)

Notwithstanding such tax counsel's opinion, U.S. Holders should recognize that there is some uncertainty regarding the appropriate classification of instruments such as the Notes (other than the Class E Notes). It is possible, for example, that the IRS may contend that a class of Notes should be treated as equity interests (or as part debt, part equity) in the Issuer. Such a recharacterization might result in material adverse tax consequences to U.S. Holders. If U.S. Holders of Notes (other than the Class E Notes) were treated as owning equity interests in the Issuer, the U.S. federal income tax consequences to U.S. Holders of such recharacterized Notes would be as described under "—Treatment of U.S. Holders of

the Class E Notes." In addition, in order to avoid one application of the PFIC rules, each U.S. Holder should consider making a qualified electing fund election (the "QEF election") provided in Section 1295 of the Code on a "protective" basis (although such protective election may not be respected by the IRS because current regulations do not specifically authorize that particular election). See "—Treatment of U.S. Holders of the Class E Notes—Status of the Issuer as a PFIC; and —QEF Election".

Non-U.S. Holders

Assuming that the Notes are respected as debt or treated as equity in a non-United States corporation, a Non-U.S. Holder of a Note that has no connection with the United States and is not related, directly or indirectly, with the Issuer or the holders of the Issuer's Class E Notes, Class X Notes or equity will not be subject to United States withholding tax on interest payments. Non-U.S. Holders may be required to make certain tax representations regarding the identity of the beneficial owner of the Notes (other than the Class E Notes) in order to receive payments free of withholding (and backup withholding).

Treatment of U.S. Holders of the Class E Notes and the Class X Notes

General

Prospective investors of the Class E Notes and the Class X Notes should not rely on this summary and should consult their own tax advisors regarding alternative characterizations of the Class E Notes and the Class X Notes and the consequences of their acquiring, holding, and disposing of the Class E Notes and the Class X Notes, including the possibility that the Class E Notes and Class X Notes will be treated as contingent payment debt instruments. For purposes of this Section "Treatment of U.S. Holders of the Class E Notes and the Class X Notes," a U.S. Holder is defined to be a U.S. Holder of a Class E Note or a Class X Note, as applicable.

The Class E Notes and Class X Notes, although in the form of debt, will likely be characterized as equity (which would likely be considered voting equity) in the Issuer for United States federal income tax purposes. In addition, the Issuer has agreed, and, by its acceptance of a Class E Note or a Class X Note, each holder will be deemed to have agreed, to treat the Class E Notes and the Class X Notes as equity of the Issuer for United States federal income tax purposes. For purposes of this discussion, it is assumed that the Class E Notes and the Class X Notes will be so characterized. In the event that the Class E Notes or Class X Notes were characterized as debt, they would constitute CPDIs. See "—Treatment of U.S. Holders of the Notes (other than the Class E Notes)—Classification of the Notes (other than the Class E Notes)."

Distributions on the Class E Notes and the Class X Notes

Subject to the anti-deferral rules discussed below, payments on Class E Notes and the Class X Notes distributed by the Issuer to a U.S. Holder that is subject to United States federal income tax will be taxable to such U.S. Holder as a dividend to the extent of the current and accumulated earnings and profits (determined under United States federal income tax principles) of the Issuer. Such payments will not be eligible for the dividends received deduction allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the Class E Notes or Class X Notes, as applicable. Distributions in excess of earnings and profits and basis will be taxable as gain from the sale or exchange of property, as described below.

Sale, Exchange or Other Disposition of the Class E Notes and the Class X Notes

In general, a U.S. Holder of the Class E Notes or Class X Notes will recognize gain or loss upon the sale, exchange or other disposition of the Class E Notes or Class X Notes equal to the difference between the amount realized and such U.S. Holder's adjusted tax basis in the Class E Notes or Class X Notes, as applicable. Initially, the tax basis of a U.S. Holder should equal the amount paid for the Class E Notes or the Class X Notes, as applicable. Such basis will be increased by amounts taxable to such U.S. Holders by virtue of a QEF election (defined below), or by virtue of the CFC rules (discussed below), and decreased by actual distributions from the Issuer that are deemed to consist of previously taxed amounts or to represent the return of capital.

Anti-Deferral Rules

Prospective investors should be aware that certain of the procedural rules for PFICs and QEF elections (both as defined below) are complex and should consult their own tax advisors regarding such rules.

The tax consequences discussed above are likely to be materially modified by the anti-deferral rules discussed below. In general, each U.S. Holder's investment in the Issuer will be taxed as an investment in a "passive foreign investment company" ("PFIC") or a controlled foreign corporation ("CFC"), depending (in part) upon the percentage of the Issuer's equity that is acquired and held by certain U.S. Holders. If applicable, the rules pertaining to CFCs generally override those pertaining to PFICs (although, in certain circumstances, more than one set of rules may be applicable simultaneously).

Prospective investors should be aware that in determining what percentage of the equity of the Issuer is held by various categories of investors (for example, for purposes of the CFC, and information reporting rules described below), the Investment Advisor's interest in certain portions of its fee and certain other classes of Notes may be considered equity (and might be considered voting equity).

Status of the Issuer as a PFIC

The Issuer will be treated as a "PFIC" for United States federal income tax purposes. U.S. Holders in PFICs, other than U.S. Holders that make a timely "qualified electing fund" or "QEF" election described below, are subject to special rules for the taxation of "excess distributions" (which include both certain distributions by a PFIC and any gain recognized on a disposition of PFIC stock). In general, Section 1291 of the Code provides that the amount of any "excess distribution" will be allocated to each day of the U.S. Holder's holding period for its PFIC stock. The amount allocated to the current year will be included in the U.S. Holder's gross income for the current year as ordinary income. With respect to amounts allocated to prior years, the tax imposed for the current year will be increased by the "deferred tax amount" (an amount calculated with respect to each prior year by multiplying the amount allocated to such year by the highest rate of tax in effect for such year, together with an interest charge, as though the amounts of tax were overdue).

An excess distribution is the amount by which distributions for a taxable year exceed 125% of the average distribution in respect of the Class E Notes or Class X Notes during the three preceding taxable years (or, if shorter, the investor's holding period for the Class E Notes or Class X Notes). As indicated above, any gain recognized upon disposition (or deemed disposition) of the Class E Notes or Class X Notes will be treated as an excess distribution and taxed as described above (i.e., not be taxable as capital gain). For this purpose, a U.S. Holder that uses a Class E Note or Class X Note as security for an obligation may be treated as having disposed of the Class E Note or Class X Note.

Special rules apply to certain regulated investment companies that own interests in PFICs and any such investor should consult with its own tax advisors regarding the consequences to it of acquiring Class E Notes or Class X Notes.

QEF Election

If a U.S. Holder (including certain U.S. Holders indirectly owning Class E Notes or Class X Notes) makes the qualified electing fund election (the "QEF election") provided in Section 1295 of the Code, the U.S. Holder will be required to include its *pro rata* share of the Issuer's ordinary income and net capital gains (unreduced by any prior year losses) in income (as ordinary income and long term capital gain, respectively) for each taxable year and pay tax thereon even if such income and gain is not distributed to the U.S. Holder by the Issuer. In addition, any losses of the Issuer will not be deductible by such U.S. Holder. A U.S. Holder that makes the QEF election, may, however (in general) elect to defer the payment of tax on undistributed income (until such income is distributed or the Class E Note or Class X Note is transferred), *provided* it agrees to pay interest on such deferred tax liability. For this purpose, a U.S. Holder that uses a Class E Note or Class X Note as security for an obligation may be treated as having

disposed of the Class E Note or Class X Note, as applicable. If the Issuer later distributes the income or gain on which the U.S. Holder has already paid taxes, amounts so distributed to the U.S. Holder will not be further taxable to the U.S. Holder. A U.S. Holder's tax basis in the Class E Notes or Class X Notes will be increased by the amount included in such U.S. Holder's income and decreased by the amount of nontaxable distributions. In general, a U.S. Holder making the QEF Election will recognize, on the disposition of the Class E Notes or Class X Notes capital gain or loss equal to the difference, if any, between the amount realized upon such disposition (including redemption or retirement) and its adjusted tax basis in such Class E Notes or Class X Notes. In general, a QEF election should be made on or before the due date for filing a U.S. Holder's federal income tax return for the first taxable year for which it held a Class E Note or Class X Note.

The QEF election is effective only if certain required information is made available by the Issuer to the IRS. The Issuer will undertake to comply with the IRS information requirements necessary to be a QEF, which will permit U.S. Holders to make the QEF election. Nonetheless, there can be no absolute assurance that such information will always be available or presented.

Where a QEF election is not timely made by a U.S. Holder for the year in which it acquired its Class E Notes or Class X Notes, but is made for a later year, the excess distribution rules can be avoided by making an election to recognize gain from a deemed sale of the Class E Notes or Class X Notes at the time when the QEF election becomes effective.

A U.S. Holder should consult its own tax advisors regarding whether it should make a QEF election (and, if it failed to make an initial election, whether it should make an election in a subsequent taxable year).

Prospective investors should be aware that the Issuer's income that is allocated to holders (under the QEF rules as well as under the CFC rules discussed below) will not necessarily bear any particular relationship in any year to the amount of cash that is distributed on the Class E Notes or Class X Notes and in any given year may be substantially greater. Such an excess will arise, among other circumstances, when Collateral Assets are purchased at a discount, interest or other income on the Collateral Assets (which is included in gross income) is used to acquire other Collateral Assets or to repay principal on the CP Notes and the Notes (other than the Class E Notes) (which does not give rise to a deduction), or any portion of the CP Notes and the Notes (other than the Class E Notes) is not ultimately paid upon maturity and the Issuer recognizes cancellation of indebtedness income without any corresponding offsetting losses (due to tax character differences or otherwise).

Status of the Issuer as a CFC

U.S. tax law also contains special provisions dealing with CFCs. A U.S. Holder (or any other holder of an interest treated as voting equity in a foreign corporation that would meet the definition of U.S. Holders but for the fact that such holder does not hold Class E Notes or Class X Notes) that owns (directly or indirectly) at least 10% of the voting stock of a foreign corporation, the U.S. Holder is considered a "U.S. Shareholder" with respect to the foreign corporation. If U.S. Shareholders in the aggregate own (directly or indirectly) more than 50% of the voting power or value of the stock of such corporation, the foreign corporation will be classified as a CFC. Complex attribution rules apply for purposes of determining ownership of stock in a foreign corporation such as the Issuer.

If the Issuer is classified as a CFC, a U.S. Shareholder (and possibly any U.S. Holder that is a direct or indirect holder of a grantor trust that is considered to be a U.S. Shareholder) that is a shareholder of the Issuer as of the end of the Issuer's taxable year generally would be subject to current U.S. tax on the income of the Issuer, regardless of cash distributions from the Issuer. Earnings subject to tax generally as income of the U.S. Holder generally will not be taxed again when they are distributed to the U.S. Holder. In addition, income that would otherwise be characterized as capital gain and gain on the sale of the CFC's stock by a U.S. Shareholder (during the period that the corporation is a CFC and thereafter for a five-year period) would be classified in whole or in part as dividend income.

Certain income generated by a corporation conducting a banking, financing, insurance, or other similar business would not be includible in a holder's income under the CFC rules. However, each U.S. Holder of a Class E Note or a Class X Note will agree not to take the position that the Issuer is engaged in such a business. Accordingly, if the CFC rules apply, a U.S. Shareholder would generally be subject to tax on its share of all of the Issuer's income.

Transfer Reporting Requirements

In general, U.S. Holders who acquire any Class E Notes or Class X Notes for cash may be required to file a Form 926 with the IRS and to supply certain additional information to the IRS if (i) such U.S. Holder owns (directly or indirectly) immediately after the transfer, at least 10% by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable regulations, exceeds U.S. $100,000. In the event a U.S. Holder that is required to file such form, fails to file such form, the U.S. Holder could be subject to a penalty of up to U.S. $100,000 (computed as 10% of the gross amount paid for the Class E Notes or the Class X Notes, as applicable) or more if the failure to file was due to intentional disregard of its obligation. Other important information reporting requirements apply to persons that acquire 10% or more of a foreign corporation's equity.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments of principal or interest on the Class E Notes and the Class X Notes and proceeds of the sale of the Class E Notes and the Class X Notes to holders other than corporations and other exempt recipients. A "backup" withholding tax may apply to those payments if such holder fails to provide certain identifying information (such as the holder's taxpayer identification number) to the Trustee and the Note Paying Agent, as applicable. Non-U.S. Holders may be required to comply with the applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Prospective investors should consult with their tax advisors concerning the procedures whereby they may establish an exemption from backup withholding.

Prospective investors of the Class E and the Class X Notes should consult with their own tax advisors regarding whether they are required to file form 8886 (Reportable Transaction Disclosure Statement) in respect of this transaction.

Tax-Exempt Investors

Special considerations apply to pension plans and other investors ("Tax-Exempt Investors") that are subject to tax only on their "unrelated business taxable income" ("UBTI"). A Tax-Exempt Investor's income from an investment in the Issuer generally should not be treated as resulting in UBTI under current law, so long as such investor's acquisition of stock in the Issuer is not debt-financed.

Tax-Exempt Investors should consult their own tax advisors regarding an investment in the Issuer.

Taxation of Non-U.S. Holders of the Class E Notes and the Class X Notes

Payments on, and gain from the sale, exchange or redemption of, Class E Notes or Class X Notes generally should not be subject to United States federal income tax in the hands of a Non-U.S. Holder that has no connection with the United States other than the holding of the Class E Notes or Class X Notes.

Treatment of U.S. Holders of the Combination Notes

The Issuer intends to take the position that, for United States federal income tax purposes, the Combination Notes consist of two respective Components: (i) the Combination Note Principal Component representing the underlying zero-coupon securities and (ii) the Class E-1 Note Component representing the Class E-1 Notes, such Components being the sole source of payments for the Combination Notes. Under this analysis, each holder of a Combination Note will allocate its purchase price (and proceeds of sale) between the two components and will account for income separately on each

component. With respect to the Combination Note Principal Component, the underlying zero-coupon securities will be taxed under the stripped bond rules under which the holder of a Combination Note generally will recognize income on those securities as it accrues based on the holder's yield to maturity on those securities. The Class E-1 Notes will be taxed in the manner described above. In addition, all of prospective investors in the Combination Securities should consult with their own tax advisors with respect to the tax consequences to them of investing in the Combination Notes.

Taxation of Non-U.S. Holders of the Combination Notes

Payments made on the Combination Notes to Non-U.S. Persons with no connection with the United States other than holding their Combination Notes generally will be payable free of United States withholding taxes *provided* the holder has complied with certain U.S. tax identification and certification requirements.

Cayman Islands Tax Considerations

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

Under existing Cayman Islands laws:

(i) payments of principal and interest in respect of, or distributions on, the Securities will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any Holder of the Securities and gains derived from the sale of Securities 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) the Holder of any Security (or the legal personal representative of such Holder) whose Security is brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands with respect to such Security. In addition, an instrument transferring title to a Security, 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:

Davis Square Funding VI, Ltd. (the "Company")

(i) 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

(ii) 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:

(a) on or in respect of the shares, debentures or other obligations of the Company; or

(b) 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 TWENTY years from the 27th day of September 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 OF CERTAIN CAYMAN ISLANDS INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES 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.

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 Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA 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 an ERISA Plan by taking into account the ERISA 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 Securities.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (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 (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code; collectively, "Parties in Interest") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest 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 United States Department of Labor (the "DOL") has promulgated a regulation, 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulation"), 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, including the fiduciary responsibility provisions of Title I of ERISA. Under the Plan Asset Regulation, 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 that equity participation in the entity by Benefit Plan Investors (as defined below under "—Class E Notes, Class X Notes and Combination Notes") is not "significant."

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired with the assets of a Plan with respect to which the Issuer, the Co-Issuer, the Initial Purchaser, the Investment Advisor (and the CP Put Counterparty, if applicable), or any of their respective affiliates, is a Party in Interest. 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 security and the circumstances under which such decision is made. There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Securities, or that, if available, the exemption would cover all possible prohibited transactions.

Governmental plans, certain church plans and foreign or other plans, while not necessarily subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to federal, state, local or foreign laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing any Securities.

Any insurance company proposing to invest assets of its general account in the Securities should consider the extent to which such investment would be subject to the requirements of ERISA in light of the United States 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 the retroactive and prospective exemptive relief granted by the DOL for transactions involving insurance company general accounts in Prohibited Transaction Class Exemption ("PTCE") 95-60, 60 Fed. Reg. 35925 (July 12, 1995), and the regulations issued by the DOL; 29 C.F.R. Section 2550.401c-1 (January 5, 2000). Certain additional information regarding general accounts is set forth below.

Any Plan fiduciary or other person who proposes to use assets of any Plan to purchase any Securities 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 Security to a Plan, or to a person using assets of any Plan to effect its purchase of any Security, is in no respect a representation by the Issuers, the Initial Purchaser or the Investment Advisor that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

The summary of ERISA considerations contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; any such advice is written to support the promotion or marketing of the Securities and the transactions described and each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Class A Notes, Class B Notes, Class C Notes and Class D Notes

For purposes of the Plan Asset Regulation, an equity interest includes 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. Because the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (a) are expected to be treated as indebtedness under local law and for federal tax purposes (see "Income Tax Considerations" herein), and (b) should not be deemed to have any "substantial equity features," purchases of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes with "plan assets" should not be treated as equity investments and, therefore, the Collateral Assets should not be deemed to be "plan assets" of the investing Plans. Those conclusions are based, in part, upon the traditional debt features of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, including the reasonable expectation of purchasers of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes that the Class A Notes, Class B Notes, Class C Notes or Class D Notes, as applicable, will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. However, if the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes were nevertheless treated as equity interests for purposes of the Plan Asset Regulation and if the assets of the Issuer were deemed to constitute the "plan assets" of investing Plans (as described below under "—Class E Notes, Class X Notes and Combination Notes"), Plan investors could experience adverse consequences under the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code.

By its purchase and holding of any Class A Note, Class B Note, Class C Note or Class D Note, the purchaser thereof will be deemed to have represented and warranted either that (i) it is not and will not be an ERISA Plan, a plan that is subject to Section 4975 of the Code, an entity whose underlying assets include "plan assets" by reason of such plan's investment in the entity, or an employee benefit or other plan which is subject to Similar Law or (ii) its purchase and holding of a Class A Note, a Class B Note, a Class C Note or a Class D Note do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law for which an exemption is not available.

Class E Notes, Class X Notes and Combination Notes

Equity participation in an entity by Benefit Plan Investors (as defined below) is "significant" if 25% or more of the value of any class of equity interest in the entity is held by Benefit Plan Investors. If equity participation in the Issuer by Benefit Plan Investors is "significant" within the meaning of the Plan Asset Regulation, the assets of the Issuer could be deemed to be "plan assets" of Plans investing in the equity. If the assets of the Issuer were deemed to constitute "plan assets" of investing Plans, (i) transactions involving the assets of the Issuer could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, (ii) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, and (iii) the fiduciaries causing the Plans to invest in the Class E Notes, Class X Notes or Combination Notes could be deemed to have delegated their responsibility to manage the assets of the Plans. The term "Benefit Plan Investor" includes (i) any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not it is subject to the provisions of Title I of ERISA, (ii) any plan described in Section 4975(e)(1) of the Code and (iii) any entity whose underlying assets include "plan assets" by reason of any such plan's investment in the entity. For purposes of making the 25% determination, the value of any equity interests held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets (such as the Investment Advisor), or any affiliate of such a person (any of the foregoing, a "Controlling Person"), shall be disregarded. Under the Plan Asset Regulation, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person other than an individual, means the power to exercise a controlling influence over the management or policies of such person.

Although the Class E Notes, Class X Notes and Combination Notes are treated as indebtedness under applicable local law, they have substantial equity features and will be equity investments for purposes of applying ERISA and Section 4975 of the Code. Purchases and transfers of Class E Notes, Class X Notes and Combination Notes (other than the Regulation S Class E Notes and the Regulation S Combination Notes) will be limited so that less than 25% of the value of each of the Class E-1 Notes (including the Class E-1 Note Component of the Combination Notes) or Class E-2 Notes, the Class X Notes and the Combination Notes (determined as described above) will be held by Benefit Plan Investors by requiring each purchaser or transferee of a Class E Note, a Class X Note or a Combination Note to make certain representations and agree to additional transfer restrictions described under "Notice to Investors." No purchase of a Class E Note, Class X Note or Combination Note by (other than a Regulation S Class E Note or a Regulation S Combination Note) or proposed transfer to a person that has represented that it is a Benefit Plan Investor or a Controlling Person will be permitted to the extent that such purchase or transfer would result in persons that have represented that they are Benefit Plan Investors owning 25% or more of the outstanding Class E-1 Notes (including the Class E-1 Note Component of the Combination Notes) or Class E-2 Notes, 25% or more of the outstanding Class X Notes or 25% or more of the outstanding Combination Notes immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulation and the Note Agency Agreement), based upon the assurances received from investors. In addition, the Initial Purchaser, the Investment Advisor and the Trustee agree that neither they nor any of their respective affiliates will acquire any Class E Notes, Class X Notes or Combination Notes (other than Regulation S Class E Notes or Regulation S Combination Notes) unless such acquisition would not, as determined by the Trustee, result in persons that have acquired Class E Notes, Class X Notes and Combination Notes and

represented that they are Benefit Plan Investors owning 25% or more of the outstanding Class E-1 Notes (including the Class E-1 Note Component of the Combination Notes) and/or Class E-2 Notes and/or Class X Notes and/or Combination Notes immediately after such acquisition by the Initial Purchaser, the Investment Advisor or the Trustee. The Class E Notes, Class X Notes and Combination Notes (other than Regulation S Class E Notes and Regulation S Combination Notes) held as principal by the Investment Advisor, the Initial Purchaser, the Trustee, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25% limitation to the extent that such a Controlling Person is not a Benefit Plan Investor. Any Benefit Plan Investor that acquires Class E Notes, Class X Notes or Combination Notes (other than Regulation S Class E Notes or Regulation S Combination Notes) will be required to represent and agree that the acquisition and holding of the Class E Notes, Class X Notes and Combination Notes do not and will not constitute a prohibited transaction under ERISA, Section 4975 of the Code or any Similar Law for which an exemption is not available.

The U.S. Supreme Court, in *John Hancock* (noted above), held that those funds allocated to the general account of an insurance company pursuant to a contract with an employee benefit plan that vary with the investment experience of the insurance company are "plan assets." In the preamble to PTCE 95-60 (also noted above), the DOL noted that, for purposes of calculating the 25% threshold under the significant participation test of the Plan Asset Regulation, only the proportion of an insurance company general account's equity investment in the entity that represents plan assets should be taken into account in calculating that portion of the general account that is a Benefit Plan Investor. Any insurance company using general account assets to purchase Class E Notes, Class X Notes or Combination Notes will be asked (i) to identify the maximum percentage of the assets of the general account that are or may become "plan assets," (ii) whether it is a "Controlling Person" (defined above), and (iii) without limiting the remedies that may be available in the event that the maximum percentage is thereafter exceeded, to agree to notify the Issuer, and dispose of Class E Notes, Class X Notes or Combination Notes, as applicable, as instructed by the Issuer, before the specified maximum percentage is exceeded.

The Issuer intends to limit equity participation in the Issuer by Benefit Plan Investors to less than 25% of the value of the Class E-1 Notes (including the Class E-1 Note Component of the Combination Notes) and/or Class E-2 Notes and/or Class X Notes and/or Combination Notes and in order to effect this limitation, the Class E Notes and Combination Notes represented by an interest in a Regulation S Class E Note may not be purchased by any Benefit Plan Investor or Controlling Person. By its purchase and holding of any Regulation S Class E Note or Regulation S Combination Note, the purchaser thereof will be deemed to have represented and warranted that it (a) is not a Benefit Plan Investor and (b) is not a Controlling Person. Each purchaser and transferee of Regulation S Class E Notes and Regulation S Combination Notes, and any fiduciary causing it to acquire such Class E Notes or Combination Notes, will also be deemed to have represented and warranted that it will indemnify and hold harmless the Issuer, the Co-Issuer, the Investment Advisor, the Trustee and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a Controlling Person. In addition, each purchaser thereof will be deemed to have covenanted that (i) it will not transfer any Class E Note or Combination Note represented by an interest in a Regulation S Global Note to a Benefit Plan Investor or a Controlling Person and (ii) it will require each transferee of its interest to make the representations and covenants provided for in this paragraph. Any purported purchase or transfer of Class E Notes or Combination Notes represented by a Regulation S Global Note by a purchaser or to a transferee that does not comply with the foregoing will be null and void *ab initio*.

CERTAIN LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investments in the Securities and the CP Notes. Any such institution should consult its legal advisors in determining whether and to what extent there may be restrictions on its ability to invest in the Securities and the CP Notes. Without limiting the foregoing, any financial institution that is subject to the jurisdiction of the Comptroller of Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the

Office of Thrift Supervision, the National Credit Union Administration, any state insurance commission, or any other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the Securities or the CP Notes. Depository institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities, which has been adopted by the respective federal regulators.

None of the Issuers nor the Initial Purchaser make any representation as to the proper characterization of the Securities or CP Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Securities or CP Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Securities or CP Notes under applicable investment restrictions. The Issuers understand that certain state insurance regulators, in response to a request for guidance, may be considering the characterization (as U.S. domestic or foreign (non-U.S.)) of certain collateralized debt obligation securities co-issued by a non-U.S. issuer and a U.S. co-issuer. There can be no assurance as to the nature of any guidance or other action that may result from such consideration. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Securities or CP Notes) may affect the liquidity of the Securities or CP Notes. Accordingly, all institutions whose activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Securities or CP Notes are subject to investment, capital or other restrictions.

LISTING AND GENERAL INFORMATION

(1) Application may be made by the Issuer to admit the Securities on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought or granted. Copies of this offering circular, the Memorandum and Articles of Association of the Issuer and the organization documents of the Co-Issuer, the Trust Deed, the Investment Advisory Agreement and any Hedge Agreements will be deposited with the Note Paying Agents, the Listing and Paying Agent and at the registered office of the Issuer, where copies thereof may be obtained, free of charge, upon request within fourteen days of the date of the Listing Particulars.

(2) Copies of the Memorandum and Articles of Association of the Issuer, the Certificate of Incorporation and Bylaws of the Co-Issuer, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Securities, the resolutions of the sole member of the Co-Issuer authorizing the issuance of the Class A Notes, the Class B Notes and the Class C Notes and the execution of the Note Agency Agreement, the Security Agreement, the Investment Advisory Agreement and Hedge Agreements may be obtained free of charge upon request within thirty days of the date of this offering circular at the office of a Paying Agent on behalf of the Issuer.

(3) Each of the Issuers represents that there has been no material adverse change in its financial position since its date of creation.

(4) The Issuer is not required by Cayman Islands law, and the Issuer does not intend, to publish annual reports and accounts. The Co-Issuer is not required by Delaware law, and the Co-Issuer does not intend, to publish annual reports and accounts. The Trust Deed, however, requires the Issuer to deliver to the Trustee a Director's Certificate stating, as to each signatory thereof, that (a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under the Trust Deed has been made under his supervision; and (b) to the best of his knowledge, based on such review, the Issuer has fulfilled all of its obligations under the Trust Deed throughout the prior year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof.

(5) The Issuers are not, and have not since incorporation or formation, as applicable, been, involved in any litigation or arbitration proceedings relating to claims in amounts which may have or have had a material effect on the Issuers in the context of the issue of the Securities, 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 Securities has been authorized by the Board of Directors of the Issuer by resolutions passed on or before the Closing Date. The issuance of the Class A Notes, the Class B Notes and the Class C Notes has been authorized by the sole member of the Co-Issuer by action by written consent of the sole member to be passed on or before the Closing Date. Since incorporation or formation, as applicable, neither the Issuer nor the Co-Issuer has commenced trading or established any accounts, except as disclosed herein or accounts used to hold amounts received with respect to share capital and fees.

(7) The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Regulation S Class E Notes and the Regulation S Combination Notes sold in offshore transactions in reliance on Regulation S and represented by the Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear under the Common Codes indicated below. The CUSIP Numbers and International Securities Identification Numbers ("ISIN") for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes represented by Regulation S Global Notes and Rule 144A Global Notes are as indicated below:

	Regulation S Global Notes		Rule 144A Global Notes	
	CUSIP	ISIN	CUSIP	ISIN
Class A-1LT-a Notes*	G26818AB3	USG26818AB30	23910VAB8	US23910VAB80
Class A-1LT-b Notes*	G26818AC1	USG26818AC13	23910VAC6	US23910VAC63
Class A-1LT-c-1 Notes*	G26818AD9	USG26818AD95	23910VAD4	US23910VAD47
Class A-1LT-c-2 Notes*	G26818AE7	USG26818AE78	23910VAE2	US23910VAE20
Class A-2 Notes	G26818AF4	USG26818AF44	23910VAF9	US23910VAF94
Class B Notes	G26818AG2	USG26818AG27	23910VAG7	US23910VAG77
Class C Notes	G26818AH0	USG26818AH00	23910VAH5	US23910VAH50
Class D Notes	G2681PAA7	USG2681PAA78	23910WAA8	US23910WAA80

*The Class A-1LT-c Notes are not offered hereby.

(8) The CUSIP (or PPN) and ISIN numbers for the Class E Notes are as indicated below:

	Accredited Investor Certificated Notes		Regulation S Global Notes		Rule 144A Certificated Notes	
	CUSIP	ISIN	CUSIP	ISIN	CUSIP	ISIN
Class E-1 Notes	23910WAD2	US23910WAD20	G2681PAB5	USG2681PAB51	23910WAB6	US23910WAB63
Class E-2 Notes	23910WAE0	US23910WAE03	G2681PAC3	USG2681PAC35	23910WAC4	US23910WAC47

(9) The CUSIP (or PPN) and ISIN numbers for the Class X Notes are as indicated below:

	Accredited Investor Certificated Notes		Regulation S Certificated Notes		Rule 144A Certificated Notes	
	CUSIP	ISIN	CUSIP	ISIN	CUSIP	ISIN
Class X Notes	23910WAH3	US23910WAH34	G2681PAD1	USG2681PAD18	23910WAF7	US23910WAF77

(10) The CUSIP (or PPN) and ISIN numbers for the Combination Notes are as indicated below:

	Accredited Investor Certificated Notes		Regulation S Global Notes		Rule 144A Certificated Notes	
	CUSIP	ISIN	CUSIP	ISIN	CUSIP	ISIN
Combination Notes	23910WAJ9	US23910WAJ99	G2681PAE9	USG2681PAE90	23910WAG5	US23910WAG50

LEGAL MATTERS

Certain legal matters will be passed upon for Goldman, Sachs & Co. as Initial Purchaser and the Issuers by Orrick, Herrington & Sutcliffe LLP, New York, New York and London, England. Certain legal matters will be passed upon for the Investment Advisor by Linklaters, New York, New York. Certain matters with respect to Cayman Islands law will be passed upon for the Issuer by Maples and Calder.

INDEX OF TERMS

UNDERWRITING

Subject to the terms and conditions set forth in the Purchase Agreement (the "Purchase Agreement") dated as of March 30, 2006 among the Issuers and Goldman, Sachs & Co., having its address at 85 Broad Street, New York, New York 10004, Attention: Mortgage Structuring (the "Initial Purchaser"), the Issuers have agreed to sell to the Initial Purchaser and the Initial Purchaser has agreed to purchase all of the Securities (other than the Class A-1LT-c Notes). It is anticipated that Goldman, Sachs & Co. or one of its affiliates may initially retain the Class E-2 Notes and may sell any such Securities from time to time in privately negotiated transactions.

Under the terms and conditions of the Purchase Agreement, the Initial Purchaser is committed to take and pay for all the Securities (other than the Class A-1LT-c Notes) to be offered by the Initial Purchaser, if any are taken. Furthermore, under the terms and conditions of the Purchase Agreement, the Initial Purchaser will be entitled to an underwriting discount on the Securities (other than the Class A-1LT-c Notes) and a fixed structuring and placement fee based upon the aggregate principal amount or notional amount, as applicable, of the Securities and the CP Notes. On the Closing Date, the CP Put Counterparty will also be entitled to a fixed structuring fee.

On the Closing Date the Issuer will pay U.S. $500,000 (from the proceeds of the offering of the Securities and the CP Notes) to the Investment Advisor as compensation for the performance of its obligations with respect to the accumulation and management of the Collateral Assets prior to the Closing Date.

The Securities (other than the Class A-1LT-c Notes) will be offered by the Initial Purchaser from time to time for sale in negotiated transactions or otherwise at varying prices to be determined at the time of sale *plus* accrued interest, if any, from the Closing Date.

The Securities 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) it proposes to resell the Securities outside the United States (in part, by Goldman, Sachs & Co. through its selling agent) in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) it proposes to resell the Securities in the United States only to (1) Qualified Institutional Buyers in reliance on Rule 144A, each of which is not a broker-dealer which owns and invests on a discretionary basis less than U.S. $25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by the beneficiaries of the plan, purchasing for their own accounts or for the accounts of Qualified Institutional Buyers or (2) in the case of only the Class E Notes and Class X Notes purchased by it, Accredited Investors, which have a net worth of not less than U.S. $10 million each of which purchasers or accounts is a Qualified Purchaser. The Initial Purchaser's discount will be the same for the Securities sold in reliance on Regulation S and Rule 144A within each Class of Notes and the Class X Notes.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes purchased by either of them 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 their distribution at any time and that they will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which they sell Regulation S Notes purchased by them a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes 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 Securities initially sold pursuant to Regulation S, until the expiration of (x) 40 days after the commencement of the distribution of the offering of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by either Initial Purchaser, with respect to offers or sales of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (y) one year after the commencement of the distribution of the Class E Notes, Class X Notes and Combination Notes, with respect to offers or sales of the Class E Notes, Class X Notes or Combination Notes purchased by either Initial Purchaser, an offer or sale of such Securities 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.

Each of the Issuers and the Initial Purchaser represents and agrees that it: (i) 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 of 2000 ("FSMA")) received by them in connection with the issue or sale of any Offered Securities in circumstances in which Section 21(a) of the FSMA does not apply to the Issuer; and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Offered Securities, in, from or otherwise involving the United Kingdom.

The Securities 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 Securities 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, Class X Notes or Combination 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.

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 Securities may not be circulated or distributed, nor may the Securities 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 Securities to the public in Singapore.

The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and the Initial Purchaser has agreed that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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 Securities.

Buyers of Regulation S Notes sold by the selling 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 purchase price.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Securities, or the possession, circulation or distribution of this offering circular or any other material relating to the Issuers or the Securities, in any jurisdiction where action for such purpose is required. Accordingly, the Securities 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 Securities 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 Securities are a new issue of securities with no established trading market. The Issuers have been advised by the Initial Purchaser that the Initial Purchaser may make a market in the Class A Notes and the Class B 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 Securities. There can be no assurance that any secondary market for any of the Securities will develop, or, if a secondary market does develop, that it will provide the Holders of the Securities with liquidity of investment or that it will continue for the life of the Securities.

Application may be made by the Issuer to admit the Securities on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought or granted.

The Issuers have agreed to indemnify the Initial Purchaser, the Investment Advisor, the Issuer Administrator and the Trustee against certain liabilities, including in the case of the Initial Purchaser, liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In addition, the Issuers have made certain representations and warranties to the Initial Purchaser and have agreed to reimburse the Initial Purchaser for certain of its expenses.

The Initial Purchaser may, from time to time, as principal or through one or more investment funds that it manages, make investments in the equity securities of one or more of the issuers of Collateral Assets with the result that one or more of such issuers may be or may become controlled by such Initial Purchaser.

The Class A-1LT-c Notes and the CP Notes are not offered hereby.

APPENDIX A

Certain Definitions

"AA/Aa2 Jurisdictions" means jurisdictions whose unguaranteed, unsecured and otherwise, unsupported long term U.S. Dollar denominated sovereign debt obligations have an Actual Rating or an Implied Rating of at least "Aa2" by Moody's and "AA" by S&P.

"ABS Automobile Securities" means Asset-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 Asset-Backed Securities) on 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.

"ABS Credit Card Securities" means Asset-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 Asset-Backed Securities) on the cash flow from balances outstanding under revolving consumer credit card accounts.

"ABS Other Securities" means a Structured Finance Security or Structured Corporate Security that cannot reasonably otherwise be classified under the RMBS Security, CMBS Security, CDO Security, Insured Security, REIT Debt Security or Interest Only Security Categories or under the ABS Automobile Security, ABS Student Loan Security, ABS Small Business Loan Security or ABS Credit Card Security Subcategories but excluding ABS Securities which are classified under an Approved Subcategory.

"ABS Small Business Loan Securities" means Asset-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 the Asset-Backed Securities) on the cash flow from general purpose corporate loans made to "small business concerns" (generally within the meaning given to such term by regulations of the United States Small Business Administration).

"ABS Student Loan Securities" means Asset-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 the Asset-Backed Securities) on the cash flow from loans made to students (or their parents or guardians) to finance educational needs.

"Account Control Agreement" means the securities account control agreement dated as of the Closing Date among the Issuer, the Collateral Agent and the Securities Intermediary, as the same may be amended, supplemented or otherwise modified from time to time.

"Actual Rating" means with respect to any Collateral Asset, Class of Notes, Eligible Investment or Synthetic Security Counterparty or jurisdiction, the actual expressly monitored outstanding rating assigned by a Rating Agency without reference to any other rating by another Rating Agency, and which rating by its terms addresses the full scope of the payment promise of the obligor on such Collateral Asset (other than in the case of Haircut Assets), Class of Notes, Eligible Investment or Synthetic Security Counterparty, after taking into account any applicable guarantee or insurance policy or if no such rating is available from a Rating Agency, any "credit estimate" or "shadow rating" assigned by such Rating Agency*; provided, however,* that in the event the Investment Advisor requests that either Rating Agency issue a shadow rating or credit estimate in connection with a Haircut Asset, the Actual Rating with respect to such portion of the Collateral Asset will be such shadow rating or credit estimate irrespective of any actual, expressly monitored rating which may be assigned by such Rating Agency with respect to such Collateral Asset; *provided, further,* that the Actual Rating of any Form-Approved Synthetic Security which is not rated by either Rating Agency will be the rating assigned to the Reference Obligation or, if the Issuer holds a Synthetic Security Collateral Account related to such Form-Approved Synthetic Security, the lower of the rating assigned to the Reference Obligation or the rating assigned to such Synthetic

Security. For purposes of this definition, (i) the rating of "Aaa" assigned by Moody's to a Collateral Asset, an Eligible Investment or Synthetic Security Counterparty placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by Moody's by one subcategory and any other rating assigned by Moody's to a Collateral Asset, an Eligible Investment or Synthetic Security Counterparty placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by Moody's by two subcategories, (ii) the rating assigned by S&P to a Collateral Asset, an Eligible Investment or Synthetic Security Counterparty placed on watch for possible downgrade by S&P will be deemed to have been downgraded by S&P by one subcategory, (iii) the rating assigned by Moody's or S&P to a Collateral Asset, Class of Notes, Eligible Investment or Synthetic Security Counterparty placed on watch for possible upgrade by such Rating Agency will be deemed to have been upgraded by such Rating Agency by one subcategory and (iv) the rating of a RMBS Agency Security shall be the rating assigned by a Rating Agency to the agency that guarantees such RMBS Agency Security.

"Adjusted Net Outstanding Portfolio Collateral Balance" means, on any Measurement Date, the Net Outstanding Portfolio Collateral Balance reduced by the excess, if any, of (i) the product of (a) the Statistical Loss Amount and (b) the lesser of 1 and a fraction the numerator of which is U.S. $2,000,000,000 and the denominator of which is the Net Outstanding Portfolio Collateral Balance as of such Measurement Date over (ii) the product of (a) a scheduled amount based on the most recent Payment Date as follows:

Closing Date – February 2009:	U.S. $3,098,000
March 2009 – February 2010:	U.S. $2,251,000
March 2010 and thereafter:	U.S. $1,403,000

and (b) the lesser of 1 and a fraction the numerator of which is the Net Outstanding Portfolio Collateral Balance as of such Measurement Date and denominator of which is U.S. $2,000,000,000.

"Administrative Expenses" means amounts (including with respect to any indemnities) due or accrued with respect to any Payment Date and payable by the Issuer and/or the Co-Issuer to (i) the Trustee pursuant to the Trust Deed or any co-trustee appointed pursuant to the Trust Deed; (ii) the Issuer Administrator pursuant to the Administration Agreement, the Collateral Agent pursuant to the Security Agreement, the Collateral Administrator pursuant to the Collateral Administration Agreement and the CP Issuing and Paying Agent pursuant to the CP Issuing and Paying Agency Agreement, the Note Agents pursuant to the Note Agency Agreement; (iii) the Rating Agencies for fees and expenses in connection with any rating (including the fees payable to the Rating Agencies for the monitoring of any rating or credit estimate) of the Notes (and CP Notes, if such rating or credit estimate is sought), including fees and expenses, if any, due or accrued in connection with any rating of the Collateral Assets, the independent accountants, agents (including the Note Agents) and counsel of the Issuer for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Issuers); (iv) the Investment Advisor pursuant to the Investment Advisory Agreement (other than the Investment Advisor Fee) including, without limitation, any fees and expenses incurred in connection with an Auction; (v) the CP Note Placement Agents pursuant to the CP Note Placement Agreement (other than the CP Note Placement Agent Fees); (vi) the CP Put Counterparty pursuant to the CP Put Agreement (other than the CP Put Premium); (vii) any stock exchange listing Securities at the request of the Issuer; (viii) the agents appointed for service of process; (ix) any other person in respect of any governmental fee, charge or tax in relation to the Issuer or the Co-Issuer; (x) to the liquidator(s) of the Issuer for the fees and expenses of liquidating the Issuer following the redemption or Defeasance of all of the Securities and the CP Notes; and (xi) any other person in respect of any other fees or expenses (including indemnities and fees relating to the provision of the Issuer's registered office) permitted under the Transaction Documents; *provided* that Administrative Expenses shall not include (a) any amounts due or accrued with respect to the actions taken on or in connection with the Closing Date, (b) amounts payable in respect of the Securities and the CP Notes, (c) amounts payable under any Hedge Agreement and (d) any Investment Advisor Fee payable pursuant to the Investment Advisory Agreement.

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

"Aggregate Amortized Cost" means, with respect to any Interest Only Security as of any date of determination, (a) on the date of acquisition thereof by the Issuer, the cost of purchase thereof and (b) on any date thereafter, the present value of all remaining payments on such Interest Only Security (as projected on such date), discounted to such date of determination as of each subsequent due date at a discount rate per annum equal to the internal rate of return on such Interest Only Security as calculated in good faith by the Investment Advisor at the time of purchase thereof by the Issuer.

"Aggregate Calculation Amount of Defaulted Obligations and Deferred Interest PIK Bonds" means the least of (a) the Aggregate Moody's Recovery Value of all Defaulted Obligations and Deferred Interest PIK Bonds, (b) the Aggregate S&P Recovery Value of all Defaulted Obligations and Deferred Interest PIK Bonds, and (c) the aggregate of the Market Values of all Defaulted Obligations and Deferred Interest PIK Bonds.

"Aggregate Moody's Recovery Value" means, with respect to Defaulted Obligations and Deferred Interest PIK Bonds, the aggregate of (a) the Moody's Recovery Rate for each such asset multiplied by (b) the Principal Balance of such asset.

"Aggregate Outstanding Amount" means, with respect to any of the Notes or CP Notes, the aggregate principal amount of such Notes or CP Notes outstanding at the date of determination.

"Aggregate Principal Amount" means the aggregate of the Principal Balances of all Collateral Assets and Eligible Investments purchased with Principal Proceeds, any Principal Proceeds deposited into the CP Interest Reserve Account (whether currently available or not) until the CP Notes are no longer outstanding, and the amount of any cash which constitutes Principal Proceeds and all accrued interest purchased with Principal Proceeds.

"Aggregate S&P Recovery Value" means, with respect to Defaulted Obligations and Deferred Interest PIK Bonds, the aggregate of the lesser of (a) the Market Value of each such asset and (b) the S&P Recovery Rate for each such asset multiplied by the Principal Balance of such asset.

"Applicable Amount for Interest Only Securities" means an amount calculated on each Determination Date, equal to the interest payments expected to be received in the related Due Period on an Interest Only Security based on the credit rating of the securities of the other classes of the same issue from which payments on such Interest Only Security are stripped (the "Stripped Classes"), such amount being (i) if all of the Stripped Classes have been assigned an Actual Rating at the time of such calculation of at least investment grade by each Rating Agency that rated such Stripped Class ("Investment-Grade Stripped Classes"), 100% of such expected interest payments and (ii) in each other case, the percentage (as calculated by the Issuer) of such expected interest payments equal to a fraction, the numerator of which is the aggregate principal balance of the Investment-Grade Stripped Classes and the denominator of which is the aggregate principal balance of all Stripped Classes.

"Applicable Recovery Rate" means, with respect to any Collateral Asset on any Measurement Date, the lesser of the Moody's Recovery Rate and the S&P Recovery Rate; *provided* that, in the event any Haircut Asset becomes a Defaulted Obligation, the Applicable Recovery Rate for such Haircut Asset will be as assigned by the applicable Rating Agency that would result in the lowest recovery amount.

"Approved Subcategory" means a Subcategory of ABS Securities, Insured Securities, RMBS Securities, CMBS Securities or CDO Securities (i) with respect to which more than 75% by principal balance of the underlying assets were not originated in the United States or (ii) any other Subcategory designated by the Investment Advisor after the Closing Date as an "Approved Subcategory" in a notice to the Trustee; *provided* that each Rating Agency has confirmed in writing (either privately or in a publicly available document) to the Issuer, the Trustee, the Hedge Counterparties and the Investment Advisor that such designation has been recognized by such Rating Agency as a classification of a separate Subcategory.

"Asset-Backed Securities" or "ABS Securities" means ABS Credit Card Securities, ABS Automobile Securities, ABS Student Loan Securities, ABS Small Business Loan Securities, ABS Other Securities, Aircraft, Timeshare, Franchise, Equipment Lease and Project Finance (as such terms are defined in the Glossary) ABS Securities or any other securities within an Approved Subcategory of ABS Securities.

"Auction Redemption Price" means (i) with respect to the Class A-1LT-a Notes, an amount equal to the outstanding principal amount of the Class A-1LT-a Notes *plus* accrued and unpaid interest thereon at the applicable Class A-1LT-a Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Auction Payment Date, (ii) with respect to the Class A-1LT-b Notes, an amount equal to the outstanding principal amount of the Class A-1LT-b Notes *plus* accrued and unpaid interest thereon at the applicable Class A-1LT-b Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Auction Payment Date, (iii) with respect to the Class A-1LT-c Notes, an amount equal to the outstanding principal amount of the Class A-1LT-c-1 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-1 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) and an amount equal to the outstanding principal amount of the Class A-1LT-c-2 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest), to but excluding the Auction Payment Date, (ii) with respect to the Class A-2 Notes, an amount equal to the outstanding principal amount of the Class A-2 Notes *plus* accrued and unpaid interest thereon at the Class A-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Auction Payment Date, (iii) with respect to the Class B Notes, an amount equal to the outstanding principal amount of the Class B Notes *plus* accrued and unpaid interest thereon at the Class B Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Auction Payment Date, (iv) with respect to the Class C Notes, an amount equal to the outstanding principal amount of the Class C Notes *plus* accrued and unpaid interest thereon at the Class C Note Interest Rate (including Defaulted Interest and Deferred Interest and interest on Defaulted Interest and Deferred Interest) to but excluding the Auction Payment Date, (v) with respect to the Class D Notes, an amount equal to the outstanding principal amount of the Class D Notes *plus* accrued and unpaid interest thereon at the Class D Note Interest Rate (including Defaulted Interest and Deferred Interest and interest on Defaulted Interest and Deferred Interest) to but excluding the Auction Payment Date, (vi) with respect to the CP Notes (other than the LIBOR CP Notes) to be Defeased, the amount payable to the CP Issuing and Paying Agent for payment to the Holders thereof on the applicable maturity date on which such CP Notes mature in accordance with their terms, *plus* with respect to any LIBOR CP Notes to be redeemed and Defeased, the outstanding principal amount of the LIBOR CP Notes and accrued and unpaid interest thereon at the LIBOR CP Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Auction Payment Date and with respect to each of the Class E Notes and the Class X Notes, zero.

"Average Current Comparable Discount Margin " means the average of current (at the time of commitment, not at the time of issue) dealer discount margin quotes on all comparable issues over the prior seven-week period or seven issues, whichever represents fewer issues (as determined by the Investment Advisor); *provided* that, if there have been no comparable transactions (as determined by the Investment Advisor) issued during the prior seven-week period, the Investment Advisor will obtain a current comparable market discount margin level through dealer quotes or, alternatively, the Investment Advisor will obtain a current generic comparable market discount margin level for a security by obtaining the discount margin at which a security of the same asset type, average life and rating, and similar structure and, to the extent applicable, collateral, would trade, determined based on the average of the bid estimates provided by three nationally recognized dealers (and, if any such bid is provided as a range, based on the average of such range); *provided further* that, so long as the proposed purchase discount margin (such number adjusted as necessary for fixed rate assets to reflect the comparable option adjusted spread) is no wider than 0.80%, the Average Current Comparable Discount Margin shall not be required and the security may be purchased without obtaining a current market discount margin; *provided further* that, so long as the proposed purchase is a new issue bond purchased at par, the Average Current Comparable Discount Margin shall not be required and the security may be purchased without obtaining a current market discount margin.

"Calculation Amount" means, with respect to any Defaulted Obligation or Deferred Interest PIK Bond at any time, the lesser of (a) the Market Value of such Defaulted Obligation or Deferred Interest PIK Bond or (b) the Applicable Recovery Rate *multiplied by* the Principal Balance of such Defaulted Obligation or Deferred Interest PIK Bond. For purposes of determining the Calculation Amount, the Principal Balance of a Defaulted Obligation shall be deemed to be its outstanding principal amount and the Principal Balance of a Deferred Interest PIK Bond shall be deemed to be its outstanding principal amount without regard to any deferred or capitalized interest. For purposes of determining the Calculation Amounts for use in the Class A/B Overcollateralization Ratio, the Class A Overcollateralization Ratio, the Class A-1 Overcollateralization Ratio, the Class C Overcollateralization Ratio, the Class D Overcollateralization Ratio, the Class A Adjusted Overcollateralization Ratio, the Class B Adjusted Overcollateralization Ratio or the Class C Adjusted Overcollateralization Ratio, the Principal Balance of a Defaulted Obligation that has been defaulted for more than three years shall be zero.

"Cashflow Swap Capped Amount" means a cumulative net payment (including all accrued and unpaid interest) less than or equal to U.S.$ 22,000,000; *provided* that, if the Net Outstanding Portfolio Collateral Balance *minus* the Aggregate Outstanding Amount of the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes is less than $2,500,000 as of the most recent Determination Date, less than or equal to U.S.$11,000,000; *provided further*, that if the Aggregate Outstanding Amount of the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes *minus* the Net Outstanding Portfolio Collateral Balance is ever greater than $20,000,000 on any Determination Date, an amount equal to zero.

"Category" means with respect to a Collateral Asset, the classification of such Collateral Asset as an Asset-Backed Security, Commercial Mortgage-Backed Security, Residential Mortgage-Backed Security, REIT Debt Security, CDO Security, Insured Security, Interest Only Security or Synthetic Security.

"CDO of CDO Security" means any CDO Security that entitles the holders thereof to receive payments that depend on a portfolio, the terms of which permit more than 35% of the aggregate principal balance of such portfolio to consist of CDO Securities and/or CLO Securities.

"CDO RMBS Securities" means CDO 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 CDO Securities) on the cash flow from (and not the Market Value of) a portfolio or synthetic portfolio of at least 80% by principal balance of RMBS Securities.

"CDO Securities" means collateralized debt obligations, collateralized bond obligations, synthetic collateralized debt obligations and collateralized loan obligations which may be categorized by its underlying asset type as CDO Structured Product Securities, CDO RMBS Securities or Collateralized Loan Obligations or any security within an Approved Subcategory of CDO Securities and may be categorized based on its structure as a cashflow CDO or a Synthetic CDO Security; *provided* that Commercial Real Estate Repackaging Securities shall not be categorized as CDO Securities for purposes hereof.

"CDO Structured Product Securities" means CDO 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 CDO Securities) on the credit exposure or cash flow from a portfolio or synthetic portfolio of diversified among Categories of REIT Debt Securities, Asset-Backed Securities, Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities and CDO Securities or any combination of more than one of the foregoing or solely of CDO Securities (and which may include limited amounts of Corporate Securities).

"CDO Trust Preferred Securities" means CDO Securities that entitle the holder 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 CDO Securities) on the cash flow from a portfolio of trust preferred securities issued by bank, thrift, other depository institutions or trust subsidiaries.

"Class" means each class of Notes or Class X Notes having the same Stated Maturity and same alphabetical (but not necessarily numerical) designation of either "A-1LT-a", "A-1LT-b", "A-1LT-c-1", "A-1LT-c-2", "A-2", "B", "C", "D", "E", "F" and "X".

"Class A Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (*provided* that after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) *divided by* the aggregate outstanding principal amount of the Class A Notes and the CP Notes, after giving effect to payments or Defeasance, as applicable, to be made on the succeeding Payment Date (or, with respect to Defeasance, thereafter) in accordance with the Priority of Payments.

"Class A Note Break Even Default Rate" means the maximum percentage of defaults that the Proposed Portfolio can sustain after giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments such that sufficient funds will remain for the payment of principal of the Class A Notes in full by their respective Stated Maturities and the timely payment of interest on the Class A Notes.

"Class A Note Default Differential" means with respect to any Measurement Date, the rate obtained by subtracting the Class A Note Scenario Default Rate from the Class A Note Break Even Default Rate.

"Class A Note Scenario Default Rate" means an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's rating of the Class A-1LT-a Notes, the Class A-1LT-b Notes, the Class A-1LT-c Notes and the Class A-2 Notes on the Closing Date, determined by application of the S&P CDO Monitor.

"Class B Adjusted Overcollateralization Ratio" means with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (*provided* that after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) divided by the sum of the aggregate outstanding principal amount of the Class A Notes, the CP Notes and the Class B Notes, after giving effect to payments or Defeasance, as applicable, to be made on the succeeding Payment Date (or, with respect to Defeasance, thereafter) in accordance with the Priority of Payments.

"Class B Note Break-Even Default Rate" means the maximum percentage of defaults that the Proposed Portfolio can sustain after giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments such that sufficient funds will remain for the payment of principal of the Class B Notes in full by their Stated Maturity and the timely payment of interest on such Class B Notes.

"Class B Note Default Differential" means with respect to any Measurement Date, the rate obtained by subtracting the Class B Note Scenario Default Rate from the Class B Note Break-Even Default Rate.

"Class B Note Scenario Default Rate" means an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's rating of the Class B Notes on the Closing Date, determined by application of the S&P CDO Monitor.

"Class C Adjusted Overcollateralization Ratio" means with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (*provided* that after the end of the Reinvestment Period, such amount shall exclude Principal Proceeds expected to be available prior to clause (12) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied) divided by the sum of the aggregate outstanding principal amount of the Class A Notes, the CP Notes, the Class B Notes and the Class C Notes, after giving effect to payments or Defeasance, as applicable, to be made on the succeeding Payment Date (or, with respect to Defeasance, thereafter) in accordance with the Priority of Payments.

"Class C Note Break-Even Default Rate" means the maximum percentage of defaults that the Proposed Portfolio can sustain after giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments such that sufficient funds will remain for the payment of principal of the Class C Notes in full by their Stated Maturity and for the ultimate payment of interest on such Class C Notes.

"Class C Note Default Differential" means, with respect to any Measurement Date, the rate obtained by subtracting the Class C Note Scenario Default Rate from the Class C Note Break-Even Default Rate.

"Class C Note Scenario Default Rate" means an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's rating of the Class C Notes on the Closing Date, determined by application of the S&P CDO Monitor.

"Class D Note Break-Even Default Rate" means the maximum percentage of defaults that the Proposed Portfolio can sustain after giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments such that sufficient funds will remain for the payment of principal of the Class D Notes in full by their Stated Maturity and for the ultimate payment of interest on such Class D Notes.

"Class D Note Default Differential" means with respect to any Measurement Date, the rate obtained by subtracting the Class D Note Scenario Default Rate from the Class D Note Break-Even Default Rate.

"Class D Note Scenario Default Rate" means an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's rating of the Class D Notes on the Closing Date, determined by application of the S&P CDO Monitor.

"Class D Notes Amortizing Principal Amount" means, with respect to the first Quarterly Payment Date, any amounts remaining after payment of all amounts payable under clauses (1) through (14) of the Priority of Payments, and with respect to any other Quarterly Payment Date, an amount equal to the lesser of (a) U.S. $75,000 and (b) the remaining principal balance of the Class D Notes (including any Deferred Interest and any Defaulted Interest and interest thereon).

"Class E Hurdle Return" means, with respect to each Quarterly Payment Date, the discount rate that would result in a net present value of zero, assuming (i) an aggregate purchase price of par for the Class E Notes as the initial negative cash flow on the Closing Date and all distributions to the Class E Notes on such Quarterly Payment Date and each preceding Quarterly Payment Date as positive cash flows, (ii) the Closing Date as the initial date of calculation and (iii) the number of days to each subsequent Quarterly Payment Date from the Closing Date being calculated on the basis of a 360-day year consisting of four 90-day quarters ; *provided* that the number of days from the Closing Date to the first Quarterly Payment Date shall be treated as 157 days. Such Class E Hurdle Return shall be calculated using the "XIRR" function in Microsoft® Excel. The purchase price of the Class E Notes for purposes of calculating its Class E Hurdle Return will be adjusted to reflect any additional issuance of Class E Notes following the Closing Date.

"Class E-1 Note Component Percentage" means, as of any date of determination, a fraction (expressed as a percentage) (i) the numerator of which is equal to the aggregate principal amount of the Class E-1 Notes allocable to, and represented by, the Combination Notes and (ii) the denominator of which is equal to the aggregate principal amount of the Class E-1 Notes (including the Class E-1 Note Component) (without duplication).

"Class X Payment" means, with respect to any Quarterly Payment Date, an amount equal to 0.03% per annum times the Notional Principal Balance of the Class X Notes calculated on the basis of a 360-day year consisting of four 90-day periods.

"CMBS Conduit Securities" means 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.

"CMBS Credit Tenant Lease Securities" means 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).

"CMBS Franchise Securities" means 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.

"CMBS Large Loan Securities" means 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, five or fewer commercial mortgage loans shall account for more than 20% of the aggregate principal balance of the entire pool of commercial mortgage loans supporting payments on the securities.

"CMBS RE-REMIC Securities" means securities that represent an interest in a real estate mortgage investment conduit backed by CMBS Securities.

"Collateral Account" means a single trust account which may be divided into subaccounts (including the Collection Account) for administrative purposes, designated as the "Collateral Account" established by the Collateral Agent into which account, collateral will be deposited from time to time pursuant to the Security Agreement.

"Collateral Administration Agreement" means the agreement among the Issuer, the Investment Advisor and the Collateral Administrator, dated as of the Closing Date as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Collateral Administrator" means JPMorgan Chase Bank, National Association, as collateral administrator pursuant to the Collateral Administration Agreement, or any successor collateral agent thereunder.

"Collateral Portfolio" means, on any Measurement Date, the portfolio of (i) Collateral Assets, (ii) Principal Proceeds held as cash and Eligible Investments purchased with Principal Proceeds, (iii) Principal Proceeds deposited into the CP Interest Reserve Account (whether currently available or not) until the CP Notes are no longer outstanding, and (iv) the portion, if any, of the net proceeds from, and associated with, the offering of the Securities and the CP Notes which have not yet been invested in Collateral Assets (whether held in cash or Eligible Investments).

"Collateralized Loan Obligations" means CDO 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 or synthetic portfolio of at least 80% by principal balance of commercial loans.

"Combination Note Collateral Account" means the segregated trust account established by the Trustee for use in connection with the collection and disbursement of collections related to the Combination Note Collateral.

"Commercial Mortgage-Backed Securities" or "CMBS Securities" means 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 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 Large Loan Securities, CMBS RE-REMIC Securities, CMBS Franchise Securities or Commercial Real Estate Repackaging Securities or any other securities within an Approved Subcategory of CMBS Securities.

"Commercial Real Estate Repackaging Security" means a CMBS Security that entitles the holders thereof to receive payments that depend on the cash flow from a portfolio of all (100%) CMBS Securities, REIT Debt Securities and other interests in commercial mortgage loans or similar commercial real estate interests.

"Conditions to Exercise" shall have the meaning set forth in the CP Put Agreement.

"Corporate CDO Securities" means CDO 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 Securities) on the market value of, credit exposure to, or cash flow from, a portfolio with respect to which the aggregate principal balance of corporate debt securities (other than REIT Debt Securities), Collateralized Loan Obligations or any combination of the foregoing, permitted to be included therein is greater than 10% of the aggregate principal balance of such portfolio. For the avoidance of doubt, Collateralized Loan Obligations shall not be classified as Corporate CDO Securities.

"Corporate Securities" means publicly issued or privately placed debt obligations of corporate issuers which are not REIT Debt Securities, Insured Securities or CDO Securities.

"CP Account" means the segregated trust account established by the CP Issuing and Paying Agent under the CP Issuing and Paying Agency Agreement.

"CP Face Amount" means with respect to any CP Note, the amount payable to the Holder thereof at Maturity (excluding interest on LIBOR CP Notes).

"CP Interest Reserve Deposit Amount" means, as of any date of determination, the sum of (i) the CP Interest Reserve Deposit Amount in Principal, (ii) the CP Interest Reserve Deposit Amount in Interest and, (iii) the Interim Cashflow Swap Payment.

"CP Interest Reserve Deposit Amount in Interest" means with respect to any date of determination that corresponds to an Interim Payment Date, zero, and with respect to any date of determination that corresponds to a Payment Date, the lesser of (A) the product of (i) the CP Face Amount (excluding LIBOR CP Notes) then outstanding, (ii) LIBOR *plus* 0.08% and (iii) the actual number of days in the corresponding accrual period for such Payment Date, divided by 360 and (B) the sum of (i) (a) the sum of, for each day from the last Payment Date to the date of determination (both days inclusive), the product of the CP Face Amount (excluding LIBOR CP Notes) outstanding on that day and the weighted average discount rate on CP Notes (excluding LIBOR CP Notes) for that day, multiplied by (b) the actual number of days in the corresponding accrual period for such Payment Date, divided by (c) the actual number of days from the last Payment Date to such date of determination (both days inclusive), divided by (d) 360, (ii) the interest payable to the Cashflow Swap Counterparty during the corresponding accrual period for such Payment Date, as calculated under the Cashflow Swap Agreement, (iii) with respect to the last Payment Date, the difference (positive or negative) between the actual discount paid on CP Notes in the related accrual period and the amount calculated in clause (B) (i) of this definition for the last Payment Date and (iv) without duplication, for all prior Payment Dates, the excess of the amount calculated in clause (B) over the amount calculated in clause (A) of this definition.

"CP Interest Reserve Deposit Amount in Principal" means with respect to any date of determination, the least of (A) Principal Proceeds, (B) the CP Interest Reserve Required Amount *plus* the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty *minus* the balance of funds on deposit in the CP Interest Reserve Account and (C) U.S. $22,000,000 *minus* net Principal Proceeds deposited to the CP Interest Reserve Account (netted against all CP Interest Reserve Principal Release Amounts to date); *provided* that, if the Net Outstanding Portfolio Collateral Balance is less than U.S. $500,000,000, the CP Interest Reserve Deposit Amount in Principal will equal zero.

"CP Interest Reserve Interest Release Amount" means on any date of determination, the greater of zero and the lesser of (A) the balance on deposit in the CP Interest Reserve Account (after all net payments into and out of such account), *minus* the CP Interest Reserve Required Amount and (B) the sum of (i) the product of (a) the weighted average discount rate of CP Notes outstanding (excluding LIBOR CP Notes), (b) the CP Face Amount (excluding LIBOR CP Notes) and (c) the weighted average remaining day count life of such CP Notes until their respective maturities, divided by 360, *minus* (ii) net Principal Proceeds deposited to the CP Interest Reserve Account (netted against all CP Interest Reserve Principal Release Amounts to date) and *minus* (iii) the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty.

"CP Interest Reserve Principal Release Amount" means on any date of determination, the greater of zero and the balance on deposit in the CP Interest Reserve Account, *minus* the CP Interest Reserve Required Amount, *minus* the CP Interest Reserve Interest Release Amount, *minus* the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty.

"CP Interest Reserve Required Amount" means, as of any date of determination, for each CP Note maturing (assuming no extension) on or prior to the next Payment Date or Interim Payment Date, as applicable, the sum of (A) the discount that would be required to issue new discount CP Notes with a 90 day maturity date and with a CP Face Amount equal to the lesser of U.S. $500,000,000 and the CP Face Amount of the maturing CP Notes, and (B) the discount required to issue new discount CP Notes with a 45 day maturity and a face amount equal to the excess of the CP Face Amount of the maturing CP Notes over U.S. $500,000,000, each such issuance in (A) and (B) at the Forward Expected LIBOR Rate *plus* 0.08%.

"CP Note Placement Agent Fees" has the meaning set forth in the CP Note Placement Agreement.

"CP Note Placement Agents" means Goldman, Sachs & Co. and SG Americas Securities, L.L.C., as CP Note placement agents pursuant to the CP Note Placement Agreement, or any successor placement agent thereunder.

"CP Note Placement Agreement" means the agreement among the Issuer, the Co-Issuer and the CP Note Placement Agents, dated as of the Closing Date as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"CP Principal Reserve Required Amount" means on each Payment Date, an amount equal to the Notional Amount of the CP Notes.

"CP Put Collateral Account" means any cash, securities or other collateral delivered and/or pledged by the CP Put Counterparty to or for the benefit of the Issuer.

"CP Put Counterparty Default" means the occurrence of any of the following events:

(i) the CP Put Counterparty fails to make a payment required under the CP Put Agreement in accordance with its terms (beyond any applicable grace or notice periods);

(ii) the CP Put Counterparty (a) files any petition or commences any case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar foreign, federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (b) makes a general assignment for the benefit of its creditors or (c) has an order for relief entered against it under the United States Bankruptcy Code or any other similar foreign, federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization which is final and nonappealable; or

(iii) a court of competent jurisdiction or other competent regulatory authority enters a final and nonappealable order, judgment or decree (a) appointing a custodian, trustee, agent or receiver for the CP Put Counterparty or for all or any material portion of its property or (b) authorizing the taking of possession by a custodian, trustee, agent or receiver of the CP Put Counterparty (or the taking of possession of all or any material portion of the property of the CP Put Counterparty).

"CP Put Premium" means, with respect to the CP Notes, an amount equal to the product of the CP Put Premium Rate applicable to the CP Notes and the average daily outstanding Notional Amount, calculated on the basis of actual days elapsed in a year of 360 days; *provided* that the CP Put Premium shall cease to accrue upon termination of the CP Put Agreement.

"CP Put Premium Rate" means, with respect to the CP Notes, 0.18% per annum from the Closing Date to and including the July 2011 Payment Date and 0.22% thereafter.

"Credit Improved Obligation" means any Collateral Asset that the Investment Advisor believes has, since such Collateral Asset was purchased by the Issuer, significantly improved in credit quality which improvement may (but need not) be reflected by one of the following: (a) such Collateral Asset has been upgraded or put on a watch list for possible upgrade by any of the Rating Agencies since the date on which such Collateral Asset was purchased by the Issuer, (b) the issuer of such Collateral Asset has shown improved financial results, (c) the obligor of or insurer of such Collateral Asset has raised significant equity capital or has raised other capital that in the Investment Advisor's judgment has improved the liquidity or credit standing of such obligor or insurer, (d) in the case of an Asset-Backed Security or a Mortgage-Backed Security, a statistically significant improvement in the quality of the underlying pool of assets or an increase in the level of subordination or (e) such Collateral Asset has decreased its spread over the interest rate on the applicable U.S. treasury benchmark or the applicable swap benchmark by an amount exceeding 0.50% or has increased in price to 102% or more of the original price which increase, in the judgment of the Investment Advisor, is not primarily due to changes in market interest rates; *provided* that

(i) at the time of determination, Moody's has not withdrawn or reduced its long-term ratings on any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes by one or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded or reinstated any such reduced or withdrawn rating of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as applicable, to at least their initial long-term rating); or

(ii) if Moody's has withdrawn or reduced its long-term ratings on any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes by one or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded any such reduced or withdrawn rating of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as applicable, to at least their initial long-term ratings), (a) such Collateral Asset has been upgraded by Moody's at least one rating subcategory since it was acquired by the Issuer or put on a watch list by Moody's for possible upgrade, (b) the Holders of a Majority of the Controlling Class vote to waive the requirement of subclause (a) of this clause (ii) or (c) such Collateral Asset has experienced a decrease in credit spread of 10% or more compared to the credit spread at which such Collateral Asset was purchased by the Issuer, determined by reference to an applicable index selected by the Investment Advisor (subject to the satisfaction of the Rating Agency Condition).

"Credit Risk Obligation" means any Collateral Asset that (1) at any time since such Collateral Asset was purchased, is a Written Down Security or (2) the Investment Advisor believes has, since such Collateral Asset was purchased by the Issuer, a significant risk of declining in credit quality (or, in the case of an Asset-Backed Security or Mortgage-Backed Security, there has occurred, or is expected to occur, a deterioration in the quality of the underlying pool of assets) or, with a lapse of time, a significant risk of becoming a Defaulted Obligation; *provided* that:

(i) Moody's has not withdrawn or reduced its long-term ratings on any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes by one or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded any such reduced or withdrawn ratings of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as applicable, to at least their initial long-term rating); or

(ii) if Moody's has withdrawn or reduced its long-term ratings on any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes by one or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded any such reduced or withdrawn ratings of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as applicable, to at least their initial long-term rating), (a) such Collateral Asset has been downgraded by Moody's at least one or more rating subcategories since it was acquired by the Issuer or placed by Moody's on a watch list with negative implications since the date on which such Collateral Asset was purchased by the Issuer, (b) the Holders of a Majority of the Controlling Class vote to waive the requirement of subclause (a) of this clause (ii) or (c) such Collateral Asset has experienced an increase in credit spread of 10% or more compared to the credit spread at which such Collateral Asset was purchased by the Issuer, determined by reference to an applicable index selected by the Investment Advisor (subject to the satisfaction of the Rating Agency Condition).

"Current Actual Balance" means the current outstanding principal balance of any Collateral Asset (without application of any haircut or reduction in balance) less any capitalized or deferred interest that is included in such balance.

"Current Interest Rate" means, as of any Measurement Date, (i) with respect to any Collateral Asset which is a Fixed Rate Security, the stated rate at which interest accrues on such Fixed Rate Asset and (ii) with respect to any Collateral Asset which is a Deemed Fixed Collateral Asset, the Weighted Average Deemed Fixed Spread *plus* the Weighted Average Deemed Fixed Rate.

"Current Portfolio" means the portfolio (measured by Principal Balance) of Collateral Assets, Principal Proceeds held as cash and Eligible Investments purchased with Principal Proceeds, on any Measurement Date, existing immediately prior to the sale, maturity or other disposition of a Collateral Asset or immediately prior to the acquisition of a Collateral Asset, as the case may be.

"Deemed Fixed Asset Hedge" means an interest rate swap having a notional amount (or scheduled notional amounts) approximately equal to the Principal Balance (as it may be reduced by expected amortization) of the related Floating Rate Security; *provided* that, (i) at the time of entry into the Deemed Fixed Asset Hedge, the principal payments on the Floating Rate Security comprising a Deemed Fixed Collateral Asset will not extend beyond 15 years after the Closing Date, (ii) the Rating Agencies and the Collateral Agent are notified prior to the Issuer's entry into a Deemed Fixed Asset Hedge, and will be provided with the identity of the hedge counterparty and copies of the hedge documentation and notional schedule, (iii) such Deemed Fixed Asset Hedge shall require satisfaction of the Rating Agency Condition to the extent the applicable master agreement or schedule attached thereto is not a Form-Approved Hedge Agreement, (iv) such Deemed Fixed Asset Hedge is priced at then-current market rates and (v) at the time of entry into the Deemed Floating Asset Hedge, the duration weighted average swap rate of all Interest Rate Swaps (including any Deemed Fixed Asset Hedges and any Deemed Floating Asset Hedges) is not greater than 6.388%.

"Deemed Fixed Collateral Asset" means a Floating Rate Security at the time of entry into a Deemed Fixed Asset Hedge with respect to such Floating Rate Security; *provided* that at the time of entry into the Deemed Fixed Asset Hedge the average life of the Deemed Fixed Collateral Asset must not increase or decrease by more than one year from its expected average life if it were to prepay at either 200% or 50% of its pricing speed.

"Deemed Fixed Rate" will equal the fixed rate that the Hedge Counterparty agrees to pay on the Deemed Fixed Asset Hedge at the time such hedge is executed.

"Deemed Floating Asset Hedge" means an interest rate swap having a notional amount (or scheduled notional amounts) approximately equal to the Principal Balance (as it may be reduced by expected amortization) of the related Fixed Rate Security*; provided* that, (i) at the time of entry into the Deemed Floating Asset Hedge, the principal payments on the Fixed Rate Security comprising a Deemed Floating Collateral Asset will not extend beyond 15 years after the Closing Date, (ii) the Rating Agencies and the Collateral Agent are notified prior to the Issuer's entry into a Deemed Floating Asset Hedge, and will be provided with the identity of the hedge counterparty and copies of the hedge documentation and notional schedule, (iii) such Deemed Floating Asset Hedge shall require satisfaction of the Rating Agency Condition to the extent the applicable master agreement or schedule attached thereto is not a Form-Approved Hedge Agreement, (iv) such Deemed Floating Asset Hedge is priced at then-current market rate, (v) at the time of entry into the Deemed Floating Asset Hedge, the duration weighted average swap rate of all Interest Rate Swaps (including any Deemed Fixed Asset Hedges and any Deemed Floating Asset Hedges) is not greater than 6.388% and (vi) if the Deemed Floating Asset Hedge is to be terminated, the Rating Agency Condition must be satisfied.

"Deemed Floating Collateral Asset" means a Fixed Rate Security at the time of entry into a Deemed Floating Asset Hedge with respect to such Fixed Rate Security; *provided* that at the time of entry into the Deemed Floating Asset Hedge with respect to a Fixed Rate Security that converts to payments of periodic interest at a floating rate after a designated period, the average life of the Deemed Floating Collateral Asset prior to such conversion must not increase or decrease by more than one year from its expected average life if it were to prepay at either 200% or 50% of its pricing speed.

"Defaulted Hedge Termination Payments" means any termination payment required to be made by the Issuer to a Hedge Counterparty pursuant to a Hedge Agreement in the event of a termination of such Hedge Agreement (other than a termination for tax event or illegality) in respect of which such Hedge Counterparty is the sole Defaulting Party or the sole Affected Party (each, as defined in the applicable Hedge Agreement).

"Defaulted Interest" means any interest due and payable in respect of (i) any Class A Note, LIBOR CP Note or Class B Note or (ii) if there are no CP Notes, Class A Notes or Class B Notes outstanding, any Class C Note or if there are no CP Notes, Class A Notes, Class B Notes or Class C Notes outstanding, any Class D Note which, in any such case, is not punctually paid or duly provided for on the applicable Payment Date or Quarterly Payment Date.

"Defaulted Obligation" means any Collateral Asset with respect to which:

(a) there has occurred and is continuing for the lesser of 3 Business Days and any applicable grace period (with respect to non-credit and non-fraud related defaults), a default with respect to the payment of interest or principal on such Collateral Asset in accordance with its terms; *provided* that, the Collateral Asset shall not constitute a Defaulted Obligation if and when such default has been cured through the payment of all past due interest and principal or waived; *provided, further, however*, that, notwithstanding the foregoing, any Collateral Asset that is in default with respect to the payment of interest or principal as of the Determination Date shall not be a Defaulted Obligation if such default is cured through the payment of all past due interest and principal within 3 Business Days after the Determination Date (and the Investment Advisor shall determine whether a default has occurred on or prior to the second Business Day prior to the

Payment Date) or such Collateral Asset shall not be treated as a Defaulted Obligation if the Investment Advisor believes the default on such Collateral Asset will be cured as of the next Determination Date and the Rating Agency Condition with respect to S&P has been satisfied relative to such treatment;

(b) (i) if such Collateral Asset is a Single Name Synthetic Security, either (x) the related Reference Obligation or Reference Obligor would be a Defaulted Obligation were it a Collateral Asset or (y) it is a Synthetic Security Counterparty Defaulted Obligation and (ii) if such Collateral Asset is a Tranched Synthetic Security, if losses on the portfolio of Reference Obligations have occurred in excess of the applicable attachment point, as specified in the confirmation relating to such Tranched Synthetic Security;

(c) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer of such Collateral Asset and is unstayed and undismissed; *provided,* that, if such proceeding is an involuntary proceeding, the condition of this clause (c) will not be satisfied until the earliest of the following: (i) the issuer consents to such proceeding, (ii) an order for relief under the United States Bankruptcy Code, or any similar order under a proceeding not taking place under the United States Bankruptcy Code, has been entered, or (iii) such proceeding remains unstayed and undismissed for 45 days;

(d) such Collateral Asset has an S&P Rating (as defined in Appendix C) of "CC" or lower or a rating of "SD" or has had its rating withdrawn after being rated "CCC" or lower or "SD" or has a Moody's Rating of "Ca" or lower; or

(e) the Investment Advisor knows the issuer thereof is (or is reasonably expected by the Investment Advisor to be, as of the next scheduled payment distribution date) in default (if, in the Investment Advisor's judgment, such default is due to non-credit related reasons, beyond the lesser of (i) the number of days until the next Determination Date and (ii) five Business Days) as to payment of principal and/or interest on another obligation (and such default has not been cured through the payment of all past due interest and principal), but only if one of conditions (I) or (II) is met: (I) (A) both such other obligation and the Collateral Asset are full recourse unsecured obligations and the other obligation is senior to or *pari passu* with the Collateral Asset in right of payment or (B) (x) such other obligation is a full recourse secured obligation and the Collateral Asset is a full recourse secured obligation or (y) the Collateral Asset is a full recourse unsecured obligation and the other obligation is senior to or *pari passu* (except that it is secured) with the Collateral Asset in right of payment; or (II) all of the following conditions (A), (B) and (C) are satisfied: (A) both such other obligation and the Collateral Asset are full recourse secured obligations secured by common collateral; (B) the security interest securing the other obligation is senior to or *pari passu* with the security interest securing the Collateral Asset; and (C) the other obligation is senior to or *pari passu* with the Collateral Asset in right of payment, except that a Collateral Asset shall not constitute a "Defaulted Obligation" under this clause (e) if (a) the Investment Advisor has notified each Rating Agency in writing of its decision not to treat the Collateral Asset as a Defaulted Obligation, and the Rating Agency Condition with respect to S&P has been satisfied or (b) the Investment Advisor certifies to the Trustee (such certification subject to certain constraints and provisions as detailed in the Security Agreement), with notice to the Rating Agencies, that, on the next scheduled distribution date of such Collateral Asset, such issuer will make payments required to be made on such Collateral Asset on such date, *provided, however,* that this exception will not apply where the issuer of such Collateral Asset is (or is reasonably expected by the Investment Advisor to be) in default as to payment of principal and/or interest of another obligation that is senior in right of payment to such security;

provided that a Haircut Asset will be considered a Defaulted Obligation if the Collateral Asset underlying such Haircut Asset becomes a Defaulted Obligation (as described above), *provided, further,* that, notwithstanding the satisfaction of all of the foregoing items (a) through (e), the Investment Advisor may declare any Collateral Asset to be a Defaulted Obligation if, in the Investment Advisor's sole

determination, the credit quality of the issuer of such Collateral Asset (or, in the case of a Synthetic Security, the credit quality of the counterparty or issuer of the Reference Obligation with respect thereto) has significantly deteriorated such that there is a reasonable expectation of payment default as of the next scheduled payment date with respect to such Collateral Asset.

Nothing in this definition will require any employee (including any portfolio manager or credit analyst) of the Investment Advisor to obtain, use, share or otherwise distribute (a) any information that he or she would be prohibited from obtaining, using, sharing or otherwise distributing by virtue of the Investment Advisor's internal policies relating to confidential communications, or (b) material non-public information with any other person.

"Defaulted Synthetic Security Termination Payments" means any termination payment required to be made by the Issuer to the Synthetic Security Counterparty pursuant to a Synthetic Security in the event of a termination of a Synthetic Security in respect of which such Synthetic Security Counterparty is the sole Defaulting Party or the sole Affected Party (as defined in the Synthetic Security), other than with respect to "Illegality" or "Tax Event" (as defined in the related Synthetic Security).

"Deferred Interest PIK Bond" means a PIK Bond with respect to which interest thereon has been deferred and capitalized more than once in the last 12 monthly periods, but only until such time as payment of interest on such PIK Bond has resumed and all capitalized or deferred interest has been paid in full in accordance with the underlying documents.

"Deliverable Obligation" means a debt obligation that may be or is delivered to the Issuer upon the occurrence of a "credit event" under a Single Name Synthetic Security that may be delivered to the Issuer notwithstanding the fact that the delivery of such Collateral Asset may cause the Issuer to fail a Collateral Profile Test.

"Double B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Double B Rated Asset and (ii) 90%.

"Double B Rated Asset" means any Collateral Asset (other than a Single B Rated Asset or a Triple C Rated Asset) with an Actual Rating or Implied Rating from S&P less than "BBB-" but with an Actual Rating greater than "B+" or with an Actual Rating or Implied Rating from Moody's less than "Baa3" but with an Actual Rating greater than "B1".

"Eligible Bidders" are institutions, which may include affiliates of the Initial Purchaser or the Investment Advisor, or Holders of Securities, whose short term unsecured debt obligations have a rating of at least "P-1" by Moody's and "A-1+" by S&P (and if rated "P-1" by Moody's and "A-1+" by S&P, such rating is not on credit watch for possible downgrade). If any single bid, or the aggregate amount of multiple bids, does not equal or exceed the Minimum Bid Amount or if there is a failure at settlement, then the redemption of Securities and the Defeasance of the CP Notes on the related Auction Payment Date will not occur and a new Auction will be conducted on the following Auction Payment Date.

"Eligible Depositary" shall be a financial institution organized under the laws of the United States or any state thereof, authorized to accept deposits, having a combined capital and surplus of at least U.S. $200,000,000, that is subject to supervision by federal or state banking authorities, having (or if its obligations are guaranteed by its parent company, its parent having), a long term debt rating of at least "Baa1" by Moody's (and if rated "Baa1", such rating is not on watch for downgrade) and "BBB+" by S&P and a short term debt rating of "P-1" by Moody's (and not on watch for downgrade) and at least "A-1" by S&P.

"Eligible Investment" means any U.S. Dollar-denominated investment that, at the time it is delivered to the Collateral Agent, is one or more of the following obligations or securities (including security entitlements thereto): (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, with a maturity not in excess of 183 days; and with a credit rating by S&P of at least "A-1+" or at least "AA-", as applicable, a credit rating by Moody's of at least "P-1" or at least "Aa2" (and if rated "Aa2", not on watch for downgrade), as applicable, in the case of a maturity in excess of 30 days, and a credit rating by S&P of at least "A-1" and a credit rating by Moody's of at least "P-1" (and not on watch for downgrade) in the case of a maturity of less than 30 days; (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" (and if rated "A1", not on watch for downgrade) by Moody's and "A+" by S&P and whose short-term credit rating is "P-1" (and not on watch for downgrade) 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) Registered debt securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof that have a credit rating of at least "Aa2" (and if rated "Aa2", not on watch for downgrade) or "P-1" (and not on watch for downgrade) by Moody's and "A+" or "A-1" by S&P; (v) 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" (and not on watch for downgrade) 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; and (vi) 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, *provided however*, that each rating in clauses (iii) through (vi) above by Moody's or S&P shall be an Actual Rating, and *provided further*, that any such investment purchased on the basis of S&P's short term rating of "A-1" shall mature not later than thirty days after the date of purchase and may not exceed 20% of the Aggregate Outstanding Amount of the Notes rated by S&P. Eligible Investments shall not include any Mortgage-Backed Security, any inverse floater, any Interest Only Security, any principal only security (other than treasury bills or commercial paper) or any security with a price in excess of par or any security the repayment of which is dependent on substantial non-credit related risk as determined by the Investment Advisor. Each such Eligible Investment shall mature no later than the second Business Day immediately preceding the Payment Date next following the Due Period in which the date of investment occurs, unless such Eligible Investment is issued by the institution acting as Collateral Agent, in which event such Eligible Investment may mature on the Business Day preceding such Payment Date. Eligible Investments may include those investments with respect to which the Collateral Agent, the Trustee, the Investment Advisor, the CP Note Placement Agents, the CP Put Counterparty or the Initial Purchaser or an affiliate of the Collateral Agent, the Trustee, the Investment Advisor, the CP Note Placement Agents, the CP Put Counterparty or the Initial Purchaser provides services. As used in this definition, ratings may not include ratings with a "p", "pi", "q", "r" or "t" subscript. Eligible Investments shall not be purchased in excess of 100% of par. Notwithstanding the foregoing, Synthetic Security Collateral shall not be required to satisfy the foregoing requirements but shall be required to satisfy the eligibility requirements set forth in the Security Agreement.

"Excess Assets" means any Collateral Asset so designated by the Investment Advisor to the Issuer and the Trustee at least five days prior to any Determination Date for application on such Determination Date, *provided* that (A) such Collateral Asset has an Actual Rating of not less than "A-" by S&P and not less than "A3" by Moody's and (B) the aggregate outstanding principal amount of the Notes and the CP Notes (less any Defeased CP Notes) is less than or equal to the Aggregate Principal Amount *minus* any Excess Assets.

"Final Payment Date" means a Payment Date with respect to an Optional Redemption, Tax Redemption, an Auction or redemption due to an Event of Default resulting in acceleration of the Securities and liquidation of the Collateral.

"Fixed Payment Rate" will equal the fixed rate that the Issuer agrees to pay on the Deemed Floating Asset Hedge at the time such swap is executed.

"Fixed Rate Assets" means the aggregate Principal Balance of Collateral Assets that are Fixed Rate Securities less the aggregate Principal Balance of Deemed Floating Collateral Assets.

"Fixed Rate Security" means any Collateral Asset which is not a Floating Rate Security; *provided* that the Investment Advisor may reclassify any Fixed Rate Security as a Floating Rate Security if such reclassification satisfies the Rating Agency Condition.

"Floating Rate Assets" means the aggregate Principal Balance of Collateral Assets that are Floating Rate Securities less the aggregate Principal Balance of Deemed Fixed Collateral Assets.

"Floating Rate Security" means any Collateral Asset, the interest rate on which resets pursuant to an index after the date of purchase by the Issuer or is a Synthetic Security in a default swap contract; *provided* that the Investment Advisor may reclassify any Floating Rate Security as a Fixed Rate Security (i) if such reclassification satisfies the Rating Agency Condition or (ii) if it has a related balance guaranteed swap.

"Form-Approved Currency Swap Agreement" means a Currency Swap Agreement which the Issuer may enter into without satisfaction of the Rating Agency Condition in the specific instance because the documentation conforms to a form which has satisfied the Rating Agency Condition as a Form-Approved Currency Swap Agreement for use in this transaction (as certified to the Trustee by the Investment Advisor).

"Form-Approved Hedge Agreement" means a Deemed Fixed Asset Hedge or a Deemed Floating Asset Hedge with respect to which the related Fixed Rate Security or any Floating Rate Security could be purchased by the Issuer without satisfaction of the Rating Agency Condition in the specific instance because the documentation conforms to a form which has satisfied the Rating Agency Condition as a Form-Approved Hedge Agreement for use in this transaction (as certified to the Trustee by the Investment Advisor) and which shall include any Hedge Agreement substantially in the form of the Hedge Agreement in effect on the Closing Date.

"Form-Approved Synthetic Security" means a Synthetic Security (a) the Reference Obligation of which, if it were a Collateral Asset, could be purchased by the Issuer without any required action by the Rating Agencies or which would not cause the Rating Agency Condition to be not satisfied, (b) the documentation of which conforms (but for the amount and timing of periodic payments, the name of the Reference Obligation, the notional amount, the effective date, the termination date and other similarly necessary changes) to a form which has satisfied the Rating Agency Condition as a Form-Approved Synthetic Security for use in this transaction (as certified to the Trustee by the Investment Advisor) and (c) for which the Issuer has provided each Rating Agency with written notice of the purchase of such Synthetic Security at least 5 Business Days prior to such purchase, *provided* that the S&P Recovery Rate or the Moody's Recovery Rate, as applicable, for such Synthetic Security shall be zero until provided by such Rating Agency to the Investment Advisor or the Trustee.

"Forward Expected LIBOR Rate" means with respect to the CP Notes, the forward expected London interbank offered three-month rate for U.S. dollar deposits, as calculated by the Lead CP Note Placement Agent.

"Gross Fixed Rate Excess" as of any Measurement Date will equal the product of (i) the greater of zero and the excess, if any, of the Weighted Average Coupon for such Measurement Date over the Minimum Weighted Average Coupon for such Measurement Date and (ii) the Aggregate Principal Amount of all Collateral Assets that are Fixed Rate Assets or Deemed Fixed Collateral Assets (excluding all Defaulted Obligations, Deferred Interest PIK Bonds and Excess Assets that are Floating Rate Assets or Deemed Floating Rate Assets held by the Issuer). For purposes of reporting, any Gross Fixed Rate Excess necessary to satisfy the Weighted Average Spread Test will be subtracted, in percentage form, from the alternative test so as not to double-count the application of such excess.

"Gross Spread Excess" as of any Measurement Date will equal the product of (i) the greater of zero and the excess, if any, of the Weighted Average Spread for such Measurement Date over the Minimum Weighted Average Spread for such Measurement Date and (ii) the Aggregate Principal Amount of all Collateral Assets that are Floating Rate Assets or Deemed Floating Collateral Assets (excluding all Defaulted Obligations, Deferred Interest PIK Bonds and Excess Assets that are Fixed Rate Assets or Deemed Fixed Rate Assets held by the Issuer). For purposes of reporting, any Gross Spread Excess necessary to satisfy the Weighted Average Coupon Test will be subtracted, in percentage form, from the alternative test so as not to double-count the application of such excess.

"Haircut Asset" means a Collateral Asset that has received an Actual Rating of at least "A-" by S&P or "A3" by Moody's with respect to less than 100% of the Original Actual Balance of such Collateral Asset as such percentage is specified by the Investment Advisor. For purposes of calculating the interest received or expected to be received on such Collateral Asset, the interest will not exceed the actual interest due times the ratio of the Principal Balance of the Haircut Asset divided by the Current Actual Balance.

"Hedge Collateral" means, any cash, securities or other collateral delivered and/or pledged by a Hedge Counterparty to or for the benefit of the Issuer, including, without limitation, any up-front payment of cash or delivery of securities made by the Hedge Counterparty to satisfy or secure its payment obligations pursuant to the terms of the related Hedge Agreement.

"Hedge Counterparty Ratings Requirement" means (i) with respect to the rating of a Hedge Counterparty or its guarantor (who satisfies S&P's then-current criteria with respect to guarantees) (or any replacement pursuant to the relevant Hedge Agreement), as an issuer or with respect to (A) the long-term senior unsecured debt of such party, "Aa3" (and not on credit watch for possible downgrade) or better by Moody's, if such party has a long-term rating only or (B) the long-term senior unsecured debt of such party, as applicable, "A1" (and not on credit watch for possible downgrade) or better by Moody's; (ii) with respect to the short-term debt of a Hedge Counterparty or its guarantor (or any replacement pursuant to the relevant Hedge Agreement), "P-1" (and not on credit watch for possible downgrade) by Moody's, or, if no such rating is available, a guaranteed affiliate thereof from Moody's, if so rated by Moody's; and (iii) with respect to a Hedge Counterparty or its guarantor (or any replacement pursuant to the relevant Hedge Agreement) as an issuer or with respect to the short-term unsecured debt of such party, "A-1" by S&P or, if no such short-term rating is available, the long-term senior unsecured debt of such party, "A+" by S&P (so long as any of the Notes outstanding hereunder are rated by such Rating Agency); *provided*, that should a Rating Agency effect an overall downward adjustment of its required ratings for hedge counterparties in collateralized debt obligation transactions, then the applicable Hedge Counterparty Ratings Requirement shall be adjusted downward accordingly; *provided further*, that any adjustment to the Hedge Counterparty Ratings Requirement will be subject to the satisfaction of the Rating Agency Condition with respect to the applicable Rating Agency.

"Hedge Receipt Amount" means, with respect to the Hedge Agreements and any Payment Date, any hedge receipts, including any other amounts so payable in respect of a termination of any Hedge Agreement.

"Holder" means, with respect to any Security or CP Note the person in whose name such Security or CP Note is registered, or, for purposes of voting, the granting of consents and other similar determinations under the Trust Deed, the Security Agreement and the Note Agency Agreement, with respect to any Notes in global form, a beneficial owner thereof; *provided* that, in addition to any voting and consent rights the CP Put Counterparty may have in its individual capacity, the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) will have the right to exercise the voting and consent rights on behalf of the then Outstanding CP Notes for any purpose as "Holder" of such CP Notes, including as part of the Controlling Class.

"Implied Rating" means, in the case of a rating of a Collateral Asset 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, as determined in accordance with the criteria described under "Moody's Rating" and "S&P Rating". As used in this definition, ratings may not include ratings with a "p", "pi", "q", "r" or "t" subscript or any other qualifiers.

"Insured Securities" means structured finance securities (other than RMBS Agency Securities) which have the benefit of a financial guarantee insurance policy, or surety bond or corporate guarantee insuring or guaranteeing the timely payment of interest (if rated "AA-" or higher) or the ultimate payment of interest (if rated "A+," "A" or "A-") and the ultimate payment of principal.

"Interest Only Security" means any security that does not provide for the payment of principal.

"Interest Proceeds" means Proceeds other than Principal Proceeds.

"Interim Cashflow Swap Payment" means with respect to any date of determination, the lesser of (A) the Cashflow Swap Capped Amount *minus* the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty and (B) the CP Interest Reserve Required Amount *minus* the balance of funds on deposit in the CP Interest Reserve Account, *minus* CP Interest Reserve Deposit Amount, taking only into account any CP Interest Reserve Deposit Amount in Principal and any CP Interest Reserve Deposit Amount in Interest to actually be deposited in connection therewith.

"Interim Issuer Cashflow Swap Payment" means as of any date of determination, the lesser of (A) the balance of the Cashflow Swap Agreement due to the Cashflow Swap Counterparty and (B) the balance on deposit in the CP Interest Reserve Account (after making all distributions into such account on such date) *minus* the CP Interest Reserve Required Amount.

"Interim Payment Date" means April 21, 2006, May 8, 2006, May 22, 2006, June 7, 2006 and June 21, 2006 and thereafter, on the 21st of every month (or if such day is not a Business Day, the next Business Day).

"Investment Advisor Fee" means, collectively, the Base Investment Advisor Fee, the Debt Subordinate Investment Advisor Fee and the Class E Notes Incentive Fee.

"Issue" of a Collateral Asset means any such Collateral Asset issued by the same issuer, having the same terms and conditions (as to, among other things, coupon, maturity, security and subordination) and otherwise being fungible with one another.

"Issuer Administrator" means Maples Finance Limited or such other administrator appointed to administer the Issuer from time to time under the Administration Agreement.

"Lead CP Note Placement Agent" means Goldman, Sachs & Co., as lead CP Note placement agent pursuant to the CP Note Placement Agreement, or any successor lead placement agent thereunder.

"LIBOR CP Note Interest Amount" means, on any Payment Date, with respect to any LIBOR CP Notes (if outstanding), the amount of interest payable in respect of each U.S. $1,000 in principal amount of such LIBOR CP Notes (rounded to the nearest cent, with half a cent being rounded upward) on such Payment Date.

"LIBOR CP Note Interest Rate" means the interest rate payable on the LIBOR CP Notes (if outstanding) with respect to each Interest Accrual Period and equal to a per annum rate equal to LIBOR for each Interest Accrual Period (using linearly interpolated LIBOR, calculated in accordance with generally acceptable methodology, if such first Interest Accrual Period is less than 25 days).

"LIBOR CP Notes" means CP Notes issued with LIBOR based interest payments payable on each Payment Date and maturing on the applicable Payment Dates.

"Liquidation Proceeds" with respect to any Optional Redemption or Tax Redemption include, without duplication, (i) all Sale Proceeds from Collateral Assets sold in connection with such redemption, (ii) the aggregate amount received by the Issuer on or prior to the Business Day immediately preceding the relevant Payment Date from the termination of any Hedge Agreement in connection with such redemption and (iii) cash and Eligible Investments on deposit in the Accounts, to the extent available to redeem the Notes and the CP Notes, including any amounts designated by the Investment Advisor as retained for reinvestment (and also including any payments received under any Hedge Agreements on or prior to the day preceding the Payment Date, in each case as determined by the Investment Advisor.

"Majority" means (a) with respect to any Class or Classes of Securities, the Holders of more than 50% of the aggregate outstanding principal amount of such Class or Classes of Securities and (b) on behalf of the CP Notes, the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) voting in the amount of the then outstanding aggregate face amount of the CP Notes.

"Margin Stock" means any asset that constitutes "margin stock" as defined in Regulation U issued by the Board of Governors of the Federal Reserve System; *provided* that "Margin Stock" shall not include any equity security received pursuant to an offer by an issuer of a Defaulted Obligation.

"Market Value" means, on any date of determination, with respect to any Collateral Assets and/or Eligible Investments, (i) the average of three bona fide bids for such Collateral Asset or Eligible Investment obtained by the Investment Advisor at such time from any three nationally recognized dealers, which dealers are independent from one another and from the Investment Advisor, or (ii) if the Investment Advisor is unable to obtain three such bids, the lesser of two bona fide bids for such Collateral Asset or Eligible Investment obtained by the Investment Advisor at such time from any two nationally recognized dealers acceptable to the Investment Advisor, which dealers are independent from one another and from the Investment Advisor, or (iii) in the event the Investment Advisor is unable to obtain two such bids, the price on such date provided to the Investment Advisor by an independent pricing service selected by the Investment Advisor, or (iv) in the event the Investment Advisor cannot determine the market value of such Collateral Asset or Eligible Investment using efforts to apply the methods specified in clauses (i) through (iii) above, as determined by the Investment Advisor using its reasonable business judgment. If the method of determining Market Value is based solely on the Investment Advisor's determination, such Market Value shall not exceed the Moody's Recovery Rate and shall be considered zero after 60 days or until such time as the Investment Advisor obtains a bid for such Collateral Asset or Eligible Investment.

"Market Value CDO Security" means any collateralized debt obligation with respect to which the coverage ratios are determined by reference to the market value of the underlying portfolio of investments as prescribed by the applicable rating agencies.

"Maximum Put Option Strike Rate" means (a) with respect to the CP Notes, the discount rate less than or equal to LIBOR *plus* 0.08% per annum (which rate includes the CP Note Placement Agent Fees) or (b) in the case of LIBOR CP Notes, an interest rate less than or equal to LIBOR *plus* 0.03% per annum (which rate does not include CP Note Placement Agent Fees) of an applicable maturity.

"Measurement Date" means any of the following: (i) the Closing Date; (ii) any date upon which a sale, purchase or substitution of Collateral Assets (giving effect to such sale, purchase or substitution) occurs; (iii) each Determination Date; (iv) any date the Collateral Asset becomes a Defaulted Obligation; and (v) with reasonable notice to the Issuer, any other Business Day that any Rating Agency or the Holders of at least a SupraMajority of any Class of Notes requests be a Measurement Date; *provided* that, if any such date would otherwise fall on a day that is not a Business Day, the relevant Measurement Date will be the first following day that is a Business Day.

"Minimum Bid Amount" is an amount equal to (x) the sum of (a) the Auction Redemption Prices for all the Securities and the CP Notes, (b) any amount payable to all Hedge Counterparties in connection with the termination of the Hedge Agreements, less any amounts to be received from all Hedge Counterparties in connection with the termination of the Hedge Agreements, (c) any amount payable to the CP Put Counterparty and the CP Note Placement Agents in connection with the termination of the CP Put Agreement and the CP Note Placement Agreement, (d) any accrued and unpaid Base Investment Advisor Fee and Debt Subordinate Investment Advisor Fee payable on the related Auction Payment Date, after giving effect to all other payments to be made on such Auction Payment Date in accordance with the Priority of Payments and (e) 101% of all other unpaid fees and expenses of the Issuer, including all expenses reasonably expected to be incurred by the Issuer through the related Auction Payment Date less (y) the sum of all other amounts on deposit in the Accounts which may be used to redeem the Securities, to redeem and Defease the LIBOR CP Notes and to Defease the other CP Notes. The Minimum Bid Amount does not include any amounts for the payment of additional distributions to the Holders of the Class E Notes or the Class X Notes.

"Monthly Asset Amount" means, with respect to any Payment Date, the Aggregate Principal Amount on the first day of the related Due Period.

"Moody's Expected Loss Rate" means, with respect to any Collateral Asset, the percentage set forth in Appendix E, based upon (i) the lower of the Actual Ratings (without giving effect to any "notched" ratings) assigned to such Collateral Asset by either Moody's or S&P and (ii) the remaining expected average life of such Collateral Asset as determined by the Investment Advisor at least once a year for the purposes of this calculation.

"Moody's Recovery Rate" means, with respect to a Collateral Asset, an amount equal to the percentage for such Collateral Asset set forth in the recovery rate assumptions for Moody's attached as Part I of Schedule A to the Security Agreement, as partially reproduced in Appendix D hereto, in (x) the table corresponding to the relevant classification of such Collateral Asset, (y) the column in such table setting forth the Moody's Rating of such Collateral Asset as of the date on which such Collateral Asset was originally issued and (z) the row in such table opposite the percentage of the Issue of which such Collateral Asset 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 Collateral Asset determined on the date on which such Collateral Asset was obtained in accordance with Part I of Schedule A to the Security Agreement; *provided, however*, that (A) Defaulted Obligations which exceed 2.5% of the Aggregate Principal Amount and have been defaulted for more than one year will be deemed to have a Principal Balance of U.S. $0, (B) Defaulted Obligations which exceed 1.0% of the Aggregate Principal Amount and have been defaulted for more than 2 years shall be deemed to have a Principal Balance of U.S. $0; and (C) Defaulted Obligations which have been defaulted for more than 3 years shall be deemed to have a Principal Balance of U.S. $0; *provided, further,* that the foregoing limits on the percentage of the Aggregate Principal Amount which may consist of Defaulted Obligations, shall not include any Haircut Assets that are Defaulted Obligations and which are current in interest payments due on the related Principal Balance of the Haircut Asset assuming a full interest payment on the underlying Collateral Asset.

"Mortgage-Backed Securities" means any Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

"Necessary Fixed Crossover Amount" means an amount equal to (x) if (i) the sum of (a) a number obtained by summing the products obtained by multiplying (1) the Current Interest Rate on each Collateral Asset that is a Fixed Rate Asset or Deemed Fixed Collateral Asset (excluding all Defaulted Obligations, Deferred Interest PIK Bonds and Interest Only Securities) by (2) the Principal Balance of each such Collateral Asset *plus* (b) the number obtained by summing the payment in such period applicable to any interest rate cap and the annualized Applicable Amount for Interest Only Securities divided by (ii) the aggregate Principal Balance of all Collateral Assets that are Fixed Rate Assets or Deemed Fixed Collateral Assets (excluding Defaulted Obligations, Deferred Interest PIK Bonds, Interest

Only Securities and Excess Assets), is less than the Minimum Weighted Average Coupon for such Measurement Date, the lesser of (I) the Gross Spread Excess, if any, as of such Measurement Date and (II) an amount, if added to clauses (a) and (b) and then divided by (ii) would equal the Minimum Weighted Average Coupon, or (y) otherwise, zero.

"Necessary Spread Crossover Amount" means an amount equal to (x) if (a) a number obtained by summing the products obtained by multiplying (1) the Spread on each Collateral Asset that is a Floating Rate Asset or a Deemed Floating Collateral Asset (other than a Defaulted Obligation and a Deferred Interest PIK Bond) as of such date by (2) the Principal Balance of each such Collateral Asset divided by (b) the aggregate Principal Balance of all Collateral Assets that are Floating Rate Assets or Deemed Floating Collateral Assets (excluding Defaulted Obligations and Deferred Interest PIK Bonds), is less than the Minimum Weighted Average Spread for such Measurement Date, the lesser of (i) the Gross Fixed Rate Excess, if any, as of such Measurement Date and (ii) an amount, if added to clause (a) and then divided by (b) would equal the Minimum Weighted Average Spread, or (y) otherwise, zero.

"Net Outstanding Portfolio Collateral Balance" means, on any Measurement Date, an amount equal to (i) the aggregate Principal Balance on such Measurement Date of all Collateral Assets, *plus* (ii) the aggregate Principal Balance of all Principal Proceeds held as cash and Eligible Investments purchased with Principal Proceeds, *plus* Principal Proceeds deposited into the CP Interest Reserve Account (whether currently available or not) until the CP Notes are no longer outstanding, *plus* accrued and unpaid interest purchased with Principal Proceeds, *minus* (iii) the aggregate Principal Balance on such Measurement Date of all Collateral Assets that are (A) Defaulted Obligations, (B) Deferred Interest PIK Bonds, (C) Single B Rated Assets, (D) Double B Rated Assets and (E) Triple C Rated Assets, *plus* (iv) the Aggregate Calculation Amount of Defaulted Obligations and Deferred Interest PIK Bonds, the Double B Calculation Amount, the Single B Calculation Amount and the Triple C Calculation Amount, *minus* (v) 25% of the projected Principal Balance of each Collateral Asset other than a Defaulted Obligation, Deferred Interest PIK Bond, Single B Rated Asset, Double B Rated Asset or Triple C Rated Asset that is expected to be paid after the Stated Maturity of the Class B Notes, *minus* (vi) any appraisal reductions applicable to any class of CMBS (other than any CMBS which are Defaulted Obligations) held by the Issuer to the extent such appraisal reduction is intended to reduce the interest payable to such Collateral Asset and only in proportion to such interest reduction *minus* (vii) any portion of the Principal Balance of a Collateral Asset which is comprised of principal carryforward amounts, *minus* (viii) the greater of (x) zero and (y) the sum of the products of (i) the outstanding principal amount of any Non-U.S. Dollar Denominated Asset *less* the notional balance of the applicable Currency Swap Agreement for such Non-U.S. Dollar Denominated Asset and (ii) the mark-to-market value, as determined by the Investment Advisor (to the Issuer, expressed in a positive or negative term) of the related Currency Swap Agreement divided by the notional balance of the Currency Swap Agreement. If a Currency Swap Agreement has terminated or matured it shall be assumed that for purposes of calculating the amount described in clause (viii)(y)(ii) hereof, that a currency swap agreement exists with the same terms as the original currency swap agreement and that such assumed currency swap agreement has a notional balance equal to the notional balance of the related Non-U.S. Dollar Denominated Assets and the same remaining expected amortization and maturity of such Non-U.S. Dollar Denominated Assets at the time of calculation. For purposes of calculating the Net Outstanding Portfolio Collateral Balance, the allocation of Collateral Assets that are equity securities or Interest Only Securities shall be zero.

"Non-Permitted Affiliate" means any affiliate of the Investment Advisor that is The TCW Group, Inc. or any of its direct or indirect subsidiaries.

"Non-U.S. Dollar Denominated Asset" means a Collateral Asset payable in British Sterling, Canadian Dollars, Euros or Japanese Yen.

"Non-U.S. Securities" means securities that (a) represent obligations outside of the United States or (b) are issued outside of the United States by issuers other than issuers organized under the laws of a commonly used domicile for a structured product transaction; and (c) are obligations of, or issued out of, a G7 country.

"Noteholder" means, with respect to any Security or CP Note the person in whose name such Security or CP Note is registered, or, for purposes of voting, the granting of consents and other similar determinations under the Trust Deed, the Security Agreement and the Note Agency Agreement, with respect to any Notes in global form, a beneficial owner thereof; *provided* that, in addition to any voting and consent rights the CP Put Counterparty may have in its individual capacity, the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) will have the right to exercise the voting and consent rights on behalf of the then Outstanding CP Notes for any purpose as "Holder" of such CP Notes, including as part of the Controlling Class.

"Notional Amount" means an amount equal to U.S. $1,166,000,000, *minus* the aggregate original principal amount of all Class A-1LT-c Notes purchased by the CP Put Counterparty since the Closing Date, *minus* the sum of all amounts deposited to the CP Principal Reserve Account on or after the Closing Date.

"Notional Principal Balance" means, as of any Measurement Date with respect to the Class X Notes, the Aggregate Principal Amount, as adjusted for Defaulted Obligations and Deferred Interest PIK Bonds, and subject to the Priority of Payments, measured as of the beginning of the Due Period preceding the next Quarterly Payment Date.

"Obligor" means, with respect to any Collateral Asset, the entity or company that issued the asset. A unique Obligor represents all assets backed by a unique pool of underlying collateral. For the avoidance of doubt, two Collateral Assets issued by the same trust or special purpose vehicle but paid interest and principal cashflows in expected circumstances from different pools, subgroups, or combinations of underlying loans will be treated as separate Obligors, even if there are unusual circumstances in which cashflows from one subgroup of underlying loans may be used to pay liabilities collateralized by another subgroup of underlying loans.

"Offer" means, with respect to any security, (i) any offer by the issuer of such security or by any other person made to all of the holders of such security to purchase or otherwise acquire such security (other than pursuant to any redemption in accordance with the terms of its Underlying Instruments) or to convert or exchange such security into or for cash, securities or any other type of consideration or (ii) any solicitation by the issuer of such security or any other person to amend, modify or waive any provision of such security or any of its Underlying Instruments.

"Optional Redemption Price" means (i) with respect to the Class A-1LT-a Notes, an amount equal to the outstanding principal amount of the Class A-1LT-a Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-a Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (ii) with respect to the Class A-1LT-b Notes, an amount equal to the outstanding principal amount of the Class A-1LT-b Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-b Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (iii) with respect to the Class A-1LT-c Notes, an amount equal to the outstanding principal amount of the Class A-1LT-c-1 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-1 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) and an amount equal to the outstanding principal amount of the Class A-1LT-c-2 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest), to but excluding the Redemption Date, (iv) with respect to the Class A-2 Notes, an amount equal to the outstanding principal amount of the Class A-2 Notes *plus* accrued and unpaid interest thereon at the Class A-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (v) with respect to the Class B Notes, the outstanding principal amount of the Class B Notes *plus* accrued and unpaid interest thereon at the Class B Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (vi) with respect to the Class C Notes, the outstanding principal amount of the Class C Notes *plus* accrued and unpaid interest thereon at the Class C Note Interest Rate (including Class C Deferred Interest) to but excluding the Redemption Date, (vii) with respect to the Class D Notes, the outstanding principal amount of the Class D Notes *plus* accrued and unpaid interest thereon at the Class D Note Interest Rate (including Class D Deferred Interest) to but excluding the Redemption Date, (viii)

with respect to the CP Notes (other than the LIBOR CP Notes) to be Defeased, the amount payable to the CP Issuing and Paying Agent for payment to the Holders thereof on the applicable date on which such CP Notes mature in accordance with their terms, *plus* with respect to any LIBOR CP Notes to be redeemed and Defeased, the outstanding principal amount of the LIBOR CP Notes and accrued and unpaid interest thereon at the LIBOR CP Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date and (ix) with respect to each of the Class E Notes and the Class X Notes, zero.

"Original Actual Balance" means the outstanding principal balance of any Collateral Asset at the time of purchase by the Issuer (without application of any haircut or reduction in balance) less any capitalized or deferred interest included in such balance.

"Original Haircut" equals 100% *minus* the highest percentage of the Original Actual Balance that was rated or shadow rated by either Rating Agency.

"Original Issuance Amount" means, with respect to any Collateral Asset, the principal amount of such Collateral Asset together with the principal amount of all other classes or tranches of obligations issued or incurred by the issuer as part of the initial issuance of such Collateral Asset (or authorized for issuance if such Collateral Asset is issued under a shelf registration statement or medium-term note program).

"Permitted Offer" means an offer (i) pursuant to the terms of which the offeror offers to acquire a debt obligation (including a Collateral Asset) in exchange for consideration consisting solely of cash in an amount equal to or greater than the full face amount of such debt obligation *plus* any accrued and unpaid interest and (ii) as to which the Investment Advisor has determined in its judgment that the offeror has sufficient access to financing to consummate the offer.

"PIK Bond" means a CDO Security satisfying the Eligibility Criteria on which the deferral of interest does not constitute an event of default pursuant to the terms of the related Underlying Instruments (while any other senior debt obligation is outstanding if so provided by the related indenture or other Underlying Instruments).

"Principal Balance" means, with respect to any Collateral Asset or Eligible Investment, as of any date of determination, the outstanding principal amount of such Collateral Asset or Eligible Investment; subject to the following exceptions: (i) the Principal Balance of any Synthetic Security in the form of a derivative contract (or, if the Issuer paid such notional amount to the Synthetic Security Counterparty when it entered into the Synthetic Security, the aggregate amount of the repayment obligations of the Synthetic Security Counterparty payable to the Issuer through the maturity of such Synthetic Security) will be the notional amount of such Synthetic Security and any Synthetic Security in the form of a note will be equal to the principal amount of the Synthetic Security; (ii) the Principal Balance of a Collateral Asset received upon acceptance of an Offer to exchange a Collateral Asset for such Collateral Asset shall be deemed to be the percentage of the outstanding principal amount equal to the lesser of (a) the amount equal to the Applicable Recovery Rate times the outstanding principal amount and (b) if provided, the Market Value of such Collateral Asset, determined according to commercially reasonable standards, until such time, in each case, as Proceeds are first received when due with respect to such Collateral Asset; (iii) the Principal Balance of each Defaulted Obligation and Deferred Interest PIK Bond shall be deemed to be zero except (A) for purposes of (1) the Calculation Amount, the Principal Balance of a Defaulted Obligation or a Deferred Interest PIK Bond shall be its outstanding principal amount without giving effect to any deferred or capitalized interest, (2) any Collateral Profile Tests, the Principal Balance of Defaulted Obligations and Deferred Interest PIK Bonds shall equal the outstanding amount of each such Collateral Asset and (3) any Collateral Quality Tests, the Principal Balance of Defaulted Obligations and Deferred Interest PIK Bonds shall be determined by reference to each such Collateral Quality Test, (B) for purposes of calculating any trustee fees and the Investment Advisor Fee, the Principal Balance of each Defaulted Obligation and each Deferred Interest PIK Bond shall equal the Applicable Recovery Rate for each such Defaulted Obligation or Deferred Interest PIK Bond and (C) as otherwise expressly indicated; (iv) the Principal Balance of any cash shall be the amount of such cash; (v) the Principal Balance of any

Collateral Assets and any Eligible Investments in which the Collateral Agent does not have a perfected security interest shall be deemed to be zero; (vi) the Principal Balance of any Collateral Asset that is an equity security or an Interest Only Security shall be deemed to be zero; (vii) the Principal Balance of a PIK Bond that is currently deferring interest or has deferred and capitalized interest that is currently unpaid shall be calculated without regard to any such deferred and capitalized interest; (viii) the Principal Balance of any Synthetic Security Collateral shall be deemed to be zero as long as the related Synthetic Security is outstanding; (ix) the Principal Balance of a Non-U.S. Dollar Denominated Asset shall equal the product of the outstanding principal balance of such Collateral Asset and the applicable exchange rate set forth in the applicable Currency Swap Agreement; (x) the Principal Balance of any Haircut Asset will equal the greater of (a) zero and (b)(i) the Current Actual Balance of such Haircut Asset *minus* (ii) the product of the Original Actual Balance of such Haircut Asset and the Original Haircut; and (xi) the Principal Balance of a Collateral Asset purchased at a price lower than 80% shall be treated at the Market Value of such Collateral Asset.

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of: (i) the net proceeds from the sale of Notes (including any net proceeds from any subsequent issuance of Notes); (ii) all payments of principal on the Collateral Assets and Eligible Investments received in cash by the Issuer during such Due Period, including principal payments received on any Synthetic Security Collateral if the related Synthetic Security has terminated and the Issuer has no further payment obligations thereunder, prepayments or mandatory sinking fund payments, or payments in respect of optional redemptions, exchange offers, tender offers, (other than payments of principal of Eligible Investments acquired with Proceeds other than Principal Proceeds), Unscheduled Principal Payments and recoveries on Defaulted Obligations; (iii) all payments of interest on the Collateral Assets and Eligible Investments received in cash by the Issuer during such Due Period to the extent such payments constitute proceeds from accrued interest purchased with Principal Proceeds (subject to the proviso below); (iv) Sale Proceeds received by the Issuer during such Due Period (excluding accrued interest on sold or disposed of Collateral Assets or Eligible Investments other than accrued interest that was purchased with Principal Proceeds (subject to the proviso below)) including any proceeds from the sale of any interest rate caps; (v) all interest, amendment, waiver, late payment fees, restructuring and other fees and commissions collected in cash during the related Due Period in respect of Defaulted Obligations; (vi) any proceeds resulting from the termination, replacement, partial reduction or liquidation of any Hedge Agreement, to the extent such proceeds exceed the cost of entering into a replacement Hedge Agreement; (vii) all payments received in cash by the Issuer during such Due Period that represent call, prepayment or redemption premiums (including prepayment premiums on Interest Only Securities unless such Interest Only Security at the time of purchase by the Issuer was collateralized by more than 50 loans); (viii) after the payment by the CP Issuing and Paying Agent of all amounts due on CP Notes maturing since the immediately preceding Payment Date, any amounts remaining on deposit in the CP Principal Reserve Account on the related Payment Date, (ix) all CP Interest Reserve Principal Release Amounts, (x) after the Reinvestment Period, with respect to any Collateral Asset, any prepayment premiums (including prepayment premiums on Interest Only Securities unless such Interest Only Security at the time of purchase by the Issuer was collateralized by more than 50 loans), received but not in excess of the purchase premium paid thereon; and (xi) after the Closing Date, the amount equal to the excess, if any, of (a) the par amount of Collateral Assets sold, principal payments and any recoveries on Defaulted Obligations in such Due Period *minus* the discount to par realized from the sale of Credit Risk Obligations and Defaulted Obligations and the discount to par realized on any recoveries on Defaulted Obligations in such Due Period over (b) the Principal Balance of Collateral Assets purchased in such Due Period and Eligible Investments acquired with Principal Proceeds in such Due Period which remain outstanding on the related Determination Date for such Due Period (*provided, however*, that the excess of (A) the sum of (i) the excess of the aggregate for all prior Payment Dates of the amounts described in sub-clause (b) of this clause (xi) over U.S. $2,000,000,000 and (ii) the excess of the Aggregate Principal Amount on the Closing Date over U.S. $2,000,000,000 over (B) the aggregate for all prior Payment Dates of the amounts described in sub-clause (a) of this clause (xi) will be applied to reduce the excess of amounts described in sub-clause (a) over amounts described in sub-clause (b) of this clause (xi) to, but not less than zero); *provided, however*, that, subject to the succeeding sentence, with respect to a

Collateral Asset purchased on the Closing Date, the Investment Advisor may elect, in its sole discretion, to exclude from Principal Proceeds all or any portion of interest received with respect to such Collateral Asset (whether as an interest payment actually received by the Issuer or as a portion of Sale Proceeds representing accrued but unpaid interest that would otherwise be included in Principal Proceeds). For avoidance of doubt, with respect to a Collateral Asset, Principal Proceeds (i) will include (a) the interest payment actually received on the first payment date of such Collateral Asset occurring after the date of acquisition by the Issuer, but only to the extent such interest payment represents accrued interest outstanding on such Collateral Asset at the time it was acquired, and (b) if such Collateral Asset is sold prior to the first payment date of such Collateral Asset occurring after the date of acquisition by the Issuer, that portion of the Sale Proceeds representing compensation to the Issuer for accrued but unpaid interest on such sold Collateral Asset, but only to the extent that such amount represents accrued interest outstanding on such Collateral Asset at the time it was acquired by the Issuer; and (ii) will not include (a) any interest payment actually received with respect to such Collateral Asset on any payment date of such Collateral Asset other than the first payment date of such Collateral Asset occurring after the date of acquisition by the Issuer, and (b) if such Collateral Asset is sold after the first payment date of such Collateral Asset occurring after the date of acquisition by the Issuer, any portion of the Sale Proceeds representing compensation to the Issuer for accrued but unpaid interest.

"Proceeds" means, with respect to any Due Period, without duplication, all amounts received by the Trustee with respect to the Collateral Assets (excluding amounts received on any related Synthetic Security in Collateral for so long as the related Synthetic Security remains outstanding unless otherwise provided in the related Synthetic Security and excluding any payments of interest on Collateral Assets subject to the Cash Flow Swap Agreement), all amounts received as amendment, waiver, late payment fees and commissions collected during the Due Period on Collateral Assets, all amounts received with respect to Eligible Investments in the Accounts, any amounts to be released or withdrawn on the related Payment Date from the Expense Reserve Account and all amounts received under any Hedge Agreements relating to the Due Period, including Principal Proceeds.

"Proposed Portfolio" means the portfolio (measured by Principal Balance) of Collateral Assets and Principal Proceeds held as cash and Eligible Investments purchased with Principal Proceeds, on any Measurement Date, resulting from the sale, maturity or other disposition of a Collateral Asset or a proposed acquisition of a Collateral Asset, as the case may be.

"Qualifying Foreign Obligor" means a corporation, partnership or other entity located in Australia, Canada, France, Germany, Ireland, Japan, New Zealand, Sweden, Switzerland or the United Kingdom, so long as the unguaranteed, unsecured and otherwise unsupported long term U.S. Dollar-denominated sovereign debt obligations of such country have Actual Ratings assigned to it equal to or better than "Aa2" by Moody's (and if so rated, such rating is not on credit watch for possible downgrade) and "AA-" by S&P.

"Quarterly Payment Date" means the seventh day of every March, June, September and December, or if any such date is not a Business Day, the immediately following Business Day, commencing on September 7, 2006.

"Rating Agency Condition" means, with respect to any action taken or to be taken under the Transaction Documents, a condition that is satisfied when one or both Rating Agencies, as applicable, has confirmed in writing to the Issuer and the Investment Advisor that such action will not result in the immediate withdrawal, reduction or other adverse action with respect to any then current long term rating (including any private or confidential rating) of the Notes by such Rating Agency. As specified in the Transaction Documents, the Rating Agency Condition may apply only with respect to a particular Rating Agency, and Holders of a Class of Notes may waive satisfaction of the Rating Agency Condition with respect to their Class of Notes and if the Rating Agency Condition is so waived by the Notes, the Rating Agencies will be given notice.

"Reference Obligation" means (a) with respect to a Single Name Synthetic Security, a Residential Mortgage Backed Security, Commercial Mortgage Backed Security, CDO Security, Insured Security, REIT Debt Security or Asset Backed Security upon which a Synthetic Security is based and that satisfies the criteria set forth in the definition of Synthetic Security and (b) with respect to a Tranched Synthetic Security, a portfolio of "Reference Obligations" as specified in the confirmation relating to such Tranched Synthetic Security.

"Reference Obligor" means the obligor on a Reference Obligation.

"Registered" means, with respect to any debt obligation or debt security, a debt obligation or debt security 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.

"Reinvestment Period" means the period from the Closing Date and ending on the first to occur of (i) the end of the Due Period related to the Payment Date in July 2011 (ii) the occurrence of an Event of Default resulting in acceleration of the Securities and the LIBOR CP Notes, (iii) the Payment Date immediately following the date on which the Investment Advisor notifies the Trustee in writing that the Reinvestment Period should terminate because investments in additional Collateral Assets within the foreseeable future would either be impractical or not beneficial and (iv) the Class A/B Overcollateralization Ratio is less than 102.0% as of any Measurement Date.

"REIT Debt Security" means a security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision).

"REIT Industrial Security" means a REIT Debt Security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision) that invest primarily in industrial commercial properties.

"REIT Multi-family Security" means a REIT Debt Security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision) that invest primarily in multi-family residential properties.

"REIT Office Security" means a REIT Debt Security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision) that invest primarily in office commercial properties.

"REIT Other Security" means a REIT Debt Security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision) that invest primarily in securities other than REIT Industrial Securities, REIT Multi-family Securities, REIT Office Securities and REIT Retail Securities.

"REIT Retail Security" means a REIT Debt Security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision) that invest primarily in retail commercial properties.

"Residential Mortgage-Backed Securities" or "RMBS Securities" means securities that represent interests in pools of residential mortgage loans secured by 1- to 4-family residential real estate in the judgment of the Investment Advisor and shall include, without limitation, RMBS Prime Mortgage Securities, RMBS Alt-A Mortgage Securities, RMBS Residential B/C Mortgage Securities, RMBS Home Equity Loan Securities and RMBS Agency Securities or any other securities within an Approved Subcategory of RMBS Securities.

"Restricted ABS Asset Type" means Car Rental, Healthcare, Manufactured Housing, Mutual Fund Fee, NIM, Oil & Gas, Recreational Vehicle, Restaurant & Food Services, Structured Settlement and Tax Lien, as such terms are defined in the Glossary.

"RMBS Agency Security" means 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 Alt-A Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Prime Mortgage Securities and 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 Mortgage-Backed Securities) on the cash flow from residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used) and that were originated in connection with "Alt-A" underwriting criteria.

"RMBS Home Equity Loan Securities" means 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 Residential Mortgage-Backed Securities) on the cash flow from balances (including revolving balances) outstanding under lines of credit secured by a first and/or subordinate lien on 1- to 4-family residential real estate, 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).

"RMBS Manufactured Housing Security" means 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 Residential Mortgage-Backed 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 Prime Mortgage Securities" means 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 Mortgage-Backed Securities) on the cash flow from prime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used).

"RMBS Residential B/C Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Prime Mortgage Securities, RMBS Alt-A Mortgage Securities and RMBS Home Equity 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 Residential Mortgage-Backed 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 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used).

"S&P Recovery Rate" means, with respect to a Collateral Asset on any Measurement Date, an amount equal to the percentage for such Collateral Asset set forth in the S&P Recovery Rate Matrix attached as Part II of Schedule A to the Security Agreement, as partially reproduced in Appendix D

hereto, in (x) the applicable table set forth therein and (y) the row in such table opposite the S&P Rating (determined in accordance with procedures prescribed by S&P for such Collateral Asset on the date of its purchase by the Issuer or, in the case of a Defaulted Obligation, the S&P Rating immediately prior to default).

"Sale Proceeds" means all amounts representing Proceeds (including accrued interest) from the sale or other disposition of any Collateral Asset or Eligible Investment received during such Due Period (other than proceeds from the sale or other disposition of any Defaulted Obligation), net of any reasonable amounts expended by the Investment Advisor or the Trustee in connection with such sale or other disposition.

"Servicer" means, with respect to any CMBS Security, RMBS Security or ABS Security, the entity that, absent any default, event of default or similar condition (however described), is primarily responsible for monitoring and otherwise administering the cashflows from which payments to investors in such Collateral Assets are made. To the degree that multiple entities are a party to this responsibility for a given Collateral Asset, the Servicer will be deemed to be the entity most directly involved in maximizing the cashflow of the assets through the management and resolution of delinquent and defaulted assets.

"Share Trustee" means Maples Finance Limited, a licensed trust company incorporated in the Cayman Islands that holds the Issuer Ordinary Shares and all of the outstanding common equity of the Co-Issuer pursuant to the terms of a charitable trust.

"Single B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Single B Rated Asset and (ii) 60%.

"Single B Rated Asset" means any Collateral Asset (other than a Triple C Rated Asset) with an Actual Rating from S&P less than "BB-" or with an Actual Rating from Moody's less than "Ba3".

"Single Name Synthetic Security" means any that is a single-name credit default swap or swap transaction or other investment that references a single Reference Obligation purchased from or entered into by the Issuer with a Synthetic Security Counterparty which investment, unless otherwise specified or meeting the Rating Agency Condition with respect to S&P or constituting a Form-Approved Synthetic Security, contains equivalent probability of default, recovery upon default (or a specific percentage thereof) and expected loss characteristics as those of the related Reference Obligation (without taking account of such considerations as they relate to the Synthetic Security Counterparty), but which will contain a maturity, interest rate and other non-credit characteristics which may be different than the Reference Obligation to which the credit risk of the Synthetic Security relates; *provided* that the Issuer shall at no time during any taxable year of the Issuer hold a Synthetic Security which (1) is not either (a) treated as debt for U.S. federal income tax purposes or (b) a security (as defined in Section 2(a)(36) of the Investment Company Act) other than any security which represents an interest in an entity treated as a grantor trust or a partnership for U.S. federal income tax purposes, unless less than 10% of the gross income of the Issuer for such taxable year will be derived from Synthetic Securities not described in (a) or (b) or (2) is treated as insurance or as a financial guarantee for tax or regulatory purposes, where the Issuer is the seller of insurance or a financial guarantor, as the case may be, unless (in the case of (1) or (2)) the Issuer has obtained an opinion or advice of counsel to the effect that the acquisition, disposition or ownership by the Issuer of such Synthetic Security will not cause the Issuer to be treated as engaged in a United States trade or business or subject to United States income tax on a net basis; *provided* that, (a) such Single Name Synthetic Security shall provide that no Reference Obligation (or other Deliverable Obligation) may be delivered to the Issuer in settlement of the Synthetic Security if delivery thereof to the Issuer or transfer thereof by the Issuer to a third party would require or cause the Issuer to assume, or subject the Issuer to, any obligation or liability (other than immaterial, nonpayment obligations), (b) each Single Name Synthetic Security contains appropriate limited recourse and non-petition provisions (to the extent that the Issuer has contractual payment or other obligations to the Synthetic Security Counterparty) equivalent (mutatis mutandis) to those contained in the Security Agreement and (c) in the case of each Single Name Synthetic Security structured as a credit default swap, the Issuer is the seller of protection

and not the buyer of protection; *provided, further*, that either Moody's or S&P may revoke its consent to the documentation underlying a Form-Approved Synthetic Security upon 30 days' prior notice; *provided, further, however*, that, if the Synthetic Security is not a Form-Approved Synthetic Security, the Rating Agency Condition with respect to S&P shall have been satisfied.

"Spread" of a Collateral Asset that is a Floating Rate Asset or a Deemed Floating Collateral Asset, as of any Measurement Date, will equal any of (i) if such security is a LIBOR based (but not limited to one-month LIBOR) Floating Rate Asset, the stated margin at which interest accrues on such Floating Rate Asset, (ii) if such security is a Floating Rate Asset that bears interest based on a non-LIBOR based floating rate index, the stated spread shall be deemed to be the greater of (a) zero and (b) the then-current base rate applicable to such Floating Rate Asset *plus* the rate at which such Floating Rate Asset pays interest in excess of such base rate *minus* LIBOR for the applicable period, (iii) if such security is a Deemed Floating Collateral Asset, the Weighted Average Deemed Floating Rate *minus* the Weighted Average Fixed Payment Rate, or (iv) if such security is a Synthetic Security, the premium payable on the default swap contract *plus* or *minus* the spread on the collateralized asset in the Synthetic Security Collateral Account.

"Statistical Loss Amount" means, as of any Measurement Date, the sum of, for each Collateral Asset, the product of (i) the Principal Balance of such Collateral Asset and (ii) the Moody's Expected Loss Rate for such Collateral Asset. For purposes of the calculation of the Statistical Loss Amount on any Measurement Date with respect to Defaulted Obligations, Single B Rated Assets, Double B Rated Assets, Triple C Rated Assets and any Collateral Asset expected to be paid in full after the September 2041 Payment Date, the principal amount thereof expected to be paid after the Payment Date related to such Measurement Date shall be excluded.

"Structured Corporate Security" means 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" means any security that is an asset-backed security, mortgage-backed security, enhanced equipment trust certificate, collateralized bond obligation, collateralized loan obligation or similar instrument.

"Subcategory" means, with respect to a Collateral Asset, the classification of a Collateral Asset within a Category as a specific type of Commercial Mortgage-Backed Security, Residential Mortgage-Backed Security and CDO Security and including any Approved Subcategories.

"SupraMajority" means (a) with respect to any Class of Securities, the Holders of more than 66-2/3% of the aggregate outstanding principal amount of such Class of Securities and (b) with respect to the CP Notes, the CP Put Counterparty (for so long as the CP Put Agreement is in effect and no CP Put Counterparty Default has occurred and is continuing) voting in the amount of the then outstanding aggregate face amount of the CP Notes.

"Swap Balance" has the meaning set forth in the Cashflow Swap Agreement.

"Synthetic CDO Security" means any CDO Security that entitles 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 CDO Securities) on the market value of and cash flow from underlying assets of which greater than 25% of its aggregate principal balance (or notional balance) consists of one or more credit defaults swaps that reference a portfolio of Reference Obligations based upon the notional amount (or "Floating Rate Payer Calculation Amount" as such term is defined in the underlying credit default swap); *provided*, that the characteristics of such portfolio of Reference Obligations including, without limitation, its portfolio characteristics, investment and reinvestment criteria and credit profile (e.g., probability of default recovery upon default and expected loss characteristics) shall be those normally associated with CDO Securities with current market practice; and (ii) invests the proceeds of such CDO Security in Eligible Investments to secure the issuer's obligations under the credit

default swaps, other than any Synthetic CDO Security that contains an underlying derivative transaction (or an instrument the underlying assets of which comprise one or more underlying derivative transactions) for which (i) the seller of credit protection (the "Protection Seller") under a credit derivative transaction (or any other derivative transaction that contains characteristics of a credit derivative transaction) undertakes to make payments to the buyer of credit protection in respect of interest shortfalls on one or more Reference Obligations under such derivative transaction (an "Interest Shortfall Undertaking") and (ii) in respect of such Interest Shortfall Undertaking, either (x) no interest shortfall cap is applicable or (y) a "variable cap" rather than a "fixed cap" is applicable, i.e., an interest shortfall cap pursuant to which the amount of interest shortfall payable in respect of an interest period by the Protection Seller shall not be limited to the premium payable to such Protection Seller for such interest period.

"Synthetic Security" means a Single Name Synthetic Security or a Tranched Synthetic Security, as applicable.

"Synthetic Security Collateral" means cash, securities or other collateral purchased or posted by the Issuer for the benefit of the Synthetic Security Counterparties and, to the extent described in this Security Agreement, the other Secured Parties in connection with the purchase of a Synthetic Security, including without limitation an up-front payment of cash or delivery of securities by the Issuer; *provided* that to qualify as an item of Synthetic Security Collateral any such security must (i) be rated "P-1" or "Aaa" by Moody's, and, if such asset has a long-term rating from Moody's, it must be "Aaa", and "A-1+" or "AAA" by S&P, and, if such asset has a long-term rating from S&P, it must be "AAA", (ii) be expected to have an outstanding principal balance of less than U.S. $1,000 after the Stated Maturity of the Class A Notes, assuming a constant prepayment rate since the date of purchase equal to the lesser of (a) 5.0% per annum and (b) the constant prepayment rate reasonably expected by the Investment Advisor as of the date of purchase, (iii) provide for a payment of principal in full at its final maturity and (iv) satisfy the definition of an "Eligible Investment" or be a residential mortgage backed security, a commercial mortgage backed security, an asset backed security or a collateralized debt obligation.

"Synthetic Security Counterparty" means an entity required to make payments on a Synthetic Security pursuant to the terms of such Synthetic Security or any guarantee thereof to the extent that a Reference Obligor makes payments on a related Reference Obligation, (i) which entity, or the long term senior unsecured debt of such entity, shall meet the Synthetic Security Counterparty Required Ratings; *provided, however*, that for purposes of determining the rating of a Synthetic Security Counterparty, a Synthetic Security Counterparty that is placed on "credit watch" with negative implications by Moody's shall be deemed to have a rating one notch below its then-current rating and if such Synthetic Security Counterparty is placed on "credit watch" with positive implications such Synthetic Security Counterparty shall be deemed to have a rating one notch above its then-current rating and (ii) with respect to which the Rating Agency Condition has been satisfied; *provided* that, in the case of a Synthetic Security for which the related Synthetic Security Collateral is held in a Synthetic Security Collateral Account, no Actual Rating by S&P is required for the related Synthetic Security Counterparty.

"Tax Event" means (i) the adoption of, or a change in, any tax statute (including the Code), treaty, regulation (whether temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in withholding tax payments representing in excess of 3% of the aggregate interest due and payable on the Collateral Assets during the Due Period in which such event occurs as a result of the imposition of U.S. or other withholding tax with respect to which the obligors are not required to make gross-up payments that cover the full amount of such withholding taxes on an after-tax basis or (ii) the adoption of, or change in, any tax statute (including the Code), treaty, regulation (whether temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in taxation of the Issuer's net income in an amount equal to 3% or more of the net income of the Issuer during any Due Period in which such event occurs.

"Tax Redemption Price" means (i) with respect to the Class A-1LT-a Notes, an amount equal to the outstanding principal amount of the Class A-1LT-a Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-a Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (ii) with respect to the Class A-1LT-b Notes, an amount equal to the

outstanding principal amount of the Class A-1LT-b Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-b Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (iii) with respect to the Class A-1LT-c Notes, an amount equal to the outstanding principal amount of the Class A-1LT-c-1 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-1 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) and an amount equal to the outstanding principal amount of the Class A-1LT-c-2 Notes *plus* accrued and unpaid interest thereon at the Class A-1LT-c-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest), to but excluding the Redemption Date, (iv) with respect to the Class A-2 Notes, an amount equal to the outstanding principal amount of the Class A-2 Notes *plus* accrued and unpaid interest thereon at the Class A-2 Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (v) with respect to the Class B Notes, an amount equal to the outstanding principal amount of the Class B Notes *plus* accrued and unpaid interest thereon at the Class B Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date, (vi) with respect to the Class C Notes, the outstanding principal amount of the Class C Notes *plus* accrued and unpaid interest thereon at the Class C Note Interest Rate (including Deferred Interest and Defaulted Interest and interest thereon) but excluding the Redemption Date, (vii) with respect to the Class D Notes, the outstanding principal amount of the Class D Notes *plus* accrued and unpaid interest thereon at the Class D Note Interest Rate (including Deferred Interest and Defaulted Interest and interest thereon) but excluding the Redemption Date, (viii) with respect to the CP Notes (other than the LIBOR CP Notes) to be Defeased, the amount payable to the CP Issuing and Paying Agent for payment to the Holders thereof on the applicable maturity date on which such CP Notes mature in accordance with their terms, *plus* with respect to any LIBOR CP Notes to be redeemed and Defeased, the outstanding principal amount of the LIBOR CP Notes and accrued and unpaid interest thereon at the LIBOR CP Note Interest Rate (including Defaulted Interest and interest on Defaulted Interest) to but excluding the Redemption Date and (ix) with respect to each of the Class E Notes and the Class X Notes, zero.

"Terms and Conditions of the Notes" or "Conditions" means the Terms and Conditions of the Notes attached as Schedule 4 to the Trust Deed.

"Total Redemption Amount" means the sum of all amounts due pursuant to clauses (1), (2), (3), (4), (5) and (6) of the Priority of Payments for Final Payment Dates (which will include, in the case of an Optional Redemption, the Optional Redemption Prices for all of the Securities, and in the case of a Tax Redemption, the Tax Redemption Prices for all of the Securities).

"Trading Termination Event" means, as of any date of determination, (i) the Aggregate Outstanding Amount of the CP Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes *minus* the Net Outstanding Portfolio Collateral Balance is ever greater than $20,000,000 or (ii) the Moody's Maximum Rating Distribution is ever greater than 125.

"Tranched Synthetic Security" means any swap transaction or other investment that references a pool of Reference Obligations purchased from or entered into by the Issuer with a Synthetic Security Counterparty which investment contains probability of default, recovery upon default (or a specific percentage thereof) and expected loss characteristics defined by an attachment point and an exhaustion point (without taking account of such considerations as they relate to the Synthetic Security Counterparty) (e.g., bespoke synthetic CDO tranches); *provided* that, (a) each Tranched Synthetic Security contains appropriate limited recourse and non-petition provisions (to the extent that the Issuer has contractual payment or other obligations to the Synthetic Security Counterparty) equivalent *(mutatis mutandis)* to those contained in the Security Agreement and (b) in the case of each Tranched Synthetic Security structured as a credit default swap, the Issuer is the seller of protection and not the buyer of protection; *provided, further*, that either Moody's or S&P may revoke its consent to the documentation underlying a Form-Approved Synthetic Security upon 30 days' prior notice; *provided, further, however*, that, if the Synthetic Security is not a Form-Approved Synthetic Security, the Rating Agency Condition with respect to S&P shall have been satisfied.

"Transaction Documents" means the Trust Deed, the Note Agency Agreement, the Security Agreement, the Investment Advisory Agreement, the Hedge Agreements, the Administration Agreement, the Memorandum and Articles of Association of the Issuer, the CP Issuing and Paying Agency Agreement, the CP Note Placement Agreement, the CP Put Agreement and the Account Control Agreement.

"Treasury" means the United States Department of the Treasury.

"Triple C Calculation Amount" means the sum of the products of (i) the Principal Balance of each Triple C Rated Asset and (ii) 50%.

"Triple C Rated Asset" means any Collateral Asset (other than a Defaulted Obligation) with an Actual Rating from S&P of less than "B-" or with an Actual Rating from Moody's of less than "B3".

"Underlying Instruments" means the indenture or other agreement pursuant to which a Collateral Asset or Eligible Investment has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Collateral Asset or Eligible Investment or of which holders of such Collateral Asset or Eligible Investment are the beneficiaries.

"Unscheduled Principal Payments" means any proceeds received by the Issuer from a prepayment or redemption (in whole but not in part) by the obligor of a Collateral Asset prior to the stated maturity date of such Collateral Asset.

"Weighted Average Coupon" means, as of any Measurement Date will equal a fraction (expressed as a percentage) obtained by dividing (I) by (II) where (I) equals the sum of (a) a number obtained by (i) summing the products obtained by multiplying (x) the Current Interest Rate (adjusted for any withholding tax withheld on the Collateral Asset during the related period) on each Collateral Asset that is a Fixed Rate Asset or Deemed Fixed Collateral Asset (excluding all Defaulted Obligations, Deferred Interest PIK Bonds and Interest Only Securities) by (y) the Principal Balance of each such Collateral Asset *plus* (b) the number obtained by summing the payment in such period applicable to any interest rate cap and the annualized Applicable Amount for Interest Only Securities *plus* (c) the Necessary Fixed Crossover Amount *minus* (d) the Necessary Spread Crossover Amount and (II) equals the aggregate Principal Balance of all Collateral Assets that are Fixed Rate Assets or Deemed Fixed Collateral Assets (excluding all Defaulted Obligations, Deferred Interest PIK Bonds, Interest Only Securities and Excess Assets) held by the Issuer as of such Measurement Date (*provided, however,* that for purposes of determining the "Weighted Average Coupon" with respect to Non-U.S. Dollar Denominated Assets, interest payments expected to be received on such Collateral Assets shall be calculated in then-current U.S. Dollars after giving effect to any currency exchange by the Issuer and payments in then-current U.S. Dollars made to the Issuer and by the Issuer under the Currency Swap Agreements).

"Weighted Average Deemed Fixed Rate" will equal a number obtained by (i) summing the products obtained by multiplying (a) the Deemed Fixed Rate on the associated swap applicable to each Deemed Fixed Collateral Asset (excluding all Defaulted Obligations and Deferred Interest PIK Bonds) by (b) the Principal Balance of each such Collateral Asset and (ii) dividing such sum by the Aggregate Principal Amount of all Collateral Assets that are Deemed Fixed Collateral Assets (excluding all Defaulted Obligations and Deferred Interest PIK Bonds).

"Weighted Average Deemed Fixed Spread" will equal a number obtained by (i) summing the product obtained by multiplying (a) the spread on each underlying Floating Rate Security, with respect to each Collateral Asset that is a Deemed Fixed Collateral Asset (excluding all Defaulted Obligations and Deferred Interest PIK Bonds) by (b) the Principal Balance of each such Collateral Asset and (ii) dividing such sum by the Aggregate Principal Amount of all Collateral Assets that are Deemed Fixed Collateral Assets (excluding all Defaulted Obligations and Deferred Interest PIK Bonds).

"Weighted Average Deemed Floating Rate" will equal a number obtained by (i) summing the products obtained by multiplying (a) the current interest rate on each Collateral Asset that is a Deemed Floating Collateral Asset (excluding all Defaulted Obligations and Deferred Interest PIK Bonds) by (b) the Principal Balance of each such Collateral Asset and (ii) dividing such sum by the Aggregate Principal Amount of all Collateral Assets that are Deemed Floating Collateral Assets (excluding all Defaulted Obligations and Deferred Interest PIK Bonds).

"Weighted Average Fixed Payment Rate" will equal a number obtained by (i) summing the products obtained by multiplying (a) the Fixed Payment Rate on the associated swap applicable to each Deemed Floating Collateral Asset (excluding all Defaulted Obligations and Deferred Interest PIK Bonds) by (b) the Principal Balance of each such Collateral Asset and (ii) dividing such sum by the Aggregate Principal Amount of all Collateral Assets that are Deemed Floating Collateral Assets (excluding all Defaulted Obligations and Deferred Interest PIK Bonds).

"Weighted Average Life" means as of any Measurement Date for any Collateral Asset the number obtained by (i) for such Collateral Asset (other than Defaulted Obligations and Deferred Interest PIK Bonds), multiplying each expected principal payment by the number of years (rounded to the nearest hundredth) from the Measurement Date until such expected principal payment (including any payment of deferred or capitalized interest) is due; (ii) summing the product calculated pursuant to clause (i) for such Collateral Asset; and (iii) dividing the sum calculated pursuant to clause (ii) by the sum of all principal payments (including capitalized interest) scheduled to be received on such Collateral Asset on and after such Measurement Date; *provided, however*, the Investment Advisor shall use prepayment assumptions and calculate the Weighted Average Life of a Collateral Asset based upon assumptions deemed reasonable in its judgment based on market conditions at the time of such calculation.

"Weighted Average Spread" means as of any Measurement Date will equal a fraction (expressed as a percentage) obtained by dividing (I) by (II) where (I) equals the sum of (a) a number obtained by summing the products obtained by multiplying (x) the Spread (adjusted for any withholding tax withheld on the Collateral Asset during the related period) on each Collateral Asset that is a Floating Rate Asset or a Deemed Floating Collateral Asset (other than a Defaulted Obligation or a Deferred Interest PIK Bond) as of such date by (y) the Principal Balance of each such Collateral Asset *plus* (b) the Necessary Spread Crossover Amount *minus* (c) the Necessary Fixed Crossover Amount and (II) equals the aggregate Principal Balance of all Collateral Assets that are Floating Rate Assets and Deemed Floating Collateral Assets (excluding all Defaulted Obligations and Deferred Interest PIK Bonds or Excess Assets) held by the Issuer as of such Measurement Date (*provided, however*, that for purposes of determining the "Weighted Average Spread" with respect to Non-U.S. Dollar Denominated Assets, interest payments expected to be received on such Collateral Assets shall be calculated in then-current U.S. Dollars after giving effect to any currency exchange by the Issuer and payments in then-current U.S. Dollars made to the Issuer and by the Issuer under the Currency Swap Agreements).

APPENDIX B

Calculation of Moody's Maximum Rating Distribution and Moody's Rating

The "Moody's Maximum Rating Distribution" on any Measurement Date is the number obtained by dividing (i) the summation of the series of products obtained for any Collateral Asset that is not a Defaulted Obligation by multiplying (a) the Principal Balance on such Measurement Date of each such Collateral Asset by (b) its respective Moody's Rating Factor on such Measurement Date by (ii) the aggregate Principal Balance on such Measurement Date of all Collateral Assets that are not Defaulted Obligations and rounding the result up to the nearest whole number. For purposes of the Moody's Maximum Rating Distribution, the Principal Balance of a Deferred Interest PIK Bond shall be deemed to be equal to its outstanding principal amount without regard to any deferred and capitalized interest.

The "Moody's Rating Factor" relating to any Collateral Asset is the number set forth in the table below opposite the Moody's Rating of such Collateral Asset.

Moody's Rating	Moody's Rating Factor	Moody's Rating	Moody's Rating Factor
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

The correlation coefficient's methodology may be updated from time to time by Moody's as demonstrated by a published report distributed by Moody's and applied across most collateralized debt obligation transactions.

For purposes of the Moody's Maximum Rating Distribution Test, if a Collateral Asset does not have a Moody's Rating assigned to it at the date of acquisition, the Moody's Rating Factor with respect to such Collateral Asset shall be 10,000 for a period of 90 days from the acquisition of such Collateral Asset. After such 90-day period, if such Collateral Asset is not rated by Moody's and no other security or obligation of the issuer thereof or obligor thereon is rated by Moody's and the Issuer or the Investment Advisor seeks to obtain an estimate of a Moody's Rating Factor, then the Moody's Rating Factor of such Collateral Asset will be deemed to be such estimate thereof as may be assigned by Moody's upon the request of the Issuer or the Investment Advisor.

The following definition of "Moody's Rating" has been provided to the Issuer and capitalized terms used therein with respect to types of securities and Specified Types have the meanings ascribed thereto by Moody's.

The "Moody's Rating" of any Collateral Asset will be determined as follows (subject to revision by Moody's):

(i) if such Collateral Asset is rated by Moody's, the Moody's Rating shall be such rating, or if such Collateral Asset is not rated by Moody's, but the Issuer or the Investment Advisor on behalf of the Issuer has requested that Moody's assign a rating to such Collateral Asset, the Moody's Rating shall be the rating so assigned by Moody's; *provided* that for purposes of this definition, (a) the rating assigned by Moody's to a Collateral Asset placed on watch for possible

downgrade by Moody's will be deemed to have been downgraded by one subcategory, (b) the rating for a CDO Security rated "Aa1" 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, (c) the rating assigned by Moody's to a Collateral Asset placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by one subcategory and (d) in connection with a rating assigned to a Haircut Asset specifically in response to a request by the Investment Advisor on behalf of the Issuer, the rating with respect to such portion of the Collateral Asset will be the assigned rating irrespective of any actual, expressly monitored rating which may be otherwise assigned to such Collateral Asset;

(ii) (a) if such Collateral Asset is not rated by Moody's but is rated by S&P, then the Moody's Rating of such Collateral Asset may be an Implied Rating determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table ("notching"):

ASSET CLASS	**AAA to AA-**	**A+ to BBB-**	**Below BBB-**
Asset Backed			
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-**
Residential Mortgage Related			
Jumbo A	1	2	3
Alt-A or mixed pools	1	3	4
HEL (including Residential B&C)	1	2	3

(b) if such Collateral Asset is not rated by Moody's but is rated by Fitch, then the Moody's Rating of such Collateral Asset may be determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table:

	AAA	AA+ to BBB-	Below BBB-
Residential Mortgage Related			
Jumbo A	1	2	4
Alt-A or mixed pools	1	3	5
HEL (including Residential B&C)	No notching permitted	No notching permitted	No notching permitted

(c) if such Collateral Asset is dual-rated Jumbo A or Alt-A, the Moody's Rating shall be the lower of the two ratings as determined in clauses (i) and (ii) above, *plus* one-half of a subcategory;

(d) if such Collateral Asset is not rated by Moody's but is rated by S&P and Fitch and is a CMBS Security, the Moody's Rating of such Collateral Asset may be determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table:

	Tranche rated by Fitch and S&P; no tranche in deal rated by Moody's	Tranche rated by Fitch and/or S&P; at least one other tranche in deal rated by Moody's
Commercial Mortgage Backed Securities		
Conduit [1]	2 notches from lower of Fitch/S&P	1.5 notches from lower of Fitch/S&P
Credit Tenant Lease	Follow corporate notching practice	Follow corporate notching practice
Large Loan	No notching permitted	

1. For this purpose, 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 (conduit loans, A notes, large loans, CTLs and any other real estate collateral) factored in.

(e) if such Collateral Asset is a CDO Security, no notching is permitted and the Moody's Rating shall be the rating so assigned by Moody's;

provided that any ratings by S&P or Fitch 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 Collateral Asset is transferred to subsequent investors; (c) be an Actual Rating and (d) be monitored through the life of the Collateral Asset; and

provided, further, that (w) the aggregate Principal Balance of Collateral Assets that may be given a Moody's Rating based on Collateral Assets rated by both S&P and Fitch may not exceed 20% of the Aggregate Principal Amount, (x) the aggregate Principal Balance of Collateral Assets that may be given a Moody's Rating based on Collateral Assets rated by only one of S&P or Fitch may not exceed 10% of the Aggregate Principal Amount, (y) the aggregate Principal Balance of Collateral Assets that may be given a Moody's Rating based on Collateral Assets rated by only S&P or only Fitch may not exceed 7.5% of the Aggregate Principal Amount and (z) Asset-Backed Securities or Mortgage-Backed Securities, other than the Specified Types referred to in paragraphs (a) through (e) above and any RMBS Agency Securities, have a Moody's Rating;

(iii) with respect to corporate guarantees on Asset-Backed Securities or obligations, if such corporate guarantees or obligations are not rated by Moody's but another security or obligation of the guarantor or obligor (an "other security") is rated by Moody's, and no rating has been assigned in accordance with clause (i), the Moody's Rating of such Collateral Asset shall be determined as follows:

(a) if the corporate guarantee or obligation is a senior secured obligation of the guarantor or obligor and the other security is also a senior secured obligation, the Moody's Rating of such Collateral Asset shall be the rating of the other security;

(b) if the corporate guarantee or obligation is a senior unsecured obligation of the guarantor or obligor and the other security is a senior secured obligation, the Moody's Rating of such Collateral Asset shall be one rating subcategory below the rating of the other security;

(c) if the corporate guarantee or obligation is a subordinated obligation of the guarantor or obligor and the other security is a senior secured obligation:

(1) rated "Ba3" or higher by Moody's, the Moody's Rating of such corporate guarantee shall be three rating subcategories below the rating of the other security; or

(2) rated "B1" or lower by Moody's, the Moody's Rating of such corporate guarantee shall be two rating subcategories below the rating of the other security;

(d) if the corporate guarantee or obligation is a senior secured obligation of the guarantor or obligor and the other security is a senior unsecured obligation:

(1) rated "Baa3" or higher by Moody's, the Moody's Rating of such corporate guarantee shall be the rating of the other security; or

(2) rated "Ba1" or lower by Moody's, the Moody's Rating of such corporate guarantee shall be one rating subcategory above the rating of the other security;

(e) if the corporate guarantee or obligation is a senior unsecured obligation of the guarantor or obligor and the other security is also a senior unsecured obligation, the Moody's Rating of such corporate guarantee shall be the rating of the other security;

(f) if the corporate guarantee or obligation is a subordinated obligation of the guarantor or obligor and the other security is a senior unsecured obligation:

(1) rated "B1" or higher by Moody's, the Moody's Rating of such corporate guarantee shall be two rating subcategories below the rating of the other security; or

(2) rated "B2" or lower by Moody's, the Moody's Rating of such corporate guarantee shall be one rating subcategory below the rating of the other security;

(g) if the corporate guarantee or obligation is a senior secured obligation of the guarantor or obligor and the other security is a subordinated obligation:

(1) rated "Baa3" or higher by Moody's, the Moody's Rating of such corporate guarantee shall be one rating subcategory above the rating of the other security;

(2) rated below "Baa3" but not rated "B3" by Moody's, the Moody's Rating of such corporate guarantee shall be two rating subcategories above the rating of the other security; or

(3) rated "B3" by Moody's, the Moody's Rating of such corporate guarantee shall be "B2";

(h) if the corporate guarantee or obligation is a senior unsecured obligation of the guarantor or obligor and the other security is a subordinated obligation:

(1) rated "Baa3" or higher by Moody's, the Moody's Rating of such corporate guarantee shall be one rating subcategory above the rating of the other security;

(2) rated "Ba1" or lower by Moody's, the Moody's Rating of such corporate guarantee shall also be one rating subcategory above the rating of the other security; or

(i) if the Collateral Asset is a subordinated obligation of the guarantor or obligor and the other security is also a subordinated obligation, the Moody's Rating of such corporate guarantee or obligation shall be the rating of the other security;

(iv) with respect to corporate obligations or guarantees issued by U.S., U.K. or Canadian obligors or guarantors or by any other Qualifying Foreign Obligor, if such corporate obligation or guarantee is not rated by Moody's, and no other security or obligation of the guarantor is rated by Moody's, then the Moody's Rating of such corporate obligation or guarantee may be determined using any one of the methods below:

(a) (1) if such corporate obligation or guarantee is rated by S&P, then the Moody's Rating of such corporate obligation or guarantee will be (x) one subcategory below the Moody's equivalent of the rating assigned by S&P if such security is rated "BBB–" or higher by S&P and (y) two subcategories below the Moody's equivalent of the rating assigned by S&P if such security is rated "BB+" or lower by S&P; *provided* that the Aggregate Principal Amount that may be given a rating based on an S&P rating as provided in this subclause (a)(1) may not exceed 10% of the Aggregate Principal Amount; and

(2) if such corporate obligation or guarantee is not rated by S&P but another security or obligation of the guarantor is rated by S&P (a "parallel security"), then the Moody's equivalent of the rating of such parallel security will be determined in accordance with the methodology set forth in subclause (a)(1) above, and the Moody's Rating of such corporate obligation or guarantee will be determined in accordance with the methodology set forth in clause (iii) above (for such purpose treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this subclause (2));

(b) if such corporate obligation or guarantee is not rated by Moody's or S&P, and no other security or obligation of the guarantor is rated by Moody's or S&P, then the Issuer or the Investment Advisor, on behalf of the Issuer, may present such corporate obligation or guarantee to Moody's for an estimate of such Collateral Asset's rating factor, from which its corresponding Moody's rating may be determined, which shall be its Moody's Rating;

(c) with respect to a corporate obligation or guarantee issued by a U.S. corporation, if (1) neither the guarantor nor any of its Affiliates is subject to reorganization or bankruptcy proceedings, (2) no debt securities or obligations of the guarantor are in default, (3) neither the guarantor nor any of its Affiliates has defaulted on any debt during the past two years, (4) the guarantor has been in existence for the past five years, (5) the guarantor is current on any cumulative dividends, (6) the fixed-charge ratio for the guarantor exceeds 125% for each of the past two fiscal years and for the most recent quarter, (7) the guarantor had a net profit before tax in the past fiscal year and the most recent quarter and (8) the annual financial statements of the guarantor are unqualified and certified by a firm of independent accountants of national reputation, and quarterly statements are unaudited but signed by a corporate officer, the Moody's Rating of such corporate obligation or guarantee will be "B3";

(d) with respect to a corporate obligation or guarantee issued by a non-U.S. guarantor, if (1) neither the guarantor nor any of its Affiliates is subject to reorganization or bankruptcy proceedings and (2) no debt security or obligation of the guarantor has been in default during the past two years, the Moody's Rating of such Collateral Asset will be "Caa2"; and

(e) if a debt security or obligation of the guarantor has been in default during the past two years, the Moody's Rating of such Collateral Asset will be "Ca".

(v) with respect to a Collateral Asset that is an RMBS Agency Security, the Moody's Rating of such Collateral Asset will be the rating assigned by Moody's to the agency which guarantees such RMBS Agency Security; and

(vi) if such Collateral Asset is a Synthetic Security, the Moody's Rating of such Synthetic Security shall be the rating assigned thereto by Moody's in connection with the acquisition thereof by the Issuer upon the request of the Issuer or the Investment Advisor; *provided* that the Moody's Rating of any Form-Approved Synthetic Security not rated by S&P or Moody's will be the rating assigned by Moody's to the Reference Obligation.

APPENDIX C

Determination of S&P Rating

The following definition of S&P Rating has been provided to the Issuer by S&P and the asset classes have the meanings ascribed thereto by S&P.

"S&P Rating" of any Collateral Asset will be determined as follows:

(a) (1) if S&P has assigned a rating to such Collateral Asset either publicly or privately (for the benefit of the Investment Advisor and S&P has consented to the disclosure of any such private rating), the S&P Rating shall be the rating assigned thereto by S&P; *provided, however*, that if the rating assigned to such Collateral Asset by S&P is on the then-current credit rating watch list with negative implications, then the rating of such Collateral Asset will be one subcategory below the rating then assigned to such Collateral Asset by S&P and if the rating assigned to such Collateral Asset by S&P is on the then-current credit rating watch list with positive implications, then the rating of such Collateral Asset will be one subcategory above the rating then assigned to such Collateral Asset by S&P;

(2) if such Collateral Asset is not rated by S&P (other than an RMBS Agency Security), then the Issuer or the Investment Advisor on behalf of the Issuer may apply to S&P for a confidential credit estimate, which shall be the S&P Rating of such Collateral Asset; *provided* that pending receipt from S&P of such estimate, such Collateral Asset shall have an S&P Rating of "CCC-" if the Investment Advisor believes that such estimate will be at least "CCC-"; or

(3) if such Collateral Asset is not rated by S&P and neither the Issuer nor the Investment Advisor obtains an S&P Rating for such Collateral Asset pursuant to subclause (2) above, then the S&P Rating of such Collateral Asset 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 Collateral Asset is not rated by S&P, and neither the Issuer nor the Investment Advisor obtains an S&P Rating for such Collateral Asset pursuant to this clause (a) then no more than 20% of the Aggregate Principal Amount may imply an S&P Rating pursuant to this clause (a)(3).

Asset classes are eligible for notching if they are not first loss tranches or combination securities. Notwithstanding the foregoing, no Structured Finance Security that is a Non-U.S. Dollar Denominated Asset, no Synthetic Security and no CDO Security the underlying assets of which are CDO Securities shall be eligible for notching unless the Rating Agency Condition with regard to S&P has been satisfied in connection with such treatment. If the security 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. CONSUMER ABS Automobile Loan Receivable Securities Automobile Lease Receivable Securities Car Rental Receivable Securities Credit Card Securities Healthcare Securities Student Loan Securities	-1	-2	-2	-3
2. COMMERCIAL ABS Cargo Securities Equipment Leasing Securities Aircraft Leasing Securities Small Business Loan Securities Restaurant and Food Services Securities Tobacco Litigation Securities	-1	-2	-2	-3
3. Non-RE-REMIC RMBS Manufactured Housing Loan Securities	-1	-2	-2	-3
4. Non-RE-REMIC CMBS CMBS – Conduit CMBS – Credit Tenant Lease CMBS – Large Loan CMBS – Single Borrower CMBS – Single Property	-1	-2	-2	-3
5. CDO/CLO CASH FLOW SECURITIES* Cash Flow CDO - at least 80% High Yield Cash Flow CDO - at least 80% Investment Cash Flow CLO - at least 80% High Yield Cash Flow CLO - at least 80% Investment	-1	-2	-2	-3
6. REITs REIT – Multifamily and Mobile Home Park REIT – Retail REIT – Hospitality REIT – Office REIT – Industrial REIT – Healthcare REIT – Warehouse	-1	-2	-2	-3

	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
REIT – Self Storage REIT – Mixed Use				
7. SPECIALTY STRUCTURED Stadium Financings Project Finance Future Flows	-3	-4	-3	-4
8. RESIDENTIAL MORTGAGES Residential "A" Residential "B/C" Home equity loans	-1	-2	-2	-3
9. REAL ESTATE OPERATING COMPANIES	-1	-2	-2	-3

* No notching permitted with respect to CDO Securities issued after 8/1/01.

(b) if such Collateral Asset is a Synthetic Security, Future Flow Security or Project Finance Security the S&P Rating of such Synthetic Security shall be the rating assigned thereto by S&P in connection with the acquisition thereof by the Issuer upon the request of the Issuer or the Investment Advisor.

APPENDIX D

Recovery Rate Assumptions

Part I

Standard and Poor's 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 the Collateral Asset is a CMBS Security:

U.S. CMBS Rating at the time of Acquisition	Liability Rating Equal to AAA Rating	Liability Rating Equal to AA Rating	Liability Rating Equal to A Rating	Liability Rating Equal to BBB Rating	Liability Rating Equal to BB Rating	Liability Rating Equal to B Rating	Liability Rating Equal to CCC Rating
AAA	80%	85%	90%	90%	90%	90%	90%
AA	70%	75%	85%	90%	90%	90%	90%
A	60%	65%	75%	85%	90%	90%	90%
BBB	45%	50%	55%	60%	65%	70%	75%
BB	35%	40%	45%	45%	50%	50%	50%
B	20%	25%	30%	35%	35%	40%	40%
CCC	5%	5%	5%	5%	5%	5%	5%
NR	0%	0%	0%	0%	0%	0%	0%

B. If the Collateral Asset (other than a CMBS Security) is the senior-most tranche of securities issued by the issuer of such Collateral Asset*:

Collateral Asset Rating at the time of Acquisition	Liability Rating Equal to AAA Rating	Liability Rating Equal to AA Rating	Liability Rating Equal to A Rating	Liability Rating Equal to BBB Rating	Liability Rating Equal to BB Rating	Liability Rating Equal to B Rating	Liability Rating 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%

C. If the Collateral Asset (other than a CMBS Security) is not the senior-most tranche of securities issued by the issuer of such Collateral Asset*:

Collateral Asset Rating at the time of Acquisition	Liability Rating Equal to AAA Rating	Liability Rating Equal to AA Rating	Liability Rating Equal to A Rating	Liability Rating Equal to BBB Rating	Liability Rating Equal to BB Rating	Liability Rating Equal to B Rating	Liability Rating Equal to CCC Rating
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	2.5%	5.0%	5.0%	10.0%	10.0%	20.0%	25.0%
CCC	0.0%	0.0%	0.0%	0.0%	2.5%	5.0%	5.0%

* If the Collateral Asset is a Project Finance Security, an ABS Future Flow Security, a Synthetic Security or a CDO Security the underlying assets of which are CDO Securities, the recovery rate for such Collateral Asset will be zero until a recovery rate is assigned by S&P and if such Collateral Asset is an Insured Security (other than a monoline insurer as set forth in paragraph D below), the recovery rate will be determined by S&P on a case by case basis. If the Collateral Asset is a REIT Debt Security, the recovery rate will be 40%.

D. If the underlying instruments of the Collateral Assets permit more than 20% of the underlying collateral by principal amount to be non-U.S. assets, the recovery rate will in accordance be as described in clauses (A) and (B) above, as applicable.

E. If the Collateral Asset has its payment obligations guaranteed by a primary monoline insurer, then

(1) If the Collateral Asset has its payment obligations guaranteed by a primary monoline insurer, then the recovery rate is such primary insurer's recovery rate multiplied by (one *minus* the recovery rate of the related Collateral Asset) *plus* the recovery rate of the related Collateral Asset. The primary insurer's recovery rate for purposes of calculating the foregoing is 44% if such recovery rate is not assignable or if the primary insurer is one of the following entities:

Ambac Assurance Corp.
Financial Guaranty Insurance Co.
Financial Security Assurance Inc.
MBIA Insurance Corps.
XL Capital Assurance Inc.

(2) Otherwise, the recovery rate will be assigned by S&P upon the acquisition of such Collateral Asset by the Issuer and upon request by the Investment Advisor.

Moody's Recovery Rate Assumptions

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[1], the recovery rate is assumed as follows:

	Rating of a Tranche at Issuance					
Tranche as % of capital structure at issuance	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**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%

For Residential Mortgage-Backed Securities, the recovery rate is assumed as follows:

	Rating of a Tranche at Issuance					
Tranche as % of capital structure 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[2], the recovery rate is assumed as follows:

	Rating of a Tranche at Issuance					
Tranche as % of capital structure 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%

For Low-Diversity CDOs[3], the recovery rate is assumed as follows:

	Rating of a Tranche at Issuance					
Tranche as % of capital structure 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%

For High-Diversity CDOs[4], the recovery rate is assumed as follows:

	Rating of a Tranche at Issuance					
Tranche as % of capital structure 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%

Using such recovery rate assumptions, a High-Diversity CDO would have a diversity score of 20 or higher and a Low-Diversity CDO would have a diversity score of less than 20.

The Moody's Recovery Rate for Corporate Securities is 30% for corporate bonds issued by U.S. obligors and for other issuers such amount as determined in consultation with Moody's. The Moody's Recovery Rate for REIT unsecured debt securities is 40% (other than for mortgage and healthcare related REIT debt securities, for which it is 10%).

The Recovery Rate for a Haircut Asset that is shadow rated by Moody's for a balance less than its applicable balance for applying such Recovery Rate will be determined at the time such Haircut Asset receives a shadow rating.

The Recovery Rate for ABS Passenger Airline Enhanced Equipment Trust Certificates will be the greater of (x) 30% and (y) the Recovery Rate Assigned by Moody's.

The Recovery Rate for ABS Future Flow Securities, Project Finance Securities will be 0% until the Rating Agency Condition with respect to Moody's is satisfied.

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[1]"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 Collateral Assets that are designated as Diversified Securities after the Closing Date by Moody's and notified to the Collateral Agent and the Investment Advisor.

[2]"Undiversified Securities" means any Commercial Mortgage-Backed Securities and CDO Securities and those Collateral Assets 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 Collateral Agent and the Investment Advisor.

[3]"Low-Diversity CDOs" means CDO 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 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 or a MAC Factor of 15% or more; (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.

[4]"High-Diversity CDOs" means CDO 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 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 or a MAC Factor of less than 15%; (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.

APPENDIX E

Calculation of Moody's Expected Loss Rate

Year	Aaa	Aa1	Aa2	Aa3	Al	A2	A3	Baal	Baa2	Baa3
1	0.0000%	0.0003%	0.0007%	0.0017%	0.0032%	0.0060%	0.0214%	0.0495%	0.0935%	0.2310%
2	0.0001%	0.0017%	0.0044%	0.0105%	0.0204%	0.0385%	0.0825%	0.1540%	0.2585%	0.5775%
3	0.0004%	0.0055%	0.0143%	0.0325%	0.0644%	0.1221%	0.1980%	0.3080%	0.4565%	0.9405%
4	0.0010%	0.0116%	0.0259%	0.0556%	0.1040%	0.1898%	0.2970%	0.4565%	0.6600%	1.3090%
5	0.0016%	0.0171%	0.0374%	0.0781%	0.1436%	0.2569%	0.4015%	0.6050%	0.8690%	1.6775%
6	0.0022%	0.0231%	0.0490%	0.1007%	0.1815%	0.3207%	0.5005%	0.7535%	1.0835%	2.0350%
7	0.0029%	0.0297%	0.0611%	0.1249%	0.2233%	0.3905%	0.6105%	0.9185%	1.3255%	2.3815%
8	0.0036%	0.0369%	0.0743%	0.1496%	0.2640%	0.4560%	0.7150%	1.0835%	1.5675%	2.7335%
9	0.0045%	0.0451%	0.0902%	0.1799%	0.3152%	0.5401%	0.8360%	1.2485%	1.7820%	3.0635%
10	0.0055%	0.0550%	0.1100%	0.2200%	0.3850%	0.6600%	0.9900%	1.4300%	1.9800%	3.3550%
11	0.0067%	0.0719%	0.1371%	0.3540%	0.5709%	0.7877%	1.2826%	1.7773%	2.2719%	4.2333%
12	0.0079%	0.0876%	0.1674%	0.4199%	0.6723%	0.9248%	1.4738%	2.0226%	2.5714%	4.6683%
13	0.0092%	0.1051%	0.2009%	0.4909%	0.7808%	1.0707%	1.6732%	2.2755%	2.8778%	5.1006%
14	0.0107%	0.1241%	0.2376%	0.5668%	0.8958%	1.2249%	1.8799%	2.5347%	3.1895%	5.5287%
15	0.0122%	0.1449%	0.2776%	0.6473%	1.0169%	1.3866%	2.0929%	2.7991%	3.5052%	5.9513%
16	0.0138%	0.1672%	0.3207%	0.7322%	1.1437%	1.5552%	2.3114%	3.0675%	3.8236%	6.3675%
17	0.0154%	0.1911%	0.3669%	0.8213%	1.2756%	1.7300%	2.5346%	3.3390%	4.1433%	6.7767%
18	0.0171%	0.2166%	0.4162%	0.9143%	1.4123%	1.9103%	2.7615%	3.6125%	4.4635%	7.1781%
19	0.0189%	0.2436%	0.4684%	1.0109%	1.5532%	2.0955%	2.9916%	3.8874%	4.7832%	7.5714%
20	0.0207%	0.2721%	0.5235%	1.1108%	1.6979%	2.2850%	3.2240%	4.1628%	5.1015%	7.9562%
21	0.0226%	0.3020%	0.5814%	1.2137%	1.8460%	2.4782%	3.4583%	4.4381%	5.4179%	8.3323%
22	0.0246%	0.3332%	0.6419%	1.3195%	1.9970%	2.6744%	3.6936%	4.7126%	5.7315%	8.6995%
23	0.0265%	0.3658%	0.7050%	1.4279%	2.1505%	2.8732%	3.9297%	4.9858%	6.0419%	9.0578%
24	0.0286%	0.3996%	0.7706%	1.5385%	2.3063%	3.0740%	4.1658%	5.2573%	6.3487%	9.4071%
25	0.0306%	0.4345%	0.8384%	1.6513%	2.4639%	3.2764%	4.4017%	5.5266%	6.6515%	9.7475%
26	0.0327%	0.4706%	0.9085%	1.7658%	2.6229%	3.4799%	4.6368%	5.7934%	6.9499%	10.0791%
27	0.0349%	0.5078%	0.9807%	1.8820%	2.7831%	3.6841%	4.8709%	6.0573%	7.2437%	10.4020%
28	0.0370%	0.5459%	1.0548%	1.9996%	2.9441%	3.8886%	5.1035%	6.3180%	7.5326%	10.7163%
29	0.0392%	0.5850%	1.1308%	2.1184%	3.1057%	4.0931%	5.3344%	6.5754%	7.8165%	11.0221%
30	0.0414%	0.6249%	1.2084%	2.2382%	3.2676%	4.2971%	5.5634%	6.8293%	8.0952%	11.3197%

Year	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3
1	0.4785%	0.8580%	1.5455%	2.5740%	3.9380%	6.3910%	9.5599%	14.3000%	28.0446%
2	1.1110%	1.9085%	3.0305%	4.6090%	6.4185%	9.1355%	12.7788%	17.8750%	31.3548%
3	1.7215%	2.8490%	4.3285%	6.3690%	8.5525%	11.5665%	15.7512%	21.4500%	34.3475%
4	2.3100%	3.7400%	5.3845%	7.6175%	9.9715%	13.2220%	17.8634%	24.1340%	36.4331%
5	2.9040%	4.6255%	6.5230%	8.8660%	11.3905%	14.8775%	19.9726%	26.8125%	38.4017%
6	3.4375%	5.3735%	7.4195%	9.8395%	12.4575%	16.0600%	21.4317%	28.6000%	39.6611%
7	3.8830%	5.8850%	8.0410%	10.5215%	13.2055%	17.0500%	22.7620%	30.3875%	40.8817%
8	4.3395%	6.4130%	8.6405%	11.1265%	13.8325%	17.9190%	24.0113%	32.1750%	42.0669%
9	4.7795%	6.9575%	9.1905%	11.6820%	14.4210%	18.5790%	25.1195%	33.9625%	43.2196%
10	5.1700%	7.4250%	9.7130%	12.2100%	14.9600%	19.1950%	26.2350%	35.7500%	44.3850%
11	6.1940%	8.1547%	10.7874%	13.4192%	16.0511%	20.6128%	27.4851%	36.6485%	44.8962%
12	6.7647%	8.8610%	11.5936%	14.3255%	17.0573%	21.9203%	28.6344%	37.4049%	45.3571%
13	7.3228%	9.5449%	12.3605%	15.1752%	17.9899%	23.1321%	29.6671%	38.0482%	45.7455%
14	7.8671%	10.2055%	13.0890%	15.9717%	18.8544%	24.2555%	30.5988%	38.6010%	46.0766%
15	8.3966%	10.8419%	13.7806%	16.7185%	19.6564%	25.2976%	31.4428%	39.0808%	46.3621%

Year	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3
16	8.9108%	11.4540%	14.4369%	17.4189%	20.4009%	26.2651%	32.2103%	39.5012%	46.6108%
17	9.4092%	12.0418%	15.0595%	18.0762%	21.0930%	27.1643%	32.9108%	39.8729%	46.8296%
18	9.8919%	12.6057%	15.6501%	18.6935%	21.7370%	28.0012%	33.5524%	40.2042%	47.0237%
19	10.3588%	13.1461%	16.2104%	19.2738%	22.3371%	28.7810%	34.1421%	40.5017%	47.1974%
20	10.8100%	13.6638%	16.7422%	19.8197%	22.8972%	29.5087%	34.6857%	40.7708%	47.3539%
21	11.2458%	14.1593%	17.2470%	20.3337%	23.4205%	30.1888%	35.1882%	41.0156%	47.4959%
22	11.6666%	14.6337%	17.7265%	20.8184%	23.9103%	30.8252%	35.6542%	41.2396%	47.6254%
23	12.0727%	15.0876%	18.1821%	21.2757%	24.3693%	31.4217%	36.0873%	41.4456%	47.7442%
24	12.4645%	15.5220%	18.6153%	21.7077%	24.8002%	31.9816%	36.4908%	41.6358%	47.8536%
25	12.8426%	15.9377%	19.0275%	22.1163%	25.2051%	32.5078%	36.8676%	41.8121%	47.9548%
26	13.2074%	16.3357%	19.4198%	22.5031%	25.5863%	33.0031%	37.2202%	41.9761%	48.0488%
27	13.5594%	16.7168%	19.7936%	22.8696%	25.9456%	33.4699%	37.5508%	42.1292%	48.1363%
28	13.8990%	17.0817%	20.1500%	23.2173%	26.2846%	33.9105%	37.8613%	42.2725%	48.2181%
29	14.2268%	17.4314%	20.4899%	23.5475%	26.6050%	34.3268%	38.1536%	42.4069%	48.2947%
30	14.5432%	17.7667%	20.8144%	23.8613%	26.9082%	34.7208%	38.4290%	42.5333%	48.3667%

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Secured Primarily by a Portfolio of Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Securities, Asset-Backed Securities, Insured Securities, REIT Debt Securities, Interest Only Securities and Synthetic Securities

OFFERING CIRCULAR

Goldman, Sachs & Co.