IMPORTANT NOTICE

Attached is an electronic copy of the Confidential Offering Circular (the "Offering Circular"), dated December 6, 2006, relating to the offering by Fortius II Funding, Ltd. (the "Issuer") and Fortius II Funding, 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 this Offering Circular to any person other than (a) the person receiving this electronic transmission from the Initial Purchaser 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 this Offering Circular (each, an "Authorized Recipient") is unauthorized. Any photocopying, disclosure or alteration of the contents of this Offering Circular, and any forwarding of a copy of this 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

FORTIUS II FUNDING, LTD.
FORTIUS II FUNDING, CORP.

U.S.$ 12,700,000 Class S Floating Rate Notes Due 2010
U.S.$ 325,000,000 Class A-1 Floating Rate Notes Due 2042
U.S.$ 50,000,000 Class A-2 Floating Rate Notes Due 2042
U.S.$ 45,000,000 Class B Floating Rate Notes Due 2042
U.S.$ 20,000,000 Class C Deferrable Floating Rate Notes Due 2042
U.S.$ 27,500,000 Class D Deferrable Floating Rate Notes Due 2042
U.S.$ 7,500,000 Class E Deferrable Floating Rate Notes Due 2042
U.S.$ 25,000,000 Income Notes Due 2042
U.S.$ 10,000,000 Combination Notes Due 2042

Secured (with Respect to the Notes) Primarily by a Portfolio of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities and Synthetic Securities (referencing Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities)

The Notes (as defined herein), the Income Notes (as defined herein) and the Combination Notes (as defined herein) (collectively, the "Offered Securities") are being offered hereby 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 Income 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"). The Offered Securities are being offered hereby 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."

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Securities.

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

It is a condition of the issuance of the Securities that the Class S Notes, the Class A-1 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 Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies"), 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, that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P, that the Class E Notes be issued with a rating of at least "Ba1" by Moody's and at least "BB+" by S&P and that the Combination Notes be issued with a rating of at least "Aa3" by Moody's. The Income 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 of the Notes."

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

THE ASSETS OF THE ISSUER (AS DEFINED HEREIN) ARE 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 HOLDERS OF THE SECURITIES, THE COLLATERAL MANAGER (AS DEFINED HEREIN), THE HEDGE COUNTERPARTY (AS DEFINED HEREIN), GOLDMAN, SACHS & CO. (AS INITIAL PURCHASER (AS DEFINED HEREIN)), THE ISSUER ADMINISTRATOR (AS DEFINED HEREIN), THE AGENTS (AS DEFINED HEREIN), THE TRUSTEE, THE SHARE TRUSTEE (AS DEFINED HEREIN) 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 (AS DEFINED HEREIN) 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 OFFERED 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 INCOME 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 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, INCOME NOTES AND COMBINATION NOTES (OTHER THAN REGULATION S CLASS E NOTES, REGULATION S INCOME 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 S NOTES, CLASS A-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES, REGULATION S CLASS E NOTES, REGULATION S INCOME 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"), in each case, 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 the Closing Date (as defined herein). It is expected that the Class S Notes, Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes, the Regulation S Class E Notes, the Regulation S Income 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 December 7, 2006 (the "Closing Date"), through the facilities of DTC and in the case of the Securities 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 Income Notes and the Combination Notes (other than the Regulation S Class E Notes, the Regulation S Income Notes and the Regulation S Combination Notes) will be ready for delivery in definitive form in New York, New York on the Closing Date, against payment therefor in immediately available funds. The Notes sold in reliance on Rule 144A will be issued in minimum denominations of U.S.$250,000 and integral multiples of U.S.$1 in excess thereof. The Notes sold in reliance on Regulation S will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof. The Income Notes will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof. The Combination Notes sold in reliance on Rule 144A or to Accredited Investors will be issued in minimum denominations representing U.S.$250,000 of Class C Notes and integral multiples of $1 in excess thereof and U.S.$100,000 Income Notes and integral multiples of U.S.$1 in excess thereof. The Combination Notes sold in reliance on Regulation S will be issued in minimum denominations representing U.S.$100,000 Class C Notes and integral multiples of U.S.$1 in excess thereof and U.S.$100,000 Income Notes and integral multiples of U.S.$1 in excess thereof.

Goldman, Sachs & Co.

Offering Circular dated December 6, 2006.

Fortius II Funding, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer") and Fortius II Funding, Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers"), will issue U.S.$12,700,000 principal amount of Class S Floating Rate Notes Due 2010 (the "Class S Notes"), U.S.$325,000,000 principal amount of Class A-1 Floating Rate Notes Due 2042 (the "Class A-1 Notes"), U.S.$50,000,000 principal amount of Class A-2 Floating Rate Notes Due 2042 (the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"), U.S.$45,000,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$20,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2042 (the "Class C Notes") and U.S.$27,500,000 principal amount of Class D Deferrable Floating Rate Notes Due 2042 (the "Class D Notes") and the Issuer will issue U.S.$7,500,000 principal amount of Class E Deferrable Floating Rate Notes Due 2042 (the "Class E Notes" and, together with the Class S Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about December 7, 2006 among the Issuers and The Bank of New York Trust Company, National Association, as trustee and securities intermediary (the "Trustee" and the "Securities Intermediary," respectively).

In addition, the Issuer will issue U.S.$25,000,000 notional principal amount of Income Notes (the "Income Notes") and Combination Notes consisting of two components: (i) the Class C Note component representing an initial principal amount of U.S.$7,000,000 Class C Notes (the "Class C Note Component") and (ii) the Income Note component representing U.S.$3,000,000 notional principal amount of Income Notes (the "Income Note Component" and, together with the Class C Component, the "Component Securities") (the "Combination Notes" and, together with the Notes and the Income Notes, the "Securities") constituted by the deed of covenant executed by the Issuer on December 7, 2006 (the "Deed of Covenant") and subject to the terms and conditions thereof (the "Terms and Conditions") and issued pursuant to a fiscal agency agreement (the "Fiscal Agency Agreement") dated on or about December 7, 2006 between the Issuer and The Bank of New York, London Branch, as fiscal agent (the "Fiscal Agent").

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Class C Notes" shall include a reference to the Combination Notes to the extent of the Class C Note Component and references to the rights and obligations of the Holders of the Class C Notes (including with respect to any payments, distributions or redemptions on or of such Class C 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 C 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 C Notes shall include a reference to the Holders of Combination Notes to the extent of the Class C 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 C Notes to the extent of the Class C Note Component (in all cases, without duplication).

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Income Notes" shall include a reference to the Combination Notes to the extent of the Income Note Component and references to the rights and obligations of the Holders of the Income Notes (including with respect to any payments, distributions or redemptions on or of such Income 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 Income 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 Income Notes shall include a reference to the Holders of Combination Notes to the extent of the Income 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 Income Notes to the extent of the Income Note Component (in all cases, without duplication).

The net proceeds received from the offering of the Securities will be applied by the Issuer to purchase a portfolio of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities and Synthetic Securities (the Reference Obligations of which are

Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities) as described herein (collectively, "Collateral Assets"), Default Swap Collateral and certain Eligible Investments. Certain summary information about the Collateral Assets and the Reference Obligations is set forth in Appendix B to this Offering Circular. In addition, certain of the offering documents, term sheets, trustee reports and remittance reports relating to the Collateral Assets and the Reference Obligations are included on the CD-ROM attached to this Offering Circular. On the Closing Date, the Issuer will enter into one or more Hedge Agreements. The Collateral Assets, the Eligible Investments and certain other assets of the Issuer will be pledged under the Indenture to the Trustee, for the benefit of the Secured Parties, as security for, among other obligations, the Issuers' obligations under the Notes (but not the Income Notes) and to certain service providers. The Income Notes will be unsecured obligations of the Issuer.

Interest will be payable on the Class S Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes in arrears on the 2nd day of each calendar month, or if any such date is not a Business Day (as defined herein), the immediately following Business Day (each such date, a "Payment Date") commencing February 2, 2007 and interest will be payable on the Class E Notes in arrears on the 2nd day of February, May, August and November 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 February 2, 2007. The Class S Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.20% for each Interest Accrual Period (as defined herein). The Class A-1 Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.31% for each Interest Accrual Period. The Class A-2 Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.48% for each Interest Accrual Period. The Class B Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.58% for each Interest Accrual Period. The Class C Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 1.30% for each Interest Accrual Period. The Class D Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 3.25% for each Interest Accrual Period. The Class E Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 6.00% for each Interest Accrual Period. Payments will be payable on the Income Notes from funds available in accordance with the Priority of Payments.

All payments on the Securities will be made from Proceeds available in accordance with the Priority of Payments. On each Payment Date, payments on the Class S Notes will be senior to payments on the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. On each Payment Date, except as otherwise provided in the Priority of Payments, payments on the Class A-1 Notes will be senior to payments on the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes and the Class D Notes; payments on the Class B Notes will be senior to payments on the Class C Notes and the Class D Notes; and payments on the Class C Notes will be senior to payments on the Class D Notes. On each Quarterly Payment Date, except as otherwise provided in the Priority of Payments, payments on the Class S Notes will be senior to payments on the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; payments on the Class A-1 Notes will be senior to payments on the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; payments on the Class A-2 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 Income 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 Income Notes; payments on the Class C Notes will be senior to payments on the Class D Notes, the Class E Notes and the Income Notes; payments on the Class D Notes will be senior to payments on the Class E Notes and the Income Notes; and payments on the Class E Notes will be senior to payments on the Income Notes, in accordance with the Priority of Payments as described herein. The Notes (other than the Class S Notes) are subject to mandatory redemption if a Coverage Test is not satisfied on any date of determination which may result in variations to the seniorities of distributions described above and as more fully described in the Priority of Payments.

The Notes and, to the extent described herein, the Income Notes and the Combination Notes, are subject to redemption, in whole and not in part, (i) at any time as a result of a Tax Redemption, (ii) on an Auction Payment Date as a result of a successful Auction or (iii) as a result of an Optional Redemption on or after the February 2010 Payment Date. The stated maturity of the Notes, the Income Notes and the

Combination Notes (other than the Class S Notes) is the Payment Date in February 2042. The actual final distribution on the Securities (other than the Class S Notes) is expected to occur substantially earlier. The stated maturity of the Class S Notes is the Payment Date in April 2010. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

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 Income Notes and the Combination Notes sold in reliance on Rule 144A under the Securities Act will be evidenced by one or more Definitive Notes in fully registered form.

The Securities that are being offered hereby in reliance on the exemption from registration under Regulation S (the "Regulation S 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 Regulation S Securities 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 Income 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. See "Description of the Securities" and "Underwriting."

The Income Notes (other than the Regulation S Income Notes) and the Combination Notes (other than the Regulation S Combination Notes) will be evidenced by one or more definitive notes in fully registered form (each, an "Income Note Certificate" and a "Combination Note Certificate", respectively). See "Description of the Securities."

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 Offered 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 Collateral Manager," (other than the information contained under the subheading "General") for which the Collateral Manager accepts sole responsibility, to the extent described in such section, no representation or warranty, express or implied, is made by the Initial Purchaser, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof), the Trustee, the Note Agents or the Fiscal Agent (the Note Agents and the Fiscal Agent together, the "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 Trustee, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof) or the 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 Offered Securities is prohibited. Each offeree of the Offered Securities, by accepting delivery of this Offering Circular, agrees to the foregoing.

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 Offered 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 Offered Securities, see "Underwriting." This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Offered 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.

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

The Initial Purchaser has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom. See "Underwriting."

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 Securities 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.

NOTICE TO RESIDENTS OF THE REPUBLIC OF IRELAND

THIS OFFERING CIRCULAR IS NOT A PROSPECTUS AND DOES NOT CONSTITUTE AN INVITATION TO THE PUBLIC TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES AND NEITHER IT NOR ANY FORM OF APPLICATION WILL BE ISSUED, CIRCULATED OR DISTRIBUTED TO THE PUBLIC.

THIS OFFERING CIRCULAR AND THE INFORMATION CONTAINED HEREIN IS CONFIDENTIAL AND IS FOR THE USE SOLELY OF THE PERSON TO WHOM IT IS ADDRESSED. ACCORDINGLY, IT MAY NOT BE REPRODUCED IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISTRIBUTED IN WRITING OR ORALLY TO ANY THIRD PARTY AND IT MAY BE READ SOLELY BY THE PERSON TO WHOM IT IS ADDRESSED AND HIS/HER PROFESSIONAL ADVISERS.

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

The Issuers (and, with respect to the information contained in this offering circular under the heading "The Collateral Manager" (other than the information contained under the subheading "General"), the Collateral Manager to the extent described in such section), 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 Collateral Manager" (other than the information contained under the subheading "General"), the Collateral Manager, to the extent described in such section) take responsibility accordingly.

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

NOTWITHSTANDING ANY OTHER EXPRESS OR IMPLIED AGREEMENT TO THE CONTRARY, EACH RECIPIENT OF THIS OFFERING CIRCULAR AGREES AND ACKNOWLEDGES THAT THE ISSUERS HAVE AGREED THAT EACH OF THEM AND THEIR EMPLOYEES, REPRESENTATIVES AND OTHER AGENTS MAY DISCLOSE, IMMEDIATELY UPON COMMENCEMENT OF DISCUSSIONS, TO ANY AND ALL PERSONS THE TAX TREATMENT AND

TAX STRUCTURE OF THE SECURITIES, THE TRANSACTIONS DESCRIBED HEREIN AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO ANY OF THEM RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE EXCEPT WHERE CONFIDENTIALITY IS REASONABLY NECESSARY TO COMPLY WITH THE SECURITIES LAWS OF ANY APPLICABLE JURISDICTION.

PROSPECTIVE INVESTORS SHOULD READ THIS OFFERING CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO INVEST IN THE SECURITIES AND SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION SET FORTH UNDER THE HEADING "RISK FACTORS". INVESTMENT IN THE SECURITIES IS SPECULATIVE AND INVOLVES SIGNIFICANT RISK. INVESTORS SHOULD UNDERSTAND SUCH RISKS AND HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THEM FOR AN EXTENDED PERIOD OF TIME.

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 Notes or the Income Notes offered hereby.

Each purchaser who has purchased Class S Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes, Regulation S Income Notes and Regulation S Combination Notes, will be deemed to have represented and agreed, and each purchaser of a Class E Note that is a Definitive Note, an Income Note Certificate or a Combination Note Certificate 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 or Regulation S are used herein as defined therein):

1. (a) In the case of Notes sold in reliance on Rule 144A (the "Rule 144A Notes"), the purchaser of such Rule 144A Notes (i) is a qualified institutional buyer (as defined in Rule 144A) (a "Qualified Institutional Buyer"), (ii) is aware that the sale of Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Rule 144A 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.$250,000 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 Income Notes and Combination Notes, other than any Income Notes or Combination Notes sold in reliance on Regulation S, the purchaser of such Income Notes or Combination Notes, as applicable, (i) is a Qualified Institutional Buyer, (ii) is aware that the sale of the Income Notes or Combination Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Income 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 Fiscal Agency Agreement, is purchasing, in the case of the Income Notes, an aggregate notional principal amount of not less than U.S.$100,000 Income Notes or, in the case of the Combination Notes, an aggregate principal amount of not less than U.S.$250,000 in respect of the Class C Component and an aggregate notional principal amount of not less than U.S.$100,000 in respect of the Income Note Component, 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 (w) 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 the Income Notes or Combination Notes for its own account, (x) is not acquiring the Income Notes or Combination Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below, (y) is purchasing, in the case of the Income Notes, an aggregate notional principal amount of not less than U.S.$100,000 Income Notes or, in the case of the Combination Notes, an aggregate principal amount of not less than U.S.$250,000 in respect of the Class C Component and an aggregate notional principal amount of not less than U.S.$100,000 in respect of the Income Note Component (unless otherwise permitted by the Fiscal Agency Agreement) and (z) 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 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 Income Notes or Combination Notes, to an Accredited Investor who has a net worth of not less than U.S.$10 million, and who shall have satisfied, and shall have represented, warranted, covenanted and agreed in the case of the Class E Notes, the Income Notes and the Combination Notes (other than the Regulation S Class E Notes, Regulation S Income Notes and Regulation S 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 Indenture, and, in the case of the Class E Notes (other than the Regulation S Class E Notes), in the Class E Notes Purchase and Transfer Letter and, in the case of the Income Notes and the Combination Notes (other than the Regulation S Income Notes and the Regulation S Combination Notes), in the Income Notes and Combination Notes Purchase and Transfer Letter and the Fiscal Agency Agreement, and, in the case of the Regulation S Income Notes and Regulation S Combination Notes, in the Fiscal Agency Agreement, 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 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 Indenture) as to compliance with the transfer restrictions described herein. Before any interest in an Income Note Certificate, a Class E Note that is a Definitive Note or a Combination Note Certificate may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Issuer, the Note Transfer Agent and the Fiscal Agent, as applicable, with a letter substantially in the form attached to this Offering Circular as Annex A-1 (the "Income Notes and Combination Notes Purchase and Transfer Letter") or Annex A-2 (the "Class E 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 S Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes, the Regulation S Income Notes and Regulation S Combination Notes, be null and void *ab initio* and, in the case of the Class E Notes (other than the Regulation S Class E Notes), not be permitted or registered by the Note Transfer Agent and, in the case of the Income Notes (other than the Regulation S Income Notes), and the Combination Notes (other than the Regulation S Combination Notes), not be permitted or registered by the Fiscal Agent or the Income Note Registrar. 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 or, in the case of the Income Notes and Combination Notes, an Accredited Investor to sell its interest in such Securities, or the Issuers may sell such Securities on behalf of such owner.

3. The purchaser of such Securities also understands that neither of the Issuers has been registered under the Investment Company Act. In the case of the Rule 144A Notes, the Income Notes and the Combination Notes described in paragraph (1) above, 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"). The purchaser is acquiring Notes in a principal amount, in the case of Rule 144A Notes, of not less than U.S.$250,000, or, in the case of Notes sold in reliance on Regulation S ("Regulation S Notes"), of not less than U.S.$100,000, or is purchasing Income Notes in the aggregate notional principal amount of not less than U.S.$100,000 or, in the case of the Combination Notes, in respect of the Class C Note Component, in a principal amount, in the case of Combination Notes sold in reliance on Rule 144A, of not less than U.S.$250,000 or, in the case of Combination Notes being sold in reliance on Regulation S, in a principal amount of not less than U.S.$100,000, and in a notional principal amount of not less than U.S.$100,000 in respect of the Income Note Component, in each case for the purchaser and for each such account. The purchaser (or if the purchaser is acquiring Securities for any account, each such account) is acquiring the 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), (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 S Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes, Regulation S Income Notes and Regulation S Combination Notes, be null and void *ab initio* and, in the case of the Class E Notes (other than the Regulation S Class E Notes), not be permitted or registered by the Note Transfer Agent and in the case of the Income Notes (other than the Regulation S Income Notes) and Combination Notes (other than the Regulation S Combination Notes), not be permitted or registered by the Fiscal Agent or the Income Note Registrar or the Combination Note Registrar, as applicable. 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 Purchaser 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 S Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, each purchaser will be deemed, by its purchase, to have represented and warranted that either (i) the purchaser is not and will not be an ERISA Plan (as defined herein), a plan that is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets include "plan assets" by reason of any such plan's investment in the entity ("Plan Assets") or (ii) the purchaser's purchase and holding of a Class S Note, Class A Note, Class B Note, Class C Note or Class D Note does not and will not constitute or result in a prohibited transaction under Section 406 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code for which an exemption is not available. The purchaser understands and agrees that any purported transfer of a Note 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 each of the Class E Notes (other than Regulation S Class E Notes), the Income Notes (other than Regulation S Income Notes) and the Combination Notes (other than the Regulation S Combination Notes) purchased or transferred on or after the Closing Date, the purchaser or transferee must disclose in writing in advance to the Note Transfer Agent or the Fiscal Agent, as applicable, (i) whether or not it is (A) an "employee benefit plan" (as defined in Section 3(3) of ERISA), that is subject to Title I of ERISA, (B) a "plan" described in and subject to 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 is a Benefit Plan Investor, either (x) the purchase and holding of Income Notes (other than Regulation S Income Notes), Class E Notes (other than Regulation S Class E Notes) and/or Combination Notes (other than Regulation S Combination Notes) do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available or (y) the purchase and holding of Income Notes (other than Regulation S Income Notes), Class E Notes (other than Regulation S Class E Notes) and/or Combination Notes (other than Regulation S Combination Notes) is exempt under an identified Prohibited Transaction Class Exemption or individual exemption, based on the assumption that less than 25% of each of the outstanding Income Notes, the outstanding Class E Notes and the outstanding Combination Notes (including the Income Note Component of the Combination Notes) are owned by Benefit Plan Investors; 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 (each, a "Controlling Person"). If a purchaser is an insurance company acting on behalf of its general account, it may be required to so indicate, and to identify a maximum percentage of the assets in its general account that may be or 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 would thereafter be exceeded. The purchaser agrees that, before any interest in an Income Note (other than a Regulation S Income Note), a Class E Note (other than a Regulation S Class E Note) or a Combination Note (other than a Regulation S Combination Note) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Fiscal Agent or a Note Transfer Agent with an Income Notes and Combination Notes Purchase and Transfer Letter or a Class E Notes Purchase and Transfer Letter, as applicable, stating, among other things, whether the transferee is a Benefit Plan

Investor. The purchaser acknowledges and agrees that no purchase or transfer will be permitted, and the Fiscal Agent or the Trustee, as applicable, 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 Income Notes, Class E Notes or Combination Notes (including the Income Note Component of the Combination Notes) immediately after such purchase or transfer (determined in accordance with the Indenture and Fiscal Agency Agreement). The foregoing procedures are intended to enable Income Notes (other than Regulation S Income Notes), Class E Notes (other than Regulation S Class E Notes) and Combination Notes (other than 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 Income Notes, Class E Notes and Combination Notes will be required to be restricted in order to comply with the aforementioned 25% limitation. No Benefit Plan Investor or Controlling Person may purchase a Regulation S Income Note, Regulation S Class E Note or Regulation S Combination Note. Purchasers of Regulation S Income Notes, Regulation S Class E Notes and Regulation S Combination Notes are deemed to represent that they are not Benefit Plan Investors or Controlling Persons. See "ERISA Considerations."

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 Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), the Issuer Administrator or the Share Trustee (as defined herein) is acting as a fiduciary or financial or investment adviser 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 Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), 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 Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), 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 Indenture and Fiscal 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 Issuers, the Initial Purchaser, the Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), 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.

7. Pursuant to the terms of the Indenture, unless otherwise determined by the Issuers in accordance with the Indenture, the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes sold to non-U.S. Persons in offshore transactions (the "Regulation S Class E 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) 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 INITIAL PURCHASER 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 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 THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$250,000 OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$100,000, FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 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 INDENTURE (AS DEFINED HEREIN). 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 INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUERS HAVE THE RIGHT, UNDER THE INDENTURE (AS DEFINED HEREIN), TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A RULE 144A GLOBAL NOTE (AS DEFINED IN THE INDENTURE) 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 PURCHASER OR TRANSFEREE OF A CLASS E NOTE IS DEEMED TO REPRESENT TO THE NOTE TRANSFER AGENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN

AND SUBJECT TO SECTION 4975 OF 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 (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. NO PURCHASE OR TRANSFER OF CLASS E NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

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

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

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.

8. Pursuant to the terms of the Indenture, unless otherwise determined by the Issuers in accordance with the Indenture, the Class E Notes (other than the Regulation S Class E 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) 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 INITIAL PURCHASER 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 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 THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$250,000 OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$100,000, FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE NOTE TRANSFER AGENT. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE.

IF THE TRANSFER OF CLASS E NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS E NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (1) 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 AND (2) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE OF THIS NOTE 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")), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 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 (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, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF CLASS E NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN ITS GENERAL ACCOUNT THAT MAY BE OR 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 WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN A CLASS E 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 PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. NO PURCHASE OR TRANSFER OF CLASS E NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

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.

9. 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 Notes and the Class C Note Component of the Combination Notes will be treated as indebtedness of the Issuer; and the Income Notes and the Income Note Component of the 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.

10. The purchaser understands that the Issuers, the Trustee, the Initial Purchaser and the Collateral Manager and their counsel will rely upon the accuracy and truth of the foregoing representations, and the purchaser hereby consents to such reliance.

11. Pursuant to the terms of the Fiscal Agency Agreement, unless otherwise determined by the Issuer in accordance with the Fiscal Agency Agreement, the Income Notes and the Combination Notes (other than the Regulation S Income Notes and Regulation S Combination Notes) will bear a legend to the following effect:

THE INCOME NOTES AND COMBINATION NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT DECEMBER 7, 2006 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT DECEMBER 7, 2006 (THE "FISCAL AGENCY AGREEMENT") BY AND AMONG THE ISSUER AND THE BANK OF NEW YORK, LONDON BRANCH, AS FISCAL AGENT AND TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS OF THE INCOME NOTES AND COMBINATION NOTES AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME NOTES AND THE COMBINATION NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES OR THE COMBINATION NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES OR COMBINATION NOTES 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 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) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION) 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 RESPECT OF THE INCOME NOTES, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000 AND IN RESPECT OF THE COMBINATION NOTES, IN RESPECT OF THE CLASS C NOTE COMPONENT, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$250,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON RULE 144A AND IN A MINIMUM DENOMINATION OF U.S.$100,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON REGULATION S AND, IN RESPECT OF THE INCOME NOTE COMPONENT, IN A MINIMUM DENOMINATION OF U.S.$100,000. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE

REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES AND COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE.

IF THE TRANSFER OF INCOME NOTES OR COMBINATION NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES OR THE COMBINATION NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (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, OR (Y) AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION AND (Z) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE MUST DISCLOSE IN WRITING IN ADVANCE TO THE FISCAL 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")), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 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 (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, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES OR COMBINATION NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN ITS GENERAL ACCOUNT THAT MAY BE OR 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 WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN AN INCOME NOTE OR COMBINATION NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. NO PURCHASE OR TRANSFER OF INCOME NOTES OR COMBINATION NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES OR

COMBINATION NOTES (INCLUDING THE INCOME NOTE COMPONENT OF THE COMBINATION NOTES) (OTHER THAN THE INCOME NOTES OR COMBINATION NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE. PAYMENTS TO THE HOLDERS OF THE COMBINATION NOTES ARE, IN RESPECT OF THE INCOME NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE AND, IN RESPECT OF THE CLASS C NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL AND INTEREST ON THE CLASS A NOTES AND THE CLASS B NOTES OF THE ISSUER AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

12. Pursuant to the terms of the Fiscal Agency Agreement, unless otherwise determined by the Issuer in accordance with the Fiscal Agency Agreement, the certificates in respect of the Regulation S Income Notes and Regulation S Combination Notes will bear a legend to the following effect:

THE INCOME NOTES AND COMBINATION NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT DECEMBER 7, 2006 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT DECEMBER 7, 2006 (THE "FISCAL AGENCY AGREEMENT") BY AND AMONG THE ISSUER AND THE BANK OF NEW YORK, LONDON BRANCH, AS FISCAL AGENT AND INCOME NOTE TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS OF THE INCOME NOTES AND COMBINATION NOTES AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME NOTES AND COMBINATION NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES OR THE COMBINATION NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES OR COMBINATION NOTES 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 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) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION) 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 RESPECT OF THE INCOME NOTES, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000 AND IN RESPECT OF THE COMBINATION NOTES, IN RESPECT OF THE CLASS C NOTE COMPONENT, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$250,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON RULE 144A AND IN A MINIMUM DENOMINATION OF U.S.$100,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON REGULATION S AND, IN RESPECT OF THE INCOME NOTE COMPONENT, IN A MINIMUM DENOMINATION OF U.S.$100,000. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES AND COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE.

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

THE PURCHASER OR TRANSFEREE OF THIS INCOME NOTE OR COMBINATION NOTE IS DEEMED TO REPRESENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF 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 (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. NO PURCHASE OR TRANSFER OF INCOME NOTES OR COMBINATION NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES OR COMBINATION NOTES (INCLUDING THE INCOME NOTE COMPONENT OF THE COMBINATION NOTES) (OTHER THAN THE INCOME NOTES OR COMBINATION

NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO.).

TRANSFERS OF THIS INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE. PAYMENTS TO THE HOLDERS OF THE COMBINATION NOTES ARE, IN RESPECT OF THE INCOME NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE AND, IN RESPECT OF THE CLASS C NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL AND INTEREST ON THE CLASS A NOTES AND THE CLASS B NOTES OF THE ISSUER AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

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

14. The purchaser agrees, in the case of the Notes and the Class C Note Component of the Combination Notes, to treat the Notes and the Class C Note Component of the Combination Notes as debt for United States federal, state and local income taxes and, in the case of the Income Notes and the Income Note Component of the Combination Notes, to treat such Income Notes and the Income Note Component of the Combination Notes as equity for United States federal, state and local income tax purposes.

The Securities that are being offered hereby in reliance on the exemption from registration under Regulation S (the "Regulation S Notes"; the "Regulation S Income Notes"; the "Regulation S Combination Notes"; and collectively, the "Regulation S 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 Regulation S Securities 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 Income 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 (i) an interest in a Rule 144A Global Note or a definitive Class E Note in an amount at least equal to the minimum denomination applicable to the Rule 144A Notes, (ii) an Income Note in a notional principal amount of not less than U.S.$100,000 or (iii) a Combination Note, in respect of the Class C Note Component, in a principal amount of not less than U.S.$250,000 in the case of Combination Notes sold in reliance on Rule 144A and in a principal amount of not less than U.S.$100,000 in the case of Regulation S Combination Notes and, in respect of the Income Note Component, in a notional principal amount of not less than U.S.$100,000. See "Description of the Securities" and "Underwriting."

The requirements set forth under "Notice to Investors" above apply only to Securities offered in the United States, except for the requirements set forth in Paragraphs (4), (5), (6), (9), (10), (13) and (14) and except that the Regulation S Securities will bear the legends set forth in Paragraphs (7) and (12) under "Notice to Investors" above.

THE ISSUERS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OTHER THAN INFORMATION PROVIDED IN THE SECTION ENTITLED "THE COLLATERAL MANAGER." THE COLLATERAL MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION PROVIDED IN "THE COLLATERAL MANAGER" SECTION (OTHER THAN THE INFORMATION CONTAINED UNDER THE SUBHEADING "GENERAL"). 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.

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 COLLATERAL MANAGER, THE HEDGE COUNTERPARTY (OR ITS GUARANTOR) OR THEIR AGENTS SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with the resale of the Securities, the Issuers will be required under the Indenture and the Fiscal Agency Agreement, to furnish upon request to a holder or beneficial owner of a Security 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, as applicable, 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 Trustee delivers any annual or other periodic report to the Holders of the Notes, the Trustee 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 Notes outside the United States pursuant to Regulation S) is required to be (i) a Qualified Institutional Buyer and (ii) a Qualified Purchaser, in each case that can make all of the representations in the Indenture applicable to a holder that is a U.S. Person; (2) the Notes can only be transferred (i) to a transferee that is (a) a Qualified Institutional Buyer and (b) a Qualified Purchaser that can make all of the representations in the Indenture applicable to a holder who is a U.S. Person or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or 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 Indenture to transfer its interest in the Notes to a person designated by the Issuers or sell such interests on behalf of the holder.

To the extent the Issuer or the Fiscal Agent delivers any annual or periodic reports to the Holders of the Income Notes or the Holders of the Combination Notes, the Issuer or the Fiscal Agent, 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 Income Notes or Combination Notes outside the United States pursuant to Regulation S) is required to be (a) a Qualified Institutional Buyer or an Accredited Investor who has a net worth of not less than U.S.$10 million and (b) a Qualified Purchaser that can make all of the representations in the Income Notes and Combination Notes Purchase and Transfer Letter applicable to a holder who is a U.S. Person; (2) the Income Notes and Combination Notes can only be transferred to a transferee that is (i)(a) a Qualified Institutional Buyer or an Accredited Investor who has a net worth not less than U.S.$10 million and (b) a Qualified Purchaser or (ii) a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 under Regulation S; and (3) the Issuer has the right to compel any holder who does not meet the transfer restrictions set forth in the Fiscal Agency Agreement to transfer its Income Notes or Combination Notes to a person designated by the Issuer or sell such Income Notes or Combination Notes on behalf of the holder.

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.

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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 ..... Fortius II Funding, Ltd. (the "Issuer") is an exempted company incorporated with limited liability under the laws of the Cayman Islands for the sole purpose of acquiring the Collateral Assets, Eligible Investments, entering into Hedge Agreements, co-issuing the Notes (other than the Class E Notes), issuing the Class E Notes, the Income Notes and the Combination Notes and engaging in certain related transactions.

The Issuer will not have any material assets other than the portfolio consisting of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities and Synthetic Securities (the Reference Obligations of which are Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities) as described herein (collectively, "Collateral Assets"), the Default Swap Collateral Account, Eligible Investments, various interest rate swap agreements and cashflow swap agreements (the "Hedge Agreements"), the Collateral Management Agreement and certain other assets. The Collateral Assets, the Eligible Investments and certain other assets of the Issuer will be pledged by the Issuer to the Trustee under the Indenture, for the benefit of the Secured Parties, as security for, among other obligations, the Issuers' obligations under the Notes. The Default Swap Collateral Account will be pledged by the Issuer to the Trustee under the Indenture for the benefit of the Synthetic Security Counterparty as security for the Issuer's obligations under the Synthetic Securities.

Fortius II Funding, Corp. (the "Co-Issuer" and, together with the Issuer, the "Issuers") is a corporation formed under the laws of the State of Delaware for the sole purpose of co-issuing the Notes (other than the Class E 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 Notes. The Co-Issuer will have no claim against the Issuer in respect of the Collateral Assets or otherwise.

The authorized share capital of the Issuer is U.S.$50,000 which consists of 50,000 ordinary shares, par value U.S.$1.00 per share, ("Issuer Ordinary Shares"), 250 of which have been issued. The Issuer Ordinary Shares will be held by Maples Finance Limited, a licensed trust company incorporated in the Cayman Islands (the "Issuer Administrator") as the trustee pursuant to the terms of a charitable trust (the "Share Trustee") and all of the outstanding common equity of the Co-Issuer will be held by the Issuer.

The Collateral Manager	Aladdin Capital Management LLC, a Delaware limited liability company ("Aladdin"), will perform certain monitoring functions with respect to the Collateral Assets pursuant to a collateral management agreement to be dated as of the Closing Date (the "Collateral Management Agreement") between the Issuer and Aladdin, as Collateral Manager (in such capacity, the "Collateral Manager"). Aladdin is a registered investment adviser under the United States Investment Advisers Act of 1940, as amended. See "The Collateral Manager."
Securities Offered	On the Closing Date, the Issuer and the Co-Issuer will issue U.S.$12,700,000 principal amount of Class S Floating Rate Notes Due 2010 (the "Class S Notes"), U.S.$325,000,000 principal amount of Class A-1 Floating Rate Notes Due 2042 (the "Class A-1 Notes"), U.S.$50,000,000 principal amount of Class A-2 Floating Rate Notes Due 2042 (the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"), U.S.$45,000,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$20,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2042 (the "Class C Notes") and U.S.$27,500,000 principal amount of Class D Deferrable Floating Rate Notes Due 2042 (the "Class D Notes") and the Issuer will issue U.S.$7,500,000 principal amount of Class E Deferrable Floating Rate Notes Due 2042 (the "Class E Notes," and, together with the Class S Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about December 7, 2006 among the Issuers and The Bank of New York Trust Company, National Association, as trustee and as securities intermediary (the "Trustee" and the "Securities Intermediary," respectively). Under the Indenture, The Bank of New York Trust Company, National Association will also act as principal paying agent for the Notes (the "Principal Note Paying Agent"), as registrar (the "Note Registrar"), as calculation agent (the "Note Calculation Agent"), as transfer agent (the "Note Transfer Agent") and as paying agent for the Notes (the "Note Paying Agent" and, together with the Principal Note Paying Agent, the Note Registrar, the Note Calculation Agent, the Note Transfer Agent and the Listing and Paying Agent, the "Note Agents"). On the Closing Date, the Issuer will also issue U.S.$25,000,000 notional principal amount of Income Notes Due 2042 (the "Income Notes") and Combination Notes with a principal amount of U.S.$7,000,000 in respect of the Class C Note Component and a notional principal amount of U.S.$3,000,000 in respect of the Income Note Component Due 2042 (the "Combination Notes" and, together with the Notes and the Income Notes, the "Securities"), pursuant to a deed of covenant (the "Deed of Covenant"), dated on or about the Closing Date, executed by the Issuer and subject to the terms and conditions of the Income Notes and the Combination Notes (the "Terms and Conditions") appended thereto and a fiscal agency agreement (the "Fiscal Agency Agreement") dated on or about the Closing Date between the

Issuer and The Bank of New York, London Branch, as fiscal agent and transfer agent for the Income Notes and the Combination Notes (in such capacities, the "Fiscal Agent" and, together with the Note Agents, the "Agents"). Only the Notes, the Income Notes and the Combination Notes (collectively, the "Offered Securities") are offered hereby.

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

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

Solely for purposes of the ratings on the Combination Notes, on each Quarterly Payment Date, all distributions in excess of the Base Interest Amount with respect to the Combination Notes from and including the immediately preceding Quarterly Payment Date or the Closing Date, as applicable, will be applied to reduce the Rated Balance of the Combination Notes. To the extent the Base Interest Amount is not paid on the Combination Notes as of any Quarterly

Payment Date as a result of the operation of the Priority of Payments with respect to the Components thereof, such unpaid amount will be added to the Rated Balance of the Combination Notes and the Base Interest Amount shall thereafter be calculated on the basis of the then-current Rated Balance with respect to each Base Interest Accrual Period. The "Base Interest Amount" is an amount of interest on the Rated Balance of the Combination Notes during the period from the Closing Date through the day preceding the first Quarterly Payment Date and during each period thereafter from and including each Quarterly Payment Date through the day preceding the subsequent Quarterly Payment Date (each such period being a "Base Interest Accrual Period" with respect to the Combination Notes) at a rate of 1.0% *per annum* (the "Base Interest Rate") for each Base Interest Accrual Period. The Base Interest Amount will be calculated on the basis of a 360-day year consisting of four 90-day Interest Accrual Periods. The "Rated Balance" of the Combination Notes is initially U.S.$10,000,000 and thereafter, as of any date of determination, such amount shall be reduced by all payments of interest and principal made on the Combination Notes and increased by all shortfalls in respect of the Base Interest Amount as provided herein. The principal amount of the Combination Notes will at all times equal the principal amount of the Class C Note Component and the notional principal amount of the Income Note Component.

The Note Paying Agent, the Principal Note Paying Agent and any other Note paying agents appointed from time to time under the Indenture are collectively referred to as the "Note Paying Agents." The Note Paying Agents and the Fiscal Agent are collectively referred to as the "Paying Agents." The Note Transfer Agent and the Fiscal Agent are collectively referred to as the "Transfer Agents." The Indenture, the Collateral Management Agreement, the Hedge Agreements, the Collateral Administration Agreement, the Administration Agreement, the Deed of Covenant and the Fiscal Agency Agreement are collectively referred to as the "Transaction Documents."

Closing Date ..... The Issuer will issue the Class E Notes, the Income Notes and the Combination Notes and the Issuers will issue the other Notes on or about December 7, 2006 (the "Closing Date").

Status of the Securities ..... The Notes (other than the Class E Notes and including the Class C Note Component of the Combination Notes) will be limited recourse obligations of the Issuers and the Class E Notes and Income Notes (including the Income Note Component of the Combination Notes) will be limited recourse obligations of the Issuer. The Income Notes (including the Income Note Component of the Combination Notes) will not be secured obligations of the Issuer and will only be entitled to receive amounts available for distribution on any Quarterly Payment Date after payment of all amounts payable prior thereto under the Priority of Payments. The

Class S Notes will be senior in right of payment on each Payment Date to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes and will be senior in right of payment on each Quarterly Payment Date to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class A-1 Notes will be senior in right of payment on each Payment Date to the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes and the Class D Notes and will be senior in right of payment on each Quarterly Payment Date to the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class A-2 Notes will be senior in right of payment on each Payment Date to the Class B Notes, the Class C Notes and the Class D Notes and will be senior in right of payment on each Quarterly Payment Date to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class B Notes will be senior in right of payment on each Payment Date to the Class C Notes and the Class D Notes and will be senior in right of payment on each Quarterly Payment Date to the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class C Notes will be senior in right of payment on each Payment Date to the Class D Notes and will be senior in right of payment on each Quarterly Payment Date to the Class D Notes, the Class E Notes and the Income Notes; the Class D Notes will be senior in right of payment on each Quarterly Payment Date to the Class E Notes and the Income Notes and the Class E Notes will be senior in right of payment on each Quarterly Payment Date to the Income Notes, each to the extent provided in the Priority of Payments. See "Description of the Securities—Status and Security" and "—Priority of Payments."

Use of Proceeds ..... The net proceeds associated with the offering of the Securities issued on the Closing Date, after the payment of applicable fees and expenses, are expected to equal approximately U.S.$501,525,000. The net proceeds will be used by the Issuer to purchase on the Closing Date or within 90 days thereafter pursuant to agreements to purchase entered into on or prior to the Closing Date, the portfolio of Collateral Assets described herein having an aggregate Principal Balance of approximately U.S.$500,000,000. See "Security for the Notes—Disposition of Collateral Assets" and "Use of Proceeds."

The Collateral Assets..... The Collateral Assets (or, in the case of the Synthetic Securities, the Reference Obligations related thereto) are initially expected to be comprised of:

i. 76 issues of Residential Mortgage-Backed Securities across 4 categories, constituting approximately 82.6% of the Collateral Assets (by Principal Balance or, in the case

of Synthetic Securities the Reference Obligations of which are Residential Mortgage-Backed Securities, by notional balance),

ii. 14 issues of Commercial Mortgage-Backed Securities across 2 categories, constituting approximately 13.0% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are Commercial Mortgage-Backed Securities, by notional balance), and

iii. 2 issues of Asset-Backed Securities across 1 category, constituting approximately 4.4% of the Collateral Assets (by Principal Balance).

Approximately 34.00% of the Collateral Assets are expected to be Synthetic Securities, the Reference Obligations of which are expected to be RMBS and approximately 2.40% of the Collateral Assets are expected to be Synthetic Securities, the Reference Obligations of which are expected to be CMBS. See "Security for the Notes—The Collateral Assets." Certain summary information about the Collateral Assets is set forth in Appendix B to this Offering Circular. In addition, certain of the offering documents, term sheets, trustee reports and remittance reports relating to the Collateral Assets and the Reference Obligations are set forth on the CD-ROM attached to this Offering Circular.

Synthetic Security Counterparty..... The initial Synthetic Security Counterparty under the Synthetic Securities is Goldman Sachs International. The swap guarantor with respect to the initial Synthetic Securities is The Goldman Sachs Group, Inc., a Delaware corporation, which is an affiliate of the Synthetic Security Counterparty.

Synthetic Securities..... Each of the Synthetic Securities to be entered into by the Issuer and the Synthetic Security Counterparty on the Closing Date will be structured as "pay-as-you-go" credit default swaps related to single Reference Obligations. Pursuant to each Synthetic Security, the Issuer will receive a fixed rate in exchange for providing credit protection to the Synthetic Security Counterparty in connection with certain credit events that may occur with respect to the related Reference Obligations. To support any payments which may become due by the Issuer to the Synthetic Security Counterparty under the Synthetic Securities, the Issuer will be required to purchase Default Swap Collateral with a face value equal to the initial aggregate notional amount of the Synthetic Securities and pledge to the Synthetic Security Counterparty a first priority security interest in such Default Swap Collateral. It is expected that the Issuer will enter into separate confirmations relating to the Reference Obligations which are RMBS and CMBS and that each such confirmation will contain different provisions, including different credit events and settlement procedures, which are specific to such asset type. For a detailed description of the Synthetic Securities, see "Security for the Notes—Synthetic Securities".

Interest Payments and Certain Distributions	The Notes (including the Class C Note Component of the Combination Notes) will accrue interest from the Closing Date and such interest will be payable, in the case of the Class S Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes, on the 2nd 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 on February 2, 2007 and, in the case of the Class E Notes, on the 2nd day of February, May, August and November 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 February 2, 2007. Payments on the Income Notes (including the Income Note Component of the Combination Notes) will be payable in arrears on each Quarterly Payment Date, commencing on February 2, 2007. All payments on the Securities will be made from Proceeds in accordance with the Priority of Payments. The Class S Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class S Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.20%. The Class A-1 Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1 Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.31%. The Class A-2 Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-2 Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.48%. The Class B Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class B Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.58%. The Class C Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class C Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 1.30%. The Class D Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class D Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 3.25%. The Class E Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class E Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 6.00%. The Class S Note Interest Rate, the Class A-1 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 and the Class E Note Interest Rate are collectively referred to herein as the "Note Interest Rates."

To the extent interest that is due is not paid on the Class C Notes on any Payment Date ("Class C Deferred Interest"), such unpaid amounts will be added to the principal amount of the Class C Notes, and shall accrue interest at the Class C Note Interest Rate to the extent lawful and enforceable. So long as any Class S Notes, Class A Notes or Class B Notes are outstanding, the failure to pay any interest on the Class C Notes on any Payment Date will not be an Event of Default under the Indenture. To the extent interest that is due is not paid on the Class D Notes on any Payment Date ("Class D Deferred Interest"), such unpaid amounts will be added to the principal amount of the Class D Notes, and shall accrue interest at the Class D Note Interest Rate to the extent lawful and enforceable. So long as any Class S Notes, Class A Notes, Class B Notes or Class C Notes are outstanding, the failure to pay any interest on the Class D Notes on any Payment Date will not be an Event of Default under the Indenture. To the extent interest that is due is not paid on the Class E Notes on any Quarterly Payment Date ("Class E Deferred Interest"), such unpaid amounts will be added to the principal amount of the Class E Notes, and shall accrue interest at the Class E Note Interest Rate to the extent lawful and enforceable. So long as any Class S Notes, Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the failure to pay any interest on the Class E Notes on any Quarterly Payment Date will not be an Event of Default under the Indenture.

See "Description of the Securities – Interest and Distributions" and "—Priority of Payments."

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. 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.

The "Interest Accrual Period" with respect to the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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) and ending on and including the day immediately preceding such Payment Date and with respect to the Class E 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 Holders of the Income Notes will be entitled to receive, on each Quarterly Payment Date, all cash remaining after the payment of all other amounts required to be paid in accordance with the Priority of Payments.

Principal Payments ..... The Notes (other than the Class S Notes and including the Class C Note Component of the Combination Notes) and the Income Notes (including the Income Note Component of the Combination Notes) will mature on the Payment Date in February 2042 (such date the "Stated Maturity" with respect to each Class of Notes (other than the Class S Notes and including the Class C Note Component of the Combination Notes) and Income Notes (including the Income Note Component of the Combination Notes)), the Class S Notes will mature on the Payment Date in April 2010 (the "Stated Maturity" with respect to the Class S Notes), unless redeemed or retired prior thereto. The average life of the Notes (other than the Class S Notes and including the Class C Note Component of the Combination Notes) and the Income Notes (including the Income Note Component of the Combination Notes) is expected to be substantially shorter than the number of years from issuance until Stated Maturity for each Class of Notes and the Income Notes. See "Description of the Securities—Principal" and "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

Principal will be payable on the Class S Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in March 2007 in an amount equal to the Class S Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing and the Collateral Assets are being liquidated pursuant to the terms of the Indenture, the Class S Notes will be paid in full prior to any distributions to any other Notes. "Shifting principal" will be payable on the Notes (other than the Class S Notes) in accordance with clauses (xi) and (xv) of the Priority of Payments on each Payment Date or Quarterly Payment Date commencing on the Payment Date occurring in February 2007 with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and the Quarterly Payment Date occurring in February 2007 with respect to the Class E Notes in accordance with the Priority of Payments.

As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Status of the Securities" above, the Class A-2 Notes may be entitled to receive certain payments of principal while the Class S Notes and the Class A-1 Notes are outstanding, the Class B Notes may be entitled to receive certain payments of principal while the Class S Notes and the Class A Notes are outstanding, the Class C Notes may be entitled to receive certain payments of principal while the Class S Notes, the Class A Notes and the Class B Notes are outstanding, the Class D Notes may be entitled to receive certain payments of principal while the Class S Notes, the Class A Notes, the Class B Notes and the Class C Notes are outstanding and the Class E Notes may be entitled to receive certain payments of principal while the Class S Notes, the Class A

Notes, the Class B Notes, the Class C Notes and the Class D Notes are outstanding. In addition, the Income Notes may be entitled to receive certain payments while the Notes are outstanding. See "Description of the Securities—Priority of Payments."

In addition, to the extent funds are available therefor in accordance with the Priority of Payments, the Notes (other than the Class S Notes and including the Class C Note Component of the Combination Notes) will be subject to mandatory redemption on any Payment Date or Quarterly Payment Date if the Coverage Tests are not satisfied as described herein. See "Description of the Securities—Principal" and "—Mandatory Redemption."

Tax Redemption ..... Subject to certain conditions described herein, the Notes will be redeemed from Liquidation Proceeds, in whole but not in part, on any Payment Date 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 aggregate outstanding notional principal amount of the affected Income Notes or Holders of at least a Majority of any Class of Notes which, as a result of the occurrence of such Tax Event, have not received 100% of the aggregate amount of principal and interest or other amounts due and payable to such Holders (such redemption, a "Tax Redemption"). No such Tax Redemption will occur unless the expected Liquidation Proceeds equal or exceed the Total Redemption Amount. Upon the occurrence of a Tax Redemption, the Income Notes and the Combination Notes will be simultaneously redeemed.

With respect to a Tax Redemption as described above, the Notes will be redeemed at their Redemption Prices, respectively, as described herein. The amount payable as the final payment to the Income Notes following any Tax Redemption will be the Liquidation Proceeds remaining after the payment of the Total Redemption Amount in accordance with the Priority of Payments.

See "Description of the Securities—Tax Redemption."

Auction ..... Sixty days prior to the Payment Date occurring in February of each year (the "Auction Date"), commencing on the February 2014 Payment Date, the Collateral Manager shall take steps to conduct an auction (the "Auction") of the Collateral Assets in accordance with the procedures specified in the Indenture. If the Collateral Manager receives one or more bids from Eligible Bidders not later than ten Business Days prior to the Auction 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 Date and the Notes will be redeemed in whole on such Auction Date (any such date, the "Auction Payment Date"). If a successful Auction occurs, the Income Notes and the Combination Notes will also be redeemed in full. 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, the Collateral Assets will not be sold and no redemption of Notes, Income Notes or Combination Notes on the related Auction Date will be made.

Optional Redemption..... The Notes may be redeemed by the Issuers from Liquidation Proceeds, in whole but not in part, on any Payment Date on or after the Payment Date occurring in February 2010 (the "Optional Redemption Date"), at the written direction of, or with the written consent of the Holders of at least a Majority of the Income Notes (an "Optional Redemption"). If the Holders of the Income Notes so elect to cause an Optional Redemption, the Income Notes will also be redeemed in full.

In the event of an Optional Redemption, the Notes (including the Class C Note Component of the Combination Notes) will be redeemed at their Redemption Prices as described herein.

No Securities shall be redeemed pursuant to an Optional Redemption and a final distribution to the Income Notes shall not be made unless the Collateral Manager furnishes certain assurances that the Total Redemption Amount will be available for distribution on the related Optional Redemption Date.

See "Description of the Securities–Optional Redemption."

Mandatory Redemption..... On any Payment Date on which the Class A/B Overcollateralization Test, the Class C Overcollateralization Test or the Class D Overcollateralization Test is not satisfied as of the preceding Determination Date and on any Quarterly Payment Date on which the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test or the Class E Interest Diversion Test is not satisfied as of the preceding Determination Date, certain of the Notes (other than the Class S Notes) will be subject to mandatory redemption in accordance with the Priority of Payments, until the applicable Notes have been paid in full (a "Mandatory Redemption"). The Collateral Manager is not permitted to sell Collateral Assets to generate additional Proceeds to be applied to redeem the Notes except to the extent such Collateral Assets may, at the discretion of the Collateral Manager, be otherwise sold as Credit Risk Obligations, equity securities or Defaulted Obligations. The Class S Notes and the Income 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."

Security for the Notes..... Under the terms of the Indenture, the Issuer will grant to the Trustee, for the benefit and security of the Trustee on behalf of the Noteholders, the Fiscal Agent, the Collateral Manager, the Hedge Counterparty and the Synthetic Security Counterparty (but only to the extent of the Default Swap Collateral) (together the "Secured Parties"), to secure the Issuer's obligations under the Notes, the Indenture, the Hedge Agreements, the Collateral Management Agreement

and the Synthetic Securities (the "Secured Obligations"), a first priority security interest in the Collateral. The Income Notes will not be secured.

Reports..... A report will be made available to the Holders of the Notes, Holders of the Income Notes and Holders of the Combination Notes and will provide information on the Collateral Assets and payments to be made in accordance with the Priority of Payments (each, a "Payment Report") beginning in February 2, 2007. See "Security for the Notes—Reports."

Coverage Tests ..... The following table identifies the Coverage Tests and the value at which such tests will be satisfied. See "Security for the Notes—The Coverage Tests."

Coverage Test	Value at Which Test is Satisfied
Class A/B Overcollateralization Test	Class A/B Overcollateralization Ratio is equal to or greater than 114.0%
Class A/B Interest Coverage Test	Class A/B Interest Coverage Ratio is equal to or greater than 101.0%
Class C Overcollateralization Test	Class C Overcollateralization Ratio is equal to or greater than 110.5%
Class C Interest Coverage Test	Class C Interest Coverage Ratio is equal to or greater than 100.0%
Class D Overcollateralization Test	Class D Overcollateralization Ratio is equal to or greater than 103.5%
Class D Interest Coverage Test	Class D Interest Coverage Ratio is equal to or greater than 100.0%
Class E Interest Diversion Test	Class E Overcollateralization Ratio is equal to or greater than 102.8%

On the Closing Date, the Class A/B Overcollateralization Ratio is expected to be 119.0%, the Class A/B Interest Coverage Ratio is expected to be 162.8%, the Class C Overcollateralization Ratio is expected to be 113.6%, the Class C Interest Coverage Ratio is expected to be 154.2%, the Class D Overcollateralization Ratio is expected to be

	107.0%, the Class D Interest Coverage Ratio is expected to be 141.1% and the Class E Overcollateralization Ratio is expected to be 105.3%.
The Offering	The Offered Securities are being offered to non-U.S. Persons in offshore transactions in reliance on Regulation S, and 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 Income Notes and Combination Notes only, Accredited Investors purchasing in transactions exempt from registration under the Securities Act. Each purchaser who is a U.S. Person 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."
Minimum Denominations	The Notes will be issued in minimum denominations of U.S.$250,000 (in the case of the Rule 144A Notes) and U.S.$100,000 (in the case of the Regulation S Notes) and integral multiples of U.S.$1 in excess thereof for each Class of Notes. The Income Notes will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof. The Combination Notes will be issued in minimum denominations U.S.$250,000 (in the case of Combination Notes sold in reliance on Rule 144A) and U.S.$100,000 (in the case of Regulation S Combination Notes) and integral multiples of U.S.$1 in excess thereof in respect of the Class C Note Component and U.S.$100,000 and integral multiples of U.S.$1 in excess thereof in respect of the Income Note Component.
Form of the Securities	Each Class of 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"). Each Temporary Regulation S Global Note will be deposited on the Closing Date with The Bank of New York Trust Company, National Association as custodian for, and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), for the respective accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"). Beneficial interests in a Temporary Regulation S Global Note may be held only through Euroclear or Clearstream and may not be held at any time by a U.S. Person ("U.S. Person") (as such term is defined in Regulation S under the Securities Act). Each Class of Rule 144A Notes (other than the Class E Notes) 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"), deposited with The Bank of New York Trust Company, National Association as custodian for, and registered in the name of Cede & Co. as nominee of, DTC, which will credit

the account of each of its participants with the principal amount of Notes being purchased by or through such participant. 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 (other than the Regulation S Class E Notes) will be evidenced by one or more notes in definitive, fully registered form, registered in the name of the owner thereof (each, a "Definitive Note").

Beneficial interests in the Global Notes and the Definitive Notes 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."

The Income Notes (other than the Regulation S Income Notes) and the Combination Notes (other than the Regulation S Combination Notes) will be evidenced by one or more notes in definitive, fully registered form, registered in the name of the owner thereof (each, an "Income Note Certificate" or "Combination Note Certificate", as applicable). The Regulation S Income Notes and the Regulation S Combination Notes will be evidenced by a global note in fully registered form. The Income Notes and the Combination Notes 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 Indenture, the Notes (including the Class C Note Component of the Combination Notes), the Hedge Agreements, the Collateral Administration Agreement and the Collateral Management Agreement will be governed by the laws of the State of New York. The Deed of Covenant, including the Terms and Conditions of the Income Notes, the Fiscal Agency Agreement and the Income Notes (including the Income Note Component of the Combination Notes) will be governed by the laws of the Cayman Islands.

Listing and Trading ..... There is currently no market for the Notes, Income Notes or Combination Notes 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 to admit the Notes on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought, granted or maintained. See "Listing and General Information."

Ratings ..... It is a condition of the issuance of the Securities that the Class S Notes, the Class A-1 Notes and Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be rated at least "A2" by Moody's and at least "A" by S&P, that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P, that the Class E Notes be rated at least "Ba1" by Moody's

	and at least "BB+" by S&P and that the Combination Notes be issued with a rating of at least "Aa3" by Moody's. The Income 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 of the Notes."
Tax Status	See "Income Tax Considerations."
ERISA Considerations	See "ERISA Considerations."

The Offering									
Securities Issued									
Class Designation	S	A-1	A-2	B	C	D	E	Income Notes	Combination Notes
Original Principal Amount	U.S.$12,700,000	U.S.$325,000,000	U.S.$50,000,000	U.S.$45,000,000	U.S.$20,000,000	U.S.$27,500,000	U.S.$7,500,000	U.S.$25,000,000	U.S.$10,000,000
Stated Maturity	**April 2, 2010**	**February 3, 2042**							
Minimum Denomination (Integral Multiples):									
Rule 144A	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$100,000 ($1)	[2]
Reg S	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	[3]
Reg D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[4]
Applicable Investment Company Act of 1940 Exemption	**3 (c)(7)**								
Initial Ratings:									
Moody's	Aaa	Aaa	Aaa	Aa2	A2	Baa2	Ba1	N/A	Aa3
S&P	AAA	AAA	AAA	AA	A	BBB	BB+	N/A	N/A
Deferred Interest	No	No	No	No	Yes	Yes	Yes	N/A	[5]
Pricing Date	**November 3, 2006**								
Closing Date	**December 7, 2006**								
Interest Rate	1 Month LIBOR + 0.20%	1 Month LIBOR + 0.31%	1 Month LIBOR + 0.48%	1 Month LIBOR + 0.58%	1 Month LIBOR + 1.30%	1 Month LIBOR + 3.25%	3 Month LIBOR + 6.00%	N/A	
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating	N/A	[6]
Interest Accrual Period[1]	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	N/A	Floating Period
Dates of Payment	**(i) the 2nd 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	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007	February 2, 2007
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	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly	
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	N/A	[7]
Form of Securities:									
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Certificated	No	No	No	No	No	No	Yes	Yes	Yes
CUSIPS Rule 144A	34957YAA5	34957YAB3	34957YAC1	34957YAD9	34957YAE7	34957YAF4	34957QAA2	34957QAB0	34957QAD6
CUSIPS Reg S	G3640XAA8	G3640XAB6	G3640XAC4	G3640XAD2	G3640XAE0	G3640XAF7	G3640WAA0	G3640WAB8	G3640WAC6
ISIN Reg S	USG3640XAA84	USG3640XAB67	USG3640XAC41	USG3640XAD24	USG3640XAE07	USG3640XAF71	USG3640WAA02	USG3640WAB84	USG3640WAC67
CUSIPS REG D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	34957Q AC 8	34957QAE4
Euroclear Common Codes	027873472	027585167	027585299	027585400	027585531	027585728	027585914	027585981	027596932
Clearing Method:									
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	Physical	Physical	Physical
Reg S	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear

1. **"Floating Period"** means, with respect to the Class S Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes (including the Class C Note Component of the Combination Notes) and the Class D 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) and ending on and including the day immediately preceding such Payment Date and with respect to the Class E 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.

2. The Combination Notes sold in reliance on Rule 144A will be issued in minimum denominations representing U.S.$250,000 of Class C Notes and integral multiples of $1 in excess thereof and U.S.$100,000 Income Notes and integral multiples of U.S.$1 in excess thereof.

3. The Combination Notes sold in reliance on Regulation S will be issued in minimum denominations representing U.S.$100,000 Class C Notes and integral multiples of U.S.$1 in excess thereof and U.S.$100,000 Income Notes and integral multiples of U.S.$1 in excess thereof.

4. The Combination Notes sold in reliance on Regulation D to Accredited Investors will be issued in minimum denominations representing U.S.$250,000 of Class C Notes and integral multiples of $1 in excess thereof and U.S.$100,000 Income Notes and integral multiples of U.S.$1 in excess thereof.

5. The Class C Note Component of the Combination Notes will be eligible for Deferred Interest.

6. The Class C Note Component of the Combination Notes will have a floating interest rate equal to 1 Month LIBOR *plus* 1.30%.

7. The Class C Note Component of the Combination Notes will have a monthly payment frequency and an actual/360 day count. The Income Note Component of the Combination Notes will have a quarterly payment frequency.

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 Offered Securities, the Initial Purchaser is not obligated to do so, and any such market making with respect to the Offered Securities may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes (including the Class C Note Component of the Combination Notes) will develop or, if a secondary market does develop, that it will provide the Holders of the Notes with liquidity of investment or that it will continue for the life of such Notes and consequently a purchaser must be prepared to hold the Notes until maturity. Consequently, a purchaser must be prepared to hold the Notes for an indefinite period of time or until Stated Maturity. Since it is likely that there will never be a secondary market for the Income Notes (including the Income Note Component of the Combination Notes), a purchaser must be prepared to hold its Income Notes until the 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. See "Description of the Securities—Form of 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, granted or maintained.

Limited Recourse Obligations. The Class E Notes and the Income Notes (including the Income Note Component of the Combination Notes) will be limited recourse obligations of the Issuer and the Class A Notes, Class B Notes, Class C Notes (including the Class C Note Component of the Combination Notes) and Class D Notes will be limited recourse obligations of the Issuers payable solely from the Collateral pledged by the Issuer to secure the Notes. The Income Notes are denominated as debt of the Issuer and are not secured by the Collateral Assets or the other collateral securing the Notes. None of the Collateral Manager, the Holders of the Notes, the Holders of the Income Notes, the Holders of the Combination Notes, the Initial Purchaser, the Trustee, the Issuer Administrator, the Agents, the Hedge 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 Notes or the Income Notes. Consequently, Holders of the Notes and Income Notes must rely solely on distributions on the Collateral pledged to secure the Notes for the payment of principal, interest and premium, if any, thereon. If distributions on the Collateral are insufficient to make payments on the Notes and Income Notes, no other assets (and, in particular, no assets of the Collateral Manager, the Holders of the Notes, the Holders of the Income Notes, the Holders of the Combination Notes, the Initial Purchaser, the Trustee, the Issuer Administrator, the Agents, the Hedge Counterparties or any affiliates of any of the foregoing) will be available for payment of the deficiency, and following realization of the Collateral pledged to secure the Notes, the obligations of the Issuers to pay such deficiency shall be extinguished.

Subordination of the Securities. Payments of principal on the Class S Notes will be senior to payments of principal of the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and senior to payments on the Income Notes on each Payment Date or Quarterly Payment Date, as applicable. Payments of principal on the Class A-1 Notes will be senior to payments of principal of the Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E

Notes and senior to payments on the Income Notes on each Payment Date or Quarterly Payment Date, as applicable. Payments of principal on the Class A-2 Notes will be senior to payments of principal of the Class B Notes, Class C Notes, Class D Notes and Class E Notes and senior to payments on the Income Notes on each Payment Date or Quarterly Payment Date, as applicable. Payments of principal on the Class B Notes will be senior to payments of principal on the Class C Notes, the Class D Notes and Class E Notes and senior to payments on the Income Notes on each Payment Date or Quarterly Payment Date, as applicable. Payments of principal on the Class C Notes will be senior to payments of principal on the Class D Notes and Class E Notes and senior to payments on the Income Notes on each Payment Date or Quarterly Payment Date, as applicable. Payments of principal on the Class D Notes due on any Quarterly Payment Date will be senior to payments of principal due on the Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of principal due on the Class E Notes will be senior to payments on the Income Notes on such Quarterly Payment Date. As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Description of the Securities—Status and Security," the Class A-2 Notes will be entitled to receive certain payments of principal while the Class S Notes and the Class A-1 Notes are outstanding, the Class B Notes will be entitled to receive certain payments of principal while the Class S Notes and the Class A Notes are outstanding, the Class C Notes will be entitled to receive certain payments of principal while the Class S Notes, the Class A Notes and the Class B Notes are outstanding, the Class D Notes will be entitled to receive certain payments of principal while the Class S Notes, the Class A Notes, the Class B Notes and the Class C Notes are outstanding and the Class E Notes will be entitled to receive certain payments of principal while the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are outstanding. In addition, the Income Notes will be entitled to receive certain payments while the Notes are outstanding. See "Description of the Securities—Priority of Payments." 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 Income Notes; then, by Holders of the Class E Notes; then, by Holders of the Class D Notes; then, by Holders of the Class C Notes; then, by Holders of the Class B Notes; then, by Holders of the Class A-2 Notes; then, by the Holders of the Class A-1 Notes, and finally, by Holders of the Class S Notes.

Payments of interest on the Class S Notes due on any Payment Date will be senior to payments of interest on the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes on such Payment Date. Payments of interest on the Class S Notes due on any Quarterly Payment Date will be senior to payments of interest on the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of interest on the Class A-1 Notes due on any Payment Date will be paid pro rata with payments of interest on the Class A-2 Notes and will be senior to payments of interest on the Class B Notes, the Class C Notes and the Class D Notes on such Payment Date. Payments of interest on the Class A-1 Notes due on any Quarterly Payment Date will be paid pro rata with payments of interest on the Class A-2 Notes and will be senior to payments of interest on the Class B Notes, Class C Notes, Class D Notes and Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of interest on the Class A-2 Notes due on any Payment Date will be paid pro rata with payments of interest on the Class A-1 Notes and will be senior to payments of interest on the Class B Notes, the Class C Notes and the Class D Notes on such Payment Date. Payments of interest on the Class A-2 Notes due on any Quarterly Payment Date will be paid pro rata with payments of interest on the Class A-1 Notes and will be senior to payments of interest on the Class B Notes, Class C Notes, Class D Notes and Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of interest on the Class B Notes due on any Payment Date will be senior to payments of interest on the Class C Notes and the Class D Notes on such Payment Date. Payments of interest on the Class B Notes due on any Quarterly Payment Date will be senior to payments of interest on the Class C Notes, the Class D Notes and Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of interest on the Class C Notes due on any Payment Date will be senior to payments of interest on the Class D Notes on such Payment Date. Payments of interest on the Class C Notes due on any Quarterly Payment Date will be senior to payments of interest on the Class D Notes and Class E Notes and senior to payments on the Income Notes on such Quarterly Payment Date. Payments of interest on the Class D Notes due on any Quarterly Payment Date will be senior to payments of interest on the Class E Notes and senior to payments on the

Income Notes on such Quarterly Payment Date. Payments of interest on the Class E Notes due on any Quarterly Payment Date will be senior to payments on the Income Notes on such Quarterly Payment Date. See "Description of the Securities."

On any Payment Date or Quarterly Payment Date, as applicable, on which certain conditions are satisfied and funds are available therefor, the "shifting principal" method in clauses (xi) and (xv) of the Priority of Payments may permit Holders of the Class B Notes, Class C Notes, Class D Notes and Class E Notes to receive payments of principal in accordance with the Priority of Payments while more senior Classes of Notes remain outstanding and may permit distributions of Principal Proceeds to the Holders of the Income Notes, to the extent funds are available in accordance with the Priority of Payments, while the Notes are outstanding. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Notes or to the Income Notes will not be recoverable in the event of a subsequent shortfall in the amount required to pay a more senior Class of Notes.

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 and the Income 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 Indenture; 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 that the anticipated proceeds of such sale or liquidation (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to pay in full the sum of (A) the principal (including any Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Notes, (B) unpaid Administrative Expenses, (C) all amounts payable by the Issuer to any Hedge Counterparty (including any applicable termination payments other than Defaulted Hedge Termination Payments), net of all amounts payable to the Issuer by any Hedge Counterparty and (D) all other items in the Priority of Payments ranking prior to payments on the Notes. 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 such amount. In addition, even if the anticipated proceeds of such sale or liquidation would not be sufficient to pay in full such amount, the Holders of a SupraMajority of the Controlling Class and any Hedge Counterparty (unless any such Hedge Counterparty will be paid in full the amounts due to it other than any Defaulted Hedge Termination Payments at the time of distribution of the proceeds of any sale or liquidation of the Collateral) may direct the sale and liquidation of the Collateral.

Remedies pursued by the Holders of the Class S 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 Income Notes and the Combination Notes. After the Class S Notes and the Class A Notes are no longer outstanding, the Holders of the Class B Notes will be entitled to determine the remedies to be exercised under the Indenture (except as noted above) if an Event of Default occurs. After the Class S Notes, the Class A Notes and the Class B Notes are no longer outstanding, the Holders of the Class C Notes will be entitled to determine the remedies to be exercised under the Indenture (except as noted above) if an Event of Default occurs. After the Class S Notes, the Class A Notes, the Class B Notes and the Class C Notes are no longer outstanding, the Holders of the Class D Notes will be entitled to determine the remedies to be exercised under the Indenture (except as noted above) if an Event of Default occurs. After the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are no longer outstanding, the Holders of the Class E Notes will be entitled to determine the remedies to be exercised under the Indenture (except as noted above) if an Event of Default occurs. See "Description of the Securities—The Indenture and the Fiscal Agency Agreement—Events of Default."

Status of the Income Notes. The Income Notes (including the Income Note Component of the Combination Notes) are unsecured debt obligations of the Issuer and are not secured by the Collateral Assets or the other Collateral securing the Notes. As such, the Holders of the Income Notes and, to the extent of the Income Note Component of the Combination Notes, the Holders of the Combination Notes will rank behind the Holders of the Notes and any other secured creditors as set forth in the Indenture and

pari passu with the unsecured creditors, whether secured or unsecured and known or unknown, of the Issuer. No person or entity other than the Issuer will be required to make any payments on the Income Notes. Except with respect to the obligations of the Issuer to make payments pursuant to the Priority of Payments, the Issuer does not expect to have any creditors. The funds available to be paid to the Fiscal Agent for the benefit of the Holders of the Income Notes will depend in part on the weighted average of the Note Interest Rates.

Amounts on deposit in the Income Note Payment Account (as defined herein) will not be available to pay amounts due to the Holders of the Notes, the Trustee, the Collateral Manager, the Hedge Counterparties or any other creditor of the Issuer whose claim is limited in recourse to the Collateral. However, amounts on deposit in the Income Note Payment Account (as defined herein) may be subject to the claims of creditors of the Issuer that have not contractually limited their recourse to the Collateral. The Indenture and the Fiscal Agency Agreement will limit the Issuer's activities to the issuance and sale of the Securities, the acquisition and disposition of the Collateral Assets, the acquisition and disposition of, and investment and reinvestment in, the Eligible Investments and the other activities related to the issuance and the sale of the Securities described under "The Issuers". The Issuer does not expect to have any significant full recourse liabilities that would be payable out of amounts on deposit in the Income Note Payment Account (as defined herein).

Leveraged Investment. The Income Notes and, to a lesser extent, the Class E 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 Income Notes and the Class E 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 interest rate risk.

Optional Redemption and Tax Redemption of Securities. Subject to the satisfaction of certain conditions, the Securities may be optionally redeemed in whole and not in part (i) on any Payment Date on or after the February 2010 Payment Date at the written direction of, or with the written consent of, Holders of at least a Majority of the Income Notes or (ii) on any Payment Date 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 aggregate outstanding notional principal amount of the affected Income Notes or the Holders of at least a Majority of any Class of Notes, if as a result of an occurrence of a Tax Event, such Class of Notes has not received 100% of the aggregate amount of principal and interest due and payable on such Class of Notes. If an Optional Redemption or Tax Redemption occurs, the Income Notes and the Combination Notes will be redeemed simultaneously.

There can be no assurance that after payment of the redemption prices for the Securities and all other amounts payable in accordance with the Priority of Payments, any additional Proceeds will remain to distribute to the Holders of the Income Notes upon redemption. See "Description of the Securities—Optional Redemption" and "—Tax Redemption." An Optional Redemption or Tax Redemption of the Securities could require the Collateral Manager 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 Indenture may require the Collateral Manager 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 Income Notes to direct an Optional Redemption or, in the case of a Tax Redemption, for the Holders of the affected Class of Notes or Income 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 Income Notes in determining whether to elect to effect an Optional Redemption and the interests of the Holders of the affected Class of Notes and the Income 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. An Optional Redemption or a Tax Redemption will shorten the average lives of the Securities and the duration of the Securities and may reduce the yield to maturity of the Notes.

Auction. There can be no assurance that an Auction of the Collateral Assets on any Auction Date will be successful. The failure of an Auction may lengthen the expected average lives of the Notes, the Income Notes and the Combination Notes and may reduce the yield to maturity of the Notes and may adversely affect the yield on the Income Notes and the Combination Notes. A successful Auction of the Collateral Assets is not required to result in any proceeds for distribution to the Holders of the Income Notes. Accordingly, in the event of an Auction, Holders of Income Notes may have their Income Notes (including the Income Note Component of the Combination Notes) redeemed without receiving any additional distributions on such Income Notes. In addition, the success of an Auction will shorten the average lives of the Notes and the duration of the Securities and may reduce the yield to maturity of the Notes.

Mandatory Redemption of Notes. If the Class A/B Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date or the Class A/B Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Income Notes and paid as interest to the Holders of the Class C Notes, Class D Notes, Class E Notes and Combination Notes will be used to redeem, first, the Class A-1 Notes until paid in full, second, the Class A-2 Notes until paid in full and, third, the Class B Notes until paid in full. If the Class C Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date or the Class C Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class D Notes, the Class E Notes and/or the Holders of the Income Notes will be used (a) to redeem, from Principal Proceeds only, pro rata, the Class A Notes until paid in full (*provided*, that the amount allocated to the Class A Notes will be paid first to the Class A-1 Notes until paid in full, and second, to the Class A-2 Notes until paid in full), the Class B Notes until paid in full and the Class C Notes until paid in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes, 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, and fourth, to the payment of principal of all outstanding Class C Notes and (b) to pay, with any remaining Proceeds, the principal of all outstanding Class C Notes until the Class C Notes are paid in full. If the Class D Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date or the Class D Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class E Notes and/or the Holders of the Income Notes will be used to redeem the Class D Notes until paid in full. If the Class E Interest Diversion Test is not met on the Determination Date immediately preceding a Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Income Notes will be used to redeem the Class E Notes until paid in full. The foregoing 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, the Class E Notes and the Income Notes. See "Security for the Notes—The Coverage Tests." Any such redemptions will shorten the average life of the redeemed Notes, may lower the yield to maturity of the Notes and may adversely affect the yield on the Income Notes.

Collateral Accumulation. In anticipation of the issuance of the Securities, an affiliate of Goldman, Sachs & Co. has agreed to "warehouse" up to approximately U.S.$500,000,000 aggregate Principal Balance (or, in the case of Synthetic Securities, notional amount) of Collateral Assets selected by the Collateral Manager for resale to the Issuer pursuant to the terms of a forward purchase agreement. As part of the warehouse arrangement, such affiliate of Goldman, Sachs & Co., the Issuer and third parties may enter into certain ancillary arrangements under which the risk of loss of the value of the Collateral Assets during the accumulation period will be shared. In addition, SPW Funding, Ltd. ("SPW Funding"), a company incorporated in the Cayman Islands for the purpose of "warehousing" certain assets for various issuers of collateralized debt obligations, has agreed to warehouse one Collateral Asset with an

aggregate principal amount of approximately U.S.$16,065,544 as selected by the Collateral Manager for resale to the Issuer pursuant to the terms of a forward purchase agreement. The acquisition of such Collateral Asset by SPW Funding is financed pursuant to a credit facility provided by Manhattan Asset Funding Company LLC. Of such amount of Collateral Assets to be "warehoused", 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 Synthetic Securities 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 agreements, the Issuer will be obligated to purchase the "warehoused" assets *provided* such Collateral Assets satisfy certain 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 Collateral Manager or Goldman, Sachs & Co. (which sale may only occur with the consent of Goldman, Sachs & Co.'s affiliate or SPW Funding, as applicable), the Issuer will bear the loss or receive the gain on the sale of such Collateral Asset to a third party.

Disposition of Collateral Assets by the Collateral Manager Under Certain Circumstances. Under the Indenture, the Collateral Manager has the right, but is not obligated, to direct the Issuer to sell, at a price equal to the fair market value, Collateral Assets meeting the definition of Credit Risk Obligations, Defaulted Obligations or equity securities subject to satisfaction of the conditions described herein. Such sales of Collateral Assets may result in losses by the Issuer, which losses may result in the reduction or withdrawal of the rating of any or all of the Notes by any of the Rating Agencies. On the other hand, circumstances may exist under which it is in the best interests of the Issuer or the Holders of the Securities to dispose of Collateral Assets, but the Collateral Manager does not direct the Issuer or the Issuer does not otherwise sell such Collateral Assets.

Average Lives, Duration and Prepayment Considerations. The average lives of the Notes (other than the Class S Notes) and the Income Notes are expected to be shorter than the number of years until their Stated Maturity. See "Weighted Average Life and Yield Considerations."

The average lives of the Notes and the Income 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 of Collateral Assets.

Some or all of the loans underlying the RMBS or CMBS may be prepaid at any time (although certain of such mortgage loans may have "lockout" periods, defeasance provisions, prepayment penalties or other disincentives to prepayment). Defaults on and liquidations of the loans and other collateral underlying the RMBS, CMBS or Asset-Backed Securities 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 Notes and the Income Notes. See "—Collateral Assets," "Weighted Average Life and Yield Considerations" and "Security for the Notes."

Projections, Forecasts and Estimates. Estimates of the weighted average lives of, and returns on, the Notes included herein, together with any other projections, forecasts and estimates provided to prospective purchasers of the Notes, 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, levels of default, liquidation and prepayments of the underlying assets, 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 Collateral Manager, the Initial Purchaser 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 of the Issuer on the Collateral Manager. The Issuer has no employees and is dependent on the employees of the Collateral Manager to advise the Issuer in accordance with the terms of the Indenture and the Collateral Management Agreement. Consequently, the loss of one or more of the individuals employed by the Collateral Manager to administer the Collateral Assets or to provide disposition related services in respect of the Collateral Assets could have an adverse effect, which effect may be material, on the performance of the Issuer. See "The Collateral Manager" and "The Collateral Management Agreement."

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 Income Note Component, the risks of ownership of the Income Notes and (b) with respect to the Class C Note Component, the risks of ownership of the Class C Notes. As a result, all of the risks of the Income Notes or of the Class C 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.

Collateral Assets

General. The following description of the Collateral Assets and the Reference Obligations and the underlying documents and the risks related thereto is general in nature, and prospective purchasers of the Securities should review the descriptions and risk factors relating to each of the Collateral Assets

and the Reference Obligations set forth in the related Disclosure Documents on the CD-ROM attached to this Offering Circular and the summaries set forth in Appendix B to this Offering Circular. The Disclosure Documents were completed as of the date of the original offering of each of the Collateral Assets and the Reference Obligations and the information contained in such Disclosure Documents may now be outdated and less relevant to the Collateral Assets and the Reference Obligations.

Nature of Collateral. The Collateral is subject to credit, liquidity, prepayment and interest rate risks. The amount and nature of collateral securing the Notes has been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Collateral Assets and the Reference Obligations. See "Ratings of the Notes." If any deficiencies exceed such assumed levels, however, payment of the Notes could be adversely affected. To the extent that a default or credit event occurs with respect to any Collateral Asset securing the Notes and the Collateral Manager exercises its right to cause the sale or other disposition 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 and the Reference Obligations generally will fluctuate with, among other things, the financial condition of the Reference Obligations and obligors on or issuers of the Collateral Assets and the Reference Obligations, the credit quality of the underlying pool of assets in any Collateral Asset or Reference Obligation, the Synthetic Security Counterparty, 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 Collateral Manager or the Trustee has any liability or obligation to the Holders of Securities as to the amount or value of, or decrease in the value of, the Collateral Assets from time to time.

If a Collateral Asset becomes a Credit Risk Obligation or a Defaulted Obligation, the Collateral Manager may direct the Issuer to sell, terminate or assign the affected Collateral Asset. There can be no assurance as to the timing of the Issuer's sale, termination or assignment of the affected Collateral Asset, or as to the rates of recovery on such affected Collateral Asset. The inability to realize immediate recoveries at the recovery levels assumed herein may result in lower cash flow and a lower yield to maturity of the Notes and may adversely affect the yield on the Income Notes.

Synthetic Securities. Approximately 36.4% of the Collateral Assets (by principal or notional balance) are expected to consist of Synthetic Securities as of the Closing Date. On the Closing Date, approximately 93.41% of the Reference Obligations are expected to consist of RMBS and approximately 6.59% of the Reference Obligations are expected to consist of CMBS.

The economic return on a Synthetic Security depends substantially upon the performance of the related Reference Obligation and partially upon the performance of the collateral posted by the Issuer to secure its obligations to the Synthetic Security Counterparty on deposit in the Default Swap Collateral Account. 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 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. In certain circumstances, the Class C Notes, the Class D Notes and the Class E Notes, in particular, could be exposed to the risk of default of the Synthetic Security Counterparty. Due to the fact that a 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 Collateral Manager's ability to dispose of a Synthetic Security, if circumstances arise permitting such disposal, may be limited. Any settlement payments and termination payments payable by the Issuer (net of any termination payments owing by the Synthetic Security Counterparty) to the Synthetic Security Counterparty will reduce the amount available to pay the Income Noteholders and the Noteholders in inverse order of seniority. 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.

Because no party is required to hold any Reference Obligation, neither the Issuer nor the Synthetic Security Counterparty will have any right to obtain from any party information regarding any Reference Obligor. The Synthetic Security Counterparty will have no obligation to keep the Issuer, the Trustee, the Collateral Manager, the Holders of the Notes or the Holders of the Income Notes informed as to matters arising in relation to any Reference Obligation including whether or not circumstances exist under which there is a possibility of the occurrence of a credit event.

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 Obligor or 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 and the Reference Obligation. 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. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as the sole Synthetic Security Counterparty with respect to the Synthetic Securities, which creates concentration risk and may create certain conflicts of interest. In addition, neither the Synthetic Security Counterparty nor its affiliates will be (or deemed to be acting as) the agent or trustee of the Issuer, the Holders of the Notes or the Holders of the Income Notes in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Synthetic Security Counterparty and/or its affiliates arising under or in connection with their respective holding of any Reference Obligation. The Synthetic Security Counterparty and its affiliates (i) may deal in any Reference Obligation, (ii) may generally engage in any kind of commercial or investment banking or other business transactions with any issuer of a Reference Obligation, and (iii) may act with respect to transactions described in the preceding clauses (i) and (ii) in the same manner as if the Synthetic Securities and the Notes did not exist and without regard to whether any such action might have an adverse affect on such Reference Obligation, the Issuer, the Holders of the Notes or the Holders of the Income Notes.

All of the Synthetic Securities are expected to be structured as "pay-as-you-go" credit default swaps. The obligation of the Issuer to make payments to a Synthetic Security Counterparty under a Synthetic Security creates credit exposure to the related Reference Obligations (as well as to the default risk of the related Synthetic Security Counterparty). Following the occurrence of a "credit event", the Issuer may be required to pay to the Synthetic Security Counterparty a "physical settlement payment" or a "cash settlement payment". The payment of any such credit protection payments will be funded by the Issuer liquidating Default Swap Collateral chosen by the Synthetic Security Counterparty. In addition, each Synthetic Security may require the Issuer, in its capacity as protection seller, to pay certain "floating amounts" to the Synthetic Security Counterparty equal to certain principal shortfall amounts, writedown payments and interest shortfalls under the Reference Obligation upon the occurrence thereof. Although the Synthetic Security Counterparty, in its capacity as protection buyer, will be obligated to reimburse all or part of such payments to the Issuer if the writedown payments of the related shortfalls are ultimately paid to holders of the Reference Obligations or if the related Reference Obligations are written up, the amounts available to the Issuer to make payments in respect of the Notes and the Income Notes may be reduced after payment by the Issuer of the relevant payment to the Synthetic Security Counterparty until the Issuer receives such reimbursement, if any, from the Synthetic Security Counterparty. Any "floating payments" or credit protection payments payable by the Issuer, may result in a reduction of the notional amount of the Synthetic Securities, and therefore reduce the amounts payable by the Synthetic Security Counterparty and the amount of interest collections available to pay interest on the Notes. In addition, any "floating payment", "physical settlement payment" or "cash settlement payment" would reduce the amount on deposit in the Default Swap Collateral Account that is available to pay the principal of the Notes.

Determination of the floating amounts and additional fixed amounts (each as described in the Confirmations) will depend on the relevant servicer reports being available and on such reports containing adequate information to enable the required calculations to be made. Current private industry

investigations of the market practices show that such reports can vary and that not all reports contain adequate information. In addition, access to servicer reports may be limited if such reports are confidential and neither counterparty holds the related Reference Obligation.

The Issuer will be required to purchase Default Swap Collateral and pledge to the Synthetic Security Counterparty a first priority security interest in such Default Swap Collateral. In the event a "credit event" occurs under a Synthetic Security, the item of Default Swap Collateral chosen by the Synthetic Security Counterparty after the application of any cash on deposit in the Default Swap Collateral Account will be sold by the Trustee at the direction of the Collateral Manager 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 Default Swap 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 Default Swap 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 Collateral Manager may be retained by the Collateral Manager or sold by the Collateral Manager at the sole discretion of the Collateral Manager without regard to whether such sale would be permitted as a sale of a Defaulted Obligation or Credit Risk Obligation; *provided* that no Event of Default has occurred and is continuing. In the event that no "credit event" under a Synthetic Security occurs prior to the termination or scheduled maturity of such Synthetic Security, the related Default Swap 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 Collateral Manager, upon the termination or scheduled maturity of such Synthetic Security. If the Collateral Manager elects to sell or terminate a portion of a Synthetic Security prior to its scheduled maturity, the Synthetic Security Counterparty will choose the Default Swap Collateral to be liquidated to make any termination payments due to the Synthetic Security Counterparty after the application of cash available in the Default Swap Collateral Account and the Collateral Manager will cause such portion of the Default Swap 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 Default Swap Collateral not required to be pledged to such Synthetic Security Counterparty will be delivered to the Trustee free of such lien. The Collateral Manager, in accordance with the terms of the related Synthetic Security and the Indenture, may be able to sell or replace Default Swap Collateral prior to the termination or maturity of the related Synthetic Security with the consent of the Synthetic Security Counterparty. The Issuer may realize a loss upon any sale of any Default Swap Collateral, however, under the terms of the Synthetic Securities, the Synthetic Security Counterparty will bear any market risk on the liquidation of the Default Swap Collateral.

Termination payments due to the Synthetic Security Counterparty, other than Defaulted Synthetic Security Termination Payments, will be paid by the Issuer directly through the liquidation of Default Swap Collateral outside of the Priority of Payments. In addition, Liquidation Proceeds needed to conduct an Auction, an Optional Redemption or a Tax Redemption or to liquidate the Collateral in connection with an Event of Default and acceleration under the Indenture, will be calculated after taking into account any termination payments (other than Defaulted Synthetic Security Termination Payments) that may be due to the Synthetic Security Counterparty upon the termination of the Synthetic Securities. Any termination payments paid directly to the Synthetic Security Counterparty and not through the Priority of Payments may reduce amounts available for payments on the Notes.

"Pay-as-you-go" credit default swaps are a new type of credit default swap developed to incorporate the unique structures of asset-backed securities. In June 2005, the International Swaps and Derivatives Association, Inc. ("ISDA") published its first form confirmation for "pay-as-you-go" credit default swaps referencing RMBS. The form confirmation expected to be used to document the Synthetic Securities is expected to be similar, but may differ substantially from the ISDA "pay-as-you-go" form. While ISDA has published its form confirmation and has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit default swap market, the credit default swap market is expected to change and the "pay-as-you-go" credit default swap

forms and the Credit Derivatives Definitions and terms applied to credit derivatives are subject to interpretation and further evolution. ISDA is currently preparing forms for other types of asset-backed securities. There can be no assurance that such forms will be substantially similar to the form confirmation. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution of the ISDA "pay-as-you-go" credit default swap forms, the confirmations used to document the Synthetic Securities may differ from the future market standard. Such a result may have a negative impact on the liquidity and market value of the Synthetic Securities.

There can be no assurances that changes to the Credit Derivatives Definitions and other terms applicable to credit derivatives generally will be predictable or favorable to the Issuer. Amendments or supplements to the "pay-as-you-go" credit default swap forms and amendments and supplements to the Credit Derivatives Definitions that are published by ISDA will only apply to the Synthetic Securities executed prior to such amendment or supplement if the Issuer and the Synthetic Security Counterparty agree to amend the Synthetic Securities to incorporate such amendments or supplements and the Rating Agency Condition has been satisfied. Markets in different jurisdictions have also already adopted and may continue to adopt different practices with respect to the Credit Derivatives Definitions. Furthermore, the Credit Derivatives Definitions may contain ambiguous provisions that are subject to interpretation and may result in consequences that are adverse to the Issuer. In addition to the credit risk of the Reference Obligations and the credit risk of the Synthetic Security Counterparty, the Issuer is also subject to the risk that the Credit Derivatives Definitions could be interpreted in a manner that would be adverse to the Issuer or that the credit derivatives market generally may evolve in a manner that would be adverse to the Issuer.

PROSPECTIVE PURCHASERS OF THE NOTES AND THE INCOME NOTES 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. Approximately 13.0% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities, the Reference Obligations of which are Commercial Mortgage-Backed Securities, by notional balance) are expected to consist of Commercial Mortgage-Backed Securities ("CMBS") as of the Closing Date. The types of Commercial Mortgage Backed Securities that the Issuer will acquire on the Closing Date are expected to consist of CMBS Conduit Securities and CMBS Repack 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, nursing homes and senior living centers. CMBS have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. 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 properties tend to be unique and are more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential one-to-four family lending since it typically involves larger loans to a single borrower than residential one-to-four family lending.

Commercial mortgage lenders typically look to the debt service coverage ratio of a loan secured by income-producing property as an important measure of the risk of default on such a loan. Commercial property values and net operating income are subject to volatility, and net operating income may be sufficient or insufficient to cover debt service on the related mortgage loan at any given time. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project rather than upon the liquidation value of the underlying real estate. Furthermore, the net operating income from and value of any commercial property may be adversely affected by risks generally incident to interests in real property, including events which the borrower or manager of the property, or the issuer or servicer of the related issuance of commercial mortgage-backed securities, may be unable to predict or control, such as changes in general or local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; and social unrest and civil disturbances. The value of commercial real estate is also subject to a number of laws, such as laws regarding environmental clean-up and limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

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

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.

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 or could be

substantively consolidated with those of the originator or the servicer, 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.

None of the CMBS included in the Collateral Assets will be guaranteed or insured by any governmental agency or instrumentality or by any other person. Distributions on CMBS will depend solely upon the amount and timing of payments and other collections on the related underlying mortgage loans.

Realized losses and trust expenses generally will be allocated to the most subordinated class of securities of the related series. Accordingly, to the extent any CMBS becomes the most subordinated class of securities of the related series, any delinquency or default on any underlying mortgage loan may result in shortfalls, realized loss allocations or extensions of its weighted average life and will have a more immediate and disproportionate effect on the related CMBS than on the related more senior securities. Certain of the Underlying CMBS Series have experienced delinquencies, defaults and losses on the underlying commercial mortgage loans. See "Appendix B."

In addition, in the case of certain CMBS, no distributions of principal will generally be made until the aggregate principal balance of the corresponding more senior securities has been reduced to zero and, in other cases, all or a disproportionate amount of principal distributions will be made to the holders of the more senior securities for a specified period of time. The holders of classes of securities that are subordinate to the classes of CMBS owned by the Issuer will generally control the exercise of remedies in connection with such CMBS. Such exercise of remedies by a holder of subordinate classes may be in conflict with the interests of the more senior securities. See "—Other Considerations—Certain Conflicts of Interest."

As of the Closing Date, none of the CMBS will be the "controlling class" with respect to any Underlying CMBS Series. Should any CMBS become the controlling class by virtue of allocation of losses to the more subordinate classes of an Underlying CMBS Series as described above, neither the Issuer nor the Collateral Manager will be permitted to exercise any discretion with respect to remedies. See "Security for the Notes—The Collateral Assets—CMBS". The inability of the Issuer or the Collateral Manager to exercise such discretion with respect to a CMBS may adversely affect the realization on such CMBS.

Residential Mortgage-Backed Securities. Approximately 82.6% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities, the Reference Obligations of which are Residential Mortgage-Backed Securities, by notional balance) are expected to consist of Residential Mortgage-Backed Securities ("RMBS") as of the Closing Date. The types of Residential Mortgage Backed Securities that the Issuer will acquire on the Closing Date are expected to consist of RMBS Prime Mortgage Securities, RMBS Bespoke Synthetic Repackaging Securities, RMBS Midprime Mortgage Securities and RMBS Subprime Mortgage Securities. RMBS Subprime Mortgage Securities are expected to make up approximately 38.11% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities, the Reference Obligations of which are RMBS Subprime Mortgage 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. 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.

RMBS Bespoke Synthetic Repackaging Securities. "RMBS Bespoke Synthetic Repackaging Securities", or "RMBS Bespoke Securities", are securities that entitle the holders thereof to receive payments that depend on the cashflow from the underlying RMBS Bespoke Reference Portfolio. The economic return on RMBS Bespoke Securities depends substantially upon the performance of the Bespoke Reference Obligations and partially upon the performance of the collateral assets held by the issuer of such RMBS Bespoke Securities in support of its obligations thereunder. RMBS Bespoke Securities generally have probability of default, recovery upon default and expected loss characteristics which are closely correlated to those of the Bespoke Reference Obligations (considered as a portfolio) referenced in the RMBS Bespoke Reference Portfolio, but RMBS Bespoke Securities may have different maturity dates, coupons, payment dates or other non-credit characteristics than such Bespoke Reference Obligations. In addition to credit risks associated with the Bespoke Reference Obligations (see "—Residential Mortgage-Backed Securities" and "—Structural and Legal Risks of RMBS"), with respect to RMBS Bespoke Securities, the issuer will in most cases only have a contractual relationship with the related RMBS Bespoke Synthetic Repack Counterparty, and not with any of the Bespoke Reference Obligors. A RMBS Bespoke Reference Portfolio may be illiquid or may not be terminable on demand (or terminable on demand only upon payment of a substantial fee by the issuer of the RMBS Bespoke Security), and the Collateral Manager's ability to dispose of a RMBS Bespoke Security may be limited. The Issuer generally will have no right to directly enforce compliance by a Bespoke Reference Obligor with the terms of the related Bespoke Reference Obligation or any rights of set off against a Bespoke Reference Obligor, nor will it have any voting rights with respect to any such Bespoke Reference Obligation. The issuer of the RMBS Bespoke Security will not directly benefit from the collateral supporting the Bespoke Reference Obligations and will not have the benefit of the remedies that would normally be available to a holder of any such Bespoke Reference Obligation. In addition, in the event of the insolvency of the RMBS Bespoke Synthetic Repack Counterparty, the issuer of the RMBS Bespoke Security will be treated as a general creditor of such RMBS Bespoke Synthetic Repack Counterparty, and will not have any claim with respect to any Bespoke Reference Obligor or Bespoke Reference Obligation.

Consequently, a RMBS Bespoke Security will be subject to the credit risk of the RMBS Bespoke Synthetic Repack Counterparty as well as that of each Bespoke Reference Obligor and Bespoke Reference Obligation in the underlying RMBS Bespoke Reference Portfolio. As a result, concentrations of RMBS Bespoke Securities with any single RMBS Bespoke Synthetic Repack Counterparty subject the Securities to an additional degree of risk with respect to defaults by such RMBS Bespoke Synthetic Repack Counterparty. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as a RMBS Bespoke Synthetic Repack Counterparty with respect to one or more RMBS Bespoke Security, which may create concentration risk and may create certain conflicts of interest.

Structural and Legal Risks of 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.

RMBS may have structural characteristics that distinguish them from other asset-backed securities. The rate of interest payable on RMBS may be set or effectively capped at the weighted average net coupon of the underlying mortgage loans themselves. As a result of this cap, the return to investors is dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In general, early prepayments will have a greater impact on the yield to investors. Federal and state law may also affect the return to investors by capping the interest rates payable by certain mortgagors. The Servicemembers' Civil Relief Act of 2003 (the "Relief Act") provides relief for soldiers and members of the reserve called to active duty by capping the interest rates on their mortgage loans at 6% *per annum*. Certain RMBS may provide for the payment of only interest for a stated period of time.

In addition, structural and legal risks of 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 or could be substantively consolidated with those of the originator or the servicer, 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 RMBS.

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

Asset-Backed Securities. Approximately 4.4% of the Collateral Assets (by Principal Balance), as of the Closing Date, are expected to consist of Asset-Backed Securities as of the Closing Date.

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 servicer, 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 or the servicer's other assets.

Subordination of Collateral Assets. 100% of the CMBS representing 13.0% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are CMBS, notional balance) to be acquired by the Issuer are expected to be investment grade as of the Closing Date. Approximately 49.79% of the RMBS Securities representing approximately 41.15% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are RMBS, notional balance) to be acquired by the Issuer are expected to be non-investment grade and approximately 50.21% of the RMBS Securities representing approximately 41.5% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are RMBS, notional balance) to be acquired by the Issuer are expected to be investment grade, each as of the Closing Date. 100% of the Asset-Backed Securities representing approximately 4.4% of the Collateral Assets (by Principal Balance) to be acquired by the Issuer are expected to be investment grade as of the Closing Date. The CMBS and Asset-Backed Securities and certain of the RMBS owned by the Issuer will be subordinated to one or more other classes of securities of the same series for purposes of, among other things, offsetting losses and other shortfalls with respect to the related underlying mortgage loans or assets. The subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

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 or for granting a lien securing the Collateral Asset, and, after giving effect to such indebtedness or such lien, 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 or such lien as a fraudulent conveyance, to subordinate such indebtedness or such lien 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 the grant of a lien securing 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 or grant. In addition, in the event of the insolvency of an issuer of a Collateral Asset, payments made on such Collateral Asset or a lien securing 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 or longer) before insolvency. Payments made under loans underlying Collateral Assets 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 can be recaptured. To the extent that any such payments are recaptured, the resulting loss will be borne first by the Holders of the Income Notes (including the Income Note Component of the Combination Notes), then by the Holders of the Class E Notes, then by the Holders of the Class D Notes, then by the Holders of the Class C Notes (including the Class C Note Component of the Combination Notes), then by the Holders of the Class B Notes, then by the Holders of the Class A-2 Notes, then by the Holders of the Class A-1 Notes, and, finally, by the Holders of the Class S Notes.

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.

In addition, it is expected that substantially all of the Collateral Assets 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 Issuer's investment in illiquid Collateral Assets may affect the Issuer's right to sell such investments if they become Credit Risk Obligations or Defaulted Obligations and the timing and price thereof. The value of illiquid Collateral Assets may be less than comparable, more liquid investments. The illiquidity of Collateral Assets and the restrictions on transfer of Collateral Assets, in each case as described above, may also affect the ability of the Issuer to conduct a successful Auction, to exercise redemptions and may also 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 Market Value of Collateral Assets. The market value of the Collateral Assets and the Reference Obligations 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 and the Reference Obligations. A decrease in the market value of the Collateral Assets and the Reference Obligations 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 effect an Auction, an Optional Redemption or a Tax Redemption, or to pay the principal of the Notes, or make distributions on the Income 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 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. The fixed rates and the margins over LIBOR or other floating rates borne by 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. An increase in LIBOR, and therefore in the interest rate borne by the 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, 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 the 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 receipt of payments on the Collateral Assets. After the Closing Date, subject to the terms of the Indenture and the Collateral Management Agreement including the requirement to satisfy the Rating Agency Condition, and subject to the constraints imposed by UBS AG, London Branch, as the initial Interest Rate Swap Counterparty (the "Interest Rate Swap Counterparty"), the Collateral Manager 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 Collateral Manager believes that engaging in a hedging technique (or replacing an existing Hedge Agreement that is terminated) would be beneficial, the Collateral Manager may be unable to do so because (among other reasons) such technique will not satisfy the Rating Agency Condition, the initial Hedge Counterparty's consent may be required but 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 Indenture 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 Indenture. 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 or amounts subordinated thereto. There is no assurance that any Interest Rate Swap Agreement will provide the necessary interest rate protection to the Notes or that the Cash Flow Swap Agreement 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 bear interest at a fixed rate that the Issuer expects to own as of the Closing Date. 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.

The Issuer may only enter into or terminate a Hedge Agreement if the 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 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 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 Notes unless such payments are Defaulted Hedge Termination Payments.

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 Notes and the Income Notes and may prevent the 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 Rating Agency Condition and the prior consent of the initial Hedge Counterparty (which consent shall not be unreasonably withheld) as long as UBS AG, London Branch remains a Hedge 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 Notes and the Income Notes.

The Issuer's ability to meet its obligations on the Notes 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 Notes, or that amounts otherwise distributable to the Holders of the Income 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 Notes to an additional degree of risk with respect to defaults by such Hedge Counterparty.

UBS AG, London Branch will be the initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty.

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

Concentration Risk. The Issuer will invest in the portfolio of Collateral Assets described in Appendix B hereto. Payments on the Securities could be adversely affected by the concentration in the portfolio of any one issuer or any one servicer if such issuer or servicer were to default.

No single issuer (or, with respect to Synthetic Securities, no single issuer of the related Reference Obligation) will represent as of the Closing Date more than approximately 3.00% of the Collateral Assets by outstanding Principal Balance. For this purpose, trust issuers for CMBS, RMBS and Asset-Backed Securities with common or affiliated depositors are treated as different issuers. See "Security for the Notes—The Collateral Assets."

Other Considerations

Changes in Tax Law; No Gross-Up. Payments on the Collateral Assets generally are expected to be exempt under current United States tax law from the imposition of United States withholding tax. See "Income Tax Considerations—United States Tax Considerations—Tax Treatment of Issuer." However, the Issuer will not be making any independent investigation of the circumstances surrounding the individual assets comprising the Collateral Assets and, as a result, there can be no assurance that the payments on the Collateral Assets may not be subject to 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. No "gross-up" payments are required with respect to CMBS. 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 and, consequently, to make any payments on the Income Notes on the Stated Maturity.

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 will redeem in whole but not in part, at applicable Redemption Prices specified herein, the Notes in accordance with the procedures described under "Description of the Securities—Tax Redemption," "—Optional Redemption—Optional Redemption/Tax Redemption Procedures" herein.

Lack of Operating History. Each of the Issuers is a recently incorporated entity and has no substantial prior operating history. Accordingly, neither of the Issuers has 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 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, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer or the Co-Issuer could sue the Issuer or the Co-Issuer, as the case may be, and recover any damages caused by the violation; and (iii) any contract to which the Issuer or the Co-Issuer, as the case may be, is a party that is made in, or whose performance involves a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer or the Co-Issuer be subjected to any or all of the foregoing, 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 and, solely in the case of the Income Notes and the Combination Notes, to Accredited Investors having a net worth of not less than U.S.$10 million 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. Any non-permitted transfer will be voided and

the Issuers can require the transferee to sell its Securities to a permitted transferee, with such sale to be effected within 30 days after notice of such sale requirement is given. If such sale is not effected within such 30 day period, upon written direction from the Issuer, the Trustee will be authorized to conduct a commercially reasonable sale of such Securities to a permitted transferee and pending such transfer, no further payments will be made in respect of such Securities or any beneficial interest therein. 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. Credit ratings of non-investment grade and comparable unrated obligations included in the Collateral Assets and Reference Obligations may be less reliable indicators of investment quality than would be the case with investments in investment-grade debt obligations.

Document Repository. Pursuant to the Indenture, the Issuer will consent to the posting of this Confidential Offering Circular, the Indenture 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".

Implementation of Securities Regulation in Europe. As part of a coordinated action plan for harmonization of securities markets in Europe, the European Parliament and the Council of the European Union has adopted a series of directives, including the Prospectus Directive (2003/71/EC) the Transparency Directive (2004/109/EC) and the Market Abuse Directive (2003/6/EC) which aim to ensure investor protection and market efficiency in accordance with high regulatory standards across the European community. Pursuant to such directives member states have introduced, or are in the process of introducing, legislation into their domestic markets to implement the requirements of these directives. The introduction of such legislation has effected and will effect the regulation of issuers of securities that are offered to the public or admitted to trading on a European Union regulated market and the nature and content of disclosure required to be made in respect of such issuers and their related securities. The listing of Notes, Income Notes or Combination 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 Indenture will not require the Issuer to apply for, list or maintain a listing for any Class of Notes, Income Notes or Combination Notes on a European Union stock exchange if compliance with these directives (or other requirements adopted by the European Parliament and Council of the European Union or a relevant member state) becomes burdensome. Should the Notes, Income Notes or Combination Notes 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.

EU Savings Directive. If, following implementation of European Council Directive 2003/48/EC, a payment were to be made or collected through a member state that opted for a withholding system and an amount of or in respect of tax were to be withheld from that payment, neither the issuer nor the paying agent nor any other person would be obliged to pay additional amounts as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a paying agent following implementation of this Directive, the issuer will be required to maintain a paying agent in a member state that will not be obliged to withhold or deduct tax pursuant to the Directive.

Certain Conflicts of Interest. Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager, its affiliates and their respective clients and employees and from the overall investment activity of the Initial Purchaser, including in other transactions with the Issuer, including, without limitation, acting as counterparty with respect to any Hedge Agreements. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Collateral Manager. Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager, its affiliates and its clients. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Collateral Manager and/or its affiliates have ongoing relationships with, render service to, finance and engage in transactions with, and may own debt or equity securities issued by issuers of certain of the Collateral Assets. The Collateral Manager, its affiliates and/or its clients may invest in securities that are senior or subordinated to, or have interests different from or adverse to, the Collateral Assets. The interests of such parties may be different than or adverse to the interests of the Holders of the Securities. In addition, such persons may possess information relating to the Collateral Assets which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Assets and performing the other obligations under the Collateral Management Agreement. Such persons will not be required (and may not be permitted) to share such information or pass it along to the Issuer, the Collateral Manager or any Holder of any Security. Neither the Collateral Manager nor any of such person will have liability to the Issuer or any Holder of any Security for failure to disclose such information or for taking, or failing to take, any action based upon such information.

In addition, the Collateral Manager and/or any of its affiliates may engage in any other business and furnish investment management and advisory services to others which may include, without limitation, serving as consultant or servicer for, investing in, lending to, being affiliated with or have other ongoing relationships with, other entities organized to issue collateralized debt obligations secured by assets similar to the Collateral Assets, and other trusts and pooled investments vehicles that acquire interests in, provide financing to, or otherwise deal with securities issued by issuers that would be suitable investments for the Issuer. In the course of monitoring the Collateral Assets held by the Issuer, the Collateral Manager may consider its relationships with other clients (including entities whose securities (or those of its affiliates) are pledged to secure the Notes) and its affiliates. In providing services to other clients, the Collateral Manager and its affiliates may recommend activities that would compete with or otherwise adversely affect the Issuer. In addition, the Collateral Manager 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 Collateral Manager may furnish advisory services to others who may have investment policies similar to those followed by the Issuer and who may own securities of the same class, or which are the same type as, the Collateral Assets. Under the terms of the Collateral Management Agreement, the Collateral Manager will be permitted to take whatever action is in the Collateral Manager's best interest regardless of the impact on the Collateral Assets. In addition, under certain circumstances the Collateral Manager may direct the Issuer to sell certain Collateral Assets. Such sales of Collateral Assets may result in losses by the Issuer, which losses may result in the reduction or withdrawal of the rating of any or all of the Securities by any of the Rating Agencies. In determining whether to exercise such right, the Collateral Manager need not take into account the interests of the Issuers, the Noteholders, the Income Noteholders, the Combination Noteholders or any other party.

The Collateral Manager and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for their respective accounts or for another entity, including other collateralized debt obligation vehicles, at the same time as it is disposing of investments for the Issuer. Accordingly, conflicts may arise regarding the allocation of sale opportunities.

The Collateral Manager may aggregate sales of securities placed with respect to the Collateral Assets with similar sales being made simultaneously for other clients or other accounts managed by the Collateral Manager or with accounts of the affiliates of the Collateral Manager, if in the Collateral Manager's reasonable business judgment such aggregation will result in an overall economic benefit to the Issuer, taking into consideration the advantageous selling price, brokerage commission and other expenses. However, no provision of the Collateral Management Agreement requires the Collateral Manager or its affiliates to execute orders as part of concurrent authorizations or to aggregate sales. Nevertheless, the Collateral Manager may, in the allocation of business, take into consideration research

and other brokerage services furnished to the Collateral Manager or its affiliates by brokers and dealers. Such services may be used by the Collateral Manager in connection with the Collateral Manager's other advisory services or investment operations.

No provision in the Collateral Management Agreement prevents the Collateral Manager or any of its affiliates from rendering services of any kind to the issuer of any Collateral Assets and its affiliates, the Trustee, the holders of the Securities, the Hedge Counterparty or any other entity. Without prejudice to the generality of the foregoing, the Collateral Manager and its affiliates, directors, officers, employees and agents may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for an issuer of any Collateral Assets; (b) receive fees for services rendered to the issuer of any Collateral Assets or any affiliate thereof; (c) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Collateral Assets; (d) serve as a member of any "creditors' board" or "creditors' committee" with respect to any Collateral Asset which has become or may become a Defaulted Obligation or with respect to any commercial mortgage loan securing any Collateral Assets or the respective borrower for any such commercial mortgage loan; and (e) own or make loans to any borrower or affiliate of any borrower on any of the commercial mortgage loans securing the Collateral Assets. Under the terms of the Collateral Management Agreement, the Collateral Manager will be permitted to take whatever action is in the Collateral Manager's best interest regardless of the impact on the Collateral Assets.

On the Closing Date it is expected that the Collateral Manager or one or more clients or affiliates of the Collateral Manager will purchase approximately U.S.$5,000,000 aggregate notional amount of Income Notes and may purchase Notes, Income Notes and/or Combination Notes on or after the Closing Date. The Collateral Manager or such clients or affiliates may at times also own other Securities. There is no assurance that the Collateral Manager or any of such clients or affiliates will continue to hold any or all of the Notes, the Income Notes (including the Income Notes purchased on the Closing Date) or the Combination Notes or that they will continue to hold interests in any securities related to the Collateral Assets.

Aladdin or any of its affiliates or subsidiaries will be permitted to exercise all voting rights with respect to any Securities which they may acquire (other than with respect to a vote regarding the removal of the Collateral Manager or the termination or assignment of the Collateral Management Agreement). The interests of the Income Notes may be different from or adverse to the interests of the Notes.

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 and/or its affiliates will act as an initial Synthetic Security Counterparty. 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. The Issuer may invest in the securities of companies affiliated with Goldman, Sachs & Co. and/or any of its affiliates or in which Goldman, Sachs & Co. and/or any of its 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 & Co.'s and/or any of its affiliates' own investments in such companies. In addition, it is expected that one or more affiliates of Goldman, Sachs & Co. may also act as counterparty with respect to one or more Synthetic Securities and may act as a counterparty with respect to total return swaps with certain investors in the Notes or the Income Notes. The Issuer may invest in money market funds that are managed by Aladdin or Goldman, Sachs & Co. or any of their affiliates; *provided* that such money market funds otherwise qualify as Eligible Investments. Goldman, Sachs & Co. and/or a consolidated entity controlled by Goldman, Sachs & Co. or an affiliate thereof intends to provide "warehouse" financing to the Issuer prior to the Closing Date. See "—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 its respective affiliates may give rise to additional conflicts of interest.

Anti Money Laundering Provisions. 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 or 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 Notes, the Income Notes and/or the Combination Notes. Such legislation and/or regulations could require the Issuers to implement additional restrictions on the transfer of the Notes, the Income Notes and/or the Combination Notes. 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. The Issuer will have no significant assets other than the Collateral Assets, the Default Swap Collateral Account, Eligible Investments, rights under the Hedge Agreements and certain other accounts and agreements entered into as described herein, and proceeds thereof, all of which have been pledged to the Trustee to secure the Issuer's obligations to the Holders of the Notes and the Hedge Counterparties. The Issuer will not engage in any business activity other than the issuance and sale of the Notes, the Income Notes and the Combination Notes as described herein, the issuance of the Ordinary Shares, the acquisition and disposition of the Collateral Assets and Eligible Investments as described herein, the entering into of, and the performance of its obligations under, the Indenture, the Hedge Agreements, the Account Control Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Administration Agreement, the Fiscal Agency Agreement, the Deed of Covenant, any other applicable Transaction Document, the pledge of the Collateral as security for its obligations in respect of the Notes and otherwise for the benefit of the Secured Parties, certain activities conducted in connection with the payment of amounts in respect of the Notes, the Income Notes and the Combination Notes 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 S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Tax. See "Income Tax Considerations."

ERISA. See "ERISA Considerations."

DESCRIPTION OF THE SECURITIES

The Class E Notes will be issued by the Issuer and the other Notes will be issued by the Issuers pursuant to the Indenture. The Income Notes will be constituted by the deed of covenant executed by the Issuer on December 7, 2006 (the "Deed of Covenant") and subject to the terms and conditions thereof (the "Terms and Conditions") and the Combination Notes and the Income Notes will be issued pursuant to the Fiscal Agency Agreement. The following summary describes certain provisions of the Securities, the Indenture, the Fiscal Agency Agreement and the Deed of Covenant. 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 Indenture, the Fiscal Agency Agreement and the Deed of Covenant. Copies of the Indenture may be obtained by prospective purchasers of the Notes upon request in writing to the Trustee at 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: Global Corporate Trust – Fortius II, fax 713-483-6001, and, so long as any Notes and/or Income Notes are listed on a stock exchange, the Indenture will be available for inspection free of charge from the office of the Listing and Paying Agent. Copies of the Fiscal Agency Agreement and the Issuer's Memorandum and Articles of Association may be obtained by prospective purchasers of Notes, Income Notes and Combination Notes upon request in writing to the Fiscal Agent at One Canada Square, London E14 5AL, the United Kingdom, fax +44 20 7964 6399, phone +44 20 7964 7073, Attention: Corporate Trust Administration.

Status and Security

The Notes (other than the Class E Notes and including the Class C Note Component of the Combination Notes) will be limited recourse obligations of the Issuers and the Class E Notes and Income Notes will be limited recourse obligations of the Issuer, secured as described below. The Income Notes will be debt obligations of the Issuer, and will not be secured under the terms of the Indenture and will only be entitled to receive amounts available for payment to the Holders of the Income Notes after payment of all amounts payable prior thereto under the Priority of Payments. The Class S Notes will be senior in right of payment on each Payment Date to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes to the extent provided in the Priority of Payments. The Class S Notes will be senior in right of payment on each Quarterly Payment Date to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class A-1 Notes will be senior in right of payment on each Payment Date to the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes and the Class D Notes to the extent provided in the Priority of Payments. The Class A-1 Notes will be senior in right of payment on each Quarterly Payment Date to the Class A-2 Notes (*provided*, that payments of interest on the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class A-2 Notes will be senior in right of payment on each Payment Date to the Class B Notes, the Class C Notes and the Class D Notes to the extent provided in the Priority of Payments. The Class A-2 Notes will be senior in right of payment on each Quarterly Payment Date to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class B Notes will be senior in right of payment on each Payment Date to the Class C Notes and the Class D Notes to the extent provided in the Priority of Payments. The Class B Notes will be senior in right of payment on each Quarterly Payment Date to the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class C Notes will be senior in right of payment on each Payment Date to the Class D Notes to the extent provided in the Priority of Payments. The Class C Notes will be senior in right of payment on each Quarterly Payment Date to the Class D Notes, the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class D Notes will be senior in right of payment on each Quarterly Payment Date to the Class E Notes and the Income Notes to the extent provided in the Priority of Payments. The Class E Notes will be senior in right of payment on each Quarterly Payment Date to the Income Notes to the extent provided in the Priority of Payments. See "—Priority of Payments."

Under the terms of the Indenture, the Issuer will grant to the Trustee, for the benefit and security of the Trustee on behalf of the Notes, the Fiscal Agent, the Collateral Manager, the Hedge Counterparty and the Synthetic Security Counterparty (but only to the extent of the Default Swap Collateral) (collectively, the "Secured Parties"), a first priority security interest in (i) the Collateral Assets; (ii) the Collection Account; (iii) the Payment Account; (iv) the Hedge Termination Receipts Account, the Hedge Replacement Account and the Hedge Collateral Account (subject, in each case, to the rights of the Hedge Counterparty); (v) the Expense Reserve Account; (vi) the Collateral Account; (vii) the Synthetic Security Collateral Account and the Default Swap Collateral Account (subject, in each case, to the rights of the Synthetic Security Counterparty) (items (ii) through (vi), the "Accounts"); (vii) Eligible Investments; (viii) the Issuer's rights under the Hedge Agreements; (ix) the Issuer's rights under the Collateral Management Agreement and (x) certain other property (collectively, the "Collateral").

Payments of interest on and principal of the Notes (including the Class C Component of the Combination Notes), and payments on the Income Notes (including the Income Note Component of the Combination Notes), will be made solely from the proceeds of the Collateral in accordance with the Priority of Payments.

The aggregate amount that will be available for payments required or permitted to be made on the Notes and of certain expenses of the Issuers, the Trustee and the Agents on any Payment Date will be the total amount of payments and collections in respect of the Collateral (including the proceeds of the sale of any Collateral) received during the period (a "Due Period") ending on (and including) the fourth Business Day prior to such Payment Date (or, in the case of a Due Period that is applicable to the Payment Date relating to the Stated Maturity of any Note, ending on (and including) the day preceding such Payment Date) (*provided*, that if the fourth Business Day prior to such Payment Date occurs before the 25th day of any calendar month, such Due Period shall end on, and include, the 25th day of such calendar month (or if the 25th day is not a Business Day, the immediately following Business Day)), and commencing immediately following the fourth 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) (*provided*, that if a Due Period ends on the 25th day of a calendar month, the next succeeding Due Period shall commence immediately following the 25th day of such calendar month (or if such day is not a Business Day, the immediately following Business Day)) and any such amounts received in prior Due Periods that were not disbursed on a previous Payment Date.

Interest and Distributions

The Class S Notes will bear interest during each Interest Accrual Period at the Class S Note Interest Rate for such Interest Accrual Period. The Class A-1 Notes will bear interest during each Interest Accrual Period at the Class A-1 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. The Class E Notes will bear interest during each Interest Accrual Period at the Class E Note Interest Rate for such Interest Accrual Period. Interest with respect to the Class S Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes will be payable monthly in arrears on each Payment Date commencing on the February 2007 Payment Date and interest on the Class E Notes will be payable quarterly in arrears, commencing on the February 2007 Quarterly Payment Date. 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. Calculations of interest on the Notes will be made based on a 360-day year and the actual number of days in each Interest Accrual Period. The Holders of the Income Notes will receive on each Quarterly Payment Date any amount of Proceeds that are available for distribution thereon in accordance with the Priority of Payments on such Quarterly Payment Date. The "Interest Accrual Period," is with respect to the Class S Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D 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) and ending on and including the day immediately preceding such Payment Date and (b) with respect to the Class E 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.

If funds are not available on any Payment Date to pay the full amount of interest on the Class C Notes, or to the extent interest that is due on such Notes is not paid in order to satisfy certain Coverage Tests, the interest not paid (the "Class C Deferred Interest"), will not be due and payable on such Payment Date, but will be added to the principal amount of the Class C Notes and, to the extent lawful and enforceable, thereafter shall accrue interest at the Class C Note Interest Rate. If funds are not available on any Payment Date to pay the full amount of interest on the Class D Notes, or to the extent

interest that is due on such Notes is not paid in order to satisfy certain Coverage Tests, the interest not paid (the "Class D Deferred Interest"), will not be due and payable on such Payment Date, but will be added to the principal amount of the Class D Notes and, to the extent lawful and enforceable, thereafter shall accrue interest at the Class D Note Interest Rate. If funds are not available on any Quarterly Payment Date to pay the full amount of interest on the Class E Notes, or to the extent interest that is due on such Notes is not paid in order to satisfy certain Coverage Tests, the interest not paid (the "Class E Deferred Interest"), will not be due and payable on such Quarterly Payment Date, but will be added to the principal amount of the Class E Notes and, to the extent lawful and enforceable, thereafter shall accrue interest at the Class E Note Interest Rate. So long as any Class S Notes, Class A Notes or Class B Notes are outstanding, the failure to pay interest to the Holders of the Class C Notes will not be an Event of Default under the Indenture, so long as any Class S Notes, Class A Notes, Class B Notes or Class C Notes are outstanding, the failure to pay interest to the Holders of the Class D Notes will not be an Event of Default under the Indenture and so long as any Class S Notes, Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the failure to pay interest to the Holders of the Class E Notes will not be an Event of Default under the Indenture. See "—Priority of Payments" and "—The Indenture and the Fiscal Agency Agreement—Events of Default."

Interest will cease to accrue on each Note from the date of repayment in full or 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." To the extent lawful and enforceable, interest on any Defaulted Interest on each Class of Notes entitled thereto will accrue at the interest rate applicable to such Class of Notes, until paid as provided herein. "Defaulted Interest" means any interest due and payable in respect of (i) any Class S Note, Class A Note or Class B Note or (ii) if there are no Class S Notes, Class A Notes or Class B Notes outstanding, any Class C Note or if there are no Class S Notes, Class A Notes, Class B Notes or Class C Notes outstanding, any Class D Note or if there are no Class S Notes, Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding, any Class E Note which, in any such case, is not punctually paid or duly provided for on the applicable Payment Date, Quarterly Payment Date or at Stated Maturity, as the case may be.

Determination of LIBOR

For purposes of calculating each of the Note Interest Rates, the Issuers will appoint as agent The Bank of New York Trust Company, National Association (in such capacity, the "Note Calculation Agent"). LIBOR shall be determined by the Note 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 ("LIBOR") shall equal the rate, as obtained by the Note Calculation Agent, for Eurodollar deposits for, with respect to the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 E 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 Note Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for Eurodollar deposits for, with respect to Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 E 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 Note 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 Note 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 Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer) are quoting on the relevant LIBOR Determination Date for Eurodollar deposits for the applicable period in an amount determined by the Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer) by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the Note 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 Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer).

As soon as possible after 11:00 a.m. (New York time) on each LIBOR Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each LIBOR Determination Date, the Note Calculation Agent will cause notice of each of the Note Interest Rates 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 Class S Notes (the "Class S Note Interest Amount"), of the Class A-1 Notes (the "Class A-1 Note Interest Amount"), of the Class A-2 Notes (the "Class A-2 Note Interest Amount"), of the Class B Notes (the "Class B Note Interest Amount"), of the Class C Notes (the "Class C Note Interest Amount"), of the Class D Notes (the "Class D Note Interest Amount") and of the Class E Notes (the "Class E Note Interest Amount") (collectively, the "Note Interest Amounts") (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 Collateral Manager, the Securities Intermediary and the Listing and Paying Agent for further delivery to any stock exchange so long as any of the Notes are listed thereon. In the last case, the Note Calculation Agent will furnish such information as soon as possible after its determination to the Listing and Paying Agent as long as any Notes are listed on any stock exchange. The Note Calculation Agent will also specify to the Issuers and the Collateral Manager the quotations upon which each of the Note Interest Rates are based. The Note Calculation Agent shall notify the Issuers and the Collateral Manager before 12:00 p.m. (New York time) on any LIBOR Determination Date if it has not determined and is not in the process of determining the applicable Note Interest Rates and Note Interest Amounts (collectively, the "Interest Calculations"), together with its reasons therefor. With respect to the Notes, "Business Day" means any day other than (x) Saturday or Sunday or (y) a day on which commercial banking institutions are authorized or obligated by law, regulation or executive order to close in New York, New York or in the city of the Trustee's corporate trust office (initially, 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: Global Corporate Trust – Fortius II Funding, Ltd.); *provided, however*, 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 and *provided further*, that to the extent action is required of the Listing and Paying Agent, the location of the Listing and Paying Agent shall be considered in determining the "Business Day" for purposes of determining when such Listing and Paying Agent action is required.

The Note Calculation Agent may be removed by the Issuers at the direction of the Collateral Manager at any time. If the Note Calculation Agent is unable or unwilling to act as such or is removed by the Issuers, or if the Note Calculation Agent fails to determine the applicable Interest Calculations for any Interest Accrual Period, the Issuers will promptly appoint as a replacement Note Calculation Agent a leading bank which is engaged in transactions in Eurodollar deposits in the international Eurodollar market and which does not control or is not controlled by or under common control with the Issuers or their affiliates. The Note Calculation Agent may not resign its duties without a successor having been duly appointed. In addition, for so long as any Notes are listed on any stock exchange and the rules of such exchange so require, notice of the appointment of any Note 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

Note Calculation Agent for the purpose of calculating the applicable Interest Calculations. The determination of the applicable Interest Calculations by the Note Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

Payments on Income Notes

On each Quarterly Payment Date, the Holders of the Income Notes will be entitled to receive, as interest on the Income Notes, after payment of items ranking higher in accordance with the Priority of Payments, payments (if available) equal to amounts remaining after payment of all other senior amounts payable in accordance with the Priority of Payments. Upon a Tax Redemption, Optional Redemption or successful Auction, the Holders of the Income Notes will be entitled to receive any amounts remaining after distribution of the Liquidation Proceeds in accordance with the Priority of Payments.

Principal

The Notes (other than the Class S Notes), the Income Notes and the Combination Notes will mature on the Payment Date in February 2042 (the "Stated Maturity" with respect to the Notes (other than the Class S Notes), the Income Notes and the Combination Notes) and the Class S Notes will mature on the Payment Date in April 2010 (the "Stated Maturity" with respect to the Class S Notes). The average life of each Class of Notes (other than the Class S Notes), the Income Notes and the Combination Notes are expected to be substantially shorter than the number of years from issuance until the Stated Maturity for such Class of Notes, Income Notes or Combination Notes. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

Principal will be payable on the Class S Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in March 2007 in an amount equal to the Class S Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing and the Collateral Assets are being liquidated pursuant to the terms of the Indenture, the Class S Notes will be paid in full prior to any distributions to any other Notes. Principal will be payable on certain of the Notes on each Payment Date and Quarterly Payment Date, as applicable, in accordance with the Priority of Payments.

On any Payment Date or Quarterly Payment Date, as applicable, on which certain conditions are satisfied, principal will be paid to the Holders of the Class A-1 Notes, only in an amount required to increase (or maintain) the Class A-1 Adjusted Overcollateralization Ratio to a specified target of 164.6%. After achieving and maintaining such target and minimum, the payment of remaining principal will shift to the Holders of the Class A-2 Notes until such Holders have been paid an amount required to increase (or maintain) the Class A-2 Adjusted Overcollateralization Ratio to the specified target of 140.0%. After achieving and maintaining such target and minimum, the payment of remaining principal will shift to the Holders of the Class B Notes until such Holders have been paid an amount required to increase (or maintain) the Class B Adjusted Overcollateralization Ratio to the specified target of 122.9%. After achieving and maintaining such target level, the payment of remaining principal shifts 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 of 116.4%. After achieving and maintaining such target level, the payment of remaining principal shifts to the Holders of the Class D Notes which will receive principal only in an amount required to increase (or maintain) the Class D Adjusted Overcollateralization Ratio to a specified target of 108.3%. However, if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then only Principal Proceeds received or held during the related Due Period will be paid, first, to the Class A-1 Notes and then sequentially through the Class D Notes. The foregoing "shifting principal" method permits Holders of the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes to receive payments of principal in accordance with the Priority of Payments while more senior Classes of Notes remain outstanding and permits distributions of Principal Proceeds to the Holders of the Class E Notes and the Income Notes, to the extent funds are available in accordance with the Priority of Payments, while more senior Notes are outstanding.

After (1) the payments described in the foregoing "shifting principal" method have been made; (2) if on any Payment Date that the Class D Overcollateralization Test or any Quarterly Payment Date that the Class D Interest Coverage Test is not satisfied, principal on the Class D Notes is paid in full; (3) Class C Deferred Interest and Class D Deferred Interest unpaid as of such Payment Date have been paid in full and (4) on any Quarterly Payment Date, due and unpaid interest on the Class E Notes (including any Defaulted Interest) has been paid in full, further "shifting principal" will be paid, on Quarterly Payment Dates only, on the Class E Notes in an amount equal to the lesser of the Principal Proceeds remaining after making the foregoing payments and the amount necessary to increase (or maintain) the Class E Adjusted Overcollateralization Ratio to a specified target of 106.3%; *provided,* that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then only an amount equal to the Principal Proceeds remaining after making the foregoing payments will be made on the Class E Notes. On Quarterly Payment Dates only, if the Class E Interest Diversion Test is not satisfied, payment of the remaining principal of the Class E Notes will be made in full. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Notes or to the Income Notes will not be recoverable in the event of a subsequent shortfall in the amount required to pay a more senior Class of Notes.

Subject to the availability of funds therefor in accordance with the Priority of Payments, if any of the Coverage Tests are not satisfied on any Determination Date, the Notes (other than the Class S Notes) will be subject to mandatory redemption on the related Payment Date or Quarterly Payment Date until paid in full. See "—Mandatory Redemption" and the Priority of Payments for a description of the order in which such Notes are paid in connection with the failure of a Coverage Test.

Stated Maturity of the Income Notes

On or prior to the date that is one Business Day prior to the end of the Due Period applicable to the Stated Maturity of the Income Notes, the Collateral Manager will sell all remaining Collateral Assets. The settlement dates for any such sales shall be no later than one Business Day prior to the end of such Due Period. The proceeds of such sales will be paid to the Fiscal Agent after the payment of amounts senior to the Holders of the Income Notes in the Priority of Payments for deposit into the account maintained therefor by the Fiscal Agent (the "Income Note Payment Account") and payment to the Holders of the Income Notes as the redemption price for the Income Notes upon such payment (the "Income Notes Redemption Price"). Upon such payment, the Issuer shall redeem the Income Notes.

Auction

Sixty days prior to the Payment Date occurring in February of each year (each, an "Auction Date") commencing on the February 2014 Payment Date, the Collateral Manager will take steps to conduct an auction (the "Auction") of the Collateral Assets in accordance with procedures specified in the Indenture. If the Collateral Manager receives one or more bids from Eligible Bidders not later than ten Business Days prior to the Auction Date equal to or greater than the Minimum Bid Amount, the Issuer will sell the Collateral Assets for settlement on or before the fifth Business Day prior to such Auction Date and the Notes (including the Class C Note Component of the Combination Notes) and the Income Notes (including the Income Component of the Combination Notes) will be redeemed in whole on such Auction Date (any such date, an "Auction Payment Date"). The Collateral Manager and its affiliates shall be considered Eligible Bidders. 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 Notes, the Income Notes and the Combination Notes on the related Auction Date will not occur.

The Notes (including the Class C Note Component of the Combination Notes) will be redeemed following a successful Auction in accordance with the Priority of Payments at the applicable Redemption Price. The amount distributable as the final payment on the Income Notes (including the Income Note Component of the Combination Notes) following any such redemption will equal any amount remaining after the redemption of the Notes, the payment of any amounts due in connection with the termination of the Hedge Agreements and Synthetic Securities and the payment of all expenses in accordance with the Priority of Payments.

Tax Redemption

Subject to certain conditions described herein, the Securities may be redeemed by the Issuers at any time, in whole but not in part upon the occurrence of a Tax Event at their Redemption Prices at the written direction of, or with the written consent of, (i) the Holders of at least 66-2/3% of the aggregate outstanding notional principal amount of the affected Income Notes or (ii) the Holders of a Majority of any Class of 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 such Notes 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 sum of (a) all amounts due as of the Redemption Date pursuant to clauses (i), (ii), (iii), (iv), (v), (xix) and (xxi) of the Priority of Payments (for Payment Dates other than Final Payment Dates) and (b) the Redemption Prices (the "Total Redemption Amount"). If a Tax Redemption occurs, the Income Notes and the Combination Notes will be redeemed simultaneously.

In connection with a Tax Redemption, the Issuers (in the case of the Notes other than the Class E Notes) and the Issuer (in the case of the Class E Notes and the Income Notes) shall notify the Trustee of such Tax Redemption and the Payment Date which is the date for redemption (the "Tax Redemption Date") and direct the Trustee, in writing, to sell, in the manner determined by the Collateral Manager, and in accordance with the Indenture, any Collateral Asset and upon any such sale the Trustee shall release the lien upon such Collateral Assets pursuant to the Indenture; *provided, however*, that the Issuer may not direct the Trustee to sell (and the Trustee shall not be obligated to release the lien upon) any Collateral Asset except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Collateral Manager 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. Liquidation Proceeds available for distribution in connection with a Tax Redemption will be reduced by the amount of expected termination payments (other than Defaulted Synthetic Security Termination Payments) due to the Synthetic Security Counterparty.

The amount payable in connection with any Tax Redemption of the Notes will equal the Total Redemption Amount. The amount payable as a final payment on the Income Notes following any Tax Redemption will equal the Liquidation Proceeds, if any, remaining after the distribution of the Total Redemption Amount by the Issuer in accordance with the Priority of Payments.

Optional Redemption

Subject to certain conditions described herein, the Notes (other than the Class E Notes and including the Class C Note Component of the Combination Notes) may be redeemed by the Issuers and the Class E Notes and the Income Notes (including the Income Note Component of the Combination Notes) may be redeemed by the Issuer, in whole but not in part at their Redemption Prices on any Payment Date on or after the February 2010 Payment Date, at the written direction of, or with the written consent of, the Holders of at least a Majority of the aggregate outstanding notional principal amount of Income Notes (including Income Notes held by the Collateral Manager or any affiliate thereof) (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. If the Holders of the Income Notes so elect to cause an Optional Redemption, the Income Notes will be redeemed simultaneously.

In connection with an Optional Redemption, the Issuers (in the case of the Notes (including the Class C Note Component of the Combination Notes) other than the Class E Notes) and the Issuer (in the case of the Class E Notes and the Income Notes (including the Income Note Component of the Combination Notes)) shall notify the Trustee of such Optional Redemption and the Optional Redemption Date and direct the Trustee, in writing, to sell, in the manner determined by the Collateral Manager, and in accordance with the Indenture, any Collateral Asset and upon any such sale the Trustee shall release the lien upon such Collateral Assets pursuant to the Indenture; *provided, however*, that the Issuer may not

direct the Trustee to sell (and the Trustee shall not be obligated to release the lien upon) any Collateral Asset except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Collateral Manager 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. Liquidation Proceeds available for distribution in connection with an Optional Redemption will be reduced by the amount of expected termination payments (other than Defaulted Synthetic Security Termination Payments) due to the Synthetic Security Counterparty.

The amount payable in connection with any Optional Redemption of the Notes (including the Class C Note Component of the Combination Notes) will equal the Total Redemption Amount. The amount payable as the final payment on the Income Notes (including the Income Note Component of the Combination Notes) following any redemption will equal the Liquidation Proceeds, if any, remaining after the distribution of the Total Redemption Amount by the Issuer in accordance with the Priority of Payments.

Optional Redemption/Tax Redemption Procedures. To conduct an Optional Redemption or a Tax Redemption, the procedures set forth in the Indenture must be followed and any conditions precedent thereto must be satisfied.

Upon the occurrence of a Tax Redemption or an Optional Redemption of the Notes, the Income Notes and the Combination Notes, the Collateral Manager shall notify the Principal Note Paying Agent, in the case of the Holders of Notes or the Fiscal Agent, in the case of Holders of Income Notes and Holders of the Combination Notes, which in each case, shall notify the Trustee (with a copy to the Issuer) in writing no less than thirty (30) Business Days prior to the Redemption Date. Such notice shall be irrevocable. The Fiscal Agent shall, within three (3) Business Days after receiving such notice, notify the other Holders of the Income Notes and the other Holders of the Combination Notes of the receipt of such notice.

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 Tax Redemption Date or Optional Redemption Date, as applicable, to the Principal Note Paying Agent, to the Fiscal Agent, to each Hedge Counterparty, to each Noteholder at such Holder's address in the register maintained by the Note Registrar under the Indenture, to each Holder of an Income Note at such Holder's address in the income note register maintained pursuant to the Fiscal Agency Agreement and to each Holder of a Combination Note at such Holder's address in the combination note register maintained pursuant to the Fiscal Agency Agreement and, as long as any Notes, Income Notes or Combination Notes are listed on any stock exchange, the Trustee will also give notice to the Listing and Paying Agent.

Notes (including the Class C Note Component of the Combination Notes) called for redemption must be surrendered at the office of any paying agent appointed under the Indenture in order to receive the Redemption Price. The initial paying agents for the Notes are The Bank of New York Trust Company, National Association, as Principal Note Paying Agent, and, so long as any Notes are listed on a stock exchange, the Listing and Paying Agent.

Income Notes (including the Income Note Component of the Combination Notes) called for redemption must be surrendered at the office of any paying agent appointed under the Fiscal Agency Agreement in order to receive final payments, if any, thereon. The initial paying agent for the Income Notes is The Bank of New York, London Branch.

Any such notice of redemption may be withdrawn by the Issuers (with respect to the Notes (including the Class C Note Component of the Combination Notes) other than the Class E Notes) and the Issuer (with respect to the Class E Notes and the Income Notes (including the Income Note Component of the Combination Notes)) on or prior to the seventh Business Day prior to the scheduled redemption date by written notice from the Issuers to the Collateral Manager, the Trustee, each Hedge Counterparty, the Rating Agencies, the Holders of the Notes, the Holders of the Income Notes and the Holders of the

Combination Notes, but only if the Collateral Manager shall be unable to deliver the sale agreement or agreements or certifications, required by the Indenture, in form satisfactory to the Trustee. The Hedge Agreements will not terminate upon notice to the respective counterparties of redemption until the time for withdrawal of notice has expired. The Collateral Manager shall be liable only for the failure to effect an Optional Redemption or Tax Redemption due to the Collateral Manager's gross negligence or willful misconduct. Notice of any such withdrawal shall be given at the Issuer's expense by the Trustee to each Holder of a Security at the address appearing in the applicable register maintained by the Note Transfer Agent under the Indenture or the Income Note Registrar under the Fiscal Agency Agreement, as applicable, by overnight courier guaranteeing next day delivery sent not later than the third Business Day prior to the scheduled redemption date. The Trustee or the Fiscal Agent will also give notice to the Listing and Paying Agent of the stock exchange if any Securities are then listed on a stock exchange.

Mandatory Redemption

On any Payment Date on which the Class A/B Overcollateralization Test was not satisfied on the last Business Day of the immediately preceding Due Period (such Business Day, the "Determination Date") and on any Quarterly Payment Date on which the Class A/B Interest Coverage Test (together, the "Class A/B Coverage Tests") was not satisfied on the related Determination Date, without giving effect to amounts payable under clauses (vii), (ix) and (xi) of the Priority of Payments, Proceeds will be used to redeem the Class A-1 Notes until the Class A-1 Notes have been paid in full, then to redeem the Class A-2 Notes until the Class A-2 Notes have been paid in full and then to redeem the Class B Notes until the Class B Notes have been paid in full.

On any Payment Date on which the Class C Overcollateralization Test was not satisfied on the related Determination Date and on any Quarterly Payment Date on which the Class C Interest Coverage Test (together, the "Class C Coverage Tests") was not satisfied on the related Determination Date, without giving effect to amounts payable under clauses (ix) and (xi) of the Priority of Payments, Principal Proceeds will be used to redeem the Class A Notes, the Class B Notes and the Class C Notes, pro rata, until paid in full (*provided*, that the amount allocated to the Class A Notes will be paid first to the Class A-1 Notes until the Class A-1 Notes are paid in full and, second, to the Class A-2 Notes until the Class A-2 Notes are paid in full); *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes, 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 and fourth, to the payment of principal of all outstanding Class C Notes, and any remaining Proceeds will be used to redeem the Class C Notes until the Class C Notes have been paid in full.

On any Payment Date on which the Class D Overcollateralization Test was not satisfied on the related Determination Date and on any Quarterly Payment Date on which the Class D Interest Coverage Test (together, the "Class D Coverage Tests" and, together with the Class A/B Coverage Tests, the Class C Coverage Tests and the Class E Interest Diversion Test, the "Coverage Tests") was not satisfied on the related Determination Date, Proceeds net of amounts payable under clauses (i) through (xi) of the Priority of Payments will be used to redeem the Class D Notes until the Class D Notes have been paid in full.

The Class S Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class A/B Coverage Test. The Class S Notes, the Class D Notes, the Class E Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class C Coverage Test. The Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class E Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class D Coverage Test.

On any Quarterly Payment Date on which the Class E Interest Diversion Test was not satisfied on the related Determination Date, Proceeds net of amounts payable under clauses (i) through (xv) of the Priority of Payments will be used to redeem the Class E Notes until the Class E Notes have been paid in full.

Cancellation

All Notes and Income Notes that are redeemed or paid and surrendered for cancellation as described herein will forthwith be canceled and may not be reissued or resold.

Payments

Payments on any Payment Date in respect of principal of and interest on the 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. For the Securities issued in definitive form, payments on any Payment Date 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. Payments on the Global 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 Notes will be made only against surrender of the Notes at the office of any paying agent. None of the Issuers, the Securities Intermediary, the Trustee, the Collateral Manager or any Hedge Counterparty 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 Note is due on a day that is not a Business Day, then payment will not be made until the next succeeding Business Day.

For so long as the Notes 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 Notes and payments on and transfers or exchanges of interest in such Notes 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, all Proceeds received on the Collateral during the related Due Period will be applied by the Trustee in the priority set forth below (the "Priority of Payments"). For purposes of the Priority of Payments, amounts paid as interest, fees or distributions on the Notes on a "*pro rata*" basis shall be *pro rata* based on the amount of interest due on such Class or subclass of Notes or fees, amounts paid as principal shall be paid *pro rata* based on the amount of principal then outstanding on such Class or subclass of Notes and unless stated otherwise, 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 (other than a Final Payment Date), the Trustee 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 and any payments received from any Hedge Counterparty since the previous Payment Date will be applied by the Trustee in the manner and order of priority set forth below:

i. to the payment of taxes and filing and registration fees (including, without limitation, annual return fees) owed by the Issuers, if any;

ii. to the payment of accrued and unpaid fees of the Trustee up to a maximum amount on any Payment Date equal to the greater of U.S.$3,750 and 0.00075% of the Monthly Asset Amount for the related Due Period (or, in the case of the first Due Period, as such amounts are adjusted based on the number of days in such Due Period);

iii. 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, to the Trustee, the Collateral Administrator, the Fiscal 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, to the Trustee, the Collateral Administrator, the Fiscal Agent and second, pro rata, to any other parties entitled thereto; and third, (c) to the Expense Reserve Account the lesser of U.S.$50,000 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) through (c) of this clause (iii) on any Payment Date shall not exceed U.S.$250,000 and the aggregate payments pursuant to subclauses (a) and (b) of this clause (iii) and the prior eleven Payment Dates shall not exceed U.S.$400,000;

iv. to the payment of (a) first, pro rata (based on amounts due) (i) amounts, if any, to be paid to the Hedge Counterparties pursuant to the Hedge Agreements, including any termination and partial termination payments (other than Defaulted Hedge Termination Payments payable under clause (xix) below), (ii) accrued and unpaid interest on the Class S Notes (including Defaulted Interest and interest thereon) and (iii) beginning with the Payment Date occurring in March 2007, principal of the Class S Notes in an amount equal to the Class S Notes Amortizing Principal Amount until the Class S Notes are paid in full and (b) second, if an Event of Default or Tax Event shall have occurred and is continuing and the Collateral Assets are being liquidated pursuant to the terms of the Indenture, to the payment of principal of the Class S Notes until the Class S Notes are paid in full;

v. to the payment to the Collateral Manager of the accrued and unpaid Collateral Management Fee, *plus* interest due on any portion of such Collateral Management Fee not paid on a prior Payment Date at a rate equal to LIBOR;

vi. to the payment of (a) first, pro rata, accrued and unpaid interest on the Class A Notes (including any Defaulted Interest and interest thereon), and (b) second, accrued and unpaid interest on the Class B Notes (including any Defaulted Interest and any interest thereon);

vii. 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 (vii) or clauses (ix) and (xi) below) or if the Class A/B Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any payments pursuant to this clause (vii) and clauses (ix) and (xi) below), first, to the payment of principal of all outstanding Class A-1 Notes until the Class A-1 Notes are paid 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;

viii. 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);

ix. 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 (ix) or clause (xi) below) or if the Class C Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then, (a) pro rata, Principal Proceeds only (i) to the payment of principal of all outstanding Class A Notes, *provided*, that the amount allocated to the Class A Notes will be paid first to the Class A-1 Notes until the Class A-1 Notes are paid in full, and second to the Class A-2 Notes until the Class A-2 Notes are paid in full, (ii) to the payment of principal of all outstanding Class B Notes and (iii) to the payment of principal of all outstanding Class C Notes, until the Class A Notes, the Class B Notes, and the Class C Notes are paid in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes, 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 and fourth, to the payment of principal of all outstanding Class C Notes; and (b) any remaining Proceeds to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full;

x. 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);

xi. to the payment of principal of first, the Class A-1 Notes up to the amount specified in clause (b)(1) below, second, the Class A-2 Notes up to the amount specified in clause (b)(2) below, third, the Class B Notes up to the amount specified in clause (b)(3) below, fourth, the Class C Notes up to the amount specified in clause (b)(4) below and fifth, the Class D Notes up to the amount specified in clause (b)(5) below in an aggregate amount equal to the lesser of (a) Principal Proceeds received or held during the related Due Period, and (b) the sum of (1) the amount necessary to increase the Class A-1 Adjusted Overcollateralization Ratio to or maintain it at 164.6%, *plus* (2) the amount necessary to increase the Class A-2 Adjusted Overcollateralization Ratio to or maintain it at 140.0%, *plus* (3) the amount necessary to increase the Class B Adjusted Overcollateralization Ratio to or maintain it at 122.9%, *plus* (4) the amount necessary to increase the Class C Adjusted Overcollateralization Ratio to or maintain it at 116.4%, *plus* (5) the amount necessary to increase the Class D Adjusted Overcollateralization Ratio to or maintain it at 108.3%; *provided, however,* that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then only the amount described in sub-clause (a) of this clause (xi) will be paid, such amount to be allocated, first, to the payment of principal of all outstanding Class A-1 Notes, 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, to the payment of principal of all outstanding Class D Notes, until the Class A Notes, the Class B Notes, the Class C Notes, and the Class D Notes are paid in full;

xii. if the Class D 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 (xii)) 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;

xiii. first, to the payment 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 (ix) and (xi) above (amounts will be considered

unpaid for this purpose if the principal balance of the Class C Notes after giving effect to clauses (ix) and (xi) above exceeds any previous lowest amount outstanding) and second, 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 (xi) and (xii) above (amounts will be considered unpaid for this purpose if the principal balance of the Class D Notes after giving effect to clauses (xi) and (xii) above exceeds any previous lowest amount outstanding);

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

xv. on Quarterly Payment Dates only, to the payment of principal of the Class E Notes up to the amount specified in clause (b) below, in an aggregate amount equal to the lesser of (a) Principal Proceeds received or held during the related Due Period after giving effect to clauses (xi), (xii), (xiii) and (xiv) above, and (b) the amount necessary to increase the Class E Adjusted Overcollateralization Ratio to or maintain it at 106.3%; *provided, however,* that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$250,000,000, then only the amount described in sub-clause (a) of this clause (xv) will be paid, such amount to be allocated to the payment of all outstanding Class E Notes;

xvi. on Quarterly Payment Dates only, if the Class E Interest Diversion Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date after giving effect to all payments of principal on such Quarterly Payment Date (without giving effect to any payments pursuant to this clause (xvi)), then to the payment of principal of all outstanding Class E Notes until the Class E Notes are paid in full;

xvii. on Quarterly Payment Dates only, to the payment of principal of the Class E Notes in an amount equal to that portion of the principal of the Class E Notes comprised of Class E Deferred Interest unpaid after giving effect to payments under clauses (xv) and (xvi) above (amounts will be considered unpaid for this purpose if the principal balance of the Class E Notes after giving effect to clauses (xv) and (xvi) above exceeds any previous lowest amount outstanding);

xviii. after the Payment Date occurring in February 2014, first, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full, second, to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full and, third, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class E Notes until the Class E Notes are paid in full;

xix. on Quarterly Payment Dates only, *pari passu*, (a) to the payment of any Defaulted Hedge Termination Payments, with respect to the Hedge Agreements, *pro rata*, based on the amount owed and (b) to the payment of any Defaulted Synthetic Security Termination Payments, with respect to the Synthetic Securities, *pro rata*, based on the amount owed;

xx. on Quarterly Payment Dates only, 50% of any remaining amount to the payment to the Fiscal Agent for deposit into the Income Note Payment Account for payment to the Holders of the Income Notes;

xxi. on Quarterly Payment Dates only, first (a) to the payment of any remaining accrued and unpaid Administrative Expenses of the Issuers not paid pursuant to clauses (ii) and (iii) above (as the result of the limitations on amounts set forth therein) in the same order of priority set forth above in clause (iii) 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 (iii) above (as the result of the limitation on amounts set forth therein) in the same order of priority set forth above in clause (iii); 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 (iii) above); *provided, however,* that the aggregate payments pursuant to subclause (c) of this clause (xxi) and subclause (c) of clause (iii) on any Payment Date shall not exceed U.S.$50,000;

xxii. on Quarterly Payment Dates only, any remaining amount to the payment to the Fiscal Agent for deposit into the Income Note Payment Account for payment to the Holders of the Income Notes; and

xxiii. on each Payment Date, any remaining amount to be deposited to the Collection Account for distribution on the next Payment Date.

On the Business Day prior to the Final Payment Date, the Trustee will transfer all funds then on deposit in the Collection Account into the Payment Account. On the Final Payment Date, amounts in the Payment Account will be applied by the Trustee in the manner and order of priority set forth below:

i. to the payment of the amounts referred to in clauses (i) through (vi) of the Priority of Payments for Payment Dates which are not Final Payment Dates, in that order (without regard to the limitations in clause (iii)); *provided* that no deposit shall be made to the Expense Reserve Account pursuant to subclause (iii);

ii. to the payment to the Class A-1 Notes of the amount necessary to pay the outstanding principal amount of such Notes;

iii. to the payment to the Class A-2 Notes of the amount necessary to pay the outstanding principal amount of such Notes;

iv. to the payment to the Class B Notes of the amount necessary to pay the outstanding principal amount of such Notes in full;

v. to the payment to the Class C Notes (including the Class C Note Component of the Combination Notes) of the amount necessary to pay accrued and unpaid interest on and the outstanding principal amount of such Notes (including any Class C Deferred Interest and Defaulted Interest and any interest thereon) in full;

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

vii. to the payment to the Class E Notes of the amount necessary to pay accrued and unpaid interest on and the outstanding principal amount of such Notes (including any Class E Deferred Interest and Defaulted Interest and any interest thereon) in full;

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

ix. to the payment of the amounts referred to in clause (xxii) of the Priority of Payments for Payment Dates which are not Final Payment Dates in accordance with the Fiscal Agency Agreement.

Upon payment in full of the last outstanding Note, the Issuer (or the Collateral Manager acting pursuant to the Collateral Management Agreement on behalf of the Issuer) will liquidate any remaining Collateral Assets, Eligible Investments, the Hedge Agreements and 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 (the "Excepted Property") will be distributed in accordance with the Priority of Payments for Final Payment Dates and all amounts remaining thereafter will be paid to the Holders of the Income Notes as a redemption payment, whereupon all of the Notes and the Income Notes will be canceled.

Income Notes

The final payment on the Income Notes will be made by the Issuer on the Stated Maturity of the Income Notes, unless redeemed or retired prior thereto in accordance with the Priority of Payments.

The Indenture and the Fiscal Agency Agreement

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

Indenture

Events of Default. An "Event of Default" under the Indenture includes:

i. a default in the payment, when due and payable, of any interest on any Class S Note, Class A Note or Class B Note or, if there are no Class S Notes, Class A Notes or Class B Notes outstanding, any Class C Note or, if there are no Class S Notes, Class A Notes, Class B Notes or Class C Notes outstanding, any Class D Note or, if there are no Class S Notes, Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding, any Class E Note and a continuation of such default, in each case, for a period of 7 days (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, any Note Paying Agent or the Note Registrar, such default continues for a period of 7 days after the Trustee is made aware of such administrative error or omission);

ii. a default in the payment of principal due on any Note at its Stated Maturity or on any Redemption Date (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, any Note Paying Agent or the Note Registrar, such default continues for a period of 7 days after the Trustee is made aware of such administrative error or omission);

iii. the failure on any Payment Date to disburse amounts (other than in payment of interest on any Note or principal of any Note at its Stated Maturity or any date set for redemption as described in (i) and (ii) above) available in the Payment Account in excess of U.S.$500 in accordance with the Priority of Payments and a continuation of such failure for a period of 7 days after such failure has been recognized;

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 (as determined by at least 50% in aggregate principal amount of the Controlling Class), in the performance, or breach, of any covenant, representation, warranty or other agreement of the Issuers in the Indenture (it being understood that a failure to satisfy a Coverage Test is not a default or breach) or in any certificate or writing delivered pursuant to the Indenture, or if any representation or warranty of the Issuers made in the Indenture 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 Collateral Manager by the Trustee or to the Issuers, the Collateral Manager and the Trustee by the Holders of at least 50% in aggregate outstanding principal amount of the Controlling Class; and

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

If an Event of Default should occur and be continuing, the Trustee may, with the consent of the Holders of at least a Majority of the Controlling Class, and will at the direction of the Holders of at least a Majority of the Controlling Class, declare the principal of and accrued and unpaid interest on all Notes to be immediately due and payable (except that in the case of an Event of Default described in clause (vi) above, such an acceleration will occur automatically and shall not require any action by the Trustee or any Noteholder).

If an Event of Default should occur and be continuing, the Trustee is required to retain the Collateral intact and collect all payments in respect of the Collateral and continue making payments in the manner described under Priority of Payments unless (a) the Trustee determines (which determination will be based upon a certificate from the Collateral Manager) that the anticipated proceeds of a sale or liquidation of the Collateral based on an estimate obtained from a nationally recognized investment banking firm (which estimate takes into account the time elapsed between such estimate and the anticipated sale of the Collateral) would equal the amount necessary to pay in full (after deducting the reasonable expenses of such sale or liquidation) the sum of (i) the principal (including any Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Notes (including the Class C Note Component of the Combination Notes); (ii) all Administrative Expenses; (iii) all amounts payable by the Issuer to the Synthetic Security Counterparty; (iv) all amounts payable by the Issuer to the Hedge Counterparty (other than Defaulted Hedge Termination Payments) net of all amounts payable to the Issuer by any Hedge Counterparty; and (v) all other items in the Priority of Payments ranking prior to payments on the Notes, and, in any case, the Holders of a Majority of the Controlling Class agree with such determination or (b) the Holders of at least 66-2/3% of the aggregate outstanding principal amount of the Controlling Class and each Hedge Counterparty (other than any Hedge Counterparty which will be paid in full the amounts due to it, including in 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 Indenture, the sale and liquidation of the Collateral.

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 or in the sale of any or all of the Collateral, but only if (i) such direction will not conflict with any rule of law or the Indenture (including the limitations described in the paragraph above), (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) and (iii) any direction to the Trustee to undertake a sale of the Collateral shall be by at least 66-2/3% of the outstanding principal amount of the Controlling Class.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to the Notes occurs and is continuing, the Trustee is under no obligation to exercise any of the rights or powers under the Indenture at the request of any Holders of Notes, unless such Holders have offered to the Trustee reasonable security or 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, except (a) a default in the payment of principal or interest on any Note; (b) failure on any Payment Date to disburse amounts available in the Payment Account in accordance with the Priority of Payments and continuation of such failure for a period of five days; (c) certain events of bankruptcy or insolvency with respect to the Issuers; or (d) a default in respect of a provision of the Indenture that cannot be modified or amended without the waiver or consent of Holder of each outstanding Note adversely affected thereby.

Furthermore, any declaration of acceleration of maturity of the 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 Trustee and any Hedge Counterparty, 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), discount or other unpaid amounts with respect to the outstanding Notes and any other administrative expenses, fees or other amounts that, under the Transaction Documents and pursuant to the Priority of Payments, are payable prior to the payment of the principal of and interest on the outstanding Notes, and (b) the Trustee has determined that all Events of Default, other than the non-payment of the interest on or principal of the outstanding 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 Indenture.

Only the Trustee may pursue the remedies available under the Indenture and the Notes and no Holder of a Note will have the right to institute any proceeding with respect to the Indenture, its 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%, by aggregate outstanding principal 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.

In determining whether the Holders of the requisite percentage of Notes have given any direction, notice or consent, Notes owned by the Issuer, the Co-Issuer or any affiliate thereof shall be disregarded and deemed not to be outstanding. In addition, Holders of Income Notes or Combination Notes will not be considered to be affiliates of the Issuer or Co-Issuer by virtue of such ownership of Income Notes or Combination Notes.

Notices. Notices to the Holders of the Notes shall be given by first-class mail, postage prepaid, to each Noteholder at the address appearing in the applicable note register. In addition, for so long as any of the Notes are listed on any stock exchange and so long as the rules of such exchange so require, notices to the Holders of such Notes shall also be published by the Listing and Paying Agent in the official list thereof.

Modification of the Indenture. Except as provided below, with the consent of the Holders of at least a Majority, by aggregate outstanding principal amount, of the Notes materially adversely affected thereby, voting together as a single class, and at least a Majority of the Income Notes materially and adversely affected thereby, the Trustee and the Issuers, with respect to the Notes, may execute a supplemental Indenture to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the Holders of the Notes of such Class or the Income Notes; *provided* that the Rating Agency Condition would be satisfied after such addition, change or elimination. The Trustee may, consistent with the written advice of legal counsel or an officer's certificate, at the expense of the Issuer, determine whether or not the Holders of the Notes or Income Notes would be materially and adversely affected by such change. Such determination shall be conclusive and binding on all present and future Holders.

Without the consent of the Holders of each adversely affected Note and each adversely affected Income Note, and unless the Rating Agency Condition is satisfied, no supplemental indenture may be entered into which would (i) change the Stated Maturity of the principal of or the due date of any installment of interest or discount on a Note; reduce the principal amount thereof or the rate of interest thereon, or the applicable Redemption Price with respect thereto; change the earliest date on which a Note may be redeemed; change the provisions of the Indenture relating to the application of proceeds of any Collateral to the payment of principal of or interest or discount on Notes or change any place where,

or the coin or currency in which, 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 and Holders of the Income Notes whose consent is required for the authorization of any supplemental indenture or for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder or their consequences; (iii) impair or adversely affect the Collateral except as otherwise permitted by the Indenture; (iv) permit the creation of any security interest ranking prior to or on a parity with the security interest created by the Indenture with respect to any part of the Collateral (it being understood that the addition of the Hedge Counterparties having the benefit of the Indenture pursuant to its terms 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 Note, the Trustee or any other Secured Party of the security afforded by the Indenture; (v) reduce the percentage of Holders of the Notes of each Class whose consent is required to request the Trustee to preserve the Collateral or rescind the Trustee's election to preserve the Collateral or to sell or liquidate the Collateral pursuant to the Indenture; (vi) modify any of the provisions of the Indenture with respect to supplemental indentures, except to increase the percentage of outstanding Notes whose Holders' consent is required for any such action or to provide that other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note adversely affected thereby; (vii) modify the definition of the term "Outstanding" or the Priority of Payments set forth in the Indenture; (viii) modify any of the provisions of the Indenture 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 modify any amount distributable to the Fiscal Agent for payment to the Holders of the Income Notes on any Quarterly Payment Date or to affect the right of the Holders of the Notes or the Trustee to the benefit of any provisions for the redemption of such Notes contained therein; (ix) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated by the Indenture 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 Collateral Management Fees payable to the Collateral Manager beyond the amount provided for in the original Collateral Management Agreement; (xi) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated thereby 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 Indenture; (xii) at the time of execution of such supplemental indenture, cause the Issuer, any Hedge Counterparty, the Collateral Manager or any Paying Agents 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 execution of such supplemental indenture, result in a deemed sale or exchange of any of the Notes under Section 1001 of the Code (items (i) through (xiii) above collectively, the "Reserved Matters").

Except as provided above, the Issuers and the Trustee may also enter into one or more supplemental indentures, without obtaining the consent of Holders of the Notes or the Income Notes but with satisfaction of the Rating Agency Condition, (i) if such supplemental indentures would have no material adverse effect on any of the Noteholders (as evidenced by an officer's certificate delivered by the Issuer, or the Collateral Manager 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 Notes, the Fiscal Agency Agreement and the Indenture; (b) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes or the Income 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 Notes or the Income Notes; (d) to evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee; (e) to correct or amplify the description of any property at any time subject to the security interest created by the Indenture, 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 Indenture (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 Indenture any additional property; (f) to otherwise correct any inconsistency or cure any ambiguity or manifest error or correct or supplement any provisions contained herein which may be defective or inconsistent with any provision contained herein or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error; (g) to take any action necessary or advisable to prevent the Issuer, the Trustee or any Paying 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; (h) to conform the Indenture to the descriptions thereof in the final Offering Circular; (i) to comply with any reasonable requests made by any stock exchange in order to list or maintain the listing of any Notes or Income Notes on such stock exchange; or (j) to enter into any additional agreements not expressly prohibited by any of the Indenture or the other Transaction Documents, as well as any amendment, modification or waiver if the Issuer determines that entering into such an agreement or such amendment, modification or waiver thereof would not, upon or after becoming effective, materially and adversely affect the rights or interests of Holders of any Class of Notes or Income Notes. The Issuers and the Trustee shall not enter into any supplemental indenture, amendment or modification of the Indenture which would require the consent of any of the Holders of the Notes or Income Notes, the Collateral Manager, any Hedge Counterparty or any Synthetic Security Counterparty due to an adverse effect or a material adverse effect, as applicable, on such person as a result of such supplemental indenture, amendment or modification without any such person's consent (except as provided below) if any such person could be reasonably determined to be adversely affected or materially adversely affected, as applicable, by any supplemental indenture, amendment or modification to this Indenture. The Issuer may give at least five (5) Business Days' prior notice of any such supplemental indenture, amendment or modification which could reasonably be determined to give rise to an adverse effect or a material adverse effect to the Holders of the Notes and of the Income Notes, the Collateral Manager, the Hedge Counterparty and the Synthetic Security Counterparty. All Classes and counterparties that fail to respond to any such notice on or before the return date indicated on such notice shall be deemed to be not adversely affected or materially adversely affected by such change and the Issuers, the Trustee and any opinion of counsel may rely on the results of any such notice or on a certificate from the Issuer or the Collateral Manager. The Trustee may require the delivery of an opinion of counsel or an officer's certificate delivered by the Issuer (or the Collateral Manager on behalf of the Issuer) to the Trustee, reasonably satisfactory to it, at the expense of the Issuer, that such amendment or modification is permitted under the terms of the Indenture. Such determination shall be conclusive and binding on all present and future Holders of Notes, Income Notes or Combination Notes, any Synthetic Security Counterparty, the Collateral Manager and any Hedge Counterparty.

Notwithstanding anything to the contrary herein, (i) the Issuer will not consent to enter into any supplemental indenture or any supplement or amendment to any to any other document related thereto unless and until the Collateral Manager has received written notice of such proposed amendment or supplement and has consented in writing thereto and has received a final copy thereof from the Issuer or the Trustee and, if any such supplement or amendment could reasonably be expected to have a material adverse effect on any Synthetic Security Counterparty, such Synthetic Security Counterparty has received written notice of such amendment or supplement and has consented thereto in writing (which consent shall not be unreasonably withheld) and (ii) no amendment to the Indenture will be effective until the consent of each Hedge Counterparty (which shall not be unreasonably withheld) has been obtained to the extent required under the Hedge Agreements.

Under the Indenture, the Trustee will, for so long as any of the Securities are outstanding and rated by the Rating Agencies, deliver a copy of any proposed supplemental indenture (whether or not required to be approved by the Holders of any Notes or Income Notes) to the Rating Agencies, each

Hedge Counterparty and each Synthetic Security Counterparty not later than 20 Business Days prior to the execution of such proposed supplemental indenture, and no such supplemental indenture shall be entered into unless the Rating Agency Condition is met; *provided* that the Trustee shall, with the consent of the Holders of 100% of the aggregate outstanding amount of Notes of each Class and Income Notes, each Synthetic Security Counterparty and each Hedge Counterparty, enter into any such supplemental indenture notwithstanding any potential reduction or withdrawal of the ratings of any outstanding Class of Notes. In addition, the Trustee will deliver a copy of any proposed supplemental indenture with respect to which a determination must be made pursuant to the terms of the Indenture as to whether the Controlling Class would be materially adversely affected thereby to the Controlling Class not later than five (5) Business Days prior to the execution of such proposed supplemental indenture (or such shorter period prior to the execution of such proposed supplemental indenture as a Majority of the Controlling Class shall consent to, or otherwise agree is sufficient). The Trustee must provide notice of any amendment or modification of the Indenture (whether or not required to be approved by the Holders of any Notes or Income Notes) to the Holders of the Notes and Income Notes, each Hedge Counterparty, each Synthetic Security Counterparty and, for so long as any Notes or Income Notes are listed on any stock exchange, the Listing and Paying Agent, promptly upon the execution of such supplemental indenture.

In connection with any amendment, the Trustee may require the delivery of an opinion of counsel satisfactory to it, at the expense of the Issuer, that such amendment is permitted under the terms of the Indenture.

Jurisdictions of Incorporation and Formation. Under the Indenture, 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 formed 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 validation and enforceability of the Indenture, the Notes or any of the Collateral; *provided, however*, that the Issuers shall be entitled to change their jurisdictions of incorporation from the Cayman Islands or Delaware, as applicable, to any other jurisdiction reasonably selected by such Issuer or Co-Issuer, as applicable, and approved by its common shareholders, 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 or the Holders of any Class of Notes 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 of the Issuer or Co-Issuer, as applicable, the Trustee, the Note Paying Agent, the Collateral Manager, each Hedge Counterparty, each Synthetic Security Counterparty, the Holders of each Class of Notes 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 Collateral Manager, any Hedge Counterparty, any Synthetic Security Counterparty or, so long as any Notes or Income Notes are listed thereon, any stock exchange objecting to such change.

Petitions for Bankruptcy. The Indenture will provide that no Secured Party 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 Securities, institute against, or join any other person in instituting against, the Issuer or Co-Issuer any bankruptcy, reorganization, arrangement, moratorium, liquidation or similar proceedings under the laws of any jurisdiction.

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

Trustee. The Bank of New York Trust Company, National Association will be the Trustee under the Indenture. The Issuers and their affiliates may maintain other banking relationships in the ordinary course of business with the Trustee. The payment of the fees and expenses of the Trustee relating to the

Notes is solely the obligation of the Issuers. The Trustee and/or its affiliates may receive compensation in connection with the Trustee's investment of trust assets in certain Eligible Investments as provided in the Indenture and in connection with the Trustee's administration of any securities lending activities of the Issuer.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture. The Trustee will not be bound to take any action unless indemnified for such action. The Noteholders shall together have the power, exercisable by a Majority of the Controlling Class, to remove the Trustee as set forth in the Indenture. The removal of the Trustee shall not become effective until the later of the effective date of the appointment of a successor trustee and 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.

Agents. The Bank of New York Trust Company, National Association will be the Note Paying Agent, the Note Registrar, the Note Calculation Agent and the Note Transfer Agent under the Indenture. The Issuers and their affiliates may maintain other banking relationships in the ordinary course of business with The Bank of New York Trust Company, National Association. The payment of the fees and expenses of The Bank of New York Trust Company, National Association relating to the Notes is solely the obligation of the Issuers. The Indenture contains provisions for the indemnification of The Bank of New York Trust Company, 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 Indenture.

Listing and Paying Agent. For so long as any of the Notes, the Income Notes or the Combination Notes are listed on any stock exchange and the rules of such exchange shall so require, the Issuers will have a Listing and Paying Agent and a paying agent (which shall be the "Listing and Paying Agent") for the 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 the Securities is solely the obligation of the Issuers. The Indenture 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 Indenture.

Status of the Income Notes. The Holders of the Income Notes (including the Income Note Component of the Combination Notes) will have certain rights to vote with respect to limited matters arising under the Indenture and the Collateral Management Agreement including, without limitation, in connection with certain modifications to the Indenture. However, the Holders of the Income Notes will have no right to vote in connection with the realization of the Collateral or certain other matters under the Indenture.

Consolidation, Merger or Transfer of Assets. Except under the limited circumstances set forth in the Indenture, the Issuer will not be permitted to consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, partnership, trust or other person or other entity. Except under the limited circumstances set forth in the Indenture, the Co-Issuer will not be permitted to consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other limited liability company, corporation, partnership, trust or other person or entity.

Fiscal Agency Agreement

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent will perform various fiscal services on behalf of the Holders of the Income Notes and the Holders of the Combination Notes. The payment of the fees and expenses of the Fiscal Agent is solely the obligation of the Issuer. The Fiscal Agency Agreement contains provisions for the indemnification of the Fiscal Agent for any loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Fiscal Agency Agreement.

Governing Law of the Indenture, the Notes, the Fiscal Agency Agreement, the Hedge Agreements, the Deed of Covenant, the Income Notes, the Collateral Management Agreement and the Collateral Administration Agreement

The Indenture, the Notes (including the Class C Note Component of the Combination Notes), the Hedge Agreements, the Collateral Management Agreement and the Collateral Administration Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof. Under the Indenture, the Fiscal Agency Agreement, the Hedge Agreements, the Collateral Management Agreement and the Collateral Administration Agreement the Issuers 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 Indenture, the Notes, the Fiscal Agency Agreement, the Hedge Agreements, the Collateral Management Agreement and the Collateral Administration Agreement. The Fiscal Agency Agreement, the Deed of Covenant, the Income Notes and the Combination Notes (to the extent of the Income Note Component thereof) will be governed by, and construed in accordance with, the laws of the Cayman Islands.

Form of the Securities

The Notes. Each Class of Notes (other than the Class E 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 The Bank of New York Trust Company, National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC. The Rule 144A Notes which are Class E Notes will be issued in definitive, fully registered form, registered in the name of the owner thereof ("Definitive Notes"). The Rule 144A Global Notes and the Definitive Notes (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

Each Class of Notes sold in offshore transactions in reliance on Regulation S will initially be represented by a Temporary Regulation S Global Note deposited on the Closing Date with The Bank of New York Trust Company, 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 the related Class of Notes in definitive, fully registered form upon the later of (i) the expiration of the Distribution Compliance Period and (ii) the first date on which the requisite certifications (in the form provided in the Indenture) are provided to the Trustee. The Regulation S Global Note will be registered in the name of Cede & Co., a nominee of DTC, and deposited with The Bank of New York Trust Company, 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, a Temporary Regulation S Global Note, a Regulation S Income Note or a Regulation S Combination 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 S Notes, the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, in the form of a beneficial interest in a Rule 144A Global Note, with respect to any Regulation S Class E Notes, in the form of a definitive Class E Note, and, with respect to a Regulation S Income Note or a Regulation S Combination Note, in the form of an Income Note Certificate or a Combination Note Certificate, respectively, and only upon receipt by the Note Transfer Agent, in the case of the Notes, or Fiscal Agent, in the case of the Income Notes and the Combination Notes, of a written certification from the transferor (in the form provided in the Indenture, in the case of the Notes, or in the form provided in the Fiscal Agency Agreement, in the case of the Income Notes and the Combination Notes) to the effect that the transfer is being made to a person the transferor reasonably believes is a Qualified Institutional Buyer and a Qualified Purchaser. 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 or, in the case of the Class E Notes, a Definitive Note, may occur only in denominations greater than or equal to the minimum denominations applicable to the Rule 144A Global Notes or Definitive Notes, as applicable.

A beneficial interest in a Rule 144A Global 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 Indenture) 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 a Definitive Note. The Notes are not issuable in bearer form.

Each Note will be issued in minimum denominations of U.S.$250,000 (in the case of Rule 144A Notes) and U.S.$100,000 (in the case of Regulation S Notes) and integral multiples of U.S.$1 in excess thereof.

The Income Notes will be issued in minimum denominations of U.S.$100,000 notional principal amount of Income Notes and integral multiples of U.S.$1 in excess thereof.

The Combination Notes will be issued, in respect of the Class C Note Component, in minimum denominations of U.S.$250,000 (in the case of Combination Notes issued in reliance on Rule 144A) or U.S.$100,000 (in the case of Regulation S Combination Notes) and integral multiples of U.S.$1 in excess thereof and, in respect of the Income Note Component, in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 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 Indenture 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 Notes in certificated form and will not be considered to be the owners or Holders of any Notes under the Indenture. In addition, no beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold their interests in 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 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 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 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 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 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 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:

(a) transfers of securities and cash within the Euroclear System;

(b) withdrawal of securities and cash from the Euroclear System; and

(c) 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 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 Indenture 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 Indenture 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 S Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Regulation S Class E Notes will be initially issued in global form. The Class E Notes other than the Regulation S Class E Notes will not be global and will be represented by one or more Definitive Notes. 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 Notes which would not be required if the Notes were in definitive form and the Issuers will issue Definitive 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 Notes and cause the requested individual Definitive 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 Notes. Persons exchanging interests in a Global Note for individual Definitive 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 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 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 Notes will bear, and be subject to, such legend as the Issuers require in order to assure compliance with any applicable law. Individual Definitive Notes will be transferable subject to the minimum denomination applicable to the Rule 144A Global Notes and Regulation S Global Notes, in whole or in part, and exchangeable for individual Definitive Notes of the same Class at the office of the Note Paying Agent, Note Transfer Agent or the office of any transfer agent, upon compliance with the requirements set forth in the Indenture. Individual Definitive Notes may be transferred through any transfer agent upon the delivery and duly completed assignment of such Notes. Upon transfer of any individual Definitive Note in part, the Note Transfer Agent will issue in exchange therefor to the transferee one or more individual Definitive Notes in the amount being so transferred and will issue to the transferor one or more individual Definitive Notes 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 Note may transfer such Note, subject to compliance with the provisions of the legend thereon. Upon the transfer, exchange or replacement of Notes bearing the legend, or upon specific request for removal of the legend on a Note, the Issuer will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. Payments of principal and interest on individual Definitive Notes shall be payable by 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 Notes 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 (other than Regulation S Class E Notes). The Class E Notes (other than Regulation S Class E 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 (other than Regulation S Class E Notes) may be transferred only upon receipt by the Issuer and Note Transfer Agent of a Class E Notes Purchase and Transfer Letter to the effect that the transfer is being made (i) to a Qualified Institutional Buyer that has acquired an interest in the Class E Notes in a transaction meeting the requirements of Rule 144A who is also a Qualified Purchaser 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 Purchase and Transfer Letter.

Payments on the Class E Notes (other than Regulation S Class E Notes) on any 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 Payment Date.

The Income Notes (other than the Regulation S Income Notes). The Income Notes (other than the Regulation S Income Notes) will be represented by one or more Income Note Certificates in definitive form and the Income Notes will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

Income Notes (other than Regulation S Income Notes) may be transferred only upon receipt by the Issuer and the Fiscal Agent of an Income 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 Income Notes in a transaction meeting the requirements of Rule 144A, or (b) to an Accredited Investor having a net worth of not less than U.S.$10 million in a transaction exempt from registration under the Securities Act, who is a Qualified Purchaser, 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 Income Notes and Combination Notes Purchase and Transfer Letter.

The Income Notes will be issued in minimum denominations of U.S.$100,000 notional principal amount of Income Notes and integral multiples of U.S.$1 in excess thereof. Payments on the Income Notes (other than Regulation S Income Notes) on any Quarterly Payment Date will be made to the person in whose name the relevant Income Note is registered in the income note register as of the close of business on the first calendar day of the month in which such Quarterly Payment Date occurs (or if such day is not a Business Day, the next succeeding Business Day).

DESCRIPTION OF THE COMBINATION NOTES

General. The Issuer will issue the Combination Notes on the Closing Date pursuant to the Fiscal Agency Agreement. The Combination Notes will consist of two components:

(1) a component initially consisting of U.S.$3,000,000 aggregate original principal amount of Income Notes allocable to, and represented by, the Combination Notes (the "Income Note Component"); and

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

Each of the Income Note Component and the Class C Note Component is referred to herein as a "Component" and collectively as the "Components."

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

The aggregate notional principal amount of Income Notes included in the Income Note Component is included in, and is not in addition to, the aggregate principal amount of Income Notes issued by the Issuer as described elsewhere in this offering circular. The Income Notes included in the Income Note Component will not be separately issued. The Income Notes included in the Income Note Component 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 C Notes" shall include a reference to the Combination Notes to the extent of the Class C Note Component, and references to the rights and obligations of the Holders of the Class C Notes (including with respect to any payments, distributions or redemptions on or of such Class C 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 C 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 C Notes shall include a reference to the Holders of Combination Notes to the extent of the Class C 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 C Notes to the extent of the Class C Note Component (in all cases, without duplication).

Unless the Combination Notes are explicitly excluded or addressed in the same context, references herein to "Income Notes" shall include a reference to the Combination Notes to the extent of the Income Note Component, and references to the rights and obligations of the Holders of the Income Notes (including with respect to any payments, distributions or redemptions on or of such Income 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 Income 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 Income Notes shall include a reference to the Holders of Combination Notes to the extent of the Income 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 Income Notes to the extent of the Income Note Component (in all cases, without duplication).

Status and Security. The Combination Notes are 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 Income Notes included in the Income Note Component or the Class C Notes included in the Class C Note Component.

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."

Notwithstanding the foregoing, solely for purposes of the ratings on the Combination Notes, the Combination Notes will provide for the payment of periodic interest equal to the Base Interest Amount as of each Quarterly Payment Date, commencing on the first Quarterly Payment Date. All distributions in excess of the Base Interest Amount with respect to the Combination Notes from and including the immediately preceding Quarterly Payment Date or the Closing Date, as applicable, will be applied to reduce the Rated Balance of the Combination Notes. To the extent the Base Interest Amount is not paid on the Combination Notes as of any Quarterly Payment Date as a result of the operation of the Priority of Payments with respect to the Components thereof, such unpaid amount will be added to the Rated Balance of the Combination Notes and the Base Interest Amount shall thereafter be calculated on the basis of the then-current Rated Balance with respect to each Base Interest Accrual Period. The "Base Interest Amount" is an amount of interest on the Rated Balance of the Combination Notes during the period from the Closing Date through the day preceding the first Quarterly Payment Date and during each period thereafter from and including each Quarterly Payment Date through the day preceding the subsequent Quarterly Payment Date (each such period being a "Base Interest Accrual Period" with respect to the Combination Notes) at a rate of 1.0% *per annum* (the "Base Interest Rate") for each Base

Interest Accrual Period. The Base Interest Amount will be calculated on the basis of a 360-day year consisting of four 90-day Base Interest Accrual Periods. The "Rated Balance" of the Combination Notes is initially U.S.$10,000,000 and thereafter, as of any date of determination, such amount reduced by all payments and increased by shortfalls on account of the Rated Balance as provided herein.

Early Redemption. The Combination Notes will only be redeemed prior to the Stated Maturity when the Income Notes or the Class C Notes are redeemed. The Class C Note Component shall be redeemed upon any redemption of the Class C Notes and the Income Note Component shall be redeemed upon any redemption of the Income Notes.

Any proceeds of the early redemption of the Income Note Component or the Class C 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 Stated Maturity in exchange for delivery of the Income Notes comprising the Income Note Component and the Class C Notes comprising the Class C Note Component.

Acts of Holders of Combination Notes. Except as provided in the Fiscal Agency Agreement or the Indenture, the Holders of the Combination Notes will not have any rights to vote or give consents under the Fiscal Agency Agreement or the Indenture as a class of securities. Instead, the Holders of the Combination Notes will be treated as Holders of the Income Notes (to the extent of the Income Note Component) and the Class C Notes (to the extent of the Class C Note Component) for purposes of any requests, demands, authorizations, directions, notices, consents, waivers or other actions under the Fiscal Agency Agreement or the Indenture. 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 C Notes, a portion of such payments will be allocated to the Combination Notes based on the Class C 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 C Notes allocated to the Class C Note Component of each of the Combination Notes. If the amount of Income Notes comprising the Income Note Component of the Combination Notes has been reduced to zero prior to the Stated Maturity, the holders of the Combination Notes will continue to be entitled to receive all payments on the Class C Note Component pro rata in accordance with the outstanding principal amount of Class C Notes allocated to the Class C Note Component of the Combination Notes held by them (in all cases, without duplication).

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

No other payments will be made on the Combination Notes. The Class C Note Component Percentage and the Income Note Component Percentage will be adjusted, as appropriate, upon an exchange of the applicable Combination Note, in whole or in part, for the underlying Income Notes and Class C 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 Income Notes and Class C Notes, as applicable, represented

by the applicable Components as described herein. 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) Income Notes with a notional principal balance equal to the Income Note Component Percentage of the aggregate outstanding principal amount of the Income Notes (including the Income Note Component) (without duplication) and (2) Class C Notes with a principal balance equal to the Class C Note Component Percentage of the aggregate outstanding principal amount of the Class C Notes (including the Class C Note Component) (without duplication).

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

USE OF PROCEEDS

The gross proceeds associated with the offering of the Securities are expected to equal approximately U.S.$512,500,000. Approximately U.S.$10,700,000 of such gross proceeds will be applied by the Issuer to pay upfront fees and expenses associated with the offering of the Securities. On the Closing Date or promptly thereafter as is consistent with customary settlement procedures, pursuant to agreements to purchase entered into on or before the Closing Date, the Issuer will apply the net proceeds to purchase the Collateral Assets described herein having an aggregate Principal Balance of approximately U.S.$500,000,000 and will have entered into the Hedge Agreements. In addition, on the Closing Date, approximately U.S.$275,000 of the net proceeds from the issuance of the Securities will be deposited into the Expense Reserve Account.

RATINGS OF THE NOTES

It is a condition to the issuance of the Notes that the Class S Notes, the Class A-1 Notes and the Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be rated at least "A2" by Moody's and at least "A" by S&P, that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P, that the Class E Notes be rated at least "Ba1" by Moody's and at least "BB+" by S&P and that the Combination Notes be issued with a rating of at least "Aa3" by Moody's. The Income 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.

Moody's Ratings

The ratings assigned to the Securities by Moody's are based upon its assessment of the probability that the Collateral Assets will provide sufficient funds to pay such Securities, 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 Securities (which is achieved through the subordination of more junior Notes), and the diversification requirements that the Collateral Assets must satisfy.

Moody's rating of (i) the Class S Notes, the Class A Notes and the Class B Notes addresses the ultimate cash receipt of all required principal payments and the timely cash receipt of all interest payments as provided in the governing documents, (ii) the Class C Notes, the Class D Notes and the Class E Notes addresses the ultimate cash receipt of all required interest and principal payments as provided in the governing documents and (iii) the Combination Notes address the ultimate cash receipt of the Base Interest Amount and the Rated Balance. The Moody's rating of the Combination Notes does not address the receipt by the Holders of such Combination Notes of any amounts in excess of the Base Interest Amount and the Rated Balance. 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 Collateral Manager, 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 Ratings

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 S Notes, the Class A Notes and the Class B Notes by S&P address the likelihood of the timely payment of interest and the ultimate payment of principal on such Notes. The ratings assigned to the Class C Notes, the Class D Notes and the Class E Notes by S&P address the likelihood of the ultimate payment of interest and principal on such Notes. This requires an analysis of the following: (i) credit quality of the Collateral Assets securing the Notes; (ii) cash flow used to pay liabilities and the priorities of these payments; and (iii) legal considerations. Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating.

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 Collateral Manager), 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 no representation is made, 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.

Under the terms of the Indenture, the Issuer will grant to the Trustee, for the benefit of the Secured Parties (but not the Holders of the Income Notes), a first priority perfected security interest in the Collateral, including the Collateral Assets, that is free of any adverse claim, to secure the Issuers' obligations under the Indenture, the Notes and the Hedge Agreements.

On the Closing Date, the Issuer expects to acquire approximately U.S.$500,000,000 in aggregate Principal Balance, or, in the case of Synthetic Securities, notional amount, of Collateral Assets. The Collateral Assets are expected to consist of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities and Synthetic Securities (the Reference Obligations of which are Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities). Certain information with respect to the Collateral Assets and the Reference Obligations is included herein (including in Appendix B) on the CD-ROM attached to this Offering Circular. This information was provided by or derived from information provided by the issuers, underwriters and/or the servicers for each underlying Collateral Asset. In addition, the prospectus supplements, private placement memoranda, offering circulars or similar disclosure documents with respect to the Collateral Assets and the Reference Obligations for which such documents are available, together with the most recently available investor or trustee reports with respect to Collateral Assets issued at least six months prior to the Closing Date (such documents and reports, the "Disclosure Documents"), are included on the CD-ROM attached hereto. None of the Issuers, the Initial Purchaser, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof), the Trustee, any of their affiliates or any party on their behalf has made any independent review or verification as to the accuracy and completeness of the information contained below. Accordingly, prospective purchasers must make their own evaluation regarding the extent to which they will rely on such information in making an investment decision. **None of the issuers of the Collateral Assets makes any representation or warranty as to the appropriateness of any Disclosure Document for use in connection with the offering of the Offered Securities or takes any responsibility for such use. None of the Issuers, the Initial Purchaser, the Collateral Manager, the Hedge Counterparty, or any guarantor thereof, the Trustee, any of their affiliates or any party on their behalf takes responsibility for, or makes any representation or warranty as to the accuracy, completeness or applicability of any of the Disclosure Documents.**

The Collateral Assets

The Collateral Assets had an aggregate par balance or notional amount of approximately U.S.$526,000,000 and an aggregate Principal Balance of approximately U.S.$500,000,000 (an aggregate "Collateral Asset Principal Balance") (the difference between these figures reflects the haircut applied to discount assets, as described in the Principal Balance definition) on or about December 5, 2006 (the "Reference Date"). The Reference Date balances of the Collateral Assets reflect their Principal Balances or notional amounts after giving effect to distributions received on November 27, 2006 and (without duplication) after application of all payments due on the Collateral Assets before the Reference Date, whether or not received. However, the first distributions on the Collateral Assets available to make payments on the Notes will be those made from December 7, 2006 through the end of the first due period. The use of a later Reference Date would result in a lower Reference Date balance for certain Collateral Assets and, consequently, a lower aggregate Collateral Asset Principal Balance. Unless otherwise stated herein, statistical information relating to the Collateral Assets is calculated on the basis of the Principal Balances of such Collateral Assets. The Collateral Assets or, in the case of Synthetic Securities, the Reference Obligations related thereto, are expected to consist of the following on the Closing Date:

1. 14 issues across 2 categories of CMBS constituting approximately 13.0% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are CMBS, by notional balance),

2. 76 issues across 4 categories of RMBS constituting approximately 82.6% of the Collateral Assets (by Principal Balance or, in the case of Synthetic Securities the Reference Obligations of which are RMBS, by notional balance), and

3. 2 issues across 1 category of Asset-Backed Securities consisting approximately 4.4% of Collateral Assets (by Principal Balance).

For purposes of the information set forth herein, unless otherwise specified, Synthetic Securities included in the Collateral Assets are treated in the category in which the related Reference Obligation would be treated. Approximately 93.41% of the Synthetic Securities, constituting approximately 34.00% of the Collateral Assets (by Principal Balance) are expected to have Reference Obligations which are RMBS and approximately 6.59% of the Synthetic Securities, constituting approximately 2.40% of the Collateral Assets (by Principal Balance) are expected to have Reference Obligations which are CMBS.

CMBS. The Collateral Assets include 17 whole or partial classes of commercial mortgage pass-through certificates The following is a list (with percentages rounded to the nearest tenth) of the respective classes and series of CMBS that are expected to be included in the Collateral Assets:

Collateral Asset	CMBS Category	Principal Balance as of Closing Date	Percentage of CMBS	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
GSMS 2006-RR2 J	CMBS Repack	$2,338,103	3.6%	Baa2/BBB	fixed	11.9
GSMS 2006-RR2 K	CMBS Repack	$2,264,188	3.5%	Baa3/BBB-	fixed	11.9
ABAC 2006-NS1A J	CMBS Repack	$5,000,000	7.7%	Baa2/BBB	LIBOR01M	13.2
ABAC 2006-NS1A K	CMBS Repack	$2,000,000	3.1%	Baa3/BBB-	LIBOR01M	13.6
GUGH 2006-3A D	CMBS Repack	$3,000,000	4.6%	Baa1/-	LIBOR01M	7.0
SEAWL 2006-4A C	CMBS Repack	$8,163,000	12.6%	A3/A-	LIBOR01M	9.8
GKKRE 2006-1A F	CMBS Repack	$2,000,000	3.1%	Baa1/BBB+	LIBOR03M	7.8
GKKRE 2006-1A G	CMBS Repack	$4,000,000	6.2%	Baa2/BBB	LIBOR03M	7.9
GFORCE 061 H	CMBS Repack	$4,532,482	7.0%	-/BBB	fixed	10.4
ABAC 2006-13A H	CMBS Repack	$4,000,000	6.2%	Baa1/BBB+	LIBOR01M	11.1
MSC 2006-SRR1 D	CMBS Repack	$5,000,000	7.7%	Baa1/BBB+	LIBOR01M	5.0
MSC 2005-RR6 G	CMBS Repack	$3,000,000	4.6%	Baa3/BBB-	fixed	10.8
CD 2006-CD2 J	CMBS Conduit	$3,000,000	4.6%	Baa3/BBB-	synthetic sprd	9.4
COMM 2005-C6 H	CMBS Conduit	$3,000,000	4.6%	Baa3/BBB-	synthetic sprd	8.8
LBUBS 2006-C4 K	CMBS Conduit	$3,000,000	4.6%	Baa3/BBB-	synthetic sprd	9.7
LBUBS 2006-C6 K	CMBS Conduit	$3,000,000	4.6%	Baa3/BBB-	synthetic sprd	10.0
CD 2006-CD3 J	CMBS Conduit	$7,500,000	11.6%	Baa2/BBB	fixed	14.9

The CMBS evidence direct and indirect interests in 14 separate segregated pools (each, an "Underlying CMBS Trust Fund") of commercial and multifamily mortgage loans and/or participations and other certificated interests in commercial and multifamily mortgage loans (the "Commercial Mortgage Loans"). The Commercial Mortgage Loans are secured by liens on the respective borrowers' fee and/or leasehold interests in commercial and/or multifamily mortgaged properties (each, a "Commercial Mortgaged Property"). Each series of certificates of which a CMBS included in the Collateral Assets is a part (each, an "Underlying CMBS Series") collectively represents the entire beneficial ownership interest in, or is secured by, an Underlying CMBS Trust Fund. Each Commercial Mortgage Loan is evidenced by a promissory note, bond or other evidence of indebtedness of the related borrower (as to such loan, the "Commercial Mortgagor") and is secured by one or more mortgages, deeds of trust or similar security instruments (each, a "Commercial Mortgage") that, in each case, creates a lien on a fee simple or leasehold interest of the related Commercial Mortgagor in the related Commercial Mortgaged Property. As described below and in the corresponding Disclosure Documents referred to herein, any particular Commercial Mortgage Loan: (i) may provide for the accrual of interest thereon at an interest rate (a "Commercial Mortgage Rate") that is fixed over its remaining term or that adjusts in relation to an index or in connection with the exercise of an extension option; (ii) may provide for level Monthly Payments to maturity; (iii) may be fully amortizing over its term to maturity or, alternatively, may provide for no amortization prior to maturity or for an amortization schedule that is significantly longer than its remaining

term, thereby having a substantial principal amount due and payable on such loan's maturity, unless prepaid prior thereto; or (iv) may prohibit voluntary prepayments of principal for a specified period or may require payment of a prepayment premium or yield maintenance payment (in either case, a "Prepayment Premium") in connection with a voluntary prepayment of principal. In general, the Commercial Mortgage Loans constitute nonrecourse obligations of the related Commercial Mortgagors and, upon any such Commercial Mortgagor's default in the payment of any amount due under the related loan, the holder thereof may look only to the related Commercial Mortgaged Property or Commercial Mortgaged Properties or, with respect to Commercial Mortgage Loans as to which a defeasance has taken place, the U.S. government obligations that have been substituted therefor for satisfaction of the Commercial Mortgagor's obligation. In addition, in those cases where recourse to a Commercial Mortgagor or guarantor is permitted by the loan documents, the Issuer has not undertaken an evaluation of the financial condition of any such person, and prospective investors should thus consider all the Commercial Mortgage Loans to be nonrecourse.

Each Underlying CMBS Series included in the Collateral Assets is serviced by a servicer/special servicer. As of the Closing Date, LNR Partners, Inc. is the servicer/special servicer with respect to approximately 5.95%, by Principal Balance, of the Collateral Assets and J.E. Robert Company Inc. is the servicer/special servicer with respect to approximately 1.50%, by Principal Balance, of the Collateral Assets.

For further information about the CMBS included in the Collateral Assets, investors should refer to the information in Appendix B to this Offering Circular, and to the Disclosure Documents therefor set forth on the CD-ROM attached to this Offering Circular.

Additional Credit Support of CMBS. While 100% of the CMBS included in the Collateral Assets are rated at least investment grade as of the date hereof, approximately 87.2% of the CMBS are subordinate to one or more senior classes of the same Underlying CMBS Series, which classes have not been included in the Collateral Assets, for purposes of, among other things, offsetting losses and other shortfalls with respect to the related Underlying CMBS Trust Fund. In addition, approximately 85.6% of the CMBS are senior to one or more junior classes of Certificates of the same Underlying CMBS Series, which more junior classes have not been included in the Collateral Assets, for purposes of, among other things, offsetting losses and other shortfalls with respect to the related Underlying CMBS Trust Fund. None of the Commercial Mortgage Loans or the CMBS is insured or guaranteed by the United States, any governmental agency or instrumentality, or any other person.

RMBS. The Collateral Assets include 84 whole or partial classes of residential mortgage pass-through certificates. The following is a list (with percentages rounded to the nearest tenth) of the respective classes and series of RMBS expected to be included in the Collateral Assets:

Collateral Asset	RMBS Category	Principal Balance as of Closing Date	Percentage of RMBS	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
LBMLT 2005-WL3 B1	RMBS Midprime	$5,729,048	1.4%	Ba1/BB+	LIBOR01M	3.5
RAMP 2005-RS3 B2	RMBS Midprime	$4,944,495	1.2%	Ba2/B	LIBOR01M	3.0
RAMP 2006-NC3 M10	RMBS Midprime	$4,644,250	1.1%	Ba1/BBB-	LIBOR01M	4.0
JPMAC 2006-HE1 M11	RMBS Midprime	$5,264,900	1.3%	Ba2/BB	LIBOR01M	4.4
GSAA 2005-10 B4	RMBS Midprime	$7,826,813	1.9%	Ba2/BB+	fixed	3.3
ACE 2006-NC1 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB+	synthetic sprd	4.0
MLMI 2005-SL3 B2	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.8
BSABS 2005-HE11 M7	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.6
BSABS 2005-HE5 M5	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB+	synthetic sprd	2.8

Collateral Asset	RMBS Category	Principal Balance as of Closing Date	Percentage of RMBS	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
LBMLT 2005-WL3 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.4
MLMI 2005-NCA B2	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.6
NCHET 2005-3 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.3
ACCR 2005-4 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/A-	synthetic sprd	4.0
SASC 2005-S6 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.1
ACE 2005-HE3 B2	RMBS Midprime	$5,000,000	1.2%	Ba2/BB	LIBOR01M	2.7
ARSI 2004-W3 M5	RMBS Subprime	$7,250,000	1.8%	Ba1/BB+	LIBOR01M	1.1
SVHE 2004-WMC1 M10	RMBS Midprime	$2,922,000	0.7%	Ba1/BBB-	LIBOR01M	2.1
ABFC 2006-OPT2 B	RMBS Subprime	$1,819,625	0.4%	Ba1/BB+	LIBOR01M	4.2
RESIF 2006-B B6	RMBS Prime	$9,969,607	2.4%	Baa3/BBB-	LIBOR01M	8.9
RESIF 2006-B B5	RMBS Prime	$2,312,949	0.6%	Baa1/BBB	LIBOR01M	8.9
GSAA 2006-12 B3	RMBS Prime	$1,873,154	0.5%	Ba2/BBB-	LIBOR01M	3.3
GSAA 2005-14 B3	RMBS Prime	$4,047,235	1.0%	Ba2/BB+	fixed	2.6
GSAA 2006-1 B3	RMBS Prime	$3,889,401	0.9%	Ba2/BBB-	fixed	2.8
GSAA 2005-15 B3	RMBS Prime	$3,794,133	0.9%	Ba2/BB+	fixed	2.7
GSAA 2005-11 B4	RMBS Prime	$3,931,495	1.0%	Ba2/BB	fixed	2.5
GPMF 2005-HE1 M8	RMBS Prime	$4,000,000	1.0%	Ba1/BBB-	LIBOR01M	2.5
BALTA 2005-10 1B3	RMBS Prime	$2,634,375	0.6%	Ba2/BB	LIBOR01M	3.2
BALTA 2006-2 1B3	RMBS Prime	$2,610,938	0.6%	Ba2/BB	LIBOR01M	3.5
BALTA 2006-1 1B3	RMBS Prime	$1,018,352	0.2%	Ba2/BB	LIBOR01M	3.3
BALTA 2006-3 1B3	RMBS Prime	$2,190,198	0.5%	Ba2/BB	LIBOR01M	3.6
GSAA 2006-10 B4	RMBS Prime	$2,953,265	0.7%	Ba2/BB	LIBOR01M	4.7
GSAA 2006-11 B3	RMBS Prime	$7,966,862	1.9%	Ba2/BB	LIBOR01M	3.6
RESIX 2006-C B7	RMBS Prime	$3,998,573	1.0%	Baa2/BB+	LIBOR01M	6.0
RESIX 2006-C B8	RMBS Prime	$2,998,930	0.7%	Ba1/BB	LIBOR01M	6.0
ABAC 2006-11A D	RMBS Synthetic Bespoke Repack	$10,000,000	2.4%	Baa1/BBB	LIBOR01M	7.6
AMSI 2005-R2 M11	RMBS Subprime	$6,979,375	1.7%	Ba2/BB	LIBOR01M	2.3
AMSI 2006-R2 M11	RMBS Subprime	$2,056,250	0.5%	Ba2/BB+	LIBOR01M	3.3
ARSI 2004-W2 M7	RMBS Subprime	$4,000,000	1.0%	Ba1/BB+	LIBOR01M	1.4
ARSI 2004-W5 M7	RMBS Subprime	$4,000,000	1.0%	Ba1/BB+	LIBOR01M	1.5
CWL 2006-6 B	RMBS Subprime	$7,300,000	1.8%	Ba1/BB+	LIBOR01M	4.2
FHLT 2006-1 B1	RMBS Subprime	$1,690,000	0.4%	Ba2/BB+	LIBOR01M	4.2
FHLT 2006-1 M9	RMBS Subprime	$2,741,200	0.7%	Ba1/BBB-	LIBOR01M	4.2
JPMAC 2006-FRE2 M10	RMBS Subprime	$2,681,250	0.6%	Ba1/BB+	LIBOR01M	4.0
JPMAC 2006-FRE2 M11	RMBS Subprime	$3,862,863	0.9%	Ba2/BB	LIBOR01M	3.9
SGMS 2006-FRE1 M11	RMBS Subprime	$5,272,800	1.3%	Ba2/BB+/*-	LIBOR01M	3.9
SVHE 2005-OPT3 M10	RMBS Subprime	$2,430,000	0.6%	B1/BB+	LIBOR01M	3.4
SVHE 2006-2 B1	RMBS Subprime	$3,360,000	0.8%	Ba2/BB+	LIBOR01M	4.1
SABR 2006-NC2 B5	RMBS Subprime	$2,433,750	0.6%	Ba2/BB	LIBOR01M	5.0
SGMS 2006-FRE1 M10	RMBS Subprime	$1,790,000	0.4%	Ba1/BBB-	LIBOR01M	4.1
SVHE 2006-OPT5 M11	RMBS Subprime	$4,143,750	1.0%	Ba2/BB	LIBOR01M	4.6

Collateral Asset	RMBS Category	Principal Balance as of Closing Date	Percentage of RMBS	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
SVHE 2006-OPT2 M10	RMBS Subprime	$1,695,000	0.4%	Ba2/BBB-	LIBOR01M	2.9
SABR 2006-FR3 B2	RMBS Subprime	$3,500,000	0.8%	Baa2/BBB	LIBOR01M	5.3
SABR 2006-FR3 B5	RMBS Subprime	$2,352,458	0.6%	Ba2/BB	LIBOR01M	5.2
GSAMP 2005-HE4 B2	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB+	synthetic sprd	3.9
CXHE 2005-B B	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	2.9
FHLT 2005-1 M8	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	2.8
RASC 2006-EMX2 M8	RMBS Midprime	$7,500,000	1.8%	Baa2/A-	synthetic sprd	3.9
MSAC 2005-WMC1 B2	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	2.8
ABSHE 2006-HE3 M7	RMBS Subprime	$5,000,000	1.2%	Baa2/BBB	synthetic sprd	4.1
ABSHE 2005-HE2 M6	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	2.6
ARSI 2005-W2 M8	RMBS Subprime	$7,500,000	1.8%	Baa2/A-	synthetic sprd	3.8
CARR 2005-OPT2 M7	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB+	synthetic sprd	3.1
CWL 2005-10 MV8	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.6
RASC 2005-KS8 M8	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB+	synthetic sprd	3.3
SVHE 2006-3 M8	RMBS Subprime	$6,702,000	1.6%	Baa2/BBB	LIBOR01M	4.6
BRDH 2004-A SUB	RMBS Subprime	$5,000,000	1.2%	Baa2/BBB	LIBOR01M	2.7
CWL 2006-16 B	RMBS Subprime	$5,028,960	1.2%	Ba1/BB+	LIBOR01M	4.8
CMLTI 2006-NC1 M8	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	4.1
BSABS 2005-FR1 M5	RMBS Midprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.2
JPMAC 2005-FRE1 M8	RMBS Subprime	$7,500,000	1.8%	Baa2/BBB	synthetic sprd	3.6
CMLTI 2006-HE2 M10	RMBS Subprime	$7,942,238	1.9%	Ba1/BB+	LIBOR01M	4.0
CXHE 2006-A M11	RMBS Subprime	$2,883,125	0.7%	Ba2/BBB-	LIBOR01M	4.3
GSAMP 2006-HE7 B1	RMBS Subprime	$912,661	0.2%	Baa3/BB+	LIBOR01M	4.4
SVHE 2006-OPT3 M9	RMBS Subprime	$1,840,000	0.4%	Ba1/BB+	LIBOR01M	3.7
SVHE 2006-OPT3 M10	RMBS Subprime	$4,268,750	1.0%	Ba2/BB+	LIBOR01M	3.7
JPMAC 2006-CH1 M10	RMBS Subprime	$2,484,719	0.6%	Ba1/BB+	LIBOR01M	4.4
HASC 2006-OPT3 M10	RMBS Subprime	$5,112,323	1.2%	Ba1/BBB	LIBOR01M	3.5
ACE 2005-HE1 B1	RMBS Midprime	$7,692,500	1.9%	Ba2/BB+	LIBOR01M	2.6
PPSI 2004-WHQ2 M10	RMBS Subprime	$4,503,125	1.1%	Ba1/BB+	LIBOR01M	1.7
RESIX 2006-A B8	RMBS Prime	$1,988,400	0.5%	Ba2/BB-	LIBOR01M	9.2
RESIX 2005-D B7	RMBS Prime	$1,473,397	0.4%	Ba2/BB	LIBOR01M	8.5
RESIX 2006-1 B8	RMBS Prime	$1,330,073	0.3%	Ba2/BB-	LIBOR01M	8.6
FFML 2004-FF3 B3	RMBS Midprime	$2,000,000	0.5%	Ba1/BB+	LIBOR01M	7.4
ACE 2005-RM2 M11	RMBS Midprime	$4,196,700	1.0%	Ba2/BBB-	LIBOR01M	5.1

The RMBS evidence direct and indirect subordinate interests in 76 separate segregated pools (each, an "Underlying RMBS Trust Fund") of residential mortgage loans and/or participations and other certificated interests in residential mortgage loans (the "Residential Mortgage Loans"). The Residential Mortgage Loans are secured by liens on the respective borrowers' fee and/or leasehold interests in residential mortgaged properties (each, a "Residential Mortgaged Property"). Each series of certificates of which a RMBS included in the Collateral Assets is a part (each, an "Underlying RMBS Series") collectively represents the entire beneficial ownership interest in, or is secured by, an Underlying RMBS Trust Fund. Each Residential Mortgage Loan is evidenced by a promissory note, bond or other evidence of indebtedness of the related borrower (as to such loan, the "Residential Mortgagor") and is secured by one or more mortgages, deeds of trust or similar security instruments (each, a "Residential Mortgage") that, in each case, creates a lien on a fee simple or leasehold interest of the related Residential Mortgagor in the related Residential Mortgaged Property. As described below and in the corresponding Disclosure Documents referred to herein, any particular Residential Mortgage Loan: (i) may provide for the accrual of interest thereon at an interest rate that is fixed over its remaining term or that adjusts in relation to an index; (ii) may provide for level Monthly Payments to maturity or (iii) may be fully amortizing over its term to maturity or, alternatively, may provide for an amortization schedule that is longer than its remaining term. The Residential Mortgage Loans generally do not restrict prepayments or require the payment of prepayment penalties. The origination and servicing of the Residential Mortgage Loans may be subject to various federal and state laws and regulations with respect to interests rates and other charges, or may require certain disclosures, required licensing of originators and regulate debt collection practices.

Each Underlying RMBS Series included in the Collateral Assets is serviced by a primary servicer. As of the Closing Date, Wells Fargo Bank, National Association is the primary servicer with respect to approximately 11.72%, by Principal Balance, of the Collateral Assets and Countrywide Home Loans Servicing, L.P. is the primary servicer with respect to approximately 11.35%, by Principal Balance, of the Collateral Assets.

For further information about the RMBS included in the Collateral Assets, investors should refer to the information in Appendix B to this Offering Circular, and to the Disclosure Documents set forth on the CD-ROM attached to this Offering Circular.

Additional Credit Support of RMBS. While 50.21% of the RMBS included in the Collateral Assets are rated investment grade as of the date hereof, approximately 90.57% of the RMBS are subordinate to one or more senior classes of the same Underlying RMBS Series, which classes have not been included in the Collateral Assets, for purposes of, among other things, offsetting losses and other shortfalls with respect to the related Underlying RMBS Trust Fund. In addition, approximately 94.30% of the RMBS are senior to one or more junior classes of Certificates of the same Underlying RMBS Series, which classes have not been included in the Collateral Assets, for purposes of, among other things, offsetting losses and other shortfalls with respect to the related Underlying RMBS Trust Fund. None of the Residential Mortgage Loans or the RMBS are insured or guaranteed by the United States, any governmental agency or instrumentality, or any other person.

Asset-Backed Securities. The Collateral Assets include two whole or partial classes of asset-backed security. The following is a list (with the percentage rounded to the nearest tenth) of the classes and series of Asset-Backed Security expected to be included in the Collateral Assets:

Collateral Asset	Asset-Backed Security Category	Principal Balance as of Closing Date	Percentage of Asset-Backed Securities	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
NCSLT 2006-3 D	ABS Student Loan	$15,000,000	68.2%	Baa2/BBB	LIBOR01M	12.8
NCSLT 2006-4 D	ABS Student Loan	$7,000,000	31.8%	Baa2/BBB	LIBOR01M	13.3

None of the Asset-Backed Securities are insured or guaranteed by the United States, any governmental agency or instrumentality, or any other Person.

Appendix B. The information included in Appendix B to this Offering Circular and elsewhere herein does not purport to be complete and is subject to and qualified in its entirety by reference to, the provisions of the various agreements pursuant to which each of the Collateral Assets and the Reference Obligations were issued as to the other documents referred to herein pursuant to which certain classes of the Collateral Assets and the Reference Obligations were originally offered. As set forth herein, the Disclosure Documents relating to certain of the Collateral Assets and the Reference Obligations are set forth on the CD-ROM attached to this Offering Circular. Prospective investors are strongly urged to read them in their entirety to obtain material information concerning the Collateral Assets and the Reference Obligations. Investors should note, however, that, although they are substantially consistent in their overall presentation of information, this Offering Circular and such Disclosure Documents may vary in their use of defined terms, and any particular defined term should be read in the context of the document in which it is contained. Notwithstanding the foregoing, none of the respective issuers of the Collateral Assets or the Reference Obligations has passed on the accuracy or completeness of this Offering Circular or is in any way associated with the offering of the Securities, nor does any such issuer make any representation or warranty as to the appropriateness of any document for use in connection with the offering of the Securities or take any responsibility for such use. None of the Issuers, the Initial Purchaser, the Collateral Manager or the Trustee takes any responsibility for, or makes any representation or warranty as to the accuracy or completeness of, any of the Disclosure Documents used in connection with the original offerings of the Collateral Assets.

All numerical information provided herein with respect to the Collateral Assets and the Reference Obligations is provided on an approximate basis as of, unless otherwise specified, the Reference Date. All weighted average information provided herein with respect to the Collateral Assets and the Reference Obligations reflects weighting by the related Reference Date Balance.

The information contained herein with respect to the Collateral Assets and the Reference Obligations has been derived from a variety of sources including the disclosure documents, and reports from and communications with the related trustee, servicer, master servicer or special servicer. The Issuers, the Collateral Manager, the Initial Purchaser and the Trustee are limited in their ability to independently verify the information obtained from the above-referenced sources.

The information set forth in the related Disclosure Documents on the CD-ROM attached to this Offering Circular is furnished on a confidential basis solely for the purpose of evaluating the investment offered hereby and may not be reproduced in whole or in part or used for any other purpose. None of the Issuers, the Initial Purchaser, the Trustee, the Hedge Counterparty (or any guarantor thereof), the Collateral Manager, any of their affiliates or any party on their behalf make any representation or warranty as to the accuracy or completeness of the information contained in such CD-ROM and such summaries and nothing herein shall be deemed to constitute such a representation or warranty. None of the Issuers, the Initial Purchaser, the Trustee, the Hedge Counterparty (or any guarantor thereof), the Collateral Manager, any of their affiliates or any party on their behalf make any representation or warranty that the information contained in the related Disclosure Documents on the attached CD-ROM is current or that current information, if provided, would not be materially different.

The Coverage Tests

The Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes, the Class D Notes and the Class E Notes and whether Proceeds will be paid to the Holders of the Income Notes, and whether Proceeds must be used to make mandatory redemptions of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. See "Description of the Securities—Principal" 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, the Class D Interest Coverage Test and the Class E Interest Diversion Test. For purposes of the Coverage Tests, the Class A-1 Adjusted Overcollateralization Ratio, the Class A-2 Adjusted Overcollateralization Ratio, the Class B Adjusted Overcollateralization Ratio, the Class C Adjusted Overcollateralization Ratio, the Class D Adjusted Overcollateralization Ratio and the Class E Adjusted Overcollateralization Ratio, (i) unless otherwise specified, a Synthetic Security shall be included as a Collateral Asset having the characteristics of the Reference Obligation (including, for the purposes of determining whether such Synthetic Security is a Defaulted 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 C Overcollateralization Ratio, the Class D Overcollateralization Ratio and the Class E Overcollateralization Ratio on any Determination Date that such Coverage Test is applicable shall be made by giving effect to all payments scheduled or expected to be made pursuant to the Priority of Payments on the Payment Date following such Determination Date, 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 Determination Date that such Coverage Test is applicable shall be made without giving effect to payments scheduled or expected to be made pursuant to the Priority of Payments on the Payment Date following such Determination Date. For purposes of each of the Class A/B Overcollateralization Test, the Class C Overcollateralization Test, the Class D Overcollateralization Test and the Class E Interest Diversion Test, notwithstanding the definition of Principal Balance contained herein, the Principal Balance of any security that is not currently paying cash interest (excluding any security that is, in accordance with its terms, making payments due thereon "in kind") shall be the accreted value of such security as of the date on which it was purchased by the Issuer; *provided,* that such accreted value shall not exceed the par amount of such security.

The Class A/B Overcollateralization Test

The "Class A/B Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) by (ii) the sum of the aggregate outstanding principal amount of the Class A Notes and the Class B Notes *minus* Principal Proceeds expected to be available prior to clause (xi) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

The "Class A/B Overcollateralization Test" will be satisfied on any Determination Date on which any Class A Notes or Class B Notes remain outstanding if the Class A/B Overcollateralization Ratio on such Determination Date is equal to or greater than 114.0%. As of the Closing Date, the Class A/B Overcollateralization Ratio is expected to be equal to 119.0%.

The Class A/B Interest Coverage Test

The "Class A/B Interest Coverage Test" will be satisfied as of any Determination Date if the Class A/B Interest Coverage Ratio is equal to or greater than 101.0%. As of the Closing Date, the Class A/B Interest Coverage Ratio is expected to be equal to 162.8%.

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

(A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *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 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) interest and scheduled principal payments on the Class S Notes due on the following Payment Date, *minus* (e) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by

(B) an amount not less than U.S.$1.00 equal to the interest payments due on the Class A Notes and the Class B Notes, on the related Payment Date.

For purposes of calculating the Class A/B Interest Coverage Ratio amounts scheduled to be received under any Hedge Agreement which the Issuer or the Collateral Manager reasonably expects will not be received during the applicable Due Period will not be included, *provided* that notice of such amounts must be provided to the Trustee on or before the applicable Determination Date.

The Class C Overcollateralization Test

The "Class C Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) by (ii) the sum of the aggregate outstanding principal amount of the Notes (other than the Class S Notes, the Class D Notes and the Class E Notes and including Class C Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xi) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

The "Class C Overcollateralization Test" will be satisfied on any Determination Date on which any Class C Notes remain outstanding if the Class C Overcollateralization Ratio on such Determination Date is equal to or greater than 110.5%. As of the Closing Date, the Class C Overcollateralization Ratio is expected to be equal to 113.6%.

The Class C Interest Coverage Test

The "Class C Interest Coverage Test" will be satisfied as of any Determination Date if the Class C Interest Coverage Ratio is equal to or greater than 100.0%. As of the Closing Date, the Class C Interest Coverage Ratio is expected to be equal to 154.2%.

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

(A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *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 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) interest and scheduled principal payments on the Class S Notes due on the following Payment Date, *minus* (e) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by

(B) an amount not less than U.S.$1.00 equal to the interest payments due on the Class A Notes, Class B Notes and Class C Notes on the related Payment Date.

For purposes of calculating the Class C Interest Coverage Ratio amounts scheduled to be received under any Hedge Agreement which the Issuer or the Collateral Manager reasonably expects will not be received during the applicable Due Period will not be included, *provided* that notice of such

amounts must be provided to the Trustee on or before the applicable Determination Date and interest scheduled to be paid on the Class C Notes on the related Payment Date shall be considered due even if all or a portion of such interest shall become Class C Deferred Interest on such Payment Date.

The Class D Overcollateralization Test

The "Class D Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) by (ii) the sum of the aggregate outstanding principal amount of the Notes (other than the Class S Notes and the Class E Notes and including Class C Deferred Interest and Class D Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xi) 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 Determination Date on which any Class D Notes remain outstanding if the Class D Overcollateralization Ratio on such Determination Date is equal to or greater than 103.5%. As of the Closing Date, the Class D Overcollateralization Ratio is expected to be equal to 107.0%.

The Class D Interest Coverage Test

The "Class D Interest Coverage Test" will be satisfied as of any Determination Date if the Class D Interest Coverage Ratio is equal to or greater than 100.0%. As of the Closing Date, the Class D Interest Coverage Ratio is expected to be equal to 141.1%.

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

(A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *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 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) interest and scheduled principal payments on the Class S Notes due on the following Payment Date, *minus* (e) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by

(B) an amount not less than U.S.$1.00 equal to the interest payments due on the Class A Notes, Class B Notes, Class C Notes and Class D Notes on the related Payment Date.

For purposes of calculating the Class D Interest Coverage Ratio amounts scheduled to be received under any Hedge Agreement which the Issuer or the Collateral Manager reasonably expects will not be received during the applicable Due Period will not be included, *provided* that notice of such amounts must be provided to the Trustee on or before the applicable Determination Date and interest scheduled to be paid on the Class D Notes on the related Payment Date shall be considered due even if all or a portion of such interest shall become Class D Deferred Interest on such Payment Date.

The Class E Interest Diversion Test

The "Class E Interest Diversion Test" will be satisfied on any Determination Date on which any Class E Notes remain outstanding if the Class E Overcollateralization Ratio on such Determination Date is equal to or greater than 102.8%. As of the Closing Date, the Class E Overcollateralization Ratio is expected to be equal to 105.3%.

The "Class E Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) by (ii) the sum of the aggregate outstanding principal amount of the Notes (other than the Class S Notes and including Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xi) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

Disposition 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 Indenture and subject to the restrictions contained therein, so long as no Event of Default has occurred and is continuing, the Collateral Manager may direct the Issuer to sell Credit Risk Obligations, Defaulted Obligations or equity securities. The sale price for any such disposition of a Collateral Asset will equal the fair market value of such Collateral Asset. The fair market value of any such Collateral Asset will be the highest bid received by the Collateral Manager after attempting to solicit a bid from up to three independent third parties making a market in such Collateral Assets, at least one of which is not from the Collateral Manager; *provided* that, if upon commercially reasonable efforts of the Collateral Manager, bids from three independent third parties making a market in such Collateral Assets are not available, the higher of the bids from two such third parties may be used; *provided, further* that, if upon commercially reasonable efforts of the Collateral Manager, bids from two independent third parties making a market in such Collateral Assets are not available, one such bid may be used so long as it is not from the Collateral Manager. The proceeds from any such sale of Collateral Assets will be applied as Principal Proceeds on the next succeeding Payment Date. A "Credit Risk Obligation" is a Collateral Asset (i) the rating of which has been downgraded, qualified or withdrawn by any Rating Agency or has been put on "negative credit watch" or similar status for possible downgrading, qualification or withdrawal from the ratings that were in place as of the date the Issuer purchased such Collateral Asset and in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, it has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation, (ii) that bears interest at a fixed rate which the Collateral Manager believes has become under hedged and in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, it has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation or (iii) in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, it has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation. The proceeds from the disposition of a Collateral Asset may not be reinvested in other Collateral Assets.

The Issuer may also (i) in the case of an Auction, at the direction of the Collateral Manager, direct the Trustee to sell, and the Trustee shall sell in the manner directed by the Collateral Manager in writing, the Collateral Assets and liquidate the remaining Collateral in connection with an Auction; *provided,* that the criteria for an Auction can be demonstrably met prior to any such sale and that the expected Liquidation Proceeds equal or exceed the Minimum Bid Amount; (ii) in the case of a Tax Redemption, at the direction, or with the consent, of the Collateral Manager on any Payment Date, direct the Trustee to sell, and the Trustee shall sell in the manner directed by the Collateral Manager in writing, the Collateral Assets and liquidate the remaining Collateral in connection with a Tax Redemption; *provided* that the criteria for a Tax Redemption can be demonstrably met prior to any such sale and that the expected

Liquidation Proceeds equal or exceed the Total Redemption Amount; and (iii) in the case of an Optional Redemption, at the direction of the Collateral Manager, direct the Trustee to sell, and the Trustee shall sell in the manner directed by the Collateral Manager in writing, the Collateral Assets and liquidate the remaining Collateral in connection with an Optional Redemption; *provided* that the criteria for an Optional Redemption can be demonstrably met prior to any such sale and that the expected Liquidation Proceeds equal or exceed the Total Redemption Amount. See "Description of the Securities—Auction," "—Tax Redemption" and "—Optional Redemption."

Accounts

Pursuant to the Indenture, the Issuer shall cause there to be opened and at all times maintained the Collection Account, the Payment Account, the Expense Reserve Account, the Collateral Account, the Hedge Termination Receipts Account, the Hedge Replacement Account, the Hedge Collateral Account, the Default Swap Collateral Account and the Synthetic Security Collateral Account (each as hereinafter defined), each of which shall be a segregated account or sub-account established with the Securities Intermediary in the name of the Trustee for the benefit of the Secured Parties as further described in the Indenture. Each Account is required to be maintained by the Trustee or by another financial institution that is an Eligible Depositary.

All distributions on the Collateral Assets and any proceeds received from the disposition of any Collateral Assets, all net proceeds from, and associated with the issuance of the Notes and the Income Notes not used on the Closing Date to purchase Collateral Assets or to enter into Hedge Agreements or to be deposited to the Default Swap Collateral Account, the initial payment pursuant to the Hedge Agreement, any Hedge Receipt Amounts received prior to the Business Day prior to a Payment Date and any other amounts transferred to the Collection Account from other Accounts as provided for in the Indenture will be remitted to an account (the "Collection Account") and will be available, together with reinvestment earnings thereon, for application in accordance with the Priority of Payments.

On the Business Day prior to each Payment Date other than a Final Payment Date (the "Transfer Date"), the Trustee will deposit into a separate account (the "Payment Account") all funds (including any reinvestment income) in the Collection Account (to the extent received prior to the end of the related Due Period) and any Hedge Receipt Amount received on the Transfer Date related to such Payment Date for application in accordance with the Priority of Payments.

Principal Proceeds shall be deposited in the Collection Account and applied in accordance with the Priority of Payments.

On the Closing Date, U.S.$275,000 from the net proceeds of the offering of the Securities will be deposited by the Trustee into a single, segregated account established and maintained by the Trustee under the Indenture (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 such that the amount on deposit in the Expense Reserve Account (after giving effect to such deposit) will equal U.S.$275,000. 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. With respect to the first Payment Date, funds on deposit in the Expense Reserve Account in excess of U.S.$275,000 will be transferred by the Trustee to the Payment Account for application as interest proceeds. 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.

The Synthetic Securities will require that the Issuer purchase or post Default Swap Collateral as security for its obligations under such Synthetic Security which complies with the criteria set forth in the Indenture and the Synthetic Securities. The Default Swap Collateral shall be deposited in a segregated trust account (the "Default Swap Collateral Account"). The Default Swap Collateral Account shall be established in the name of the Trustee.

Any Hedge Collateral pledged by a Hedge Counterparty will be deposited by the Trustee into a segregated account (the "Hedge Collateral Account") established in the name of the Trustee 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.

Under certain conditions described in the Synthetic Securities, the Synthetic Security Counterparty may be required to post collateral ("Synthetic Security Collateral") under the terms of the related Synthetic Security. The Synthetic Security Collateral pledged by such Synthetic Security Counterparty will be deposited by the Trustee into a segregated account (the "Synthetic Security Collateral Account") established in the name of the Trustee and held therein pursuant to the terms of the related Synthetic Security. A separate sub-account of the Synthetic Security Collateral Account shall be established for each Synthetic Security Counterparty.

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

Synthetic Securities

Approximately 36.40% of the Principal Balance of the Collateral Assets as of the Reference Date are Synthetic Securities.

The following description of the Synthetic Securities consists of a summary of certain provisions of the Synthetic Securities but does not purport to be complete and prospective investors must refer to the Synthetic Securities for more detailed information regarding the Synthetic Securities. Copies of the Master Agreement and the Confirmations will be available to investors from the Trustee.

Each Synthetic Security is expected to be structured as a "pay-as-you-go" credit default swap and will be made pursuant to a 1992 ISDA Master Agreement (Multicurrency-Cross Border), including the Schedule thereto (the "Master Agreement"), between the Issuer and the Synthetic Security Counterparty, and a separate confirmation of transaction (a "Confirmation") evidencing the Synthetic Securities thereunder. Each Confirmation is expected to evidence several different Synthetic Securities, each of which is separate and distinct from all others documented under such Confirmation and relates to an individual Reference Obligation. The 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivative Definitions (the "Credit Derivative Definitions") will apply to, and be incorporated by reference into, each Synthetic Security.

Each Synthetic Security is expected to have a specified notional amount (the "Notional Amount") which represents the dollar amount of the credit exposure which the Issuer is assuming thereunder with respect to the Reference Obligation related to such Synthetic Security. The "Aggregate Notional Amount" is the sum of the aggregate Notional Amounts of all Synthetic Securities. On the Closing Date, the Issuer expects to enter into Synthetic Securities with the Synthetic Security Counterparty referencing the Reference Obligations described herein having an Aggregate Notional Amount of approximately U.S.$182,000,000. It is expected that the Issuer will enter into separate Confirmations relating to the Reference Obligations which are RMBS and CMBS and that each such Confirmation will contain different provisions, including credit events and settlement terms, which are specific to such type of Reference Obligation.

Each Synthetic Security will terminate by its terms no later than the scheduled legal final maturity of the related Reference Obligation unless a credit event occurs with respect to such Synthetic Security and the cash settlement date is scheduled to occur after such date.

If the unsecured, unsubordinated debt rating of the Synthetic Security Counterparty or its guarantor, whichever is higher, assigned by Moody's at any time falls below "A2" for its long-term rating (or is on downgrade watch at "A2"), the Synthetic Security Counterparty will be required, or will be required to cause its guarantor, within 30 days of the date of such downgrade, to transfer all of its rights and obligations under the Synthetic Security to another entity which has such required ratings or cause an entity with such required ratings to guarantee or provide an indemnity in respect of the Synthetic

Security Counterparty's or its guarantor's obligations under the Synthetic Security in a manner which satisfies the Rating Agency Condition with respect to Moody's. In the event that any Notes rated by S&P remain outstanding and the unsecured, unsubordinated debt rating of the Synthetic Security Counterparty or the Synthetic Security Counterparty's guarantor, whichever is higher, assigned by S&P at any time falls below "A" (or is on downgrade watch at "A") for its long-term rating, and the Synthetic Security Counterparty shall fail to pay the fixed payment due under the Synthetic Security in advance, the Synthetic Security Counterparty shall, or shall cause its guarantor to, within 30 days of the date of such downgrade, transfer all of its rights and obligations under the Synthetic Security to another entity which has such required ratings or cause an entity with such required ratings to guarantee or provide an indemnity in respect of the Synthetic Security Counterparty's or its guarantor's obligations under the Synthetic Security in a manner which satisfies the Rating Agency Condition with respect to S&P.

Synthetic Security Counterparty Payments

Pursuant to each Synthetic Security, the Synthetic Security Counterparty will make a fixed rate payment to the Issuer within five Business Days of each scheduled distribution date for the related Reference Obligation. Upon the occurrence of any interest shortfall with respect to any Reference Obligation, the fixed rate amount payable under such Synthetic Security by the Synthetic Security Counterparty to the Issuer will be reduced by an amount equal to such interest shortfall, such amount not to exceed the fixed rate payment. If any amount in satisfaction of any such interest shortfall, is later paid with respect to a Reference Obligation, the Synthetic Security Counterparty will pay such amount, or in certain circumstances a portion of such amount, to the Issuer as a reimbursement of such interest shortfall. Payments from the Synthetic Security Counterparty to the Issuer will be deposited into the Collection Account and distributed in accordance with the Priority of Payments. The Synthetic Security Counterparty will also pay to the Issuer certain interest shortfall reimbursement amounts, writedown reimbursement amounts and principal shortfall reimbursement amounts, if any, in accordance with the terms of each Synthetic Security. The requirements for fixed payments from the Synthetic Security Counterparty will vary between the Confirmations for Residential Mortgaged-Backed Securities and Commercial Mortgaged-Backed Securities.

So long as the long-term ratings of the Synthetic Security Counterparty or the guarantor of the Synthetic Security Counterparty's obligation under a Synthetic Security are equal to or higher than "A1" by Moody's (and, if rated "A1" by Moody's, are not on watch for possible downgrade) and "A" by S&P (and, if rated "A" by S&P, is not on watch for possible downgrade), the fixed payment due by the Synthetic Security Counterparty will be payable in arrears, however, if the long-term ratings of the Synthetic Security Counterparty fall below any such levels, the Synthetic Security Counterparty will be required to pay the fixed payment due under the Synthetic Security in advance. The failure of any Synthetic Security Counterparty to make the fixed payment in advance if such rating levels are no longer satisfied will constitute a termination event under the terms of the related Synthetic Security with such Synthetic Security Counterparty as the sole "Affected Party" under such Synthetic Security.

Issuer Synthetic Security Payments

The Issuer will be required to make certain floating payments to the Synthetic Security Counterparty under the Synthetic Securities. Following the occurrence of a credit event (a "Credit Event") with respect to a Reference Obligation, the Issuer may be required to make a credit protection payment to the Synthetic Security Counterparty. In addition, the Issuer will be required to pay floating amounts to the Synthetic Security Counterparty upon the occurrence of a writedown, a principal shortfall or an interest shortfall. The Issuer may also be required to make termination payments to the Synthetic Security Counterparty upon termination of a Synthetic Security.

Upon the occurrence of a Credit Event with respect to a Reference Obligation, the Synthetic Security Counterparty may choose physical delivery in which case it will deliver a deliverable obligation to the Issuer and the Issuer will pay to the Synthetic Security Counterparty a credit protection payment which will generally be equal to the Notional Amount of the related Reference Obligation. Under certain

circumstances, the Synthetic Security Counterparty may elect not to deliver a deliverable obligation and choose cash settlement upon the occurrence of a credit event, in which case, the Issuer will pay to the Synthetic Security Counterparty a credit protection payment.

Upon the occurrence of an early termination of a Synthetic Security in respect of which the related 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", the Collateral Manager on behalf of the Issuer shall cause such portion of the related Default Swap Collateral chosen by the Synthetic Security Counterparty as may be required to make any termination payment owed to the Synthetic Security Counterparty, to be liquidated and the proceeds thereof to be deposited to the Collection Account and any such termination payments to be paid to the Synthetic Security Counterparty, subject to the Priority of Payments, on the Payment Date immediately following such liquidation, as Defaulted Synthetic Security Termination Payments. Upon the occurrence of an early termination of a Synthetic Security in connection with an "Illegality" or "Tax Event" or in respect of which the related Synthetic Security Counterparty is neither the sole Defaulting Party nor the sole Affected Party (as defined in the related Synthetic Security), the Collateral Manager on behalf of the Issuer shall cause such portion of the related Default Swap Collateral chosen by the Synthetic Security Counterparty as may be required to make any termination payment owed to the Synthetic Security Counterparty, to be liquidated and the proceeds thereof to be paid to the Synthetic Security Counterparty outside of the Priority of Payments.

The Notional Amount of the Synthetic Securities will be reduced by any credit protection payments paid by the Issuer, by any principal shortfall payment paid by the Issuer and by any writedown payment paid by the Issuer. The Notional Amount of each Synthetic Security will be increased by any principal shortfall reimbursement payment or writedown reimbursement payment paid by the Synthetic Security Counterparty to the Issuer.

The Issuer will obtain the funds to make any payments due to the Synthetic Security Counterparty under a Synthetic Security by liquidating Default Swap Collateral as described below under "—Default Swap Collateral". The amount payable by the Issuer to the Synthetic Security Counterparty under the Synthetic Securities shall not exceed the amount the Issuer receives upon liquidation of the Default Swap Collateral.

Credit Events

A Credit Event with respect to any Synthetic Security and any Reference Obligation means the occurrence of any of the events specified in such Synthetic Security as a "Credit Event" on or before the scheduled termination date for such Synthetic Security. The Credit Events with respect to Reference Obligations which are CMBS are expected to be "Failure to Pay Principal" and "Writedown" and with respect to Reference Obligations which are RMBS are expected to be "Failure to Pay Principal", "Writedown" and "Distressed Ratings Downgrade". Each asset specific Confirmation may alter the standard definitions of such terms and the actual Synthetic Securities should be consulted for the details of the Credit Events applicable thereto.

Early Credit Default Swap Termination

Each Synthetic Security is subject to early termination by the Issuer in the event of an "Event of Default" or "Termination Event" by the Synthetic Security Counterparty or any guarantor under the Synthetic Security. In addition, each Synthetic Security is subject to early termination by the Synthetic Security Counterparty in the event of an "Event of Default" or "Termination Event" by the Issuer under the Synthetic Security. Investors are urged to review the Synthetic Securities for details on which "Events of Default" and "Termination Events" are applicable.

There can be no assurance that, upon early termination by the Issuer or the Synthetic Security Counterparty, either that the Synthetic Security Counterparty would be required to make any termination payment to the Issuer or that, if it did make such a payment, the amount of the termination payment made by the Synthetic Security Counterparty would be sufficient to pay any amounts due in respect of the Notes.

Default Swap Collateral

As part of the purchase of the Synthetic Securities on the Closing Date, the Issuer will be required to purchase or post cash, securities or other collateral for the benefit of the Synthetic Security Counterparty ("Default Swap Collateral"), including without limitation an up-front payment of cash or delivery of securities by the Issuer that satisfy the following criteria:

(i) rated "P-1" and, if such asset has a long-term rating from Moody's, "Aaa" by Moody's and "A-1+" and, if such asset has a long-term rating from S&P, "AAA" by S&P;

(ii) it is 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 Collateral Manager as of the date of purchase;

(iii) after taking into consideration the addition of any such security (a) at least 20% of the Default Swap Collateral by principal balance has an expected average life of less than or equal to 1 year, (b) at least 80% of the Default Swap Collateral by principal balance has an expected average life of less than or equal to 3.25 years and (c) all Default Swap Collateral has an expected average life of less than or equal to 4 years;

(iv) with the inclusion of each such security, no more than 30% of the Default Swap Collateral by principal balance has single counterparty exposure including servicer, issuer and put swap counterparty exposure;

(v) provides for payments of periodic interest and for a payment of principal in full at its final maturity; and

(vi) each such security satisfies the definition of an Eligible Investment or is a residential mortgage backed security, a commercial mortgage backed security, an asset backed security or a collateralized debt obligation.

The Default Swap Collateral is expected to be purchased in a face amount equal to the initial notional amount of all the Synthetic Securities. Under the terms of the Indenture, all Default Swap Collateral is required to be deposited in the Default Swap Collateral Account for the benefit of the Synthetic Security Counterparty. The Issuer will also grant to the Trustee for the benefit of the Secured Parties, a security interest in the Default Swap Collateral, subject to the lien of the related Synthetic Security Counterparty, and shall notify the Synthetic Security Counterparty of such security interest. The Issuer must obtain the consent of the Synthetic Security Counterparty with respect to any initial Default Swap Collateral purchased by the Issuer and any Default Swap Collateral purchased thereafter. The amount payable by the Issuer to the Synthetic Security Counterparty under a Synthetic Security shall not exceed the Default Swap Collateral.

Interest payments, redemption premiums, dividend distributions, investment earnings on and any fees paid with respect to any Default Swap Collateral will constitute property of the Issuer and will be paid to the Trustee and 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 Default Swap Collateral prior to the termination of the Synthetic Security shall be held in accordance with such Synthetic Security in the Default Swap Collateral Account and invested in Eligible Investments until reinvested in Default Swap Collateral at the direction of the Collateral Manager 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 Collateral Manager on behalf of the Issuer shall cause such portion of the related Default Swap 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 outside of the Priority of

Payments. 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 Defaulted Synthetic Security Termination Payments. The remaining related Default Swap 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 Trustee 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 Default Swap Collateral shall be released and the Collateral Manager on behalf of the Issuer shall cause such Default Swap Collateral to be delivered to the Trustee free of such lien. Upon release of the lien of the Synthetic Security Counterparty, the Issuer shall direct the Trustee to take any specific actions necessary to create in favor of the Trustee a valid, perfected, first priority security interest in such Default Swap Collateral under applicable law and regulations for the benefit of the Secured Parties. Any Default Swap 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 Default Swap Collateral released from the lien of the Synthetic Security Counterparty which qualifies as a Collateral Asset in the business judgment of the Collateral Manager shall be treated as a Collateral Asset and in either case may be retained by the Trustee or sold by the Collateral Manager in the sole discretion of the Collateral Manager without regard to whether such sale would be permitted as a sale of a Defaulted Obligation or a Credit Risk Obligation; *provided* that no Event of Default has occurred and is continuing. Any Proceeds net of purchase accrued interest or interest payments received upon the maturity or liquidation of the Default Swap Collateral released from the lien of the Synthetic Security Counterparty shall be deemed to be Principal Proceeds.

Upon the occurrence of a "credit event" under a Synthetic Security, the Default Swap Collateral chosen by the Synthetic Security Counterparty after the application of any cash on deposit in the Default Swap Collateral Account will be sold by the Collateral Manager in a sale arranged by the Collateral Manager and any loss or writedown owed to the Synthetic Security Counterparty will be paid by the Issuer from the liquidation proceeds of such Default Swap 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 Default Swap 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 Default Swap 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 qualifies as a Collateral Asset or an Eligible Investment in the business judgment of the Collateral Manager may be retained or sold by the Issuer at the sole discretion of the Collateral Manager without regard to whether such sale would be permitted as a sale of a Defaulted Obligation or Credit Risk Obligation; *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 Default Swap Collateral and deliver cash to the Synthetic Security Counterparty, the Synthetic Security Counterparty will bear any market risk on the liquidation of the Default Swap Collateral.

The Synthetic Security Counterparty has the right to purchase any Default Swap Collateral being sold for less than its par amount at a price equal to the highest bid received for such Default Swap Collateral. The Collateral Manager shall provide the Synthetic Security Counterparty prior notice of the price at which any Default Swap Collateral is being sold prior to such sale.

For purposes of the Coverage Tests and for purposes of determining whether a Synthetic Security is a Defaulted Obligation or a Credit Risk Obligation, 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.

Initial Synthetic Security Counterparty

The initial Synthetic Security Counterparty under the Synthetic Security is Goldman Sachs International. The swap guarantor with respect to the initial Synthetic Securities is The Goldman Sachs Group, Inc., a Delaware corporation (the "GS Group"), which is an affiliate of the Synthetic Security Counterparty.

The Annual Report on Form 10-K for the fiscal year ended November 25, 2005 filed by GS Group with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules) are incorporated by reference into this Offering Circular.

GS Group, together with its subsidiaries, is a global investment banking, securities and investment management firm that provides financial services worldwide to clients that includes corporations, financial institutions, governments and high net-worth individuals.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this Offering Circular, or contained in this Offering Circular, will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. GS Group's filings with the SEC are available to the public through the SEC's Internet site at http://www.sec.gov, and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which GS Group's common stock is listed.

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

Reports

A report will be made available to the Holders of the Notes, Holders of the Income Notes and Holders of the Combination Notes and will provide information on the Collateral Assets as well as information with respect to payments made on the related Payment Date (each, a "Payment Report"), beginning in February 2007.

The information in each Payment Report will be prepared as of the Determination Date preceding the related Payment Date and will set out, among other things, the amounts payable in accordance with the Priority of Payments on such Payment Date. The Issuer will instruct the Trustee to transfer the amounts set forth in such Payment Report in the manner specified in, and in accordance with, the Priority of Payments. As long as any Notes are listed on any stock exchange, the Payment Reports will be obtainable at the office of the Listing and Paying Agent.

Hedge Agreements

General. From time to time the Issuer will enter into one or more Interest Rate Swap Agreements or Cashflow Swap Agreements (collectively, "Hedge Agreements") in order to protect against interest rate risk and mismatches in the timing of cash flows received from the Collateral Assets and the Payment Dates on the Notes during certain periods. On the Closing Date, the Issuer will enter into an Interest Rate Swap Agreement and a Cashflow Swap Agreement with UBS AG, London Branch ("UBS") as initial Interest Rate Swap Counterparty and initial Cashflow Swap Counterparty. The Issuer shall not enter into any additional Interest Rate Swap Agreements or Cashflow Swap Agreements unless the Rating Agency Condition is satisfied and the consent of the initial Hedge Counterparty is obtained (which consent shall not be unreasonably withheld) as long as UBS AG, London Branch remains a Hedge Counterparty.

The Issuer shall ensure that each Hedge Agreement shall provide that 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 (c) that 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 in accordance with the Priority of Payments.

The initial Hedge Agreements entered into by the Issuer and UBS AG, London Branch are expected to provide that the Issuer may terminate the Hedge Agreements if (a) for so long as the First Trigger Collateralization Level applies, the Hedge Counterparty fails to comply with or perform any obligation to be complied with or performed under the CSA or (b) a Second Trigger Event has occurred and such event is continuing for at least thirty (30) Business Days and a firm offer that, which, when made, was capable of becoming legally binding upon acceptance (a "Firm Offer") remains capable of being accepted is either (x) made by an entity which satisfies (or whose guarantor satisfies) the Hedge Counterparty Ratings Requirement (Second Trigger) to accept transfer of the Hedge Counterparty's obligations under the Hedge Agreement or (y) made by a guarantor that satisfies the Hedge Counterparty Ratings Requirement (Second Trigger) to provide a guarantee which satisfies the requirements set forth in the Hedge Agreement and such a firm offer is not accepted by the Hedge Counterparty within one (1) Business Day.

For so long as the Hedge Counterparty does not satisfy the Hedge Counterparty Ratings Requirement (Second Trigger), the Hedge Counterparty shall use commercially reasonable efforts to obtain a Firm Offer, as soon as is reasonably practicable, either to transfer its obligations under the Hedge Agreement and the CSA to an entity that satisfies (or whose guarantor satisfies) the Hedge Counterparty Ratings Requirement (Second Trigger) or, to the extent consistent with its then-current internal policies and practices, to guaranty its present and future payment and delivery obligations under the Hedge Agreement and the CSA through a guarantee which satisfies the requirements set forth in the Hedge Agreement from a guarantor that satisfies the Hedge Counterparty Ratings Requirement (Second Trigger).

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, (v) the delivery of a notice of liquidation of the Collateral following an Event of Default under the Indenture *provided* that such notice has not been rescinded or annulled or (vi) in the case of the Cashflow Swap Agreement only, the Net Outstanding Portfolio Collateral Balance is less than U.S.$50,000,000. Notwithstanding the foregoing, the Issuer will not optionally terminate any Hedge Agreement unless the Rating Agency Condition is satisfied in connection with such termination.

A termination of a Hedge Agreement will not constitute an Event of Default under the Indenture. 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 Notes 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 Notes, or that amounts that would otherwise be distributable to the Holders of the Income 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 Trustee

(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 Trustee (the "Hedge Replacement Account") for the benefit of the Secured Parties.

The Collateral Manager 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 Rating Agency Condition is satisfied.

If (i) the funds available in the Hedge Termination Receipts Account exceed the costs of entering into a Replacement Hedge Agreement, (ii) the Collateral Manager determines not to replace the terminated Hedge Agreement and the Rating Agency Condition is satisfied, or (iii) the termination is occurring with respect to 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 distributed in accordance with the Priority of Payments on the next Payment Date (or on such Final Payment Date, in the event the Notes are redeemed in full thereon).

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, 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 (other than any Defaulted Hedge Termination Payments) in addition to any amounts owing under the Notes and certain other expenses.

In connection with the Mandatory Redemption, a portion of any Hedge Agreement may be terminated in accordance with the terms thereof upon satisfaction of the Rating Agency Condition.

Each Hedge Agreement will provide that the related Hedge Counterparty may assign its obligations under a Hedge Agreement to any institution which satisfies the Rating Agency Condition with respect to such assignment.

The initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty is UBS AG, London Branch. Affiliates of the Initial Purchasers or the Collateral Manager may also act as Hedge Counterparties from time to time, which may create certain conflicts of interest. See "Risk Factors—Other Considerations—Certain Conflicts of Interest."

The Hedge Counterparty ratings requirements, termination events 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 Rating Agency Condition. The description of the provisions of the Hedge Agreements herein may vary from the actual Hedge Agreements to be entered into by the Issuer and UBS AG, London Branch on the Closing Date.

Interest Rate Swap Agreements. As of the Closing Date, the Issuer will enter into an Interest Rate Swap Agreement (an "Interest Rate Swap Agreement") with UBS AG, London Branch as initial Interest Rate Swap Counterparty that will provide for the Issuer to pay the initial Interest Rate Swap Counterparty an amount equal to 4.8623% *per annum* from the February 2007 Payment Date in exchange for payments equal to LIBOR on an initial notional amount of U.S.$46,000,000.

After the Closing Date, the Issuer may enter into additional Interest Rate Swap Agreements with UBS AG, London Branch or other counterparties (each, an "Interest Rate Swap Counterparty") which may consist of interest rate swaps, as described below, with the consent of the initial Hedge Counterparty (which consent shall not be unreasonably withheld) as long as UBS AG, London Branch remains a Hedge Counterparty.

Pursuant to any additional Interest Rate Swap Agreements, 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 with the consent of the initial Hedge Counterparty (which consent shall not be unreasonably withheld) as long as UBS AG, London Branch remains a Hedge Counterparty, subject to satisfaction of the 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.

The Interest Rate Swap Agreement will have a notional amount which decreases based on a fixed amortization schedule derived from the anticipated amortization of the Collateral Assets that bear interest at a fixed rate that the Issuer expects to own as of the Closing 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 Agreement will be based.

Cashflow Swap Agreements. As of the Closing Date, the Issuer will enter into a Cashflow Swap Agreement with UBS AG, London Branch and may from time to time enter into additional Cashflow Swap Agreements (each, a "Cashflow Swap Agreement") with UBS AG, London Branch 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 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.

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS

The Stated Maturity of the Notes (other than the Class S Notes), the Income Notes and the Combination Notes is the Payment Date in February 2042 and the Stated Maturity of the Class S Notes is the Payment Date in April 2010. However, the principal of the Notes (other than the Class S Notes) is expected to be paid in full prior to the Stated Maturity. Average life refers to the average amount of time

that will elapse from the date of delivery of a security until each dollar of the principal of such security will be paid to the investor. The average lives of the Notes will be determined by the amount of principal payments which are dependent on a number of factors, including when the Collateral Assets are repaid.

Weighted Average Life. Weighted average life refers to the average amount of time that will elapse from the date of delivery of a security until each dollar of the principal of such security will be paid to the investor. The weighted average lives of the Notes of each Class will be determined by the amount and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Assets (whether through sale, maturity, redemption, prepayment, default or other liquidation or disposition). The actual weighted average lives and actual maturities of the Notes will be affected by the financial conditions of the obligors on or the issuers of the Collateral Assets or the obligors on the underlying assets, and the characteristics of such securities and assets, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, prepayment rates, any lockout periods or prepayment premiums or penalties, the actual default rate and the actual level of recoveries on any Defaulted Obligations, and the frequency of tender or exchange offers for such Collateral Assets. Any disposition of a Collateral Asset will change the composition and characteristics of the Collateral Assets and the scheduled payments and payment characteristics thereon, and, accordingly, may affect the actual weighted average lives of the Notes. The rate of future defaults and the amount and timing of any cash realization from Defaulted Obligations and Credit Risk Obligations also will affect the maturity and weighted average lives of the Notes. The weighted average life of the Notes of each Class may also vary depending on whether or not the Notes are redeemed. The weighted average lives of the Notes are expected to be shorter, and may be substantially shorter, than the Stated Maturity of the Notes.

The table set forth below indicates the percentage of the initial balance of each Class of Notes that would be outstanding on each Payment Date assuming no prepayments or losses and the weighted average life of each Class of Notes and principal window of each Class based on the following assumptions (the "Collateral Assets Assumptions"):

i. Forward 1-month LIBOR curve and 3-month LIBOR curve as of November 30, 2006 are assumed;

ii. the Closing Date is December 7, 2006 and the first Payment Date is February 2, 2007 and the first Quarterly Payment date is February 2, 2007;

iii. all of the net proceeds of the offering of the Securities are invested as of the Closing Date in the Collateral Assets;

iv. the Coverage Tests are satisfied as of the Closing Date;

v. expenses due under clauses (i), (ii) and (iii) of the Priority of Payments are paid on each Payment Date and will be the greater of (i) 0.025% *per annum* of the outstanding Principal Balance of the Collateral Assets and (ii) U.S.$120,000 *per annum*;

vi. the Collateral Management Fee is 0.25% *per annum* of the outstanding Principal Balance of the Collateral Assets;

vii. each Collateral Asset will pay monthly on the 2nd day of the month in which such payment is due and receipts will be reinvested for 7.5 days at a rate equal to one-month LIBOR *minus* 0.25%;

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

ix. failure to pay interest to the Holders of the Class A Notes and the Class B Notes is not an Event of Default;

x. all unpaid Class C Note, Class D Note and Class E Note interest is Deferred Interest;

xi. there are no sales;

xii. no rating change occurs on any Collateral Asset or the Notes;

xiii. there is no Optional Redemption, Tax Redemption or, except with respect to the table setting forth the Percentages of Initial Principal Balance of the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and the table setting forth the Sensitivity of Principal Payments to CDR, Auction Call;

xiv. all Classes of Notes are issued at par;

xv. defaults are incurred at the constant annual default rates and are applied on each Payment Date to the outstanding Principal Balance of the Collateral Assets as of such Payment Date commencing on the Payment Date in February 2008;

xvi. each Hedge Counterparty makes all required payments to the Issuer on a timely basis; and

xvii. The Expense Reserve Account balance is assumed to remain fully funded at U.S.$275,000 on each Payment Date and the sum of the payments due under clauses (i), (ii), (iii) and (v) of the Priority of Payments on each Payment Date will not exceed the amounts on deposit in the Expense Reserve Account.

Percentages of Initial Principal Balance of the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes

	Class A-1	Class A-2	Class B	Class C	Class D	Class E
Closing Date	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
February 2, 2007	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
February 2, 2008	96.15%	100.00%	100.00%	100.00%	100.00%	100.00%
February 2, 2009	77.04%	87.99%	91.02%	93.63%	96.29%	95.46%
February 2, 2010	52.24%	59.67%	61.72%	63.49%	65.30%	64.74%
February 2, 2011	33.01%	54.54%	56.41%	58.03%	59.68%	60.39%
February 2, 2012	13.90%	54.54%	56.41%	58.03%	59.68%	60.39%
February 2, 2013	0.00%	49.94%	56.41%	58.03%	59.68%	60.39%
February 2, 2014	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
February 2, 2015	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
February 2, 2016	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected Principal Window(1)	February 2, 2007 to January 2, 2013	October 2, 2008 to January 2, 2014	October 2, 2008 to February 2, 2014	December 2, 2008 to February 2, 2014	January 2, 2009 to February 2, 2014	February 2, 2009 to February 2, 2014
Expected Weighted Average Life(2)	3.4 years	4.8 years	5.2 years	5.3 years	5.4 years	5.4 years

(1) The "Expected Principal Window" for a Class of Notes is the period in which (a) the initial principal payment of the Class is expected to be made and (b) the final payment of principal of the Class is expected to be made under the Collateral Assets Assumptions (assuming no defaults).

(2) The "Expected Weighted Average Life" of each Class of Notes is determined by (i) multiplying the amount of each principal distribution on such Class that would result under the Collateral Assets Assumptions (assuming no defaults) by the number of years from the date of determination to the related Payment Date (assuming 30 days in each month and a 360-day year), (ii) adding the results and (iii) dividing the sum by the aggregated principal distributions referred to in clause (i).

The following table shows the "Expected Weighted Average Life" and the "Expected Principal Window" for each Class of Notes under various constant default rates. The "Expected Weighted Average Life" of each Class of Notes is determined by (i) multiplying the amount of each principal distribution on such Class that would result under the Collateral Assets Assumptions by the number of years from the date of determination to the related Payment Date (assuming 30 days in each month and a 360-day year), (ii) adding the results and (iii) dividing the sum by the aggregated principal distributions referred to in clause (i). The "Expected Principal Window" for a Class of Notes is when the first and last payments of principal are expected to be made under the Collateral Assets Assumptions. The loss severity is assumed to be 65%.

Sensitivity of Principal Payments to CDR

	0.0% CDR		1.0% CDR		2.0% CDR		3.0% CDR	
Class	Expected Weighted Average Life	Expected Principal Window	Expected Weighted Average Life	Expected Principal Window	Expected Weighted Average Life	Expected Principal Window	Expected Weighted Average Life	Expected Principal Window
A-1	3.4 years	February 2, 2007 to January 2, 2013	3.4 years	February 2, 2007 to December 2, 2012	3.3 years	February 2, 2007 to December 2, 2012	3.2 years	February 2, 2007 to November 2, 2012
A-2	4.8 years	October 2, 2008 to January 2, 2014	4.8 years	October 2, 2008 to January 2, 2014	4.7 years	November 2, 2008 to January 2, 2014	4.7 years	November 2, 2008 to January 2, 2014
B	5.2 years	October 2, 2008 to February 2, 2014	5.2 years	November 2, 2008 to February 2, 2014	5.1 years	December 2, 2008 to February 2, 2014	5.1 years	December 2, 2008 to February 2, 2014
C	5.3 years	December 2, 2008 to February 2, 2014	5.2 years	December 2, 2008 to February 2, 2014	5.2 years	December 2, 2008 to February 2, 2014	5.2 years	February 2, 2009 to February 2, 2014
D	5.4 years	January 2, 2009 to February 2, 2014	5.3 years	January 2, 2009 to February 2, 2014	5.3 years	January 2, 2009 to February 2, 2014	5.3 years	February 2, 2009 to February 2, 2014
E	5.4 years	February 2, 2009 to February 2, 2014	5.3 years	February 2, 2009 to February 2, 2014	5.4 years	February 2, 2009 to February 2, 2014	5.4 years	May 2, 2009 to February 2, 2014

The table set forth below entitled "Class A-1, A-2, B, C, D and E 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 65% loss severity on defaulted Collateral Assets. In column one ("First Dollar of Loss"), CDR represents the CDR starting on the February 2008 Payment Date that would result in the first dollar of principal loss to the respective Class of Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate principal balance of the Collateral Assets as of the Closing Date. In column two ("Flat Return"), CDR represents the CDR starting on the February 2008 Payment Date that would result in a yield equivalent to a zero discount margin over one-month LIBOR for the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes, and three-month LIBOR for the Class E Notes. Cumulative Defaults represent the sum of such defaults

divided by the aggregate principal balance of the Collateral Assets as of the Closing Date. In column three ("Return of Investment, (0% return)"), the CDR represents the CDR starting on the February 2008 Payment Date that would result in an approximate 0.0% return for the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate principal balance of the Collateral Assets as of the Closing Date.

Class A-1, A-2, B, C, D and E Notes Constant Default Rate Stress Tests

	First Dollar of Loss		Flat Return		Return of Investment (0% return)	
Constant Annual Default Rate at 65% Loss Severity	CDR	Cumulative Defaults	CDR	Cumulative Defaults	CDR	Cumulative Defaults
Class A-1	24.6%	51.685%	25.6%	52.976%	37.1%	65.345%
Class A-2	17.7%	41.516%	17.8%	41.681%	20.3%	45.627%
Class B	11.2%	29.415%	12.7%	32.468%	15.2%	37.196%
Class C	8.6%	23.695%	10.2%	27.282%	10.8%	28.571%
Class D	5.7%	16.598%	6.9%	19.633%	7.8%	21.817%
Class E	4.8%	14.225%	5.3%	15.554%	5.5%	16.078%

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

The yield to maturity of the Notes 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 Income Notes; sales of Collateral Assets; and/or purchases of Collateral Assets having different scheduled payments and payment characteristics and the effect of the Coverage Tests on payments under the Priority of Payments. The yield to investors in the Notes will also be adversely affected to the extent that the Issuers incur certain expenses that are not absorbed by the Income Notes.

THE COLLATERAL MANAGER

The information appearing in this section (other than the information contained under the subheading "General") has been prepared by the Collateral Manager and has not been independently verified by the Initial Purchaser or either of the Issuers. Neither the Initial Purchaser nor the Issuers assume any responsibility for the accuracy, completeness or applicability of such information.

General

Certain management, administrative and advisory functions with respect to the Collateral Assets will be performed by Aladdin Capital Management LLC, a Delaware limited liability company ("Aladdin"), as the Collateral Manager under a Collateral Management Agreement between the Issuer and Aladdin dated as of the Closing Date (the "Collateral Management Agreement"). Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will (i) monitor the Collateral Assets and provide certain information with respect to the Collateral Assets to the Trustee, (ii) direct the disposition of the Collateral Assets under the limited circumstances described herein, (iii) direct the reinvestment of the proceeds therefrom in Eligible Investments, (iv) monitor all Hedge Agreements and determine whether and when the Issuer should exercise any rights available under any Hedge Agreement and (v) direct the reinvestment of Default Swap Collateral with the consent of the Synthetic Security Counterparty. The Collateral Manager will perform its duties in accordance with the requirements set forth in the Indenture

and in accordance with the provisions of the Collateral Management Agreement. The Collateral Manager is also subject to certain other conflicts of interest. See "Risk Factors–Other Considerations–Certain Conflicts of Interest" and "Risk Factors–Other Considerations–The Collateral Manager."

Aladdin Capital Management LLC.

Aladdin was established in 1999 and began operations in 2000. Since the commencement of operations, Aladdin has managed various types of credit funds with various types of investment strategies. In June 2004, Aladdin established an affiliated registered investment adviser, MCF-Aladdin Capital Management LLC ("MCF"). MCF and Aladdin share substantially all of the same investment professionals. MCF currently manages a leveraged-loan fund. Presently, the credit funds managed by Aladdin and MCF, including the Landmark CDO Series, various investment funds and separate accounts, total approximately $13 billion in assets.

Aladdin and MCF are registered as investment advisers under the Advisers Act. Additional information regarding Aladdin and MCF is contained in their most recent Forms ADV, Part I of which have been filed with the SEC. Part II of such Forms ADV are available upon request from the Issuer, the Collateral Manager or the Initial Purchaser.

Aladdin's principal offices are located at Six Landmark Square, Stamford, Connecticut 06901.

Key Personnel

Set forth below is information regarding the background, principal responsibilities and other affiliations of certain of the principal officers and other employees of the Collateral Manager, including those personnel who will be primarily responsible for managing the Collateral Assets and for performing the advisory and administrative functions related thereto. Although these individuals are currently employed by the Collateral Manager and hold the offices indicated below with the Collateral Manager, such persons will not be engaged full time in the management of the Collateral. In addition, such persons may not necessarily continue to be so employed during the entire term of the Collateral Management Agreement or may not continue to perform services for the Collateral Manager under the Collateral Management Agreement.

Collateral Management Team

Aminkhan Aladin, President, Chief Executive Officer and founder of Aladdin Capital Management LLC. Prior to joining Aladdin, Mr. Aladin served as a Managing Director of International Fixed Income at Donaldson, Lufkin & Jenrette ("DLJ"). Previously he was General Manager, International Fixed Income at Smith Barney. Mr. Aladin began his Wall Street career at Morgan Stanley in 1983, where he was a Vice President. He received his MBA from Harvard University in 1983. Prior to Harvard, Mr. Aladin was at the Osaka University Hospital conducting studies on hypertension in the Japanese population.

George Marshman, Senior Managing Director, Chief Investment Officer and co-founder of Aladdin Capital Management LLC. Mr. Marshman previously served as a Vice President and trader in DLJ's corporate bond department. Prior to that he was Vice President at Lehman Brothers, where his focus was on new issue and secondary trading of floating rate notes and structured securities. Mr. Marshman began his Wall Street career at Orion Consultants in 1989. Mr. Marshman received a BA degree from Yale College.

Joseph Schlim, Senior Managing Director, Senior Portfolio Manager. Prior to joining Aladdin, Mr. Schlim served as Senior Vice President at DLJ, where he worked in the corporate bond department and the high yield structured products group. In the latter, he focused on the analysis and marketing of secondary and primary CDO securities. Previously, Mr. Schlim was at JP Morgan Securities. Mr. Schlim received his MBA from the Darden School at the University of Virginia and his BS from the University of Virginia.

Harumi Aoto, Senior Managing Director. Prior to joining Aladdin, Ms. Aoto was a Senior Vice President in DLJ's International Fixed Income Department where she dealt with Japanese clients globally on investment grade fixed income instruments in both the cash and derivative markets. Previously she

was with the derivatives marketing team at the Hong Kong and Shanghai Banking Corporation where she served Japanese clients. Ms. Aoto began her Wall Street career in 1990 at Lehman Brothers. She received her MA from Tohoku University in Japan and her MBA from UCLA.

Dr. Scott B. Macdonald, Senior Managing Director, Research. Prior to joining Aladdin, Dr. MacDonald served as the Chief Economist and Director at KWR International, consulting for the Korean and Japanese governments and private sector investors and as Director of Sovereign Research at DLJ. Before joining DLJ, Dr. Macdonald was the Sovereign Analyst at Credit Suisse First Boston focusing on Asian sovereign and state-owned companies. Dr. Macdonald has been consistently ranked as a top analyst by Institutional Investors for the years 1995 through 1999. He has also worked for the Office of the Controller of the Currency on Brady Plan debt re-schedulings for Argentina and Brazil, and European and Canadian banking issues. Dr. Macdonald received his PhD in Political Science from the University of Connecticut, his MA in Far Eastern Studies from the University of London's School of Oriental and African Studies, and his BA in Political Science (with Honors) from Trinity College. Dr. MacDonald has authored, co-authored and edited sixteen books and has been a commentator on CNBC, Reuters and Bloomberg, He is also the Senior Editor of KWR International Advisor.

Scott Harrington, Senior Managing Director, Sales and Marketing Services. Prior to joining Aladdin, Mr. Harrington served as Manager of Sales and Client Service at Vanderbilt Capital Advisors, LLC, a New York City based fixed-income manager. Previously, he served as Senior Vice President at a Houston based energy investor, The Mitchell Group. Mr. Harrington began his investment career in 1979 in the Trust Group at what is now known as Bank of America. He received his MBA from Western Carolina University and his B.A. from Hapden-Sydney College.

Joseph E. Breslin, Chief Operating Officer. Prior to joining Aladdin, Mr. Breslin was Senior Managing Director of Whitehall Asset Management, an investment management firm focused on equity investing, and President of Whitehall Funds, Inc., the firm's affiliated mutual fund group. At Whitehall, Mr. Breslin oversaw all of the firm's marketing and sales efforts. Previously, he was General Counsel of Spears Benzak Salomon and Farrell, an investment management firm, and President of its mutual fund group, SBSF Funds. Mr. Breslin began his career in the investment management business at National Securities and Research Corp., a publicly traded firm where he was Chief Financial Officer and General Counsel. Before entering the investment management business, he worked at Arthur Anderson and Company and Kelley Drye and Warren. Mr. Breslin holds a J.D. from Fordham University and a BS is accounting from Georgetown University.

Anatoly Burman, Senior Managing Director. Prior to joining Aladdin, Anatoly was a Vice President at AIG/SunAmerica where he was responsible for managing a $40 billion asset-backed portfolio including asset classes of public and 144A credit cards, auto loans and leases, equipment receivables, home equity and manufactures housing loans, and other receivables. Previously, he was a Managing Director with W.J. Mayer & Co., where he worked on selling securities, creating new CMO structures, and product innovation. Anatoly received his BA in Economics and Computer Science from Rutgers University and his MBA from Fairfield University.

Martin Devito, Senior Managing Director. Prior to joining Aladdin, Martin was a CMBS Portfolio Manager at AIG Global Investment Corp. ("AIGGIC"). His responsibilities included the investment analysis of CMBS transactions as well as all trading of the portfolio. Starting in 2001, Martin managed the CMBS portfolios globally. He was also the lead portfolio manager for Cimarron CBO Ltd., a high grade ABS CDO that closed in December 2004. Previously, Martin was a Trader at Beacon Hill Asset Management focusing on Below Investment Grade Structured Credit. From 1996-1998 he worked at Hyperion Capital Management as a Senior Credit Analyst. Martin earned a B.B.A. and MBA in Finance from Hofstra University.

Nunzio Masone, Senior Managing Director. Prior to joining Aladdin, Nunzio was a Senior Portfolio Manager at AIG Global Investment Corp. ("AIGGIC"), where he managed the residential mortgage-backed (RMBS) and asset-backed securities (ABS) credit portfolio. Before joining AIGGIC, he was with GMAC-RFC, the largest RMBS and ABS issuer in the world, where he structured and sold mortgage-backed and asset-backed securities worldwide. Previously, he worked for PaineWebber and Prudential Securities where he underwrote RMBS and ABS deals. Nunzio has also advised financial

institutions on the use of insurance as a form of capital while at Aon Risk Services. He is a graduate of Syracuse University and has an MBA from the Columbia University Graduate School of Business. Nunzio is a Chartered Financial Analyst and a member of the Association for Investment Management and Research (AIMR) and the New York Society of Securities Analysts.

Alan Antopol, Director. Prior to joining Aladdin, Alan was a Vice President at Lehman Brothers/Cohane Rafferty where he worked in collateral analysis, and performed marketing and analytics on a variety of tasks including HELOC, residential, and commercial securitizations, fundings and bids, HELOC, RV, MH and mobile home park construction loan sale advisories, and auctions of re-performing GNMA's. Previously, Alan headed the collateral analysis group, was on the on-line auction team, and served as a business analyst at Pedestal Inc, a mortgage .com. Prior to joining Pedestal, Alan held several analytical and programming positions in mortgage groups at DLJ, Kidder Peabody, and Lehman Brothers. Alan received a B.A. in Biology from the University of Pennsylvania.

Shirley Cho, Director. Prior to joining Aladdin, Shirley was an analyst in the Professional Associate Program at AIG Global Investment Corp. ("AIGGIC"), where she supported a diverse set of projects within the Structured Products group. Her main role was to perform complex analytics which assessed the convexity risk and cashflow variability on diversified structured products portfolios, which included ABS, MBS, CMO and CMBS products, and the high grade ABS CDO, Cimarron CBO Ltd. Shirley received her B.S. in Operations Research and Economics from Columbia University Fu Foundation School of Engineering and Applied Science.

Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager, its affiliates and its clients. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Collateral Manager and/or its affiliates have ongoing relationships with, render service to, finance and engage in transactions with, and may own debt or equity securities issued by issuers of certain of the Collateral Assets. The Collateral Manager, its affiliates and/or its clients may invest in securities that are senior or subordinated to, or have interests different from or adverse to, the Collateral Assets. The interests of such parties may be different than or adverse to the interest of the holders of the Securities. In addition, such persons may possess information relating to the Collateral Assets which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Assets and performing the other obligations under the Collateral Management Agreement. Such persons will not be required (and may not be permitted) to share such information or pass it along to the Issuer, the Collateral Manager or any holder of any Security. Neither the Collateral Manager nor any of such persons will have liability to the Issuer or any holder of any Security for failure to disclose such information or for taking, or failing to take, any action based upon such information.

In addition, the Collateral Manager and/or any of its affiliates may engage in any other business and furnish investment management and advisory services to others which may include, without limitation, serving as consultant or servicer for, investing in, lending to, being affiliated with or have other ongoing relationships with, other entities organized to issue collateralized debt obligations secured by assets similar to the Collateral Assets, and other trusts and pooled investment vehicles that acquire interests in, provide financing to, or otherwise deal with securities issued by issuers that would be suitable investments for the Issuer. In the course of monitoring the Collateral Assets held by the Issuer, the Collateral Manager may consider its relationships with other clients (including entities whose securities (or those of its affiliates) are pledged to secure the Notes) and its affiliates. In providing services to other clients, the Collateral Manager and its affiliates may recommend activities that would compete with or otherwise adversely affect the Issuer. In addition, the Collateral Manager 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 Collateral Manager may furnish advisory services to others who may have investment policies similar to those followed by the Issuer and who may own securities of the same class, or which are the same type as, the Collateral Assets. Under the terms of the Collateral Management Agreement, the Collateral Manager will be permitted to take

whatever action is in the Collateral Manager's best interest regardless of the impact on the Collateral Assets. In addition, under certain circumstances the Collateral Manager may direct the Issuer to sell certain Collateral Assets. Such sales of Collateral Assets may result in losses by the Issuer, which losses may result in the reduction or withdrawal of the rating of any or all of the Securities by any of the Rating Agencies. In determining whether to exercise such right, the Collateral Manager need not take into account the interests of the Issuers, the Noteholders, the Income Noteholders, the Combination Noteholders or any other party.

The Collateral Manager and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for their respective accounts or for another entity, including other collateralized debt obligation vehicles, at the same time as it is disposing of investments for the Issuer. Accordingly, conflicts may arise regarding the allocation of sale opportunities.

The Collateral Manager may aggregate sales of securities placed with respect to the Collateral Assets with similar sales being made simultaneously for other clients or other accounts managed by the Collateral Manager or with accounts of the affiliates of the Collateral Manager, if in the Collateral Manager's reasonable business judgment such aggregation will result in an overall economic benefit to the Issuer, taking into consideration the advantageous selling price, brokerage commission and other expenses. However, no provision of the Collateral Management Agreement requires the Collateral Manager or its affiliates to execute orders as part of concurrent authorizations or to aggregate sales. Nevertheless, the Collateral Manager may, in the allocation of business, take into consideration research and other brokerage services furnished to the Collateral Manager or its affiliates by brokers and dealers. Such services may be used by the Collateral Manager in connection with the Collateral Manager's other advisory services or investment operations.

No provision in the Collateral Management Agreement prevents the Collateral Manager or any of its affiliates from rendering services of any kind to the issuer of any Collateral Assets and its affiliates, the Trustee, the holders of the Securities, the Hedge Counterparty or any other entity. Without prejudice to the generality of the foregoing, the Collateral Manager and its affiliates, directors, officers, employees and agents may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for an issuer of any Collateral Assets; (b) receive fees for services rendered to the issuer of any Collateral Assets or any affiliate thereof; (c) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Collateral Assets; (d) serve as a member of any "creditors' board" or "creditors' committee" with respect to any Collateral Assets which has become or may become a Defaulted Obligation or with respect to any commercial mortgage loan securing any Collateral Assets or the respective borrower for any such commercial mortgage loan; and (e) own or make loans to any borrower or affiliate of any borrower on any of the commercial mortgage loans securing the Collateral Assets. Under the terms of the Collateral Management Agreement, the Collateral Manager will be permitted to take whatever action is in the Collateral Manager's best interest regardless of the impact on the Collateral Assets.

On the Closing Date it is expected that the Collateral Manager or one or more clients or affiliates of the Collateral Manager will purchase approximately U.S.$5,000,000 aggregate notional amount of Income Notes and may purchase Notes, Income Notes and/or Combination Notes on or after the Closing Date. The Collateral Manager or such clients or affiliates may at times also own other Securities. There is no assurance that the Collateral Manager or any of such clients or affiliates will continue to hold any or all of the Notes, the Income Notes (including the Income Notes purchased on the Closing Date) or the Combination Notes or that they will continue to hold interests in any securities related to the Collateral Assets.

Aladdin or any of its affiliates or subsidiaries will be permitted to exercise all voting rights with respect to any Securities which they may acquire (other than with respect to a vote regarding the removal of the Collateral Manager or the termination or assignment of the Collateral Management Agreement). The interests of the Income Notes and the Combination Notes may be different from or adverse to the interests of the Notes.

THE COLLATERAL MANAGEMENT AGREEMENT

General

The Collateral Manager will perform certain investment management and administrative functions on behalf of the Issuer in accordance with the applicable provisions of the Indenture and the Collateral Management Agreement.

The Collateral Manager and its members and their respective directors, officers, stockholders and employees (collectively, the "Collateral Manager Affiliates") will not be liable to the Issuer, the Trustee, the holders of the Notes or any other person, for any loss incurred as a result of the actions taken or recommended or for any omissions by the Collateral Manager, its members, officers, stockholders or employees under the Collateral Management Agreement or the Indenture or for any decrease in the value of the Collateral Assets, except, in the case of the Collateral Manager only, by reason of acts constituting bad faith, willful misconduct or gross negligence in the performance of, or reckless disregard of, its duties thereunder.

The Collateral Management Agreement may not be amended or modified (other than an amendment or modification of the type that may be made to the Indenture without the consent of the Holders of the Notes) without satisfaction of the Rating Agency Condition and the prior written consent of the Noteholders and any Hedge Counterparty, if the consent of such parties would be required were such an amendment made pursuant to the Indenture.

The Collateral Manager may be removed for cause by a Majority of the Controlling Class or a Majority-in-Interest of Income Noteholders (as such term is defined in the Collateral Management Agreement); *provided, however*, that any such vote will exclude any Securities held by the Collateral Manager, any affiliate of the Collateral Manager or any Securities over which the Collateral Manager or any of its affiliates has discretionary voting authority (the "Collateral Manager Securities"). For purposes of the Collateral Management Agreement, "cause" will mean (i) willful violation by the Collateral Manager of any material provision of the Collateral Management Agreement or the Indenture applicable to it and failure to cure such violation within forty-five (45) days of becoming aware of, or receiving notice from the Trustee of, such violation, (ii) certain events of bankruptcy or insolvency in respect of the Collateral Manager, (iii) the occurrence and continuation of an Event of Default under the Indenture which directly results from any breach by the Collateral Manager of its duties under the Indenture or the Collateral Management Agreement, (iv) the occurrence of an act by the Collateral Manager which constitutes fraud or criminal activity in the performance of its obligations under the Collateral Management Agreement or the conviction of the Collateral Manager or any of its officers or directors for a criminal offense materially related to its business of providing investment advisory services and (v) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management Agreement or the Indenture to be correct when made if such failure (a) has a material adverse effect on either of the Issuers, the Noteholders, the Holders of the Income Notes or the Holders of the Combination Notes and (b) if such failure can be cured, such failure is not cured within 60 days after the Collateral Manager acquires actual knowledge of or receives notice from the Trustee of such violation.

In addition to the foregoing, the Collateral Management Agreement imposes a requirement on the Collateral Manager with respect to maintaining Key Managers. Failure to maintain at least one Key Manager at all times is a "Key Manager Event". A "Key Manager" is a person employed by the Collateral Manager or an affiliate of the Collateral Manager as a portfolio manager or in a management level position which is actively involved in the management of the Collateral on behalf of the Issuer and either initially designated as such in the Collateral Management Agreement or subsequently appointed as such pursuant to the procedures described below. The Collateral Management Agreement designates George Marshman, Anatoly Burman, Martin DeVito and Nunzio Masone as the initial Key Managers. At no time shall there be more than four Key Managers.

If at any time a Key Manager ceases to be employed, for any reason, by the Collateral Manager or an affiliate of the Collateral Manager as a portfolio manager or in a management-level position which is actively involved in the management of the Collateral on behalf of the Issuer and no Key Manager Event has occurred, the Collateral Manager may propose a replacement for such departing Key Manager (each a "Proposed Key Manager"), at any time. Upon receipt of a written proposal from the Collateral Manager of a Proposed Key Manager, and a ballot, the Trustee will be required to promptly send any such proposal and the ballot to each of the Holders of the Controlling Class and the Fiscal Agent will be required to promptly send any such proposal and the ballot to each of the Holders of the Income Notes and the Holders of the Combination Notes. The number of Proposed Key Managers that the Collateral Manager may propose may not exceed the number of departed Key Managers. The ballot will request that the Holders of the Controlling Class (including the Holders of the Combination Notes in respect of the Class C Note Component) and the Holders of the Income Notes (including the Holders of the Combination Notes in respect of the Income Note Component) vote to approve of or object to the Proposed Key Manager. Such votes shall be requested at the same time and shall be calculated at the same time by the Trustee (as to the Controlling Class) and the Fiscal Agent (as to the Income Notes), but with separate and independent results. If a Majority of the Controlling Class and a Majority-in-Interest of the Income Noteholders (as such term is defined in the Collateral Management Agreement) (excluding any Collateral Manager Securities) do not affirmatively object to the Proposed Key Manager within 90 days after the ballot is sent by the Trustee and the Fiscal Agent, the Proposed Key Manager will be deemed approved and shall be considered a "New Key Manager".

If at any time a Key Manager Event occurs, the Collateral Manager shall give prompt written notice thereof to the Trustee, the Issuer, the Fiscal Agent, the Hedge Counterparty, the Initial Purchaser and the Rating Agencies. Upon receipt of any such notice, the Trustee will be required to give prompt written notice of such Key Manager Event to the Holders of the Controlling Class and the Fiscal Agent will be required to give prompt written notice of such Key Manager Event to the Holders of the Income Notes and Holders of the Combination Notes.

No later than 60 days after the occurrence of a Key Manager Event, the Collateral Manager shall submit a Proposed Key Manager or slate of Proposed Key Managers, and a ballot, to the Trustee. Upon receipt of such written proposal and ballot from the Collateral Manager, the Trustee will be required to promptly send any such proposal and the ballot to each of the Holders of the Controlling Class and the Fiscal Agent will be required to promptly send any such proposal and the ballot to each of the Holders of the Income Notes and the Holders of the Combination Notes. The number of Proposed Key Managers that the Collateral Manager may propose may not exceed the number of departed Key Managers. The ballot will request that the Holders of the Controlling Class and the Holders of the Income Notes vote on the matter below. Such votes shall be requested at the same time and calculated at the same time by the Trustee and the Fiscal Agent, as applicable, but with separate and independent results. The results of the ballot shall be calculated as follows: if a Majority of the Controlling Class and a Majority-in-Interest of the Income Noteholders (as such term is defined in the Collateral Management Agreement) (excluding any Collateral Manager Securities) affirmatively object to the Proposed Key Manager or slate of Proposed Key Managers within 90 days after the ballot is sent, then the Collateral Manager shall be removed (subject to the prior satisfaction of the requirements for a successor collateral manager). If a Majority of the Controlling Class and a Majority-in-Interest of the Income Noteholders (as such term is defined in the Collateral Management Agreement) (excluding any Collateral Manager Securities) do not affirmatively object to the Proposed Key Manager or slate of Proposed Key Managers within 90 days after the ballot is sent, the Proposed Key Manager or slate of Proposed Key Managers shall be deemed approved, each Proposed Key Manager shall be considered a New Key Manager and the Collateral Manager shall not be removed.

If after the occurrence of a Key Manager Event, the New Key Manager(s) are approved or deemed approved in accordance with the provisions above, and as a result a Key Manager Event no longer exists, then the Collateral Manager shall not be removed pursuant to the provisions above unless a new Key Manager Event subsequently occurs.

The Collateral Manager and its affiliates, and each of their respective partners, shareholders, members, officers, directors, managers, employees, agents, accountants and attorneys will be entitled to indemnification by the Issuer from and against any claims that may be made against such party by third

parties and any damages, losses, claims, liabilities, costs or expenses (including all reasonable legal and other expenses) which such party may incur or become subject to as a result of, or in connection with, any act or omission in the performance by or on behalf of the Collateral Manager of the Collateral Manager's obligations and services under the Collateral Management Agreement, except for liability that is directly attributable to willful misconduct, bad faith, gross negligence or reckless disregard of the obligations of the Collateral Manager under the Collateral Management Agreement and the Indenture.

The Collateral Manager may resign upon 60 days' written notice to the Issuer, the Trustee, the Hedge Counterparty and the Rating Agencies or such shorter notice as is acceptable to the Issuer, the Trustee and the Rating Agencies; *provided* that the Collateral Manager shall have the right to resign immediately upon the effectiveness of any material change in applicable laws or regulations which renders the performance by the Collateral Manager of its duties under the Collateral Management Agreement or the Indenture to be a violation of such laws or regulations. The Collateral Management Agreement will terminate automatically in the event the Notes, the Income Notes and the Combination Notes are redeemed or cancelled in their entirety, or in the event of its assignment by the Collateral Manager in violation of the Collateral Management Agreement.

No removal, termination or resignation of the Collateral Manager or termination of the Collateral Management Agreement will be effective unless (i) a successor Collateral Manager is appointed by the Issuer and agrees in writing to assume all of the Collateral Manager's obligations pursuant to the Collateral Management Agreement, (ii) the successor Collateral Manager is not objected to by a Special Majority-in-Interest of Income Noteholders (as such term is defined in the Collateral Management Agreement) or a Majority of the Controlling Class (including, except with respect to a termination for cause of the Collateral Manager, any Collateral Manager Securities) within 30 days after notice and (iii) the Rating Condition has been satisfied with respect to the appointment of such successor Collateral Manager. Such successor Collateral Manager must, in addition, meet certain qualifications specified in the Collateral Management Agreement (the "Replacement Manager Conditions").

In the event that the Collateral Manager has been removed, terminated or resigned and a successor Collateral Manager meeting the Replacement Manager Conditions has not been appointed on or prior to (i) in the case of removal of the Collateral Manager "for cause," the date that is 60 days following the date of notice of removal delivered in accordance with the Collateral Management Agreement and (ii) in the case of any other removal or resignation of the Collateral Manager, the date of removal or resignation specified in the relevant notice, the resigning or removed Collateral Manager shall be entitled to appoint a successor Collateral Manager and shall so appoint a replacement manager satisfying the Replacement Manager Conditions within 60 days thereafter, *provided* that such successor Collateral Manager is not objected to by a Majority-in-Interest of Income Noteholders (as such term in defined in the Collateral Management Agreement) (excluding any Collateral Manager Securities) or a Majority of the Controlling Class (excluding any Collateral Manager Securities) within 15 days after such appointment. In lieu thereof, or if the successor Collateral Manager appointed by the resigning or removed Collateral Manager is not approved, the resigning or removed Collateral Manager may petition any court of competent jurisdiction for the appointment of a replacement manager satisfying the successor Collateral Manager Conditions, but such appointment shall not require the consent of, nor be subject to the disapproval of, the Issuer or any Noteholder or Income Noteholder. Upon the appointment of a successor Collateral Manager satisfying the Replacement Manager Conditions and the written acceptance of such appointment by the successor Collateral Manager, all authority and power of the Collateral Manager under the Collateral Management Agreement will be automatically vested in the successor Collateral Manager. No compensation payable to a successor Collateral Manager from the Collateral Assets shall be greater than that paid to the Collateral Manager without (i) the prior written consent of (a) a Majority-in-Interest of Income Noteholders (as such term is defined in the Collateral Management Agreement) and (b) in the case of any increase or any Collateral Management Fee, the prior written consent of a majority in aggregate outstanding principal amount of each Class of Notes and (ii) the satisfaction of the Rating Agency Condition.

The Collateral Manager may only assign its rights or responsibilities under the Collateral Management Agreement in accordance with the terms of the Collateral Management Agreement.

Compensation

As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled to receive a fee in accordance with the Priority of Payments, payable in arrears on each Payment Date, of 0.25% *per annum* (the "Collateral Management Fee") times the Aggregate Principal Amount, measured as of the beginning of the Due Period preceding such Payment Date.

If amounts distributable on any Payment Date in accordance with the Priority of Payments are insufficient to pay the Collateral Management Fee in full, then the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priority of Payments. Any interest due on the amounts so deferred will be payable in the same order of priority as the Collateral Management Fee and will accrue interest at a rate equal to LIBOR.

The Collateral Management Fee will be calculated on the basis of a 360 day year consisting of twelve 30-day months. All fees payable to the Collateral Manager on a Payment Date are subject to payment only in accordance with the Priority of Payments.

The Collateral Manager may, at its election and upon notice to the Issuer and the Trustee, direct for a predetermined period of time that all or a portion of the amount that is due to it as the Collateral Management Fee be paid directly to a third party; *provided,* that the Collateral Manager will not (unless it is assigning all of its rights and obligations in accordance with the Collateral Management Agreement) be relieved of any of its duties under the Collateral Management Agreement or the Indenture as a result of the redirection of its right to receive all or a portion of the Collateral Management Fee.

THE ISSUERS

General

The Issuer was incorporated on August 17, 2006 in the Cayman Islands with the registered number 172717. 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 substantial prior operating history. The Issuer's Memorandum of Association sets out the objects of the Issuer, which are unrestricted and therefore include the business to be carried out by the Issuer in connection with the Securities.

The Co-Issuer was incorporated on October 20, 2006 under the laws of the State of Delaware with the registered number 4239050. 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 Notes (other than the Class E Notes).

The Notes (except for the Class E Notes and the Income Notes which are obligations only of the Issuer) are obligations only of the Issuers and not of the Trustee, the Fiscal Agent, the Collateral Manager, the Initial Purchaser, the Issuer Administrator, the Collateral Manager, the Holders of the Income Notes, the Holders of the Combination Notes, the Agents, the Share Trustee or any directors, managers or officers of the Issuers or any of their respective affiliates.

The authorized share capital of the Issuer consists of 50,000 ordinary shares, U.S.$1.00 par value per share (the "Issuer Ordinary Shares"). 250 of the Issuer Ordinary Shares have been issued and will be 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 Issuer. For so long as any of the Notes are outstanding, no beneficial interest in the ordinary shares of the Issuer or of the common equity of the Co-Issuer shall be registered to a U.S. Person.

Capitalization of the Issuer

The initial proposed capitalization of the Issuer as of the Closing Date after giving effect to the issuance of the Securities and the Issuer Ordinary Shares and entry into the Hedge Agreement before deducting expenses of the offering of the Securities is as set forth below.

	Amount
Class S Notes	$12,700,000
Class A-1 Notes	$325,000,000
Class A-2 Notes	$50,000,000
Class B Notes	$45,000,000
Class C Notes	$20,000,000
Class D Notes	$27,500,000
Class E Notes	$7,500,000
Income Notes	$25,000,000
Total Debt	$512,700,000
Issuer Ordinary Shares	250
Total Equity	$250
Total Capitalization	$512,700,250

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 Notes (other than the Class E Notes). The Co-Issuer has agreed to co-issue the Notes (other than the Class E 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 Securities will not be able to exercise their rights against any assets of the Co-Issuer. Holders of Notes must rely on the Collateral held by the Issuer and pledged to the Trustee for payment on their respective Notes, in accordance with the Priority of Payments.

Flow of funds

The approximate flow of funds of the Issuer from the gross proceeds of the offering of the Securities on the Closing Date is as set forth below:

	Gross Proceeds*
Class S Notes	$12,700,000
Class A-1 Notes	$324,800,000
Class A-2 Notes	$50,000,000
Class B Notes	$45,000,000
Class C Notes	$20,000,000
Class D Notes	$27,500,000
Class E Notes	$7,500,000
Income Notes	$25,000,000
Total:	$512,500,000

Expenses

Third Party Expenses	$1,700,000
Goldman, Sachs & Co.	$9,000,000
Expense Reserve Account	$275,000
Total:	$10,975,000

Collateral Assets

Net Proceeds	$501,525,000
Principal Balance of Collateral Assets	$500,000,000
Clean Price of Collateral Assets**	$499,310,000
Purchase Accrued Interest on Collateral Assets	$1,074,000
First Period Interest Reserve	$1,141,000

*Figures are approximate.

**Synthetic Securities are Collateral Assets collateralized by Default Swap Collateral.

Business

The Issuers will not undertake any business other than the issuance of the Notes (other than the Class E Notes) and, in the case of the Issuer, the issuance of the Income Notes and the Class E Notes, 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 dated August 18, 2006 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 activities of the Issuer Administrator under the Administration Agreement 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 3 months' written notice (or, upon the occurrence of certain events, 14 days' written notice).

The Issuer Administrator's principal office is: Maples Finance Limited, P.O. Box 1093 GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands.

Directors

The Directors of the Issuer are: Hugh Thompson and Steven O'Connor, each having an address at Maples Finance Limited, P.O. Box 1093 GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The director of the Co-Issuer is Donald Puglisi who may be contacted at the address of the Co-Issuer.

United States Tax Considerations

The following is a summary of certain of the United States federal income tax consequences of an investment in the Notes, the Income Notes and the Combination Notes by purchasers that acquire their Notes, Income Notes or Combination Notes in the initial offering. The discussion and the opinions referenced below are based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, 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 United States 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 will not take contrary positions. Further, the following summary does not deal 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 categories of investors subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, natural persons, cash method taxpayers, S corporations, estates and trusts, investors that hold their Notes, Income Notes or Combination Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address alternative minimum tax consequences, or the indirect effects on persons who hold equity interests in either a U.S. Holder or a Non-U.S. Holder (as these terms are defined below). In addition, this summary is generally limited to investors that acquire their Notes, Income Notes or Combination Notes on the Closing Date (and, in the case of Notes, acquire their Notes for the issue price applicable to such Notes and, in the case of the Combination Notes, acquire their Combination Notes for such amount that the portion of the purchase price attributable to the Class C Note Component is equal to the issue price of the Class C Notes included in the Class C Note Component) and who will hold their Notes, Income Notes or Combination Notes as "capital assets" within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the United States federal, state, local, and other tax consequences of the purchase, ownership, and disposition of the Notes, the Income Notes and the Combination Notes.

As used herein, "U.S. Holder" means a beneficial owner of a Note, Income Note or Combination Note that is an individual citizen or resident of the United States for United States federal income tax purposes, a corporation or other entity taxable as a corporation 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 where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). "Non-U.S. Holder" generally means any owner (or beneficial owner) of a Note, Income Note or Combination Note that is not a U.S. Holder (other than a partnership). If a partnership holds Notes, Income Notes or Combination Notes, 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 Notes, Income Notes or Combination Notes should consult their own tax advisors regarding the tax consequences of an investment in the Notes, Income Notes or Combination Notes (including their status as U.S. Holders or Non-U.S. Holders).

Tax Treatment of Issuer

Upon the issuance of the Notes, 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 Indenture (and certain other documents) and based on certain factual representations made by the Issuer, although the matter is not free from doubt, the Issuer's permitted activities will not result in the Issuer being engaged in the conduct of a trade or business in the United States. Accordingly, the Issuer does not expect to be subject to net income taxation in the United States. Prospective investors should be aware that opinions of counsel are not binding on the IRS and the IRS might seek to treat the Issuer

as engaged in a United States trade or business, in which event the Issuer would be subject, inter alia, to a 35% tax on such of its income as was effectively connected to the U.S. trade or business as well as a 30% "branch profits" tax when such income is viewed as having been repatriated to the Cayman Islands (thereby materially adversely effecting the Issuer's ability to make payments on the Offered Securities).

The opinion of special U.S. tax counsel is subject to several considerations. Thus, the United States Treasury Department and the IRS recently announced that they are considering taxpayer requests for specific guidance on, among other things, whether a foreign person may be treated as engaged in a trade or business in the United States by virtue of entering into credit default swaps. No guidance has been issued to date. If any future guidance concludes that foreign persons entering into certain credit default swaps will be treated as engaged in a trade or business in the United States, such guidance would adversely impact the Issuer's ability to pay principal and interest on the Notes. Additionally, it should be noted that gain or loss on a disposition by a foreign person of a United States real property interest may be subject to United States federal income tax as if the foreign person were engaged in a United States trade or business (even if the foreign person is not, in fact, so engaged). The determination of whether an asset constitutes a United States real property interest is made periodically and, therefore, , it is possible that an asset that was not a United States real property interest at the time it was acquired by the Issuer could, thereafter, become a United States real property interest. Similarly, if the Issuer accepted a new security in exchange for an existing security or if the terms of an existing security were modified, the new or modified security might cause the Issuer to become engaged in a United States trade or business for United States federal income tax purposes.

It is not expected that the Issuer will derive material amounts of any other items of income that will be subject to United States withholding taxes. Notwithstanding the foregoing, any commitment fee, facility fee and similar fee that the Issuer earns may be subject to a 30% withholding tax. Additionally, if the Issuer is a CFC (defined below), the Issuer would incur United States withholding tax on interest received from a related United States person. The Issuer will not make any independent investigation of the circumstances surrounding the individual assets comprising the Collateral Assets and, thus, there can be no assurance that payments of interest on and gain from the sale or disposition of the Collateral Assets will in all cases be received free of withholding tax.

The Issuer will not be required to pay additional amounts to any Holder of Income Notes or Combination Notes or any Class of Notes if taxes or related amounts are withheld from payments on the Income Notes, Combination Notes or Notes or from payments on any Collateral Asset. However, withholding on the Collateral Assets could result in the Securities being redeemed by the Issuer. See "—Tax Redemption."

Tax Treatment of U.S. Holders of Notes

The Issuer has agreed and, by its acceptance of a Note, each Holder of a Note will be deemed to have agreed, to treat its Notes as debt of the Issuer for United States federal income tax purposes (although this shall not prevent a U.S. Holder from making a QEF election, as defined below, on a protective basis or from making protective filings under Section 6038, 6038B or 6046 of the Code). Upon the issuance of the Notes, Orrick, Herrington & Sutcliffe LLP will deliver an opinion generally to the effect that, assuming compliance with the Indenture (and certain other documents) and based on certain factual representations made by the Issuer, the Class S Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes will and the Class E Notes should be characterized as debt for United States 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 as other than indebtedness. Except as provided under "—Alternative Characterization of the Notes" below, the balance of this discussion assumes that the Notes will be characterized as debt of the Issuer for United States federal income tax purposes.

Each U.S. Holder will include interest on the Notes in income in accordance with its regular method of accounting for United States federal income tax purposes unless the Notes are viewed as having being issued with original issue discount ("OID") in which case, generally, each U.S. Holder would

be required to accrue interest on the Note on an accrual basis under a constant yield methodology, based on the original yield to maturity of the Note. Because interest on the Class C Notes, Class D Notes and Class E Notes may be deferred without giving rise to an Event of Default, all interest (including interest on accrued but unpaid interest) will be treated as OID unless the likelihood of deferral is remote. The Issuer has not determined whether the likelihood of interest being deferred is remote for this purpose and, hence, will treat the interest on the Class C Notes, Class D Notes and Class E Notes as OID. Additionally, the Issuer will treat any Class of Notes as having been issued with OID if (A) such Class is issued at a discount equal to or in excess of the product of 0.25% of the stated redemption price at maturity of such Class and the anticipated weighted average life of such Class or (B) in the case of certain Classes of Notes providing for interest at a variable rate, the issue price of such Class exceeds the principal amount thereof by more than the lesser of (i) 15% or (ii) 0.015 multiplied by the anticipated weighted average life of the Class. Any accrued but unpaid OID included in income by a U.S. Holder will increase the U.S. Holder's basis in its Note and thereby reduce the amount of gain or increase the amount of loss recognized by the U.S. Holder on a subsequent sale or other disposition of the Note.

Any OID on the Notes will likely be accruable under the special rules set forth in Section 1272(a)(6) of the Code (which apply to debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). If Section 1272(a)(6) does not apply, the Notes might be treated as "contingent payment debt instruments" ("CPDIs") within the meaning of Treasury Regulation Section 1.1275-4. If any such Class of Notes were considered CPDIs, 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 potential application of Section 1272(a)(6) of the Code to the Notes and the rules governing CPDIs.

In general, a U.S. Holder of a Note will have a basis in such Note equal to the cost of such Note increased by any OID and any market discount that the U.S. Holder has elected to include in income on a current basis and reduced by any amortized premium and payments of principal and OID. Upon a sale, exchange or other disposition of such a 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 (as reduced by any accrued and unpaid interest). Such gain or loss generally will be long term capital gain or loss (other than accrued market discount if the U.S. Holder has not elected to include such discount in income on a current basis) assuming that the U.S. Holder has 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. Notwithstanding special U.S. tax counsel's opinion, U.S. Holders should recognize that there is some uncertainty regarding the appropriate classification of instruments such as the Notes. It is possible, for example, that the IRS may contend that the Class E Notes and, possibly, other Classes of Notes should be treated as equity interests (or as part-debt, part-equity) in the Issuer. Such a recharacterization might result in materially adverse tax consequences to U.S. Holders. As a result, U.S. Holders of Notes may wish to consider the advisability of making "QEF election" provided in Section 1295 of the Code on a "protective" basis (although this election may not be respected since the current QEF regulations do not authorize protective QEF elections for debt that may be recharacterized as equity). Additionally, any such characterization might necessitate those U.S. Holders of a Class of Notes that is characterized as equity to file information returns with the IRS with respect to their acquisition of the Notes (and be subject to significant penalties for failure to do so). For the consequences that would apply if any Class of Notes were characterized as equity for United States federal income tax purposes, see below under " – Tax Treatment of U.S. Holders of Income Notes."

Tax Treatment of U.S. Holders of Income Notes

The Income Notes, although in the form of debt, will likely be characterized as equity for U.S. federal income tax purposes. Additionally, the Issuer has agreed, and, by its acceptance of an Income Note, each Holder of an Income Note will be deemed to have agreed, to treat the Income Notes as equity for U.S. federal income tax purposes. For purposes of this discussion, it is assumed that the Income

Notes will be so characterized. It is noted, however, that in the event that the Income Notes were characterized as debt for United States federal income tax purposes, they would constitute contingent payment debt instruments; among the consequences that would result from an application of the rules applicable to contingent payment debt instruments of the Income Notes is that gain on the sale of the Income Notes that might otherwise be capital gain would constitute ordinary income.

Subject to the rules discussed below relating to "passive foreign investment companies" ("PFICs") and "controlled foreign corporation" ("CFCs"), payments on the Income Notes should be treated as dividends to the extent of the current or accumulated earnings and profits of the Issuer. Payments characterized as dividends would be taxable at regular marginal income tax rates applicable to ordinary income, and would not be entitled to the benefit of the dividends received deduction or any reduction in tax rates that may be available for certain dividends. Distributions in excess of the Issuer's earnings and profits would be non-taxable to the extent of, and would be applied against and reduce, the U.S. Holder's adjusted tax basis in the Income Notes and, to the extent in excess of such basis, would be taxable as gain from the sale or exchange of property.

The tax consequences discussed in the preceding paragraph are likely to be significantly modified as a result of the application of the PFIC and CFC rules discussed below. Thus, U.S. Holders of the Income Notes will be viewed as owning stock in a PFIC and, possibly, in a CFC (depending, in the latter instance, on the percentage of voting equity that is acquired and held by certain U.S. Holders). If applicable, the rules pertaining to CFCs would generally override those pertaining to PFICs, although in certain circumstances both set of rules could apply simultaneously.

Under the PFIC rules, U.S. Holders of the Income Notes (other than U.S. Holders that make a timely "QEF election", as described below) will be subject to special rules relating to the taxation of "excess distributions" – with excess distributions being defined to include certain distributions made by a PFIC on its stock as well as gain recognized on a disposition of PFIC stock. For this purpose, a U.S. Holder that uses its Income Notes as security for an obligation will be treated as having made 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," which is 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.

In order to avoid the application of the PFIC rules, U.S. Holders of Income Notes may wish to consider making the QEF election provided in Section 1295 of the Code. In lieu of the PFIC rules discussed above, a U.S. Holder of Income Notes that makes a valid QEF election will, in very general terms, 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 for each taxable year (as ordinary income and long-term capital gain, respectively) and to pay tax thereon, even if the amount of that income is not the same as the dividends paid on the Income Notes during the year. If the Issuer later distributes the income or gain on which the U.S. Holder has already paid taxes under the QEF rules, the amounts so distributed will not again be subject to tax in the hands of the U.S. Holder. A U.S. Holder's tax basis in any Income Notes as to which a QEF election has been validly made will be increased by the amount included in such U.S. Holder's income as a result of the QEF election and decreased by the amount of nontaxable distributions received by the U.S. Holder. On the disposition (including redemption or retirement) of an Income Note, a U.S. Holder making the QEF election generally will recognize capital gain or loss equal to the difference, if any, between the amount realized upon such disposition and its adjusted tax basis in the Income Note. In general, a protective 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 the U.S. Holder has held its Income Notes. In this regard, a QEF election is effective only if certain required information is made available by the Issuer. Upon request, the Issuer will provide any U.S. Holder of Income Notes and any U.S. Holder of a Class of Notes that may reasonably be characterized as equity in the Issuer for United States federal income tax purposes with the information necessary for such U.S. Holder to make the QEF election. Nonetheless, there can be no assurance that such information will always be available.

The Issuer may be treated as holding securities issued by non-U.S. corporations that are characterized as equity in one or more PFICs for United States federal income tax purposes, such as Asset Backed Securities. In that event, U.S. Holders of the Income Notes would be treated as holding an interest in these indirectly-owned PFICs. Because the U.S. Holder – and not the Issuer – would be required to make any QEF election with respect any such indirectly-owned PFIC, and because PFIC information statements necessary for any such election may not be made available by the PFIC, there can be no assurance that a U.S. Holder would be able to make a QEF election with respect to any particular indirectly-held PFIC. If the U.S. Holder of any Income Notes has not made a QEF election with respect to an indirectly-owned PFIC, the U.S. Holder would be subject to the consequences described above with respect to the excess distributions of such PFIC (including gain indirectly realized with respect to such PFIC on the sale of the Issuer's interest in the PFIC and with respect to the sale by the U.S. Holder of its Income Notes). Alternatively, if the U.S. Holder has made a QEF election with respect to the indirectly-owned PFIC, the U.S. Holder would be required to include in income its share of the indirectly-owned PFIC's ordinary earnings and net capital gain.

U.S. tax law also contains special provisions relating to CFCs. A foreign corporation is a CFC 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. For this purpose, a United States person that owns, directly or indirectly, ten percent or more of the voting stock of a CFC is considered a "U.S. Shareholder" with respect to the CFC. If any U.S. Holder of Income Notes were properly viewed as a U.S. Shareholder of the Issuer under the CFC rules, the U.S. Holder would be subject each year to U.S. income tax (at ordinary income rates) on its pro rata share of the income of the Issuer (assuming that the Issuer is properly classified as a CFC for the year and that the U.S. Holder holds its Income Notes as of the end of the year), regardless of the amount of cash distributions received by the U.S. Holder with respect to its Income Notes during the year. Earnings subject to tax to a U.S. Holder under the CFC rules would generally not be taxed again when distributed to the U.S. Holder. In addition, if the Issuer is a CFC and a U.S. Holder is a U.S. Shareholder with respect to the Issuer, all or a portion of the income that otherwise would be characterized as capital gain upon a sale of U.S. Holder's Income Notes may be classified as ordinary income.

Prospective investors should be aware that in computing the Issuer's earnings for purposes of the CFC rules, losses on dispositions of securities in bearer form may not be allowed, while in computing the Issuer's ordinary earnings and net capital gains for purposes of the PFIC rules, losses on dispositions of securities in bearer form may not be allowed and any gain on such securities may be ordinary rather than capital. Further, prospective investors should be aware that in the event that any of the Notes is not fully paid upon maturity, the Issuer may recognize cancellation of indebtedness income for United States federal income tax purposes, without any corresponding offsetting loss (due to tax character differences or otherwise). In such a case, U.S. Holders of the Income Notes (and U.S. Holders of the Income Note Component of a Combination Note and U.S. Holders of any Class of Notes treated as equity for United States federal income tax purposes) may also have phantom income as a result of such recognition by the Issuer (pursuant to the QEF and CFC rules discussed above), as to which an offsetting loss may not be available to the U.S. Holders.

Tax Treatment of U.S. Holders of 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 Income Note Component representing the Income Notes and (ii) the Class C Note Component representing the Class C Notes, such Components being the sole source of payments for the Combination Notes. Under this analysis, (1) 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 and (2) the U.S. federal income tax consequences and considerations applicable to the Class C Note Component will be as detailed above under "Tax Treatment of U.S. Holders of Notes" and the U.S. federal income tax consequences and considerations applicable to the Income Note Component will be as detailed above under "Tax Treatment of U.S. Holders of Income Notes".

The IRS is not bound by the treatment the Issuer intends to accord the Combination Notes and it is possible that the IRS would (for example) treat the Combination Notes as a single financial instrument. In such a case, the IRS might treat the Combination Notes as debt instruments (subject to the rules applicable to contingent payment debt instruments which would have the effect, *inter alia*, of converting gain on the sale of the Combination Notes that might otherwise have been taxable as capital gain into ordinary income) or as equity interests in the Issuer. Under either treatment, the taxation to holders could be materially adverse when contrasted to the treatment described above. Accordingly, all prospective investors in the Combination Notes should consult with their own tax advisors with respect to the U.S. federal income tax consequences of investing in the Combination Notes.

Tax Treatment of Non-U.S. Holders

A Non-U.S. Holder of Notes, Income Notes or Combination Notes that has no connection with the United States should generally not be subject to United States withholding tax on payments in respect of the Notes, Income Notes or Combination Notes *provided* that the Non-U.S. Holder makes certain tax representations regarding the identity of the beneficial owner of the Notes, Income Notes or Combination Notes.

Information Reporting Requirements

Information reporting to the IRS may be required with respect to payments on the Notes, Income Notes and Combination Notes and with respect to proceeds from the sale of the Notes, Income Notes and Combination Notes to Holders other than corporations and certain other exempt recipients. A "backup" withholding tax may also apply to those payments if a Holder fails to provide certain identifying information (such as the Holder's taxpayer identification number or an attestation to the status of the Holder as a Non-U.S. Holder). Backup withholding is not an additional tax and may be refunded (or credited against the Holder's United States federal income tax liability, if any) *provided* that certain required information is furnished to the IRS in a timely manner.

Prospective investors should consult with their own tax advisors regarding whether they are required to file an IRS Form 8886 in respect of this transaction (relating to certain "reportable transactions"). Thus, for example, if a U.S. Holder were to sell its Notes, Income Notes or Combination Notes at a loss, it is possible that this loss could constitute a reportable transaction and need to be reported on Form 8886 As another example, a transaction may be reportable if it is offered under conditions of confidentiality. In this regard, each Holder and beneficial holder of a Note, Income Note and Combination Note (and each of their respective employees, representatives or other agents) is hereby advised that it is permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described herein (including the ownership and disposition of the Notes, Income Notes or Combination Notes) except where confidentiality is reasonably necessary to comply with the securities laws of any applicable jurisdiction. Significant penalties apply for failure to file Form 8886 when required, and U.S. Holders are therefore urged to consult their own tax advisors.

U.S. Holders of Income Notes, Combination Notes and of any Class of Notes classified as equity for United States federal income tax purposes may be required to file Forms with the IRS under the applicable reporting provisions of the Code. For example, such U.S. Holders may be required, under Sections 6038, 6038B and/or 6046 of the Code, to supply the IRS with certain information regarding the U.S. Holder, other U.S. Holders and the Issuer if (i) such person owns at least 10% of the total value or 10% of the total combined voting power of all classes of stock entitled to vote or (ii) the acquisition, when aggregated with certain other acquisitions that may be treated as related under applicable regulations, exceeds $100,000. Upon request, the Issuer will provide U.S. Holders of Income Notes, Combination Notes and of any Class of Notes that may reasonably be recharacterized as equity for United States federal income tax purposes with information about the Issuer and its shareholders that the Issuer possesses and that may be needed to complete any Form that is so required. In the event a U.S. Holder fails to file a form when required to do so, the U.S. Holder could be subject to substantial tax penalties.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Issuer and its tax advisors are (or may be) required to inform prospective investors that:

i. Any advice contained herein, including any opinions 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;

ii. Any such advice is written to support the promotion or marketing of the Offered Securities and the transactions described herein (or in such opinion or other advice); and

iii. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Cayman Islands Tax Considerations

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

Under existing Cayman Islands laws:

(i) payments of principal and interest in respect of the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any Holder of a Note and gains derived from the sale of Notes will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax; and

(ii) the Holder of any Note (or the legal personal representative of such Holder) whose Note is brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Note. In addition, an instrument transferring title to a Note, if bought 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 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 Fortius II Funding, Ltd. (the "Company"):

(a) that no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from the 29th day of August, 2006.

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 such ERISA 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, regulatory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a non-exempt 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 ("DOL") has promulgated a regulation, 29 C.F.R. Section 2510.3-101, describing what constitutes the assets of a Plan ("Plan Assets") with respect to the Plan's investment in an entity for purposes of applying ERISA and Section 4975 of the Code. Section 3(42) of ERISA also describes what constitutes Plan Assets. Section 3(42) of ERISA and 29 C.F.R. Section 2510.3-101 are collectively the "Plan Asset Regulation." 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 is not "significant." Section 3(42) of ERISA modified 29 C.F.R. Section 2510.3-101 to exclude plans not subject to Title I of ERISA or Section 4975 of the Code from the Benefit Plan Investor definition.

Prohibited transactions may arise under Section 406 of ERISA or Section 4975 of the Code if Securities are acquired with Plan Assets with respect to which the Issuer, the Initial Purchaser, the Collateral Manager 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, including a statutory exemption under Section 408(b)(17) of ERISA for transactions involving "adequate consideration" with persons who are Parties in Interest solely by reason of their (or their affiliate's) status as a service provider to the Plan involved and none of whom is a fiduciary with respect to the Plan Assets involved (or an affiliate of such a fiduciary). In addition, an administrative exemption may be available 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. Included among these

exemptions are: DOL Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by independent "qualified professional asset managers." 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 and certain church and other plans, while not necessarily subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any 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 U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA. 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 PTCE 95-60 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 Plan Assets 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 Plan Assets to effect its purchase of any Security, is in no respect a representation by the Issuers, the Initial Purchaser or the Collateral Manager 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.

Class S Notes, 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 Notes (other than the Class E 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 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 Notes, including the reasonable expectation of purchasers of the Notes that the Notes will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. However, if the 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 Plan Assets of an investing Plan, (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 fiduciary causing the Plan to make an investment in the Notes could be deemed to have delegated its responsibility to manage Plan Assets.

By its purchase of any Class S Note, 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 a Plan or an entity whose underlying assets include Plan Assets by reason of any Plan's investment in the entity; or (ii) its purchase and holding of a Class S Note, Class A Note, Class B Note, Class C Note or Class D Note are eligible for the exemptive relief available under any of Section 408(b)(17) of ERISA or PTCE 84-14, 90-1, 91-38, 95-60, 96-23 or a similar exemption.

Class E Notes, Income Notes and Combination Notes

Equity participation in an entity by Benefit Plan Investors is "significant" under the Plan Asset Regulation (see above) 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," 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 an investing Plan, (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 fiduciary causing the Plan to make an equity investment in the Issuer could be deemed to have delegated its responsibility to manage Plan Assets. The term "Benefit Plan Investor" includes (i) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (ii) a plan described in and subject to 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 in the Issuer held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the Issuer, any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person (any of the foregoing, a "Controlling Person"), are 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.

The Income Notes and Combination Notes are not indebtedness under applicable local law and will be equity interests for purposes of applying ERISA and Section 4975 of the Code. Because the Class E Notes may be deemed to have "substantial equity features," the Class E Notes may be deemed to constitute equity interests for such purposes. Accordingly, purchases and transfers of Class E Notes, Income Notes and Combination Notes will be limited, so that less than 25% of the value of each of the Class E Notes, the Income Notes and the Combination Notes (including the Income Note Component of the Combination Notes) will be held by Benefit Plan Investors, by requiring each purchaser or transferee of a Class E Note, Income Note or Combination Note to make certain representations and agree to additional transfer restrictions described under "Notice to Investors." Benefit Plan Investors and Controlling Persons will not be permitted to purchase Regulation S Class E Notes, Regulation S Income Notes or Regulation S Combination Notes. No purchase of a Class E Note (other than a Regulation S Class E Note), Income Note (other than a Regulation S Income Note) or Combination Note (other than a Regulation S Combination Note) by, 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 any of the outstanding Class E Notes, Income Notes or Combination Notes (including the Income Note Component of the Combination Notes) immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulation and the Indenture and the Fiscal Agency Agreement), based upon the representations made by investors. In addition, the Initial Purchaser, the Collateral Manager and the Trustee agree that neither they nor any of their respective affiliates will acquire any Class E Notes, Income Notes or Combination Notes unless such acquisition would not, as determined by the Trustee, result in persons that have acquired Class E Notes, Income Notes or Combination Notes and represented that they are Benefit Plan Investors owning 25% or more of the outstanding Class E Notes, Income Notes or Combination Notes (including the Income Note Component of the Combination Notes) immediately after such acquisition by the Initial Purchaser, the Collateral Manager or the Trustee. Class

E Notes, Income Notes and Combination Notes held as principal by the Initial Purchaser, the Collateral Manager, 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 the 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 (other than Regulation S Class E Notes), Income Notes (other than Regulation S Income Notes) or Combination Notes (other than Regulation S Combination Notes) will be required to represent and agree that the acquisition and holding of the Class E Notes (other than Regulation S Class E Notes), Income Notes (other than Regulation S Income Notes) or Combination Notes (other than Regulation S Combination Notes) do not and will not constitute a prohibited transaction under ERISA or Section 4975 of the Code 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 which 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 (other than Regulation S Class E Notes), Income Notes (other than Regulation S Income Notes) or Combination Notes (other than Regulation S Combination Notes) will be asked (i) to identify the maximum percentage of the assets of the general account that may be or 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, Income Notes or Combination Notes as instructed by the Issuer, before the specified maximum percentage is exceeded. Insurance companies using general account assets that are Plan Assets may not purchase Regulation S Class E Notes, Regulation S Income Notes or Regulation S Combination Notes.

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 Notes, the Income Notes and the Combination 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 Notes, the Income Notes and the Combination 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 Notes or the Income 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 or the Initial Purchaser make any representation as to the proper characterization of the Notes or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes, Income Notes or Combination Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes, Income Notes or Combination 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 Notes or Income Notes) may affect the liquidity of the Notes or Income 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 Notes, Income Notes or Combination Notes are subject to investment, capital or other restrictions.

LISTING AND GENERAL INFORMATION

1. Application may be made to admit some or all of the Securities on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought, granted or maintained. Copies of this offering circular, the Memorandum and Articles of Association of the Issuer and the organization documents of the Co-Issuer, the Indenture, the Collateral Management Agreement, the Fiscal Agency 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 organizational documents of the Co-Issuer, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Securities, and the execution of the Indenture, the Deed of Covenant, the Fiscal Agency Agreement, the Collateral Management Agreement and the Hedge Agreements and the resolutions of the sole member of the Co-Issuer authorizing the issuance of the Notes, and the execution of the Indenture 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 Indenture, 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 Indenture 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 Indenture 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 Notes nor, so far as each of the Issuers is aware, is any such litigation or arbitration involving it pending or threatened.

6. The issuance of the Securities will be authorized by the Board of Directors of the Issuer by resolutions passed on or about the Closing Date. The issuance of the Notes will be authorized by the sole member of the Co-Issuer by action by written consent of the sole member passed on or about 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 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 Notes represented by Regulation S Global Notes and Rule 144A Global Notes are as indicated below:

	Regulation S Global Notes			Rule 144A Global Notes
	Common Code	CUSIP	ISIN	CUSIP
Class S Notes	027873472	G3640XAA8	USG3640XAA84	34957YAA5
Class A-1 Notes	027585167	G3640XAB6	USG3640XAB67	34957YAB3
Class A-2 Notes	027585299	G3640XAC4	USG3640XAC41	34957YAC1
Class B Notes	027585400	G3640XAD2	USG3640XAD24	34957YAD9
Class C Notes	027585531	G3640XAE0	USG3640XAE07	34957YAE7
Class D Notes	027585728	G3640XAF7	USG3640XAF71	34957YAF4
Class E Notes	027585914	G3640WAA0	USG3640WAA02	34957QAA2
Income Notes	027585981	G3640WAB8	USG3640WAB84	34957QAB0
Combination Notes	027596932	G3640WAC6	USG3640WAC67	34957QAD6

LEGAL MATTERS

Certain legal matters will be passed upon for the Collateral Manager by Kleinberg, Kaplan, Wolff & Cohen, PC. Certain matters with respect to Cayman Islands law will be passed upon for the Issuer by Maples and Calder. Certain legal matters will be passed upon for the Issuer and Goldman, Sachs & Co. by Orrick, Herrington & Sutcliffe LLP, New York, New York.

UNDERWRITING

The Offered Securities will be offered by Goldman, Sachs & Co. (the "Initial Purchaser"), from time to time at varying prices in negotiated transactions subject to prior sale, when, as and if issued. Subject to the terms and conditions set forth in the Purchase Agreement (the "Purchase Agreement") dated as of December 7, 2006 among Goldman, Sachs & Co. and the Issuers, the Issuers have agreed to sell to Goldman, Sachs & Co. and Goldman, Sachs & Co. has agreed to purchase all of the Notes, the Income Notes and the Combination Notes.

Under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. is committed to take and pay for all the Offered Securities to be offered by it, if any are taken. Furthermore, under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. will be entitled to an underwriting discount on the Offered Securities purchased by it and a fixed structuring fee based upon the aggregate principal amount of the Notes, aggregate notional amount of the Income Notes and aggregate amount of the Combination Notes.

The Offered Securities purchased from the Issuers by the Initial Purchaser will be offered by it 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 Offered 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 Offered Securities in the United States only to (1) Qualified Institutional Buyers in reliance on Rule 144A purchasing for their own accounts or for the accounts of Qualified Institutional Buyers or (2) in the case of the Income Notes and Combination Notes only, 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 Regulation S Notes and the Rule 144A Notes offered hereby and for the Income Notes and Combination Notes within each Class of Securities.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes, Regulation S Income Notes or Regulation S Combination Notes purchased by it to, or for the account or benefit of, any U.S. Person or U.S. Resident (as determined for purposes of the Investment Company Act) as part of its distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes, Regulation S Income Notes or Regulation S Combination Notes purchased by it a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes, Regulation S Income Notes or Regulation S Combination 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 Notes by the Initial Purchaser, with respect to offers or sales of the Notes and (y) one year after the commencement of the distribution of the Income Notes or Combination Notes, with respect to offers or sales of the Income Notes or Combination Notes, respectively, purchased by Goldman, Sachs & Co., an offer or sale of 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.

The Initial Purchaser has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom. See "Underwriting."

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 Securities 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 (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Securities under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

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 Offered Securities.

Buyers of Regulation S Securities 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 it may make a market in the Securities it is offering 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 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, granted or maintained.

The Issuers have agreed to indemnify the Initial Purchaser, the Collateral Manager, 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 their 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 the Initial Purchaser.

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Certain Definitions

"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.

"Accounts" means collectively, the Collection Account, the Payment Account, the Expense Reserve Account, the Hedge Termination Receipts Account, the Hedge Replacement Account, the Hedge Collateral Account, the Default Swap Collateral Account, the Synthetic Security Collateral Account and the Collateral Account.

"Actual Rating" means with respect to any Collateral Asset or Eligible Investment, the actual expressly monitored outstanding public 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 or Eligible Investment, 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. For purposes of this definition, (i) the rating of "Aaa" assigned by Moody's to a Collateral Asset or an Eligible Investment 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 or an Eligible Investment 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 or an Eligible Investment placed on watch for possible downgrade by S&P will be deemed to have been downgraded by S&P by one subcategory, and (iii) the rating assigned by Moody's or S&P to a Collateral Asset or Eligible Investment placed on watch for possible upgrade by such Rating Agency will be deemed to have been upgraded by such Rating Agency by one subcategory.

"Adjusted Net Outstanding Portfolio Collateral Balance" means, on any Determination 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.$500,000,000 and the denominator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date over (ii) the product of (a) U.S.$3,550,000 and (b) the lesser of 1 and a fraction the numerator of which is the sum of (I) the Net Outstanding Portfolio Collateral Balance as of such Determination Date and (II) 10% of the excess, if any, of the aggregate Principal Balances of the Downgraded Double B Rated Assets over U.S.$50,000,000 and the denominator of which is U.S.$500,000,000.

"Administrative Expenses" means amounts (including 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 Indenture or any co-trustee appointed pursuant to the Indenture, the Collateral Administrator pursuant to the Collateral Administration Agreement and the Fiscal Agent pursuant to the Fiscal Agency Agreement; (ii) the Issuer Administrator pursuant to the Administration Agreement; (iii) the independent accountants, agents (including the Note Agents under the Indenture, the Income Note Registrar and the Combination Note Registrar) 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 Collateral Manager pursuant to the Collateral Management Agreement (other than the Collateral Management Fee); (v) the Rating Agencies for fees and expenses in connection with any rating or credit estimate (including the fees payable to the Rating Agencies for the monitoring of any rating or credit estimate) of the Notes, including fees and expenses, if any, due or accrued in connection with any rating of the Collateral Assets; (vi) any other person in respect of any governmental fee, charge or tax in relation to the Issuer or the Co-Issuer; (vii) to the liquidator(s) of the Issuer for the fees and expenses of liquidating the Issuer following the redemption of all of the Notes; (viii) any stock exchange listing any Securities at the request of the Issuer; and (ix) 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 Notes and the Income Notes, (c) amounts payable under any Hedge Agreement and (d) any Collateral Management Fee payable pursuant to the Collateral Management Agreement.

"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 Income Notes, the aggregate principal amount of such Notes or Income Notes 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 and the amount of any cash which constitutes Principal Proceeds.

"Aggregate S&P Recovery Value" means the sum of, with respect to each Defaulted Obligation and each Deferred Interest PIK Bond of the lesser of (a) the Market Value for such Defaulted Obligation or Deferred Interest PIK Bond, as applicable, and (b) the S&P Recovery Rate for such Collateral Asset multiplied by the Principal Balance of such Collateral Asset.

"Applicable Recovery Rate" means, with respect to any Collateral Asset on any Determination Date, the lesser of the Moody's Recovery Rate and the S&P Recovery Rate.

"Asset-Backed Securities" or "ABS Securities" means ABS Student Loan Securities.

"Auction Payment Date" means the Auction Date on which the Notes, Income Notes and Combination Notes are redeemed in whole in connection with a successful Auction.

"Bespoke Reference Obligation" means a RMBS or other security for the RMBS Bespoke Reference Portfolio.

"Bespoke Reference Obligor" means the issuer of a Bespoke Reference Obligation.

"Board of Directors" means, with respect to the Issuer or the Co-Issuer, the directors of the Issuer or the Co-Issuer, as applicable, duly appointed by the shareholders or the directors of the Issuer or the Co-Issuer, as applicable.

"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.

"Class" means each class of Notes having the same Stated Maturity and same alphabetical (but not necessarily numerical) designation of any of "S", "A", "B", "C", "D" or "E" as a single class, and the Income Notes as a single class.

"Class A-1 Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided* by the aggregate outstanding principal amount of the Class A-1 Notes, after giving effect to payments to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class A-1 Note Redemption Price" shall equal (i) the outstanding principal amount of the Class A-1 Notes *plus* (ii) accrued and unpaid interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to but excluding the Redemption Date.

"Class A-2 Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided* by the aggregate outstanding principal amount of the Class A-1 Notes and the Class A-2 Notes, after giving effect to payments to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class A-2 Note Redemption Price" shall equal (i) the outstanding principal amount of the Class A-2 Notes *plus* (ii) accrued and unpaid interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to but excluding the Redemption Date.

"Class B Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided* by the sum of the aggregate outstanding principal amount of the Class A Notes and the Class B Notes, after giving effect to payments, as applicable to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class B Note Redemption Price" shall equal (i) the outstanding principal amount of the Class B Notes, *plus* (ii) accrued interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to, but excluding, the Redemption Date.

"Class C Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided by* the sum of the aggregate outstanding principal amount of the Class A Notes, the Class B Notes and the Class C Notes, after giving effect to payments, as applicable, to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class C 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 C 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 C Notes (including the Class C Component) (without duplication).

"Class C Note Redemption Price" shall equal the sum of (i) the outstanding principal amount of the Class C Notes (including any Class C Deferred Interest) *plus* (ii) accrued interest thereon (including any Defaulted Interest and any interest on Defaulted Interest, if any) to but excluding the Redemption Date.

"Class D Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided by* the sum of the aggregate outstanding principal amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, after giving effect to payments, as applicable, to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class D Note Redemption Price" shall equal the sum of (i) the outstanding principal amount of the Class D Notes (including any Class D Deferred Interest) *plus* (ii) accrued interest thereon (including any Defaulted Interest and any interest on Defaulted Interest, if any) to but excluding the Redemption Date.

"Class E Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance (for the purposes of such calculation, the Adjusted Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *divided by* the sum of the aggregate outstanding principal amount of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, after giving effect to payments, as applicable, to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class E Note Redemption Price" shall equal the sum of (i) the outstanding principal amount of the Class E Notes (including any Class E Deferred Interest) *plus* (ii) accrued interest thereon (including any Defaulted Interest and any interest on Defaulted Interest, if any) to but excluding the Redemption Date.

"Class S Note Redemption Price" shall equal (i) the outstanding principal amount of the Class S Notes, *plus* (ii) accrued interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to, but excluding, the Redemption Date.

"Class S Notes Amortizing Principal Amount" means, with respect to any Payment Date commencing with the Payment Date in March 2007, U.S.$334,211, *plus* the aggregate amount of any Class S Notes Amortizing Principal Amounts that were due on any prior Payment Date and not paid on one or more prior Payment Dates, *plus* accrued interest on any such unpaid amount from the prior Payment Date (with the amount of such accrued interest being added to the Class S Notes Amortizing Principal Amount for such Payment Date).

"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 Repack Securities" means a security that entitles the holders thereof to receive payments that depend on the cash flow from a portfolio of all (100%) CMBS, REIT Debt Securities and other interests in commercial mortgage loans or similar commercial real estate interests or a portfolio that references such credits synthetically.

"Collateral Account" means a segregated non-interest bearing trust account, including all sub-accounts thereof, held in the name of the Trustee into which Collateral will be deposited from time to time.

"Collateral Administration Agreement" means the Collateral Administration Agreement, dated as of the Closing Date, among the Issuer, the Collateral Administrator and the Collateral Manager, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Collateral Administrator" means The Bank of New York Trust Company, National Association, or any successor Collateral Administrator under the Collateral Administration Agreement.

"Combination Note Registrar" means The Bank of New York Trust Company, National Association, as combination note registrar for the Combination Notes.

"Commercial Mortgage-Backed Securities" or "CMBS" 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 and CMBS Repack Securities.

"Controlling Class" will be the Class S Notes and the Class A-1 Notes for so long as any Class S Notes and Class A-1 Notes are outstanding; if no Class S Notes are outstanding but Class A-1 Notes are outstanding, then the Class A-1 Notes; if no Class S Notes or Class A-1 Notes are outstanding, then the Class A-2 Notes, so long as any Class A-2 Notes are outstanding, then the Class B Notes, so long as any Class B Notes are outstanding; if no Class S Notes, Class A Notes or Class B Notes are outstanding, then the Class C Notes, so long as any Class C Notes are outstanding, if no Class S Notes, Class A Notes, Class B Notes or Class C Notes are outstanding, then the Class D Notes, so long any Class D Notes are outstanding; and if no Class S Notes, Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, then the Class E Notes, so long as any Class E Notes are outstanding. Each Class of Notes having the same Stated Maturity and same priority, and the Income Notes as a single class, is referred to herein as a "Class."

"CSA" means the ISDA Credit Support Annex attached to and part of the initial Hedge Agreement.

"Deed of Covenant" means the deed of covenant executed by the Issuer on or about the Closing Date constituting the Income Notes.

"Defaulted Hedge Termination Payments" means any termination payment required to be made by the Issuer to the Hedge Counterparty pursuant to a Hedge Agreement in the event of a termination of a Hedge Agreement in respect of which such Hedge Counterparty is the sole Defaulting Party or the sole Affected Party (as defined in the Hedge Agreement), other than with respect to "Illegality" or "Tax Event" (as defined in the Hedge Agreement).

"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 Synthetic Security).

"Defaulted Obligation" means any Collateral Asset with respect to which:

(i) there has occurred and is continuing for the lesser of 3 Business Days and any applicable grace period, 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 a 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 such Determination Date (and the Collateral Manager shall determine whether a default has occurred and is continuing 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 Collateral Manager believes the default on such Collateral Asset will be cured as of the next Determination Date, such Collateral Asset does not have an S&P Rating of "CC" or lower, "D" or "SD" and the Rating Agency Condition has been satisfied relative to such treatment;

(ii) the principal amount of such Collateral Asset has been written down;

(iii) 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 (iii) 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, and (III) such proceeding remains unstayed and undismissed for 60 days;

(iv) such Collateral Asset has an S&P Rating of "CC" or lower, "D" or "SD" or, if S&P withdraws its rating and the S&P Rating at the time of withdrawal is "CCC" or below or such Collateral Asset has a Moody's Rating of "C" or lower or "Ca"; or

(v) the Collateral Manager believes that such Collateral Asset will default on or before the next Determination Date.

"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; *provided*, that, for the purpose of calculating the Overcollateralization Ratios, (1) if a PIK Bond has an Actual Rating of "Baa3" or above by Moody's and makes payments less frequently than monthly and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of two payment periods or one year, or (2) if a PIK Bond has an Actual Rating of "Baa3" or above by Moody's and makes payments on a monthly basis and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of (i) one year and (ii) the longer of (A) the number of months between any two consecutive deferrals of interest and (B) six months or (3) if a PIK Bond has an Actual Rating of "Ba1" or below by Moody's and makes payments less frequently than monthly and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of one payment period or six months, or (4) if a PIK Bond has an Actual Rating of "Ba1" or below by Moody's and makes payments on a monthly basis and has deferred interest in an amount equal to the amount of interest that would accrue over three months, such a security shall be deemed to be a Deferred Interest PIK Bond.

"Discount Asset" means any Collateral Asset with a Purchase Price less than 95%.

"Distribution Compliance Period" means, with respect to the Notes, the period that ends 40 days after the later of (i) the commencement of the offering of the Notes and (ii) the Closing Date.

"Double B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Double B Rated Asset and (ii) 100%; *provided, however*, that if the aggregate Principal Balances of Downgraded Double B Rated Assets is greater than U.S.$50,000,000, then the "Double B Calculation Amount" will be the sum of (A) the Principal Balance of each Double B Rated Asset that is not a Downgraded Double B Asset, (B) U.S.$50,000,000, and (C) the product of (i) the Principal Balance of all Downgraded Double B Rated Assets *minus* U.S.$50,000,000 and (ii) 90%, *provided, further, however*, that for the purposes of calculating the Class E Overcollateralization Ratio and the Class E Adjusted Overcollateralization Ratio the Double B Calculation Amount will be calculated as set forth above except that (a) the Principal Balance of any asset with an Actual Rating from S&P of less than "BBB-" or with an Actual Rating from Moody's of less than "Baa3" which, in either case, has been downgraded more than one notch from its initial rating as of its issuance shall be multiplied by 80% and (b) the Principal Balance of any asset with an Actual Rating from S&P equal to "BB-" or with an Actual Rating from Moody's equal to "Ba3" shall be multiplied by 75%. For the avoidance of doubt, if both clauses (a) and (b) above are applicable, the Double B Calculation Amount shall be calculated with respect to any such asset using the product of the Principal Balance thereof and 75%.

"Double B Rated Asset" means any Collateral Asset that is not a Single B Rated Asset or Triple C Rated Asset with an Actual Rating from S&P less than "BBB-" or with an Actual Rating from Moody's less than "Baa3".

"Downgraded Double B Rated Asset" means any Collateral Asset with original ratings at issuance of at least "Baa3" by Moody's (if rated by Moody's) and at least "BBB-" by S&P (if rated by S&P) that has been downgraded to become a Double B Rated Asset.

"Eligible Bidders" are (i) any institutions, which may include affiliates of the Initial Purchaser, the Collateral Manager and Holders of the Notes, the Income Notes and the Combination Notes, whose short-term unsecured debt obligations have a rating of at least "P-1" by Moody's or "A-1+" by S&P and (ii) the Collateral Manager.

"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, and 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 Trustee, is one or more of the following obligations or securities (including security entitlements with respect 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 "Aa3" (and if rated "Aa3", not on watch for downgrade), as applicable, in the case of a maturity in excess of 30 days, or 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 "Aa3" (and if rated "Aa3", 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 no later than 30 days after the date of purchase and may not, other than overnight investments from The Bank of New York Trust Company, National Association (so long as The Bank of New York Trust Company, National Association is the Trustee under the Indenture), exceed 20% of the Aggregate Outstanding Amount of the Notes rated by S&P. Eligible Investments shall not include any RMBS, CMBS, any inverse floater, any security subject to withholding tax if owned by the Issuer, any security subject to an offer, any interest only security, any principal only security (other than treasury bills or commercial paper) or any security with a price in excess of 100% of par or any security the repayment of which is dependent on substantial non-credit related risk as determined by the Collateral Manager. 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 Securities Intermediary, 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 Securities Intermediary, the Trustee, the Collateral Manager or the Initial Purchaser or an affiliate of the Trustee, the Collateral Manager or the Initial Purchaser provides services. As used in this definition, ratings may not include ratings with an "r", "p", "q", "pi" or "t" subscript.

"Final Payment Date" means a Payment Date with respect to an Optional Redemption, a Payment Date in connection with the Stated Maturity, Tax Redemption, an Auction or redemption due to an Event of Default resulting in acceleration of the Notes and liquidation of the Collateral in full.

"First Trigger Event" means neither the Hedge Counterparty nor its guarantor satisfies the Hedge Counterparty Ratings Requirement (First Trigger).

"First Trigger Collateralization Level" applies at any time (i) a First Trigger Event has occurred and been continuing either (x) for thirty (30) or more Business Days or (y) since the CSA was executed and (ii) the Second Trigger Collateralization Level does not apply. For the avoidance of doubt, the First Trigger Collateralization Level shall cease to apply at any time the Hedge Counterparty or its guarantor satisfies the Hedge Counterparty Ratings Requirement (First Trigger).

"Hedge Collateral" means, any cash, securities or other collateral delivered and/or pledged by the Hedge Counterparty to or for the benefit of the Issuer, including, without limitation, any upfront 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" means Interest Rate Swap Counterparties and Cashflow Swap Counterparties; UBS AG, London Branch shall be the initial Interest Rate Swap Counterparty and the initial Cashflow Swap Counterparty.

"Hedge Counterparty Ratings Requirement (First Trigger)" means, with respect to a party: (I) (x) such party's short-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "P-1" and its long-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "A2"; or (y) if such party does not have a short-term unsecured and unsubordinated debt or counterparty rating from Moody's, its long-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "A1"; and (II) (x) such party's short-term unsecured and unsubordinated debt or counterparty rating from S&P is at least "A-1" or (y) if such party does not have a short-term unsecured and unsubordinated debt or counterparty rating from S&P, its long-term unsecured and unsubordinated debt or counterparty rating from S&P is at least "A+".

"Hedge Counterparty Ratings Requirement (Second Trigger)" means, with respect to a party: (I) such party's short-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "P-2" and its long-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "A3"; or (II) if such party does not have a short-term unsecured and unsubordinated debt or counterparty rating, its long-term unsecured and unsubordinated debt or counterparty rating from Moody's is at least "A3"; and (III) such party's long-term unsecured and unsubordinated debt or counterparty rating from S&P is at least "BBB-."

"Hedge Receipt Amount" means, with respect to the Hedge Agreements and any Payment Date, any Hedge Agreement receipts, including any other amounts so payable in respect of a termination of any Hedge Agreement.

"Holder" or "Noteholder" means, with respect to any Note the person in whose name such Note is registered, or, for purposes of voting, the granting of consents and other similar determinations under the Indenture, with respect to any Notes in global form, a beneficial owner thereof, with respect to any Income Note, the person in whose name such Income Note is registered in the income note register of the Issuer and, with respect to any Combination Note, the person in whose name such combination note is registered in the combination note register of the Issuer.

"Implied Rating" means, in the case of a rating on a Collateral Asset, 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 used in this definition, ratings may not include ratings with a "p", "pi", "q", "r" or "t" subscript or any other qualifiers.

"Income 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 Income Notes allocable to, and represented by, the Combination Notes and (ii) the denominator of which is equal to the aggregate principal amount of the Income Notes (including the Income Note Component) (without duplication).

"Income Note Registrar" means The Bank of New York Trust Company, National Association, as income note registrar for the Income Notes.

"Interest Proceeds" means Proceeds other than Principal Proceeds.

"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.

"Liquidation Proceeds" means with respect to any Optional Redemption, Tax Redemption or the Final Payment Date including, without duplication, (i) all Sale Proceeds from Collateral Assets and Default Swap Collateral sold in connection with such redemption *minus* any termination payments (other than Defaulted Synthetic Security Termination Payments) due to the Synthetic Security Counterparty from the Default Swap Collateral Account in connection with the termination of the Synthetic Securities, (ii) the aggregate amount received by the Issuer net of any amount required to be paid 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 therefor, including any amounts designated by the Collateral Manager as retained for reinvestment in Eligible Investments (and also including any payments received under any Hedge Agreements on or prior to the day preceding the Payment Date, but only to the extent that such payments are required to be paid as a result of an Optional Redemption or Tax Redemption of Notes), in each case as determined by the Collateral Manager.

"Majority" means (a) with respect to any Class or Classes of Notes, the Holders of more than 50% of the aggregate outstanding principal amount of such Class or Classes of Notes and (b) with respect to the Income Notes, the Holders of more than 50% of the notional principal amount of Income Notes.

"Market Value" means, with respect to the Collateral Assets and/or Eligible Investments, (i) the average of three bona fide bids for such Collateral Asset or Eligible Investment obtained by the Collateral Manager at such time from any three nationally recognized dealers, which dealers are Independent from one another and from the Collateral Manager, or (ii) if the Collateral Manager is unable to obtain three such bids, the lesser of two bona fide bids for such Collateral Asset or Eligible Investment obtained by the Collateral Manager at such time from any two nationally recognized dealers acceptable to the Collateral Manager, which dealers are Independent from one another and from the Collateral Manager, or (iii) if the Collateral Manager is unable to obtain two such bids, one bona fide bid for such Collateral Asset or Eligible Investment obtained by the Collateral Manager at such time from any nationally recognized dealer acceptable to the Collateral Manager, which dealer is Independent from the Collateral Manager, or (iv) in the event the Collateral Manager is unable to obtain one such bid, the price on such date provided to the Collateral Manager by an Independent pricing service, or (v) in the event the Collateral Manager cannot in good faith determine the market value of such Collateral Asset or Eligible Investment using commercially reasonable efforts to apply the methods specified in clauses (i) through (iv) above, as determined in good faith by the Collateral Manager using commercially reasonable efforts to apply its reasonable business judgment. If the method of determining Market Value is based solely on the Collateral Manager's determination, such Market Value shall be considered zero after 30 days: *provided*, that such Market Value shall only be considered zero until the first day on which the Market Value of such Collateral Obligation can be calculated in accordance with any of subclauses (i) through (iv) above.

"Minimum Bid Amount" is an amount equal to the sum of (a) the Redemption Price with respect to the Auction Payment Date, (b) any amount payable by the Issuer to the Hedge Counterparties upon termination of the Hedge Agreements less any amounts payable by the Hedge Counterparty to the Issuer

upon the termination of the Hedge Agreements, (c) unpaid Defaulted Synthetic Security Termination Payments, (d) accrued and unpaid Collateral Management Fees and (e) 101% of all unpaid expenses of the Issuer, less amounts on deposit in the Accounts which are available to redeem the Notes or pay amounts provided in clauses (b) through (d) above which would not include amounts on deposit in the Default Swap Collateral Account due to the Synthetic Security Counterparty including termination payments (other than Defaulted Synthetic Security Termination Payments).

"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 Schedule G to the Indenture, 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 Collateral Manager at least once a year for the purposes of this calculation.

"Moody's Rating" means the rating determined in accordance with the methodology described in the Indenture.

"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 D to the Indenture; *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 Moody's Recovery Rate of 0%, (B) Defaulted Obligations which exceed 1.00% of the Aggregate Principal Amount and have been defaulted for more than 2 years shall be deemed to have a Moody's Recovery Rate of 0%; and (C) Defaulted Obligations which have been defaulted for more than 3 years shall be deemed to have a Moody's Recovery Rate of 0%.

"Net Outstanding Portfolio Collateral Balance" means, on any Determination Date, an amount equal to (i) the aggregate Principal Balance on such Determination 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, *minus* (iii) the aggregate Principal Balance on such date of determination of all Collateral Assets that are (A) Defaulted Obligations, (B) Deferred Interest PIK Bonds, (C) Double B Rated Assets, (D) Single 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, Double B Rated Asset, Single 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.

"Overcollateralization Ratios" means the Class A/B Overcollateralization Ratio, the Class A-1 Adjusted Overcollateralization Ratio, the Class A-2 Adjusted Overcollateralization Ratio, the Class B Adjusted Overcollateralization Ratio, the Class C Overcollateralization Ratio, the Class C Adjusted Overcollateralization Ratio, the Class D Overcollateralization Ratio, the Class D Adjusted Overcollateralization Ratio, the Class E Overcollateralization Ratio and the Class E Adjusted Overcollateralization Ratio.

"PIK Bond" means a RMBS Bespoke Security or a CMBS Repack Security 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 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 least of (a) the Moody's Recovery Rate and (b) the S&P Recovery Rate for such Collateral Asset until such time as Proceeds are first received when due with respect to such Collateral Asset; (ii) the Principal Balance of each Defaulted Obligation shall be deemed to be zero, except (A) for purposes of the calculation of the Coverage Tests, in which case, the Principal Balance of Defaulted Obligations shall equal their respective outstanding principal amount (unless otherwise indicated in such tests), (B) for purposes of calculating any trustee fees and the Collateral Management Fee, the Principal Balance of each Defaulted Obligation shall equal the Calculation Amount for such Defaulted Obligations and (C) as otherwise expressly indicated; (iii) the Principal Balance of any cash shall be the amount of such cash; (iv) the Principal Balance of any Collateral Assets and any Eligible Investments in which the Trustee does not have a perfected security interest shall be deemed to be zero; (v) the Principal Balance of any Collateral Asset that is an equity security shall be deemed to be zero; (vi) the Principal Balance of a Synthetic Security shall be the notional amount of such Synthetic Security; and (vii) the Principal Balance of any Default Swap Collateral shall be deemed to be zero as long as the related Synthetic Security is outstanding. Notwithstanding the foregoing, the Principal Balance of any Discount Asset shall be deemed to be the outstanding principal amount of such Discount Asset multiplied by its Purchase Price.

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of: (i) 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 Default Swap 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), recoveries on Defaulted Obligations up to the par amount of such Defaulted Obligation; (ii) Sale Proceeds received by the Issuer during such Due Period (excluding accrued interest on sold or disposed Collateral Assets or Eligible Investments); (iii) all amendment, waiver, late payment fees, restructuring and other fees and commissions collected during the related Due Period in respect of Defaulted Obligations up to the par amount; (iv) any proceeds resulting from the termination, replacement and liquidation of any Hedge Agreement to the extent such proceeds exceed the cost of entering into a replacement Hedge Agreement received during the period commencing on the day after the first Payment Date following the commencement of such Due Period (or the Closing Date, in the case of the first Due Period) and ending on and including the first Payment Date following the end of such Due Period; and (v) all payments received in cash by the Issuer during such Due Period that represent call, prepayment or redemption premiums but not in excess of the purchase premium paid thereon; *provided, however*, that Principal Proceeds shall not include any accrued interest or any funds from the Income Note Payment Account and any Excepted Property.

"Proceeds" means, with respect to any Due Period, without duplication, (i) all amounts received by the Trustee with respect to the Collateral Assets (excluding principal payments received on any related Default Swap Collateral for so long as the related Synthetic Security remains outstanding unless otherwise provided in the Indenture but including all investment income on Default Swap Collateral and excluding any payments of interest on Collateral Assets subject to the Cashflow Swap Agreements which are non-monthly pay securities), (ii) all amounts received as amendment, waiver, late payment fees and commissions collected during the Due Period on Collateral Assets, (iii) all amounts received with respect to Eligible Investments in the Accounts, (iv) any amounts to be released or withdrawn on the related Payment Date from the Expense Reserve Account and (v) all amounts received under any Hedge Agreements relating to the Due Period, including Principal Proceeds.

"Purchase Price" means the percentage of the par amount of a Collateral Asset paid by the Issuer for such Collateral Asset.

"Quarterly Payment Date" means the 2nd day of every February, May, August and November, or if any such date is not a Business Day, the immediately following Business Day, commencing on February 2, 2007.

"Rating Agency Condition" means, with respect to any action taken or to be taken under the Transaction Documents, a condition that is satisfied when each Rating Agency has confirmed in writing to the Issuer and the Collateral Manager that such action will not result in the immediate withdrawal, reduction or other adverse action with respect to any then-current rating of any Class of Notes or the Income Notes.

"Redemption Date" means any Tax Redemption Date or Optional Redemption Date.

"Redemption Price" is the Class S Note Redemption Price, the Class A-1 Note Redemption Price, the Class A-2 Note Redemption Price, the Class B Note Redemption Price, the Class C Note Redemption Price, the Class D Note Redemption Price and the Class E Note Redemption Price, as applicable.

"Reference Obligation" means a RMBS or CMBS upon which a Synthetic Security is based and that satisfies the criteria set forth in the definition of 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.

"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).

"Residential Mortgage-Backed Securities" or "RMBS" means securities that represent interests in pools of residential mortgage loans secured by 1 to 4 family residential mortgage loans and shall include, without limitation, RMBS Prime Mortgage Securities, RMBS Bespoke Synthetic Repackaging Securities, RMBS Midprime Mortgage Securities and RMBS Subprime Mortgage Securities.

"RMBS Bespoke Reference Portfolio" means a portfolio of credit default swaps that reference Bespoke Reference Obligations which have been entered into by the issuer of a RMBS Bespoke Synthetic Repackaging Security as seller of credit protection.

"RMBS Bespoke Synthetic Repack Counterparty" means the buyer of credit protection on the RMBS Bespoke Reference Portfolio facing the issuer of a RMBS Bespoke Synthetic Repackaging Security.

"RMBS Bespoke Synthetic Repackaging Securities" or "RMBS Bespoke Securities" means debt securities that entitle the holder thereof to receive payments that depend on the cashflow from a RMBS Bespoke Reference Portfolio.

"RMBS Midprime Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Subprime Mortgage Securities and RMBS Prime 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 RMBS) on the cash flow from midprime 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 Prime Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Subprime Mortgage Securities and RMBS Midprime 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 RMBS) 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 Subprime Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Prime Mortgage Securities and RMBS Midprime 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 RMBS) 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 Rating" means the rating determined in accordance with the methodology described in the Indenture.

"S&P Recovery Rate" means, with respect to a Collateral Asset on any Determination 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 D to the Indenture 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, net of any reasonable amounts expended by the Collateral Manager or the Trustee in connection with such sale or other disposition.

"Second Trigger Collateralization Level" applies at any time a Second Trigger Event has occurred and been continuing for thirty (30) or more Business Days. For the avoidance of doubt, the Second Trigger Collateralization Level shall cease to apply at any time the Hedge Counterparty or its guarantor satisfies the Hedge Counterparty Ratings Requirement (Second Trigger).

"Second Trigger Event" means neither the Hedge Counterparty nor its guarantor satisfies the Hedge Counterparty Ratings Requirement (Second Trigger).

"Servicer" means, with respect to any Issue of Collateral Assets, the entity that, absent any default, event of default or similar condition (however described), is primarily responsible for monitoring and otherwise administering the cash flows 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.

"Single B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Single B Rated Asset and (ii) 80%; *provided, however*, that for the purposes of calculating the Class E Overcollateralization Ratio and the Class E Adjusted Overcollateralization Ratio the Single B Calculation Amount will be calculated as set forth above except that the Principal Balance of any asset with an Actual Rating from S&P of less than "BB-" or with an Actual Rating from Moody's of less than "Ba3" shall be multiplied by 70%.

"Single B Rated Asset" means any Collateral Asset, that is not 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".

"Statistical Loss Amount" means, as of any Determination Date, the sum of, for each Collateral Asset that is not a Double B Rated Asset (other than Downgraded Double B Rated Assets having an aggregate Principal Balance in an amount not to exceed U.S.$50,000,000), the product of (i) the Principal Balance of such Collateral Asset and (ii) the Moody's Expected Loss Rate as set forth in the Indenture for such Collateral Asset. For purposes of the calculation of the Statistical Loss Amount on any Determination Date with respect to Single B Rated Assets, Deferred Interest PIK Bonds, Downgraded Double B Rated Assets, Triple C Rated Assets, Defaulted Obligations and the principal amount of any Collateral Assets expected to be paid in full after the February 2042 Payment Date, the principal amount thereof expected to be paid after the Payment Date related to such Determination Date shall be excluded.

"SupraMajority" means (a) with respect to any Class of Notes, the Holders of more than 66-2/3% of the aggregate outstanding principal amount of such Class of Notes and (b) with respect to the Income Notes, more than 66-2/3% of the aggregate outstanding notional principal amount of the Income Notes.

"Synthetic Security" means the credit default swaps entered into by the Issuer and Goldman Sachs International on the Closing Date, evidenced by an ISDA Master Agreement (Multicurrency Cross Border) and one or more confirmations.

"Synthetic Security Counterparty" means Goldman Sachs International and, if Goldman Sachs International is no longer the Synthetic Security Counterparty, any entity required to make payments on a Synthetic Security pursuant to the terms of such Synthetic Security or any guarantee thereof.

"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.

"Total Redemption Amount" means the sum of (a) all amounts due as of the Redemption Date pursuant to clauses (i), (ii), (iii) (other than amounts otherwise payable pursuant to subsection (c) thereof), (iv), (v), (xix) and (xxi) of the Priority of Payments (for Payment Dates other than Final Payment Dates) and (b) the Redemption Prices of the Notes.

"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) 70%; *provided, however*, that for the purposes of calculating the Class E Overcollateralization Ratio and the Class E Adjusted Overcollateralization Ratio the Triple C Calculation Amount will be calculated as set forth above except that the Principal Balance of any Triple C Rated Asset shall be multiplied by 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".

APPENDIX B

Collateral Asset Descriptions and Transaction Summaries

RMBS Par Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Principal Balance	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Maturity
11134DAA5	BRDH 2004-A SUB	BRDH 2004-A	$5,000,000	1.0000	$5,000,000	$5,000,000	$85,000,000	$85,000,000	5/27/04	LIBOR01M	5/20/2009
76116LCM4	RESIX 2005-D B7	RESIX 2005-D	$1,500,000	0.9823	$1,473,397	$1,473,397	$20,183,000	$20,183,000	12/15/05	LIBOR01M	12/15/2037
76116LCT9	RESIX 2006-A B8	RESIX 2006-A	$2,006,000	0.9912	$1,988,400	$1,988,400	$7,206,000	$7,206,000	3/23/06	LIBOR01M	3/15/2038
76116LCZ5	RESIX 2006-1 B8	RESIX 2006-1	$1,346,000	0.9882	$1,330,073	$1,330,073	$2,596,000	$2,596,000	6/6/06	LIBOR01M	12/25/2037
004421VB6	ACE 2006-NC1 M8	ACE 2006-NC1	$7,500,000	1.0000	$7,500,000	$7,500,000	$16,553,000	$1,324,265,728	1/30/06	synthetic sprd	12/25/2035
59020UK79	MLMI 2005-SL3 B2	MLMI 2005-SL3	$7,500,000	1.0000	$7,500,000	$7,500,000	$6,391,000	$375,991,445	11/10/05	synthetic sprd	7/25/2036
0738793U0	BSABS 2005-HE11 M7	BSABS 2005-HE11	$7,500,000	1.0000	$7,500,000	$7,500,000	$8,334,000	$641,048,174	11/30/05	synthetic sprd	11/25/2035
073879WE4	BSABS 2005-HE5 M5	BSABS 2005-HE5	$7,500,000	1.0000	$7,500,000	$7,500,000	$6,784,000	$521,865,619	5/31/05	synthetic sprd	6/25/2035
542514PY4	LBMLT 2005-WL3 M8	LBMLT 2005-WL3	$7,500,000	1.0000	$7,500,000	$7,500,000	$25,199,000	$2,191,257,007	11/30/05	synthetic sprd	11/25/2035
59020UZW8	MLMI 2005-NCA B2	MLMI 2005-NCA	$7,500,000	1.0000	$7,500,000	$7,500,000	$4,038,000	$244,749,252	8/30/05	synthetic sprd	2/25/2036
64352VLR0	NCHET 2005-3 M8	NCHET 2005-3	$7,500,000	1.0000	$7,500,000	$7,500,000	$33,361,000	$2,900,967,526	6/24/05	synthetic sprd	7/25/2035
004375ES6	ACCR 2005-4 M8	ACCR 2005-4	$7,500,000	1.0000	$7,500,000	$7,500,000	$11,951,000	$1,195,114,021	11/23/05	synthetic sprd	12/25/2035
86359DTY3	SASC 2005-S6 M8	SASC 2005-S6	$7,500,000	1.0000	$7,500,000	$7,500,000	$7,297,000	$503,224,031	10/28/05	synthetic sprd	11/25/2035
76113RAD6	RESIF 2006-B B6	RESIF 2006-B	$10,000,000	0.9970	$9,969,607	$9,969,607	$23,910,000	$15,940,298,133	6/28/06	LIBOR01M	7/15/2038
76116LDJ0	RESIX 2006-C B7	RESIX 2006-C	$4,000,000	0.9996	$3,998,573	$3,998,573	$20,662,000	$20,662,000	9/28/06	LIBOR01M	7/15/2038
76116LDK7	RESIX 2006-C B8	RESIX 2006-C	$3,000,000	0.9996	$2,998,930	$2,998,930	$20,662,000	$20,662,000	9/28/06	LIBOR01M	7/15/2038
00257WAA7	ABAC 2006-11A D	ABAC 2006-11A	$10,000,000	1.0000	$10,000,000	$10,000,000	$10,000,000	$176,562,500	9/20/06	LIBOR01M	9/28/2045
813765AH7	SABR 2006-FR3 B2	SABR 2006-FR3	$3,500,000	1.0000	$3,500,000	$3,500,000	$12,839,000	$982,497,630	8/3/06	LIBOR01M	5/25/2036
362341KK4	GSAMP 2005-HE4 B2	GSAMP 2005-HE4	$7,500,000	1.0000	$7,500,000	$7,500,000	$18,316,000	$1,465,342,417	8/25/05	synthetic sprd	8/25/2035
152314NJ5	CXHE 2005-B B	CXHE 2005-B	$7,500,000	1.0000	$7,500,000	$7,500,000	$17,500,000	$1,000,159,488	3/24/05	synthetic sprd	3/25/2035
35729PJJ0	FHLT 2005-1 M8	FHLT 2005-1	$7,500,000	1.0000	$7,500,000	$7,500,000	$24,143,000	$1,931,455,670	3/29/05	synthetic sprd	6/25/2035
75406AAL3	RASC 2006-EMX2 M8	RASC 2006-EMX2	$7,500,000	1.0000	$7,500,000	$7,500,000	$8,550,000	$570,000,007	2/23/06	synthetic sprd	2/25/2036
61744CMB9	MSAC 2005-WMC1 B2	MSAC 2005-WMC1	$7,500,000	1.0000	$7,500,000	$7,500,000	$12,625,000	$1,147,756,906	2/24/05	synthetic sprd	1/25/2035
04541GXK3	ABSHE 2006-HE3 M7	ABSHE 2006-HE3	$5,000,000	1.0000	$5,000,000	$5,000,000	$11,585,000	$965,389,463	4/17/06	synthetic sprd	3/25/2036
04541GQG0	ABSHE 2005-HE2 M6	ABSHE 2005-HE2	$7,500,000	1.0000	$7,500,000	$7,500,000	$5,736,000	$717,027,010	3/4/05	synthetic sprd	2/25/2035
040104NL1	ARSI 2005-W2 M8	ARSI 2005-W2	$7,500,000	1.0000	$7,500,000	$7,500,000	$27,500,000	$2,750,000,000	9/27/05	synthetic sprd	10/25/2035
144531CQ1	CARR 2005-OPT2 M7	CARR 2005-OPT2	$7,500,000	1.0000	$7,500,000	$7,500,000	$20,095,500	$1,492,739,493	5/5/05	synthetic sprd	5/25/2035
126670BC1	CWL 2005-10 MV8	CWL 2005-10	$7,500,000	1.0000	$7,500,000	$7,500,000	$6,000,000	$500,000,000	9/20/05	synthetic sprd	2/25/2036
76110W3Y0	RASC 2005-KS8 M8	RASC 2005-KS8	$7,500,000	1.0000	$7,500,000	$7,500,000	$15,000,000	$1,200,001,502	8/30/05	synthetic sprd	8/25/2035
83612HAM0	SVHE 2006-3 M8	SVHE 2006-3	$6,702,000	1.0000	$6,702,000	$6,702,000	$14,702,000	$1,050,115,031	8/17/06	LIBOR01M	11/25/2036
172983AN8	CMLTI 2006-NC1 M8	CMLTI 2006-NC1	$7,500,000	1.0000	$7,500,000	$7,500,000	$6,814,000	$973,489,502	6/29/06	synthetic sprd	8/25/2036
073879G93	BSABS 2005-FR1 M5	BSABS 2005-FR1	$7,500,000	1.0000	$7,500,000	$7,500,000	$12,833,000	$950,623,615	8/31/05	synthetic sprd	6/25/2035
46626LCK4	JPMAC 2005-FRE1 M8	JPMAC 2005-FRE1	$7,500,000	1.0000	$7,500,000	$7,500,000	$11,537,000	$961,410,208	11/29/05	synthetic sprd	10/25/2035
76113RAC8	RESIF 2006-B B5	RESIF 2006-B	$2,320,000	0.9970	$2,312,949	$2,312,949	$47,820,000	$15,940,298,133	6/28/06	LIBOR01M	7/15/2038
36228FY42	FFML 2004-FF3 B3	FFML 2004-FF3	$2,000,000	1.0000	$2,000,000	$2,000,000	$15,963,000	$1,596,256,224	5/27/04	LIBOR01M	5/25/2034
39538WAN8	GPMF 2005-HE1 M8	GPMF 2005-HE1	$4,000,000	1.0000	$4,000,000	$4,000,000	$9,044,000	$1,063,971,447	3/30/05	LIBOR01M	9/25/2034
040104GB1	ARSI 2004-W3 M5	ARSI 2004-W3	$7,250,000	1.0000	$7,250,000	$7,250,000	$7,250,000	$500,000,371	3/5/04	LIBOR01M	2/25/2034
040104FT3	ARSI 2004-W2 M7	ARSI 2004-W2	$4,000,000	1.0000	$4,000,000	$4,000,000	$14,000,000	$989,823,565	3/4/04	LIBOR01M	4/25/2034
83611MCE6	SVHE 2004-WMC1 M10	SVHE 2004-WMC1	$2,922,000	1.0000	$2,922,000	$2,922,000	$5,844,000	$584,433,814	12/23/04	LIBOR01M	1/25/2035
040104HV6	ARSI 2004-W5 M7	ARSI 2004-W5	$4,000,000	1.0000	$4,000,000	$4,000,000	$16,900,000	$1,300,000,037	4/6/04	LIBOR01M	4/25/2034
004421NN9	ACE 2005-HE3 B2	ACE 2005-HE3	$5,000,000	1.0000	$5,000,000	$5,000,000	$10,908,000	$1,090,805,197	4/28/05	LIBOR01M	5/25/2035

RMBS Par Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer
11134DAA5	BRDH 2004-A SUB	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	2.7	American Home Mortgage Servicing, Inc.
76116LCM4	RESIX 2005-D B7	RMBS Prime	Ba2	Ba2	BB	BB	BB	8.5	Bank of America
76116LCT9	RESIX 2006-A B8	RMBS Prime	Ba2	Ba2	BB-	BB-	BB	9.2	Wells Fargo Bank, N.A.
76116LCZ5	RESIX 2006-1 B8	RMBS Prime	Ba2	Ba2	BB-	BB-	BB-	8.6	no info
004421VB6	ACE 2006-NC1 M8	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	-	4.0	Saxon Mortgage Services, Inc.
59020UK79	MLMI 2005-SL3 B2	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	3.8	Wilshire Credit Corporation
0738793U0	BSABS 2005-HE11 M7	RMBS Midprime	Baa2	Baa2	BBB	BBB	-	3.6	EMC Mortgage Corporation
073879WE4	BSABS 2005-HE5 M5	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	-	2.8	EMC Mortgage Corporation
542514PY4	LBMLT 2005-WL3 M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	3.4	Long Beach Mortgage Company
59020UZW8	MLMI 2005-NCA B2	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB+	3.6	Wilshire Credit Corporation
64352VLR0	NCHET 2005-3 M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	3.3	New Century Mortgage Securities LLC
004375ES6	ACCR 2005-4 M8	RMBS Midprime	Baa2	Baa2	A-	A-	-	4.0	Accredited Home Lenders, Inc.
86359DTY3	SASC 2005-S6 M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	3.1	Aurora Loan Services LLC
76113RAD6	RESIF 2006-B B6	RMBS Prime	Baa3	Baa3	BBB-	BBB-	A-	8.9	Wells Fargo Bank, N.A.
76116LDJ0	RESIX 2006-C B7	RMBS Prime	Baa2	Baa2	BB+	BB+	BBB+	6.0	Wells Fargo Bank, N.A.
76116LDK7	RESIX 2006-C B8	RMBS Prime	Ba1	Ba1	BB	BB	BBB-	6.0	Wells Fargo Bank, N.A.
00257WAA7	ABAC 2006-11A D	RMBS Synthetic Bespoke Repack	Baa1	Baa1	BBB	BBB	-	7.6	no info
813765AH7	SABR 2006-FR3 B2	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB+	5.3	HomeEq Servicing Corporation
362341KK4	GSAMP 2005-HE4 B2	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	BBB+	3.9	JPMorgan Chase Bank, National Association
152314NJ5	CXHE 2005-B B	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	2.9	Centex Home Equity Company, LLC.
35729PJJ0	FHLT 2005-1 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	2.8	Litton Loan Servicing LP
75406AAL3	RASC 2006-EMX2 M8	RMBS Midprime	Baa2	Baa2	A-	A-	-	3.9	Residential Funding Corporation
61744CMB9	MSAC 2005-WMC1 B2	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	2.8	Countrywide Home Loans Servicing LP
04541GXK3	ABSHE 2006-HE3 M7	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	4.1	Option One Mortgage Corporation
04541GQG0	ABSHE 2005-HE2 M6	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	2.6	Saxon Mortgage Services, Inc.
040104NL1	ARSI 2005-W2 M8	RMBS Subprime	Baa2	Baa2	A-	A-	A-	3.8	Ameriquest Mortgage Company
144531CQ1	CARR 2005-OPT2 M7	RMBS Subprime	Baa2	Baa2	BBB+	BBB+	BBB+	3.1	Option One Mortgage Corporation
126670BC1	CWL 2005-10 MV8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	3.6	Countrywide Home Loans Servicing LP
76110W3Y0	RASC 2005-KS8 M8	RMBS Subprime	Baa2	Baa2	BBB+	BBB+	-	3.3	Residential Funding Corporation
83612HAM0	SVHE 2006-3 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	4.6	Wells Fargo Bank, N.A.
172983AN8	CMLTI 2006-NC1 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	4.1	Wells Fargo Bank, N.A.
073879G93	BSABS 2005-FR1 M5	RMBS Midprime	Baa2	Baa2	BBB	BBB	-	3.2	EMC Mortgage Corporation
46626LCK4	JPMAC 2005-FRE1 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	3.6	Litton Loan Servicing LP
76113RAC8	RESIF 2006-B B5	RMBS Prime	Baa1	Baa1	BBB	BBB	A	8.9	Wells Fargo Bank, N.A.
36228FY42	FFML 2004-FF3 B3	RMBS Midprime	Ba1	Ba1	BB+	BB+	BBB-	7.4	Chase Manhattan Mortgage Corp
39538WAN8	GPMF 2005-HE1 M8	RMBS Prime	Ba1	Ba1	BBB-	BBB-	BBB-	2.5	Greenpoint Mortgage Funding, Inc.
040104GB1	ARSI 2004-W3 M5	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	1.1	Ameriquest Mortgage Company
040104FT3	ARSI 2004-W2 M7	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	1.4	Ameriquest Mortgage Company
83611MCE6	SVHE 2004-WMC1 M10	RMBS Midprime	Ba1	Ba1	BBB-	BBB-	-	2.1	Saxon Mortgage Services, Inc.
040104HV6	ARSI 2004-W5 M7	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	1.5	Ameriquest Mortgage Company
004421NN9	ACE 2005-HE3 B2	RMBS Midprime	Ba2	Ba2	BB	BB	BB	2.7	Ocwen Federal Bank FSB

RMBS Par Assets

CUSIP	Name	FICO	Avg. LTV	% IO	% Fixed	% 2nd Lien	% Hybrid	Avg Loan Balance	% Occupanc	% Refinance	% Cash Out	% Purchase
11134DAA5	BRDH 2004-A SUB	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info
76116LCM4	RESIX 2005-D B7	744	66.6%	0.0%	92.9%	0.0%	7.1%	283,601	92.0%	30.1%	28.8%	41.1%
76116LCT9	RESIX 2006-A B8	741	68.8%	0.0%	100.0%	0.0%	0.0%	532,397	94.7%	21.8%	35.4%	42.8%
76116LCZ5	RESIX 2006-1 B8	744	63.8%	no info	88.8%	no info	11.2%	no info	95.7%	22.6%	28.9%	48.5%
004421VB6	ACE 2006-NC1 M8	627	80.9%	27.7%	22.8%	4.2%	77.2%	192,062	89.8%	6.3%	47.0%	46.8%
59020UK79	MLMI 2005-SL3 B2	672	97.2%	0.0%	100.0%	100.0%	0.0%	46,270	94.4%	5.2%	15.4%	79.5%
0738793U0	BSABS 2005-HE11 M7	628	80.4%	30.0%	23.8%	3.6%	76.2%	134,448	90.6%	5.9%	60.1%	34.0%
073879WE4	BSABS 2005-HE5 M5	630	83.3%	37.7%	11.2%	2.6%	88.8%	164,471	87.4%	7.4%	45.5%	47.0%
542514PY4	LBMLT 2005-WL3 M8	641	82.7%	16.5%	5.9%	0.0%	94.1%	228,161	82.3%	3.2%	35.4%	61.4%
59020UZW8	MLMI 2005-NCA B2	675	99.9%	0.0%	100.0%	100.0%	0.0%	57,265	100.0%	1.8%	8.9%	89.3%
64352VLR0	NCHET 2005-3 M8	630	80.7%	35.5%	18.3%	2.3%	81.7%	195,338	90.9%	9.4%	51.2%	39.5%
004375ES6	ACCR 2005-4 M8	635	78.0%	12.7%	29.4%	0.0%	70.6%	181,133	96.1%	2.1%	58.8%	39.1%
86359DTY3	SASC 2005-S6 M8	689	97.0%	0.0%	63.9%	100.0%	36.1%	51,533	76.0%	1.3%	11.4%	87.3%
76113RAD6	RESIF 2006-B B6	741	74.5%	46.0%	50.8%	0.0%	49.2%	399,776	88.9%	15.7%	32.5%	51.8%
76116LDJ0	RESIX 2006-C B7	747	69.8%	83.9%	6.5%	no info	93.5%	no info	87.3%	15.7%	29.9%	54.4%
76116LDK7	RESIX 2006-C B8	747	69.8%	83.9%	6.5%	no info	93.5%	no info	87.3%	15.7%	29.9%	54.4%
00257WAA7	ABAC 2006-11A D	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info
813765AH7	SABR 2006-FR3 B2	619	80.8%	10.0%	10.9%	6.4%	89.1%	215,493	94.0%	0.4%	55.4%	44.3%
362341KK4	GSAMP 2005-HE4 B2	627	79.0%	29.4%	16.0%	4.6%	84.0%	169,726	93.5%	3.3%	44.7%	52.0%
152314NJ5	CXHE 2005-B B	591	79.5%	9.6%	17.4%	3.1%	82.6%	130,322	98.5%	20.2%	69.5%	10.3%
35729PJJ0	FHLT 2005-1 M8	618	81.2%	18.7%	14.4%	4.4%	85.6%	188,293	91.9%	1.1%	52.7%	46.2%
75406AAL3	RASC 2006-EMX2 M8	628	82.9%	36.5%	18.1%	0.0%	81.9%	160,067	95.9%	0.8%	55.4%	43.9%
61744CMB9	MSAC 2005-WMC1 B2	639	82.2%	21.5%	19.9%	10.0%	80.1%	182,444	94.7%	12.3%	36.6%	51.1%
04541GXK3	ABSHE 2006-HE3 M7	623	80.4%	19.2%	18.8%	4.3%	81.2%	198,191	92.2%	6.4%	59.6%	34.0%
04541GQG0	ABSHE 2005-HE2 M6	621	80.5%	17.5%	17.4%	4.0%	82.6%	180,839	95.2%	8.4%	58.4%	33.2%
040104NL1	ARSI 2005-W2 M8	618	79.6%	10.0%	19.9%	1.3%	80.1%	187,211	91.0%	4.8%	53.2%	42.1%
144531CQ1	CARR 2005-OPT2 M7	615	78.2%	20.5%	12.4%	0.7%	87.6%	192,935	89.0%	9.3%	59.0%	31.7%
126670BC1	CWL 2005-10 MV8	600	83.7%	39.4%	0.0%	0.0%	100.0%	217,424	97.6%	1.8%	67.8%	30.4%
76110W3Y0	RASC 2005-KS8 M8	612	81.1%	13.0%	18.1%	0.0%	81.9%	153,767	94.1%	10.4%	55.1%	34.5%
83612HAM0	SVHE 2006-3 M8	619	81.7%	17.2%	20.6%	6.6%	79.4%	159,768	95.1%	6.7%	53.2%	40.0%
172983AN8	CMLTI 2006-NC1 M8	620	80.8%	10.2%	16.6%	5.6%	83.5%	204,300	89.3%	8.6%	50.2%	41.2%
073879G93	BSABS 2005-FR1 M5	626	81.6%	28.0%	16.5%	4.9%	83.5%	205,407	6.4%	1.5%	48.8%	49.7%
46626LCK4	JPMAC 2005-FRE1 M8	624	82.4%	24.1%	11.5%	5.6%	88.5%	209,139	92.3%	0.6%	46.0%	53.4%
76113RAC8	RESIF 2006-B B5	741	74.5%	46.0%	50.8%	0.0%	49.2%	399,776	88.9%	15.7%	32.5%	51.8%
36228FY42	FFML 2004-FF3 B3	650	84.2%	44.1%	8.1%	0.0%	91.9%	176,368	96.14%	7.320%	27.480%	65.200%
39538WAN8	GPMF 2005-HE1 M8	711	87.2%	100.0%	0.0%	99.4%	100.0%	55,162	79.3%	7.0%	50.4%	42.6%
040104GB1	ARSI 2004-W3 M5	623	85.4%	0.0%	35.9%	0.0%	64.1%	178,572	90.0%	4.4%	68.7%	26.8%
040104FT3	ARSI 2004-W2 M7	618	84.0%	0.0%	37.0%	0.0%	no info	181,786	90.9%	6.3%	71.5%	22.2%
83611MCE6	SVHE 2004-WMC1 M10	636	81.8%	18.0%	17.8%	7.5%	82.2%	196,779	93.3%	15.4%	36.2%	48.4%
040104HV6	ARSI 2004-W5 M7	615	83.2%	0.0%	37.0%	0.0%	63.0%	181,260	90.9%	6.4%	71.5%	22.1%
004421NN9	ACE 2005-HE3 B2	630	82.1%	30.6%	15.4%	7.2%	84.6%	159,479	90.5%	5.6%	40.8%	53.6%

RMBS Par Assets

CUSIP	Name	Top States	% Full Doc	% Stated Income	% Limited Doc	% Alt Doc	% No Doc	Neg Amort
11134DAA5	BRDH 2004-A SUB	no info	no info	no info	no info	no info	no info	no info
76116LCM4	RESIX 2005-D B7	CA-36.85% FL-7.23% VA-5.53% NC-5.33% MD-4.69%	33.9%	8.9%	29.9%	27.0%	0.3%	0.0%
76116LCT9	RESIX 2006-A B8	CA-37.17% VA-5.95% NY-5.77% MD-5.54% WA-4.05%	no info	no info	no info	no info	no info	0.0%
76116LCZ5	RESIX 2006-1 B8	CA-15.2%	no info	no info	no info	no info	no info	no info
004421VB6	ACE 2006-NC1 M8	CA-37.47% FL-12.04% AZ-4.75% NY-4.46% NJ-3.45%	54.0%	44.4%	1.6%	0.0%	0.0%	0.0%
59020UK79	MLMI 2005-SL3 B2	CA-27.82% FL-7.87% NY-4.87% MA-4.01% TX-3.94%	44.5%	47.4%	1.1%	7.1%	0.0%	0.0%
0738793U0	BSABS 2005-HE11 M7	CA-26.44% FL-8.68% MN-7.39% TX-6.08% MD-5.39%	60.1%	37.0%	2.9%	0.0%	0.0%	0.0%
073879WE4	BSABS 2005-HE5 M5	CA-29.61% FL-7.32% GA-5.18% NY-4.75% MD-4.64%	51.6%	47.0%	1.4%	0.0%	0.0%	0.0%
542514PY4	LBMLT 2005-WL3 M8	CA-37.41% FL-8.92% IL-6.62% TX-4.27% MD-4.06%	47.0%	50.2%	2.8%	0.0%	0.0%	0.0%
59020UZW8	MLMI 2005-NCA B2	CA-52.84% TX-4.12% WA-4.09% FL-3.93% AZ-3.03%	35.5%	60.1%	4.4%	0.0%	0.0%	0.0%
64352VLR0	NCHET 2005-3 M8	CA-34.77% FL-9.52% NY-5.96% NJ-4.62% IL-4.25%	57.0%	42.1%	0.9%	0.0%	0.0%	0.0%
004375ES6	ACCR 2005-4 M8	CA-17.27% FL-11.75% IL-8.91% AZ-4.85% NJ-4.62%	58.5%	37.2%	0.0%	4.3%	0.0%	0.0%
86359DTY3	SASC 2005-S6 M8	CA-27.16% FL-12.35% AZ-6.75% NV-5.41% IL-4.84%	29.4%	36.1%	24.1%	0.0%	10.4%	0.0%
76113RAD6	RESIF 2006-B B6	CA-41.86% FL-7.85% NY-5.03% VA-4.72% MD-3.74%	no info	no info	no info	no info	no info	0.0%
76116LDJ0	RESIX 2006-C B7	CA-49.3%	no info	no info	no info	no info	no info	0.0%
76116LDK7	RESIX 2006-C B8	CA-49.3%	no info	no info	no info	no info	no info	0.0%
00257WAA7	ABAC 2006-11A D	no info	no info	no info	no info	no info	no info	no info
813765AH7	SABR 2006-FR3 B2	CA-24.11% FL-15.46% NY-11.14% MD-7.69% NJ-7.40%	53.4%	45.7%	0.8%	0.0%	0.0%	0.0%
362341KK4	GSAMP 2005-HE4 B2	CA-25.90% FL-10.42% IL-6.52% NJ-5.48% GA-4.81%	57.0%	40.0%	2.6%	0.1%	0.3%	0.0%
152314NJ5	CXHE 2005-B B	CA-21.87% TX-9.15% FL-7.27% NY-4.27% VA-4.23%	89.9%	8.3%	1.8%	0.0%	0.0%	0.0%
35729PJJ0	FHLT 2005-1 M8	CA-31.74% NY-11.31% FL-8.56% NJ-7.11% IL-5.06%	63.3%	35.2%	1.5%	0.0%	0.0%	0.0%
75406AAL3	RASC 2006-EMX2 M8	FL-13.73% CA-8.49% NJ-7.55% MA-6.73% VA-6.56%	63.7%	0.0%	36.3%	0.0%	0.0%	0.0%
61744CMB9	MSAC 2005-WMC1 B2	CA-55.65% NY-5.68% FL-3.88% IL-3.54% MD-3.42%	47.0%	39.8%	13.2%	0.0%	0.0%	0.0%
04541GXK3	ABSHE 2006-HE3 M7	CA-27.00% FL-10.60% NY-9.59% MA-7.69% NJ-4.58%	54.8%	43.4%	0.6%	0.0%	1.2%	0.0%
04541GQG0	ABSHE 2005-HE2 M6	CA-38.34% FL-9.21% NY-5.44% IL-3.54% NJ-3.19%	48.2%	46.5%	5.3%	0.0%	0.0%	0.0%
040104NL1	ARSI 2005-W2 M8	CA-23.61% FL-15.05% IL-8.23% AZ-6.72% NY-6.04%	51.6%	43.7%	4.8%	0.0%	0.0%	0.0%
144531CQ1	CARR 2005-OPT2 M7	CA-17.87% NY-14.72% MA-9.14% FL-7.84% NJ-5.21%	59.5%	39.0%	0.5%	0.0%	1.0%	0.0%
126670BC1	CWL 2005-10 MV8	CA-33.74% FL-13.28% AZ-5.42% NV-4.26% IL-4.26%	74.9%	25.1%	0.0%	0.0%	0.0%	0.0%
76110W3Y0	RASC 2005-KS8 M8	CA-18.71% FL-12.16% TX-4.82% IL-4.20% MD-4.11%	64.5%	0.0%	35.5%	0.0%	0.0%	0.0%
83612HAM0	SVHE 2006-3 M8	CA-23.70% FL-12.22% TX-6.18% AZ-6.13% NY-5.05%	53.7%	21.0%	4.1%	21.2%	0.0%	0.0%
172983AN8	CMLTI 2006-NC1 M8	CA-34.98% FL-8.80% NY-8.70% NJ-4.41% MA-3.52%	50.8%	47.7%	1.5%	0.0%	0.0%	0.0%
073879G93	BSABS 2005-FR1 M5	CA-30.22% NY-11.20% FL-9.55% NJ-7.32% MD-5.16%	65.9%	34.1%	0.0%	0.0%	0.0%	0.0%
46626LCK4	JPMAC 2005-FRE1 M8	CA-28.13% FL-11.51% NY-11.46% NJ-7.10% MD-5.16%	60.7%	38.0%	1.3%	0.0%	0.0%	0.0%
76113RAC8	RESIF 2006-B B5	CA-41.86% FL-7.85% NY-5.03% VA-4.72% MD-3.74%	no info	no info	no info	no info	no info	0.0%
36228FY42	FFML 2004-FF3 B3	CA-39.19% FL-7.08% TX-4.38 MI-3.77 IL-3.61	89.440%	no info	2.710%	no info	7.850%	no info
39538WAN8	GPMF 2005-HE1 M8	CA-59.57% NY-4.58% WA-3.21% AZ-3.19% FL-2.81%	24.3%	75.4%	0.0%	0.3%	0.0%	0.0%
040104GB1	ARSI 2004-W3 M5	CA-26.72% FL-10.89% NY-10.65% IL-9.27% AZ-3.64%	64.1%	30.5%	5.4%	0.0%	0.0%	0.0%
040104FT3	ARSI 2004-W2 M7	CA-29.27% FL-9.85% NY-8.34% IL-7.50% TX-3.12%	66.5%	27.6%	5.8%	0.0%	0.0%	0.0%
83611MCE6	SVHE 2004-WMC1 M10	CA-57.19% NY-6.01% FL-4.15% % TX-3.47% MD-3.09	44.3%	43.2%	12.5%	0.0%	0.0%	0.0%
040104HV6	ARSI 2004-W5 M7	CA-29.34% FL-8.95% NY-8.86% IL-7.63% TX-3.72%	66.7%	27.5%	5.8%	0.0%	0.0%	0.0%
004421NN9	ACE 2005-HE3 B2	CA-38.54% FL-7.57% AZ-4.63% TX-4.51% IL-4.30%	60.5%	35.5%	3.9%	0.0%	0.2%	0.0%

RMBS Discount Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Purchase Price	Principal Balance	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Maturity
83611MPT9	SVHE 2006-OPT3 M9	SVHE 2006-OPT3	$2,000,000	1.0000	$2,000,000	92.00	$1,840,000	$16,000,000	$2,000,000,000	5/12/06	LIBOR01M	6/25/2036
36245EAW8	GSAMP 2006-HE7 B1	GSAMP 2006-HE7	$1,000,000	1.0000	$1,000,000	91.27	$912,661	$11,927,000	$883,836,837	10/31/06	LIBOR01M	10/25/2036
126670ZW1	CWL 2006-6 B	CWL 2006-6	$8,000,000	1.0000	$8,000,000	91.25	$7,300,000	$18,000,000	$1,799,999,901	3/29/06	LIBOR01M	9/25/2036
00075XAR8	ABFC 2006-OPT2 B	ABFC 2006-OPT2	$2,000,000	1.0000	$2,000,000	90.98	$1,819,625	$10,993,000	$1,099,263,982	10/12/06	LIBOR01M	10/25/2036
542514QG2	LBMLT 2005-WL3 B1	LBMLT 2005-WL3	$6,313,000	1.0000	$6,313,000	90.75	$5,729,048	$21,913,000	$2,191,257,007	11/30/05	LIBOR01M	11/25/2035
004421LD3	ACE 2005-HE1 B1	ACE 2005-HE1	$8,500,000	1.0000	$8,500,000	90.50	$7,692,500	$25,405,000	$1,539,718,109	1/31/05	LIBOR01M	2/25/2035
46629TAQ3	JPMAC 2006-CH1 M10	JPMAC 2006-CH1	$2,750,000	1.0000	$2,750,000	90.35	$2,484,719	$8,398,000	$599,836,724	11/14/06	LIBOR01M	7/25/2036
70069FES2	PPSI 2004-WHQ2 M10	PPSI 2004-WHQ2	$5,000,000	1.0000	$5,000,000	90.06	$4,503,125	$64,500,000	$4,300,000,000	11/30/04	LIBOR01M	2/25/2035
004421PD9	ACE 2005-RM2 M11	ACE 2005-RM2	$4,663,000	1.0000	$4,663,000	90.00	$4,196,700	$5,663,000	$566,256,939	5/26/05	LIBOR01M	6/25/2035
81879MBG3	SGMS 2006-FRE1 M10	SGMS 2006-FRE1	$2,000,000	1.0000	$2,000,000	89.50	$1,790,000	$8,024,000	$944,012,811	5/11/06	LIBOR01M	2/25/2036
46626LHL7	JPMAC 2006-FRE2 M10	JPMAC 2006-FRE2	$3,000,000	1.0000	$3,000,000	89.38	$2,681,250	$10,543,000	$958,481,913	3/29/06	LIBOR01M	2/25/2036
76112B4Y3	RAMP 2006-NC3 M10	RAMP 2006-NC3	$5,200,000	1.0000	$5,200,000	89.31	$4,644,250	$5,200,000	$520,000,015	3/28/06	LIBOR01M	3/25/2036
35729PPL8	FHLT 2006-1 M9	FHLT 2006-1	$3,080,000	1.0000	$3,080,000	89.00	$2,741,200	$8,080,000	$1,009,982,562	4/13/06	LIBOR01M	4/25/2036
17309LAQ8	CMLTI 2006-HE2 M10	CMLTI 2006-HE2	$8,949,000	1.0000	$8,949,000	88.75	$7,942,238	$8,949,000	$715,925,072	8/30/06	LIBOR01M	8/25/2036
76112BLT5	RAMP 2005-RS3 B2	RAMP 2005-RS3	$5,587,000	1.0000	$5,587,000	88.50	$4,944,495	$5,587,000	$745,000,486	3/30/05	LIBOR01M	3/25/2035
40430HFX1	HASC 2006-OPT3 M10	HASC 2006-OPT3	$5,793,000	1.0000	$5,793,000	88.25	$5,112,323	$5,793,000	$965,659,911	4/5/06	LIBOR01M	2/25/2036
07386HZY0	BALTA 2005-10 1B3	BALTA 2005-10	$3,000,000	1.0000	$3,000,000	87.81	$2,634,375	$4,979,000	$766,047,781	12/30/05	LIBOR01M	1/25/2036
07386HC74	BALTA 2006-1 1B3	BALTA 2006-1	$1,163,000	1.0000	$1,163,000	87.56	$1,018,352	$4,163,000	$832,579,663	1/31/06	LIBOR01M	2/25/2036
23242FAP1	CWL 2006-16 B	CWL 2006-16	$5,750,000	1.0000	$5,750,000	87.46	$5,028,960	$5,750,000	$499,999,787	9/28/06	LIBOR01M	12/25/2046
362341A82	GSAA 2005-14 B3	GSAA 2005-14	$4,638,000	1.0000	$4,638,000	87.26	$4,047,235	$4,638,000	$927,725,483	11/22/05	fixed	12/25/2035
03072SZE8	AMSI 2005-R2 M11	AMSI 2005-R2	$8,000,000	1.0000	$8,000,000	87.24	$6,979,375	$12,000,000	$1,200,000,146	3/24/05	LIBOR01M	4/25/2035
07386HJ44	BALTA 2006-2 1B3	BALTA 2006-2	$3,000,000	1.0000	$3,000,000	87.03	$2,610,938	$5,039,000	$671,932,306	3/31/06	LIBOR01M	4/25/2036
07386HM81	BALTA 2006-3 1B3	BALTA 2006-3	$2,527,000	1.0000	$2,527,000	86.67	$2,190,198	$5,527,000	$921,237,667	4/28/06	LIBOR01M	5/25/2036
36298HAA5	GSAA 2006-11 B3	GSAA 2006-11	$9,208,000	1.0000	$9,208,000	86.52	$7,966,862	$16,208,000	$1,543,644,769	6/30/06	LIBOR01M	7/25/2036
362341PL7	GSAA 2005-11 B4	GSAA 2005-11	$4,551,000	1.0000	$4,551,000	86.39	$3,931,495	$4,551,000	$910,324,643	9/29/05	fixed	10/25/2035
362381AL9	GSAA 2006-12 B3	GSAA 2006-12	$2,177,000	1.0000	$2,177,000	86.04	$1,873,154	$5,177,000	$1,035,238,369	7/28/06	LIBOR01M	8/25/2036
362341F38	GSAA 2005-15 B3	GSAA 2005-15	$4,424,000	1.0000	$4,424,000	85.76	$3,794,133	$4,424,000	$884,827,224	12/29/05	fixed	1/25/2036
3623412E8	GSAA 2006-1 B3	GSAA 2006-1	$4,555,000	1.0000	$4,555,000	85.39	$3,889,401	$4,555,000	$910,795,806	1/27/06	fixed	1/25/2036
83611MPU6	SVHE 2006-OPT3 M10	SVHE 2006-OPT3	$5,000,000	1.0000	$5,000,000	85.38	$4,268,750	$20,000,000	$2,000,000,000	5/12/06	LIBOR01M	6/25/2036
46626LGS3	JPMAC 2006-HE1 M11	JPMAC 2006-HE1	$6,194,000	1.0000	$6,194,000	85.00	$5,264,900	$6,194,000	$619,359,045	2/28/06	LIBOR01M	1/25/2036
83611MMW5	SVHE 2006-OPT2 M10	SVHE 2006-OPT2	$2,000,000	1.0000	$2,000,000	84.75	$1,695,000	$16,000,000	$1,600,000,000	4/7/06	LIBOR01M	5/25/2036
35729PPM6	FHLT 2006-1 B1	FHLT 2006-1	$2,000,000	1.0000	$2,000,000	84.50	$1,690,000	$10,100,000	$1,009,982,562	4/13/06	LIBOR01M	4/25/2036
81879MBH1	SGMS 2006-FRE1 M11	SGMS 2006-FRE1	$6,240,000	1.0000	$6,240,000	84.50	$5,272,800	$9,440,000	$944,012,811	5/11/06	LIBOR01M	2/25/2036
46626LHM5	JPMAC 2006-FRE2 M11	JPMAC 2006-FRE2	$4,585,000	1.0000	$4,585,000	84.25	$3,862,863	$9,585,000	$958,481,913	3/29/06	LIBOR01M	2/25/2036
83611MNT1	SVHE 2006-2 B1	SVHE 2006-2	$4,000,000	1.0000	$4,000,000	84.00	$3,360,000	$8,101,000	$810,099,827	4/6/06	LIBOR01M	3/25/2036
362375AU1	GSAA 2006-10 B4	GSAA 2006-10	$3,523,000	1.0000	$3,523,000	83.83	$2,953,265	$3,523,000	$704,515,509	6/29/06	LIBOR01M	6/25/2036
83612CAR0	SVHE 2006-OPT5 M11	SVHE 2006-OPT5	$5,000,000	1.0000	$5,000,000	82.88	$4,143,750	$23,250,000	$3,100,000,000	6/19/06	LIBOR01M	7/25/2036
362341JT7	GSAA 2005-10 B4	GSAA 2005-10	$9,500,000	1.0000	$9,500,000	82.39	$7,826,813	$15,197,000	$660,766,260	8/26/05	fixed	6/25/2035
15231AAQ9	CXHE 2006-A M11	CXHE 2006-A	$3,500,000	1.0000	$3,500,000	82.38	$2,883,125	$10,000,000	$1,000,578,805	5/16/06	LIBOR01M	6/25/2036
03072S2M6	AMSI 2006-R2 M11	AMSI 2006-R2	$2,500,000	1.0000	$2,500,000	82.25	$2,056,250	$10,000,000	$1,000,000,141	3/29/06	LIBOR01M	4/25/2036
81376EAL9	SABR 2006-NC2 B5	SABR 2006-NC2	$3,000,000	1.0000	$3,000,000	81.13	$2,433,750	$6,136,000	$613,603,037	5/31/06	LIBOR01M	3/25/2036
83611MHG6	SVHE 2005-OPT3 M10	SVHE 2005-OPT3	$3,000,000	1.0000	$3,000,000	81.00	$2,430,000	$10,820,000	$1,545,653,980	9/30/05	LIBOR01M	11/25/2035
813765AL8	SABR 2006-FR3 B5	SABR 2006-FR3	$3,000,000	1.0000	$3,000,000	78.42	$2,352,458	$8,889,000	$982,497,630	8/3/06	LIBOR01M	5/25/2036

RMBS Discount Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer
83611MPT9	SVHE 2006-OPT3 M9	RMBS Subprime	Ba1	Ba1	BB+	BB+	-	3.7	Option One Mortgage Corporation
36245EAW8	GSAMP 2006-HE7 B1	RMBS Subprime	Baa3	Baa3	BB+	BB+	-	4.4	Avelo Mortgage, L.L.C
126670ZW1	CWL 2006-6 B	RMBS Subprime	Ba1	Ba1	BB+	BB+	-	4.2	Countrywide Home Loans Servicing LP
00075XAR8	ABFC 2006-OPT2 B	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	4.2	Option One Mortgage Corporation
542514QG2	LBMLT 2005-WL3 B1	RMBS Midprime	Ba1	Ba1	BB+	BB+	BB+	3.5	Long Beach Mortgage Company
004421LD3	ACE 2005-HE1 B1	RMBS Midprime	Ba2	Ba2	BB+	BB+	-	2.6	Saxon Mortgage Services, Inc.
46629TAQ3	JPMAC 2006-CH1 M10	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	4.4	JPMorgan Chase Bank, N.A.
70069FES2	PPSI 2004-WHQ2 M10	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	1.7	HomEq Servicing Corporation
004421PD9	ACE 2005-RM2 M11	RMBS Midprime	Ba2	Ba2	BBB-	BBB-	BBB-	5.1	Saxon Mortgage Services, Inc.
81879MBG3	SGMS 2006-FRE1 M10	RMBS Subprime	Ba1	Ba1	BBB-	BBB-	BBB	4.1	Wells Fargo Bank, N.A.
46626LHL7	JPMAC 2006-FRE2 M10	RMBS Subprime	Ba1	Ba1	BB+	BB+	BB+	4.0	JPMorgan Chase Bank, National Association
76112B4Y3	RAMP 2006-NC3 M10	RMBS Midprime	Ba1	Ba1	BBB-	BBB-	-	4.0	Residential Funding Corporation
35729PPL8	FHLT 2006-1 M9	RMBS Subprime	Ba1	Ba1	BBB-	BBB-	-	4.2	Wells Fargo Bank, N.A.
17309LAQ8	CMLTI 2006-HE2 M10	RMBS Subprime	Ba1	Ba1	BB+	BB+	-	4.0	Ameriquest Mortgage Company
76112BLT5	RAMP 2005-RS3 B2	RMBS Midprime	Ba2	Ba2	-	B	BB	3.0	HomeComings Financial Network, Inc.
40430HFX1	HASC 2006-OPT3 M10	RMBS Subprime	Ba1	Ba1	BBB	BBB	BBB	3.5	Option One Mortgage Corporation
07386HZY0	BALTA 2005-10 1B3	RMBS Prime	Ba2	Ba2	BB	BB	-	3.2	Wells Fargo Bank, N.A.
07386HC74	BALTA 2006-1 1B3	RMBS Prime	Ba2	Ba2	BB	BB	-	3.3	Wells Fargo Bank, N.A.
23242FAP1	CWL 2006-16 B	RMBS Subprime	Ba1	Ba1	BB+	BB+	-	4.8	Countrywide Home Loans Servicing LP
362341A82	GSAA 2005-14 B3	RMBS Prime	Ba2	Ba2	BB+	BB+	-	2.6	Countrywide Home Loans Servicing LP
03072SZE8	AMSI 2005-R2 M11	RMBS Subprime	Ba2	Ba2	BB	BB	BB	2.3	Ameriquest Mortgage Company
07386HJ44	BALTA 2006-2 1B3	RMBS Prime	Ba2	Ba2	BB	BB	-	3.5	EMC Mortgage Corporation
07386HM81	BALTA 2006-3 1B3	RMBS Prime	Ba2	Ba2	BB	BB	-	3.6	Wells Fargo Bank, N.A.
36298HAA5	GSAA 2006-11 B3	RMBS Prime	Ba2	Ba2	BB	BB	-	3.6	Countrywide Home Loans Servicing LP
362341PL7	GSAA 2005-11 B4	RMBS Prime	Ba2	Ba2	BB	BB	-	2.5	Greenpoint Mortgage Funding, Inc.
362381AL9	GSAA 2006-12 B3	RMBS Prime	Ba2	Ba2	BBB-	BBB-	-	3.3	Countrywide Home Loans Servicing LP
362341F38	GSAA 2005-15 B3	RMBS Prime	Ba2	Ba2	BB+	BB+	-	2.7	Countrywide Home Loans Servicing LP
3623412E8	GSAA 2006-1 B3	RMBS Prime	Ba2	Ba2	BBB-	BBB-	-	2.8	Countrywide Home Loans Servicing LP
83611MPU6	SVHE 2006-OPT3 M10	RMBS Subprime	Ba2	Ba2	BB+	BB+	-	3.7	Option One Mortgage Corporation
46626LGS3	JPMAC 2006-HE1 M11	RMBS Midprime	Ba2	Ba2	BB	BB	BB	4.4	JPMorgan Chase Bank, National Association
83611MMW5	SVHE 2006-OPT2 M10	RMBS Subprime	Ba2	Ba2	BBB-	BBB-	-	2.9	Option One Mortgage Corporation
35729PPM6	FHLT 2006-1 B1	RMBS Subprime	Ba2	Ba2	BB+	BB+	-	4.2	Wells Fargo Bank, N.A.
81879MBH1	SGMS 2006-FRE1 M11	RMBS Subprime	Ba2	Ba2	BB+/*-	BB+/*-	BBB-	3.9	Wells Fargo Bank, N.A.
46626LHM5	JPMAC 2006-FRE2 M11	RMBS Subprime	Ba2	Ba2	BB	BB	BB	3.9	JPMorgan Chase Bank, National Association
83611MNT1	SVHE 2006-2 B1	RMBS Subprime	Ba2	Ba2	BB+	BB+	-	4.1	Wells Fargo Bank, N.A.
362375AU1	GSAA 2006-10 B4	RMBS Prime	Ba2	Ba2	BB	BB	-	4.7	American Home Mortgage Servicing, Inc.
83612CAR0	SVHE 2006-OPT5 M11	RMBS Subprime	Ba2	Ba2	BB	BB	-	4.6	Option One Mortgage Corporation
362341JT7	GSAA 2005-10 B4	RMBS Midprime	Ba2	Ba2	BB+	BB+	-	3.3	Countrywide Home Loans Servicing LP
15231AAQ9	CXHE 2006-A M11	RMBS Subprime	Ba2	Ba2	BBB-	BBB-	BB	4.3	Centex Home Equity Company, LLC
03072S2M6	AMSI 2006-R2 M11	RMBS Subprime	Ba2	Ba2	BB+	BB+	BB	3.3	Ameriquest Mortgage Company
81376EAL9	SABR 2006-NC2 B5	RMBS Subprime	Ba2	Ba2	BB	BB	BB	5.0	Wells Fargo Bank, N.A.
83611MHG6	SVHE 2005-OPT3 M10	RMBS Subprime	-	B1	BB+	BB+	BB+	3.4	Option One Mortgage Corporation
813765AL8	SABR 2006-FR3 B5	RMBS Subprime	Ba2	Ba2	BB	BB	BB+	5.2	HomeEq Servicing Corporation

RMBS Discount Assets

CUSIP	Name	FICO	Avg. LTV	% IO	% Fixed	% 2nd Lien	% Hybrid	Avg Loan Balance	% Occupancy	% Refinance	% Cash Out	% Purchase
83611MPT9	SVHE 2006-OPT3 M9	602	80.4%	9.3%	15.1%	4.6%	85.0%	193,630	94.0%	6.2%	64.6%	29.3%
36245EAW8	GSAMP 2006-HE7 B1	624	77.0%	8.9%	28.4%	3.2%	71.6%	180,350	93.3%	5.6%	65.2%	29.2%
126670ZW1	CWL 2006-6 B	604	77.9%	29.1%	30.0%	0.0%	70.0%	179,841	96.1%	4.2%	60.3%	35.5%
00075XAR8	ABFC 2006-OPT2 B	607	79.5%	12.6%	16.2%	1.6%	83.8%	217,590	92.7%	6.2%	64.0%	29.8%
542514QG2	LBMLT 2005-WL3 B1	641	82.8%	16.5%	5.8%	0.0%	94.2%	228,687	82.2%	3.1%	35.6%	61.3%
004421LD3	ACE 2005-HE1 B1	625	82.5%	25.8%	16.2%	7.3%	83.8%	169,853	92.2%	1.3%	44.3%	54.3%
46629TAQ3	JPMAC 2006-CH1 M10	615	78.5%	6.8%	25.0%	0.0%	75.0%	180,131	94.3%	2.7%	77.7%	19.6%
70069FES2	PPSI 2004-WHQ2 M10	612	84.4%	0.0%	19.8%	0.6%	80.3%	170,867	91.4%	4.1%	56.8%	39.1%
004421PD9	ACE 2005-RM2 M11	630	82.0%	40.4%	4.7%	9.1%	95.3%	164,610	95.97%	1.870%	43.740%	54.390%
81879MBG3	SGMS 2006-FRE1 M10	622	81.0%	20.0%	12.2%	5.9%	87.9%	221,495	93.4%	1.3%	50.4%	48.3%
46626LHL7	JPMAC 2006-FRE2 M10	617	81.7%	15.1%	10.0%	6.0%	90.0%	209,779	92.4%	1.5%	49.2%	49.4%
76112B4Y3	RAMP 2006-NC3 M10	625	80.6%	20.9%	23.3%	0.0%	76.8%	183,422	89.6%	0.3%	59.6%	40.2%
35729PPL8	FHLT 2006-1 M9	619	81.3%	10.5%	11.0%	5.9%	89.0%	215,289	92.5%	0.9%	53.0%	46.1%
17309LAQ8	CMLTI 2006-HE2 M10	608	80.9%	19.7%	15.8%	3.6%	84.2%	168,321	95.2%	2.9%	78.6%	18.5%
76112BLT5	RAMP 2005-RS3 B2	672	91.0%	24.5%	22.8%	0.0%	77.2%	162,858	80.0%	7.3%	32.9%	59.9%
40430HFX1	HASC 2006-OPT3 M10	624	79.3%	24.3%	20.9%	4.0%	79.1%	193,894	92.5%	6.0%	63.2%	30.8%
07386HZY0	BALTA 2005-10 1B3	702	77.2%	82.4%	0.0%	0.0%	100.0%	246,159	42.6%	5.3%	14.0%	80.7%
07386HC74	BALTA 2006-1 1B3	707	75.4%	80.0%	0.0%	0.0%	100.0%	331,970	64.6%	9.8%	16.7%	73.5%
23242FAP1	CWL 2006-16 B	621	77.6%	58.7%	30.0%	0.0%	70.0%	230,471	95.3%	3.0%	62.5%	34.5%
362341A82	GSAA 2005-14 B3	709	77.7%	92.0%	0.0%	0.0%	100.0%	251,282	77.3%	7.3%	17.0%	75.7%
03072SZE8	AMSI 2005-R2 M11	619	79.2%	0.0%	20.0%	0.0%	80.0%	176,108	95.14%	5.180%	94.490%	0.330%
07386HJ44	BALTA 2006-2 1B3	701	77.6%	90.4%	0.0%	0.0%	100.0%	245,231	50.8%	2.1%	10.7%	87.3%
07386HM81	BALTA 2006-3 1B3	704	77.3%	84.5%	0.0%	0.0%	100.0%	256,970	58.3%	5.0%	13.2%	81.8%
36298HAA5	GSAA 2006-11 B3	709	76.6%	91.1%	0.0%	0.0%	100.0%	274,280	80.5%	11.3%	21.4%	67.3%
362341PL7	GSAA 2005-11 B4	716	77.5%	91.8%	0.0%	0.0%	100.0%	309,245	77.0%	11.4%	22.8%	65.8%
362381AL9	GSAA 2006-12 B3	710	77.3%	90.1%	0.0%	0.0%	100.0%	303,587	82.4%	8.4%	22.7%	68.9%
362341F38	GSAA 2005-15 B3	713	77.8%	92.0%	0.0%	0.0%	100.0%	249,624	75.6%	9.0%	18.8%	72.2%
3623412E8	GSAA 2006-1 B3	709	77.9%	89.4%	0.0%	0.0%	100.0%	231,610	77.1%	6.0%	17.4%	76.6%
83611MPU6	SVHE 2006-OPT3 M10	602	80.4%	9.3%	15.1%	4.6%	85.0%	193,630	94.0%	6.2%	64.6%	29.3%
46626LGS3	JPMAC 2006-HE1 M11	641	81.7%	33.0%	17.3%	9.2%	82.8%	175,605	92.4%	1.7%	39.0%	59.3%
83611MMW5	SVHE 2006-OPT2 M10	622	77.7%	16.9%	15.6%	4.2%	84.4%	201,099	89.0%	4.7%	63.4%	32.0%
35729PPM6	FHLT 2006-1 B1	619	81.3%	10.5%	11.0%	5.9%	89.0%	215,289	92.5%	0.9%	53.0%	46.1%
81879MBH1	SGMS 2006-FRE1 M11	622	81.0%	20.0%	12.2%	5.9%	87.9%	221,495	93.4%	1.3%	50.4%	48.3%
46626LHM5	JPMAC 2006-FRE2 M11	617	81.7%	15.1%	10.0%	6.0%	90.0%	209,779	92.4%	1.5%	49.2%	49.4%
83611MNT1	SVHE 2006-2 B1	617	80.3%	14.7%	21.1%	0.0%	78.9%	142,598	95.9%	11.6%	62.2%	26.3%
362375AU1	GSAA 2006-10 B4	702	73.6%	49.5%	100.0%	0.0%	0.0%	206,714	71.7%	10.2%	40.6%	49.2%
83612CAR0	SVHE 2006-OPT5 M11	605	80.6%	8.8%	16.8%	4.4%	83.2%	196,798	93.4%	7.1%	62.0%	30.9%
362341JT7	GSAA 2005-10 B4	667	81.9%	100.0%	11.9%	0.0%	88.1%	258,565	98.3%	5.2%	66.8%	28.0%
15231AAQ9	CXHE 2006-A M11	602	78.1%	8.6%	35.2%	4.6%	64.8%	146,416	99.0%	16.7%	66.1%	15.3%
03072S2M6	AMSI 2006-R2 M11	604	78.4%	17.4%	9.1%	0.3%	90.9%	168,549	96.4%	2.4%	95.1%	2.6%
81376EAL9	SABR 2006-NC2 B5	619	80.8%	13.8%	23.6%	5.6%	76.4%	180,206	90.3%	9.2%	52.0%	38.8%
83611MHG6	SVHE 2005-OPT3 M10	610	77.5%	21.3%	23.9%	1.4%	76.1%	200,786	94.4%	6.1%	66.9%	27.0%
813765AL8	SABR 2006-FR3 B5	619	80.8%	10.0%	10.9%	6.4%	89.1%	215,493	94.0%	0.4%	55.4%	44.3%

RMBS Discount Assets

CUSIP	Name	Top States	% Full Doc	% Stated Income	% Limited Doc	% Alt Doc	% No Doc	Neg Amort
83611MPT9	SVHE 2006-OPT3 M9	CA-21.90% FL-12.44% NY-9.71% TX-4.91% MA-4.67%	59.3%	39.8%	0.4%	0.0%	0.5%	0.0%
36245EAW8	GSAMP 2006-HE7 B1	CA-19.26% FL-13.80% TX-4.59% GA-4.47% MD-4.43%	63.1%	33.1%	2.4%	0.0%	1.4%	0.0%
126670ZW1	CWL 2006-6 B	CA-23.60% FL-12.62% TX-5.28% AZ-5.15% NY-4.16%	65.9%	34.1%	0.0%	0.0%	0.0%	0.0%
00075XAR8	ABFC 2006-OPT2 B	CA-25.58% FL-12.22% NY-9.92% TX-7.63% MA-5.03%	58.2%	39.6%	0.9%	0.3%	1.0%	0.0%
542514QG2	LBMLT 2005-WL3 B1	CA-37.50% FL-8.83% IL-6.74% TX-4.22% MD-4.02%	46.8%	50.4%	2.8%	0.0%	0.0%	0.0%
004421LD3	ACE 2005-HE1 B1	CA-36.44% NY-9.91% FL-6.55% NJ-5.53% IL-4.58%	64.4%	33.8%	1.5%	0.0%	0.0%	0.0%
46629TAQ3	JPMAC 2006-CH1 M10	FL-19.93% CA-11.40% NY-7.48% NJ-6.76% IL-5.93%	56.1%	42.2%	1.7%	0.0%	0.0%	0.0%
70069FES2	PPSI 2004-WHQ2 M10	CA-26.88% FL-10.54% IL-7.98% NY-7.73% AZ-3.70%	57.8%	35.9%	6.3%	0.0%	0.0%	0.0%
004421PD9	ACE 2005-RM2 M11	CA-58.39% IL-12.59% TX-7.94% FL-6.83% AZ-2.62%	38.100%	61.380%	0.520%	0.000%	0.000%	0.0%
81879MBG3	SGMS 2006-FRE1 M10	CA-28.33% FL-12.39% NY-11.02% MD-8.48% NJ-6.97%	57.2%	41.5%	1.4%	0.0%	0.0%	0.0%
46626LHL7	JPMAC 2006-FRE2 M10	CA-24.70% FL-12.21% NY-11.88% MD-9.05% NJ-7.10%	58.1%	41.9%	0.0%	0.0%	0.0%	0.0%
76112B4Y3	RAMP 2006-NC3 M10	CA-33.15% FL-10.09% NY-6.68% TX-6.63% MA-3.95%	58.8%	0.0%	41.3%	0.0%	0.0%	0.0%
35729PPL8	FHLT 2006-1 M9	CA-24.72% FL-13.80% NY-12.55% NJ-7.82% MD-7.08%	53.8%	44.9%	1.3%	0.0%	0.0%	0.0%
17309LAQ8	CMLTI 2006-HE2 M10	CA-27.27% FL-9.97% MD-5.99% NJ-5.32% NY-4.84%	50.3%	27.1%	22.6%	0.0%	0.0%	0.0%
76112BLT5	RAMP 2005-RS3 B2	FL-13.00% CA-8.85% TX-5.99% GA-4.83% IL-4.75%	53.4%	0.0%	46.6%	0.0%	0.0%	0.0%
40430HFX1	HASC 2006-OPT3 M10	CA-27.52% NY-9.83% FL-9.46% MA-5.89% NJ-5.06%	52.4%	47.0%	0.5%	0.1%	0.0%	0.0%
07386HZY0	BALTA 2005-10 1B3	CA-23.99% FL-13.39% AZ-10.68% VA-5.14%GA-4.97%	14.3%	0.0%	72.5%	0.0%	13.2%	0.0%
07386HC74	BALTA 2006-1 1B3	CA-26.58% FL-12.00% AZ-7.49% VA-6.70% GA-5.65%	21.8%	0.0%	69.1%	0.0%	9.2%	0.0%
23242FAP1	CWL 2006-16 B	CA-33.18% FL-12.06% NY-4.91% AZ-4.72% NJ-3.66%	71.0%	29.0%	0.0%	0.0%	0.0%	0.0%
362341A82	GSAA 2005-14 B3	CA-34.71% FL-9.47% VA-7.8% NJ-5.75% AZ-5.34%	22.5%	57.5%	0.0%	0.0%	20.0%	0.0%
03072SZE8	AMSI 2005-R2 M11	CA-18.42% FL-10.33% NY-8.67% MD-5.00% NJ-4.87%	73.430%	13.030%	13.540%	0.000%	0.000%	0.0%
07386HJ44	BALTA 2006-2 1B3	CA-20.85% FL-14.67% AZ-11.84% VA-6.72% GA-6.56	6.0%	0.0%	81.2%	0.0%	12.8%	0.0%
07386HM81	BALTA 2006-3 1B3	CA-23.72% FL-12.59% AZ-7.91% VA-5.98% GA-5.87%	12.6%	54.8%	0.6%	2.2%	29.8%	0.0%
36298HAA5	GSAA 2006-11 B3	CA-35.89% FL-11.38% NV-6.60% AZ-5.75% VA-5.25%	48.1%	28.7%	0.0%	9.1%	14.2%	0.0%
362341PL7	GSAA 2005-11 B4	CA-49.01% FL-8.15% AZ-4.90% VA-4.48% WA-3.41%	23.9%	57.9%	0.0%	0.0%	18.2%	0.0%
362381AL9	GSAA 2006-12 B3	CA-45.23% FL-8.31% VA-5.25% MD-5.16% AZ-4.61%	42.0%	52.1%	0.0%	4.1%	1.9%	0.0%
362341F38	GSAA 2005-15 B3	CA-12.39% FL-6.36% VA-6.16% NV-6.17% AZ-6.26%	27.3%	67.5%	0.0%	5.1%	0.0%	0.0%
3623412E8	GSAA 2006-1 B3	CA-30.50% FL-13.01% NV-5.37% AZ-5.07% GA-4.83%	17.7%	69.0%	0.0%	0.0%	13.2%	0.0%
83611MPU6	SVHE 2006-OPT3 M10	CA-21.90% FL-12.44% NY-9.71% TX-4.91% MA-4.67%	59.3%	39.8%	0.4%	0.0%	0.5%	0.0%
46626LGS3	JPMAC 2006-HE1 M11	CA-49.98% IL-12.74% TX-8.87% FL-8.38% AZ-2.75%	31.0%	68.1%	0.8%	0.2%	0.0%	0.0%
83611MMW5	SVHE 2006-OPT2 M10	CA-26.02% FL-11.81% NY-10.90% NJ-5.80% TX-4.46%	47.8%	50.6%	0.7%	0.1%	0.8%	0.0%
35729PPM6	FHLT 2006-1 B1	CA-24.72% FL-13.80% NY-12.55% NJ-7.82% MD-7.08%	53.8%	44.9%	1.3%	0.0%	0.0%	0.0%
81879MBH1	SGMS 2006-FRE1 M11	CA-28.33% FL-12.39% NY-11.02% MD-8.48% NJ-6.97%	57.2%	41.5%	1.4%	0.0%	0.0%	0.0%
46626LHM5	JPMAC 2006-FRE2 M11	CA-24.70% FL-12.21% NY-11.88% MD-9.05% NJ-7.10%	58.1%	41.9%	0.0%	0.0%	0.0%	0.0%
83611MNT1	SVHE 2006-2 B1	CA-14.80% FL-14.70% TX-7.67% NY-5.01% NJ-4.58%	54.1%	19.9%	2.8%	21.7%	1.5%	0.0%
362375AU1	GSAA 2006-10 B4	CA-17.11% FL-13.63% NY-8.66% AZ-5.70% IL-4.88%	17.2%	0.0%	0.0%	52.3%	30.5%	0.0%
83612CAR0	SVHE 2006-OPT5 M11	CA-25.23% FL-11.07% NY-8.45% MA-5.74% TX-5.39%	62.1%	36.9%	0.6%	0.0%	0.3%	0.0%
362341JT7	GSAA 2005-10 B4	CA-45.95% FL-9.83% NY-6.00% MD-4.04% NJ-3.27%	61.6%	30.0%	8.4%	0.0%	0.0%	0.0%
15231AAQ9	CXHE 2006-A M11	CA-21.23% FL-12.05% TX-11.27% VA-5.15% MD-4.19%	81.6%	0.0%	3.9%	14.5%	0.0%	0.0%
03072S2M6	AMSI 2006-R2 M11	FL-12.15% CA-11.19% NJ-8.94% NY-6.97% MD-5.91%	68.6%	15.1%	16.3%	0.0%	0.0%	0.0%
81376EAL9	SABR 2006-NC2 B5	CA-32.89% FL-10.88% NY-6.69% TX-4.03% NJ-3.95%	53.7%	44.2%	2.1%	0.0%	0.0%	0.0%
83611MHG6	SVHE 2005-OPT3 M10	CA-23.49% FL-10.75% NY-9.72% MA-6.70% TX-5.69%	55.7%	42.4%	0.8%	0.0%	1.1%	0.0%
813765AL8	SABR 2006-FR3 B5	CA-24.11% FL-15.46% NY-11.14% MD-7.69% NJ-7.40%	53.4%	45.7%	0.8%	0.0%	0.0%	0.0%

CMBS Assets

Cusip	Name	Issuer	Original Face	Factor	Current Face	Principal Balance	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Margin	Maturity
36298JAU7	GSMS 2006-RR2 J	GSMS 2006-RR2	$2,500,000	1.0000	$2,500,000	$2,338,103	$9,637,000	$770,970,610	7/24/2006	fixed	6.00%	6/23/2046
36298JAW3	GSMS 2006-RR2 K	GSMS 2006-RR2	$2,500,000	1.0000	$2,500,000	$2,264,188	$7,709,000	$770,970,610	7/24/2006	fixed	6.00%	6/23/2046
002563AB0	ABAC 2006-NS1A J	ABAC 2006-NS1A	$5,000,000	1.0000	$5,000,000	$5,000,000	$9,625,000	$225,750,000	8/17/2006	LIBOR01M	1.80%	8/28/2046
002563AC8	ABAC 2006-NS1A K	ABAC 2006-NS1A	$2,000,000	1.0000	$2,000,000	$2,000,000	$7,000,000	$225,750,000	8/17/2006	LIBOR01M	2.20%	8/28/2046
40166XAL7	GUGH 2006-3A D	GUGH 2006-3A	$3,000,000	1.0000	$3,000,000	$3,000,000	$24,029,000	$400,500,000	8/17/2006	LIBOR01M	1.10%	9/25/2046
81273YAD7	SEAWL 2006-4A C	SEAWL 2006-4A	$8,163,000	1.0000	$8,163,000	$8,163,000	$9,000,000	$285,000,000	8/3/2006	LIBOR01M	0.85%	10/18/2047
38500VAH9	GKKRE 2006-1A F	GKKRE 2006-1A	$2,000,000	1.0000	$2,000,000	$2,000,000	$20,000,000	$942,500,000	8/24/2006	LIBOR03M	1.00%	7/25/2041
38500VAJ5	GKKRE 2006-1A G	GKKRE 2006-1A	$4,000,000	1.0000	$4,000,000	$4,000,000	$20,000,000	$942,500,000	8/24/2006	LIBOR03M	1.20%	7/25/2041
36170VAK5	GFORCE 061 H	GFORCE 2006-1A	$5,000,000	1.0000	$5,000,000	$4,532,482	$16,508,000	$880,447,000	9/13/2006	fixed	5.60%	9/27/2046
00257HAH5	ABAC 2006-13A H	ABAC 2006-13A	$4,000,000	1.0000	$4,000,000	$4,000,000	$11,925,000	$351,850,000	9/7/2006	LIBOR01M	1.30%	9/28/2046
78464QAA5	MSC 2006-SRR1 D	MSC 2006-SRR1	$5,000,000	1.0000	$5,000,000	$5,000,000	$21,700,000	$341,694,000	8/31/2006	LIBOR01M	1.25%	8/25/2046
62475FAL6	MSC 2005-RR6 G	MSC 2005-RR6	$3,000,000	1.0000	$3,000,000	$3,000,000	$6,346,000	$564,068,568	10/13/2005	fixed	5.80%	5/24/2043
12513XAS1	CD 2006-CD2 J	CD 2006-CD2	$3,000,000	1.0000	$3,000,000	$3,000,000	$34,418,000	$3,059,345,771	3/14/2006	synthetic sprd	0.91%	1/15/2046
126171AT4	COMM 2005-C6 H	COMM 2005-C6	$3,000,000	1.0000	$3,000,000	$3,000,000	$22,726,000	$2,272,502,889	8/19/2005	synthetic sprd	0.80%	6/10/2044
52108RAX0	LBUBS 2006-C4 K	LBUBS 2006-C4	$3,000,000	1.0000	$3,000,000	$3,000,000	$27,257,000	$2,274,118,524	6/29/2006	synthetic sprd	0.91%	6/15/2038
50179MAT8	LBUBS 2006-C6 K	LBUBS 2006-C6	$3,000,000	1.0000	$3,000,000	$3,000,000	$53,316,000	$3,282,363,741	10/4/2006	synthetic sprd	0.91%	9/15/2039
14986DAV2	CD 2006-CD3 J	CD 2006-CD3	$7,500,000	1.0000	$7,500,000	$7,500,000	$40,178,000	$3,583,040,873	10/26/2006	fixed	6.22%	10/15/2048

CMBS Assets

Cusip	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg. Life	Special Servicer/ Collateral Manager
36298JAU7	GSMS 2006-RR2 J	CMBS Repack	Baa2	Baa2	BBB	BBB	-	11.9	LNR Partners, Inc.
36298JAW3	GSMS 2006-RR2 K	CMBS Repack	Baa3	Baa3	BBB-	BBB-	-	11.9	LNR Partners, Inc.
002563AB0	ABAC 2006-NS1A J	CMBS Repack	Baa2	Baa2	BBB	BBB	-	13.2	NS Advisors, LLC
002563AC8	ABAC 2006-NS1A K	CMBS Repack	Baa3	Baa3	BBB-	BBB-	-	13.6	NS Advisors, LLC
40166XAL7	GUGH 2006-3A D	CMBS Repack	Baa1	Baa1		BBB-	BBB+	7.0	Select Loan Portfolio Servicing, Inc.
81273YAD7	SEAWL 2006-4A C	CMBS Repack	A3	A3	A-	A-	-	9.8	LNR Partners, Inc.
38500VAH9	GKKRE 2006-1A F	CMBS Repack	Baa1	Baa1	BBB+	BBB+	-	7.8	GKK Manager, LLC
38500VAJ5	GKKRE 2006-1A G	CMBS Repack	Baa2	Baa2	BBB	BBB	-	7.9	GKK Manager, LLC
36170VAK5	GFORCE 061 H	CMBS Repack	-	Ba1	BBB	BBB	BBB	10.4	Capmark Finance
00257HAH5	ABAC 2006-13A H	CMBS Repack	Baa1	Baa1	BBB+	BBB+	BBB+	11.1	Wachovia
78464QAA5	MSC 2006-SRR1 D	CMBS Repack	Baa1	Baa1	BBB+	BBB+	-	5.0	LNR Partners, Inc.
62475FAL6	MSC 2005-RR6 G	CMBS Repack	Baa3	Baa3	BBB-	BBB-	BBB-	10.8	LNR Partners, Inc.
12513XAS1	CD 2006-CD2 J	CMBS Conduit	Baa3	Baa3	BBB-	BBB-	-	9.4	LNR Partners, Inc.
126171AT4	COMM 2005-C6 H	CMBS Conduit	Baa3	Baa3	BBB-	BBB-	-	8.8	GMAC Commercial Mortgage Corp / LNR Partners
52108RAX0	LBUBS 2006-C4 K	CMBS Conduit	Baa3	Baa3	BBB-	BBB-	-	9.7	LNR Partners, Inc.
50179MAT8	LBUBS 2006-C6 K	CMBS Conduit	Baa3	Baa3	BBB-	BBB-	-	10.0	LNR Partners, Inc.
BCC0TJDB9	CD 2006-CD3 J	CMBS Conduit	Baa2	Baa2	BBB	BBB	-	14.9	J.E. Robert Company Inc.

ABS Assets

Cusip	Name	Issuer	Original Face	Factor	Current Face	Principal Balance	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Margin	Maturity
63543VAJ2	NCSLT 2006-3 D	NCSLT 2006-3	$15,000,000	1.0000	$15,000,000	$15,000,000	$83,870,000	$1,843,390,000	9/28/2006	LIBOR01M	1.15%	3/25/2032
63543WAH4	NCSLT 2006-4 D	NCSLT 2006-4	$7,000,000	1.0000	$7,000,000	$7,000,000	$47,000,000	$1,025,000,000	12/7/2006	LIBOR01M	1.10%	5/25/2032

ABS Assets

Cusip	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg. Life	Servicer
63543VAJ2	NCSLT 2006-3 D	ABS Student Loan	Baa2	Baa2	BBB	BBB	BBB	12.8	Pennsylvania Higher Education Assistance Agency
63543WAH4	NCSLT 2006-4 D	ABS Student Loan	Baa2	Baa2	BBB	BBB	BBB	13.3	Pennsylvania Higher Education Assistance Agency

ANNEX A-1

FORM OF INCOME NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER

The Bank of New York, London Branch
One Canada Square
London E14 5AL
United Kingdom
fax +44 20 7964 6399
phone +44 20 7964 7073
Attention: Corporate Trust Administration

Re: Fortius II Funding, Ltd.
Income Notes and Combination Notes

Dear Sirs:

Reference is hereby made to the Income Notes (the "Income Notes") and the Combination Notes (the "Combination Notes") issued by Fortius II Funding, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated December 6, 2006 ("Offering Circular") to be purchased and held by us. We (the "Purchaser") are purchasing U.S.$ [ ] aggregate notional amount of Income Notes (the "Purchaser's Income Notes") and U.S.$[ ] aggregate amount of Combination Notes (the "Purchaser's Combination Notes"). Terms defined or referenced in the Offering Circular and not otherwise defined or referenced herein shall have the meanings set forth in the Offering Circular.

The Purchaser hereby represents, warrants and covenants for the benefit of the Issuer that:

(a) (i) The Purchaser is (check one) (x) __ a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) (a "Qualified Institutional Buyer"), (y) __ a non-U.S. Person (as defined in Regulation S under the Securities Act) that is acquiring the Purchaser's Income Notes and the Purchaser's Combination Notes in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S of the Securities Act or (z) __ 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 the Income Notes and the Combination Notes for its own account; (ii) The Purchaser, in the case of clauses (x) or (z) above, is a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (a "Qualified Purchaser"); (iii) The Purchaser, in the case of clause (z) above, is not acquiring the Income Notes and the Combination Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below; (iv) The Purchaser is aware that the sale of the Purchaser's Income Notes and the Purchaser's Combination Notes to the Purchaser is being made in reliance on an exemption from registration under the Securities Act; (v) The Purchaser (unless otherwise permitted under the Fiscal Agency Agreement) is acquiring Income Notes in the aggregate notional principal amount of not less than U.S.$100,000 with integral multiples of U.S.$1 in excess thereof and Combination Notes, in respect of the Class C Note Component, in the aggregate principal amount of not less than U.S.$250,000 in the case of Combination Notes sold in reliance on Rule 144A and not less than U.S.$100,000 in the case of Regulation S Combination Notes with integral multiples of U.S.$1 in excess thereof and, in respect of the Income Note Component, in the aggregate notional principal amount of not less than U.S.$100,000 with integral multiples of U.S.$1 in excess thereof; (vi) With respect to any transferee, the Purchaser also understands that, in conjunction with any transfer of the Purchaser's ownership of any Purchaser's Income Notes and any Purchaser's Combination Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Income

Notes and such Purchaser's Combination Notes without obtaining from the transferee a certificate substantially in the form of this Income Notes and Combination Notes Purchase and Transfer Letter; (vii) The Purchaser will provide notice of the transfer restrictions described to any subsequent transferees.

(b) The Purchaser is purchasing the Purchaser's Income Notes and the Purchaser's Combination Notes in an amount equal to or exceeding the minimum denominations thereof for its own account (or, if the Purchaser is a Qualified Institutional Buyer, for the account of another Qualified Institutional Buyer with respect to which the Purchaser exercises sole investment discretion) for investment purposes only and not for sale in connection with any distribution thereof, but nevertheless subject to the understanding that the disposition of its property shall at all times be and remain within its control (subject to the restrictions set forth in the Offering Circular, the note in respect of the Purchaser's Income Notes, the Purchaser's Combination Notes and the Fiscal Agency Agreement).

(c) The Purchaser understands that the Purchaser's Income Notes and the Purchaser's Combination Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, are being offered only in a transaction not involving any public offering, and may be reoffered, resold or pledged or otherwise transferred only in accordance with the restrictions on transfer set forth herein and in the Fiscal Agency Agreement. The Purchaser understands and agrees that any purported transfer of Income Notes and Combination Notes to a purchaser that does not comply with the requirements herein will not be permitted or registered by the Fiscal Agent. The Purchaser further understands that the Issuer has the right to compel any beneficial owner of Income Notes and Combination Notes that is a U.S. Person and is not (a) either a Qualified Institutional Buyer or an Accredited Investor with a net worth of U.S.$10 million or more and (b) a Qualified Purchaser, to sell its interest in such Income Notes and Combination Notes, or the Issuer may sell such Income Notes and Combination Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Income Notes and the Purchaser's Combination Notes is a U.S. Person (as defined in Regulation S under the Securities Act) the following representations shall be true and correct: The Purchaser (or if the Purchaser is acquiring the Purchaser's Income Notes and the Purchaser's Combination Notes for any account, each such account) is acquiring the Purchaser's Income Notes and the Purchaser's Combination Notes 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 Income Notes and the Combination Notes (except when each beneficial owner of the Purchaser and each such account is a Qualified Purchaser), (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: (i) that neither it nor such account shall hold the Purchaser's Income Notes and the Purchaser's Combination Notes for the benefit of any other person and such purchaser of such account shall be the sole beneficial owner thereof for all purposes; and (ii) that neither it nor such account shall sell participation interests in the Purchaser's Income Notes and the Purchaser's Combination Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Purchaser's Income Notes and the Purchaser's Combination Notes. The Purchaser understands and agrees that any purported transfer of the Purchaser's Income Notes and the Purchaser's Combination Notes to a Purchaser that does not comply with the requirements of this clause (d) will not be permitted or registered by the Fiscal Agent, the Income Note Registrar or the Combination Note Registrar, as applicable.

(e) In connection with the purchase of the Purchaser's Income Notes and the Purchaser's Combination Notes: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager, the Issuer Administrator or the Income Note Registrar or Combination Note Registrar, as applicable, is acting as a fiduciary or financial or investment adviser 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 Collateral Manager, the Issuer Administrator or the Income Note Registrar or Combination Note Registrar, as applicable, other than in the Offering Circular and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager, the Administrator or the Income Note Registrar or Combination Note Registrar, as applicable, has given to the Purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Purchaser's Income Notes and the Purchaser's Combination Notes; (iv) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture and the Fiscal Agency Agreement) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager, the Issuer Administrator or the Income Note Registrar or Combination Note Registrar, as applicable; (v) the Purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Purchaser's Income Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the Purchaser is a sophisticated investor.

(f) The certificates in respect of the Income Notes and the Combination Notes (other than the Regulation S Income Notes and Regulation S Combination Notes) will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Fiscal Agency Agreement and applicable law:

> THE INCOME NOTES AND COMBINATION NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT DECEMBER 7, 2006 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT DECEMBER 7, 2006 (THE "FISCAL AGENCY AGREEMENT") BY AND AMONG THE ISSUER AND THE BANK OF NEW YORK, LONDON BRANCH, AS FISCAL AGENT AND TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS OF THE INCOME NOTES AND COMBINATION NOTES AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.
>
> THE INCOME NOTES AND THE COMBINATION NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES OR THE COMBINATION NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES OR COMBINATION NOTES 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 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) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION) 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 RESPECT OF THE INCOME NOTES, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000 AND IN RESPECT OF THE COMBINATION NOTES, IN RESPECT OF THE CLASS C NOTE COMPONENT, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$250,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON RULE 144A AND IN A MINIMUM DENOMINATION OF U.S.$100,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON REGULATION S AND, IN RESPECT OF THE INCOME NOTE COMPONENT, IN A MINIMUM DENOMINATION OF U.S.$100,000. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES AND COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE.

IF THE TRANSFER OF INCOME NOTES OR COMBINATION NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES OR THE COMBINATION NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (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, OR (Y) AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION AND (Z) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE MUST DISCLOSE IN WRITING IN ADVANCE TO THE FISCAL 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")), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 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 (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, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES OR COMBINATION NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN ITS GENERAL ACCOUNT THAT MAY BE OR 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 WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN AN INCOME NOTE OR COMBINATION NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME NOTES AND COMBINATION NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. NO PURCHASE OR TRANSFER OF INCOME NOTES OR COMBINATION NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES OR COMBINATION NOTES (INCLUDING THE INCOME NOTE COMPONENT OF THE COMBINATION NOTES) (OTHER THAN THE INCOME NOTES OR COMBINATION NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE. PAYMENTS TO THE HOLDERS OF THE COMBINATION NOTES ARE, IN RESPECT OF THE INCOME NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE AND, IN RESPECT OF THE CLASS C NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL AND INTEREST ON THE CLASS A NOTES AND THE CLASS B NOTES OF THE ISSUER AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

(g) The certificates in respect of the Regulation S Income Notes and the Regulation S Combination Notes will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Fiscal Agency Agreement and applicable law:

THE INCOME NOTES AND COMBINATION NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT DECEMBER 7, 2006 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT DECEMBER 7, 2006 (THE "FISCAL AGENCY AGREEMENT") BY AND AMONG THE ISSUER AND THE BANK OF NEW YORK, LONDON BRANCH, AS FISCAL AGENT AND INCOME NOTE TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS OF THE INCOME NOTES AND COMBINATION NOTES AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME NOTES AND COMBINATION NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES OR THE COMBINATION NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES OR COMBINATION NOTES 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 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) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION) 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 RESPECT OF THE INCOME NOTES, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000 AND IN RESPECT OF THE COMBINATION NOTES, IN RESPECT OF THE CLASS C NOTE COMPONENT, IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$250,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON RULE 144A AND IN A MINIMUM DENOMINATION OF U.S.$100,000 IN THE CASE OF COMBINATION NOTES SOLD IN RELIANCE ON REGULATION S AND, IN RESPECT OF THE INCOME NOTE COMPONENT, IN A MINIMUM DENOMINATION OF U.S.$100,000. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES AND COMBINATION NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE.

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

THE PURCHASER OR TRANSFEREE OF THIS INCOME NOTE OR COMBINATION NOTE IS DEEMED TO REPRESENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF 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 (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. NO PURCHASE OR TRANSFER OF INCOME NOTES OR COMBINATION NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES OR COMBINATION NOTES (INCLUDING THE INCOME NOTE COMPONENT OF THE COMBINATION NOTES) (OTHER THAN THE INCOME NOTES OR COMBINATION NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO.).

TRANSFERS OF THIS INCOME NOTE OR COMBINATION 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 INCOME NOTE OR COMBINATION NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE. PAYMENTS TO THE HOLDERS OF THE COMBINATION NOTES ARE, IN RESPECT OF THE INCOME NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE AND, IN RESPECT OF THE CLASS C NOTE COMPONENT, SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL AND INTEREST ON THE CLASS A NOTES AND THE CLASS B NOTES OF THE ISSUER AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

(h) With respect to Income Notes (other than Regulation S Income Notes) and the Combination Notes (other than the Regulation S Combination Notes) transferred or purchased on or after the Closing Date, the Purchaser understands and agrees that the representations and agreements made in this paragraph (h) will be deemed made on each day from the date hereof through and including the date on which the Purchaser disposes of the Income Notes (other than the Regulation S Income Notes) and the Combination Notes (other than the Regulation S Combination Notes).

(x) The Purchaser is __ is not __ [check one] (i) an "employee benefit plan" (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")), that is subject to the provisions of Title I of ERISA, (ii) a "plan" described in and subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or (iii) an entity whose underlying assets include assets of any such plan (for purposes of ERISA or Section 4975 of the Code) by reason of any such plan's investment in the entity (such persons and entities described in clauses (i) through (iii) being referred to herein as "Benefit Plan Investors"); and (y) if the Purchaser is a Benefit Plan Investor, the Purchaser's purchase and holding of an Income Note or a Combination Note do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

If the Purchaser is an entity described in (iii) above, then ____% of its assets constitute assets of Benefit Plan Investors, and the Purchaser shall immediately notify the Issuer if such percentage changes.

The Purchaser is _____ is not _____ [check one] 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 (any such person described in this paragraph being referred to as a "Controlling Person").

If the Purchaser is an insurance company acting on behalf of its general account ____ [check if true], then (i) not more than ____% [complete by entering a percentage], (the "Maximum Percentage") of the assets of such general account constitutes assets of Benefit Plan Investors for purposes of Section 3(42) and the "plan assets" regulations under ERISA, and (ii) without limiting the remedies that may otherwise be available, the Purchaser agrees that it shall (x) immediately notify the Issuer if the Maximum Percentage is exceeded, and (y) dispose of all or a portion of its Income Notes or Combination Notes as may be instructed by the Issuer (including, in the discretion of the Issuer, a disposition back to the Issuer or an affiliate thereof (or other person designated by the Issuer) for the then value of the Income Notes or Combination Notes as reasonably determined by the Issuer, in any case in which the Purchaser cannot otherwise make a disposition it has been instructed by the Issuer to make).

(i) The Purchaser understands and acknowledges that none of the Fiscal Agent, the Income Note Registrar or the Combination Note Registrar, as applicable, will register any purchase or transfer of Income Notes or Combination Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Income Notes or Combination Notes that has, in either case, represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the outstanding Income Notes or Combination Notes (including the Income Note Component of the Combination Notes). For purposes of this determination, Income Notes or Combination Notes held by the Collateral Manager, 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. The Purchaser understands and agrees that any purported purchase or transfer of the Purchaser's Income Notes and the Purchaser's Combination Notes to a Purchaser that does not comply with the requirements of this clause (h) will not be permitted or registered by the Fiscal Agent or the Income Note Registrar or the Combination Note Registrar, as applicable.

(j) The Purchaser is not purchasing the Purchaser's Income Notes or the Purchaser's Combination Notes 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 Purchaser's Income Notes and the Purchaser's Combination Notes involves certain risks, including the risk of loss of its entire investment in the Purchaser's Income Notes under certain circumstances. The Purchaser has had access to such financial and other information concerning the Issuers and the Purchaser's Income Notes and the Purchaser's Combination Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Purchaser's Income Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(k) The Purchaser and each beneficial owner of Income Notes and the Purchaser and each beneficial owner of Combination Notes that is not a United States person (as defined in Section 7701(a)(30) of the Code) will make, or by acquiring such Securities or an interest therein will be deemed to make, a representation to the effect that (x) either (i) its purchase of the Securities is not, directly or indirectly, an extension of credit made by a bank pursuant to a loan agreement entered into in the ordinary course of its trade or business, or (ii) it is a person that is eligible for benefits under an income tax treaty with the United States that eliminates United States federal income taxation of United States source interest not attributable to a permanent establishment in the United States and (y) it is not purchasing the Securities in order to reduce its United States federal income tax liability or pursuant to a tax avoidance plan.

(l) The Purchaser agrees to treat the Purchaser's Income Notes and the Income Note Component of the Purchaser's Combination Notes as equity, and the Class C Note Component of the Purchaser's Combination notes as debt, for United States federal, state and local income tax purposes.

(m) The Purchaser acknowledges that due to money laundering requirements operating in the Cayman Islands, the Issuer and the Fiscal Agent may require further identification of the Purchaser before the purchase application can proceed. The Issuer and the Fiscal Agent shall be held harmless and indemnified by the Purchaser against any loss arising from the failure to process the application if such information as has been required from the Purchaser has not been provided by the Purchaser.

(n) The Purchaser agrees to complete any other instrument of transfer as required under Cayman Islands law.

(o) The Purchaser is not a member of the public in the Cayman Islands.

We acknowledge that you and other persons will rely upon our confirmation, acknowledgments, representations, warranties, covenants and agreements set forth herein, and we hereby irrevocably authorize you and such other persons to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,
[ ]
By:_____
Name:
Title:

Receipt acknowledged as of date set forth above,

_____
(Signature and Addresses)

ANNEX A-2

FORM OF CLASS E NOTES PURCHASE AND TRANSFER LETTER

The Bank of New York, London Branch
One Canada Square
London E14 5AL
United Kingdom
fax +44 20 7964 6399
phone +44 20 7964 7073
Attention: Corporate Trust Administration

Re: Fortius II Funding, Ltd.
Class E Notes

Dear Sirs:

Reference is hereby made to the Class E Notes (the "Class E Notes") issued by Fortius II Funding, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated December 6, 2006 ("Offering Circular") to be purchased and held by us. We (the "Purchaser") are purchasing U.S.$[ ] Class E Notes (the "Purchaser's Class E Notes"). Terms defined or referenced in the Offering Circular and not otherwise defined or referenced herein shall have the meanings set forth in the Offering Circular.

The Purchaser hereby represents, warrants and covenants for the benefit of the Issuer that:

(a) (i) The Purchaser is (check one) (x) __ a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) (a "Qualified Institutional Buyer") or (y) __ a non-U.S. Person (as defined in Regulation S under the Securities Act) that is acquiring the Purchaser's Class E Notes in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S of the Securities Act; (ii) The Purchaser, in the case of clause (x) above, is a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (a "Qualified Purchaser"); (iii) The Purchaser is aware that the sale of the Purchaser's Class E Notes to the Purchaser is being made in reliance on an exemption from registration under the Securities Act; (iv) The Purchaser is acquiring not less than U.S.$250,000 of Purchased Notes; (v) With respect to any transferee, the Purchaser also understands that, in conjunction with any transfer of the Purchaser's ownership of any Purchaser's Class E Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Class E Notes without obtaining from the transferee a certificate substantially in the form of this Class E Notes Purchase and Transfer Letter; (vi) The Purchaser will provide notice of the transfer restrictions described to any subsequent transferees.

(b) The Purchaser is purchasing the Purchaser's Class E Notes in an amount equal to or exceeding the minimum permitted amount thereof for its own account (or, if the Purchaser is a Qualified Institutional Buyer, for the account of another Qualified Institutional Buyer with respect to which the Purchaser exercises sole investment discretion) for investment purposes only and not for sale in connection with any distribution thereof, but nevertheless subject to the understanding that the disposition of its property shall at all times be and remain within its control (subject to the restrictions set forth in the Offering Circular and the Indenture).

(c) The Purchaser understands that the Purchaser's Class E Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, are being offered only in a transaction

not involving any public offering, and may be reoffered, resold or pledged or otherwise transferred only in accordance with the restrictions on transfer set forth herein and in the Indenture. The Purchaser understands and agrees that any purported transfer of Class E Notes to a purchaser that does not comply with the requirements herein will not be permitted or registered by the Note Transfer Agent. The Purchaser further understands that the Issuer has the right to compel any beneficial owner of Class E Notes that is a U.S. Person and is not (a) either a Qualified Institutional Buyer and (b) a Qualified Purchaser, to sell its interest in such Class E Notes, or the Issuer may sell such Class E Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Class E Notes is a U.S. Person (as defined in Regulation S under the Securities Act) the following representations shall be true and correct: The Purchaser (or if the Purchaser is acquiring the Purchaser's Class E Notes for any account, each such account) is acquiring the Purchaser's Class E Notes 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 Class E Notes (except when each beneficial owner of the Purchaser and each such account is a Qualified Purchaser), (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: (i) that neither it nor such account shall hold the Purchaser's Class E Notes for the benefit of any other person and such purchaser of such account shall be the sole beneficial owner thereof for all purposes; and (ii) that neither it nor such account shall sell participation interests in the Purchaser's Class E Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Purchaser's Class E Notes. The Purchaser understands and agrees that any purported transfer of the Purchaser's Class E Notes to a Purchaser that does not comply with the requirements of this clause (d) will not be permitted or registered by the Note Transfer Agent.

(e) In connection with the purchase of the Purchaser's Class E Notes: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager or the Issuer Administrator is acting as a fiduciary or financial or investment adviser 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 Collateral Manager or the Administrator other than in the Offering Circular and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager or the Administrator has given to the Purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Purchaser's Class E Notes; (iv) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager or the Issuer Administrator; (v) the Purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Purchaser's Class E Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the Purchaser is a sophisticated investor.

(f) The certificates in respect of the Class E Notes (other than the Regulation S Class E Notes) will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Indenture and applicable law:

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) 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 INITIAL PURCHASER 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 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 THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$250,000 OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$100,000, FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE NOTE TRANSFER AGENT. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE.

IF THE TRANSFER OF CLASS E NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS E NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (1) 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 AND (2) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE OF THIS NOTE 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")), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 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 (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, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF CLASS E NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN ITS GENERAL ACCOUNT THAT MAY BE OR 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 WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN A CLASS E 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 PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. NO PURCHASE OR TRANSFER OF CLASS E NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

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.

(g) The certificates in respect of the Regulation S Class E Notes will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Indenture and applicable law:

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) 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 INITIAL PURCHASER 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 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 THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$250,000 OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN U.S.$100,000, FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED 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 ISSUERS 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 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 INDENTURE (AS DEFINED HEREIN). 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 INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUERS HAVE THE RIGHT, UNDER THE INDENTURE (AS DEFINED HEREIN), TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A RULE 144A GLOBAL NOTE (AS DEFINED IN THE INDENTURE) 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 PURCHASER OR TRANSFEREE OF A CLASS E NOTE IS DEEMED TO REPRESENT TO THE NOTE TRANSFER AGENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF 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 (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO 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(f)(3)) OF ANY SUCH PERSON. NO PURCHASE OR TRANSFER OF CLASS E NOTES WILL BE PERMITTED OR REGISTERED TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

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

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

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.

(h) With respect to Class E Notes (other than the Regulation S Class E Notes) transferred or purchased on or after the Closing Date, the Purchaser understands and agrees that the representations and agreements made in this paragraph (h) will be deemed made on each day from the date hereof through and including the date on which the Purchaser disposes of the Class E Notes (other than the Regulation S Class E Notes).

(x) The Purchaser is __ is not __ [check one] (i) an "employee benefit plan" (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")), that is subject to the provisions of Title I of ERISA, (ii) a "plan" described in and

subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or (iii) an entity whose underlying assets include assets of any such plan (for purposes of ERISA or Section 4975 of the Code) by reason of any such plan's investment in the entity (such persons and entities described in clauses (i) through (iii) being referred to herein as "Benefit Plan Investors"); and (y) if the Purchaser is a Benefit Plan Investor, the Purchaser's purchase and holding of a Class E Note do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of an employee benefit plan not subject to ERISA or Section 4975 of the Code, any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code) for which an exemption is not available.

If the Purchaser is an entity described in (iii) above, then ____% of its assets constitute assets of Benefit Plan Investors, and the Purchaser shall immediately notify the Issuer if such percentage changes.

The Purchaser is _____ is not _____ [check one] 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 (any such person described in this paragraph being referred to as a "Controlling Person").

If the Purchaser is an insurance company acting on behalf of its general account ____ [check if true], then (i) not more than ____% [complete by entering a percentage], (the "Maximum Percentage") of the assets of such general account constitutes assets of Benefit Plan Investors for purposes of Section 3(42) of ERISA and the "plan assets" regulations under ERISA, and (ii) without limiting the remedies that may otherwise be available, the Purchaser agrees that it shall (x) immediately notify the Issuer if the Maximum Percentage is exceeded, and (y) dispose of all or a portion of its Class E Notes as may be instructed by the Issuer (including, in the discretion of the Issuer, a disposition back to the Issuer or an affiliate thereof (or other person designated by the Issuer) for the then value of the Class E Notes as reasonably determined by the Issuer, in any case in which the Purchaser cannot otherwise make a disposition it has been instructed by the Issuer to make).

(i) The Purchaser understands and acknowledges that the Note Transfer Agent will not register any purchase or transfer of Class E Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Class E Notes that has, in either case, represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the outstanding Class E Notes. For purposes of this determination, Class E Notes held by the Collateral Manager, 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. The Purchaser understands and agrees that any purported purchase or transfer of the Purchaser's Class E Notes to a Purchaser that does not comply with the requirements of this clause (i) will not be permitted or registered by the Note Transfer Agent.

(j) The purchaser is not purchasing the Purchaser's Class E Notes 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 Purchaser's Class E Notes involves certain risks, including the risk of loss of its entire investment in the Purchaser's Class E Notes under certain circumstances. The Purchaser has had access to such financial and other information concerning the Issuers and the Purchaser's Class E Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Purchaser's Class E Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(k) The Purchaser is not purchasing the Purchaser's Class E Notes in order to reduce any United States federal income tax liability or pursuant to a tax avoidance plan within the meaning of Treasury Regulation 1.881-3(b).

(l) The Purchaser agrees to treat the Purchaser's Class E Notes in accordance with the treatment accorded to it by the Issuer (as debt or equity as the case may be) upon the issuance of the Class E Note.

(m) The Purchaser acknowledges that due to money laundering requirements operating in the Cayman Islands, the Issuer and Note Transfer Agent may require further identification of the Purchaser before the purchase application can proceed. The Issuer and the Note Transfer Agent shall be held harmless and indemnified by the Purchaser against any loss arising from the failure to process the application if such information as has been required from the Purchaser has not been provided by the Purchaser.

(n) The Purchaser agrees to complete any other instrument of transfer as required under Cayman Islands law.

(o) The Purchaser is not a member of the public in the Cayman Islands.

We acknowledge that you and other persons will rely upon our confirmation, acknowledgments, representations, warranties, covenants and agreements set forth herein, and we hereby irrevocably authorize you and such other persons to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,
[ ]
By:_____
Name:
Title:

Receipt acknowledged as of date set forth above,

_____
(Signature and Addresses)

REGISTERED OFFICES OF THE ISSUERS

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c/o Maples Finance Limited
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George Town
Grand Cayman, Cayman Islands

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Houston, Texas 77002

FISCAL AGENT
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As to matters of United States Law

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New York, New York 10103

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As to matters of United States Law

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As to matters of Cayman Islands Law

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George Town, Grand Cayman, Cayman Islands

This CD-Rom contains an electronic version of the following documents with respect to certain of the Collateral Assets: (i) the prospectus supplement, accompanying prospectus, private placement memorandum and/or termsheet relating to each underlying CMBS series, underlying RMBS series and underlying Asset-Backed Security series (collectively, the "Disclosure Documents") and (ii) certain reports of the trustee relating to certain underlying CMBS series, underlying RMBS series and underlying Asset-Backed Security series (the "Reports"). The information included in such Disclosure Documents, Agreements and Reports however, may not reflect the current economic, competitive, market and other conditions with respect to any Collateral Asset and the related underlying series.

The information contained in this CD-ROM does not appear elsewhere in paper form in this Offering Circular and must be considered together with the information contained elsewhere in this Offering Circular. Defined terms used in this CD-ROM but not otherwise defined therein shall have the respective meanings assigned to them in the particular document in which they appear. All of the information contained in this CD-ROM is subject to the same limitations and qualifications as are contained in this Offering Circular. Prospective investors are strongly urged to read the paper portion of this Offering Circular in its entirety prior to accessing this CD-ROM. In addition, all investors should be aware that none of the Issuers, the Collateral Manager, the Trustee or the Initial Purchaser has independently verified any of the information herein or is making any representation or warranty regarding, or assumes any responsibility for the accuracy, completeness or applicability of, the information contained herein. If this CD-ROM was not received in a sealed package, there can be no assurances that it remains in its original format and should not be relied upon for any purpose.

If and when the words "expects," "intends," "anticipated," "estimates" and analogous expressions are used on this CD-ROM, such statements are subject to a variety of risks and uncertainties that could cause results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, competition, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, various other events, conditions and circumstances many of which are beyond the control of the Issuers, the Collateral Manager, the Trustee or the Initial Purchaser. Any forward-looking statements speak only as of their date. Each of the Issuers, the Collateral Manager, the Trustee and the Initial Purchaser expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any statement contained in the CD-Rom to reflect any change in events, conditions or circumstances on which any such statement is based.

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FORTIUS II FUNDING, LTD.

FORTIUS II FUNDING, CORP.

U.S.$12,700,000
Class S Floating Rate Notes
Due 2010

U.S.$325,000,000
Class A-1 Floating Rate Notes
Due 2042

U.S.$50,000,000
Class A-2 Floating Rate Notes
Due 2042

U.S.$45,000,000
Class B Floating Rate Notes
Due 2042

U.S.$20,000,000
Class C Deferrable Floating Rate Notes
Due 2042

U.S.$27,500,000
Class D Deferrable Floating Rate Notes
Due 2042

U.S.$7,500,000
Class E Deferrable Floating Rate Notes
Due 2042

U.S.$25,000,000
Income Notes
Due 2042

U.S.$10,000,000
Combination Notes
Due 2042

OFFERING CIRCULAR

Goldman, Sachs & Co.