CONFIDENTIAL

TIMBERWOLF I, LTD.
TIMBERWOLF I (DELAWARE) CORP.

U.S.$ 9,000,000 Class S-1 Floating Rate Notes Due 2011
U.S.$ 8,300,000 Class S-2 Floating Rate Notes Due 2011
U.S.$ 100,000,000 Class A-1a Floating Rate Notes Due 2039
U.S.$ 200,000,000 Class A-1b Floating Rate Notes Due 2039
U.S.$ 100,000,000 Class A-1c Floating Rate Notes Due 2044
U.S.$ 100,000,000 Class A-1d Floating Rate Notes Due 2044
U.S.$ 305,000,000 Class A-2 Floating Rate Notes Due 2047
U.S.$ 107,000,000 Class B Floating Rate Notes Due 2047
U.S.$ 36,000,000 Class C Deferrable Floating Rate Notes Due 2047
U.S.$ 30,000,000 Class D Deferrable Floating Rate Notes Due 2047
U.S.$ 22,000,000 Income Notes Due 2047

Secured (with Respect to the Notes) Primarily by a Portfolio of CDO Securities and Synthetic Securities (referencing CDO Securities)

The Notes (as defined herein) and the Income Notes (as defined herein) (collectively, the "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, 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 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 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 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.

It is a condition of the issuance of the Securities that the Class S-1 Notes, the Class S-2 Notes, the Class A-1a Notes, the Class A-1b Notes, the Class A-1c Notes, the Class A-1d 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 and that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P. The 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 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 CASHFLOW SWAP 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 (AS DEFINED HEREIN), 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 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, 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 D NOTES AND INCOME NOTES (OTHER THAN REGULATION S CLASS D NOTES AND REGULATION S INCOME 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-1a NOTES, CLASS A-1b NOTES, CLASS A-1c NOTES, CLASS A-1d NOTES, CLASS A-2 NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES AND REGULATION S INCOME 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 Securities are being offered by Goldman, Sachs & Co. (in the case of the 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-1 Notes, Class S-2 Notes, Class A-1a Notes, Class A-1b Notes, Class A-1c Notes, Class A-1d Notes, Class A-2 Notes, Class B Notes, Class C Notes, Regulation S Class D Notes and the Regulation S Income Notes will be ready for delivery in book entry form only in New York, New York, on or about March 27, 2007 (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 D Notes (other than the Regulation S Class D Notes) the Income Notes (other than the Regulation S Income 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.

Goldman, Sachs & Co.

Offering Circular dated March 23, 2007.

Timberwolf I, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer"), and Timberwolf I (Delaware) Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers"), will issue U.S.$9,000,000 principal amount of Class S-1 Floating Rate Notes Due September 2011 (the "Class S-1 Notes"), U.S.$8,300,000 principal amount of Class S-2 Floating Rate Notes Due September 2011, (the "Class S-2 Notes" and, together with the Class S-1 Notes, the "Class S Notes"), U.S.$ 100,000,000 principal amount of Class A-1a Floating Rate Notes Due 2039 (the "Class A-1a Notes"), U.S.$ 200,000,000 principal amount of Class A-1b Floating Rate Notes Due 2039 (the "Class A-1b Notes"), U.S.$ 100,000,000 principal amount of Class A-1c Floating Rate Notes Due 2044 (the "Class A-1c Notes"), U.S.$ 100,000,000 principal amount of Class A-1d Floating Rate Notes Due 2044 (the "Class A-1d Notes" and, together with the Class A-1a Notes, Class A-1b Notes and Class A-1c Notes, the "Class A-1 Notes"), U.S.$ 305,000,000 principal amount of Class A-2 Floating Rate Notes Due 2047 (the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"), U.S.$ 107,000,000 principal amount of Class B Floating Rate Notes Due 2047 (the "Class B Notes") and U.S.$ 36,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2047 (the "Class C Notes"), and the Issuer will issue U.S.$ 30,000,000 principal amount of Class D Deferrable Floating Rate Notes Due 2047 (the "Class D Notes" and, together with the Class S Notes, Class A Notes, Class B Notes and Class C Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about March 27, 2007 among the Issuers and The Bank of New York, as trustee and securities intermediary (the "Trustee" and the "Securities Intermediary," respectively).

In addition, the Issuer will issue U.S.$ 22,000,000 notional principal amount of Income Notes (the "Income Notes" and, together with the Notes, the "Securities") constituted by the deed of covenant executed by the Issuer on March 27, 2007 (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 March 27, 2007 between the Issuer and The Bank of New York, London Branch, as fiscal agent (the "Fiscal Agent").

The net proceeds received from the offering of the Securities will be applied by the Issuer to purchase a portfolio of CDO Securities and Synthetic Securities (the Reference Obligations of which are CDO Securities) as described herein (collectively, together with Deliverable Obligations and any Default Swap Collateral that has been released from the lien of the Synthetic Security Counterparty and credited to the Collateral Account as described herein, "Collateral Assets"), Default Swap Collateral and Eligible Investments. Certain summary information about the Collateral Assets and the Reference Obligations is set forth in Appendix B to this Offering Circular. On the Closing Date, the Issuer will enter into the Cashflow Swap Agreement. 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-1 Notes, the Class S-2 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 3rd day of March, June, September and December of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Payment Date") commencing on September 4, 2007. The Class S-1 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 S-2 Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.35% for each Interest Accrual Period. The Class A-1a Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.05% for each Interest Accrual Period. The Class A-1b Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.50% for each Interest Accrual Period. The Class A-1c Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.80% for each Interest Accrual Period. The Class A-1d Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 1.30% for each Interest Accrual Period. The Class A-2 Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.90% for each Interest Accrual Period. The Class B Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 1.40% for each Interest Accrual Period. The Class C Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 4.00% for each Interest Accrual Period. The Class D Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 10.00% 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, except as otherwise provided in the Priority of Payments, payments on the Class S-1 Notes will be senior to payments on the Class S-2 Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes; payments on the Class S-2 Notes will be senior to payments on the Class A-2 Notes (*provided*, that payments of interest on the Class S-2 Notes and the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D 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 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 and the Income Notes; payments on the Class B Notes will be senior to payments on the Class C Notes, the Class D Notes and the Income Notes; payments on the Class C Notes will be senior to payments on the Class D Notes and the Income Notes; and payments on the Class D 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-1 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. Payments of principal on the Class A-1 Notes will be paid in accordance with the Class A-1 Note Payment Sequence.

The Notes and, to the extent described herein, the Income Notes, are subject to redemption, (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 by Refinancing or an Optional Redemption by Liquidation on or after the March 2010 Payment Date. The Income Notes will not be redeemed in full, or in part, in connection with an Optional Redemption by Refinancing. The stated maturity of the Notes and the Income Notes (other than the Class S Notes and the Class A-1 Notes) is the Payment Date in December 2047. The stated maturity of the Class S Notes is the Payment Date in September 2011. The stated maturity of the Class A-1a Notes and the Class A-1b Notes is the Payment Date in December 2039. The stated maturity of the Class A-1c Notes and the Class A-1d Notes is the Payment Date in September 2044. The actual final distribution on the Securities (other than the Class S Notes) is expected to occur substantially earlier than their respective stated maturities. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

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 Income 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, 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) will be evidenced by one or more definitive notes in fully registered form (each, an "Income Note Certificate"). 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 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 Cashflow Swap Counterparty (or any guarantor thereof), the Trustee, the Collateral Administrator, the Note Agents (as defined herein) or the Fiscal Agent (the Note Agents, the Collateral Administrator 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 Cashflow Swap 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 Securities is prohibited. Each offeree of the 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 Securities in certain jurisdictions may be restricted by law. The Issuers and the Initial Purchaser require persons into whose possession this Offering Circular comes to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offering and sales of the Securities, see "Underwriting." This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Securities in any jurisdiction in which such offer or invitation would be unlawful.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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, Regulation S Class D Notes and Regulation S Income Notes will be deemed to have represented and agreed, and each purchaser of a Class D Note that is a Definitive Note and an Income 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, other than any Income Notes sold in reliance on Regulation S, the purchaser of such Income Notes (i) is a Qualified Institutional Buyer, (ii) is aware that the sale of the Income Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Income 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 an aggregate notional principal amount of not less than U.S.$100,000 Income Notes 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 for its own account, (x) is not acquiring the Income Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below, (y) is purchasing an aggregate notional principal amount of not less than U.S.$100,000 Income Notes (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, 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 D Notes and the Income Notes (other than the Regulation S Class D Notes and Regulation S Income 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 D Notes and the Income Notes (other than the Regulation S Class D Notes and Regulation S Income Notes), in the Income Notes Purchase and Transfer Letter and the Fiscal Agency Agreement, and, in the case of the Regulation S Income 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 or a Class D Note that is a Definitive Note may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Issuer and the Fiscal Agent with a letter substantially in the form attached to this Offering Circular as Annex A-1 (the "Income 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, the Regulation S Class D Notes and the Regulation S Income Notes, be null and void *ab initio* and, in the case of the Class D Notes (other than the Regulation S Class D Notes) and Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Trustee or the Registrar or the Fiscal Agent or the Income 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 Institutional Buyer or, in the case of the Income 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 and the Income 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. 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, the Regulation S Class D Notes and Regulation S Income Notes, be null and void *ab initio* and, in the case of the Class D Notes (other than the Regulation S Class D Notes) and the Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Trustee or the Note Registrar or the Fiscal Agent or the Income 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 and Class C 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 or Class C 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 Income Notes and Class D Notes (other than Regulation S Income Notes and Regulation S Class D Notes) purchased or transferred on or after the Closing Date, the purchaser or transferee must disclose in writing in advance to the Trustee 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 or Class D Notes (other than Regulation S Income Notes and Regulation S Class D Notes), as applicable, 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 or Class D Notes (other than Regulation S Income Notes and Regulation S Class D Notes), as applicable, 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 or Class D Notes, as applicable, 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 entity described in (i)(C) above, or an insurance company acting on behalf of its general account, it may be required to so indicate, and to identify a maximum percentage of its assets or the assets in its general account, as applicable, that may be or become plan assets, in which case it 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 a Class D Note (other than a Regulation S Income Note or a Regulation S Class D Note) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Trustee or Fiscal Agent, as applicable, with an Income Notes Purchase and Transfer Letter or a Class D Notes Purchase and Transfer Letter 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 Trustee or Fiscal Agent will not register any such transfer, to the extent that the purchase or transfer would result in Benefit Plan Investors owning 25% or more of either of the outstanding Income Notes or Class D Notes, immediately after such purchase or transfer (determined in accordance with the Fiscal Agency Agreement). The foregoing procedures are intended to enable Income Notes and Class D Notes (other than Regulation S Income Notes and Regulation S Class D 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 or Class D 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 or Regulation S Class D Note. Purchasers of Regulation S Income Notes or Regulation S Class D Note 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 Cashflow Swap 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 Cashflow Swap 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 Cashflow Swap 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 Cashflow Swap 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 and the Class D Notes sold to non-U.S. Persons in offshore transactions (the "Regulation S Class D Notes") will bear a legend to the following effect:

> THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS, IN THE CASE OF THE NOTES OTHER THAN THE CLASS D NOTES, AND THE ISSUER, IN THE CASE OF THE CLASS D NOTES, 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 D NOTE IS DEEMED 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 CLASS D 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 D NOTES (OTHER THAN THE CLASS D 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.

[CLASS C NOTES AND CLASS D NOTES ONLY] THE FOLLOWING INFORMATION IS PROVIDED PURSUANT TO UNITED STATES TREASURY REGULATION SECTION 1.1275-3(b). THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE HOLDER OF THIS NOTE MAY OBTAIN THE INFORMATION DESCRIBED IN UNITED STATES TREASURY REGULATION SECTION 1. 1275-3(b)(1)(i) FROM THE ADMINISTRATOR, AT THE FOLLOWING ADDRESS: P.O. BOX 1093 GT, GRAND CAYMAN, CAYMAN ISLANDS.

8. Pursuant to the terms of the Indenture, unless otherwise determined by the Issuer in accordance with the Indenture, the Class D Notes (other than the Regulation S Class D Notes) will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER 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 D NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS D NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS D 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 TRUSTEE (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 D 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 ENTITY AS DESCRIBED IN (i)(C) ABOVE, OR 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 ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT 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 D NOTE MAY BE OFFERED, SOLD,

PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE NOTE TRANSFER AGENT WITH A CLASS D 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 D 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 D NOTES (OTHER THAN THE CLASS D 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.

THE FOLLOWING INFORMATION IS PROVIDED PURSUANT TO UNITED STATES TREASURY REGULATION SECTION 1.1275-3(b). THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE HOLDER OF THIS NOTE MAY OBTAIN THE INFORMATION DESCRIBED IN UNITED STATES TREASURY REGULATION SECTION 1. 1275-3(b)(1)(i) FROM THE ADMINISTRATOR, AT THE FOLLOWING ADDRESS: P.O. BOX 1093 GT, GRAND CAYMAN, CAYMAN ISLANDS.

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 non-U.S. corporation; the Notes will be treated as indebtedness of the Issuer; and the Income 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. If the purchaser or beneficial owner is a Non-U.S. Holder, such purchaser or beneficial owner represents that (x) either (i) its purchase of the Note 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, (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 or (iii) all income from the Note is effectively connected with a trade or business within the United States (as such terms are used in Section 882(a)(1) of the Code) conducted by such Holder and (y) it is not purchasing the Note in order to reduce its United States federal income tax liability or pursuant to a tax avoidance plan.

11. The purchaser agrees not to treat the Issuer as being engaged in the active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.

12. The purchaser agrees to timely furnish the Issuer or its agents any U.S. federal income tax form or certification (such as IRS Form W-8BEN (Certification of Foreign Status), Form W-8IMY (Certification of Foreign Intermediary Status), Form W-9 (Request for Taxpayer Identification Number and Certification) or Form W-8ECI (Certification of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with Conduct of a U.S. Trade or Business) or any successors to such IRS forms) that the Issuer or its agents may reasonably request and to update or replace such form or certification in accordance with its terms or its subsequent amendments.

13. The purchaser agrees to timely furnish the Issuer, upon request, with such information as may reasonably be requested by the Issuer (including but not limited to information relating to the beneficial owner of the Note) in connection with the Issuer's fulfillment of its tax reporting, notification, withholding and similar obligations arising under the Code (as amended from time to time) or the Transaction Documents.

14. 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.

15. 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 (other than the Regulation S Income Notes) will bear a legend to the following effect:

> THE INCOME NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MARCH 27, 2007 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 27, 2007 (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 THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.
>
> THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 EACH CASE 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 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 IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT. AN INCOME 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 OF INCOME 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 ENTITY AS DESCRIBED IN (i)(C) ABOVE, OR 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 ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT 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 MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME 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 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 (OTHER THAN THE INCOME 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 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.

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

16. 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 will bear a legend to the following effect:

THE INCOME NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MARCH 27, 2007 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 27, 2007 (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 THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 EACH CASE 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 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 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 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 (OTHER THAN THE INCOME 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 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 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 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 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 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 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.

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"; 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, 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 D Note in an amount at least equal to the minimum denomination applicable to the Rule 144A Notes or (ii) an Income Note 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), (11), (12), (13) and (14) and except that the Regulation S Securities will bear the legends set forth in Paragraphs (7) and (16) 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 CASHFLOW SWAP 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 Fiscal Agent delivers any annual or periodic reports to the Holders of the Income Notes, the Fiscal Agent 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 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 Purchase and Transfer Letter applicable to a holder who is a U.S. Person; (2) the Income 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 to a person designated by the Issuer or sell such Income Notes on behalf of the holder.

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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 .....

Timberwolf I, 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, Default Swap Collateral and the Eligible Investments, entering into, and performing its obligations under, the Collateral Management Agreement and Cashflow Swap Agreement, co-issuing the Notes and the Income Notes and engaging in certain related transactions.

The Issuer will not have any material assets other than the portfolio consisting of CDO Securities and Synthetic Securities (the Reference Obligations of which are CDO Securities) as described herein (collectively, together with Deliverable Obligations and any Default Swap Collateral that has been released from the lien of the Synthetic Security Counterparty and credited to the Collateral Account as described herein, "Collateral Assets"), the Default Swap Collateral Account, Eligible Investments and the cashflow swap agreement (the "Cashflow Swap Agreement"), 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.

Timberwolf I (Delaware) 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 D 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	Greywolf Capital Management LP, a Delaware limited liability company ("Greywolf") or any successor thereto (the "Collateral Manager"), 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 Greywolf, as Collateral Manager. Greywolf 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.$9,000,000 principal amount of Class S-1 Floating Rate Notes Due September 2011 (the "Class S-1 Notes"), U.S.$8,300,000 principal amount of Class S-2 Floating Rate Notes Due September 2011 (the "Class S-2 Notes" and, together with the Class S-1 Notes, the "Class S Notes"), U.S.$ 100,000,000 principal amount of Class A-1a Floating Rate Notes Due 2039 (the "Class A-1a Notes"), U.S.$ 200,000,000 principal amount of Class A-1b Floating Rate Notes Due 2039 (the "Class A-1b Notes"), U.S.$ 100,000,000 principal amount of Class A-1c Floating Rate Notes Due 2044 (the "Class A-1c Notes"), U.S.$ 100,000,000 principal amount of Class A-1d Floating Rate Notes Due 2044 (the "Class A-1d Notes" and, together with the Class A-1a Notes, Class A-1b Notes and Class A-1c Notes, the "Class A-1 Notes"), U.S.$ 305,000,000 principal amount of Class A-2 Floating Rate Notes Due 2047 (the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"), U.S.$ 107,000,000 principal amount of Class B Floating Rate Notes Due 2047 (the "Class B Notes") and U.S.$ 36,000,000 principal amount of Class C Deferrable Floating Rate Notes Due 2047 (the "Class C Notes"), and the Issuer will issue U.S.$ 30,000,000 principal amount of Class D Deferrable Floating Rate Notes Due 2047 (the "Class D Notes" and, together with the Class S Notes, Class A Notes, Class B Notes and Class C Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about March 27, 2007 among the Issuers and The Bank of New York, as trustee and as securities intermediary (the "Trustee" and the "Securities Intermediary," respectively). Under the Indenture, The Bank of New York 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.$ 22,000,000 notional principal amount of Income Notes Due 2047 (the "Income Notes" and, together with the 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 (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 (in such capacities, the "Fiscal Agent" and, together with the Note Agents and the Collateral Administrator, the "Agents"). Only the Notes and the Income Notes (collectively, the "Securities") are offered hereby.

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 Cashflow Swap Agreement, 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 Income Notes and the Issuers will issue the other Notes on or about March 27, 2007 (the "Closing Date").

Status of the Securities ..... The Notes (other than the Class D Notes) will be limited recourse obligations of the Issuers and the Class D Notes and the Income Notes will be limited recourse obligations of the Issuer. The Income Notes will not be secured obligations of the Issuer and will only be entitled to receive amounts available for distribution on any Payment Date after payment of all amounts payable prior thereto under the Priority of Payments. The Class S-1 Notes will be senior in right of payment on each Payment Date to the Class S-2 Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes; the Class S-2 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 S-2 Notes and the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D 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, the Class D 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, the Class D 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, the Class D 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 the Income Notes and the Class D Notes will be senior in right of payment on each Payment Date to the Income Notes,

	each to the extent provided in the Priority of Payments. Payments of principal on the Class A-1 Notes will be paid in accordance with the Class A-1 Note Payment Sequence. 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 are expected to equal approximately U.S.$1,005,119,000. 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.$1,000,000,000 and to purchase the Default Swap Collateral. 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 55 issues of CDO Securities. Approximately 93.00% of the Collateral Assets (by Principal Balance) on the Closing Date are expected to be Synthetic Securities. All of the Reference Obligations referenced in the Synthetic Securities are expected to be CDO Securities. 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.
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 or before 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 the Fixed Amount in exchange for providing credit protection to the Synthetic Security Counterparty in connection with certain Credit Events and Floating Amount 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 Reference Obligation 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 all of the Reference Obligations referenced under the Synthetic Securities will be CDO Securities. For a detailed description of the Synthetic Securities, see "Security for the Notes—Synthetic Securities".

Interest Payments and Certain Distributions .....

The Notes will accrue interest from the Closing Date and such interest will be payable on the 3rd day of March, June, September and December of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Payment Date") commencing on September 4, 2007. Payments on the Income Notes will be payable in arrears on each Payment Date, commencing on September 4, 2007. All payments on the Securities will be made from Proceeds in accordance with the Priority of Payments.

The Class S-1 Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class S-1 Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.20%.

The Class S-2 Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class S-2 Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.35%.

The Class A-1a Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1a Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.05%.

The Class A-1b Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1b Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.50%.

The Class A-1c Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1c Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.80%.

The Class A-1d Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1d Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 1.30%.

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* 0.90%.

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* 1.40%.

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* 4.00%.

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* 10.00%.

The Class S-1 Note Interest Rate, the Class S-2 Note Interest Rate, the Class A-1a Note Interest Rate, the Class A-1b Note Interest Rate, the Class A-1c Note Interest Rate, the Class A-1d Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate and the Class D Note Interest Rate are 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.

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.

The Holders of the Income Notes will be entitled to receive, on each 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 the Class A-1 Notes) and the Income Notes will mature on the Payment Date in December 2047 (such date the "Stated Maturity" with respect to each Class of Notes (other than the Class S Notes and the Class A-1 Notes) and Income Notes), the Class S Notes will mature on the Payment Date in September 2011 (the "Stated Maturity" with respect to the Class S Notes), the Class A-1a Notes and the Class A-1b Notes will mature on the Payment Date in December 2039 (the "Stated Maturity" with respect to the Class A-1a Notes and the Class A-1b Notes) and the Class A-1c Notes and the Class A-1d Notes will mature on the Payment Date in September 2044 (the "Stated Maturity" with respect to the Class A-1c Notes and the Class A-1d Notes) unless redeemed or retired prior thereto. The average life of the Notes (other than the Class S Notes) and the duration of the Income 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-1 Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in December 2007 in an amount equal to the Class S-1 Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing or an Optional Redemption by Liquidation or successful Auction has occurred and the Collateral is being liquidated pursuant to the terms of the Indenture, the Class S-1 Notes will be paid in full prior to any distributions to any other Securities. Principal will be payable on the Class S-2 Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in December 2007 in an amount equal to the Class S-2 Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing or an Optional Redemption by Liquidation or successful Auction has occurred and the Collateral is being liquidated pursuant to the terms of the Indenture, the Class S-2 Notes will be paid in full prior to any distributions to any other Securities (other than the Class S-1 Notes and the Class A-1 Notes). The Class S-2 Notes are subject to mandatory redemption if the Class A/B Overcollateralization Test is not satisfied on any date of determination. "Shifting principal" will be payable on the Notes (other than the Class S Notes) in accordance with clause (xii) of the Priority of Payments on each Payment Date 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 S-2 Notes may be entitled to receive certain payments of principal while the Class S-1 Notes and the Class A-1 Notes are outstanding, the Class A-

1 Notes may be entitled to receive certain payments of principal while the Class S Notes are outstanding, 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 and 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. 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-1 Notes) will be subject to mandatory redemption on any 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 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 September of each year (the "Auction Date"), commencing on the September 2015 Payment Date, the Collateral Manager shall take steps to conduct an auction (the "Auction") of the Collateral 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 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 will also be redeemed in full. The Collateral Manager and its affiliates shall be considered Eligible Bidders. If the highest single bid on the entire portfolio of Collateral, or the aggregate amount of multiple bids with respect to individual items of Collateral, does not equal or exceed the aggregate Minimum Bid Amount or if there is a failure at settlement, the Collateral will not be sold and no redemption of Notes or Income Notes on the related Auction Date will be made.

Optional Redemption by Liquidation.....

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 March 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" or an "Optional Redemption by Liquidation"). If the Holders of the Income Notes so elect to cause an Optional Redemption by Liquidation, the Income Notes will also be redeemed in full.

In the event of an Optional Redemption by Liquidation, the Notes will be redeemed at their Redemption Prices as described herein.

No Securities shall be redeemed pursuant to an Optional Redemption by Liquidation and a final payment 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 by Liquidation."

Optional Redemption by Refinancing.....

Any Class or Classes of Notes may be redeemed by the Issuers from the net cash proceeds (the "Refinancing Proceeds") of a loan, credit or similar facility or an issuance of replacement notes, from or to one or more financial institutions or purchasers, in whole but not in part, on any Payment Date on or after 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" or an "Optional Redemption by Refinancing") subject to the satisfaction of the Rating Agency Condition (other than with respect to the Notes being redeemed) and the other restrictions described herein.

In the event of an Optional Redemption by Refinancing, the Class or Classes of Notes subject to such redemption will be redeemed at their Redemption Prices as described herein.

If the Holders of the Income Notes so elect to cause an Optional Redemption by Refinancing, the Income Notes will not be redeemed in full and will remain outstanding.

See "Description of the Notes and the Income Notes—Optional Redemption by Refinancing."

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, certain of the Notes (other than the Class S-1 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-1 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, for itself and on behalf of the Noteholders, the Fiscal Agent, the Collateral Administrator, the Collateral Manager, the Cashflow Swap Counterparty and the Synthetic Security Counterparty (together the "Secured Parties"), to secure the Issuer's obligations under the Notes, the Indenture, the Cashflow Swap Agreement, 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 and Holders of the Income 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 September 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 106.4%

Class C Overcollateralization Test	Overcollateralization	Class C Overcollateralization Ratio is equal to or greater than 103.3%
Class D Overcollateralization Test	Overcollateralization	Class D Overcollateralization Ratio is equal to or greater than 101.1%

On the Closing Date, the Class A/B Overcollateralization Ratio is expected to be 109.6%, the Class C Overcollateralization Ratio is expected to be 105.5% and the Class D Overcollateralization Ratio is expected to be 102.2%.

The Offering ..... The 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 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.

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 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 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 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 D Notes (other than the Regulation S Class D 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) 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"). The Regulation S Income Notes will be evidenced by a global note in fully registered form. The Income 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, the Cashflow Swap Agreement, the Synthetic Securities, 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 and the Income Notes, the Fiscal Agency Agreement will be governed by the laws of the Cayman Islands.

Listing and Trading ..... There is currently no market for the Notes or Income 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 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. 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 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 and that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P. 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-1**	**S-2**	**A-1a**	**A-1b**	**A-1c**	**A-1d**	**A-2**	**B**	**C**	**D**	**Income Notes**
Original Principal Amount	U.S.$9,000,000	U.S.$8,300,000	U.S.$100,000,000	U.S.$200,000,000	U.S.$100,000,000	U.S.$100,000,000	U.S.$305,000,000	U.S.$107,000,000	U.S.$36,000,000	U.S.$30,000,000	U.S.$22,000,000
Stated Maturity	September 5, 2011		December 3, 2039		September 3, 2044		December 3, 2047				
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)	$250,000 ($1)	$250,000 ($1)	$250,000 ($1)	$100,000 ($1)
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)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)
Reg D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Applicable Investment Company Act of 1940 Exemption	3(c)(7)										
Initial Ratings:											
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aa2	A2	Baa2	N/A
S&P	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AA	A	BBB	N/A
Deferred Interest	No	No	No	No	No	No	No	No	Yes	Yes	N/A
Pricing Date	March 13, 2007										
Closing Date	March 27, 2007										
Interest Rate [1]:	3 Month LIBOR + 0.20%	3 Month LIBOR + 0.35%	3 Month LIBOR + 0.05%	3 Month LIBOR + 0.50%	3 Month LIBOR + 0.60%	3 Month LIBOR + 1.30%	3 Month LIBOR + 0.90%	3 Month LIBOR +1.40%	3 Month LIBOR + 4.00%	3 Month LIBOR + 10.00%	N/A
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating	N/A
Interest Accrual Period[1]	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	N/A
Dates of Payment	(i) the third day of each March, June, September and December (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	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007
Record Date	Business Day prior to the applicable Payment Date (or the 10th Business Day prior to the applicable Payment Date for Securities issued in definitive form)										
Frequency of Payments	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/ 360	Actual/360	N/A
Form of Securities:											
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Certificated	No	No	No	No	No	No	No	No	No	Yes	Yes
CUSIPS Rule 144A	88714PAA4	88714PAK2	88714PAB2	88714PAC0	88714PAD8	88714PAE6	88714PAF3	88714PAG1	88714PAH9	88714PAJ5	88714NAA9
CUSIPS Reg S	G8878YAA8	G8878YAL4	G8878YAB6	G8878YAC4	G8878YAD2	G8878YAE0	G8878YAF7	G8878YAG5	G8878YAH3	G8878YAK6	G8878DAA4
ISIN Reg S	USG8878YAA85	USG8878YAL41	USG8878YAB68	USG8878YAC42	USG8878YAD25	USG8878YAE08	USG8878YAF72	USG8878YAG55	USG8878YAH39	USG8878YAK67	USG8878DAA49
CUSIPS REG D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	88714NAB7
Clearing Method:											
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	DTC	DTC	DTC	Physical	Physical
Reg S	Euroclear	Euroclear	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 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.

RISK FACTORS

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

Securities

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Securities. Although the Initial Purchaser has advised the Issuers that it intends to make a market in the Securities, the Initial Purchaser is not obligated to do so, and any such market making with respect to the Securities may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Holders of 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, 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 Income Notes and the Class D Notes will be limited recourse obligations of the Issuer and the Notes (other than the 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 Initial Purchaser, the Trustee, the Issuer Administrator, the Agents, the Cashflow Swap Counterparty 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 Initial Purchaser, the Trustee, the Issuer Administrator, the Agents, the Cashflow Swap Counterparty 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-1 Notes will be senior to payments of principal of the Class S-2 Notes, the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes and senior to payments on the Income Notes on each Payment Date. Payments of principal on the Class S-2 Notes will be senior to payments of principal of the Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes and senior to payments on the Income Notes on each Payment Date. 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 and Class D Notes and senior to payments on the Income Notes on each Payment Date. Payments of principal on the Class S-2 Notes and the Class A-1

Notes will be paid as described in the Priority of Payments. Payments of principal on the Class A-2 Notes will be senior to payments of principal of the Class B Notes, Class C Notes and Class D Notes and senior to payments on the Income Notes on each Payment Date. Payments of principal on the Class B Notes will be senior to payments of principal on the Class C Notes and the Class D Notes and senior to payments on the Income Notes on each Payment Date. Payments of principal on the Class C Notes will be senior to payments of principal on the Class D Notes and senior to payments on the Income Notes on each Payment Date. Payments of principal on the Class D Notes due on any Payment Date will be senior to payments on the Income Notes on such 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 S-2 Notes will be entitled to receive certain payments of principal while the Class S-1 Notes are outstanding, the Class A-1 Notes will be entitled to receive certain payments of principal while the Class S Notes are outstanding, 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 and 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. 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 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 Holders of the Class S-2 Notes; then, by the Holders of the Class A-1d Notes; then, by the Holders of the Class A-1c Notes; then, by the Holders of the Class A-1b Notes; then, by the Holders of the Class A-1a Notes and finally, by Holders of the Class S-1 Notes.

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

On any Payment Date on which certain conditions are satisfied and funds are available therefor, the "shifting principal" method in clause (xii) of the Priority of Payments may permit Holders of the Class A Notes, the Class B Notes, Class C Notes and Class D 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 and Class D 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 the Synthetic Security Counterparty or an assignee of a Synthetic Security (other than Defaulted Synthetic Security Termination Payments) net of all amounts payable to the Issuer by any Synthetic Security Counterparty or an assignee of a Synthetic Security, (D) all amounts payable by the Issuer to any Cashflow Swap Counterparty (including any applicable termination payments other than Defaulted Cashflow Swap Termination Payments) net of all amounts payable to the Issuer by any Cashflow Swap Counterparty, (E) accrued and unpaid Deferred Structuring Expenses, (F) accrued and unpaid Collateral Management Fees, including any Cumulative Deferred Management Fees and (G) 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 Cashflow Swap Counterparty (unless any such Cashflow Swap Counterparty will be paid in full the amounts due to it other than any Defaulted Cashflow Swap 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-1 Notes and the Class A-1 Notes could be adverse to the interests of the Holders of the Class S-2 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes. After the Class S-1 Notes and the Class A-1 Notes are no longer outstanding, the Holders of the Class S-2 Notes and Class A-2 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 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. See "Description of the Securities—The Indenture and the Fiscal Agency Agreement—Events of Default."

CDO Securities May Defer Interest. Certain of the CDO Securities and Synthetic Securities the Reference Obligations of which are CDO Securities as of the Closing Date consists of or references PIK Bonds. While the Cashflow Swap Counterparty will make advances to the Issuer to cover certain Cashflow Swap Shortfall Amounts that could result in a shortfall of current interest payments on the Class S Notes, the Class A Notes and the Class B Notes, the Issuer may have insufficient funds as a result of such deferrals or payments "in-kind" to make payments on the Notes or distributions in respect of the Income Notes.

Status of the Income Notes. The Income 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 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 (and outside of the Priority of Payments with respect to the Synthetic

Security Counterparties), 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 Cashflow Swap Counterparty, the Synthetic Security Counterparty 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 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 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 March 2010 Payment Date in connection with an Optional Redemption by Liquidation 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. Subject to the satisfaction of certain conditions, any Class or Classes of Notes may be optionally redeemed in whole and not in part on any Payment Date on or after the March 2010 Payment Date in connection with an Optional Redemption by Refinancing at the written direction of, or with the written consent of, Holders of at least a Majority of the Income Notes. If an Optional Redemption by Liquidation or Tax Redemption occurs, the Income 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 by Liquidation 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 by Liquidation 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.

Refinancing. Subject to the satisfaction of certain conditions, the Issuer (at the direction of or with the written consent of the Holders of a Majority of the Income Notes) may effect an Optional Redemption through an Optional Redemption by Refinancing. Among other reasons, the Holders of the Income Notes may elect to direct the Issuer to effect an Optional Redemption by Refinancing if interest rates on investments similar to any Class or Classes of Notes fall below current levels or if such Holders otherwise expect the Issuer to be able to achieve improved pricing. If exercised, such Optional Redemption by Refinancing would result in each such Class of Notes being redeemed at the Redemption Price in respect thereof at a time when they may be trading in the market at a premium and when other investments bearing the same rate of interest relative to the level of risk assumed may be difficult or expensive to acquire. In addition, if any Class or Classes of Notes are redeemed in connection with an Optional Redemption by Refinancing in which additional notes are issued or borrowings under secured loans are made, the Income Notes will be, and certain Classes of Notes may be, subordinate to payments on such additional notes or secured loans. The additional notes issued, or secured loans obtained, as the case may be, in connection with an Optional Redemption by Refinancing would have such terms and priorities as are negotiated at the time and that are set forth in a supplemental indenture.

Auction. There can be no assurance that an Auction of the Collateral on any Auction Date will be successful. The failure of an Auction may lengthen the expected average lives of the Notes and the duration of the Income Notes, may reduce the yield to maturity of the Notes and may adversely affect the yield on the Income Notes. A successful Auction of the Collateral 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 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, Proceeds that otherwise might have been distributed to the Holders of the Class C Notes, the Class D Notes and the Income Notes will be used to redeem, first, the Class A-1 Notes until paid in full (in accordance with the Class A-1 Note Payment Sequence), second, the Class S-2 Notes until paid in full, third, the Class A-2 Notes until paid in full and fourth, 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, Proceeds that otherwise might have been distributed to the Holders of the Class D 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 Class A-1 Notes will be paid in accordance with the Class A-1 Note Payment Sequence), 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.$500,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence 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, third, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, and fourth, to the payment of principal of all outstanding Class C Notes, until the Class C Notes are paid in full 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, Proceeds that otherwise might have been distributed to the Holders of the Class C Notes and the Income Notes will be used to redeem the Class D 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 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.$1,000,000,000 aggregate Principal Balance (or, in the case of Synthetic Securities, Reference Obligation Notional Amount) of Collateral Assets and up to U.S.$930,000,000 aggregate principal amount of Default Swap Collateral 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. 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 agreement, 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), 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 duration of the Securities is 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 duration of the Securities 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 securities underlying the CDO Securities may be prepaid at any time (although certain of such securities may have "lockout" periods, defeasance provisions, prepayment penalties or other disincentives to prepayment). Defaults on and liquidations of the securities and other collateral underlying the CDO Securities may also lead to early repayment thereof. 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 duration of the Securities. 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 Securities, are forward looking statements. Such statements are necessarily speculative in nature, as they are based on certain assumptions. It can be expected that some or all of the assumptions underlying such statements will not reflect actual conditions. Accordingly, there can be no assurance that any estimated projections, forecasts or estimates will be realized or that the forward looking statements will materialize, and actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, 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 Cashflow Swap Agreement, 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."

Collateral Assets

General. The following description of the Collateral Assets, the Default Swap Collateral and the Reference Obligations and the underlying documents and the risks related thereto is general in nature. Prospective purchasers of the Securities should review the summaries of the initial Collateral Assets and Reference Obligations set forth in Appendix B to this Offering Circular.

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, the Collateral Administrator 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 93.00% of the Collateral Assets (by Principal Balance) as of the Closing Date are expected to consist of Synthetic Securities. All of the Reference Obligations referenced in the Synthetic Securities are expected to be CDO Securities.

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. 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 Issuer'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 Holders of the Income Notes and the Notes 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 neither the Synthetic Security Counterparty nor the Issuer is required to hold any Reference Obligation, the Issuer will not have any right to obtain from either the Synthetic Security Counterparty or the Reference Obligor information on the Reference Obligations or information regarding any Reference Obligor. The Synthetic Security Counterparty will have no obligation to keep the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator, 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 of a Floating Amount 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 Notes and the Income Notes 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 will be 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 the Synthetic Security Counterparty under the Synthetic Securities 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". 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 with respect to the Reference Obligation upon the occurrence thereof. The payment of any such Credit Protection Amounts and Floating Amounts will be funded by the Issuer, through the liquidation Default Swap Collateral as described herein. The Synthetic Security Counterparty 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 Amounts or Credit Protection Amounts payable by the Issuer, may result in a reduction of the Reference Obligation Notional Amount of the related Synthetic Security, and therefore reduce the amounts payable by the Synthetic Security Counterparty and the amount of interest collections available to pay interest on the Notes and distributions to Income Notes. In addition, any Floating Amounts or Credit Protection Amounts would reduce the Default Swap Collateral on deposit in the Default Swap Collateral Account that is available to pay the principal of the Notes and may reduce the interest collections available to pay interest on the Notes.

Determination of the Floating Amounts and Additional Fixed Amounts (as described in the Master Confirmation) 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 or Floating Amount 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 the 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 amount due to the Synthetic Security Counterparty. 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 will be treated as a Collateral Asset, *provided* that, notwithstanding the foregoing, each such Deliverable Obligation 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 a 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, upon 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. 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 and with the consent of the Synthetic Security Counterparty, may be able to reinvest the proceeds of Default Swap Collateral in substitute Default Swap Collateral prior to the termination or maturity of the related Synthetic Security. The Issuer may realize a loss upon any sale of any Default Swap Collateral.

Termination payments due to the Synthetic Security Counterparty, other than Defaulted Synthetic 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 by Liquidation 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 or any assignment payments due to an assignee of the Synthetic Securities. Any termination or assignment payments paid directly to the Synthetic Security Counterparty or any assignee of a Synthetic Security and not through the Priority of Payments may reduce amounts available for payments on the Securities.

"Pay-as-you-go" credit default swaps are a type of credit default swap developed to incorporate the unique structures of asset-backed securities. The International Swaps and Derivatives Association, Inc. ("ISDA") has published a form confirmation for "pay-as-you-go" credit default swaps referencing CDO Securities. 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 confirmations 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 expected to be used for the Synthetic Securities. 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.

CDO Securities.

On the Closing Date, all of the Collateral Assets are expected to be CDO Securities and Synthetic Securities the Reference Obligations of which are CDO Securities, including without limitation high grade and mezzanine structured finance CDO Securities and CDOs of CDOs. A portion of the Default Swap Collateral could consist of CDO Securities.

CDO Securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer ("CDO Collateral") or proceeds thereof. Consequently, holders of CDO Securities must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDO Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency shall be extinguished. Many subordinate classes of CDO Securities provide that a deferral of interest thereon or a write-down does not constitute an event of default and the holders of such securities will not have available to them any associated default remedies. During such periods of non payment or partial non-payment, such non-paid interest will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the amount of current payments made on such CDO Securities.

CDO Securities are subject to credit, liquidity and interest rate risks. The assets backing CDO Securities may consist of high yield debt securities, loans, structured finance securities, other debt instruments and Synthetic Securities referencing debt instruments. High yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. An increase in the default rates of high yield corporate debt securities or loans could increase the likelihood that payments may not be made to holders of CDO Securities which are secured by high yield corporate debt securities and loans. The risks associated with structured finance securities can vary widely depending on the type of collateral, use of credit enhancements, the relative seniority or subordination of the class of securities, the relative allocation of principal and interest payments in the priorities, credit losses and defaults and whether the collateral represents a fixed pool or allows for reinvestment. In addition, CDO Securities backed by Synthetic Securities will be subject to risks similar to those described in respect of Synthetic Securities herein.

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

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

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

Subordination of CDO Securities. 100% of the CDO Securities representing 100% of the Collateral Assets (by Principal Balance) to be acquired by the Issuer are expected to be investment grade, each as of the Closing Date. Certain of the CDO Securities 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.

Commercial Mortgage-Backed Securities.

A portion of the Default Swap Collateral may consist of Commercial Mortgage-Backed Securities ("CMBS") that satisfy the Default Swap Eligibility Criteria.

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.

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.

It is expected that none of the CMBS included (or to be included) in the Default Swap Collateral 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.

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."

Residential Mortgage-Backed Securities.

A portion of the Default Swap Collateral may consist of Residential Mortgage-Backed Securities ("RMBS") that satisfy the Default Swap Eligibility Criteria.

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.

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.

Recent Developments in RMBS May Adversely Affect the Performance and Market Value of RMBS. Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance and market value of RMBS. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to increase, particularly in the subprime sector. In addition, in recent months housing prices and appraisal values in many states have declined or stopped appreciating. A continued decline or an extended flattening of those values may result in additional increases in delinquencies and losses on RMBS generally.

Another factor that may result in higher delinquency rates is the increase in monthly payments on adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans are being exposed to increased monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate. Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates and, as a result, adversely affect the performance and market value of RMBS.

In addition, numerous residential mortgage loan originators that originate subprime mortgage loans have recently experienced serious financial difficulties and, in some cases, bankruptcy. According to published reports, those difficulties have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties made on the mortgage loans, such as fraud claims. These difficulties may affect the performance and market value of RMBS.

Asset-Backed Securities.

A portion of the Default Swap Collateral may consist of Asset-Backed Securities that satisfy the Default Swap Eligibility Criteria.

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.

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, then by the Holders of the Class D Notes, then by the Holders of the Class C 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 S-2 Notes, then by the Holders of the Class A-1d Notes, then by the Holders of the Class A-1c Notes, then by the Holders of the Class A-1b Notes, then by the Holders of the Class A-1a Notes and, finally, by the Holders of the Class S-1 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 by Liquidation 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; Cashflow Swap Agreement. 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.

On the Closing Date, the Issuer will enter into a Cashflow Swap Agreement to reduce the impact of the timing mismatches between payments of interest on the Class S Notes, the Class A Notes and the Class B Notes and the receipt of payments on the Collateral Assets that are PIK Bonds. After the Closing Date, even if the Collateral Manager believes that engaging in a hedging technique (other than replacing an existing Cashflow Swap Agreement that is terminated) would be beneficial, the Collateral Manager will be unable to do so. Despite the Issuer having the benefit of a Cashflow Swap Agreement, 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 the Cashflow Swap Agreement will solve all cashflow deferral mismatches.

The Issuer may only terminate the Cashflow Swap Agreement if the Rating Agency Condition is satisfied. In the event the Cashflow Swap Agreement is terminated other than from termination events described in the Cashflow Swap Agreement, the Issuer has agreed to use reasonable efforts to enter into a substitute Cashflow Swap Agreement unless the Rating Agency Condition would not be satisfied by a substitute Cashflow Swap Agreement, but there is no assurance that a substitute will be found or that the Rating Agency Condition will be satisfied. Any termination of the Cashflow Swap Agreement, whether in whole or in part, may require the Issuer to pay termination payments to the Cashflow Swap Counterparty, which amounts are payable in accordance with the Priority of Payments prior to any payments on the Notes unless such payments are Defaulted Cashflow Swap Termination Payments.

The Issuer's ability to meet its obligations on the Notes will largely depend on the ability of the Cashflow Swap Counterparty to meet its obligations under the Cashflow Swap Agreement. In the event the Cashflow Swap Counterparty defaults or the Cashflow Swap 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 the Cashflow Swap Counterparty, the Issuer will be treated as a general creditor of such Cashflow Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Cashflow Swap Counterparty. As a result, concentrations of Cashflow Swap Agreements in any one Cashflow Swap Counterparty subject the Notes to an additional degree of risk with respect to defaults by such Cashflow Swap Counterparty.

Goldman Sachs International will be 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 the Cashflow Swap Counterparty or a guarantor of its obligations, as well as the obligations of the Issuer under the Cashflow Swap Agreement, including the obligation to make termination payments to the Cashflow Swap Counterparty, and the likely ability of the Issuer to terminate or reduce the Cashflow Swap Agreement or enter into additional Cashflow Swap Agreements.

Concentration Risk. The Issuer will invest in a pool of Collateral Assets consisting of U.S. Dollar denominated CDO Securities and Synthetic Securities referencing CDO Securities. With regard to the Collateral Assets or the securities underlying the CDO Securities with respect to any particular obligor, industry or country (other than the United States), the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one obligor would subject the Securities to a greater degree of risk with respect to defaults by such obligor, and the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one industry would subject the Securities to a greater degree of risk with respect to economic downturns relating to such industry. In addition, the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one country (other than the United States) would subject the Securities to special risks related to regional economic conditions and sovereign risks. Further, the concentration of the Collateral Assets will change after the Closing Date as the underlying securities backing the CDO Securities or Reference Obligations are sold, paid or redeemed.

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 2.0% of the Collateral Assets by outstanding Principal Balance. 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. 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 by Liquidation," "—Optional Redemption by Refinancing—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, 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.

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 or Income 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 or Income 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 or Income 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 Cashflow Swap Agreement. 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 their respective clients and employees. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

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 and its affiliates may invest on behalf of themselves and other clients 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 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 purchasing or 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 Cashflow Swap 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 general partner, adviser, sponsor or manager of partnerships or companies organized to issue collateralized bond or loan obligations secured by assets similar to the Collateral Assets, directors (whether supervisory or managing), 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 retained to provide services unrelated to the Collateral Management Agreement to the Issuer or its Affiliates and be paid therefor; (d) a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Collateral Assets; (e) 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; (f) own or make loans to any borrower or affiliate of any borrower on any of the commercial mortgage loans securing the Collateral Assets; (g) invest, or have already invested, in obligations and/or other securities that are identical to or senior to, or have interests different from or adverse to, the Collateral Assets; (h) make investments on their own behalf without offering such investment opportunities to the Issuer or informing the Issuer of any investments before engaging in any investment for themselves; (i) recommend or effect direct trades between the Issuer and the Collateral Manager or a Collateral Manager Affiliate or funds or accounts for which the Collateral Manager or an Affiliate serve as Collateral Manager, acting as principal or agent, subject to applicable legal requirements; (j) invest in obligations that would be appropriate as Collateral and have ongoing relationships with, render services to or engage in transaction with, companies whose obligations are included in the Collateral and may own equity or debt securities by issuers of and other obligors of Collateral Assets; and (k) enter into agency cross-transactions where the Collateral Manager and/or the Collateral Manage Affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law. 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 50% of the aggregate notional amount of the Income Notes and 100% of the Aggregate Outstanding Amount of the Class D Notes and may purchase Notes and/or Income 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 or the Income Notes (including the Income Notes and the Class D Notes purchased on the Closing Date) or that they will continue to hold interests in any securities related to the Collateral Assets. For so long as Greywolf is the Collateral Manager and any funds managed by Greywolf continue to hold any Income Notes, any Collateral Management Fees otherwise payable to the Collateral Manager hereunder shall be paid by the Issuer in the following order: (i) first, to such funds managed by Greywolf (on a *pro rata* basis among such funds), in an amount equal to the product of (x) such Collateral Management Fees and (y) a fraction the

numerator of which is the notional amount of the Income Notes held by such funds managed by Greywolf and the denominator of which is the aggregate notional amount of all the Income Notes and (ii) second, the remainder, if any, to Greywolf.

Greywolf or any of its affiliates or subsidiaries will be permitted to exercise all voting rights with respect to any Securities that 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 such persons may be different from or adverse to the interests of the other Holders of Securities.

The Collateral Manager, in its sole discretion, may, from time to time, waive all or any portion of the Collateral Management Fee, and may defer all or any portion of the Collateral Management Fee. Any deferred Collateral Management Fees will become payable on the next Payment Date (and, if not paid on such Payment Date, on one or more subsequent Payment Dates) in accordance with the Priority of Payments.

Members of the board of directors of the Issuer who are not affiliated with the Collateral Manager or their delegates or other authorized representatives of the Issuer will have the responsibility for approving any transactions between the Issuer and the Collateral Manager or its affiliates involving significant conflicts of interest (including principal trades). More particularly, directors unaffiliated with the Collateral Manager or any delegate designated by such directors will be responsible for approving any principal transactions for which Issuer consent is required pursuant to Section 206(3) of the Advisers Act.

In addition, with the prior authorization of the Issuer, which has been given and can be revoked at any time, the Collateral Manager and/or its affiliates may enter into agency cross-transactions where the Collateral Manager and/or its affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law, in which case the Collateral Manager or any such affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

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 Cashflow Swap Agreement and Synthetic Securities. The Initial Purchaser and/or its affiliates will act as an initial Synthetic Security Counterparty and an affiliate of the Initial Purchaser will act as the initial Cashflow Swap 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 Greywolf 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 and/or the Income Notes. Such legislation and/or regulations could require the Issuers to implement additional restrictions on the transfer of the Notes and/or the Income 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 Cashflow Swap Agreement 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 Cashflow Swap Counterparty. The Issuer will not engage in any business activity other than the issuance and sale of the Notes and the Income 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 Cashflow Swap Agreement, 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 and the Income 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 and the Class C Notes.

Tax. See "Income Tax Considerations."

ERISA. See "ERISA Considerations."

DESCRIPTION OF THE SECURITIES

The Income Notes will be constituted by the deed of covenant executed by the Issuer on March 27, 2007 (the "Deed of Covenant") and subject to the terms and conditions thereof (the "Terms and Conditions") 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 The Bank of New York, 101 Barclay Street, Floor 8E, New York, New York, 10286, Attention: CDO Transaction Management Group – Timberwolf I, fax (212) 815-3115, 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 and Income Notes upon request in

writing to the Fiscal Agent at The Bank of New York, London Branch, One Canada Square, London E14 5AL, the United Kingdom, fax +44 20 7964 6399, phone +44 20 7961 7073-Attention: Corporate Trust Administration.

Status and Security

The Notes (other than the Class D Notes) will be limited recourse obligations of the Issuers and the Class D Notes and the 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-1 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, the Class D Notes and the Income Notes to the extent provided in the Priority of Payments. The Class S-2 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 S-2 Notes and the Class A Notes will be paid pro rata), the Class B Notes, the Class C Notes, the Class D 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, the Class D Notes and the Income Notes to the extent provided in the Priority of Payments. Payments of principal on the Class S-2 Notes and the Class A-1 Notes will be paid as described 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, the Class D 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, the Class D 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 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 Payment Date to the Income Notes to the extent provided in the Priority of Payments. Payments of principal on the Class A-1 Notes will be paid in accordance with the Class A-1 Note Payment Sequence. 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 for itself and on behalf of the Noteholders, the Fiscal Agent, the Collateral Administrator, the Collateral Manager, the Cashflow Swap Counterparty and the Synthetic Security Counterparty (collectively, the "Secured Parties"), a first priority security interest in (i) the Collateral Assets; (ii) the Collection Account; (iii) the Payment Account; (iv) the Cashflow Swap Termination Receipts Account, the Cashflow Swap Replacement Account and the Cashflow Swap Collateral Account (subject, in each case, to the rights of the Cashflow Swap 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 (vii), the "Accounts"); (viii) Eligible Investments; (ix) the Issuer's rights under the Cashflow Swap Agreement; (x) the Issuer's rights under the Collateral Management Agreement and (xi) certain other property (collectively, the "Collateral").

Payments of interest on and principal of the Notes and payments on the Income 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-1 Notes will bear interest during each Interest Accrual Period at the Class S-1 Note Interest Rate for such Interest Accrual Period. The Class S-2 Notes will bear interest during each Interest Accrual Period at the Class S-2 Note Interest Rate for such Interest Accrual Period. The Class A-1a Notes will bear interest during each Interest Accrual Period at the Class A-1a Note Interest Rate for such Interest Accrual Period. The Class A-1b Notes will bear interest during each Interest Accrual Period at the Class A-1b Note Interest Rate for such Interest Accrual Period. The Class A-1c Notes will bear interest during each Interest Accrual Period at the Class A-1c Note Interest Rate for such Interest Accrual Period. The Class A-1d Notes will bear interest during each Interest Accrual Period at the Class A-1d 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. 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 quarterly in arrears, commencing on the September 2007 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 Payment Date any amount of Proceeds that are available for distribution thereon in accordance with the Priority of Payments on such Payment Date. The "Interest Accrual Period," is with respect to the 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.

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. 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 and 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. 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 which, in any such case, is not punctually paid or duly provided for on the applicable 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 (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 three-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) 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 three 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) 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-1 Notes (the "Class S-1 Note Interest Amount"), of the Class S-2 Notes (the "Class S-2 Note Interest Amount"), of the Class A-1a Notes (the "Class A-1a Note Interest Amount"), of the Class A-1b Notes (the "Class A-1b Note Interest Amount"), of the Class A-1c Notes (the "Class A-1c Note Interest Amount"), of the Class A-1d Notes (the "Class A-1d 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") and of the Class D Notes (the "Class D 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,

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, London, England or in the city of the Trustee's corporate trust office (initially, The Bank of New York, 101 Barclay Street, Floor 8E, New York, New York, 10286, Attention: CDO Transaction Management Group); *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 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 by Liquidation 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. Upon an Optional Redemption by Refinancing, any Refinancing Proceeds remaining after the redemption of the Class or Classes of Notes to be redeemed in respect of such Optional Redemption and the payment of any expense or fees in connection therewith will be characterized as Principal Proceeds and will be applied on the related Optional Redemption Date in accordance with the Priority of Payments.

Principal

The Notes (other than the Class S Notes and the Class A-1 Notes) and the Income Notes will mature on the Payment Date in December 2047 (the "Stated Maturity" with respect to the Notes (other than the Class S Notes and the Class A-1 Notes) and the Income Notes), the Class S Notes will mature on the Payment Date in September 2011 (the "Stated Maturity" with respect to the Class S Notes), the Class A-1a Notes and the Class A-1b Notes will mature on the Payment Date in December 2039 (the "Stated Maturity" with respect to the Class A-1a Notes and the Class A-1b Notes) and the Class A-1c Notes and the Class A-1d Notes will mature on the Payment Date in September 2044 (the "Stated

Maturity" with respect to the Class A-1c Notes and the Class A-1d Notes). The average life of each Class of Notes (other than the Class S Notes) and duration of the Income Notes is expected to be substantially shorter than the number of years from issuance until the Stated Maturity for such Class of Notes or Income Notes. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

Principal will be payable on the Class S-1 Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in December 2007 in an amount equal to the Class S-1 Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing or an Optional Redemption by Liquidation or successful Auction has occurred and the Collateral is being liquidated pursuant to the terms of the Indenture, the Class S-1 Notes will be paid in full prior to any distributions to any other Notes. Principal will be payable on the Class S-2 Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in December 2007 in an amount equal to the Class S-2 Notes Amortizing Principal Amount with respect to such Payment Date and, if an Event of Default or Tax Event has occurred and is continuing or an Optional Redemption by Liquidation or successful Auction has occurred and the Collateral is being liquidated pursuant to the terms of the Indenture, the Class S-2 Notes will be paid in full prior to any distributions to any other Notes (other than the Class S-1 Notes and the Class A-1 Notes). The Class S-2 Notes are subject to mandatory redemption if the Class A/B Overcollateralization Test is not satisfied on any date of determination. Principal will be payable on certain of the Securities on each Payment Date in accordance with the Priority of Payments.

On any Payment Date on which certain conditions are satisfied, principal will be paid to the Holders of the Class A Notes (pro rata between the Class A-1 Notes and the Class A-2 Notes; *provided* that principal on the Class A-1 Notes will be paid in accordance with the Class A-1 Note Payment Sequence), only in an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target of 126.7%. 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 110.6%. 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 106.0%. 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 102.7%. However, if the Net Outstanding Portfolio Collateral Balance is less than U.S.$300,000,000, then only Principal Proceeds received or held during the related Due Period will be paid, first, to the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence and then sequentially through the Class D Notes. The foregoing "shifting principal" method permits Holders of the Class A-1 Notes, 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 the Income Notes, to the extent funds are available in accordance with the Priority of Payments, while Notes are outstanding.

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-1 Notes) will be subject to mandatory redemption on the related 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. 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 September of each year (each, an "Auction Date") commencing on the September 2015 Payment Date, the Collateral Manager will take steps to conduct an auction (the "Auction") of the Collateral 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 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, an "Auction Payment Date"). If a successful Auction occurs, the Income Notes will also be redeemed in full. The Collateral Manager and its affiliates shall be considered Eligible Bidders. If the highest single bid on the entire portfolio of Collateral, or the aggregate amount of multiple bids with respect to individual items of Collateral, does not equal or exceed the Minimum Bid Amount or if there is a failure at settlement, then the redemption of Notes and the Income Notes on the related Auction Date will not occur.

The 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 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 Cashflow Swap Agreement 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 all amounts due as of the Redemption Date pursuant to clauses (i) through (ix) of the Priority of Payments for Final Payment Dates (the "Total Redemption Amount"), which includes the Redemption Prices of the Notes. If a Tax Redemption occurs, the Income Notes will be redeemed simultaneously.

In connection with a Tax Redemption, the Issuers (in the case of the Notes) and the Issuer (in the case of 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 and upon any such sale the Trustee shall release the lien upon such Collateral 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 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 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 by Liquidation

Subject to certain conditions described herein, the Notes may be redeemed by the Issuers and the Income 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 March 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" or an "Optional Redemption by Liquidation"); *provided* that no Optional Redemption by Liquidation 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 by Liquidation, the Income Notes will be redeemed simultaneously.

In connection with an Optional Redemption by Liquidation, the Issuers (in the case of the Notes) and the Issuer (in the case the Income Notes) shall notify the Trustee of such Optional Redemption by Liquidation 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 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. Amounts available for distribution in connection with an Optional Redemption by Liquidation 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 by Liquidation of the Notes will equal the Total Redemption Amount. The amount payable as the final payment on the Income Notes following any Optional Redemption by Liquidation 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 by Refinancing

Subject to certain conditions described herein, any Class or Classes of Notes may be redeemed by the Issuers from the net cash proceeds (the "Refinancing Proceeds") of a loan, credit or similar facility or an issuance of replacement notes, from or to one or more financial institutions or purchasers, in whole but not in part, on any Payment Date on or after 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" or an "Optional Redemption by Refinancing"). The Issuer will conduct an Optional Redemption by Refinancing only if the Collateral Manager determines that: (i) the principal amount of any obligations providing the funds to be applied in respect of such Optional Redemption by Refinancing is no greater than the principal amount of the Notes being redeemed; (ii) the stated maturity of the obligations providing the funds to be applied in respect of such Optional Redemption by Refinancing is no earlier than the Stated Maturity of the Notes being redeemed; (iii) the agreements relating to the Optional Redemption by Refinancing contain limited-recourse and non-petition provisions equivalent to those set forth in the Indenture; (iv) the proceeds from the Optional Redemption by Refinancing will be at least sufficient to pay in full the Aggregate Outstanding Amount of the applicable Notes); (v) amounts are expected to be available in accordance with the Priority of Payments on the Payment Date related to such Optional Redemption by Refinancing (a) to pay any fees and administrative expenses of the Issuer related to the Optional Redemption by Refinancing, (b) to pay any accrued and unpaid interest on the Notes being

redeemed (including Defaulted Interest and interest on Defaulted Interest) and (c) to pay any "Cashflow Swap Shortfall Amounts" (as such term is defined in the Cashflow Swap Agreement) that have been paid by the Cashflow Swap Counterparty under the Cashflow Swap Agreement but that have not been repaid to the Cashflow Swap Counterparty (*plus* any accrued and unpaid interest thereon) pursuant to the Priority of Payments; (vi) the Refinancing Proceeds will be used (to the extent necessary) to redeem the applicable Notes; (vii) such Optional Redemption by Refinancing will not cause an Event of Default; and (viii) the Rating Agency Condition for each Rating Agency shall be satisfied (other than with respect to the Notes being redeemed). If any Holder of an Income Note so elects, such Holder may pay all or a portion (pro rata with any other electing Holder of an Income Note) of the amounts required under clause (v) above directly as opposed to requiring that such amounts be paid through funds available in accordance with the Priority of Payments on the Payment Date related to the Optional Redemption by Refinancing. If any Holder of an Income Note so elects, the amounts due shall be remitted to the Trustee at least two days prior to the related Payment Date. Any such amounts paid by the Holders of the Income Notes will not be reimbursed by the Issuer. Any Refinancing Proceeds will be applied directly on the related Optional Redemption Date pursuant to the Indenture to redeem the Notes being refinanced without regard to the Priority of Payments described herein. Any Refinancing Proceeds that are not used to redeem the applicable Notes and to pay any administrative expenses of the Issuer will be treated as Principal Proceeds and will be applied in accordance with the Priority of Payments. None of the Issuers, the Trustee or any other Person will be liable to the Holders of the Income Notes for the failure to issue additional notes or to obtain secured loans.

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, 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, 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 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 Cashflow Swap Counterparty, to each Noteholder at such Holder's address in the register maintained by the Note Registrar under the Indenture and 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, as long as any Notes or Income Notes are listed on any stock exchange, the Trustee will also give notice to the Listing and Paying Agent.

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, as Principal Note Paying Agent, and, so long as any Notes are listed on a stock exchange, the Listing and Paying Agent.

Income 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) and the Issuer (with respect to the Income 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 Cashflow Swap Counterparty, the Rating Agencies, the Holders of the Notes and the Holders of the Income Notes, but only if the Collateral Manager shall be unable to deliver the sale agreement or agreements or certifications or, in the case of an Optional Redemption by Refinancing, the loan, credit or

similar facility, required by the Indenture, in form satisfactory to the Trustee. The Cashflow Swap Agreement 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"), without giving effect to amounts payable under clauses (vii), (x) and (xii) of the Priority of Payments, Proceeds will be used to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence until the Class A-1 Notes have been paid in full, then to redeem the Class S-2 Notes until the Class S-2 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, without giving effect to amounts payable under clauses (x) and (xii) of the Priority of Payments, Principal Proceeds will be used to redeem the Class A Notes (in accordance with the Class A-1 Note Payment Sequence), the Class B Notes and the Class C Notes, pro rata, until paid in full *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$500,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes (pursuant to the Class A-1 Note Payment Sequence), 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 (together with the Class A/B Overcollateralization Test and the Class C Overcollateralization Test the "Coverage Tests") was not satisfied on the related Determination Date, Proceeds net of amounts payable under clauses (i) through (xii) 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-1 Notes, the Class C Notes, the Class D Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of the Class A/B Overcollateralization Test. The Class S Notes, the Class D Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class C Overcollateralization Test. The Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class D Overcollateralization Test.

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

Priority of Payments

With respect to any Payment Date, 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.

Two Business Days prior to each Payment Date, to the extent there is a positive Aggregate Amortization Amount determined as of the related Determination Date, an amount (in cash or par amount, as applicable) equal to the Aggregate Amortization Amount shall be withdrawn by the Trustee from the Default Swap Collateral Account (first, by applying cash on deposit in the Default Swap Collateral Account received as principal, second, by liquidating Eligible Investments in the Default Swap Collateral Account and third, by releasing Default Swap Collateral from the Default Swap Collateral Account and from the lien of the Synthetic Security Counterparty and depositing it to the Collateral Account) and deposited to the Payment Account for application as Principal Proceeds in accordance with the Priority of Payments on the related Payment Date or in the case of the release of Default Swap Collateral, for deposit to the Collateral Account.

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 the Cashflow Swap 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.$12,062.50 and 0.0018125% of the Quarterly 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. (a) first, 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 and the Fiscal Agent and second, pro rata, to any other parties entitled thereto; (b) second, 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 (c) third, 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.$200,000; *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) on the current and prior three Payment Dates shall not exceed U.S.$300,000;

iv. to the payment of (a) first, pro rata (based on amounts due) (i) amounts, if any, to be paid to the Cashflow Swap Counterparty pursuant to the Cashflow Swap Agreement including termination and partial termination payments (other than Defaulted Cashflow Swap Termination Payments payable under clause (xviii) below) and including on any Payment Date related to an Optional Redemption by Refinancing all "Cashflow Swap Amounts" that have been advanced by the Cashflow Swap Counterparty under the Cashflow Swap Agreement but that have not been repaid *plus* accrued and unpaid interest thereon, (ii) accrued and unpaid interest on the Class S-1 Notes (including Defaulted Interest and interest thereon) and (iii) beginning with the Payment Date occurring in December 2007, principal of the Class S-1 Notes in an amount equal to the Class S-1 Notes Amortizing Principal Amount until the Class S-1 Notes are paid in full and (b) second, if an Event of Default or a Tax Event shall have occurred and is continuing or an Optional Redemption by Liquidation or a successful Auction has occurred and the Collateral Assets are being liquidated pursuant to the terms of the Indenture, to the payment of principal of the Class S-1 Notes until the Class S-1 Notes are paid in full;

v. to the payment, *pro rata* based on the amount due (a), 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 (excluding any portion thereof included in any Cumulative Deferred Management Fees that were not paid on a previous Payment Date); *provided, however*, the Collateral Manager may at its option defer all or a portion of such Collateral Management Fee (the amount, if any, so deferred on such Payment Date to be included in the Current Deferred Management Fee on such date) and (b) to the payment to the Initial Purchaser of any unpaid Deferred Structuring Expense, *plus* interest due on any portion of the Deferred Structuring Expense not paid on the prior Payment Date at a rate equal to LIBOR;

vi. to the payment of (a) first, *pro rata*, (i) accrued and unpaid interest on the Class A-1 Notes (including any Defaulted Interest and interest thereon), (ii) accrued and unpaid interest on the Class A-2 Notes (including any Defaulted Interest and interest thereon),

and (iii) accrued and unpaid interest on the Class S-2 Notes (including any Defaulted Interest and any 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 (x) and (xii) below), *first*, to the payment of principal of all outstanding Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence until the Class A-1 Notes are paid in full, *second*, to the payment of principal of all outstanding Class S-2 Notes until the Class S-2 Notes are paid in full, *third*, to the payment of principal of all outstanding Class A-2 Notes until the Class A-2 Notes are paid in full, and *fourth*, 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 (a) beginning with the Payment Date occurring in December 2007, principal of the Class S-2 Notes in an amount equal to the Class S-2 Notes Amortizing Principal Amount until the Class S-2 Notes are paid in full, and (b) if an Event of Default or a Tax Event shall have occurred and is continuing or an Optional Redemption by Liquidation or successful Auction has occurred and the Collateral Assets are being liquidated pursuant to the terms of the Indenture, principal of the Class S-2 Notes until the Class S-2 Notes are paid in full;

ix. 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);

x. 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 (x) or clause (xii) below), then, (a) pro rata, Principal Proceeds only (i) to the payment of principal of all outstanding Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, (ii) to the payment of principal of all outstanding Class A-2 Notes, (iii) to the payment of principal of all outstanding Class B Notes and (iv) to the payment of principal of all outstanding Class C Notes, until the Class A-1 Notes, the Class A-2 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.$500,000,000, then such amount shall be paid *first*, to the payment of principal of all outstanding Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence 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, *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full and *fourth*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full; 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;

xi. 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);

xii. to the payment of principal of *first*, pro rata, the Class A Notes up to the amount specified in clause (b)(1) below (*provided*, that the Class A-1 Notes shall be paid in accordance with the Class A-1 Note Payment Sequence), *second*, the Class B Notes up to the amount specified in clause (b)(2) below, *third*, the Class C Notes up to the amount specified in clause (b)(3) below and *fourth*, the Class D Notes up to the amount specified in clause (b)(4) 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 Adjusted Overcollateralization Ratio to or

maintain it at 126.7%, *plus* (2) the amount necessary to increase the Class B Adjusted Overcollateralization Ratio to or maintain it at 110.6%, *plus* (3) the amount necessary to increase the Class C Adjusted Overcollateralization Ratio to or maintain it at 106.0%, *plus* (4) the amount necessary to increase the Class D Adjusted Overcollateralization Ratio to or maintain it at 102.7%; *provided, however,* that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$300,000,000, then only the amount described in sub-clause (a) of this clause (xii) will be paid, such amount to be allocated, *first*, to the payment of principal of all outstanding Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, *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;

xiii. 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 (xiii)) then to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full;

xiv. to the payment to the Collateral Manager of the Cumulative Deferred Management Fee (or any portion thereof as directed by the Collateral Manager);

xv. *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 (x) and (xii) above (amounts will be considered unpaid for this purpose if the principal balance of the Class C Notes after giving effect to clauses (x) and (xii) 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 (xii) and (xiii) above (amounts will be considered unpaid for this purpose if the principal balance of the Class D Notes after giving effect to clauses (xii) and (xiii) above exceeds any previous lowest amount outstanding);

xvi. after the Payment Date occurring in September 2015, *first*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full, and *second*, to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full;

xvii. to the payment of principal of the Class D Notes in an amount equal to the Class D Notes Amortizing Principal Amount;

xviii. to the payment of, pro rata, any Defaulted Cashflow Swap Termination Payments, with respect to the Cashflow Swap Agreement, pro rata, based on the amount owed and Defaulted Synthetic Security Termination Payments, with respect to the Synthetic Securities, pro rata, based on the amount owed;

xix. *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.$200,000 (after giving effect to any deposits made therein on such Payment Date under clause (iii) above); *provided, however*, that the aggregate payments pursuant to subclause (c) of this clause (xix) and subclause (c) of clause (iii) on any Payment Date shall not exceed U.S.$50,000; and

xx. 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 as additional distributions (subject to certain restrictions imposed under Cayman Islands law and to the extent of funds legally available therefor).

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) except for any Final Payment Date which is the Stated Maturity of a Note (other than the Class S Notes)); *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 in accordance with the Class A-1 Note Payment Sequence of the amount necessary to pay the outstanding principal amount of such Notes;

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

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

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

vi. to the payment to the Class C 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;

vii. 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;

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

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

x. to the payment of the amounts referred to in subclause (a) and subclause (b) of clause (xix) of the Priority of Payments on any Final Payment Date that is the Stated Maturity of any Notes (other than the Class S Notes); and

xi. to the payment of the amounts referred to in clause (xx) 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 Cashflow Swap Agreement 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 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 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 and Class D Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Notes; (ii) all Administrative Expenses; (iii) all amounts payable by the Issuer to the Synthetic Security Counterparty or an assignee of a Synthetic Security (other than Defaulted Synthetic Security Termination Payments) net of all amounts payable to the Issuer by any Synthetic Security Counterparty or an assignee of a Synthetic Security; (iv) all amounts payable by the Issuer to the Cashflow Swap Counterparty (other than Defaulted Cashflow Swap Termination Payments) net of all amounts payable to the Issuer by any Cashflow Swap Counterparty; (v) accrued and unpaid Deferred Structuring Expenses; (vi) accrued and unpaid Collateral Management Fees, including any Cumulative Deferred Management Fees; and (vii) 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 Amount of the Controlling Class and any Cashflow Swap Counterparty (other than any Cashflow Swap Counterparty which will be paid in full the amounts due to it, including in any applicable termination payments other than Defaulted Cashflow Swap 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) and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has received an indemnity which is reasonably acceptable to the Trustee against any such liability).

Subject to the provisions of the 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 Cashflow Swap 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 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 will not be considered to be affiliates of the Issuer or Co-Issuer by virtue of such ownership of Income 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 a Majority, by Aggregate Outstanding Amount, of the Notes materially adversely affected thereby, voting together as a single class, and 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 Cashflow Swap Counterparty 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 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 Cashflow Swap 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; (j) to reflect the terms of an Optional Redemption by Refinancing (including the grant of a security interest in the Collateral); or (k) 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, any Cashflow Swap 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 Cashflow Swap 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 the execution of such amendment or modification is authorized or permitted under the terms of the Indenture. Such determination shall be conclusive and binding on all present and future Holders of Notes or Income Notes, any Synthetic Security Counterparty, the Collateral Manager and any Cashflow Swap 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 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 Cashflow Swap Counterparty (which shall not be unreasonably withheld) has been obtained to the extent required under the Cashflow Swap Agreement.

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 Cashflow Swap 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 Cashflow Swap 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 Cashflow Swap 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, the Holders of any Class of Notes, the Cashflow Swap Counterparty or any Synthetic Security 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 Agents, the Collateral Manager, the Cashflow Swap 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, the Cashflow Swap 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 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 will be the Note Paying Agent, the Note Registrar, the Note Calculation Agent and the Note Transfer Agent under the Indenture. The Bank of New York will also be the Collateral Administrator pursuant to the Collateral Administration Agreement. The Issuers and their affiliates may maintain other banking relationships in the ordinary course of business with The Bank of New York. The payment of the fees and expenses of The Bank of New York relating to the Notes is solely the obligation of the Issuers. The Indenture contains provisions for the indemnification of The Bank of New York 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 or the Income 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 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. 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 Cashflow Swap Agreement, the Synthetic Securities, the Deed of Covenant, the Income Notes, the Collateral Management Agreement and the Collateral Administration Agreement

The Indenture, the Notes, the Cashflow Swap Agreement, 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 Cashflow Swap Agreement, the Collateral Management Agreement and the Collateral Administration Agreement the Issuers, as applicable, 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 Cashflow Swap Agreement, the Collateral Management Agreement and the Collateral Administration Agreement. The Fiscal Agency Agreement, the Deed of Covenant and the Income Notes 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 D Notes) sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Notes and will be deposited with The Bank of New York as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC. The Rule 144A Notes which are Class D 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 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 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 or a Regulation S Income 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 or the Class C Notes, in the form of a beneficial interest in a Rule 144A Global Note and, with respect to a Regulation S Class D Note or a Regulation S Income Note, in the form of a Definitive Note or an Income Note Certificate, as applicable, 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, 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) 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 may occur only in denominations greater than or equal to the minimum denominations applicable to the Rule 144A Global Notes.

A beneficial interest in a Rule 144A Global Note 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.

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, the Note Registrar, the Income Note Registrar 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 and the Class C Notes will be initially issued in global form. The Class D Notes (other than Regulation S Class D Notes) will be represented by one or more Definitive Notes and will be subject to certain transfer restrictions as set forth under "Notice to Investors". 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 D Notes (other than Regulation S Class D Notes). The Class D Notes (other than Regulation S Class D 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 D Notes (other than Regulation S Class D Notes) may be transferred only upon receipt by the Issuer and the Note Transfer Agent of a Class D 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 D 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 D Notes Purchase and Transfer Letter.

Payments on the Class D Notes (other than Regulation S Class D 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 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 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 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 Payment Date occurs (or if such day is not a Business Day, the next succeeding Business Day).

USE OF PROCEEDS

The gross proceeds associated with the offering of the Securities are expected to equal approximately U.S.$1,007,169,000. Approximately U.S.$1,850,000 of such gross proceeds will be applied by the Issuer to pay upfront fees and expenses associated with the offering of the Securities. In addition, on the Closing Date, approximately U.S.$200,000 of the proceeds from the issuance of the Securities will be deposited into the Expense Reserve Account. 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 which are cash assets described herein having an aggregate Principal Balance of approximately U.S.$70,000,000 and to purchase the Default Swap Collateral and Eligible Investments of approximately U.S.$930,000,000 and will have entered into the Cashflow Swap Agreement.

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 and that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P. 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 Notes 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 and 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 and (ii) the Class C Notes and the Class D Notes addresses the ultimate cash receipt of all required interest and principal payments as provided in the governing documents. Moody's ratings are based on the expected loss posed to the Holders of the Notes relative to the promise of receiving the present value, calculated using a discounted rate equal to the promised interest rate of such payments. Moody's analyzes the likelihood that each debt obligation included in the portfolio will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody's then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the potential recovery value of the Collateral Assets and the expected volatility of the default rate of the portfolio based on the level of diversification by issuer and industry.

In addition to these quantitative tests, Moody's ratings take into account qualitative features of a transaction, including the experience of the 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 and the Class D 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.

SECURITY FOR THE NOTES

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 (subject to the Synthetic Security Counterparty's interest in the Default Swap Collateral), including the Collateral Assets, that is free of any adverse claim, to secure the Issuers' obligations under the Indenture, the Notes and the Cashflow Swap Agreement.

On the Closing Date, the Issuer expects to acquire approximately U.S.$1,000,000,000 in aggregate Principal Balance of Collateral Assets. The Collateral Assets are expected to consist of CDO Securities and Synthetic Securities (the Reference Obligations of which are CDO Securities). Certain information with respect to the Collateral Assets and the Reference Obligations is included in Appendix B herein. This information was provided by or derived from information provided by the issuers, underwriters and/or the servicers for each underlying Collateral Asset. None of the Issuers, the Initial Purchaser, the Collateral Manager, the Collateral Administrator, the Cashflow Swap Counterparty, the Synthetic Security 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.

The Collateral Assets

The Collateral Assets had an aggregate Principal Balance of approximately U.S.$1,000,000,000 (an aggregate "Collateral Asset Principal Balance") on or about March 21, 2007 (the "Reference Date"). The Reference Date balances of the Collateral Assets reflect their Principal Balances after giving effect to distributions received on March 21, 2007 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 March 27, 2007 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.

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. All of the Synthetic Securities, constituting approximately 93.00% of the Collateral Assets (by Principal Balance) on the Closing Date will reference Reference Obligations which are CDO Securities.

On the Closing Date, the CDO Securities and the Reference Obligations which are CDO Securities include 56 whole and partial classes of CDO Securities, representing 100% of the Principal Balance of the Collateral Assets as of the Closing Date. The following is a list of the respective classes and series of CDO Securities included in the Collateral Assets:

Collateral Asset	Principal Balance as of Closing Date	Percentage of Collateral Assets (by Principal Balance)	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life*
LOCH 2006-1A C	12,000,000	1.20%	A2/A	LIBOR01M	6.2
SMSTR 2005-1A B	10,000,000	1.00%	A3/A-	synthetic spread	7.1
TABS 2006-5A A3	20,000,000	2.00%	A2/A	LIBOR01M	6.8
TOPG 2005-1A B	15,000,000	1.50%	A3/A-	synthetic spread	7.5
VRGO 2006-1A A3	15,000,000	1.50%	A2/A	synthetic spread	6.8
ACABS 2005-2A A3	18,240,508	1.82%	A3/A-	synthetic spread	9.6
DUKEF 2006-10A A3	20,000,000	2.00%	A2/A	synthetic spread	6.8
GSCSF 2006-2A D	20,000,000	2.00%	A2/A	synthetic spread	5.3
GEMST 2005-4A C	20,000,000	2.00%	A2/A	synthetic spread	5.3
PINEM 2005-A C	20,000,000	2.00%	A2/A	synthetic spread	4.1
RIVER 2005-1A C	15,000,000	1.50%	A2/A	synthetic spread	6.0
STAK 2006-1A 5	20,000,000	2.00%	A2/A	synthetic spread	8.0
VERT 2006-1A A3	20,000,000	2.00%	A2/A	synthetic spread	6.4
DVSQ 2005-5A C	15,000,000	1.50%	A2/A	synthetic spread	7.9
CAMBR 5A B	15,000,000	1.50%	A3/A-	synthetic spread	7.6
CRNMZ 2006-2A C	3,000,000	0.30%	A2/A	LIBOR03M	6.9
BLHV 2005-1A C	15,000,000	1.50%	A2/A	synthetic spread	6.3
FTDRB 2005-1A A3L	15,000,000	1.50%	A2/A	synthetic spread	6.5
ICM 2005-2A C	15,000,000	1.50%	A2/A	synthetic spread	6.2
SCF 8A C	14,782,894	1.48%	A2/A	synthetic spread	6.0
ABAC 2006-HG1A C	6,000,000	0.60%	A2/A	LIBOR01M	6.8
ABAC 2006-HG1A D	9,000,000	0.90%	A3/A-	LIBOR01M	6.8
TOPG 2006-2A B	10,000,000	1.00%	A2/A	LIBOR01M	7.2
CRNMZ 2006-2A C	17,000,000	1.70%	A2/A	synthetic spread	6.5
FORTS 2006-2A C	20,000,000	2.00%	A2/A	synthetic spread	5.4
ICM 2006-3A C	20,000,000	2.00%	A2/A	synthetic spread	6.7
ACABS 2006-1A A3L	19,939,607	1.99%	A2/A	synthetic spread	7.0
CACDO 2006-1A C1	20,000,000	2.00%	A2/A	synthetic spread	7.5
GSCSF 2006-4A A3	20,000,000	2.00%	A2/A	synthetic spread	6.9
INDE7 7A D	20,000,000	2.00%	A3/A-	synthetic spread	5.1
LSTRT 2006-1A D	20,000,000	2.00%	A2/A	synthetic spread	6.2
TABS 2005-4A D	20,000,000	2.00%	A2/A	synthetic spread	6.7
BFCSL 2006-1A D	20,000,000	2.00%	A2/A	synthetic spread	7.6
ICM 2006-S2A A3L	10,000,000	1.00%	A2/A	LIBOR03M	6.0
SHERW 2005-2A C	20,000,000	2.00%	A2/A	synthetic spread	6.0
ADROC 2005-2A C	20,000,000	2.00%	A2/A	synthetic spread	5.3
GRAND 2005-1A C	20,000,000	2.00%	A2/A	synthetic spread	7.3
STAK 2006-2A 5	20,000,000	2.00%	A2/A	synthetic spread	7.0
NEPTN 2006-3A B	20,000,000	2.00%	A2/A	synthetic spread	5.7
DGCDO 2006-2A C	20,000,000	2.00%	A2/A	synthetic spread	6.2
ADMSQ 2006-1A C	20,000,000	2.00%	A2/A	synthetic spread	6.5
MNTRS 2006-1A C	20,000,000	2.00%	A2/A	synthetic spread	6.8
CETUS 2006-1A B	20,000,000	2.00%	A2/A	synthetic spread	6.7
CETUS 2006-2A B	20,000,000	2.00%	A2/A	synthetic spread	6.6
GSCSF 2006-1A B	20,000,000	2.00%	A2/A	synthetic spread	6.4
MKP 6A C	20,000,000	2.00%	A2/A	synthetic spread	6.6
SHERW 2006-3A A3	20,000,000	2.00%	A2/A	synthetic spread	6.6
PYXIS 2006-1A C	20,000,000	2.00%	A2/A	synthetic spread	6.8
GLCR 2006-4A C	9,936,305	0.99%	A2/A	synthetic spread	4.8
MAYF 2006-1A A3L	20,000,000	2.00%	A2/A	synthetic spread	6.4
TRNTY 2005-1A B	20,000,000	2.00%	A3/A-	synthetic spread	8.8
TOPG 2006-2A B	10,000,000	1.00%	A2/A	synthetic spread	7.2

Collateral Asset	Principal Balance as of Closing Date	Percentage of Collateral Assets (by Principal Balance)	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life*
DVSQ 2006-6A C	15,000,000	1.50%	A2/A	synthetic spread	8.2
GSCSF 2005-1A A3	20,000,000	2.00%	A2/A	synthetic spread	5.3
BFCGE 2006-1A A3L	19,852,320	1.99%	A2/A	synthetic spread	7.0
CAMBR 7A C	20,248,366	2.02%	A2/A	synthetic spread	7.9
CRNMZ 2006-1A 5	15,000,000	1.50%	A2/A	synthetic spread	7.2
VERT 2006-2A A3	20,000,000	2.00%	A2/A	synthetic spread	5.8

* For purposes hereof, the Weighted Average Life of each Collateral Asset has been calculated individually in accordance with market convention. Such methodology may differ as between each Collateral Asset and may not reflect the actual Weighted Average Life of such Collateral Asset.

Each of the CDO Securities are debt securities issued by a special purpose issuer, all of the assets of which are pledged to repay the CDO Securities and other classes of securities issued by such issuer. Certain of the CDO Securities provide for a revolving period during which certain proceeds of the underlying assets are reinvested in additional assets, and for a lockout period during which the CDO Securities will be redeemed or receive principal payments only in limited circumstances. While the classes of CDO Securities included in the Collateral Assets are each rated investment grade as of the date hereof, certain of the CDO Securities are subordinate in right of payment and rank junior to other securities in the same issuance, and all of the CDO Securities are senior to other more subordinate securities of the same issuance. Certain CDO Securities included in the Collateral Assets provide for the deferral of interest under certain circumstances and the failure to pay current interest on such classes of CDO Securities generally will not be an event of default so long as any more senior classes of securities are outstanding. The deferral of interest payments, if it occurs, would adversely affect the cash flow available to the Issuer.

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. 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, the Collateral Administrator, 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 Collateral Administrator, the Initial Purchaser and the Trustee are limited in their ability to independently verify the information obtained from the above-referenced sources.

The Coverage Tests

The Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes and the Class D 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 S-2 Notes, the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D 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 C Overcollateralization Test and the Class D Overcollateralization Test. For purposes of the Coverage Tests, the Class A Adjusted Overcollateralization Ratio, the Class B Adjusted Overcollateralization Ratio, the Class C Adjusted Overcollateralization Ratio and the Class D 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 and (ii) the calculation of the Class A/B Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D 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 with certain exceptions. See "Description of the Securities—Principal" and "—Priority of Payments." For purposes of each of the Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization 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 Amount of the Class A Notes and the Class B Notes *minus* Principal Proceeds expected to be available prior to clause (xii) 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 106.4%. As of the Closing Date, the Class A/B Overcollateralization Ratio is expected to be equal to 109.6%.

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 Amount of the Notes (other than the Class S Notes and the Class D Notes and including Class C Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xii) 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 103.3%. As of the Closing Date, the Class C Overcollateralization Ratio is expected to be equal to 105.5%.

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 Amount of the Notes (other than the Class S Notes and including Class C Deferred Interest and Class D Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xii) 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 101.1%. As of the Closing Date, the Class D Overcollateralization Ratio is expected to be equal to 102.2%.

Disposition of CDO Securities and Removal of Reference Obligations

The Collateral Assets may be retired, or in the case of a Synthetic Security, removed from the reference portfolio, 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 and the Reference Obligations related thereto. 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 or assign or terminate Synthetic Securities the Reference Obligations of which are Credit Risk Obligations, Defaulted Obligations or equity securities. The assignment, termination or disposition price for any such sale or removal 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 Asset, 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 Asset 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 Asset 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 Asset will be applied as Principal Proceeds on the next succeeding Payment Date. A "Credit Risk Obligation" is a Collateral Asset and, in the case of Synthetic Securities, a Reference Obligation (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 or entered into such Synthetic Security and in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased or such Synthetic Security was entered into 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 (ii) in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased or such Synthetic Security was entered into 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; *provided* that, if Moody's has withdrawn or reduced its long-term ratings on any of the Class S Notes, the Class A Notes or the Class B Notes by two or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded any such reduced or withdrawn ratings to at least one subcategory below the initial long-term rating) or if Moody's has withdrawn or reduced its long-term ratings on any of the Class C Notes or the Class D Notes by three or more subcategories below the ratings in effect on the Closing Date (disregarding any withdrawal or reduction if subsequent thereto Moody's has upgraded any such reduced or withdrawn ratings to at least two subcategories below the initial long-term rating), (a) such Reference Obligation or Collateral Asset has been downgraded by Moody's at least one or more rating subcategories since it was acquired by the

Issuer or placed by Moody's on a watch list with negative implications since the date on which such Reference Obligation or Collateral Asset was purchased by the Issuer, (b) the Holders of a Majority of the Controlling Class vote to waive the requirement of subclause (a) of this proviso or (c) such Reference Obligation or Collateral Asset has experienced an increase in credit spread of 10% or more compared to the credit spread at which such Reference Obligation or Collateral Asset was purchased by the Issuer, determined by reference to an applicable index selected by the Collateral Manager (subject to the satisfaction of the Rating Agency Condition with respect to Moody's). The proceeds from the disposition of a Collateral Asset may not be reinvested in other Collateral Asset.

The Issuer may also (i) in the case of an Auction, at the direction of the Collateral Manager, direct the Trustee to sell, terminate or assign and the Trustee shall sell, terminate or assign 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, terminate or assign, and the Trustee shall sell, terminate or assign 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 by Liquidation, at the direction of the Collateral Manager, direct the Trustee to sell, terminate or assign and the Trustee shall sell, terminate or assign in the manner directed by the Collateral Manager in writing, the Collateral Assets and liquidate the remaining Collateral in connection with an Optional Redemption by Liquidation; *provided* that the criteria for an Optional Redemption by Liquidation 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 by Liquidation."

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 Cashflow Swap Termination Receipts Account, the Cashflow Swap Replacement Account, the Cashflow Swap 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 Default Swap Collateral or to enter into Cashflow Swap Agreement or to be deposited to the Default Swap Collateral Account, the initial payment, if any, pursuant to the Cashflow Swap Agreement, any Cashflow Swap Receipt Amounts received 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 Cashflow Swap 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 except as otherwise provided herein.

On the Closing Date, U.S.$200,000 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.$200,000. 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.$200,000 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 Cashflow Swap Collateral pledged by the Cashflow Swap Counterparty will be deposited by the Trustee into a segregated account (the "Cashflow Swap Collateral Account") established in the name of the Trustee and held therein pursuant to the terms of the Cashflow Swap Agreement.

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

The following description of the Synthetic Securities is 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. Copies of the Master Agreement and the Master Confirmation will be available to investors from the Trustee. Capitalized terms not otherwise defined in this section will have the meanings set forth in the Master Agreement or Master Confirmation.

The Synthetic Securities will be structured as "pay-as-you-go" credit default swaps and will be documented 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, along with a confirmation (the "Master Confirmation") evidencing a transaction with respect to each Reference Obligation referenced thereunder.

Each Synthetic Security will have a specified Reference Obligation Notional Amount that 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 Reference Obligation Notional Amount" is the sum of the Reference Obligation Notional Amounts of all Synthetic Securities. On or before the Closing Date, the Issuer expects to enter into Synthetic Securities with an Aggregate Reference Obligation Notional Amount of approximately U.S.$930,000,000. After the Closing Date, in accordance with the terms of the Master Confirmation, the Reference Obligation Notional Amount of each Synthetic Security will be: (i) decreased on each day on which a Reference Obligation Principal Payment is made by an amount equal to the relevant Reference Obligation Principal Amortization Amount; (ii) decreased on each day on which a Failure to Pay Principal occurs by an amount equal to the relevant

Principal Shortfall Amount; (iii) decreased on each day on which a Writedown occurs by an amount equal to the relevant Writedown Amount; (iv) increased on each day on which a Writedown Reimbursement occurs by an amount equal to any Writedown Reimbursement Amount in respect of a Writedown Reimbursement within paragraphs (ii) or (iii) of the definition of "Writedown Reimbursement"; and (v) decreased on each Delivery Date by an amount equal to the relevant Exercise Amount *minus* the relevant amount determined pursuant to paragraph (b) under the heading, "Settlement Terms—Physical Settlement Amount" in the Master Confirmation; *provided* that, in accordance with the Master Confirmation, if any Relevant Amount is applicable, the Exercise Amount will also be deemed to be decreased by such Relevant Amount (or increased by the absolute value of such Relevant Amount if such Relevant Amount is negative) with effect from such Delivery Date.

The effective date of the Synthetic Securities will be the Closing Date and the Synthetic Securities will terminate by their terms on the scheduled termination date thereof referenced in the Master Confirmation (the "Scheduled Termination Date") unless a Credit Event occurs with respect to a Synthetic Security and the final physical settlement date is scheduled to occur after such date.

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.

All principal payments on the Default Swap Collateral in the Default Swap Collateral Account will be invested in Eligible Investments at the direction of the Trustee until invested in Default Swap Collateral satisfying the Default Swap Collateral Eligibility Criteria at the direction of the Collateral Manager with the consent of the Synthetic Security Counterparty. Notwithstanding the foregoing, if and so long as the unsecured, unsubordinated debt rating of the Synthetic Security Counterparty or the credit support provider for the Synthetic Security Counterparty, whichever is higher, assigned by Moody's is below "A1", all principal payments on the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account will be maintained in Cash and Eligible Investments (unless otherwise required to be applied, in accordance with the terms of the Indenture, to either (i) payment of the Notes or other amounts in accordance with the Priority of Payments or (ii) the payment of Credit Protection Amounts) until such time as the Balance of the Cash and Eligible Investments in the Default Swap Collateral Account is equal to the Aggregate Outstanding Amount of the Class A Notes and the Class B Notes. Furthermore, all principal payments on the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account will be maintained in Cash and Eligible Investments (unless otherwise required to be applied, in accordance with the terms of the Indenture, to either (i) the payment of the Notes or other amounts in accordance with the Priority of Payments or (ii) the payment of Credit Protection Amounts) such that the Balance of the Cash and Eligible Investments in the Default Swap Collateral Account is at least equal to 120% of the projected amortization of the Aggregate Reference Obligation Notional Amount for the following six month period (recalculated on each Determination Date). Principal Shortfall Reimbursement Payment Amounts and Writedown Reimbursement Payment Amounts received by the Issuer from the Synthetic Security Counterparty will be deposited to the Default Swap Collateral Account.

Payments by the Synthetic Security Counterparty

Pursuant to the Synthetic Securities, on each Fixed Rate Payer Payment Date the Synthetic Security Counterparty will make a fixed rate payment (net of any related Interest Shortfall Amounts as described below and in the Master Confirmation) (the "Fixed Amount") to the Issuer, representing the aggregate Fixed Amounts payable with respect to the Reference Obligation Payment Date for the related Fixed Rate Payer Calculation Period. The Synthetic Security Counterparty will make certain other payments under the Synthetic Securities to the Issuer at the times and in the amounts described herein, including any Interest Shortfall Reimbursement Payment Amounts, Writedown Reimbursement Payment Amounts and any Principal Shortfall Reimbursement Payment Amounts (together "Additional Fixed Amounts"). In connection with any termination or assignment of a Synthetic Securities, proceeds, if any, from such termination or assignment will be deposited into the Default Swap Collateral Account.

Upon the occurrence of any Interest Shortfall with respect to any Reference Obligation, the Fixed Amount payable under the related Synthetic Security by the Synthetic Security Counterparty to the Issuer will be reduced by an amount equal to the related Interest Shortfall Payment Amount, such reduction amount not to exceed the Fixed Amount, if "fixed cap" is applicable, or such reduction amount not to exceed the applicable floating cap, if "variable cap" is applicable, as described in each Synthetic Security. Interest may accrue on any Interest Shortfall Payment Amount at a rate equal to LIBOR *plus* the fixed rate as specified in the applicable Synthetic Security. If any amount in satisfaction of the Interest Shortfall which gave rise to any Interest Shortfall Payment Amount, including interest accrued thereon, 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 an Interest Shortfall Reimbursement. Interest Shortfall Reimbursement Amounts will not exceed the cumulative Interest Shortfall Amounts (including any interest thereon) previously determined in relation to such Reference Obligation.

So long as the long-term ratings of the Synthetic Security Counterparty or any guarantor of the Synthetic Security Counterparty's obligation under a Synthetic Security are equal to or higher than (i) "Aa3" by Moody's (and, if rated "Aa3" by Moody's, is not on watch for possible downgrade) and (ii) "AA-" by S&P (and, if rated "AA-" by S&P, is not on watch for possible downgrade), the Fixed Amount due by the Synthetic Security Counterparty will be payable in arrears. However, if the long-term ratings of the Synthetic Security Counterparty or any guarantor fall below any such levels, the Synthetic Security Counterparty will be required to pay the Fixed Amount due under the Synthetic Securities in advance. The failure of the Synthetic Security Counterparty to pay the Fixed Amount in advance if such rating levels are no longer satisfied will constitute an "event of default" under the terms of the Synthetic Securities with the Synthetic Security Counterparty as the sole "Defaulting Party" under such Synthetic Security.

With respect to any Writedown Amount or Interest Shortfall Amounts received after the long-term rating of the Synthetic Security Counterparty is below "AA-" by S&P, the Synthetic Security Counterparty will be required to reserve the related Writedown Reserve Amount and Interest Shortfall Reserve Amount in the Synthetic Security Counterparty Collateral Account in accordance with the terms of the Synthetic Securities.

Payments by the Issuer

Under the Synthetic Securities, the Issuer will be required to pay certain Floating Amounts to the Synthetic Security Counterparty following the occurrence of a Floating Amount Event with respect to a Reference Obligation as described herein. The Issuer will pay Floating Amounts to the Synthetic Security Counterparty on the Floating Rate Payer Payment Date following the occurrence of a Floating Amount Event with respect to the related Reference Obligation.

Following the occurrence of a Credit Event with respect to a Reference Obligation, the Synthetic Security Counterparty may deliver such Reference Obligation as a Deliverable Obligation to the Issuer, in exchange for which the Issuer will pay to the Synthetic Security Counterparty an amount (a "Physical Settlement Amount"), which amount shall be calculated in accordance with the related Synthetic Security and paid on the related Physical Settlement Date. The Synthetic Security Counterparty may elect to physically settle a Synthetic Security only in part, in which case, there may be more than one Physical Settlement Amount payable by the Issuer with respect to such Synthetic Security.

Any Deliverable Obligation delivered to the Issuer will be deemed to be a Collateral Asset and 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 a Credit Risk Obligation. The proceeds of such sale will be deposited by the Trustee into the Default Swap Collateral Account net of purchased accrued interest or interest payments thereon. In addition, any principal proceeds or interest received on such Deliverable Obligations prior to such sale, will be deposited by the Trustee into the Collateral Account.

In connection with any early termination or assignment of a Synthetic Security, the Issuer may owe a Synthetic Security Termination Payment. Synthetic Security Termination Payments will generally be paid directly and outside of the Priority of Payment; *provided* that Defaulted Synthetic Security Termination Payments will be paid in accordance with the Priority of Payments.

The obligations of the Issuer to make payments under a Synthetic Security will exist irrespective of whether the Synthetic Security Counterparty suffers a loss on the related Reference Obligation upon the occurrence of a Credit Event. The Issuer will have no rights of subrogation under the Synthetic Securities.

Credit Events and Floating Amount Events

A Credit Event with respect to any Synthetic Security and a Reference Obligation means the occurrence of any of the events specified in the Master Confirmation as a Credit Event on or before the scheduled termination date for such Synthetic Security. The Credit Events are expected to be Failure to Pay Principal, Writedown, Distressed Ratings Downgrade and Failure to Pay Interest. In addition to Credit Events which may trigger physical settlement, the Synthetic Securities will require the Issuer to pay to the Synthetic Security Counterparty Floating Amounts in connection with the occurrence of Floating Amount Events, which are expected to be Failure to Pay Principal, Writedown and Interest Shortfall. Failure to Pay Principal and Writedown are Floating Amount Events as well as Credit Events. Interest Shortfall is only a Floating Amount Event. The Master 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. The capitalized terms used in this section and not otherwise defined, have the meanings set forth in the related Synthetic Securities.

A "Credit Event" is the occurrence of any of the following (however caused, directly or indirectly), as applicable:

(i) Failure to Pay Principal

"Failure to Pay Principal" means (i) a failure by the Reference Obligor (or any Insurer) to pay an Expected Principal Amount on the Final Amortization Date or the Legal Final Maturity Date, as the case may be or (ii) payment on any such day of an Actual Principal Amount that is less than the Expected Principal Amount; *provided* that the failure by the Reference Obligor (or any Insurer) to pay any such amount in respect of principal in accordance with the foregoing shall not constitute a Failure to Pay Principal if such failure has been remedied within any grace period applicable to such payment obligation under the underlying instruments or, if no such grace period is applicable, within three Business Days after the day on which the Expected Principal Amount was scheduled to be paid.

(ii) Writedown

"Writedown" means the occurrence at any time on or after the Effective Date of: (i)(A) a writedown or applied loss (however described in the underlying instruments) resulting in a reduction in the Outstanding Principal Amount (other than as a result of a scheduled or unscheduled payment of principal); or (B) the attribution of a principal deficiency or realized loss (howsoever described in the underlying instruments) to the Reference Obligation resulting in a reduction of the current interest payable on the Reference Obligation; (ii) the forgiveness of any amount of principal by the holders of the Reference Obligation pursuant to an amendment to the underlying instruments resulting in a reduction in the Outstanding Principal Amount; or (iii) if the underlying instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) above to occur in respect of the Reference Obligation, an Implied Writedown Amount (if Implied Writedown Amounts are applicable to the related Synthetic Security) being determined in respect of the Reference Obligation by the Calculation Agent.

(iii) Distressed Ratings Downgrade:

"Distressed Ratings Downgrade" means, with respect to a Reference Obligation:

(i) if publicly rated by Moody's, (A) is downgraded to "Caa2" or below by Moody's or (B) has the rating assigned to it by Moody's withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a public rating of at least "Baa3" or higher by Moody's immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "Caa1" by Moody's within three calendar months after such withdrawal; or

(ii) if publicly rated by Standard & Poor's, (A) is downgraded to "CCC" or below by Standard & Poor's or (B) has the rating assigned to it by Standard & Poor's withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a public rating of at least "BBB-" or higher by Standard & Poor's immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "CCC+" by Standard & Poor's within three calendar months after such withdrawal; or

(iii) if publicly rated by Fitch, (A) is downgraded to "CCC") or below by Fitch or (B) has the rating assigned to it by Fitch withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a public rating of at least "BBB-" or higher by Fitch immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "CCC+" by Fitch within three calendar months after such withdrawal.

(iv) Failure to Pay Interest:

"Failure to Pay Interest" means, with respect to a Reference Obligation, the occurrence of an Interest Shortfall Amount or Interest Shortfall Amounts (calculated on a cumulative basis) in excess of the relevant Payment Requirement.

Implied Writedown will be applicable with respect to certain Reference Obligations where "Fixed Cap" is applicable under the Master Confirmation. Because most CDO Securities do not experience actual writedowns, the Master Confirmation has a modified form of Implied Writedown applicable to CDO Securities, whereby the Synthetic Security Counterparty, acting in its role as calculation agent thereunder, will be required to determine the Implied Writedown Amount by reference to the reported overcollateralization ratio in the servicer report for the Reference Obligation; *provided, however*, that if the overcollateralization ratio for the Reference Obligation is not reported there, the Synthetic Security Counterparty in its capacity as calculation agent may use other amounts, to the extent set forth in the servicer report, to determine an overcollateralization ratio. The overcollateralization ratio in the servicer report generally will take into account the "haircuts" on assets provided in the Underlying Instruments for the Reference Obligation (for example, on assets that have been downgraded, have "PIKed," have defaulted or were purchased at a discount), which will make an Implied Writedown more likely to occur on the Reference Obligation.

Credit Events must be physically settled with respect to a Distressed Ratings Downgrade and Failure to Pay Interest; *provided, however*, that if the Reference Obligation is a PIKable Reference Obligation, it will be a condition to physical settlement that a period of at least 360 calendar days have elapsed since the occurrence of the Failure to Pay Interest without reimbursement in full of the relevant Interest Shortfall. In the case of a Writedown or a Failure to Pay Principal, the Synthetic Security Counterparty may elect to receive a Floating Amount Payment from the Issuer rather than physical settlement. Multiple Credit Event notices may be delivered with respect to each Synthetic Security.

The Synthetic Security Counterparty will be required to reimburse the Issuer for all or part of any Floating Amount Payment if a corresponding payment has been made by the Reference Obligor to holders of the related Reference Obligation within one year after the earlier of (i) the legal final maturity date of the Reference Obligation underlying such Synthetic Security, as set forth in such Synthetic Security, and (ii) the related Final Amortization Date. However, in the case of an Interest Shortfall Reimbursement with respect to a Synthetic Security, the Synthetic Security Counterparty generally will be entitled to receive recovery of any portion of an Interest Shortfall under such Synthetic Security for which it was not compensated by the Issuer before it makes any payment to the Issuer in respect of an Interest Shortfall Reimbursement.

Synthetic Security Early Termination

The Issuer will have the right to terminate the Synthetic Securities upon the occurrence of an "Event of Default" or "Termination Event," including, but not limited to, (a) payment defaults by the Synthetic Security Counterparty and any guarantor lasting a period of at least three local business days,

(b) a default by the Synthetic Security Counterparty or any guarantor on specific financial transactions as specified in the Synthetic Security, (c) bankruptcy-related events applicable to the Synthetic Security Counterparty or any guarantor, (d) any redemption of the Notes in whole, (e) a liquidation of the Collateral following the occurrence of an Event of Default under the Indenture, (f) it becomes unlawful for the Issuer to perform its obligations under the Synthetic Securities and the Issuer is not able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply, (g) because of (x) any action taken by a taxing authority, or brought in a court, on or after the Closing Date or (y) a change in tax law, there is a substantial likelihood that the Issuer will be required to (1) make a "gross-up" payment or (2) receive a payment subject to withholding for which another party is not required to make a "gross-up" payment or (h) the unsecured, unsubordinated debt rating of the Synthetic Security Counterparty or any guarantor of the Synthetic Security Counterparty, whichever is higher, assigned by S&P or Moody's at any time falls below "AA-" (or is on downgrade watch at "AA-") or "Aa3" (or is on downgrade watch at "Aa3"), the Synthetic Security Counterparty fails to make an Expected Fixed Amount as set forth in the Synthetic Securities and the Synthetic Security Counterparty, or its guarantor, fails to either (a) transfer all of its rights and obligations under the Synthetic Securities to another entity which has such ratings or (b) cause an entity which has such ratings to guarantee or to provide an indemnity in respect of the Synthetic Security Counterparty's or its guarantor's, obligations under the Synthetic Securities which satisfies the Rating Agency Condition.

The Synthetic Security Counterparty will have the right to terminate the Synthetic Securities upon the occurrence of an "Event of Default" or "Termination Event" under the Synthetic Securities, including, but not limited to (a) an Event of Default under the Indenture caused by a payment default by the Issuer lasting a period of at least three local business days, (b) any redemption of the Notes in whole, (c) bankruptcy-related events applicable to the Issuer, (d) an Event of Default under the Indenture that occurs and is continuing and there has been a liquidation (in whole), or the commencement of a liquidation (in whole) of the assets of the Issuer, (e) the Indenture is supplemented or amended without the consent of the Synthetic Security Counterparty as described therein, (f) the Synthetic Security Counterparty is no longer a Secured Party under the Indenture or the Trustee's security interest in the Default Swap Collateral or the Default Swap Collateral Account is impaired or no longer existing, (g) it becomes unlawful for the Synthetic Security Counterparty to perform its obligations under the Synthetic Securities and the Synthetic Security Counterparty is not able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply, or (h) because of (x) any action taken by a taxing authority, or brought in a court, on or after the Closing Date or (y) a change in tax law, there is a substantial likelihood that the Synthetic Security Counterparty will be required to make (1) a "gross-up" payment or (2) receive a payment subject to withholding for which another party is not required to make a "gross-up" payment. If the Synthetic Securities are terminated, the Issuer will no longer receive payments from the Synthetic Security Counterparty and will likely not have sufficient funds to make payments when due on the Notes and may not have sufficient funds to redeem the Notes in full.

The Issuer is required to satisfy the Rating Agency Condition prior to any (i) replacement of the Synthetic Security Counterparty or (ii) assignment of the Synthetic Securities.

If an Event of Default or a Termination Event occurs under the Synthetic Securities "Market Quotation" and "Second Method" will apply as set forth in the Synthetic Securities.

Payments on Synthetic Security Early Termination

Payments by the Issuer. Upon the occurrence of an early termination of a Synthetic Security, the Issuer will be required to pay to the Synthetic Security Counterparty the following amounts:

(i) any Physical Settlement Amounts owed by the Issuer to the Synthetic Security Counterparty for any Credit Events that occur on or prior to the termination date of the Synthetic Securities for which the Conditions to Settlement have been satisfied; and

(ii) any Synthetic Security Termination Payment due to the Synthetic Security Counterparty.

Payments by the Synthetic Security Counterparty. Upon the occurrence of an early termination of a Synthetic Security, the Synthetic Security Counterparty will be required to pay to the Issuer the following amounts:

(i) any accrued but unpaid Fixed Amounts and Additional Fixed Amounts; and

(ii) any Synthetic Security Termination Payment due to the Issuer.

There can be no assurance that, upon early termination by the Issuer or the Synthetic Security Counterparty, either the Synthetic Security Counterparty would be required to make any termination payment to the Issuer or, 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. If the Issuer is required to make a Synthetic Security Termination Payment, such termination payment may be substantial and may result in losses to the holders of the Notes.

Amendment

The Synthetic Securities may be amended only with (i) the satisfaction of the Rating Agency Condition and (ii) the consent of the Collateral Manager (which consent shall not be unreasonably withheld); *provided however*, that with respect to (i), such condition need not be satisfied with respect to any amendment that corrects a manifest error.

Guarantee

The GS Group will guarantee the obligations of the Synthetic Security Counterparty under the Synthetic Security.

The Synthetic Security Counterparty

The initial Synthetic Security Counterparty under the Synthetic Security will be Goldman Sachs International. The swap guarantor with respect to the Synthetic Security is The Goldman Sachs Group, Inc., a Delaware corporation (the "GS Group"), which is an affiliate of the Synthetic Security Counterparty. Goldman Sachs International is located at Peterborough Court 133 Fleet Street, London EC4A 2BB.

The Annual Report on Form 10-K for the fiscal year ended November 30, 2006 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) will not form part of a prospectus prepared for the purposes of admission to the official list of the Irish Stock Exchange and to trading on its regulated market should any Notes be listed on such exchange.

GS Group, together with its subsidiaries, is a global investment banking, securities and investment management firm that provides financial services worldwide to clients that include 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.

The Default Swap Collateral

Pursuant to the Synthetic Securities, the Issuer will use the net proceeds from the offering of the Notes to purchase Default Swap Collateral and Eligible Investments which, in the aggregate, will have an initial principal amount as of the Closing Date of approximately U.S.$930,000,000, which shall be deposited to the Default Swap Collateral Account.

The Default Swap Collateral is required to satisfy the following "Default Swap Collateral Eligibility Criteria":

(i) it (a) is rated "Aaa" by Moody's and, if such asset has a short-term rating from Moody's, "P-1", and "AAA" by S&P, and, if such asset has a short-term rating from S&P, it must be "A-1+" and (b) does not have a "t", "q", "pi" or "r" subscript;

(ii) (a) in all cases, the payments with respect to which are not payable in a currency other than U.S. Dollars and (b) it is expected to have an outstanding principal balance of less than U.S.$1,000 after the Stated Maturity of the Class B Notes, assuming a constant prepayment rate since the date of purchase equal to the constant prepayment rate reasonably expected by the Collateral Manager as of the date of purchase;

(iii) it is eligible to be entered into by, sold or assigned to, the Issuer;

(iv) it is not subject to an offer;

(v) it is an obligation upon which no payments are subject to withholding tax imposed by any jurisdiction unless the obligor thereof is required to make "gross-up" payments that cover the full amount of any such withholding taxes on an after-tax basis;

(vi) after taking into consideration the addition of any such security (a) at least 40% of the Default Swap Collateral acquired after the Closing Date and Eligible Investments in the Default Swap Collateral Account by principal balance have an expected average life (calculated by the Collateral Manager (1) based on market prepayment assumptions and (2) assuming that Eligible Investments have a weighted average life of zero) of less than or equal to 1.0 year, (b) 100% of the Default Swap Collateral acquired after the Closing Date and Eligible Investments in the Default Swap Collateral Account by principal balance has an expected average life (calculated by the Collateral Manager (1) based on market prepayment assumptions and (2) assuming that Eligible Investments have a weighted average life of zero) of less than or equal to 2.0 years, and (c) after Closing Date, the expected weighted average life (calculated by the Collateral Manager (1) based on market pre payment assumptions and (2) assuming that Eligible Investments have a weighted average life of zero) of the Default Swap Collateral acquired after the Closing Date and Eligible Investments in the Default Swap Collateral Account does not exceed the expected weighted average life of the portfolio of Reference Obligations at such time;

(vii) after taking into consideration the addition of any such security, the aggregate of the weighted average spread and the rate of the related index of the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account, in the aggregate, is at least equal to LIBOR *plus* 0.05% *per annum* or if prior to acquisition of such item of Default Swap Collateral or Eligible Investment, the spread and the rate of the related index of the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account was less than LIBOR *plus* 0.05% *per annum*, such acquisition would maintain or improve the aggregate of the weighted average spread and the rate of the related index of the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account;

(viii) after taking into consideration the addition of any such security, no more than 50% of the Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account by principal balance has single counterparty exposure including servicer, issuer and swap counterparty exposure;

(ix) it provides for payments of monthly periodic interest in cash at a floating rate and for a payment of principal in full and in cash at its final maturity;

(x) (A) either (1) constitutes a Residential Mortgage-Backed Security, a Commercial Mortgage-Backed Security, an Asset-Backed Security or a CDO Security which in each instance was either (a) offered by an underwriter, a placement agent or any person acting in a similar capacity through a public prospectus, a private placement memorandum or any other similar document, as to which neither the Collateral Manager nor any affiliate thereof was either the underwriter, collateral manager, placement agent or otherwise involved in the negotiation of the terms or the conditions thereof and as to which a substantial amount of the security was acquired by one or more persons unrelated to the Issuer, the Collateral Manager or any other structured finance vehicle managed or controlled by the Collateral Manager substantially contemporaneously with, and on substantially the same terms as, the securities acquired by the Issuer or (b) (i) acquired on the secondary market, (ii) not acquired directly or indirectly from the issuer of such security pursuant to a legally binding agreement made prior to the second business day after the issuance of such security, (iii) not acquired from the Collateral Manager, its Affiliates or any other structured finance vehicle managed or controlled by the Collateral Manager unless such entity regularly acquires securities of the same type for its own account, could have held the security for its own account consistent with its investment policies, did not identify the security as intended for sale to the Issuer within 90 days of its issuance and held the security, without any hedge with the Issuer, for at least 90 days and (iv) as to which neither the Collateral Manager nor any Affiliate thereof was involved in the negotiation of the terms or conditions of the security or (2) satisfies the definition of an "Eligible Investment"; (B) is not a United States real property interest within the meaning of Section 897 of the Code and (C) is treated as debt for U.S. federal income tax purposes,

(xi) if it is a CDO Security, such CDO Security must (a) be a CDO S Note Security and (b) as of the time of purchase by the Issuer, be in compliance with the applicable eligibility criteria, profile tests and quality tests set forth in the related underlying instruments;

(xii) at least 87.5% of the Default Swap Collateral by principal balance consists of Asset-Backed Securities, Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities;

(xiii) the purchase price thereof is equal to at least 98% of the par value of such security and

(xiv) it is a security the acquisition (including the manner of acquisition), ownership or disposition of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for United States federal income tax purposes.

The Default Swap Collateral is expected to be purchased in a face amount equal to the initial Aggregate Notional Amount of 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 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.

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 Securities shall be held in accordance with the Synthetic Securities in the Default Swap Collateral Account and invested in Eligible Investments until reinvested in Default Swap Collateral which satisfy the Default Swap Collateral Eligibility Criteria 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 or a Floating Amount 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 Synthetic Security Termination Payments, to be liquidated

and any such Synthetic Security Termination Payments to be paid directly to the Synthetic Security Counterparty; *provided* that, in the case of Defaulted Synthetic Security Termination Payments, such amounts will be deposited to the Collection Account and paid in accordance with the Priority of 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 or Floating Amount 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 shall be treated as a Collateral Asset and 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 deposited to the Default Swap Collateral Account.

Upon the occurrence of a Credit Event or Floating Amount Event under a Synthetic Security, the Default Swap Collateral chosen by the Synthetic Security Counterparty after the application of any cash and Eligible Investments 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 amounts 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 amount due to the Synthetic Security Counterparty. 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 will be deemed to be a Collateral Asset and 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 a Credit Risk Obligation. Any Proceeds net of purchased accrued interest or interest payments received upon the maturity or liquidation of a Deliverable Obligation shall be deposited to the Default Swap Collateral Account. 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.

Reports

A report will be made available to the Holders of the Notes and Holders of the Income 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 September 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.

Cashflow Swap Agreement

General. On the Closing Date, the Issuer will enter into a Cashflow Swap Agreement with Goldman Sachs International ("GSI") as initial Cashflow Swap Counterparty. The Issuer may replace the Cashflow Swap Agreement but shall not enter into any additional hedge agreements after the Closing Date.

Pursuant to the Cashflow Swap Agreement, on each Payment Date occurring through the termination of the Cashflow Swap Agreement in accordance with the Priority of Payments, the Issuer will pay certain amounts to the Cashflow Swap Counterparty and the Cashflow Swap Counterparty will make advances to the Issuer in an amount equal to certain Cashflow Swap Shortfall Amount as described in the Cashflow Swap Agreement. Any Cashflow Swap Shortfall Amounts paid under the Cashflow Swap Agreement by the Cashflow Swap Counterparty to the Issuer will accrue interest and be repaid to the Cashflow Swap Counterparty in accordance with the Priority of Payments. See "Description of the Notes – Payments on the Notes – Priority of Payments." To the extent the Issuers would have insufficient funds available to pay interest on the Class S Notes, the Class A Notes or the Class B Notes on a Payment Date as a result of any of the Collateral Assets deferring the payment of interest due thereon in accordance with its terms, interest on the Class S Notes, the Class A Notes and the Class B Notes will be payable by the Issuer from the amounts advanced by the Cashflow Swap Counterparty to the Issuer under the Cashflow Swap Agreement up to U.S.$50,000,000 (as reduced in accordance with the Cashflow Swap Agreement); *provided* that the Cashflow Swap Counterparty will not make advances to cover any shortfall resulting from any Collateral Asset deferring interest beyond the second year.

The Issuer shall ensure that the Cashflow Swap Agreement shall provide that the Cashflow Swap Counterparty will agree (a) that the Issuer's obligations under the Cashflow Swap Agreement 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 Cashflow Swap Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Payments (other than Defaulted Cashflow Swap Termination Payments) due to the Cashflow Swap Counterparty under the Cashflow Swap 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 the Cashflow Swap Counterparty shall rank pari passu with the claims of other Cashflow Swap Counterparties entitled to receive payments at the same level of priority within the Priority of Payments. Defaulted Cashflow Swap Termination Payments shall be paid after payment of Principal Proceeds to the Notes in accordance with the Priority of Payments.

Pursuant to the initial Cashflow Swap Agreement, the Issuer may terminate the initial Cashflow Swap Agreement if (A) the Moody's First Rating Trigger Requirements apply and 30 or more local business days have elapsed since the last time the Moody's First Rating Trigger Requirements did not apply and GSI has failed to comply with or perform any obligation to be complied with or performed under the Credit Support Annex, and (B) (x) the Moody's Second Rating Trigger Requirements apply and 30 or more local business days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (y) (i) an Eligible Replacement has not become the transferee of a transfer made in accordance with Part 5(b)(i) of the Cashflow Swap Agreement, subject to satisfaction of the Rating Agency Condition and/or (ii) an entity with the Moody's First Trigger Required Ratings has not provided an Eligible Guarantee in respect of all of the initial Cashflow Swap Counterparty's present and future obligations under the Cashflow Swap Agreement.

The Cashflow Swap 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 Cashflow Swap Counterparty, (ii) failure on the part of the Issuer or the related Cashflow Swap Counterparty to make any payment under the Cashflow Swap Agreement within the applicable grace period, (iii) certain withholding or other taxes being imposed on payments to be made under the Cashflow Swap Agreement as set forth in Sections 5(b)(ii) and (iii) of the ISDA Master Agreement incorporated in the Cashflow Swap Agreement, (iv) a change in law making it illegal for either the Issuer or the related Cashflow Swap Counterparty to be

a party to, or perform an obligation under, the Cashflow Swap Agreement, (v) an Event of Default under the Indenture occurs and is continuing and there has been a liquidation (in whole), or the commencement of a liquidation (in whole) of the assets of the Issuer, (vi) the Indenture is supplemented or amended without the consent of the Cashflow Swap Counterparty as described therein, (vii) the Cashflow Swap Counterparty is no longer a Secured Party under the Indenture or (viii) the aggregate Principal Balance of the Collateral Assets is less than U.S.$50,000,000. Notwithstanding the foregoing, the Issuer will not optionally terminate any Cashflow Swap Agreement unless the Rating Agency Condition is satisfied in connection with such termination.

A termination of a Cashflow Swap 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 Cashflow Swap 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 Cashflow Swap Agreement. If the Issuer is unable to obtain a substitute Cashflow Swap Agreement, interest due on the Notes will be paid from amounts received on the Collateral Assets and Default Swap Collateral without the benefit of any Cashflow Swap 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 Cashflow Swap Agreement (i) any Cashflow Swap Termination Receipts paid to the Issuer and not concurrently applied in connection with the Issuer's entering into a replacement Cashflow Swap Agreement will be deposited in a single, segregated trust account held in the name of the Trustee (the "Cashflow Swap 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 Cashflow Swap Agreement ("Cashflow Swap Replacement Proceeds") will be deposited in a single, segregated trust account held in the United States in the name of the Trustee (the "Cashflow Swap Replacement Account") for the benefit of the Secured Parties.

The Collateral Manager may cause the Issuer, promptly following the early termination of a Cashflow Swap Agreement (other than with respect to a Final Payment Date) and to the extent possible through application of funds available in the Cashflow Swap Termination Receipts Account, to enter into a replacement Cashflow Swap Agreement (a "Replacement Cashflow Swap 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 Cashflow Swap Termination Receipts Account exceed the costs of entering into a Replacement Cashflow Swap Agreement, (ii) the Collateral Manager determines not to replace the terminated Cashflow Swap 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 Cashflow Swap Termination Receipts Account (after providing for the costs of entering into a Replacement Cashflow Swap 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 Cashflow Swap Agreement is terminated and the costs of entering into a Replacement Cashflow Swap Agreement exceed the funds on deposit and available therefor in the Cashflow Swap Termination Receipts Account, then, after using the funds in the Cashflow Swap Termination Receipts Account, the Issuer may enter into a Replacement Cashflow Swap Agreement with the amount of such shortfall payable to the replacement Cashflow Swap Counterparty in accordance with the Priority of Payments on following Payment Dates.

The amounts in the Cashflow Swap Replacement Account will be applied directly to the payment of termination amounts owing to the Cashflow Swap Counterparty, if any. To the extent not fully paid from Cashflow Swap Replacement Proceeds, such amounts will be payable to the Cashflow Swap Counterparty on subsequent Payment Dates in accordance with the Priority of Payments. To the extent that the funds available in the Cashflow Swap Replacement Account exceed any such termination amounts (or if there are no termination amounts), the excess amounts in the Cashflow Swap 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 the Cashflow Swap Counterparty exceed the Cashflow Swap Replacement Proceeds for such agreements, then, unless such amounts represent Defaulted Cashflow Swap Termination Payments, they will be paid before funds are applied to pay principal or interest on any Notes (except for the Class S-1 Notes) in accordance with the Priority of Payments.

In order to effect an Optional Redemption by Liquidation, Tax Redemption or Auction, the Cashflow Swap Agreement 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 Cashflow Swap Counterparty (other than any Defaulted Cashflow Swap Termination Payments) in addition to any amounts owing under the Notes and certain other expenses.

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

The initial Cashflow Swap Counterparty is GSI. GSI is an affiliate of the Initial Purchaser, and other affiliates of the Initial Purchaser or the Collateral Manager may also act as Cashflow Swap Counterparties from time to time, which may create certain conflicts of interest. See "Risk Factors—Other Considerations—Certain Conflicts of Interest."

The Cashflow Swap 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 Cashflow Swap Agreement herein may vary from the actual Cashflow Swap Agreement to be entered into by the Issuer and GSI on the Closing Date.

Cashflow Swap Agreement. As of the Closing Date, the Issuer will enter into a Cashflow Swap Agreement with GSI and may from time to time enter into additional Cashflow Swap Agreements (each, a "Cashflow Swap Agreement") with GSI or other counterparties (each, a "Cashflow Swap Counterparty").

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS

The Stated Maturity of the Notes (other than the Class S Notes and the Class A-1 Notes) and the Income Notes is the Payment Date in December 2047, the Stated Maturity of the Class S Notes is the Payment Date in September 2011, the Stated Maturity of the Class A-1a Notes and the Class A-1b Notes is the Payment Date in December 2039 and the Stated Maturity of the Class A-1c Notes and the Class A-1d Notes is the Payment Date in September 2044. 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 three month LIBOR curve as of March 20, 2007 are assumed;

ii. the Closing Date is March 27, 2007, the first Payment Date is September 4, 2007, and Payment Dates are the third day of every March, June, September and December, not adjusting for Business Days;

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

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 $35,500 *plus* the greater of U.S.$12,062.50 and 0.0018125% of the Quarterly Asset Amount for the related Due Period (or, with respect to the first Payment Date, as such amounts are adjusted based on the number of days in such Due Period);

vi. the Collateral Management Fee is 0.04% *per annum* of the outstanding Principal Balance of the Collateral Assets;

vii. there are no Current Deferred Management Fees;

viii. the Deferred Structuring Expense is 0.04% *per annum* of the outstanding Principal Balance of the Collateral Assets;

ix. Prior to distribution on each Payment Date, interest collections are assumed to be deposited in the Collection Account for 30 days, and principal collections are assumed to be deposited in the Collection Account for 50 days, each earning a rate equal to three month LIBOR *minus* 0.30% *per annum*;

x. Default Swap Collateral and Eligible Investments in the Default Swap Collateral Account are assumed to accrue interest at three month LIBOR *plus* 0.10%;

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

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

xiii. all unpaid Class C Note and Class D Note interest is Deferred Interest;

xiv. there are no sales;

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

xvi. 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 and Class D Notes and the table setting forth the Sensitivity of Principal Payments to CDR, Auction Call;

xvii. 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 September 2008; and

xviii. there is no PIK interest on the Collateral Assets.

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

	Class A-1a	Class A-1b	Class A-1c	Class A-1d	Class A-2	Class B	Class C	Class D
Closing Date	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
September 4, 2007	93.17%	100.00%	100.00%	100.00%	98.63%	100.00%	100.00%	99.33%
September 3, 2008	83.89%	100.00%	100.00%	100.00%	96.78%	100.00%	100.00%	98.00%
September 3, 2009	68.69%	100.00%	100.00%	100.00%	93.74%	100.00%	100.00%	96.67%
September 3, 2010	43.13%	100.00%	100.00%	100.00%	88.63%	97.06%	98.52%	92.55%
September 3, 2011	0.00%	95.95%	100.00%	100.00%	78.38%	85.84%	87.13%	80.44%
September 3, 2012	0.00%	68.64%	100.00%	100.00%	67.46%	73.88%	74.99%	69.19%
September 3, 2013	0.00%	23.80%	100.00%	100.00%	49.52%	54.23%	55.05%	50.70%
September 3, 2014	0.00%	0.00%	0.00%	25.22%	36.80%	40.30%	40.90%	37.59%
September 3, 2015	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected Principal Window(1)	September 4, 2007 to September 3, 2011	September 3, 2011 to March 3, 2014	March 3, 2014 to June 3, 2014	June 3, 2014 to December 3, 2014	September 4, 2007 to September 3, 2015	June 3, 2010 to September 3, 2015	September 3, 2010 to September 3, 2015	September 4, 2007 to September 3, 2015
Expected Weighted Average Life(2)	2.99 years	5.96 years	7.14 years	7.49 years	6.11 years	6.73 years	6.79 years	6.45 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 80%.

Sensitivity of Principal Payments to CDR

	0.0% CDR		0.1% CDR		0.25% CDR		0.5% 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-1a	2.99 years	September 4, 2007 to September 3, 2011	2.97 years	September 4, 2007 to September 3, 2011	2.95 years	September 4, 2007 to September 3, 2011	2.93 years	September 4, 2007 to September 3, 2011
A-1b	5.96 years	September 3, 2011 to March 3, 2014	5.94 years	September 3, 2011 to March 3, 2014	5.92 years	September 3, 2011 to March 3, 2014	5.88 years	September 3, 2011 to March 3, 2014
A-1c	7.14 years	March 3, 2014 to June 3, 2014	7.14 years	March 3, 2014 to June 3, 2014	7.14 years	March 3, 2014 to June 3, 2014	7.13 years	March 3, 2014 to June 3, 2014
A-1d	7.49 years	June 3, 2014 to December 3, 2014	7.49 years	June 3, 2014 to December 3, 2014	7.49 years	June 3, 2014 to December 3, 2014	7.49 years	June 3, 2014 to December 3, 2014
A-2	6.11 years	September 4, 2007 to September 3, 2015	6.10 years	September 4, 2007 to September 3, 2015	6.08 years	September 4, 2007 to September 3, 2015	6.05 years	September 4, 2007 to September 3, 2015
B	6.73 years	June 3, 2010 to September 3, 2015	6.72 years	June 3, 2010 to September 3, 2015	6.71 years	September 3, 2010 to September 3, 2015	6.70 years	December 3, 2010 to September 3, 2015
C	6.79 years	September 3, 2010 to September 3, 2015	6.78 years	December 3, 2010 to September 3, 2015	6.78 years	March 3, 2011 to September 3, 2015	6.87 years	September 3, 2011 to September 3, 2015
D	6.45 years	September 4, 2007 to September 3, 2015	6.47 years	September 4, 2007 to September 3, 2015	6.59 years	September 4, 2007 to September 3, 2015	7.12 years	September 4, 2007 to September 3, 2015

The table set forth below entitled "Class A-1, A-2, B, C and D Note Constant Default Rate Stress Tests" shows the Constant Default Rate ("CDR") and Cumulative Defaults for each Class of Notes under three stress scenarios, assuming a 80% loss severity on defaulted Collateral Assets. In column one ("First Dollar of Loss"), CDR represents the CDR starting on the September 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 September

2008 Payment Date that would result in a yield equivalent to a zero discount margin over three-month LIBOR for the Class A-1a Notes, Class A-1b Notes, Class A-1c Notes, Class A-1d Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D 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 September 2008 Payment Date that would result in an approximate 0.0% return for the Class A-1a Notes, Class A-1b Notes, Class A-1c Notes, Class A-1d Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D 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 and D Notes Constant Default Rate Stress Tests

	First Dollar of Loss		Flat Return		Return of Investment (0% return)	
Constant Annual Default Rate at 80% Loss Severity	CDR	Cumulative Defaults	CDR	Cumulative Defaults	CDR	Cumulative Defaults
Class A-1a*	NA	NA	NA	NA	NA	NA
Class A-1b	24.4%	70.199%	24.8%	70.785%	28.4%	75.541%
Class A-1c	18.8%	60.597%	19.2%	61.377%	21.2%	65.050%
Class A-1d	14.6%	51.387%	15.1%	52.587%	16.6%	56.013%
Class A-2	5.9%	25.085%	6.5%	27.271%	9.7%	37.934%
Class B	3.5%	15.700%	3.9%	17.338%	5.0%	21.689%
Class C	2.3%	10.600%	2.6%	11.901%	2.9%	13.185%
Class D	0.9%	4.281%	1.7%	7.941%	1.9%	8.836%

* Under the given default and modeling assumptions, the Class A-1a Notes do not take a loss.

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 Greywolf Capital Management LP, a Delaware limited partnership ("Greywolf"), as the Collateral Manager under a Collateral Management Agreement between the Issuer and Greywolf 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 the Cashflow Swap Agreement and determine whether and when the Issuer should exercise any rights available under any Cashflow Swap 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."

Greywolf Capital Management LP

Greywolf is an SEC- registered investment adviser and currently manages over $2,000,000,000 in capital. Greywolf was founded in 2003 by a team of former employees of Goldman Sachs fixed income trading division and now has 29 investment professionals with extensive experience in distressed, high yield and structured product investing. A copy of the Collateral Manager's Form ADV is being delivered to investors in connection with the delivery of this offering circular as Appendix B hereto.

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

Gregory Mount, Partner. Mr. Mount joined Greywolf in September 2005 as a Partner and is responsible for structured product investments. Mr. Mount will be the co-portfolio manager of Timberwolf I, Ltd. with Joe Marconi. Prior to joining Greywolf, Mr. Mount worked at Goldman Sachs for 9 years from which he retired as a Partner of the firm in 2005. Mr. Mount founded Goldman's CDO business in 1996 and later held numerous senior positions in credit derivatives and structured products, including co-head of the Structured Products Group, which consisted of the CMBS, RMBS, ABS and CDO businesses and head of Portfolio Credit Derivatives which encompassed cash and synthetic CDOs. Mr. Mount also initiated Goldman's proprietary CDO investment activity in 2003 and was the primary decision-maker for that portfolio at its inception. Mr. Mount received a B.S. in Electrical Engineering from M.I.T. in 1987, and an M.B.A., with high honors, from The University of Chicago Graduate School of Business in 1992.

Joe Marconi, Vice President. Mr. Marconi joined Greywolf in April 2006 and is responsible for structured product investments. Mr. Marconi will be the co-portfolio manager of Timberwolf I, Ltd. with Mr. Mount. Prior to joining Greywolf, Mr. Marconi was a Managing Director in the Structured Products Group at Goldman Sachs where he was co-head of ABS Finance and a member of the Mortgage Capital Committee (which is responsible for approving capital commitments across the CMBS, RMBS, ABS and CDO businesses). Mr. Marconi joined Goldman Sachs in 1993 and became a Managing Director in 2003. Prior to joining Goldman Sachs, from 1984 to 1993, Mr. Marconi was an attorney with Cravath, Swaine & Moore in New York and London. Mr. Marconi received a B.A. in Economics, *summa cum laude*, from Columbia College in 1983 and was elected to Phi Beta Kappa. Mr. Marconi also received a J.D. from Columbia Law School in 1984 and was a Harlan Fiske Stone Scholar each of his three years.

Jonathan Savitz, Partner. Mr. Savitz co-founded Greywolf in February 2003 and is the Firm's Chief Executive Officer and the Funds' Chief Investment Officer. Prior to co-founding Greywolf, Mr. Savitz worked at Goldman Sachs for over 15 years from which he retired as a Partner of the firm in 2002.

From 1998 – 2002, Mr. Savitz led Goldman's global distressed trading, sales and research effort and was a primary decision maker and risk manager in Goldman's proprietary investing activities across the fixed income markets. From 1995 - 1998, Mr. Savitz managed the high yield trading desk and prior thereto held positions in distressed proprietary investing and corporate bond trading. Mr. Savitz joined Goldman in 1987 after graduating with a B.A., with honors, from The Johns Hopkins University.

James Gillespie, Partner. Mr. Gillespie is a co-founder of Greywolf and is a Portfolio Manager of the Special Situations Funds. Prior to founding Greywolf, Mr. Gillespie worked at Goldman Sachs for six years. Mr. Gillespie was head of Distressed Bond Investing where he ran Goldman's proprietary distressed bond portfolio on the trading desk. Prior thereto, Mr. Gillespie was director of distressed bond research after having been a distressed analyst for Goldman's bank loan and bond desks. Mr. Gillespie has significant experience in analyzing, valuing and investing in distressed securities as well as managing a large portfolio of distressed investments. He also has experience actively participating in the workout process as both a committee member and large creditor. Prior to Goldman, Mr. Gillespie worked at Salomon Brothers in high yield capital markets. Mr. Gillespie received a Bachelor of Commerce degree, with honors, from the University of British Columbia in 1995 and is a Leslie Wong Fellow. Mr. Gillespie is a CFA charterholder.

Robert Miller, Partner. Mr. Miller is a co-founder of Greywolf and a Portfolio Manager for the Greywolf High Yield Funds. Prior to founding Greywolf, Mr. Miller worked at Goldman Sachs for 10 years and ran Goldman's high yield trading desks in New York and London from 1998 – 2000. After retiring from Goldman, Mr. Miller was retained by the firm for almost two years as a consultant on electronic bond trading platforms. Prior to heading the high yield trading desk, Mr. Miller was a high yield and corporate bond trader for Goldman and prior thereto was a credit analyst for PNC Bank. During his career, Mr. Miller has traded and analyzed most major industry sectors and held proprietary positions in straight debt, common and preferred stock, futures, convertibles, trust preferred, and credit derivatives. Mr. Miller received a B.A. *magna cum laude* from Franklin and Marshall College in 1983 and an M.B.A., with honors, from UNC-Chapel Hill in 1989.

Cevdet Samikoglu, Partner. Mr. Samikoglu is a co-founder of Greywolf and a Portfolio Manager of the Special Situations Funds. Prior to founding Greywolf, Mr. Samikoglu worked at Goldman Sachs for ten years where he was one of three portfolio managers in the Special Situations Investing Group, a Goldman Sachs' proprietary internal hedge fund. Prior to assuming his portfolio management role in 2000, Mr. Samikoglu held numerous positions in distressed investing at Goldman including director of research in both the US and Europe. Mr. Samikoglu joined Goldman in 1992 as a corporate finance generalist before moving to the distressed investing business as a credit analyst in 1998 after returning from business school. Mr. Samikoglu has extensive experience investing in all layers of levered capital structures both on the long and short side and, at times, participating actively in steering and creditors' committees. Mr. Samikoglu received a B.A. *cum laude* from Hamilton College in 1992 and an M.B.A. from Harvard Business School in 1997.

William Troy, Partner. Mr. Troy is a co-founder of Greywolf and a Portfolio Manager of the High Yield Funds, as well has having responsibility for firmwide risk management. Prior to founding Greywolf, Mr. Troy was the key manager for JP Morgan's High Yield business, which he joined following the merger of Smith Barney with Salomon Brothers. At JP Morgan, Mr. Troy was a member of the Senior Trader's Committee, the Underwriting Committee, the Risk Committee and the Credit Committee. Prior to JP Morgan, Mr. Troy joined Smith Barney in 1996 as a Managing Director to co-head the High Yield business, overseeing sales, trading, research and syndicate. Prior to Smith Barney, Mr. Troy joined Goldman Sachs in 1986 as a senior corporate bond trader where he was responsible for risk taking activities with a further mandate to expand the business and develop new trading personnel. He was later asked to join the High Yield department in 1991 as the senior trader. Prior to Goldman Sachs, Mr. Troy joined Salomon Brothers in 1978 as a manager for the international business in cashiering operations and subsequently as a trader on the corporate bond trading desk. Mr. Troy began his 37-year Wall Street career in 1969 at Dean Witter.

Conflicts of Interest

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

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 and its affiliates may invest on behalf of themselves and other clients 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 that 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 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 Cashflow Swap 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 general partner, adviser, sponsor or manager of partnerships or companies organized to issue collateralized bond or loan obligations secured by assets similar to the Collateral Assets, directors (whether supervisory or managing), 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 retained to provide services unrelated to the Collateral Management Agreement to the Issuer or its Affiliates and be paid therefor; (d) a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Collateral Assets; (e) 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; (f) own or make loans to any borrower or affiliate of any borrower on any of the commercial mortgage loans securing the Collateral Assets; (g) invest, or have already invested, in obligations and/or other securities that are identical to or senior to, or have interests different from or adverse to, the Collateral Assets; (h) make investments on their own behalf without offering such investment opportunities to the Issuer or informing the Issuer of any investments before engaging in any investment for themselves; (i) recommend or effect direct trades between the Issuer and the Collateral Manager or a Collateral Manager Affiliate or funds or accounts for which the Collateral Manager or an Affiliate serve as Collateral Manager, acting as principal or agent, subject to applicable legal requirements; (j) invest in obligations that would be appropriate as Collateral and have ongoing relationships with, render services to or engage in transaction with, companies whose obligations are included in the Collateral and may own equity or debt securities by issuers of and other obligors of Collateral Assets; and (k) enter into agency cross-transactions where the Collateral Manager and/or the Collateral Manage Affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law. 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.

Members of the board of directors of the Issuer who are not affiliated with the Collateral Manager or their delegates or other authorized representatives of the Issuer will have the responsibility for approving any transactions between the Issuer and the Collateral Manager or its affiliates involving significant conflicts of interest (including principal trades). More particularly, directors unaffiliated with the Collateral Manager or any delegate designated by such directors will be responsible for approving any principal transactions for which Issuer consent is required pursuant to Section 206(3) of the Advisers Act.

In addition, with the prior authorization of the Issuer, which has been given and can be revoked at any time, the Collateral Manager and/or its affiliates may enter into agency cross-transactions where the Collateral Manager and/or its affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law, in which case the Collateral Manager or any such affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

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 50% of the aggregate notional amount of the Income Notes, 100% of the Aggregate Outstanding Amount of the Class D Notes and may purchase Notes and/or Income Notes on or after the Closing Date. The Collateral Manager and/or one or more of its affiliates or employees, or funds managed by Greywolf may own from time to time additional Securities of one or more types. There can be no assurance that any of the foregoing persons will continue to hold

any or all of such Securities. As a Holder of Income Notes or any other Securities, such persons may have interests adverse to the other Holders of Securities. For so long as Greywolf is the Collateral Manager and any funds managed by Greywolf continue to hold any Income Notes, any Collateral management Fees otherwise payable to the Collateral Manager hereunder shall be paid by the Issuer in the following order: (i) first, to such funds managed by Greywolf (on a *pro rata* basis among such funds), in an amount equal to the product of (x) such Collateral Management Fees and (y) a fraction the numerator of which is the notional amount of the Income Notes held by such funds managed by Greywolf and the denominator of which is the aggregate notional amount of all the Income Notes and (ii) second, the remainder, if any, to Greywolf.

Greywolf or any of its clients, 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 such persons may be different from or adverse to the interests of the other holders of Notes.

THE COLLATERAL MANAGEMENT AGREEMENT

General

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

The Collateral Manager agrees to exercise that degree of skill and care consistent with the practices and procedures and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for clients in substantially similar transactions in accordance with its practices and procedures and which is consistent with those followed by reasonable and prudent institutional managers of national standing relating to assets of the nature and character of the Collateral Assets.

Neither the Collateral Manager nor its partners, directors, officers, stockholders or employees (collectively, the "Collateral Manager Affiliates") will be liable to the Issuer, the Trustee, the Holders of the Securities, or any other person for any loss incurred as a result of the actions taken by or recommended by the Collateral Manager under the Collateral Management Agreement or the Indenture, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence or reckless disregard, of its obligations thereunder. Subject to the above mentioned standard of liability, 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 for any losses or liabilities, including legal or other expenses, relating to the issuance of the Securities, the transactions contemplated by the Indenture or the performance of the Collateral Manager's obligations under the Collateral Management Agreement.

The Collateral Manager may assign its rights or responsibilities under the Collateral Management Agreement *provided* that (i) such assignment satisfies the Rating Agency Condition, and (ii) the Collateral Manager obtains the consent of the Issuer as directed by a Majority of the Controlling Class and a Majority-in-Interest of Income Notes (unless such assignment would be deemed as "assignment" for purposes of Section 205(a)(2) of the Advisers Act, in which case such consent shall not be required). The Collateral Manager may delegate to an agent selected with reasonable care any or all of the duties (other than its asset selection or trade execution duties) assigned to the Collateral Manager under the Collateral Management Agreement, *provided* that no delegation by the Collateral Manager of any of its duties under the Collateral Management Agreement shall relieve the Collateral Manager of any of its duties under the Collateral Management Agreement nor relieve the Collateral Manager of any liability with respect to the performance of such duties.

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 Cashflow Swap 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 the Holders of at least 66-2/3% of the Controlling Class or a Special-Majority-in-Interest of Income Noteholders (as such term is defined in the Collateral Management Agreement) upon 20 calendar days' prior written notice; *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 provision of the Collateral Management Agreement or the Indenture applicable to it, (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 indictment 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 or the Holders of the Income 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 failure.

The Collateral Manager may resign upon 60 days' written notice to the Issuer, the Trustee, the Cashflow Swap 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 and the Income 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 or if it is determined in good faith that the Issuer or the Co-Issuer or the pool of Collateral Assets has become required to register under the Investment Company Act, and the Issuer so notifies the Collateral Manager.

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 duties and 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 Agency 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 of the Notes (each voting as a separate Class) and (ii) the satisfaction of the Rating Agency Condition.

There is no limitation or restriction on the Collateral Manager or any Collateral Manager Affiliate with regard to acting as collateral manager (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager and/or the Collateral Manager Affiliates may give rise to additional conflicts of interest. The Collateral Manager and the Collateral Manager Affiliates currently serve, and will continue to serve, as Collateral Manager for, invest in or be affiliated with, other entities organized to issue collateralized debt obligations secured by high yield loans and bonds.

Funds managed by Greywolf will commit to purchase on the Closing Date 100% of the initial Aggregate Outstanding Amount of the Class D Notes and approximately 50% of the initial notional amount of the Income Notes and may purchase other Securities after the Closing Date. In addition, Greywolf and/or one or more of its affiliates or employees, or funds managed by Greywolf may own from time to time additional Securities of one or more types. There can be no assurance that any of the foregoing persons will continue to hold any or all of such Securities. As a Holder of the Class D Notes and the Income Notes or any other Securities, such persons may have interests adverse to the other Holders of Securities.

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 0.04% *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.

In its sole discretion, the Collateral Manager may on any Payment Date, other than the Final Payment Date, elect to defer its receipt of all or any portion of the Collateral Management Fee payable to it (the aggregate of amounts so deferred on such Payment Date being the "Current Deferred Management Fee") by providing written notice to the Trustee of such election at least five Business Days prior to such Payment Date. After such Payment Date, the Current Deferred Management Fee will accrue interest with respect to each Interest Accrual Period at a rate equal to LIBOR, compounded monthly and calculated on the basis of a year of 360 days and the actual number of days elapsed and be added to the cumulative amount of the Current Deferred Management Fees from prior Payment Dates, if any (the aggregate amount of such Current Deferred Management Fees being the "Cumulative Deferred Management Fee") and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priority of Payments. The Collateral Manager may elect to receive payment of all or any portion of the Cumulative Deferred Management Fee on any Payment Date to the extent of funds available in accordance with the Priority of Payments by providing notice to the Trustee of such election and the amount of such fees to be paid on or before five Business Days preceding such Payment Date.

For so long as Greywolf is the Collateral Manager and any funds managed by Greywolf continue to hold any Income Notes, any Collateral Management Fees otherwise payable to the Collateral Manager hereunder shall be paid by the Issuer in the following order: (i) first, to such funds managed by Greywolf (on a pro rata basis among such funds), in an amount equal to the product of (x) such Collateral Management Fees and (y) a fraction the numerator of which is the notional amount of the Income Notes held by such funds managed by Greywolf and the denominator of which is the aggregate notional amount of all the Income Notes and (ii) second, the remainder, if any, to Greywolf.

THE ISSUERS

General

The Issuer was incorporated on March 5, 2007 in the Cayman Islands with the registered number 183317. 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 March 7, 2007 under the laws of the State of Delaware with the registered number 4312941. 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.

The Notes 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 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 Cashflow Swap Agreement before deducting expenses of the offering of the Securities is as set forth below.

Amount	
Class S-1 Notes	$9,000,000
Class S-2 Notes	$8,300,000
Class A-1a Notes	$100,000,000
Class A-1b Notes	$200,000,000
Class A-1c Notes	$100,000,000
Class A-1d Notes	$100,000,000
Class A-2 Notes	$305,000,000
Class B Notes	$107,000,000
Class C Notes	$36,000,000
Class D Notes	$30,000,000
Income Notes	$22,000,000
Total Debt	$1,017,300,000
Issuer Ordinary Shares	250
Total Equity	$250
Total Capitalization	$1,017,300,250

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 D Notes). The Co-Issuer has agreed to co-issue the Notes (other than the Class D 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-1 Notes	$9,000,000
Class S-2 Notes	$8,300,000
Class A-1a Notes	$99,450,000
Class A-1b Notes	$200,000,000
Class A-1c Notes	$99,710,000
Class A-1d Notes	$99,700,000
Class A-2 Notes	$303,445,000
Class B Notes	$103,587,000
Class C Notes	$34,254,000
Class D Notes	$27,723,000
Income Notes	$22,000,000
Total:	$1,007,169,000

Expenses*

Third Party Expenses	$1,850,000
Expense Reserve Account	$200,000
Total:	$2,050,000

Collateral Assets

Net Proceeds	$1,005,119,000
Principal Balance of Collateral Assets	$1,000,000,000
Clean Price of cash Collateral Assets and Default Swap Collateral	$910,810,000
Purchase Accrued Interest on cash Collateral Assets and Default Swap Collateral	$610,000
Cash and Eligible Investments deposited in Default Swap Collateral Account	$88,878,000
First Period Interest Reserve	$4,821,000

*Figures are approximate.

Business

The Issuers will not undertake any business other than the issuance of the Notes and, in the case of the Issuer, the issuance of the Income 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 March 16, 2007 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: Guy Major and Carrie Bunton, 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.

INCOME TAX CONSIDERATIONS

United States Tax Considerations

The following is a summary of certain of the United States federal income tax consequences of an investment in the Notes and the Income Notes by purchasers that acquire their Notes or Income 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 certain United States expatriates, banks, real estate investment trusts, regulated investment companies, 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 or Income 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 or Income Notes on the Closing Date (and, in the case of Notes, acquire their Notes for the issue price applicable to such Notes) and who will hold their Notes or Income 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 and the Income Notes.

As used herein, "U.S. Holder" means a beneficial owner of a Note or Income 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 or Income Note that is not a U.S. Holder (other than a partnership). If a partnership holds Notes or Income Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partnerships and partners of partnerships holding Notes or Income Notes should consult their own tax advisors regarding the tax consequences of an investment in the Notes or Income 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 Securities).

The opinion of special U.S. tax counsel is subject to several considerations. For example, 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 any Class of Notes if taxes or related amounts are withheld from payments on the Income 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 and Class C Notes will, and the Class D 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 and Class D 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 and Class D 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) 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 tax 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 D 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 CDO 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 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 Non-U.S. Holders

A Non-U.S. Holder of Notes or Income Notes that has no connection with the United States generally should not be subject to United States withholding tax on payments in respect of the Notes or Income Notes, and also should not be subject to United States federal income tax on any gains recognized in connection with the sale or other disposition of the Notes or Income Notes, *provided* that the Non U.S. Holder makes certain tax representations regarding the identity of the beneficial owner of the Notes or Income Notes (and, with respect to any gain recognized in connection with the sale or other disposition of the Notes or Income Notes by a non resident alien individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met).

Information Reporting Requirements

Information reporting to the IRS may be required with respect to payments on the Notes or Income Notes and with respect to proceeds from the sale of the Notes and Income 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 or Income 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 and Income 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 or Income 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 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 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 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 Timberwolf I, 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 date of the undertaking.

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 and Class C 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 (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 or Class C 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 or Class C 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 D Notes and Income 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. An entity described in (iii) above will be asked (i) to identify the maximum percentage of its assets that may be or become Plan Assets and (ii) without limiting the remedies that may be available, in the event the maximum percentage is thereafter exceeded, to agree to notify the Issuer, and dispose of Income Notes as instructed by the Issuer, before the specified maximum percentage is exceeded. 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 are not indebtedness under applicable local law and will be equity interests for purposes of applying ERISA and Section 4975 of the Code. The Class D Notes may also be treated as equity interests for purposes of applying ERISA and Section 4975 of the Code. Accordingly, purchases and transfers of Income Notes will be limited, so that less than 25% of the value of each of the Class D Notes and Income Notes will be held by Benefit Plan Investors, by requiring each purchaser or transferee of a Class D Note and an Income 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 Income Notes or Regulation S Class D Notes. No purchase of a Class D Note or an Income Note (other than a Regulation S Income Note and a Regulation S Class D 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 D Notes and Income 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 D Notes or Income Notes unless such acquisition would not, as determined by the Trustee, result in persons that have acquired Class D Notes or Income Notes and represented that they are Benefit Plan Investors owning 25% or more of the outstanding Class D Notes or Income Notes immediately after such acquisition by the Initial Purchaser, the Collateral Manager or the Trustee. Class D Notes or Income 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 D Notes or Income Notes (other than Regulation S Income Notes or Regulation S Class D Notes) will be required to represent and agree that the acquisition and holding of the Class D Notes or Income Notes (other than Regulation S Income Notes or Regulation S Class D 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 D Notes or Income Notes (other than Regulation S Income Notes or Regulation S Class D 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 D Notes or Income 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 Income Notes or Regulation S Class D 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 or the Income 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 and the Income 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 or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes or Income 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 or Income 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 the Cashflow Swap Agreement 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 Cashflow Swap Agreement 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
	CUSIP	ISIN	CUSIP
Class S-1 Notes	G8878YAA8	USG8878YAA85	88714PAA4
Class S-2 Notes	G8878YAL4	USG8878YAL41	88714PAK2
Class A-1a Notes	G8878YAB6	USG8878YAB68	88714PAB2
Class A-1b Notes	G8878YAC4	USG8878YAC42	88714PAC0
Class A-1c Notes	G8878YAD2	USG8878YAD25	88714PAD8
Class A-1d Notes	G8878YAE0	USG8878YAE08	88714PAE6
Class A-2 Notes	G8878YAF7	USG8878YAF72	88714PAF3
Class B Notes	G8878YAG5	USG8878YAG55	88714PAG1
Class C Notes	G8878YAH3	USG8878YAH39	88714PAH9
Class D Notes	G8878YAK6	USG8878YAK67	88714PAJ5
Income Notes	G8878DAA4	USG8878DAA49	88714NAA9

LEGAL MATTERS

Certain legal matters will be passed upon for the Collateral Manager by Sidley Austin LLP, New York, New York. 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 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 March 27, 2007 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 and the Income Notes.

Under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. is committed to take and pay for all the Securities to be offered by it, if any are taken. Furthermore, under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. may be entitled to an underwriting discount on the Securities purchased by it and will be entitled to the Deferred Structuring Expense on each Payment Date in accordance with the Priority of Payments.

The 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 Securities outside the United States (in part, by Goldman, Sachs & Co., through its selling agent) in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) it proposes to resell the Securities in the United States only to (1) Qualified Institutional Buyers in reliance on Rule 144A purchasing for their own accounts or for the accounts of Qualified Institutional Buyers or (2) in the case of the Income 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 within each Class of Securities.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes or Regulation S Income 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 or Regulation S Income Notes purchased by it a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes or Regulation S Income 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, with respect to offers or sales of the Income Notes 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 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, the Collateral 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

INDEX OF DEFINED TERMS

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APPENDIX A

Certain Definitions

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

"Actual Interest Amount" means with respect to any Reference Obligation Payment Date, payment by or on behalf of the Reference Entity of an amount in respect of interest due under the Reference Obligation (including, without limitation, any deferred interest or defaulted interest relating to the Synthetic Security but excluding payments in respect of prepayment penalties, yield maintenance provisions or principal, except that the Actual Interest Amount shall include any payment of principal representing capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

"Actual Principal Amount" means, with respect to the Final Amortization Date or the legal final maturity date of any Reference Obligation, the amount paid on such day by or on behalf of the Reference Entity in respect of principal (excluding any capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

"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.$1,000,000,000 and the denominator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date over (ii) the product of (a) U.S.$ 3,750,000 and (b) the lesser of 1 and a fraction the numerator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date and the denominator of which is U.S.$ 1,000,000,000.

"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 and the Income 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 Cashflow Swap Agreement and (d) any Collateral Management Fee payable pursuant to the Collateral Management Agreement.

"Aggregate Amortization Amount" means, with respect to any Determination Date, the excess, if any, of (i) the par amount of Default Swap Collateral and Eligible Investments and cash from principal payments received thereon, on deposit in the Default Swap Collateral Account over (ii) the sum of (a) the Reference Obligation Notional Amount and (b) the par value of any Deliverable Obligations.

"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 Percentage" means, on any day, a percentage equal to A divided by B, where "A" means the product of the Initial Face Amount (as such term is defined in the Master Confirmation) and the Initial Factor (as such term is defined in the Master Confirmation) as decreased on each Delivery Date by an amount equal to (a) the outstanding principal balance of Delivered Obligations delivered to the Issuer (as adjusted by the Relevant Amount, if any) divided by the Current Factor (as such term is defined in the Master Confirmation) on such day multiplied by (b) the Initial Factor (as such term is defined in the Master Confirmation) and where "B" means the product of the Original Principal Amount (as such term is defined in the Master Agreement) of the related Reference Obligation and the Initial Factor (as such term is defined in the Master Confirmation); (a) as increased by the outstanding principal balance of any further issues by the Reference Entity that are fungible with and form part of the same legal series as the Reference Obligation; and (b) as decreased by any cancellations of some or all of the outstanding principal amount of the related Reference Obligation resulting from purchases of the Reference Obligation by or on behalf of the Reference Entity.

"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 any obligation that is a security that is primarily serviced by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving and that, by its terms, converts to cash within a finite time period.

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

"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, (I) with respect to any Defaulted Obligation or Deferred Interest PIK Bond not related to a Synthetic Security, 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 and (II) with respect to any Defaulted Obligation or Deferred Interest PIK Bond related to a Synthetic Security, the lesser of (a) the lesser of (x) the Market Value of the related Reference Obligation and (y) the Market Value of the Synthetic Security and (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.

"Cashflow Swap Collateral" means, any cash, securities or other collateral delivered and/or pledged by the Cashflow Swap Counterparty to or for the benefit of the Issuer, including, without limitation, any upfront payment of cash or delivery of securities made by the Cashflow Swap Counterparty to satisfy or secure its payment obligations pursuant to the terms of the related Cashflow Swap Agreement.

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

"Cashflow Swap Shortfall Replacement Amount" means the amount by which the costs of entering into a Replacement Cashflow Swap Agreement exceed the funds available therefor in the Cashflow Swap Termination Receipts Account.

"Cashflow Swap Shortfall Amount" has the meaning set forth in the Cashflow Swap Agreement.

"Cashflow Swap Termination Receipts" means any amount payable by a Cashflow Swap Counterparty to the Issuer upon termination of a Cashflow Swap Agreement.

"CDO Securities" means the collateralized debt obligations (including, without limitation, any synthetic collateralized debt obligations) at any time on deposit in the Collateral Account that are not subject to withholding or similar taxes unless the relevant issuer is required to make "gross up" payments that cover the full amount of any such taxes.

"CDO S Note Securities" means CDO Securities that, pursuant to the terms of the related underlying instruments, are senior to all other securities issued in the related transaction and are entitled to principal payments in accordance with a fixed payment schedule, which principal payments are paid by applying, first, interest proceeds available, and second, principal proceeds available.

"Class" means each class of Notes having the same Stated Maturity and same alphabetical (but not necessarily numerical) designation of any of "S-1", "S-2", "S", "A-1a", "A-1b", "A-1c", A-1d", "A-1", "A", "B", "C" or "D" as a single class, and the Income Notes as a single class.

"Class A 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 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-1 Note Payment Sequence" shall mean the application of funds in respect of the Class A-1 Notes, *first*, to the payment of principal in respect of the Class A-1a Notes until the Aggregate Outstanding Amount thereof is paid in full, *second*, to the payment of principal in respect of the Class A-1b Notes until the Aggregate Outstanding Amount thereof is paid in full, *third*, to the payment of principal in respect of the Class A-1c Notes until the Aggregate Outstanding Amount thereof is paid in full and, *fourth*, to the payment of principal in respect of the Class A-1d Notes until the Aggregate Outstanding Amount thereof is paid in full.

"Class A-1a Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class A-1a 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-1b Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class A-1b 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-1c Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class A-1c 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-1d Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class A-1d 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 Note Redemption Price" shall equal (i) the Aggregate Outstanding 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 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 Aggregate Outstanding 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 Amount of the Class A Notes, the Class B Notes and the Class C Notes, including Class C Deferred Interest, 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 Redemption Price" shall equal the sum of (i) Aggregate Outstanding 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 Amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, including Class C Deferred Interest and Class D Deferred Interest, 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 Aggregate Outstanding 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 D Notes Amortizing Principal Amount" means an amount equal to the lesser of (a) with respect to the first Payment Date U.S. $200,000, and with respect to any other Payment Date up to and including the Payment Date in March 2014, U.S.$100,000 and (b) the remaining principal balance of the Class D Notes (including any Deferred Interest and any Defaulted Interest and interest thereon).

"Class S-1 Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class S-1 Notes, *plus* (ii) accrued interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to, but excluding, the Redemption Date.

"Class S-1 Notes Amortizing Principal Amount" means, with respect to any Payment Date commencing with the Payment Date in December 2007, the lesser of (a) U.S.$ 562,500.00, *plus* the aggregate amount of any Class S-1 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 at the Class S-1 Note Interest Rate on any such unpaid amount from the prior Payment Date and (b) the Aggregate Outstanding Amount of the Class S-1 Notes.

"Class S-2 Note Redemption Price" shall equal (i) the Aggregate Outstanding Amount of the Class S-2 Notes, *plus* (ii) accrued interest thereon (including Defaulted Interest and interest on Defaulted Interest, if any) to, but excluding, the Redemption Date.

"Class S-2 Notes Amortizing Principal Amount" means, with respect to any Payment Date commencing with the Payment Date in December 2007, the lesser of (a) U.S.$ 518,750.00, *plus* the aggregate amount of any Class S-2 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 at the Class S-2 Note Interest Rate on any such unpaid amount from the prior Payment Date and (b) the Aggregate Outstanding Amount of the Class S-2 Notes.

"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, or any successor Collateral Administrator under the Collateral Administration Agreement.

"Collateral Asset" means a Synthetic Security, a CDO Security, a Deliverable Obligation or an item of Default Swap Collateral that has been released from the lien of the Synthetic Security Counterparty and credited to the Collateral Account as described herein.

"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.

"Controlling Class" will be the Class S-1 Notes and the Class A-1 Notes for so long as any Class S-1 Notes and Class A-1 Notes are outstanding; if no Class S-1 Notes are outstanding but Class A-1 Notes are outstanding, then the Class A-1 Notes; if no Class S-1 Notes or Class A-1 Notes are outstanding, then the Class S-2 Notes and the Class A-2 Notes, for so long as any Class S-2 Notes and Class A-2 Notes are outstanding; if no Class S-2 Notes are outstanding but Class A-2 Notes are outstanding, then the Class A-2 Notes; if no Class S Notes or Class A 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, and 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.

"Credit Derivatives Definitions" means the 2003 ISDA Credit Derivatives Definitions

"Credit Protection Amounts" means Physical Settlement Amounts, Writedown Amounts, Principal Shortfall Amounts, Interest Shortfall Amounts and Synthetic Security Termination Payments (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) payable by the Issuer to the Synthetic Security Counterparty.

"Credit Support Annex" means the ISDA Credit Support Annex entered into by the Issuer and the Cashflow Swap Counterparty on the Closing Date.

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

"Default Swap Collateral" means the securities on deposit in the Default Swap Collateral Account which satisfy the Default Swap Collateral Eligibility Criteria.

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

"Defaulted Obligation" means any Reference Obligation or CDO Security with respect to which:

(i) the issuer thereof has defaulted in the payment of principal or interest without regard to any applicable grace period or waiver; *provided* that a Collateral Asset will not constitute a Defaulted Obligation under this clause (i) if (a) the Collateral Manager certifies in writing to the Trustee, in its reasonable business judgment, that such payment default is due to non-credit and non-fraud related reasons and such default does not continue for more than five Business Days (or, if earlier, until the next succeeding Determination Date) or (ii) such payment default has been cured by the payment of all amounts that were originally scheduled to have been paid; *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 three 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";

(v) in the case of a Synthetic Security, the related Synthetic Security Counterparty is in default pursuant to the terms of such Synthetic Security; or

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

"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).

"Deferred Interest PIK Bond" means a PIK Bond that (1) 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) 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) 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) 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,; *provided* that such PIK Bond would no longer be a Deferred Interest PIK Bond once payment of interest has resumed and all capitalized or deferred interest has been paid in full in accordance with the underlying documents.

"Deferred Structuring Expense" means a fee payable to the Initial Purchaser in accordance with the Priority of Payments, payable in arrears on each Payment Date, of 0.04% *per annum* times the Aggregate Principal Amount, measured as of the beginning of the Due Period preceding such Payment Date. The Deferred Structuring Expense will be calculated on the basis of a 360 day year consisting of twelve 30-day months.

"Definitive Notes" means Notes or Income Notes issued in definitive, fully registered form, registered in the name of the owner thereof.

"Deliverable Obligation" means an obligation which, pursuant to the terms of the Synthetic Security, may be delivered to the Issuer as a result of a Credit Event.

"Delivery Date" means the date on which a Deliverable Obligation is delivered to the Issuer pursuant to the Synthetic Security.

"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) 90%.

"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".

"Effective Date" means March 27, 2007.

"Eligible Bidders" are (i) any institutions, which may include affiliates of the Initial Purchaser, the Collateral Manager and Holders of the Notes and the Income 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 Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by the Issuer, where either (A) a law firm has given a legal opinion confirming that none of the guarantor's payments to Issuer under such guarantee will be subject to withholding for tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Issuer are subject to withholding for Tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Issuer (free and clear of any withholding tax) will equal the full amount Issuer would have received has no such withholding been required.

"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 "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 (so long as The Bank of New York 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), 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 or any security the acquisition (including the manner of acquisition), ownership or disposition of which would cause the Issuer to be treated as engaged in a trade or business within the United States for United States federal income tax purposes. 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.

"Eligible Replacement" means an entity (I) (A) with the Moody's First Trigger Required Ratings or (B) whose present and future obligations owing to Issuer are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings, subject to satisfaction of the Rating Agency Condition and (II) that is either a Qualified Purchaser or a person that is not a "U.S. Person" as defined in Regulation S under the Securities Act of 1933.

"Exercise Amount" means the amount determined in connection with a Credit Event in accordance with the related Synthetic Security.

"Expected Fixed Amount" has the meaning set forth in the Master Confirmation.

"Expected Interest Amount" means with respect to any Reference Obligation Payment Date, the amount of current interest that would accrue during the related Reference Obligation Calculation Period calculated using the Reference Obligation Coupon on a principal balance of the Reference Obligation equal to the outstanding principal amount taking into account any reductions due to a principal deficiency balance or realized loss amount (however described in the underlying instruments) that are attributable to the Reference Obligation, and that will be payable on the related Reference Obligation Payment Date assuming for this purpose that sufficient funds are available therefor in accordance with the underlying instruments, calculated in accordance with the related Synthetic Security.

"Expected Principal Amount" means, with respect to the Final Amortization Date or the legal final maturity date of the related Reference Obligation, an amount equal to (i) the Outstanding Principal Amount of the Reference Obligation payable on such day (excluding capitalized interest) assuming for this purpose that sufficient funds are available for such payment, where such amount shall be determined in accordance with the underlying instruments, *minus* (ii) the sum of (A) the "Aggregate Implied Writedown Amount" (as such term is defined in the related Synthetic Security) (if any) and (B) the net aggregate principal deficiency balance or realized loss amounts (however described in the underlying instruments) that are attributable to the Reference Obligation. For purposes hereof, the Expected Principal Amount shall be determined without regard to the effect of any provisions (however described) of the underlying instruments that permit the limitation of due payments or distributions of funds in accordance with the terms of such Reference Obligation or that provide for the extinguishing or reduction of such payments or distributions.

"Failure to Pay Interest" means, with respect to any Synthetic Security, the occurrence of an Interest Shortfall Amount or Interest Shortfall Amounts (calculated on a cumulative basis) in excess of the relevant Payment Requirement.

"Final Amortization Date" means the first to occur of (i) the date on which the Reference Obligation Notional Amount is reduced to zero and (ii) the date on which the assets securing the Reference Obligation or designated to fund amounts due in respect of the Reference Obligation are liquidated, distributed or otherwise disposed of in full and the proceeds thereof are distributed or otherwise disposed of in full.

"Final Payment Date" means a Payment Date with respect to an Optional Redemption by Liquidation, a Payment Date in connection with the Stated Maturity (other than with respect to the Class S Notes), 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.

"Fixed Rate" means the relevant fixed rate (expressed on a *per annum* basis) set forth in the Master Confirmation, subject to adjustment in accordance with the Master Confirmation.

"Fixed Rate Payer Calculation Period" has the meaning set forth in the Credit Derivatives Definitions.

"Fixed Rate Payer Payment Date" means each day falling five Business Days after a Reference Obligation Payment Date; *provided, however*, that the final Fixed Rate Payer Payment Date shall fall on the fifth Business Day following the Effective Maturity Date (as set forth in the Master Confirmation).

"Floating Amounts" means with respect to any Synthetic Security, an amount equal to the sum of (a) the relevant Writedown Amount (if any), (b) the relevant Principal Shortfall Amount (if any), (c) the relevant Interest Shortfall Payment Amount (if any) and (d) the relevant Physical Settlement Amount (if any).

"Floating Amount Event" means with respect to any Synthetic Security, the occurrence of a Writedown, a Failure to Pay Principal or an Interest Shortfall (as each such term is defined in the related Synthetic Security) with respect to the Reference Obligation thereunder.

"Floating Amount Payment" means payment of a Floating Amount.

"Floating Rate Payer Payment Date" means, in relation to a Floating Amount Event, the first Fixed Rate Payer Payment Date falling at least two Business Days (or, in the case of a Floating Amount Event that occurs on the Legal Final Maturity Date (as set forth in the Master Confirmation) or the Final Amortization Date, the fifth Business Day) after delivery of a notice by the Calculation Agent to the parties or a notice by Goldman Sachs International to the Synthetic Security Counterparty that the related Floating Amount is due and showing in reasonable detail how such Floating Amount was determined; *provided, however*, that in the case of a Floating Amount Event that occurs on the Legal Final Maturity Date or the Final Amortization Date, such notice must be given on or prior to the fifth Business Day following the Legal Final Maturity Date or the Final Amortization Date, as applicable.

"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 and, with respect to any Income Note, the person in whose name such Income Note is registered in the income 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.

"Implied Writedown Amount" means (a) if the Underlying Instruments relating to the Reference Obligation do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in clause (i) of the definition of "Writedown" above in respect of the Reference Obligation, on any Reference Obligation Payment Date, an amount determined by the Synthetic Security Counterparty in its capacity as calculation agent and equal to the excess, if any, of the Implied Writedown Amount for the interest accrual period relating to the current Reference Obligation Payment Date over the Implied Writedown Amount for the immediately preceding interest accrual period and (b) in any other case, zero.

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

"Interest Proceeds" means, in respect of any Payment Date, all investment income received on the Collateral Assets and Eligible Investments that are on deposit in the Collateral Account and the Fixed Amounts received from the Synthetic Security Counterparty under the Synthetic Securities in the related Due Period.

"Interest Shortfall" means with respect to any Reference Obligation Payment Date and any Reference Obligation, either (a) the nonpayment of an Expected Interest Amount or (b) the payment of an Actual Interest Amount that is less than the Expected Interest Amount, as described in the related Synthetic Security.

"Interest Shortfall Amount" means with respect to any Reference Obligation Payment Date, an amount equal to the greater of: (a) zero; and (b) the amount equal to the product of: (i)(A) the Expected Interest Amount; *minus* (B) the Actual Interest Amount; and (ii) the Applicable Percentage.

"Interest Shortfall Cap" means the cap, if any, on Interest Shortfalls as set forth in the related Master Confirmation.

"Interest Shortfall Cap Amount" means the amount of any Interest Shortfall Cap as set forth in the related Master Confirmation .

"Interest Shortfall Payment Amount" means in respect of an Interest Shortfall, the relevant Interest Shortfall Amount; *provided, however*, that if the Interest Shortfall Cap is applicable and the Interest Shortfall Amount exceeds the Interest Shortfall Cap Amount, the Interest Shortfall Payment Amount in respect of such Interest Shortfall shall be the Interest Shortfall Cap Amount.

"Interest Shortfall Reimbursement" means with respect to any Reference Obligation Payment Date, the payment by or on behalf of the Reference Entity of an Actual Interest Amount in respect of the Reference Obligation that is greater than the Expected Interest Amount.

"Interest Shortfall Reimbursement Payment" means with respect to any Reference Obligation Payment Date, the product of (a) the amount of any Interest Shortfall Reimbursement on such day and (b) the Applicable Percentage.

"Interest Shortfall Reimbursement Payment Amount" means (a) if Interest Shortfall Cap is not applicable, the relevant Interest Shortfall Reimbursement Amount, and (b) if Interest Shortfall Cap is applicable, the amount determined pursuant to the related Synthetic Security; *provided*, in either case, that the aggregate of all Interest Shortfall Reimbursement Payment Amounts (determined for this purpose on the basis that "Interest Shortfall Compounding" is not applicable) at any time shall not exceed the aggregate of Interest Shortfall Payment Amounts paid by the Issuer in respect of Interest Shortfalls occurring prior to the date of payment of any such Additional Fixed Amount.

"Interest Shortfall Reserve Amount" has the meaning set forth in the Master Confirmation.

"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, 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 or payments due to any assignee of a Synthetic Security from the Default Swap Collateral Account in connection with the termination or assignment 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 Cashflow Swap 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 Cashflow Swap Agreement 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 by Liquidation 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 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) in the event the Collateral Manager is unable to obtain two such bids, the price on such date provided to the Collateral Manager by an independent pricing service reasonably selected by the Collateral Manager, or (iv) 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 (iii) 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 not exceed the S&P Recovery Rate, multiplied by the Principal Balance of the Collateral Asset and/or Eligible Investment, and shall be considered zero after 30 days or until such time as the Collateral Manager obtains a bid for such Collateral Asset or Eligible investment. For purposes of clause (II)(a)(y) of the definition of Calculation Amount, "Market Value" means the sum of (i) the notional amount of any such Synthetic Security and (ii) the "Market Value" (which represents a trading termination payment or up-front payment in respect of a termination or assignment of such Synthetic Security and which amount, if payable by the Issuer in respect of such termination or assignment, will be a negative number) of such Synthetic Security otherwise determined pursuant to this definition of Market Value.

"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 Cashflow Swap Counterparty upon termination of the Cashflow Swap Agreement less any amounts payable by the Cashflow Swap Counterparty to the Issuer upon the termination of the Cashflow Swap Agreement, (c) unpaid Defaulted Synthetic Security Termination Payments, (d) accrued and unpaid Collateral Management Fees, (e) accrued and unpaid Deferred Structuring Expenses and (f) 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 (e) above which would not include amounts on deposit in the Default Swap Collateral Account due to the Synthetic Security Counterparty or any assignee of a Synthetic Security including termination payments (other than Defaulted Synthetic Security Termination Payments).

"Moody's First Rating Trigger Requirements" shall apply so long as no relevant entity has the Moody's First Trigger Required ratings.

"Moody's First Trigger Required Ratings" shall apply to an entity if such entity has a long-term, unsecured and unsubordinated debt or counterparty obligation rating of "Aa3" (and not on watch for downgrade) or above by Moody's.

"Moody's "Idealized" Cumulative Expected Loss Rate" as defined in Schedule G to the Indenture.

"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 (or in the case of a Synthetic Security, the related Reference Obligation), 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%.

"Moody's Second Rating Trigger Requirements" means a requirement that shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

"Moody's Second Trigger Required Ratings" means an entity shall have the Moody's Second Trigger Required Ratings if such an entity has a long-term, unsecured and unsubordinated debt or counterparty obligation rating of "A2" (and not on watch for downgrade) or above by Moody's; the "Moody's Second Rating Trigger Requirements" shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

"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.

"Outstanding Principal Amount" means, as of any date of determination with respect to the Reference Obligation, the outstanding principal balance of the Reference Obligation as of such date, which shall take into account:

(i) all payments of principal;

(ii) all writedowns or applied losses (however described in the underlying instruments (as set forth in the Master Confirmation)) resulting in a reduction in the outstanding principal balance of the Reference Obligation (other than as a result of a scheduled or unscheduled payment of principal);

(iii) forgiveness of any amount by the holders of the Reference Obligation pursuant to an amendment to the underlying instruments resulting in a reduction in the outstanding principal balance of the Reference Obligation;

(iv) any payments reducing the amount of any reductions described in (ii) and (iii) of this definition; and

(v) any increase in the outstanding principal balance of the Reference Obligation that reflects a reversal of any prior reductions described in (ii) and (iii) of this definition.

For the avoidance of doubt, the Outstanding Principal Amount shall not include any portion of the outstanding principal balance of the Reference Obligation that is attributable to the deferral or capitalization of interest during the Term (as set forth in the Credit Derivatives Definitions) of the Component Transaction (as set forth in the Master Confirmation).

"Overcollateralization Ratios" means the Class A/B Overcollateralization Ratio, the Class A 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 and the Class D Adjusted Overcollateralization Ratio.

"Payment Date" means the third day of every March, June, September and December, or if any such date is not a Business Day, the immediately following Business Day, commencing on September 4, 2007.

"Payment Requirement" means the amount specified as such, in U.S. Dollars, in the related Master Confirmation.

"Physical Settlement Amount" means, following the occurrence of a Credit Event with respect to a Reference Obligation, an amount paid by the Issuer to the Synthetic Security Counterparty, calculated in accordance with the related Synthetic Security and paid on the related Physical Settlement Date, in exchange for the delivery of a Reference Obligation as a Deliverable Obligation by the Synthetic Security Counterparty to the Issuer.

"Physical Settlement Date" has the meaning set forth in the Master Confirmation.

"PIK Bond" means a Collateral Asset 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 Reference Obligation Notional Amount of such Synthetic Security *minus* any Implied Writedown Amounts; 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.

"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, without duplication, principal payments received on any Default Swap Collateral released from the lien of the Synthetic Security Counterparty), 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) and recoveries and interest on Defaulted Obligations up to the par amount of such Defaulted Obligation; (ii) any termination payments received from a Synthetic Security Counterparty; (iii) any Additional Fixed Amounts (other than Interest Shortfall Reimbursement Payment Amounts in respect of Interest Shortfall Payments satisfied by offsetting Fixed Payments) received from a Synthetic Security Counterparty; (iv) Sale Proceeds received by the Issuer during such Due Period (excluding accrued interest on sold or disposed Collateral Assets or Eligible Investments); (v) 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; (vi) any proceeds resulting from the termination, replacement and liquidation of any Cashflow Swap Agreement to the extent such proceeds exceed the cost of entering into a replacement Cashflow Swap 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; (vii) 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 and (viii) any Proceeds other than Interest Proceeds; *provided, however*, that Principal Proceeds shall not include any accrued interest or any funds from the Income Note Payment Account and any Excepted Property.

"Principal Shortfall Amount" means, in respect of a Failure to Pay Principal, an amount equal to the greater of: (i) zero; and (ii) the amount equal to the product of: (A) the Expected Principal Amount *minus* the Actual Principal Amount; (B) the Applicable Percentage; and (C) the Reference Price. For purposes of clause (1) of the preceding sentence, if the Principal Shortfall Amount would be greater than the Reference Obligation Notional Amount immediately prior to the occurrence of such Failure to Pay Principal, then the Principal Shortfall Amount shall be deemed to be equal to the Reference Obligation Notional Amount at such time.

"Principal Shortfall Reimbursement" means, with respect to any day, the payment by or on behalf of the Reference Entity of an amount in respect of the Reference Obligation in or toward the satisfaction of any deferral of or failure to pay principal arising from one or more prior occurrences of a Failure to Pay Principal.

"Principal Shortfall Reimbursement Payment" means, with respect to any day, the product of (i) the amount of any Principal Shortfall Reimbursement on such day, (ii) the Applicable Percentage and (iii) the Reference Price.

"Principal Shortfall Reimbursement Payment Amount" means, as of any date of determination, the sum of the Principal Shortfall Reimbursement Amounts in respect of all Principal Shortfall Reimbursements (if any) made during the Reference Obligation Calculation Period relating to such date, *provided* that the aggregate of all Principal Shortfall Reimbursement Payment Amounts at any time shall not exceed the aggregate of all Floating Amounts paid by the Issuer in respect of occurrences of Failure to Pay Principal prior to such date.

"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 on deposit in the Default Swap Collateral Account unless otherwise provided in the Indenture but including all investment income on Default Swap Collateral), (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 Cashflow Swap Agreement relating to the Due Period, including Principal Proceeds.

"Quarterly Asset Amount" means, with respect to any Payment Date, the Aggregate Principal Amount on the first day of the related Due Period.

"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-1 Note Redemption Price, the Class S-2 Note Redemption Price, the Class A-1a Note Redemption Price, the Class A-1b Note Redemption Price, the Class A-1c Note Redemption Price, the Class A-1d Note Redemption Price, the Class A-2 Note Redemption Price, the Class B Note Redemption Price, the Class C Note Redemption Price and the Class D Note Redemption Price, as applicable.

"Reference Entity" means the issuer of, or the obligor on, a Reference Obligation.

"Reference Obligation" means a CDO Security referenced under the Synthetic Security.

"Reference Obligation Calculation Period" means, with respect to each Reference Obligation Payment Date, a period corresponding to the interest accrual period relating to such Reference Obligation Payment Date pursuant to its "Underlying Instruments", as defined in accordance with the Master Confirmation. For the avoidance of doubt, the first Reference Obligation Calculation Period will begin on the Reference Obligation Payment Date falling on or immediately prior to the Closing Date.

"Reference Obligation Coupon" means the periodic interest rate applied in relation to each Reference Obligation Calculation Period on the related Reference Obligation Payment Date, as determined in accordance with the terms of the underlying instruments as at the Closing Date, without regard to any subsequent amendment.

"Reference Obligation Notional Amount" means, with respect to each Synthetic Security, the notional amount specified therein, which will be reduced or increased pursuant to the terms of such Synthetic Security.

"Reference Obligation Payment Date" means (i) each scheduled distribution date for a Reference Obligation occurring on or after the Closing Date and on or prior to such Reference Obligation's "Legal Final Maturity Date" (as set forth in the Synthetic Security), determined in accordance with the Underlying Instruments and (ii) any day after such Reference Obligation's "Effective Maturity Date" (as set forth in the Master Confirmation) on which a payment is made in respect of such Reference Obligation.

"Reference Obligation Principal Amortization Amount" means, with respect to any Reference Obligation Payment Date, an amount equal to the product of (i) the amount of any Reference Obligation Principal Payment on such date and (ii) the Applicable Percentage.

"Reference Obligation Principal Payment" means, with respect to any Reference Obligation Payment Date, the occurrence of a payment of an amount to the holders of the Reference Obligation in respect of principal (scheduled or unscheduled) in respect of the Reference Obligation other than a payment in respect of principal representing capitalized interest, excluding, for the avoidance of doubt, any Writedown Reimbursement or Interest Shortfall Reimbursement.

"Reference Obligor" means the obligor on a Reference Obligation.

"Reference Price" means the reference price (expressed as a percentage) specified in the related Synthetic Security.

"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.

"Relevant Amount" means with respect to the related Reference Obligation, if a servicer report that describes a Reference Obligation Principal Payment, Writedown or Writedown Reimbursement (other than a Writedown Reimbursement within paragraph (i) of "Writedown Reimbursement"), in each case that has the effect of decreasing or increasing the interest accruing principal balance of such Reference Obligation as of a date prior to a Delivery Date but such servicer report is delivered to holders of such Reference Obligation or to the calculation agent under the related Synthetic Security on or after the related Delivery Date, an amount equal to the product of (i) the sum of any such Reference Obligation Principal Payment (expressed as a positive amount), Writedown (expressed as a positive amount) or Writedown Reimbursement (expressed as a negative amount), as applicable; (ii) the Reference Price; (iii) the Applicable Percentage immediately prior to such Delivery Date; and (iv) the Exercise Percentage (as defined in such Master Confirmation).

"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.

"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 (or in the case of a Synthetic Security, the related Reference Obligation) 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.

"Single B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Single B Rated Asset and (ii) 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, 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, 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 December 2047 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 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 March 21, 2007, effective as of the Closing Date, evidenced by an ISDA Master Agreement (Multicurrency Cross Border) and the Master Confirmation.

"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.

"Synthetic Security Termination Payment" means any termination or assignment payment required to be paid by the Issuer in the event of a termination or assignment of the Synthetic Securities.

"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 all amounts due as of the Redemption Date pursuant to clauses (i) through (ix) of the Priority of Payments for Final Payment Dates.

"Treasury" means the United States Department of the Treasury.

"Triple C Calculation Amount" means the sum of the products of (i) the Principal Balance of each Triple C Rated Asset and (ii) 50%.

"Triple C Rated Asset" means any Collateral Asset (other than a Defaulted Obligation) with an Actual Rating from S&P of less than "B-" or with an Actual Rating from Moody's of less than "B3".

"Writedown Amount" means, with respect to any day, the product of (i) the amount of any Writedown on such day, (ii) the Applicable Percentage and (iii) the Reference Price.

"Writedown Reimbursement" means, with respect to any day, the occurrence of: (i) a payment by or on behalf of the Reference Entity of an amount in respect of the Reference Obligation in reduction of any prior Writedowns; (ii)(A) an increase by or on behalf of the Reference Entity of the outstanding principal amount of the Reference Obligation to reflect the reversal of any prior Writedowns; or (B) a decrease in the principal deficiency balance or realized loss amounts (however described in the underlying instruments) attributable to the Reference Obligation; or (iii) if "Implied Writedown" (as defined in the related Synthetic Security) is applicable and the underlying instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (ii) above to occur in respect of the Reference Obligation, an "Implied Writedown Reimbursement Amount" (as defined in the related Synthetic Security) being determined in respect of the Reference Obligation by the calculation agent thereunder.

"Writedown Reimbursement Amount" means, with respect to any day, an amount equal to the product of: (i) the sum of all Writedown Reimbursements on that day; (ii) the Applicable Percentage; and (iii) the Reference Price.

"Writedown Reimbursement Payment Amount" means, with respect to any date of determination, the sum of the Writedown Reimbursement Amounts in respect of all Writedown Reimbursements (if any) made during the Reference Obligation Calculation Period relating to such date; *provided* that the aggregate of all Writedown Reimbursement Payment Amounts at any time shall not exceed the aggregate of all Floating Amounts paid by the Issuer in respect of Writedowns occurring prior to such date.

"Writedown Reserve Amount" has the meaning set forth in the Master Confirmation.

APPENDIX B

Collateral Asset Descriptions and Transaction Summaries

CUSIP	Name	Pool	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Margin / Premium	Maturity	Asset Type	Moody's Model	Moody's Notch	S&P Rating	S&P Notch	Fitch Rating	Fitch Notch	Collateral Manager
53959PAD6	LOCH 2006-1A C	LOCH 2006-1A	$12,000,000	1.0000	$12,000,000	$24,000,000	$1,200,000,000	10/4/06	LIBOR01M	1.40%	12/12/2046	CDO	A2	A2	A	A	-	6.2	Winchester Principal Finance
86565MAD9	SMSTR 2005-1A B	SMSTR 2005-1A	$10,000,000	1.0000	$10,000,000	$12,000,000	$400,000,000	10/20/05	synthetic spread	1.35%	12/6/2045	CDO	A3	A3	A-	A-	A-	7.1	GE Asset Management Incorporated
87337WAD2	TABS 2006-5A A3	TABS 2006-5A	$20,000,000	1.0000	$20,000,000	$60,000,000	$1,500,000,000	10/5/06	LIBOR01M	1.45%	10/8/2046	CDO	A2	A2	A	A	-	6.8	Tricadia CDO Management, LLC
89053XAE6	TOPG 2005-1A B	TOPG 2005-1A	$15,000,000	1.0000	$15,000,000	$26,000,000	$500,000,000	1/18/06	synthetic spread	1.35%	1/10/2045	CDO	A3	A3	A-	A-	-	7.5	Metropolitan West Asset Management, LLC,
92534FAD0	VRGO 2006-1A A3	VRGO 2006-1A	$15,000,000	1.0000	$15,000,000	$60,000,000	$2,095,000,000	10/31/06	synthetic spread	1.40%	11/9/2046	CDO	A2	A2	A	A	-	6.8	Vertical Capital, LLC
00082NAE0	ACABS 2005-2A A3	ACABS 2005-2A	$20,000,000	0.9120	$18,240,508	$22,500,000	$450,000,000	8/30/05	synthetic spread	1.42%	12/6/2044	CDO	A3	A3	A-	A-	-	9.6	ACA Management
26441NAD3	DUKEF 2006-10A A3	DUKEF 2006-10A	$20,000,000	1.0000	$20,000,000	$78,000,000	$1,200,000,000	4/12/06	synthetic spread	1.41%	4/9/2046	CDO	A2	A2	A	A	A	6.8	Ellington Capital Management
3622X4AH6	GSCSF 2006-2A D	GSCSF 2006-2A	$20,000,000	1.0000	$20,000,000	$22,500,000	$504,000,000	5/31/06	synthetic spread	1.55%	6/8/2045	CDO	A2	A2	A	A	A	5.3	GSCP (NJ), L.P.
36868BAE0	GEMST 2005-4A C	GEMST 2005-4A	$20,000,000	1.0000	$20,000,000	$21,000,000	$600,000,000	1/20/06	synthetic spread	1.33%	2/12/2041	CDO	A2	A2	A	A	-	5.3	HBK Investments
722684AD8	PINEM 2005-A C	PINEM 2005-A	$20,000,000	1.0000	$20,000,000	$12,000,000	$401,000,000	11/8/05	synthetic spread	1.47%	11/16/2045	CDO	A2	A2	A	A	-	4.1	Smith Breeden Associates
768277AD7	RIVER 2005-1A C	RIVER 2005-1A	$15,000,000	1.0000	$15,000,000	$5,250,000	$300,000,000	1/19/05	synthetic spread	1.40%	2/6/2040	CDO	A2	A2	A	A	-	6.0	Deerfield Capital Management
85233TAD8	STAK 2006-1A 5	STAK 2006-1A	$20,000,000	1.0000	$20,000,000	$11,500,000	$500,000,000	7/27/06	synthetic spread	1.60%	8/10/2046	CDO	A2	A2	A	A	-	8.0	TCW Asset management Company
925345AE0	VERT 2006-1A A3	VERT 2006-1A	$20,000,000	1.0000	$20,000,000	$31,000,000	$775,000,000	4/25/06	synthetic spread	1.41%	2/9/2046	CDO	A2	A2	A	A	A	6.4	Vertical Capital, LLC
239156AD4	DVSQ 2005-5A C	DVSQ 2005-5A	$15,000,000	1.0000	$15,000,000	$40,000,000	$2,018,000,000	9/30/05	synthetic spread	1.46%	10/8/2040	CDO	A2	A2	A	A	-	7.9	TCW Asset Management Company
13189LAD1	CAMBR 5A B	CAMBR 5A	$15,000,000	1.0000	$15,000,000	$19,000,000	$502,250,000	12/20/05	synthetic spread	1.43%	12/6/2045	CDO	A3	A3	A-	A-	-	7.6	Cambridge Place Investment Management, LLP
12777CAE9	CRNMZ 2006-2A C	CRNMZ 2006-2A	$3,000,000	1.0000	$3,000,000	$33,750,000	$773,375,000	11/9/06	LIBOR03M	1.35%	2/13/2047	CDO	A2	A2	A	A	-	6.9	Calm Financial Products Limited
078451AD3	BLHV 2005-1A C	BLHV 2005-1A	$15,000,000	1.0000	$15,000,000	$26,250,000	$750,000,000	6/23/05	synthetic spread	1.50%	8/8/2045	CDO	A2	A2	A	A	-	6.3	NIBC Credit Management Inc.
347199AC5	FTDRB 2005-1A A3L	FTDRB 2005-1A	$15,000,000	1.0000	$15,000,000	$22,000,000	$484,500,000	8/4/05	synthetic spread	1.55%	9/12/2040	CDO	A2	A2	A	A	-	6.5	Vanderbilt Capital Advisors, LLC
46426RAE9	ICM 2005-2A C	ICM 2005-2A	$15,000,000	1.0000	$15,000,000	$11,000,000	$403,000,000	7/27/05	synthetic spread	1.68%	8/6/2040	CDO	A2	A2	A	A	A	6.2	Ischus Capital Management, LLC
83743LAJ0	SCF 8A C	SCF 8A	$15,000,000	0.9855	$14,782,894	$12,000,000	$506,500,000	1/25/06	synthetic spread	1.71%	10/6/2043	CDO	A2	A2	A	A	-	6.0	TCW Asset Management Company

CUSIP	Name	Issuer	Original Par	Factor	Current Par	Tranche Par	Total Deal Par	Issuer Date	Coupon Index	Margin/ Premium	Maturity	Asset Type	Moody's Rating	Moody's Rating	S&P Rating	S&P Rating	Fitch Rating	Avg Life	Collateral Manager
002561AD0	ABAC 2006-HG1A C	ABAC 2006-HG1A	$6,000,000	1.0000	$6,000,000	$20,250,000	$900,000,000	11/30/06	LIBOR01M	1.80%	11/28/2046	CDO	A2	A2	A	A	-	6.8	Bear Stearns Asset Management, Inc
002561AE8	ABAC 2006-HG1A D	ABAC 2006-HG1A	$9,000,000	1.0000	$9,000,000	$9,000,000	$900,000,000	11/30/06	LIBOR01M	2.20%	11/28/2046	CDO	A3	A3	A-	A-	-	6.8	Bear Stearns Asset Management, Inc
89054BAE3	TOPG 2006-2A B	TOPG 2006-2A	$10,000,000	1.0000	$10,000,000	$45,000,000	$1,015,000,000	12/14/06	LIBOR01M	1.45%	12/10/2046	CDO	A2	A2	A	A	-	7.2	Metropolitan West Asset Management
12777CAE9	CRNMZ 2006-2A C	CRNMZ 2006-2A	$17,000,000	1.0000	$17,000,000	$33,750,000	$773,375,000	11/9/06	synthetic spread	1.95%	2/13/2047	CDO	A2	A2	A	A	-	6.5	Cairn Financial Products Limited
34957YAE7	FORTS 2006-2A C	FORTS 2006-2A	$20,000,000	1.0000	$20,000,000	$20,000,000	$512,700,000	12/7/06	synthetic spread	2.27%	2/3/2042	CDO	A2	A2	A	A	-	5.4	Aladdin Capital Management LLC
46426XAE6	ICM 2006-3A C	ICM 2006-3A	$20,000,000	1.0000	$20,000,000	$19,000,000	$605,000,000	6/29/06	synthetic spread	1.81%	7/3/2046	CDO	A2	A2	A	A	-	6.7	Ischus Capital Management, LLC
00082WAD2	ACABS 2006-1A A3L	ACABS 2006-1A	$20,000,000	0.9970	$19,939,607	$40,000,000	$750,000,000	4/27/06	synthetic spread	2.23%	6/10/2041	CDO	A2	A2	A	A	-	7.0	ACA Management
142146AE9	CACDO 2006-1A C1	CACDO 2006-1A	$20,000,000	1.0000	$20,000,000	$60,000,000	$1,565,680,000	11/1/06	synthetic spread	2.18%	11/10/2046	CDO	A2	A2	A	A	-	7.5	State Street Global Advisors
362479AD9	GSCSF 2006-4A A3	GSCSF 2006-4A	$20,000,000	1.0000	$20,000,000	$45,000,000	$750,000,000	10/6/06	synthetic spread	2.00%	11/6/2046	CDO	A2	A2	A	A	A	6.9	GSCP (NJ), L.P.
45377MAL5	INDE7 7A D	INDE7 7A	$20,000,000	1.0000	$20,000,000	$15,000,000	$607,206,000	3/28/06	synthetic spread	2.40%	1/10/2045	CDO	A3	A3	A-	A-	A-	5.1	Declaration Management & Research LLC
543175AJ2	LSTRT 2006-1A D	LSTRT 2006-1A	$20,000,000	1.0000	$20,000,000	$20,000,000	$500,000,000	6/3/06	synthetic spread	2.25%	11/6/2046	CDO	A2	A2	A	A	-	6.2	JP Morgan Asset Management
87337UAD6	TABS 2005-4A D	TABS 2005-4A	$20,000,000	1.0000	$20,000,000	$10,000,000	$402,000,000	1/26/06	synthetic spread	1.86%	6/30/2045	CDO	A2	A2	A	A	-	6.7	Tricadia CDO Management, LLC
08861KAC0	BFCSL 2006-1A D	BFCSL 2006-1A	$20,000,000	1.0000	$20,000,000	$30,000,000	$750,000,000	10/31/06	synthetic spread	2.00%	11/14/2046	CDO	A2	A2	A	A	-	7.6	Braddock Financial Corporation
46426YAC8	ICM 2006-S2A A3L	ICM 2006-S2A	$10,000,000	1.0000	$10,000,000	$60,000,000	$1,004,000,000	12/21/06	LIBOR03M	1.90%	10/12/2045	CDO	A2	A2	A	A	-	6.0	Ischus Capital Management, LLC
82437XAD0	SHERW 2005-2A C	SHERW 2005-2A	$20,000,000	1.0000	$20,000,000	$10,000,000	$500,000,000	12/15/05	synthetic spread	1.65%	10/5/2045	CDO	A2	A2	A	A	-	6.0	Church Tavern Advisors
007022AD8	ADROC 2005-2A C	ADROC 2005-2A	$20,000,000	1.0000	$20,000,000	$30,900,000	$1,545,000,000	11/15/05	synthetic spread	1.75%	2/6/2041	CDO	A2	A2	A	A	-	5.3	Clinton Group Inc.
38521PAE4	GRAND 2005-1A C	GRAND 2005-1A	$20,000,000	1.0000	$20,000,000	$47,000,000	$1,190,010,000	12/28/05	synthetic spread	1.75%	4/5/2046	CDO	A2	A2	A	A	-	7.3	TCW Asset Management Company
85234AAG1	STAK 2006-2A 5	STAK 2006-2A	$20,000,000	1.0000	$20,000,000	$27,000,000	$900,000,000	2/8/07	synthetic spread	2.15%	3/10/2047	CDO	A2	A2	A	A	-	7.0	TCW Asset management Company
64069PAJ7	NEPTN 2006-3A B	NEPTN 2006-3A	$20,000,000	1.0000	$20,000,000	$14,000,000	$406,000,000	3/9/06	synthetic spread	1.51%	3/5/2046	CDO	A2	A2	A	A	-	5.7	Fund America Management Corporation
25454XAD7	DGCDO 2006-2A C	DGCDO 2006-2A	$20,000,000	1.0000	$20,000,000	$22,800,000	$600,000,000	6/29/06	synthetic spread	2.20%	8/15/2049	CDO	A2	A2	A	A	-	6.2	State Street Global Advisors
006368AC8	ADMSQ 2006-1A C	ADMSQ 2006-1A	$20,000,000	1.0000	$20,000,000	$15,250,000	$507,250,000	12/15/06	synthetic spread	2.45%	12/15/2051	CDO	A2	A2	A	A	-	6.5	Credit Suisse Alternative Capital

CUSIP	Name	Tranche	Original Face	Factor	Current Face	Tranche Par	Total Deal	Issuance Date	Coupon	Margin	Maturity	Asset Type	Moody's Rating	Moody's Outlook	S&P Rating	S&P Outlook	Fitch Rating	Avg Life	Collateral Manager
615120AE2	MNTRS 2006-1A C	MNTRS 2006-1A	$20,000,000	1.0000	$20,000,000	$14,500,000	$505,000,000	7/31/06	synthetic spread	2.00%	12/5/2051	CDO	A2	A2	A	A	-	6.8	Vanderbilt Capital Advisors, LLC
157197AC8	CETUS 2006-1A B	CETUS 2006-1A	$20,000,000	1.0000	$20,000,000	$55,000,000	$1,000,000,000	7/20/06	synthetic spread	2.40%	10/18/2046	CDO	A2	A2	A	A	-	6.7	GSCP (NJ), L.P.
15719MAC5	CETUS 2006-2A B	CETUS 2006-2A	$20,000,000	1.0000	$20,000,000	$55,000,000	$1,000,000,000	9/27/06	synthetic spread	2.46%	12/20/2046	CDO	A2	A2	A	A	-	6.6	GSCP (NJ), L.P.
3622X0AC5	GSCSF 2006-1A B	GSCSF 2006-1A	$20,000,000	1.0000	$20,000,000	$26,000,000	$550,000,000	3/31/06	synthetic spread	2.05%	7/16/2046	CDO	A2	A2	A	A	A	6.4	GSCP (NJ), L.P.
553129AD9	MKP 6A C	MKP 6A	$20,000,000	1.0000	$20,000,000	$4,000,000	$300,750,000	8/31/06	synthetic spread	2.15%	6/15/2051	CDO	A2	A2	A	A	-	6.6	MKP Capital Management, L.L.C.,
82442VAD7	SHERW 2006-3A A3	SHERW 2006-3A	$20,000,000	1.0000	$20,000,000	$18,000,000	$500,000,000	1/10/07	synthetic spread	2.30%	2/9/2047	CDO	A2	A2	A	A	-	6.6	Church Tavern Advisors
74732AAD9	PYXIS 2006-1A C	PYXIS 2006-1A	$20,000,000	1.0000	$20,000,000	$89,000,000	$1,500,000,000	10/3/06	synthetic spread	2.45%	11/10/2046	CDO	A2	A2	A	A	A	6.8	The Putnam Advisory Company, LLC
37638NAD3	GLCR 2006-4A C	GLCR 2006-4A	$10,000,000	0.9936	$9,936,305	$14,000,000	$401,250,000	4/12/06	synthetic spread	1.90%	10/12/2045	CDO	A2	A2	A	A	-	4.8	Terwin Money Management LLC
578325AD4	MAYF 2006-1A A3L	MAYF 2006-1A	$20,000,000	1.0000	$20,000,000	$46,000,000	$1,010,200,000	8/22/06	synthetic spread	2.28%	9/12/2046	CDO	A2	A2	A	A	-	6.4	Vanderbilt Capital Advisors, LLC
89643PAD2	TRNTY 2005-1A B	TRNTY 2005-1A	$20,000,000	1.0000	$20,000,000	$8,000,000	$300,000,000	4/14/05	synthetic spread	1.50%	3/8/2040	CDO	A3	A3	A-	A-	-	8.8	Centre Pacific, LLC
89054BAE3	TOPG 2006-2A B	TOPG 2006-2A	$10,000,000	1.0000	$10,000,000	$45,000,000	$1,015,000,000	12/14/06	synthetic spread	1.85%	12/10/2046	CDO	A2	A2	A	A	-	7.2	Metropolitan West Asset Management
23910VAH5	DVSQ 2006-6A C	DVSQ 2006-6A	$15,000,000	1.0000	$15,000,000	$35,000,000	$2,000,000,000	3/30/06	synthetic spread	2.60%	9/7/2041	CDO	A2	A2	A	A	-	8.2	TCW Asset Management Company
362470AC0	GSCSF 2005-1A A3	GSCSF 2005-1A	$20,000,000	1.0000	$20,000,000	$26,000,000	$500,000,000	1/12/06	synthetic spread	1.84%	11/12/2045	CDO	A2	A2	A	A	A	5.3	GSCP (NJ), L.P.
05539MAD2	BFCGE 2006-1A A3L	BFCGE 2006-1A	$20,000,000	0.9926	$19,852,320	$16,000,000	$301,200,000	2/28/06	synthetic spread	3.68%	1/10/2041	CDO	A2	A2	A	A	-	7.0	Braddock Financial Corporation
13189BAF8	CAMBR 7A C	CAMBR 7A	$20,248,366	1.0000	$20,248,366	$78,300,000	$915,500,000	2/28/07	synthetic spread	6.55%	6/12/2042	CDO	A2	A2	A	A	-	7.9	Cambridge Place Investment Management, LLP
12776YAD4	CRNMZ 2006-1A 5	CRNMZ 2006-1A	$15,000,000	1.0000	$15,000,000	$13,000,000	$500,000,000	9/6/06	synthetic spread	5.45%	12/9/2046	CDO	A2	A2	A	A	-	7.2	Calm Financial Products Limited
925338AD7	VERT 2006-2A A3	VERT 2006-2A	$20,000,000	1.0000	$20,000,000	$26,000,000	$500,000,000	6/20/06	synthetic spread	2.64%	5/9/2046	CDO	A2	A2	A	A	A	5.8	Vertical Capital, LLC

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ANNEX A-1

FORM OF INCOME 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: Timberwolf I, Ltd.
Income Notes

Dear Sirs:

Reference is hereby made to the Income Notes (the "Income Notes") issued by Timberwolf I, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated March 23, 2007 ("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"). 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 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 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 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 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; (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 purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Income Notes without obtaining from the transferee a certificate substantially in the form of this Income 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 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 and the Fiscal Agency Agreement).

(c) The Purchaser understands that the Purchaser's Income 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 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 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, or the Issuer may sell such Income Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Income 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 for any account, each such account) is acquiring the Purchaser's Income 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 (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 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 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. The Purchaser understands and agrees that any purported transfer of the Purchaser's Income 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 or the Income Note Registrar, as applicable.

(e) In connection with the purchase of the Purchaser's Income Notes: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager, the Issuer Administrator or the Income Note Registrar 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, 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 Cashflow Swap Counterparty, the Collateral Manager, the Administrator or the Income Note Registrar 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; (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 Cashflow Swap Counterparty, the Collateral Manager, the Issuer Administrator or the Income Note Registrar; (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 (other than the Regulation S Income 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 ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MARCH 27, 2007 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 27, 2007 (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 THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 EACH CASE 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 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 IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME 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 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 ENTITY DESCRIBED IN (i)(C) ABOVE, OR 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 ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT 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 MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME 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

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 (OTHER THAN THE INCOME 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 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.

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 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 ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MARCH 27, 2007 AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN CONDITIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 27, 2007 (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 THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 EACH CASE 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 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 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 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 (OTHER THAN THE INCOME 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 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 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 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 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 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 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.

(h) With respect to Income Notes (other than Regulation S Income 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).

(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 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.

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 A Benefit Plan Investor described in (iii) above, or 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 its assets or the assets of such general account, as applicable, 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 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 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 neither the Fiscal Agent nor the Income Note Registrar will register any purchase or transfer of Income Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Income 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. For purposes of this determination, Income 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 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.

(j) The Purchaser is not purchasing the Purchaser's Income 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 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 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) If the purchaser or beneficial owner is a Non-U.S. Holder, such purchaser or beneficial owner represents that (x) either (i) its purchase of the Income Note 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, (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 or (iii) all income from the Income Note is effectively connected with a trade or business within the United States (as such terms are used in Section 882(a)(1) of the Code) conducted by such Holder and (y) it is not purchasing the Income Note 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 as equity in the Issuer 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.

(p) The purchaser agrees not to treat the Issuer as being engaged in the active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.

(q) The purchaser agrees to timely furnish the Issuer or its agents any U.S. federal income tax form or certification (such as IRS Form W-8BEN (Certification of Foreign Status), Form W-8IMY (Certification of Foreign Intermediary Status), Form W-9 (Request for Taxpayer Identification Number and Certification) or Form W-8ECI (Certification of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with Conduct of a U.S. Trade or Business) or any successors to such IRS forms) that the Issuer or its agents may reasonably request and to update or replace such form or certification in accordance with its terms or its subsequent amendments.

(r) The purchaser agrees to timely furnish the Issuer, upon request, with such information as may reasonably be requested by the Issuer (including but not limited to information relating to the beneficial owner of the Note) in connection with the Issuer's fulfillment of its tax reporting, notification, withholding and similar obligations arising under the Code (as amended from time to time) or the Transaction Documents.

(s) The purchaser agrees to treat the Issuer as a non-U.S. corporation for purposes of U.S. federal income, state and local income and franchise tax and any other income taxes.

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 D NOTES PURCHASE AND TRANSFER LETTER

The Bank of New York
101 Barclay Street, 8th Floor East
New York, New York 10286
Attention: CDO Transaction Management Group – Timberwolf I, Ltd.

Re: Timberwolf I, Ltd.
Class D Notes

Dear Sirs:

Reference is hereby made to the Class D Notes (the "Class D Notes") issued by Timberwolf I, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated March 23, 2007 ("Offering Circular") to be purchased and held by us. We (the "Purchaser") are purchasing U.S.$[_____] Class D Notes (the "Purchaser's Class D 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 D 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 D 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 D Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Class D Notes without obtaining from the transferee a certificate substantially in the form of this Class D 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 D 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 D 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 D 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 D 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 D Notes, or the Issuer may sell such Class D Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Class D 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 D Notes for any account, each such account) is acquiring the Purchaser's Class D 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 D 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 D 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 D 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 D Notes. The Purchaser understands and agrees that any purported transfer of the Purchaser's Class D 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 D Notes: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager or the 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, the Cashflow Swap 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 D 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, the Cashflow Swap Counterparty, the Collateral Manager or the 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 D 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 D Notes (other than the Regulation S Class D 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 ISSUER 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 D NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS D NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS D 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 TRUSTEE (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 D 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 ENTITY AS DESCRIBED IN (i)(C) ABOVE, OR 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 ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT 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 D NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE NOTE TRANSFER AGENT WITH A CLASS D 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 D 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 D NOTES (OTHER THAN THE CLASS D 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 D 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 ISSUER 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 D 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 D 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 D NOTES (OTHER THAN THE CLASS D 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 ISSUER 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.

THE FOLLOWING INFORMATION IS PROVIDED PURSUANT TO UNITED STATES TREASURY REGULATION SECTION 1.1275-3(b). THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE HOLDER OF THIS NOTE MAY OBTAIN THE INFORMATION DESCRIBED IN UNITED STATES TREASURY REGULATION SECTION 1. 1275-3(b)(1)(i) FROM THE ADMINISTRATOR, AT THE FOLLOWING ADDRESS: P.O. BOX 1093 GT, GRAND CAYMAN, CAYMAN ISLANDS.

(h) With respect to Class D Notes (other than the Regulation S Class D 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 D Notes (other than the Regulation S Class D 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 D 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.

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 a Benefit Plan Investor described in (iii) above, or 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 its assets or the assets of such general account, as applicable, 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 D 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 D 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 Trustee will not register any purchase or transfer of Class D Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Class D 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 D Notes. For purposes of this determination, Class D 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 D 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 D 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 D Notes involves certain risks, including the risk of loss of its entire investment in the Purchaser's Class D Notes under certain circumstances. The Purchaser has had access to such financial and other information concerning the Issuers and the Purchaser's Class D 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 D Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(k) If the purchaser or beneficial owner is a Non-U.S. Holder, such purchaser or beneficial owner represents that (x) either (i) its purchase of the Class D Note 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, (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 or (iii) all income from the Class D Note is effectively connected with a trade or business within the United States (as such terms are used in Section 882(a)(1) of the Code) conducted by such Holder and (y) it is not purchasing the Class D Note 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 Class D Notes as debt for U.S. federal income tax purposes.

(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)

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ANNEX B

PART II OF GREYWOLF CAPITAL MANAGEMENT LP'S FORM ADV

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OMB APPROVAL	
OMB Number	3235-0049
Expires:	September 30, 2005
Estimated average burden hours per response:	9.402

FORM ADV
Part II - Page 1

Uniform Application for Investment Adviser Registration

Name of Investment Adviser:
Greywolf Capital Management LP

Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	4 Manhattanville Road	Purchase	NY	10577	(914)	251-8200

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

Table of Contents

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

FORM ADV Part II – Page 2	Applicant: Greywolf Capital Management LP	SEC File Number: 801- 65669	Date: March 12, 2007

1. A. **Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

☒	(1) Provides investment supervisory services	100 %
☐	(2) Manages investment advisory accounts not involving investment supervisory services	%
☐	(3) Furnishes investment advice through consultations not included in either service described above	%
☐	(4) Issues periodicals about securities by subscription	%
☐	(5) Issues special reports about securities not included in any service described above	%
☐	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
☐	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	%
☐	(8) Provides a timing service	%
☐	(9) Furnishes advice about securities in any manner not described above	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

☒	(1) A percentage of assets under management	☐	(4) Subscription fees
☐	(2) Hourly charges	☐	(5) Commissions
☐	(3) Fixed fees (not including subscription fees)	☒	(6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** – Applicant generally provides investment advice to (check those that apply)

☐	A. Individuals	☐	E. Trusts, estates, or charitable organizations
☐	B. Banks or thrift institutions	☐	F. Corporations or business entities other than those listed above
☐	C. Investment companies	☒	G. Other (describe on Schedule F)
☐	D. Pension and profit sharing plans		

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV Part II – Page 3	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

A. Equity Securities
- ☒ (1) exchange–listed securities
- ☒ (2) securities traded over–the–counter
- ☒ (3) foreign issuers

☒ B. Warrants

☒ C. Corporate debt securities (other than commercial paper)

☒ D. Commercial paper

☒ E. Certificates of deposit

☒ F. Municipal securities

G. Investment company securities:
- ☐ (1) variable life insurance
- ☐ (2) variable annuities
- ☒ (3) mutual fund shares

☒ H. United States government securities

I. Options contracts on:
- ☒ (1) securities
- ☒ (2) commodities

J. Futures contracts on:
- ☒ (1) tangibles
- ☒ (2) intangibles

K. Interests in partnerships investing in:
- ☒ (1) real estate
- ☒ (2) oil and gas interests
- ☐ (3) other (explain on Schedule F)

☒ L. Other (explain on Schedule F)

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)
- (1) ☒ Charting
- (2) ☒ Fundamental
- (3) ☒ Technical
- (4) ☒ Cyclical
- (5) ☒ Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)
- (1) ☒ Financial newspapers and magazines
- (2) ☒ Inspections of corporate activities
- (3) ☒ Research materials prepared by others
- (4) ☒ Corporate rating services
- (5) ☐ Timing services
- (6) ☒ Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7) ☒ Company press releases
- (8) ☒ Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)
- (1) ☒ Long term purchases (securities held at least a year)
- (2) ☒ Short term purchases (securities sold within a year)
- (3) ☒ Trading (securities sold within 30 days)
- (4) ☒ Short sales
- (5) ☒ Margin transactions
- (6) ☒ Option writing, including covered options, uncovered options or spreading strategies
- (7) ☒ Other (explain on Schedule F)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV Part II – Page 4	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

☐ A. Applicant is actively engaged in a business other than giving investment advice.

☐ B. Applicant sells products or services other than investment advice to clients.

☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

☐ A. Applicant is registered (or has an application pending) as a securities broker–dealer.

☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

☐	(1) broker–dealer	☐	(7) accounting firm
☐	(2) investment company	☐	(8) law firm
☒	(3) other investment adviser	☐	(9) insurance company or agency
☐	(4) financial planning firm	☐	(10) pension consultant
☐	(5) commodity pool operator, commodity trading adviser or futures commission merchant	☐	(11) real estate broker or dealer
☐	(6) banking or thrift institution	☐	(12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV Part II – Page 5	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

☒ A. As principal, buys securities for itself from or sells securities it owns to any client.

☐ B. As broker or agent effects securities transactions for compensation for any client.

☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.

☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.

☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interests in those transactions.)

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?..... Yes ☒ No ☐

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV Part II – Page 6	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

	Yes	No
(1) securities to be bought or sold?	☒	☐
(2) amount of the securities to be bought or sold?	☒	☐
(3) broker or dealer to be used?	☒	☐
(4) commission rates paid?	☒	☐

B. Does applicant or a related person suggest brokers to clients? Yes ☐ No ☒

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

	Yes	No
A. is paid cash by or receives some economic benefit (including commissions, equipment or non–research services) from a non–client in connection with giving advice to clients?	☐	☒
B. Directly or indirectly compensates any person for client referrals?	☐	☒

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than $500 in fees per client and 6 or more months in advance

	Yes	No
Has applicant provided a Schedule G balance sheet?	☐	☒

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
Item 1	**Introduction** Greywolf Capital Management LP ("GCM") provides investment management services to private pooled investment vehicles that are offered to investors on a private placement basis. In connection with providing these investment management services, GCM (and its affiliates) have discretionary trading authorization with respect to Greywolf Capital Partners II LP ("**GCP II**"), Greywolf High Yield Partners LP ("**GHYP**"), Greywolf Structured Products Fund I LP ("**GSPF I**"), Greywolf Capital Overseas Fund ("**GCOF**"), Greywolf High Yield Overseas Fund ("**GHYO**"), Greywolf High Yield Master Fund ("**GHYM**"), Greywolf Structured Products Fund Offshore I, Ltd. ("**GSPFO I**"), Greywolf Structured Products Master Fund ("**GSPM**") and Greywolf CLO I, Ltd. ("**GCLO I**") (collectively, the "**Funds**" and each individually as a "**Fund**"). Additional detailed information about GCM (and such affiliates) is provided below, including information about GCM's advisory services, investment approach, personnel, affiliations and brokerage practices. **Advisory Services** GCM serves as the management company to the GCP II and GHYP and serves as the general partner to GSPF I, each a private investment fund organized under the laws of the State of Delaware. Greywolf Advisors LLC ("GA" or the "**General Partner**"), a Delaware limited liability company affiliated with GCM, serves as the general partner to GCP II and GHYP. The interests in GCP II, GHYP and GSPF I are offered on a private placement basis, and in reliance on Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "**Company Act**") and are offered to persons who are "accredited investors" as defined under the Securities Act of 1933, as amended (the "**Securities Act**"), and "qualified purchasers" as defined under the Company Act and the regulations thereunder, and subject to certain other conditions, which are set forth in the offering documents for each respective fund. GCM also serves as the investment manager to GCOF, GHYO, GHYM, GSPFO I, and GSPM, each a private investment fund organized under the laws of the Cayman Islands. GHYP and GHYOF invest substantially all of their capital in the GHYM. GSPF I and GSPFO I invest substantially all of their capital in GSPM. Shares in the GCOF, GHYO and GSPFO I are offered on a private placement basis, and with respect to U.S. tax-exempt investors, in reliance on Section 3(c)(1) (for GCOF) and Section 3(c)(7) (for GHYO and GSPFO I) of the Company Act. Shares are offered to persons who are either not "U.S. Persons" (as such term is defined in Regulation S of the Securities Act) or U.S. tax-exempt investors. U.S. tax-exempt investors in GCOF must be "accredited investors" as defined in Regulation D under the Securities Act. U.S. tax-exempt investors in Greywolf GHYO and GSPFO must be: (i) "accredited investors" as defined in Regulation D under the Securities Act and (ii) "qualified purchasers" as defined in the Company Act and the regulations thereunder. Additionally, investors in GSPFO, GHYO and GSPFO I are subject to certain other conditions, which are set forth in the respective offering documents of each respective fund. GCM also serves as collateral manager of the portfolio of collateral, consisting primarily of loans, held by GCLO I, a special purpose vehicle organized under the laws of the Cayman Islands. The secured notes and subordinated securities issued by GCLO I are offered on a private placement basis and in reliance on Section 3(c)(7) of the Company Act. The secured notes are offered in the United States to persons who are "qualified institutional buyers" as defined in Rule 144A under the Securities Act and "qualified purchasers" as defined in the Company Act and the regulations thereunder. The subordinated securities are offered in the United States to persons who are either (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act or "accredited investors" as defined in Regulation D under the Securities Act and (ii) "qualified purchasers" as defined in the Company Act and the regulations thereunder or "knowledgeable employees" within the meaning of Rule 3c-5 of the Company Act. The secured notes and the subordinated securities are offered and sold outside the United States to persons who are not "U.S. persons" (as such term is defined in Regulation S of the Securities Act). Additionally, investors in GCLO I are subject to certain other conditions, which are set forth in the offering documents for the fund.

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	GCM (including, for these purposes, GA) has full discretionary authority with respect to investment decisions, and its advice with respect to the Funds is made in accordance with the investment objectives and guidelines as set forth in each Fund's respective offering memorandum and, with respect to GCLO I, in accordance with the collateral management agreement between GCM and GCLO I and the indenture between GCLO I and the trustee. Fees The fees applicable to each Fund are set forth in detail in each of the Fund's respective offering memorandum. A brief summary of those fees is provided below.
	Fees for GCP II and GHYP *Management Fees* With respect to GCP II and GHYP, GCM generally is paid a quarterly management fee equal to 0.375% (1.50% annualized) of each capital account's opening balance for the quarter, calculated and paid in advance of each quarter but amortized over the respective quarter. "Special Investments" (also known as "side pocket" investments), held in GCP II will be carried at fair value (which may be cost). (See Item 4.C. – "Special Situations Investing") In addition, a *pro rata* portion of the management fee will be paid to GCM out of any capital contributions made to GCP II and GHYP by new or existing limited partners on any date that does not fall on the first business day of a quarter, based on the actual number of months remaining in such partial quarter. For these purposes, a "business day" is any day on which commercial banks in New York City are open for business. In the case of a withdrawal from a capital account other than as of the last business day of a fiscal quarter, a *pro rata* portion of the management fee (based on the actual number of months remaining in such partial quarter) will be repaid by GCM to the applicable Fund and distributed to the withdrawing investor. The General Partner's capital accounts in GCP II and GHYP are not subject to the management fee. The General Partner, in its discretion, may elect to reduce, waive or calculate differently the management fee with respect to certain limited partners, including, without limitation, limited partners that are affiliates or employees of GCM, members of the immediate families of such persons, and trusts and other entities for their benefit. Each Fund reserves the right to impose different fees on future investments. *Incentive Allocation* Generally, at the end of each fiscal year, 20% of the excess of any realized and unrealized net capital appreciation (taking into account, with respect to GCP II gains and losses relating to applicable realized or deemed realized Special Investments) allocated to each capital account for such year over the management fee debited to such capital account for such year will be reallocated to the capital account of the General Partner. Generally, any realized and unrealized net loss in a fiscal year allocated to any capital account is carried forward (the "high water mark") so that no incentive allocation is charged to such capital account unless prior losses have been recouped, subject to certain adjustments. The General Partner, in its discretion, may elect to reduce, waive or calculate differently the incentive allocation with respect to certain limited partners, including, without limitation, limited partners that are affiliates or employees of Greywolf Capital, members of the immediate families of such persons, and trusts and other entities for their benefit. Each U.S. Fund reserves the right to impose different fees on future investments. In the event GCP II or GHYP is dissolved, or a withdrawal is made from a capital account, in either case, other than at the end of a fiscal year, net capital appreciation or net capital depreciation, as the case may be, shall be determined through the date of termination or withdrawal, and the incentive allocation, if any, from all capital

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	accounts (in the case of a termination) or from the capital accounts from which a withdrawal is made (in the case of a withdrawal) will be reallocated to the General Partner as set forth above. The incentive allocation with respect to capital accounts of partners in GCP II that have fully withdrawn except for interests in one or more "special investment accounts" (*i.e.*, "side pockets"), will be reallocated to the General Partner upon "realization" or "deemed realization" (as further detailed in the U.S. Funds' respective offering documents) of the applicable side pocket investment.
	Fees for GCOF and GHYO *Management Fees* GCM generally is paid a quarterly management fee equal to 0.375% (1.50% annualized) of the net asset value ("NAV") of each series of shares for GCOF and GHYO, calculated and paid in advance at the beginning of each quarter but amortized monthly over the respective quarter. A *pro rata* portion of the management fee will be paid to GCM out of any subscriptions for shares made to GCOF or GHYO by new or existing shareholders on any date that does not fall on the first day of a quarter, based on the actual number of months remaining in such partial quarter. If shares are redeemed at any time other than at the end of a quarter from GCOF or GHYO, a *pro rata* portion of the management fee (based on the actual number of days remaining in such partial quarter) will be repaid by GCM to the appropriate Fund and distributed to the redeeming shareholder. *Incentive Fees* At the end of each Fund's fiscal year, GCM is entitled to receive an incentive fee equal to 20% of the net realized and net unrealized appreciation in the NAV of each series of "ordinary" shares (*i.e.*, not the class S shares) of each Fund during the respective year (adjusted for any redemptions and any accruals of the incentive fees made during the year (the "Adjusted NAV")); provided, however, that an incentive fee will only be paid with respect to the portion of the Adjusted NAV of a series of shares that is in excess of the "Prior High NAV" of such series of shares. With respect to GCOF, Adjusted NAV also includes adjustments for the issuance of additional "ordinary" shares of an existing series following the realization or deemed realization of a "special" or "side pocket" investment (which will be recorded as "class S shares") and the subsequent exchange of class S shares relating thereto, in either case, occurring during such year. The Prior High NAV of a series of shares is the NAV of that series immediately following the date as of which the last year-end incentive fee was determined with respect to such series (or, if no incentive fee has yet been determined with respect to such series, the NAV of that series immediately following its initial offering). The Prior High NAV of a series of shares will be adjusted for redemption from such series. The Prior High NAV of a series of shares in GCOF will also be adjusted for redemptions of "ordinary" shares of a series exchanged for class S shares (*i.e.*, upon the making of a Special Investment) and the issuance of additional "ordinary" shares following the realization or deemed realization of a Special Investment. The Funds reserve the right to reduce, waive or calculate differently the management fee and/or the incentive fee with respect to any shareholder. In addition, the Funds reserve the right to impose different fees on future investments. GHYM does not charge directly any management, incentive or other fees for the benefit of GCM. GCM may elect to receive all or a portion of the incentive fees and/or management fees from the Funds currently or on a deferred basis, subject to a deferred compensation arrangement. Finally, any performance-based fees will be charged in accordance with Section 205 of the Advisers Act and Rule

Complete amended pages in full. circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	205-3 thereunder. ***GSPM Fees*** *Management Fees* GSPM will pay to GCM generally a quarterly management fee in advance as of the beginning of each fiscal quarter equal to 0.1875% (0.75% annualized) of the lower of (i) the NAV allocable to each investor's investment in either GSPF I and GSPFO I and (ii) total capital contributions, i.e. drawn capital. *Incentive Allocation (Reinvestment Period and Distribution)* Distributions will be made by GSPM to GSPF I and GSPFO I and GCM in respect of its Carried Interest, and by GSPF I and GSPFO I to their investors, as follows: - 8% IRR Hurdle: First to the investor until the investor has received cash distributions resulting in (i) 100% return of the respective investor's total capital contributions and (ii) an 8% internal rate of return (**"IRR"**) thereon; and - 70/30 Split: Thereafter, 70% to the investor and 30% to GCM (as **"Carried Interest"**). Notwithstanding the foregoing, the Carried Interest will be calculated and distributed to GCM only after the earlier of (i) the date on which all commitments have been drawn down and (ii) the end of the drawdown period. Prior to such time all distributions will be made to the investors. *Fee Offset* GSPM may invest in securities vehicles sponsored and/or managed by Greywolf, such as CDO products (**"Sponsored Products"**), in connection with which GCM may be entitled to receive fees or other forms of remuneration (**"Sponsored Product Fees"**). To the extent GCM or its affiliates receive any Sponsored Product Fees, GCM will (i) waive the Sponsored Product Fees in respect of the GSPM's interest (direct or indirect) in the Sponsored Products or (ii) reduce pro-rata, but not below zero, the amount of management fees, Carried Interest or expenses of the Funds that are paid by GCM on behalf of GSPM and for which GCM is entitled to reimbursement (together with Management Fees and carried interest, **"Greywolf Capital Compensation"**) that would otherwise be payable by GSPM to GCM by the Sponsored Products Fees received by GCM in respect of the GSPM's interest (direct or indirect) in the Sponsored Products (such amount, the **"Fee Offset Amount"**) or (iii) effect any other transaction such that the Funds are not charged Sponsored Products Fees in respect of the Funds' interest (direct or indirect) in the Sponsored Products. GCM will continue to earn fees on the percentage of Sponsored Products owned by non-GSPM investors.

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	Fees for GCLO I As compensation for the performance of its obligations as collateral manager, GCM is entitled to receive senior and subordinated management fees and, if certain conditions are met, an incentive collateral management fee (the **"Collateral Management Fees"**). The Collateral Management Fees will be payable from interest proceeds and, if interest proceeds are not sufficient, from principal proceeds from the portfolio of collateral that services the debt and other obligations of GCLO I (the "Collateral Portfolio"), in accordance with the priority of payments schedule, as described in the offering documents of GCLO I. GCM, in its sole discretion, may, from time to time, defer or waive all or any portion of the Collateral Management Fees. *Senior and Subordinated Management Fees* GCLO I will pay to GCM generally a quarterly senior collateral management fee in arrears (subject to the availability of funds and the priority of payments schedule) equal to 0.15% per annum of the aggregate principal amount of the Collateral Portfolio. The senior collateral management fee will be payable before any interest payments or distributions of interest proceeds on the securities issued by GCLO I. If on any payment date there are insufficient funds to pay the senior collateral management fee then due in full (or if GCM elects to defer any portion of the fees), the amount not paid will be deferred and will be payable on the first succeeding payment date specified by GCM on which funds are available. The issuer also will pay to GCM generally a quarterly subordinated collateral management fee in arrears (subject to the availability of funds and the priority of payments schedule) equal to 0.35% per annum of the aggregate principal amount of the Collateral Portfolio. The subordinated collateral management fee will be payable before any payments of distributions on the junior most subordinated securities issued by GCLO I. If on any payment date any part of the subordinated collateral management fee is not paid, the amount not paid will be carried over and will accrue interest at a rate of LIBOR plus 3.00% per annum. *Incentive Collateral Management Fee* GCM will be entitled to receive generally a quarterly incentive collateral management fee, with respect to each subclass of the junior most subordinated securities of GCLO I designated as being included for purposes of calculating the incentive collateral management fee, equal to 20% of the interest proceeds and principal proceeds remaining available for distribution to the subclass, according to the priority of payments schedule. The incentive collateral management fee will be payable only if the holders of the subclass have received an annualized internal rate of return of at least 12.0% for the period from the date of issuance of such subclass to the relevant payment date. *Fee Pay-Over Arrangement* GSPM has purchased 100% of the initial notional amount of the subordinated securities. For so long as GSPM or any other funds managed by GCM continue to hold any subordinated securities, any Collateral Management Fees otherwise payable to GCM will be paid by the issuer in the following order: • first, to GSPM or such other funds (on a *pro rata* basis among such funds) according to the proportion of the aggregate notional amount of all the subordinated securities that are held by the funds; and • the remainder, if any, to GCM.
	Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
Item 2	Expenses The Funds bear certain expenses in connection with their operations, including, but not limited to, investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting and other professional fees relating to particular investments or contemplated investments, investment-related travel and lodging expenses, and research-related expenses, including, without limitation, news and quotation equipment and services and the cost of certain investment management related software), legal expenses, accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of interests and shares, as the case may be, management fees, fees to the administrator, extraordinary expenses and other similar expenses related to the Funds. GHYO, GHYM, GSPFO I and GSPM also bear other expenses, including premiums for directors' and officers' liability insurance (if any), remuneration to members of the respective Fund's board of directors and advisory boards, expenses related to the maintenance of each Fund's registered office and corporate licensing. GHYP and GHYO also bear their pro rata share of GHYM's expenses as well as expenses related to risk management services provided by third parties. GSPFO I and GSPF I also bear their pro rata share of GSPM's expenses. **Types of Clients** As noted above, GCM provides investment advice to the Funds, which are formed for the purpose of investment and are excluded from registration under Section 3(c)(7) and/or Section 3(c)(1) of the Company Act. Investors in the Funds generally include individuals, investment companies, pension and profit sharing plans, insurance companies, trusts, estates, charitable organizations, corporations, partnerships and limited liability companies.
Item 3	**Types of Investments** GCM has a broad mandate to invest the Funds' assets, on margin or otherwise, in securities and financial instruments of U.S. and foreign entities, including, without limitation, capital stock; all manner of equity securities (whether registered or unregistered, traded or privately offered); shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes and debentures (whether subordinated, convertible or otherwise); currencies; interest rate, currency, equity and other derivative products, including, without limitation, (i) futures contracts (and options thereon) relating to stock indices, currencies, United States Government securities, securities of non-U.S. government and other financial instruments and all other commodities, (ii) swaps, options, rights, warrants, when-issued securities, caps, collars, floors, forward rate agreements, and repurchase and reverse repurchase agreements and other cash equivalents, (iii) spot and forward currency transactions, and (iv) agreements relating to or securing such transactions; leases, including, without limitation, equipment lease certificates; equipment trust certificate; loans; DIP financings; accounts and notes receivable and payable held by trade or other creditors; trade acceptances and claims; contract and other claims; executory contracts; participations; mutual funds; U.S. and non-U.S. money market funds and instruments; obligations of the United States, any state thereof, non-U.S. governments and instrumentalities of any of them; commercial paper, certificates of deposit; bankers' acceptances, trust receipts; letters of credit; money market instruments; accounts payable; puts; other bankruptcy claims and bank debt; and other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government or other entity whatsoever, whether or not publicly traded or readily marketable. Investments are made in accordance with the investment objectives and guidelines as set forth in each Fund's respective offering memorandum and investment management or collateral management agreement, as applicable, and, in the case of GCLO I, in accordance with the indenture between GCLO I and the trustee.

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
Item 4.A. and B.	For a more comprehensive description of the securities and financial instruments that each Fund may invest in, see the respective offering documents of each such Fund. From time to time, the Funds may get exposure to investments through their participation in special purpose vehicles (which may include domestic and offshore limited partnerships, limited liability companies and corporations) managed, held or sponsored by GCM, its affiliates and/or by unaffiliated parties. GCM is generally not entitled to any compensation in connection with investments through such special purpose vehicles. **Methods of Analysis, Sources of Information and Investment Strategies** GCM uses charting, economic, fundamental, cyclical, technical and quantitative analyses. In addition, the principals and members of the investment team of GCM have developed their own methodology and resources to assist in the identification of opportunities in the relevant markets. GCM utilizes the key relationships that its principals and other members of the investment team have developed during their careers to expeditiously identify and analyze investment opportunities.
Item 4.C.	The collateral management functions performed by GCM with respect to the Collateral Portfolio held by GCLO I include (i) selecting the collateral to be acquired and sold, (ii) monitoring the Collateral Portfolio on an ongoing basis and advising GCLO I as to which collateral to acquire and which to sell, (iii) instructing the trustee with respect to any disposition or tender of collateral by GCLO I and (iv) advising GCLO I with respect to interest rate risk, cash flow timing and hedging strategies. With respect to the Funds other than GCLO I, GCM focuses on three principal investment strategies, as described below. For a more detailed description of the strategies to be utilized by each Fund, investors should review each Fund's offering documents. The descriptions contained herein of specific strategies that GCM is or may be engaged in should not be understood as in any way limiting its investment activities. Special Situations Investing Special situations investing includes a variety of tactics aimed at capitalizing on market opportunities resulting from catalyst driven events and/or value propositions created by market inefficiencies. GCM's main focus in this respect is credit-specific with a focus on distressed securities, special situations and capital structure arbitrage opportunities, where GCM believes that the market is either over- or under-pricing asset value. In order to identify opportunities, GCM focuses on markets or issuers undergoing periods of volatility. Volatility may be caused by operational problems, legislative or regulatory changes, legal actions, management issues, fraud or severe market demand shifts. Significant price fluctuations often occur in securities whose issuers are the subject of corporate reorganizations or restructurings, liquidity crises, mergers, spin-offs or credit rating changes. The volatility of the markets for these securities often results in their being mispriced. GCM intends to utilize long and short strategies based on relative value assessments. High Yield Investing In pursuing high yield investing, portfolio investments will be concentrated in long and short positions in high-yield bonds, credit default swaps and bank loans to leveraged companies. Smaller allocations in investment-grade bonds and other corporate obligations may also be made. GCM's high yield investing approach focuses by making long and short investments using fundamental analysis, as well as by exploiting inefficiencies and trading opportunities in the credit markets. In carrying out this investment strategy, GCM attempts to maintain portfolio liquidity and to preserve capital. The investment process focuses on credit analysis of individual companies, but industry dynamics and macro-economic conditions are also considered. Once a company is targeted for investment, a relative value matrix of such company's capital structure is constructed, and capital structure arbitrage positions may be established. GCM may also seek to lessen industry or commodity risk by shorting a security closely correlated with that risk (*i.e.*, a paired trade).

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	Structured Products The structured transactions are expected to consist substantially of cash and synthetic collateralized debt obligations ("**CDOs**") and the equity securities of CDO issuers ("**CDO Equity Securities**"), including CDO's collateralized primarily by other CDOs ("**CDO's**"; together with CDO Equity Securities and CDOs, "**CDO Products**"), but may also include commercial mortgage-backed securities ("**CMBS**"), residential mortgage-backed securities ("**RMBS**"), asset-backed securities ("**ABS**"), credit default swaps ("**CDS**") and other derivative instruments, and other types of structured products. The CDOs may consist of or reference corporate debt instruments, ABS, RMBS, CMBS, other CDOs or other assets. GCM will invest primarily in tranched portfolio risk in both the cash and synthetic markets. This will include investments in cash and synthetic CDO Products, as well as cash and synthetic investments in the CMBS, RMBS, and ABS markets. GCM may invest in all parts of the portfolio capital structure from equity risk to senior/super-senior risk. GCM may take long or short positions in tranched risk. GCM will invest primarily in portfolio risk, it may also take long or short positions in single name or index risk to hedge or take outright exposure, including common stock, preferred stock, corporate and/or consumer loans on an individual or portfolio basis. It is expected that a significant portion of the positions in this strategy will be invested in portfolio risk sourced from the non-investment grade corporate bond, loan, CDO and CDS markets. GCM may also invest in portfolio risk sourced from the investment grade corporate market, the emerging debt markets, the corporate and residential real estate markets, the consumer market, and other types of structured products.
Item 5	**Education and Business Standards** Generally, individuals engaged in determining and implementing investment strategies will have, at a minimum, a four year college degree. In addition, most of these individuals will have significant experience in the financial industry. GCM expects that additional persons employed by GCM in the future will have qualifications and backgrounds consistent with those of its current employees.
Item 6	**Education and Business Background** The following information is provided for GCM's principal executive officers:

Name	Year of Birth	Formal Education	Business Background (past 5 years)
Jonathan Savitz	1965	BA, *honors*, The Johns Hopkins University (1987)	Greywolf Capital Management LP, Chief Executive Officer, Chief Investment Officer and Managing Partner (February 2003 - present) Goldman, Sachs & Co., General Partner (1998-2002), Managing Director (1996-1998)

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Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer			
	William Troy	1951		Greywolf Capital Management LP, Portfolio Manager of High Yield Funds, Risk Management and Investor Relations (February 2003 - present), Chief Operating Officer (February 2003 - May 2005) JP Morgan, Managing Director (1998-2001) Smith Barney, Managing Director (1996 - 1998)
	James Gillespie	1972	Chartered Financial Analyst Bachelor of Commerce (with honors), University of British Columbia, (1995); Leslie Wong Fellow (1995)	Greywolf Capital Management LP, Portfolio Manager of Greywolf Capital Partners II and Greywolf Capital Overseas Fund (collectively, the "Special Situation Funds") (February 2003 - present) Goldman, Sachs & Co., Head of Distressed Bond Investing (2002), Director of Distressed Bond Research (2001- 2002), Credit Analyst, Distressed Bond and Distressed Bank Loan Groups (1996 - 2001)
	Robert Miller	1961	MBA (with honors), UNC-Chapel Hill (1989) BA, *magna cum laude*, Franklin and Marshall College (1983)	Greywolf Capital Management LP, Portfolio Manager of High Yield Funds (2004 - present), Principal/ Head Trader (February 2003 –February 2004) Consultant to Goldman, Sachs & Co. (2000-2001) Goldman, Sachs & Co. Manager of High Yield trading desk (1998-2000), Senior Trader, High Yield desk (1995 - 1998), Trader, Corporate Bond department (1989 - 1995)
	Gregory Mount	1964	MBA (with honors) The University of Chicago Graduate School of Business (1992) BS, in Electrical Engineering, M.I.T. (1987)	Greywolf Capital Management LP, Partner (September 2005 - present) Goldman, Sachs & Co., Partner (2002-2005); Managing Director (2000-2002); Vice President (1996-2000)
	Cevdet Samikoglu	1971	MBA, Harvard Business School (1997) BA, Hamilton College (1992)	Greywolf Capital Management LP, Portfolio Manager of Special Situation Funds (February 2003 - present) Goldman, Sachs & Co., Director of Research for the Special Situations Investing Group ("SSIG") (2001 -2003); Portfolio Manager of SSIG (2000 - 2003); Senior Credit Analyst (1999); Credit Analyst (1998)

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I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	Brett Bush; 1968; Chartered Financial Analyst; Certified Public Accountant (inactive); B.S., *magna cum laude*, in Accounting and Finance, Boston College (1990); Greywolf Capital Management LP, Chief Operating Officer (May 2005 - present); Watershed Asset Management, Chief Financial Officer and Managing Director, (2002 - 2004); Fox Paine, Chief Financial Officer (1998-1999)
	Michelle Lynd; 1973; JD, Northwestern University School of Law (1998); BA, *magna cum laude*, University of Pennsylvania (1995); Greywolf Capital Management LP, General Counsel (February 2006- Present) Chief Compliance Officer (February 2006-August 2006); Counsel (November 2005-February 2006); Farallon Capital Management, LLC, Managing Director 2005; Associate General Counsel (2001-2005); Davis Polk & Wardwell Corporate Associate (1998-2001)
	Stephen Ellwood; 1970; JD, St. John's University School of Law (1997) BS, Loyola College in Maryland (1993); Greywolf Capital Management LP, Chief Compliance Officer (August 2006 – Present); Compliance Officer (May 2006 – August 2006); Forest Investment Management LLC, Chief Compliance Officer & Counsel (July 2004 – May 2006); MacKay Shields LLC, Director (2003); Associate Director (2001 – 2003); Associate (1999 – 2001)
Item 8.C.	**Other Financial Industry Activities and Affiliations** As noted previously, Greywolf Advisors LLC, serves as the general partner of the U.S. Funds. Mr. Jonathan Savitz, GCM's Chief Executive Officer and Chief Investment Officer, the managing member of GCM's general partner, and is also the senior managing member of Greywolf Advisors LLC and Messrs. William Troy, James Gillespie, Robert Miller, Gregory Mount and Cevdet Samikoglu are its managing members (collectively, with Mr. Savitz, the "Principals").
Item 8.D.	GCM does not provide investment advisory services to persons with individually managed accounts and therefore generally does not solicit clients to invest in the Funds. GSPM has purchased 100% of the initial notional amount of the subordinated securities of GCLO I. Under this arrangement, the Collateral Management Fees otherwise payable by GCLO I to GCM are paid to GSPM.
Item 9	**Participation or Interest in Client Transactions and Conflicts of Interest** Participation or Interest in Client Transactions

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I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	GCM and its personnel do not purchase or sell any securities for their own accounts to or from the Funds. However, from time to time, subject to Fund investment guidelines and restrictions, GCM may direct one Fund to sell securities to another Fund through an internal cross transaction in which neither GCM nor a related person will receive compensation. Any such transaction will be effected based on the then current independent market price and consistent with valuation procedures established by GCM. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Fund by GCM and its personnel, GCM will comply with the requirements of Section 206(3) of the Advisers Act, including that GCM will notify the Fund (or an independent representative of the Fund).
	Conflicts of Interest The Funds are subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that GCM and its affiliates (including the General Partner, the "Greywolf Group") provide investment management services to the Funds and may, in the future, provide management services to additional funds or other accounts and proprietary accounts in which the Funds will have no interest (collectively, "Other Accounts"). The respective investment programs of the Funds and Other Accounts may or may not be substantially similar. The portfolio strategies employed by the Greywolf Group for Other Accounts could conflict with the transactions and strategies employed by the Greywolf Group in managing the Funds and affect the prices and availability of the securities and instruments in which the Funds invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for one or more of the Funds and Other Accounts. In such case, participation in such opportunities will be allocated on an equitable basis, as more fully described under "Investment or Brokerage Discretion – Trade Allocation and Aggregation Policies and Procedures" below. Such considerations are likely to result in allocations of certain investments among the Funds and Other Accounts on other than a *pari passu* basis. From time to time, GCM may acquire securities or other financial instruments of an issuer for a Fund (or Other Account) which are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired for, another Fund (or Other Account) (*e.g.*, one Fund (or Other Account) may acquire senior debt while another Fund (or Other Account) may acquire subordinated debt). GCM recognizes that conflicts may arise under such circumstances. When this occurs, the portfolio managers will attempt to determine which of the "conflicting investments" has the highest profitability potential (such investment, the "Preferred Investment"), taking into account such considerations as size of positions, the risk/reward profile and likelihood of success of a particular course of action (*i.e.*, exercising remedies under loan, note or security agreements, proposing or opposing DIP financing or other motions in a bankruptcy court, pursuing litigation or proposing or supporting a plan of reorganization in bankruptcy), control and costs and demands on GCM's resources and personnel. In the absence of an agreement among the portfolio managers as to the Preferred Investment, Mr. Savitz, or in his absence, Mr. Troy, may make such determination. Applicable tax, regulatory and other considerations may sometimes lead to certain equity and real estate investments being structured in a manner such that a Fund (or the entity through which a Fund makes an investment) will lend capital to (or enters into a similar transaction with) U.S. funds affiliated with a Fund. The debt interest of such Fund, while senior to the equity interest held by the affiliated U.S. funds, is often structured to yield a debt-like return (and accordingly a lower rate of return) than the U.S. funds' investment in the equity. As in all allocation decisions, GCM must weigh the conflicting interests of the different investors and funds in determining the amount to allocate to debt and equity and the terms of these loans. GCM will attempt to deal with such conflicting interests in a manner similar to that of Preferred Investments. Additionally, the equity and debt holders with respect to an investment may have conflicting interests during the term of a particular investment, especially if the investment is not performing well. Once the Preferred Investment is determined, the portfolio managers will take actions which seek to maximize value. Such actions could possibly be adverse to other investments held by the Funds or Other Accounts. To lessen any adverse impact resulting from such action, GCM may seek to sell in a commercially reasonable manner the non-Preferred Investments. Alternatively, a determination may be made that an immediate sale would result in a lower return on the non-Preferred Investment than would be the case if the investment remained in the portfolio, in which case GCM would maintain the position. There can be no guarantee, however, that continuing to hold a non-Preferred Investment will not result in greater losses than would have resulted had the investment been sold.

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	In addition, the Greywolf Group may give advice or take action with respect to the investments of one or more Funds (or Other Accounts) that may not be given or taken with respect to other Funds with similar investment programs, objectives, and strategies. Accordingly, Funds having similar strategies may not hold the same securities or instruments or achieve the same performance. The Greywolf Group also may advise Funds (or Other Accounts) with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Finally, GCM, its principals and other personnel may have conflicts in allocating their time and services among the Funds (and/or Other Accounts). GCM and its principals, officers and employees will devote as much of their time to the activities of the Funds as GCM deems necessary and appropriate. From time to time one Fund managed by GCM (the **"Selling Fund"**) may offer to another Fund managed or advised by GCM (the **"Purchasing Fund"**) assignments or sales of, loans (or interests therein) that the Selling Fund has originated or purchased. Such offers will usually be made after the Selling Fund has already held such investment (including the portion offered) for a period of time. The price of the participation, assigned or sold interest (as the case may be) will be established based on third-party valuations. Further, the decision by the Purchasing Fund to accept or reject the offer made by the Selling Fund will be made by parties or individuals not involved in the origination or purchase decision on behalf of the Selling Fund. In determining the target amount of a particular loan originated or purchased by the Selling Fund, the Selling Fund may take into consideration the fact that it anticipates offering participations or assigning or selling a portion of such loan as described above. If the offered funds and accounts decide not to purchase such participations, assignments or interests in such investments, the Selling Fund will be forced to hold that portion of the investment until such time as it can be disposed of. This may result in the Selling Fund being "overweighted" with respect to a particular investment for a significant period of time.

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I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer

GCM and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships, exercising investment responsibility, engaging in other business (or non-business) activities or directly or indirectly purchasing, selling, holding or otherwise dealing with any securities for the account of any such other business or for other clients (including, without limitation, for or on behalf of clients that invest or may invest in the Funds or Other Accounts), even though such activities may be in competition with the Funds and/or may involve substantial time and resources of GCM and its affiliates; provided that (i) GCM has agreed not to begin investment allocations to any fund with investment parameters substantially similar to the GSPM until 75% or more of the Fund's aggregate Commitments have been drawn and invested, unless GSPM's Advisory Committee approves investment allocations prior to such time and (ii) GSPM will receive Priority Allocations of equity in GCM sponsored products that are CDOs (**"Sponsored CDOs"**) in accordance with the following:

(a) **"Priority Allocation"** shall mean the allocation of the equity of any Sponsored CDOs to GSPM in an amount equal to the lesser of (x) $30 million and (y) 80% of the aggregate equity of such Sponsored CDO, where such allocation is controlled by GCM.

(b) The Priority Allocation will terminate on the earlier of:

(i) the date during GSPM's drawdown period on which GSPM has invested $90 million in Sponsored CDO equity or, if GSPM has not invested such amount by the end of the drawdown period, the date thereafter on which GSPM has invested the lesser of (x) $90 million and (y) 30% of the Net Asset Value of GSPM in Sponsored CDO equity, in each case calculated on the basis of cost or, in GCM's sole discretion, a premium that results from additional value in such Sponsored CDO equity created by GCM (for example, by the waiver of the applicable management fees), and

(ii) the third anniversary of GSPM's final Closing Date

GCM may from time to time invest its excess funds in one or more Funds or in securities or instruments in which it may invest the Funds' assets. Similarly, GCM, its principals, officers and employees may from time to time make personal investments in securities or instruments in which GCM may invest the Funds' assets. GCM and its personnel may buy, sell, or hold securities or other instruments for its or their own account(s) while entering into different investment decisions for one or more Funds. In addition, certain GCM's principals and employees have substantial personal investments in one or more Funds. The amount of each principal or employee personal investment in a Fund (if any) may change over time. A principal or employee may decide to invest only in certain Fund(s) and not in other(s). Investors will not be provided with notice of principals' or employees' investment in, or withdrawal from, a Fund (except to the extent such notice is required under a Fund's offering document).

The above list is not a complete description of every conflict of interest that could be deemed to exist.

Certain of GCM's principals, officers and employees are former employees of Goldman, Sachs & Co., which acts as prime broker and often as a counterparty to the Funds. Such former Goldman, Sachs & Co. employees may still have an interest in, or other business dealings with, Goldman, Sachs & Co. Such continuing relationships with Goldman, Sachs & Co. may be deemed to create a conflict of interest for GCM with respect to its choosing or maintaining the Funds' relationships with Goldman, Sachs & Co.

Code of Ethics

GCM strives to foster and maintain a reputation for honesty, integrity and professionalism. In seeking to meet these standards, GCM has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

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	Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to GCM on a periodic basis. GCM discourages employees from engaging in personal securities transactions and requires that employees preclear all personal securities transactions (except for a limited number of exempt transactions (*e.g.*, shares issued by open-ended mutual funds, money market funds, U.S. Treasury bonds, commercial paper, etc.)) before effecting a personal transaction in securities. Investors may request a copy of the Code by contacting GCM at the address or telephone number listed on the first page of this document. GCM also maintains insider trading policies and procedures (the **"Insider Trading Policies"**) that are designed to prevent the misuse of material, non-public information. GCM's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.
Item 10	Restrictions Due to Insider Information GCM's Insider Trading Policies prohibit GCM and its personnel (to the extent prohibited by law) from trading for the Funds or themselves, or recommending trading, in securities of an issuer on the basis of material, non-public information ("Inside Information") about the issuer, from disclosing such information to any person not entitled to receive it, and from assisting anyone in transacting business on the basis of Inside Information through a third party. By reason of its various activities, GCM may become privy to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. GCM has designed and implemented policies and procedures designed to comply with the requirements of the federal securities laws relating to insider trading. Among other things, such policies and procedures seek to control and monitor the flow of Inside Information to and within GCM, as well as prevent trading on the basis of Inside Information. Companies about which GCM has Inside Information will be placed on GCM's restricted list. GCM's ability to trade public securities the issuers of which are placed on the restricted list is extremely limited. **Conditions for Managing Accounts** Investors in the Special Situation Funds and the High Yield Funds are generally required to make minimum initial investments of at least US$2,000,000 and investors in the Structured Products Funds are generally require to make minimum initial investments of at least US$25,000,000. Thereafter, additional investments may be accepted in US$250,000 increments with respect to the Special Situation Funds and the High Yield Funds. No additional investments will be accepted after the final closing for the Structured Products Funds. The minimum investments may be waived by the General Partner (in the case of the U.S. Funds) or by the board of directors (in the case of the Offshore Funds), provided that the Offshore Funds may not accept minimum initial investments of less than US$50,000. Investments in the Funds are not freely transferable and subject to limitations on their liquidity, including, without limitation, "lock up" or "commitment" periods, gates, limited liquidity dates and potentially periods in which withdrawals of capital/redemption of shares may be suspended. Such limitations must be considered significant. To review the specific liquidity terms of each Fund, investors should review the Funds' respective offering documents.
Item 11	**Review of Accounts**

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	GCM performs various reviews of the Funds' portfolios on an ongoing basis. Portfolio managers and the Chief Executive Officer are responsible for overseeing the reviews. Research analysts and other investment professionals also monitor existing holdings and research new ideas. Accounts are regularly reviewed in light of their established objectives and policies. The Funds' administrator also reviews the accounts regularly. Investors in Funds other than GCLO I, receive monthly reports and annual audited financial statements prepared by the Funds' independent auditor after completion of each year's audit (or as soon as reasonably practicable thereafter), as well as certain tax information for preparation of investors' tax returns. Monthly reports and certain other reports prepared by or on behalf of GCLO I in accordance with the indenture are available upon request to holders of securities issued by GCLO I.
Item 12	**Investment or Brokerage Discretion** As noted previously, GCM has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. GCM's authority in this regard is limited by its own internal policies and procedures and each Fund's investment guidelines and, in the case of GCLO I, in accordance with the indenture between GCLO I and the trustee. In selecting an appropriate broker-dealer to effect a client trade, GCM seeks to obtain best execution, taking relevant factors into consideration, including, but not limited to: price quotes; the size of the transaction; the nature of the market for the security; the timing of the transaction; difficulty of execution; the broker-dealer's expertise in the specific security or sector in which the client seeks to trade; the extent to which the broker-dealer makes a market in the security involved or has access to such markets; availability of accurate information regarding the market for the security; the broker-dealer's skill in positioning the securities involved; the broker-dealer's promptness of execution; the broker-dealer's financial stability; adequacy of the broker-dealer's trading infrastructure, technology and capital; the broker-dealer's reputation for diligence, fairness and integrity; quality of service rendered by the broker-dealer in other transactions for GCM; confidentiality considerations; the quality and usefulness of research services and investment ideas presented by the broker-dealer; the broker-dealer's ability and willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors affecting the services obtained. GCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. GCM maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals. Soft Dollar Usage From time to time, GCM may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. GCM will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to prevailing interpretations of Section 28(e) provided by the SEC. GCM believes it is important to its investment decision-making processes to have access to independent research. If GCM concludes that the commissions charged by a broker or the spreads applied by a dealer are reasonable in relation to the value of the brokerage and research products or services provided by such broker or dealer, the Funds may pay commissions or be subject to spreads to such broker-dealer in an amount greater than the amount another broker-dealer might charge or apply.

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Item of Form (identify)	Answer
	Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with securities analysts. In addition, such research services may be provided in the form of meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In many cases, research services and products provided by the broker-dealer are generated by third parties. Currently, Greywolf does not have, and does not anticipate having, any such third-party soft dollar arrangements.
	Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Fund may be used by GCM to service one or more other Funds. Nonetheless, GCM believes that such investment information provides the Funds with benefits by supplementing the research otherwise available to the Funds. On a periodic basis, GCM considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will GCM make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker is not excluded from receiving business because it has not been identified as providing research products or services. GCM may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the Funds, Other Accounts or affiliates of GCM are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. <u>Additional Brokerage Considerations</u> From time to time, GCM may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by GCM may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. GCM believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the Funds. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction. GCM has entered into agreements on behalf of its Funds with certain brokers-dealers that act as prime brokers and/or custodians on behalf of the Funds. The Funds are not committed to continue their relationship with such prime brokers and custodians for any minimum period, and GCM, in its discretion, may select other or additional brokers to act as prime broker(s) or custodian(s) for the Funds. Goldman Sachs & Co., 1 New York Plaza, 44th Floor, NY, NY 10004 serves as the primary prime broker to the Funds and custodies the Funds' assets. In addition, Citigroup Global Markets Inc., 390 Greenwich Street, 3rd Floor, NY, NY 10013, BMO Nesbitt Burns Inc. Prime Brokerage Services, 1 First Canadian Place, 36th Floor, Toronto, ON M5X 1H3 Canada, Banc of America Securities LLC, 9 West 57th Street, New York, NY 10019, Morgan Stanley & Co. Incorporated, 1221 Avenue of Americas, New York, New York 10020, and Lehman Brothers Inc., 745 Seventh Avenue, 19th Floor, New York, New York 10019 also serve as custodians to the Funds. From time to time, GCM's personnel may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Funds' prime brokers. Through such "capital introduction" events, prospective investors in the Funds have the opportunity to meet with GCM. Neither GCM nor the Funds

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	compensate the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction services) provided by a prime broker may influence GCM in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds.
	Trade Allocation and Aggregation Policies and Procedures It is the policy of GCM to allocate investment opportunities for the Funds fairly and equitably. To address trade allocations, GCM has adopted a written "Trade Allocation Policy and Procedure" setting forth general principles of allocation designed to result in the fair and equitable distribution of aggregated investment opportunities among investment advisory accounts. The Trade Allocation Policy and Procedure is summarized as follows. Before entering an aggregated order, a statement which specifies the Funds that will be participating in such order and how the order will be allocated among such Funds will be noted in the Firm's trade blotter. When the Funds that participate in an aggregated order have different investment programs, the allocation plan will take into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the Fund's objectives, whether such objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings; (b) the potential for the proposed investment to create an imbalance in the Fund's portfolio; (c) liquidity requirements of the Funds; (d) potentially adverse tax consequences (e.g. UBTI, ECI issues); (e) regulatory restrictions that would or could limit a Fund's ability to participate in a proposed investment; (f) the need to re-size risk in the Fund's portfolio; and (g) such other factors consider relevant by GCM. If the aggregated order is filled in its entirety, such order will be allocated among the relevant Funds in accordance with the Allocation Statement. From time to time, certain client accounts may receive priority allocations consistent with specified terms in their respective client account documents or in connection with launching one or more new products, such as CDO or CLO funds- which may be given allocation priority during their initial investment (or "ramp up") period. New products will receive this priority because they have significant amounts of investable cash on hand and limited time to close. The ramp up period typically will be determined in advance by agreement between GCM and the underwriter for the product. Such allocations will be subject to GCM's duty to act in good faith. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund will receive the average price with transaction costs allocated pro rata based on the size of each Fund's participation in the order (or allocation in the event of a partial fill) as determined by GCM. On occasion, GCM will not be able to purchase or sell all the securities ordered as part of an aggregated order in a single day. If the order is partially filled, it will generally be allocated pro rata in proportion to the size of the orders placed for each Fund based on the Allocation Statement. Notwithstanding the foregoing, if an order is partially filled, it may be allocated on a basis different from that specified in the Allocation Statement, provided that all Funds receive fair and equitable treatment. Reasons for allocating on a basis different from that specified in the Allocation Statement include, in addition to the reasons mentioned above, avoiding odd-lots or a de minimis allocation to one or more Funds. On occasion, transactions for the same instruments may be placed for different Funds at different times on the same day. Subject to GCM's discretion, such trades may not be aggregated and the order placed first will be given priority. Trade Errors GCM may on occasion experience errors with respect to trades executed on behalf of its clients. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, a security is sold when it should have been purchased or vice-versa, a security is sold or purchased contrary to regulatory restrictions or a Fund's investment guidelines or restrictions, the correct security is purchased or sold but for the wrong account, or the wrong quantity is purchased or sold (*e.g.*, 1,000 shares instead of 10,000 shares are traded). Trade errors may result in losses or gains. GCM will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. Any gains resulting from a trade error shall be for the benefit of the affected Fund(s). To the extent trade errors resulted from GCM's error in the course

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Greywolf Capital Management LP	SEC File Number: 801-65669	Date: March 12, 2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No: 54-2104223

Item of Form (identify)	Answer
	of the trading of the Funds' assets, GCM will be responsible for making the affected Fund whole with respect to such errors that result from GCM's gross negligence or reckless or intentional misconduct. Given the volume of transactions executed on behalf of the Funds, investors should assume that trading errors will occur and that the Fund will be responsible for any resulting losses, even if such losses result from GCM's negligence (but not gross negligence). To the extent an error is caused by a counterparty, such as a broker-dealer, GCM will not be responsible for such errors and will strive to recover losses associated with such error from the counterparty.
Miscellaneous	Proxy Voting Policies and Procedures The Securities and Exchange Commission adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, GCM has adopted proxy voting policies and procedures (the "Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Funds, as determined by GCM in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, GCM may refrain from voting proxies where GCM believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Funds. Finally, GCM has developed detailed procedures to address potential circumstances in which it may have a conflict between its own interests and those of the Funds. A copy of the Policies and information regarding any proxies actually voted by GCM may be obtained by contacting the Chief Compliance Officer, Greywolf Capital Management LP, 4 Manhattanville Road Suite 201, Purchase, New York 10577. Class Action Law Suits From time to time, GCM may receive notices regarding class action lawsuits involving securities that are or were held by the Funds. As a matter of policy, GCM refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claim where GCM believes that either the recovery amounts are likely to be negligible or GCM cannot be assured of confidential treatment of the data submitted in connection with the proof of claim. As a result, GCM, in most cases, does not participate in class action law suits.

Complete amended pages in full, circle amended items and file with execution page (page 1).

REGISTERED OFFICES OF THE ISSUERS

Timberwolf I, Ltd.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town
Grand Cayman, Cayman Islands

Timberwolf I (Delaware) Corp.
850 Library Avenue, Suite 204
Newark, Delaware 19711

TRUSTEE, PRINCIPAL NOTE PAYING AGENT, COLLATERAL ADMINISTRATOR, NOTE PAYING AGENT, NOTE TRANSFER AGENT, NOTE REGISTRAR AND INCOME NOTE REGISTRAR
The Bank of New York
101 Barclay Street, Floor 8E,
New York, New York, 10286, U.S.A.

FISCAL AGENT
The Bank of New York, London Branch
One Canada Square
London E14 5AL
United Kingdom

COLLATERAL MANAGER
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Purchase, New York 10577

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To the Collateral Manager

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787 Seventh Avenue
New York, New York 10019

To the Initial Purchaser

Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, New York 10103

To the Issuers
As to matters of United States Law

Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, New York 10103

To the Trustee, Principal Note Paying Agent, Collateral Administrator, Note Paying Agent, Note Transfer Agent, Note Registrar and Fiscal Agent
As to matters of United States Law

Dorsey & Whitney LLP
250 Park Avenue
New York, New York, 10177, U.S.A.

To the Issuer
As to matters of Cayman Islands Law

Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman, Cayman Islands

No dealer, salesperson or other person has been authorized to give any information or to represent anything not contained in this Offering Circular. You must not rely on any unauthorized information or representation. This Offering Circular is an offer to sell only the Securities offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Offering Circular is current only as of its date.

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OFFERING CIRCULAR

Goldman, Sachs & Co.

IMPORTANT NOTICE

Attached is an electronic copy of the Confidential Offering Circular (the "Offering Circular"), dated March 16, 2007, relating to the offering by Anderson Mezzanine Funding 2007-1, Ltd.(the "Issuer") and Anderson Mezzanine Funding 2007-1, Corp. (the "Co-Issuer" and, together with the Issuer, the "Issuers") of the Notes 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 the Offering Circular. This Offering Circular may be transmitted electronically, but each investor in the securities should receive a printed version thereof prior to purchase. If you do not receive a printed version of this Offering Circular, please contact your Initial Purchaser representative at the address provided herein.

Distribution of this electronic transmission of the Offering Circular to any person other than (a) the person receiving this electronic transmission from the Initial 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 the Offering Circular (each, an "Authorized Recipient") is unauthorized. Any photocopying, disclosure or alteration of the contents of the Offering Circular, and any forwarding of a copy of the Offering Circular or any portion thereof by electronic mail or any other means to any person other than an Authorized Recipient, is prohibited. By accepting delivery of this Offering Circular, each recipient hereof agrees to the foregoing.

CONFIDENTIAL

ANDERSON MEZZANINE FUNDING 2007-1, LTD.
ANDERSON MEZZANINE FUNDING 2007-1, CORP.
U.S.$2,490,000 Class S Floating Rate Notes Due 2013
U.S.$130,000,000 Class A-1a Floating Rate Notes Due 2042
U.S.$53,000,000 Class A-1b Floating Rate Notes Due 2042
U.S.$30,500,000 Class A-2 Floating Rate Notes Due 2042
U.S.$42,700,000 Class B Floating Rate Notes Due 2042
U.S.$16,775,000 Class C Deferrable Floating Rate Notes Due 2042
U.S.$11,090,000 Class D Deferrable Floating Rate Notes Due 2042
U.S.$20,935,000 Income Notes Due 2042

Secured primarily by (i) the Collateral and (ii) the Issuer's rights under the Credit Default Swap referencing a portfolio of Residential Mortgage-Backed Securities and CDO RMBS Securities

The Secured Notes (as defined herein) and the Income Notes (as defined herein) (collectively, the "Offered Notes") are being offered hereby by Goldman, Sachs & Co. 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, 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 Notes are being offered hereby in the United States only to persons that are also "qualified purchasers" for purposes of Section 3(c)(7) under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, the Offered Notes are being offered hereby by Goldman, Sachs & Co., selling through its agents, 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 Notes.

It is a condition of the issuance of the Notes that the Class S Notes, the Class A-1a Notes, the Class A-1b 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 and that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P. The Income Notes will not be rated by either Rating Agency. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See "Ratings of the Notes."

Application may be made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that any such application will be made or that any such listing will be obtained or maintained. No application will be made to list the Notes to any other exchange.

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

THE PLEDGED ASSETS ARE THE SOLE SOURCE OF PAYMENTS IN RESPECT OF THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE HOLDERS OF THE NOTES, THE LIQUIDATION AGENT, THE INITIAL PURCHASER, THE CREDIT PROTECTION BUYER, THE ADMINISTRATOR, THE AGENTS, THE TRUSTEE, THE SHARE TRUSTEE (EACH, AS DEFINED HEREIN) OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE NOTES 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 NOTES 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 NOTES 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, 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 THE INCOME NOTES (OTHER THAN THE REGULATIONS S INCOME NOTES) WILL BE REQUIRED TO EXECUTE AND DELIVER A LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS, AND PURCHASERS AND SUBSEQUENT TRANSFEREES OF THE CLASS S NOTES, THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES AND THE REGULATION S INCOME NOTES WILL BE DEEMED TO HAVE MADE SUCH REPRESENTATIONS AND AGREEMENTS, AS SET FORTH UNDER "NOTICE TO INVESTORS." THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "NOTICE TO INVESTORS."

The Offered Notes are being offered by Goldman, Sachs & Co. (in the case of the Notes offered outside the United States, selling through its selling agent) (the "Initial Purchaser"), subject to the Initial Purchaser's 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, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Regulation S Income Notes will be ready for delivery in book entry form only in New York, New York, on or about March 20, 2007 (the "Closing Date"), through the facilities of DTC and in the case of the Notes sold outside the United States, for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"), against payment therefor in immediately available funds. It is expected that the Income Notes (other than the Regulation S Income 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 and, solely in the case of the Income Notes, to Accredited Investors, 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.

Goldman, Sachs & Co.

Offering Circular dated March 16, 2007.

Anderson Mezzanine Funding 2007-1, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer"), and Anderson Mezzanine Funding 2007-1, Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers"), will issue U.S.$2,490,000 principal amount of Class S Floating Rate Notes Due 2013 (the "Class S Notes"), U.S.$130,000,000 principal amount of Class A-1a Floating Rate Notes Due 2042 (the "Class A-1a Notes"), U.S.$53,000,000 principal amount of Class A-1b Floating Rate Notes Due 2042 (the "Class A-1b Notes" and, together with the Class A-1a Notes, the "Class A-1 Notes"), U.S.$30,500,000 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.$42,700,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$16,775,000 principal amount of Class C Deferrable Floating Rate Notes Due 2042 (the "Class C Notes") and U.S.$11,090,000 principal amount of Class D Deferrable Floating Rate Notes Due 2042 (the "Class D Notes" and, together with the Class S Notes, Class A Notes, the Class B Notes and the Class C Notes, the "Co-Issued Notes" or the "Secured Notes") pursuant to an Indenture (the "Indenture") dated on or about March 20, 2007 among the Issuers and LaSalle Bank National Association, as trustee and securities intermediary (in such capacity, the "Trustee" and the "Securities Intermediary," respectively).

In addition, the Issuer will issue U.S.$20,935,000 principal amount of Income Notes Due 2042 (the "Income Notes" and, together with the Secured Notes, the "Notes") pursuant to a Fiscal Agency Agreement dated on or about March 20, 2007 (the "Fiscal Agency Agreement") between the Issuer and LaSalle Bank National Association, as fiscal agent (in such capacity, the "Fiscal Agent").

The net proceeds received from the offering of the Notes will be applied by the Issuer to purchase the initial Collateral Securities (as defined herein) and certain Eligible Investments (as defined herein) selected by the Credit Protection Buyer (as defined herein). The Collateral Securities and Eligible Investments (collectively, the "Collateral"), together with the Delivered Obligations (as defined herein), if any, delivered to the Issuer will secure the Issuer's obligations under a default swap transaction (the "Credit Default Swap") to be entered into on the Closing Date by the Issuer and Goldman Sachs International (in such capacity, the "Credit Protection Buyer") pursuant to which the Issuer (in such capacity, the "Credit Protection Seller") will sell credit protection to the Credit Protection Buyer with respect to a portfolio (the "Reference Portfolio") of Reference Obligations (as defined herein) consisting of Residential Mortgage-Backed Securities (as defined herein) and CDO RMBS Securities (as defined herein). Certain summary information about the Reference Portfolio is set forth in Appendix B to this Offering Circular. The Collateral Securities, the Eligible Investments, the Delivered Obligations, the Issuer's rights under the Liquidation Agency Agreement and certain other assets of the Issuer (collectively, the "Pledged Assets") will be pledged under the Indenture to the Trustee, for the benefit of the Secured Parties (as defined herein), as security for, among other obligations, the Issuers' obligations under the Secured 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 Notes, the Class B Notes, the Class C Notes and the Class D Notes in arrears on the 12th day of each calendar month, or if any such date is not a Business Day (as defined herein), the immediately following Business Day (each date, a "Monthly Payment Date") commencing July 12, 2007. The Class S Notes will bear interest at a per annum rate equal to LIBOR (as defined herein) *plus* 0.20% for each Interest Accrual Period (as defined herein). The Class A-1a Notes will bear interest at a per annum rate equal to LIBOR *plus* 0.32% for each Interest Accrual Period. The Class A-1b Notes will bear interest at a per annum rate equal to LIBOR *plus* 0.65% for each Interest Accrual Period. The Class A-2 Notes will bear interest at a per annum rate equal to LIBOR *plus* 0.90% for each Interest Accrual Period. The Class B Notes will bear interest at a per annum rate equal to LIBOR *plus* 1.75% for each Interest Accrual Period. The Class C Notes will bear interest at a per annum rate equal to LIBOR *plus* 5.50% for each Interest Accrual Period. The Class D Notes will bear interest at a per annum rate equal to LIBOR *plus* 4.00% for each Interest Accrual Period. Payments will be made on the Income Notes on the 12th day of each January, April, July and October of each year, or if any such day is not a Business Day, the immediately following Business Day (each such date, a "Quarterly Payment Date") commencing July 12, 2007, to the extent amounts are available therefor, as described herein. "Payment Date" means (i) with respect to each Class of Notes other than the Income Notes, each Monthly Payment Date, and (ii) with respect to the Income Notes, each Quarterly Payment Date.

All payments on the Notes will be made from Proceeds available in accordance with the Priority of Payments. On each Payment Date, except as otherwise provided in the Priority of Payments, payments on the Class

S Notes will be senior to payments on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes; payments on the Class A Notes will be made in accordance with the Priority of Payments either *pro rata* or sequentially and will be senior to payments on the Class B Notes, the Class C Notes, the Class D 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 and the Income Notes; and payments on the Class C Notes will be senior to payments on the Class D Notes and the Income Notes; and payments on the Class D Notes will be senior to payments on the Income Notes, in each case in accordance with the Priority of Payments as described herein. Certain of the Secured Notes (other than the Class S Notes) are subject to mandatory redemption and are subject to reduction, in whole or in part, if a Coverage Test is not satisfied on any date of determination which may result in variations to the order of distributions described above and as more fully described in the Priority of Payments.

The Notes are subject to redemption, in each case, in whole and not in part, (i) at any time as a result of a Tax Redemption (as defined herein), (ii) on an Auction Payment Date (as defined herein) as a result of a successful Auction (as defined herein) or (iii) as a result of an Optional Redemption (as defined herein) on or after the July 2010 Payment Date. The stated maturity of the Notes (other than the Class S Notes) is the Payment Date in July 2042. The actual final distribution on the Notes (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 July 2013. See "Risk Factors—Notes—Average Lives, Duration and Prepayment Considerations."

The Notes (other than the Income 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 Income Notes sold in reliance on Rule 144A under the Securities Act and, in the case of the Income Notes only, to Accredited Investors who have a net worth of not less than U.S. $10 million, will be evidenced by one or more Definitive Notes in fully registered form.

The Notes that are being offered hereby in reliance on the exemption from registration under Regulation S (collectively, the "Regulation S Notes"; and in the case of the Income Notes, the "Regulation S Income Notes") have not been and will not be registered under the Securities Act and neither of the Issuers will be registered under the Investment Company Act. The Regulation S Notes may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S) unless the purchaser certifies or is deemed to have certified that it is a qualified institutional buyer as defined in Rule 144A (a "Qualified Institutional Buyer") and a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act (a "Qualified Purchaser"), and takes delivery in the form of an interest in a Rule 144A Global Note or a definitive Income Note, in an amount equal to at least U.S.$250,000. See "Description of the Notes" and "Underwriting."

This Offering Circular (the "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 Notes described herein. The information contained in this Offering Circular has been provided by the Issuers and other sources identified herein. No representation or warranty, express or implied, is made by the Initial Purchaser, the Liquidation Agent, the Credit Protection Buyer, the Trustee, the Note Agents, the Fiscal Agent, or the Income Note Transfer Agent (the Note Agents, the Fiscal Agent and the Income Note Transfer 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 Liquidation Agent, the Credit Protection Buyer 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 Notes is prohibited. Each offeree of the Offered Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

THE NOTES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY.

FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this Offering Circular and the offering and sale of the Offered Notes 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 Notes, see "Underwriting." This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Offered Notes 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 Notes.

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 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 and, as applicable, 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 ANYTHING TO THE CONTRARY CONTAINED HEREIN, A PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF A PROSPECTIVE INVESTOR) 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 THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE (AS SUCH TERMS ARE DEFINED IN TREASURY REGULATION SECTION 1.6011-4). THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF DISCUSSIONS WITH PROSPECTIVE INVESTORS REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

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.

Each purchaser who has purchased Class S Notes, Class A Notes, Class B Notes, Class C Notes, Class D Notes and Regulation S Income Notes, will be deemed to have represented and agreed, and each purchaser of Income Notes (other than the Regulation S Income Notes) will be required to represent and agree, in each case with respect to such Notes, 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 Secured 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 Secured 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 (other than the Regulation S Income Notes), the purchaser of such Income Notes (i) is a Qualified Institutional Buyer, (ii) is aware that the sale of the Income Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Income 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 a principal amount of not less than $250,000 for the purchaser and for each such account and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees; or, if the purchaser is not a Qualified Institutional Buyer, such purchaser (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 for its own account, (x) is not acquiring the Income Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below, (y) is purchasing a principal amount of not less than $250,000 (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 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, 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, to an Accredited Investor who has a net worth of not less than U.S.$10 million, and, in each case, who shall have satisfied, and in the case of Income Notes (other than the Regulation S Income Notes) shall have represented, warranted, covenanted and agreed, or, in all other cases, shall be deemed to have satisfied, and shall be deemed to have represented, warranted, covenanted and agreed that it will continue to comply with, all requirements for transfer of the Notes specified in this Offering Circular, in the case of the Secured Notes, the Indenture, and, in the case of the Income Notes, 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 (other than a Regulation S Income Note) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Issuer, and, in the case of an Income Note, the Income Notes Transfer Agent, with a letter substantially in the form attached to this Offering Circular as Annex A-1 (the "Income Note Purchase and Transfer Letter"). The purchaser understands and agrees that any purported transfer of Notes 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 and Regulation S Income Notes, be null and void *ab*

initio, and, in the case of the Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Income Notes Transfer Agent. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Notes that is a U.S. Person and is not a Qualified Institutional Buyer or, in the case of the Income Notes, not an Accredited Investor, to sell its interest in such Notes, or the Issuers may sell such Notes on behalf of such owner.

3. The purchaser of such Notes also understands that neither of the Issuers has been registered under the Investment Company Act. In the case of the Rule 144A Notes and the Income Notes (other than the Regulation S Income Notes) described in paragraph (1) above, the purchaser and each account for which the purchaser is acquiring such Notes 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 and, in the case of Income Notes sold to Accredited Investors, 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, in each case for the purchaser and for each such account. The purchaser (or if the purchaser is acquiring Notes for any account, each such account) is acquiring the 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 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 with respect to itself and each such account: (i) that it shall not hold such Notes 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 Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes. The purchaser understands and agrees that any purported transfer of Notes to a purchaser that does not comply with the requirements of this paragraph (3) will, in the case of the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Regulation S Income Notes, be null and void *ab initio*, and, in the case of the Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Income Notes Transfer Agent. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Notes that is a U.S. Person and is not a Qualified Purchaser to sell its interest in such Notes, or the Issuers may sell such Notes 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 "employee benefit plan" as defined in and subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), a plan as defined in and subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), any entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or other plan's investment in the entity, or another employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to the provisions of Section 406 of ERISA, or Section 4975 of the Code ("Similar Law") or (ii) the purchaser's purchase and holding of a Note does 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 such another plan, any Similar Law) 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 the Income Notes (other than the Regulation S Income 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 Income Notes Transfer Agent, as applicable, (i) whether or not it is (A) an "employee benefit plan" as defined in and subject to Title I of ERISA, (B) a "plan" as 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 an employee benefit or other 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 (or other employee benefit plan subject to Similar Law), then (x) the purchase and holding of the Income Notes 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 another employee benefit plan subject to Similar Law, any Similar Law) for which an exemption is not

available or (y) solely in the case of Benefit Plan Investors, the purchase and holding of Income Notes is exempt under an identified Prohibited Transaction Class Exemption or individual exemption, based on the assumption that less than 25% of the Outstanding Income 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 (a "Controlling Person"). If a purchaser is an insurance company acting on behalf of its general account or another entity deemed to be holding plan assets, it may be required to so indicate, and to identify a maximum percentage of the assets in such general account or entity that may be or become plan assets, in which case the purchaser 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) may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Income Notes Transfer Agent with an Income 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 Note Transfer Agent or the Income Notes Transfer Agent, 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 total value of the Outstanding Income Notes immediately after such purchase or transfer (determined in accordance with the Indenture or Fiscal Agency Agreement, as applicable). The foregoing procedures are intended to enable the Income Notes (other than the Regulation S Income 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 will be required to be restricted in order to comply with the aforementioned 25% limitation. See "ERISA Considerations."

(c) With respect to the Regulation S Income Notes, each purchaser will be deemed, by its purchase, to have represented and warranted that it is not a Benefit Plan Investor or a Controlling Person. Each purchaser also will be deemed, by its purchase, to have represented and warranted that if it is an employee benefit plan subject to Similar Law, then its purchase and holding of Income Notes do not and will not constitute or result in a violation of any Similar Law 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(c) shall be null and void *ab initio*.

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

6. In connection with the purchase of the Notes: (i) none of the Issuers, the Initial Purchaser, the Liquidation Agent, the Trustee, the Agents, the 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 Liquidation Agent, the Trustee, the Agents, the Administrator or the Share Trustee other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, the Liquidation Agent, the Trustee, the Agents, the Credit Protection Buyer, the 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 Notes; (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 Liquidation Agent, the Trustee, the Agents, the Credit Protection Buyer, the 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 Notes 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, Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will bear a legend to the following effect:

> THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) 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 $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 $250,000 OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN $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 $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 HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT EITHER (I) THE HOLDER IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN AS DEFINED IN AND SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")), A PLAN DEFINED IN AND 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 EMPLOYEE BENEFIT PLAN'S OR OTHER PLAN'S INVESTMENT IN THE ENTITY, OR ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) THE HOLDER'S PURCHASE AND HOLDING OF A 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 SUCH ANOTHER PLAN, ANY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE. ANY PURPORTED TRANSFER OF A NOTE TO A HOLDER THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL BE NULL AND VOID *AB INITIO*.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE 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. 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 Secured Notes will be treated as indebtedness of the Issuer and the Income Notes will be treated as equity in the Issuer; the purchaser agrees to such treatment and agrees to take no action inconsistent with such treatment.

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

10. Pursuant to the terms of the Fiscal Agency Agreement, unless otherwise determined by the Issuer in accordance with the Fiscal Agency Agreement, the Income Notes sold to non-U.S. Persons in offshore transactions (the "Regulation S Income Notes") will bear a legend to the following effect:

THE INCOME NOTES ARE THE SUBJECT OF, AND ARE ISSUED SUBJECT TO THE TERMS AND CONDITIONS OF, THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 20, 2007 (THE "FISCAL AGENCY AGREEMENT") BY AND BETWEEN THE ISSUER OF THE INCOME

NOTES AND LASALLE BANK NATIONAL ASSOCIATION, AS FISCAL AGENT. COPIES OF THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 THE CASE OF CLAUSE (1) AND (2) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $250,000 OR IN THE CASE OF CLAUSE (3) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $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, IN EACH CASE 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 INCOME NOTES TRANSFER AGENT. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL (1) BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME 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 AND (2) RECEIVE ONE OR MORE DEFINITIVE INCOME NOTES.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(3) OF THE SECOND PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S).

WITH RESPECT TO THE INCOME NOTES PURCHASED OR TRANSFERRED AFTER THE CLOSING DATE, THE PURCHASER OR TRANSFEREE IS DEEMED TO REPRESENT AND WARRANT), THAT (i) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) A "PLAN" AS DESCRIBED IN 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 AN EMPLOYEE BENEFIT PLAN'S OR OTHER 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) IT IS NOT A PERSON 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 THE PURCHASER OR TRANSFEREE IS AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), SUCH PURCHASER OR TRANSFEREE ALSO IS DEEMED TO REPRESENT AND WARRANT THAT ITS PURCHASE AND HOLDING OF THE INCOME NOTES WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE. ANY PURPORTED TRANSFER OF AN INCOME NOTE THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL BE NULL AND VOID *AB INITIO*.

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 SECURED NOTES OF THE ISSUER OR CO-ISSUER, AS APPLICABLE, AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

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 (other than the Regulation S Income Notes) will bear a legend to the following effect:

THE INCOME NOTES ARE THE SUBJECT OF, AND ARE ISSUED SUBJECT TO THE TERMS AND CONDITIONS OF, THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 20, 2007 (THE "FISCAL AGENCY AGREEMENT") BY AND BETWEEN THE ISSUER OF THE INCOME NOTES AND LASALLE BANK NATIONAL ASSOCIATION, AS FISCAL AGENT. COPIES OF THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 THE CASE OF CLAUSE (1) AND (2) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $250,000 OR IN THE CASE OF CLAUSE (3) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $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 EACH CASE, 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 INCOME NOTES TRANSFER AGENT. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL (1) BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE INCOME NOTES TRANSFER AGENT AN INCOME 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 AND (2) RECEIVE ONE OR MORE DEFINITIVE INCOME NOTES.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(3) OF THE SECOND PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO DELIVER TO THE ISSUER AND THE INCOME NOTES TRANSFER AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S).

WITH RESPECT TO THE INCOME NOTES PURCHASED OR TRANSFERRED ON OR AFTER THE CLOSING DATE, 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 AND SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("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 AN EMPLOYEE BENEFIT PLAN OR OTHER 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 (OR ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW")), THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES 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 ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, ANY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS A 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 OR OTHER ENTITY DEEMED TO BE HOLDING PLAN ASSETS, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN SUCH GENERAL ACCOUNT OR ENTITY THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE THE PURCHASER OR TRANSFEREE 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 MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE INCOME NOTES TRANSFER AGENT WITH AN INCOME NOTE 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. THE TRUSTEE OR INCOME NOTES TRANSFER AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE TOTAL VALUE OF THE OUTSTANDING INCOME NOTES (OTHER THAN THE INCOME NOTES OWNED BY THE LIQUIDATION AGENT, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH THE PLAN ASSET REGULATION (AS DEFINED HEREIN) AND 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 SECURED NOTES OF THE ISSUER OR CO-ISSUER, AS APPLICABLE, AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

12. The purchaser is not purchasing the Notes 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).

13. The purchaser agrees, in the case of the Secured Notes, to treat the Notes as debt for United States federal, state and local income taxes and, in the case of the Income Notes, to treat such Income Notes as equity for United States federal, state and local income tax purposes.

14. The purchaser acknowledges that due to money laundering requirements operating in the Cayman Islands, the Issuer and the Note Transfer Agent or the Income Notes Transfer Agent, as applicable, may require further identification of the purchaser before the purchase application can proceed. The Issuer and the Note Transfer Agent or the Income Notes 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.

The Notes that are being offered hereby in reliance on the exemption from registration under Regulation S (such Notes, respectively, the "Regulation S Co-Issued Notes"; the "Regulation S Income Notes"; and, collectively, the "Regulation S Notes") have not been and will not be registered under the Securities Act and neither of the Issuers will be registered under the Investment Company Act. The Regulation S Notes may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S) unless the purchaser certifies or is deemed to have certified that it is a qualified institutional buyer as defined in Rule 144A (a "Qualified Institutional Buyer") and a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act (a "Qualified Purchaser") or, solely in the case of the Income 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 $10 million and a Qualified Purchaser, and takes delivery in the form of (i) an interest in a Rule 144A Global Note in an amount at least equal to the minimum denomination applicable to the Rule 144A Notes or (ii) an Income Note in a principal amount at least equal to $250,000. See "Description of the Notes" and "Underwriting."

The requirements set forth under "Notice to Investors" above apply only to Notes offered in the United States, except for the requirements set forth in Paragraphs (4), (5), (6), (8), (9), (12) and (13) and except that the Regulation S Notes will bear the legends set forth in Paragraphs (7) and (10) under "Notice to Investors" above.

THE ISSUERS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OTHER THAN INFORMATION PROVIDED IN THE SECTIONS ENTITLED "THE LIQUIDATION AGENCY AGREEMENT—THE LIQUIDATION AGENT". TO THE BEST OF THE KNOWLEDGE AND THE BELIEF OF THE ISSUERS, THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OTHER THAN INFORMATION PROVIDED IN THE SECTION ENTITLED "THE LIQUIDATION AGENCY AGREEMENT—THE LIQUIDATION AGENT", IS ACCURATE IN ALL MATERIAL RESPECTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE LIQUIDATION AGENT ACCEPTS RESPONSIBILITY FOR THE INFORMATION PROVIDED IN "THE LIQUIDATION AGENCY AGREEMENT—THE LIQUIDATION AGENT" SECTION. TO THE BEST OF THE KNOWLEDGE AND THE BELIEF OF THE LIQUIDATION AGENT, THE INFORMATION CONTAINED IN THE SECTION ENTITLED "THE LIQUIDATION AGENCY AGREEMENT—THE LIQUIDATION AGENT" IS ACCURATE IN ALL MATERIAL RESPECTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUERS, THE INITIAL PURCHASER, THE LIQUIDATION AGENT, THE CREDIT PROTECTION BUYER 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 Notes, 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 Note and to a prospective investor who is a Qualified Institutional Buyer designated by such Holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) if, at the time of the request neither the Issuer nor the Co-Issuer, 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 Issuer or the Trustee delivers any annual or other periodic report to the Holders of the Secured Notes, the Issuer or 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, 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 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 Purchase and Transfer Letter applicable to a Holder who is a U.S. Person; (2) the Income 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 to a person designated by the Issuer or sell such Income 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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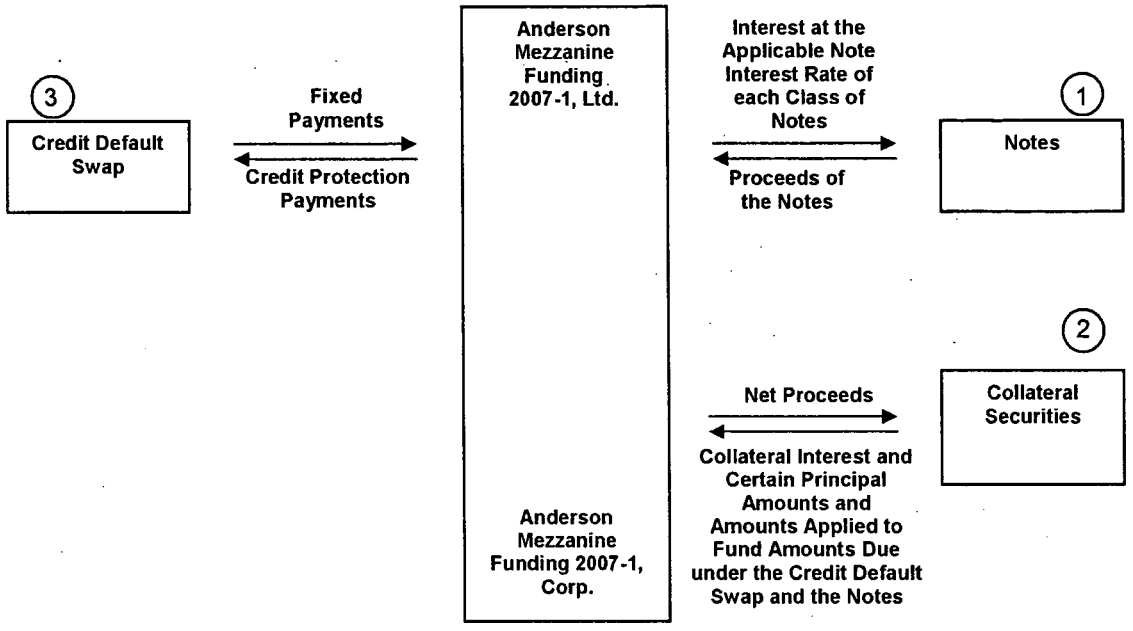
TRANSACTION OVERVIEW

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



(1) On the Closing Date, the Notes will be issued in the Aggregate Outstanding Amount set forth in the "Summary—The Notes".

(2) The Issuer will use the net proceeds of the offering of the Notes to purchase the initial Collateral Securities and Eligible Investments selected by the Credit Protection Buyer.

(3) On the Closing Date, the Issuer and Goldman Sachs International, as the Credit Protection Buyer, will enter into the Credit Default Swap whereby the Issuer (a) sells credit protection to the Credit Protection Buyer with respect to a Reference Portfolio of RMBS Securities and CDO RMBS Securities and (b) receives from the Credit Protection Buyer (i) a Fixed Payment on each Payment Date and (ii) certain Additional Fixed Payments. The Issuer will pay to the Credit Protection Buyer (i) certain Additional Floating Amounts and (ii) following the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement, an amount equal to the Physical Settlement Amount. For a description of all payments to be made under the Credit Default Swap, see "The Credit Default Swap—Credit Protection Buyer Payments" and "—Credit Protection Seller Payments".

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 Defined Terms" 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 Notes, see "Risk Factors."

The Notes

The Issuers..... Anderson Mezzanine Funding 2007-1, Ltd. (the "Issuer") is an exempted company incorporated under the laws of the Cayman Islands for the sole purpose of (i) entering into and performing its obligations under, the Credit Default Swap, (ii) acquiring the Collateral Securities and the Eligible Investments, (iii) entering into and performing its obligations under the Liquidation Agency Agreement, (iv) co-issuing the Co-Issued Notes, (v) issuing Income Notes and (vi) engaging in certain related transactions.

The Issuer will not have any assets other than (i) the Collateral Securities and the Eligible Investments (collectively, the "Collateral"), (ii) the Delivered Obligations, if any, and any principal payments received thereon, if any, delivered to the Issuer, (iii) the Issuer's rights under the Credit Default Swap and the Liquidation Agency Agreement and (iv) certain other assets that will be pledged by the Issuer to the Trustee under the Indenture (the "Pledged Assets"), for the benefit of the Secured Parties, as security for, among other obligations, the Issuers' obligations under the Secured Notes.

Anderson Mezzanine Funding 2007-1, 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 Secured 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 Secured Notes. The Co-Issuer will have no claim against the Issuer in respect of the Pledged Assets or otherwise.

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

The Notes								
Class Designation	S	A-1a	A-1b	A-2	B	C	D	Income Notes
Original Principal Amount	$2,490,000	$130,000,000	$53,000,000	$30,500,000	$42,700,000	$16,775,000	$11,090,000	$20,935,000
Stated Maturity	July 12, 2013	July 12, 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)	$250,000 ($1)
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)
Accredited Investors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$250,000 ($1)
Applicable Investment Company Act of 1940 Exemption	3(c)(7)							
Initial Ratings:								
Moody's	Aaa	Aaa	Aaa	Aaa	Aa2	A2	Baa2	N/A
S&P	AAA	AAA	AAA	AAA	AA	A	BBB	N/A
Deferred Interest	No	No	No	No	No	Yes	Yes	N/A
Pricing Date	March 12, 2007							
Closing Date	March 20, 2007							
Interest Rate	1 Month LIBOR + 0.20%	1 Month LIBOR + 0.32%	1 Month LIBOR + 0.65%	1 Month LIBOR + 0.90%	1 Month LIBOR + 1.75%	1 Month LIBOR + 5.50%	1 Month LIBOR + 4.00%	N/A
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating	N/A
Interest Accrual Period[1]	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	N/A
Dates of Payment	(i) the 12th day of each month (or if such day is not a Business Day, the next succeeding Business Day) beginning in July 2007 and at Stated Maturity (each, a "Scheduled Payment Date") and (ii) any Redemption Date							(i) the 12th day of each of January, April, July and October (or if such day is not a Business Day, the next succeeding Business Day) beginning in July 2007 and at Stated Maturity (each, a "Scheduled Payment Date") and any Redemption Date
First Payment Date	July 12, 2007	July 12, 2007	July 12, 2007	July 12, 2007	July 12, 2007	July 12, 2007	July 12, 2007	July 12, 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	Monthly	Quarterly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	N/A
Form of Notes:								
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Reg S only)
Certificated	No	No	No	No	No	No	No	Yes (other than Reg S)
CUSIPS Rule 144A	034050AA2	034050AB0	034050AC8	034050AD6	034050AE4	034050AF1	034050AG9	03404PAA8
CUSIPS Reg S	G03652AA5	G03652AB3	G03652AC1	G03652AD9	G03652AE7	G03652AF4	G03652AG2	G03651AA7
ISIN Reg S	USG03652AA54	USG03652AB38	USG03652AC11	USG03652AD93	USG03652AE76	USG03652AF42	USG03652AG25	USG03651AA71
CUSIPS REG D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	03404PAB6
Clearing Method:								
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	DTC	Physical
Reg S	EuroClear	EuroClear	EuroClear	EuroClear	EuroClear	EuroClear	EuroClear	Euroclear

[1] **"Floating Period"** means, with respect to the Secured 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.

The Indenture.....	On the Closing Date, the Issuer and the Co-Issuer will co-issue U.S.$2,490,000 principal amount of Class S Floating Rate Notes Due 2013 (the "Class S Notes"), U.S.$130,000,000 principal amount of Class A-1a Floating Rate Notes Due 2042 (the "Class A-1a Notes"), U.S.$53,000,000 principal amount of Class A-1b Floating Rate Notes Due 2042 (the "Class A-1b Notes" and, together with the Class A-1a Notes, the "Class A-1 Notes"), U.S.$30,500,000 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.$42,700,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$16,775,000 principal amount of Class C Deferrable Floating Rate Notes Due 2042 (the "Class C Notes") and U.S.$11,090,000 principal amount of Class D Deferrable Floating Rate Notes Due 2042 (the "Class D Notes" and, together with the Class S Notes, Class A Notes, the Class B Notes and the Class C Notes, the "Co-Issued Notes" or the "Secured Notes") pursuant to an Indenture (the "Indenture") dated on or about March 20, 2007, among the Issuers and LaSalle Bank National Association, as trustee and as securities intermediary (in such capacity, the "Trustee" and the "Securities Intermediary", respectively). Under the Indenture, LaSalle Bank 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 Irish Paying Agent (if any), the "Note Agents").
The Fiscal Agency Agreement.....	On the Closing Date, the Issuer will also issue U.S.$20,935,000 principal amount of Income Notes Due 2042 (the "Income Notes" and, together with the Secured Notes, the "Notes") pursuant to a Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated on or about the Closing Date between the Issuer and LaSalle Bank National Association, as fiscal agent (in such capacity, the "Fiscal Agent"). The Fiscal Agent will initially be appointed as the Income Notes transfer agent (in such capacity, the "Income Notes Transfer Agent" and, together with the Fiscal Agent and the Note Agents, the "Agents") under the Fiscal Agency Agreement. The Note Paying Agent, the Principal Note Paying Agent and any other 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 Paying Agent are collectively referred to as the "Paying Agents." The Note Transfer Agent and the Income Notes Transfer Agent are collectively referred to as the "Transfer Agents." The Indenture, the Credit Default Swap, the Liquidation Agency Agreement, the Collateral Administration Agreement, the Administration Agreement and the Fiscal Agency Agreement are collectively referred to as the "Transaction Documents." Only the Secured Notes and the Income Notes (collectively, the "Offered Notes") are offered hereby.
Status of the Notes.....	The Co-Issued Notes will be limited recourse obligations of the Issuers. The Income Notes will be limited recourse obligations of the Issuer, will not be secured obligations of the Issuer and will only be entitled to receive amounts available for payment on any Quarterly Payment Date after payment of all amounts payable prior thereto under the Priority of Payments and only out of funds legally available therefor. Interest on the Class A-1a Notes, Class A-1b Notes and Class A-2 Notes will be paid *pro rata*. Principal on the Class A-1a Notes and Class A-1b Notes will be paid

	either *pro rata* or first to the Class A-1a Notes and second to the Class A-1b Notes and depending on the circumstances as more fully described in the Priority of Payments. Principal on the Class A Notes will be paid either *pro rata* or first to the Class A-1 Notes and second to the Class A-2 Notes depending on the circumstances as more fully described in the Priority of Payments. The Class S Notes will be senior in right of payment on each Payment Date to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes; the Class A Notes will be paid in accordance with the Priority of Payments either *pro rata* or sequentially and the Class A Notes will be senior in right of payment on each Payment Date to the Class B Notes, the Class C Notes the Class D 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, the Class D 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 the Income Notes; and the Class D Notes will be senior in right of payment on each Payment Date to the Income Notes, each to the extent provided in the Priority of Payments. Payments on the Income Notes will be paid on each Quarterly Payment Date solely from and to the extent of the available proceeds from distributions on the Pledged Assets after payment of all of the liabilities of the Issuer that rank ahead of the Income Notes pursuant to the Indenture or applicable law. See "Description of the Notes—Status and Security" and "—Priority of Payments."
Security for the Secured 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 Holders of the Secured Notes, the Fiscal Agent, the Liquidation Agent and the Credit Protection Buyer (together the "Secured Parties"), to secure the Issuer's obligations under the Secured Notes, the Indenture, the Liquidation Agency Agreement and the Credit Default Swap (the "Secured Obligations"), a first priority security interest in the Pledged Assets. The Income Notes will not be secured.
Use of Proceeds.....	The net proceeds associated with the offering of the Notes issued on the Closing Date, after the payment of applicable fees and expenses and deposit into the Expense Reserve Account, are expected to equal approximately U.S.$306,545,000. The net proceeds will be used by the Issuer to purchase on the Closing Date the Collateral Securities and Eligible Investments having an aggregate Principal Balance on the Closing Date of approximately U.S.$305,000,000. See "The Collateral Securities" and "Use of Proceeds."
Interest and Other Payments on the Notes.....	The Secured Notes will accrue interest from the Closing Date and such interest will be payable, on the 12th day of each calendar month, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Monthly Payment Date") commencing on July 12, 2007. Payments on the Income Notes will be payable in arrears on January, April, July and October 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 July 12, 2007, out of Excess Amounts (as defined below). "Payment Date" means (i) with respect to each Class of Notes other than the Income Notes, each Monthly Payment Date, and (ii) with respect to the Income Notes, each Quarterly Payment Date. All payments on the Notes will be made from Proceeds in accordance with the Priority of Payments.

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.

See "Description of the Notes—Interest on the Secured Notes" and "—Priority of Payments."

The Income Notes will not bear interest based upon any fixed or floating rate. The Fiscal Agent will make payments to the Holders of the Income Notes out of the Proceeds, if any, available pursuant to clause (xviii) on each Quarterly Payment Date (or pursuant to clause (viii) in the case of the Final Payment Date) under "Description of the Notes—Priority of Payments." Such payments will be made on the Income Notes only after all interest and other payments due on the Secured Notes have been made and all expenses of the Issuers have been paid (with such remaining Proceeds referred to as "Excess Amounts"). See "Risk Factors—Notes—Subordination of the Income Notes; Unsecured Obligations."

Principal Payments ..... The Notes (other than the Class S Notes) will mature on the Payment Date in July 2042 (each such date the "Stated Maturity" with respect to such Notes), and the Class S Notes will mature on the Payment Date in July 2013 (the "Stated Maturity" with respect to the Class S Notes), unless redeemed or retired prior thereto. The average life of the Secured Notes (other than the Class S Notes) is expected to be substantially shorter than the number of years from issuance until Stated Maturity for each Class of Notes. See "Description of the Notes—Principal" and "Risk Factors—Notes—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 August 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 or an Optional Redemption or Auction has occurred and the Pledged 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 (pursuant to clause (xi) of the Priority of Payments) on the Secured Notes in accordance with the Priority of Payments on each Payment Date commencing on the Payment Date occurring in July 2007 as described in the Priority of Payments.

As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Status of the Notes" above, the Class A Notes may be entitled to receive certain payments of principal while the Class S 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 and 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. In addition, the Income Notes may be entitled to receive certain payments on each Quarterly Payment Date while the Secured Notes are outstanding. See "Description of the Notes—Priority of Payments." In addition, to the extent funds are available therefor in accordance with the Priority of Payments, certain of the Secured Notes (other than the Class S Notes) will be subject to mandatory redemption on any Payment Date if the Coverage Tests are not satisfied as described herein. See "Description of the Notes—Principal", "—Mandatory Redemption" and "—Priority of Payments."
Tax Redemption	Subject to certain conditions described herein, the Secured Notes will be redeemed from Liquidation Proceeds, in whole but not in part, on the 90th day (which 90-day period may be extended an additional 90 days, as described under "Description of the Notes—Tax Redemption") following the Issuers becoming aware of 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 Income Notes or Holders of at least a Majority of any Class of Secured 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 will be simultaneously redeemed. No such Tax Redemption will occur unless all amounts payable to the Credit Protection Buyer or any assignee of the Credit Protection Buyer (including all Credit Default Swap Termination Payments) will have been paid in full, in each case, on the related redemption date. With respect to a Tax Redemption as described above, the Secured Notes will be redeemed at their Secured Note Redemption Prices, respectively, as described herein. The amount distributable as the final payment on the Income Notes following any Tax Redemption will equal the amount of the Liquidation Proceeds remaining after the redemption of the Secured Notes in full together with the payment of all other amounts required to be paid in accordance with the Priority of Payments. See "Description of the Notes—Tax Redemption."
Auction	Sixty (60) days prior to the Payment Date occurring in July of each year (the "Auction Date"), commencing on the July 2015 Payment Date, the Liquidation Agent, on behalf of the Issuer, shall take steps to conduct an auction (the "Auction") of the Credit Default Swap, the Eligible Investments (other than cash), the Delivered Obligations, if any, and the Collateral Securities in accordance with the procedures specified in the Indenture. If the Liquidation Agent receives one or more bids from Eligible Bidders not later than ten (10) Business Days prior to the Auction Date, which, when added to the cash on deposit in the Collateral Account, equal to or exceed the Minimum Bid Amount, it will sell, assign, terminate

	or otherwise dispose of the Credit Default Swap, the Eligible Investments (other than cash), the Delivered Obligations, if any, and the Collateral Securities on or before the fifth Business Day prior to such Auction Date. The Secured 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 will also be redeemed in full. If the highest single bid on the entire portfolio, or the aggregate amount of multiple bids with respect to individual Collateral Securities, Eligible Investments (other than cash) and Delivered Obligations when added with the other Liquidation Proceeds and cash on deposit in the Collateral Account, does not equal or exceed the Minimum Bid Amount or if there is a failure at settlement, the Credit Default Swap will not be terminated or assigned, the Eligible Investments (other than cash), Collateral Securities and the Delivered Obligations, if any, will not be sold and no redemption of Notes on the related Auction Date will occur.
Optional Redemption.....	The Secured 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 July 2010 (the "Optional Redemption Date"), at the written direction of, or with the written consent of the Holders of a Majority of the Income Notes (an "Optional Redemption"). If the Holders of the Income Notes so elect to cause an Optional Redemption of the Secured Notes, the Income Notes will also be redeemed. In the event of an Optional Redemption, the Secured Notes will be redeemed at their Secured Note Redemption Prices as described herein. No Secured Notes shall be redeemed pursuant to an Optional Redemption and a final payment to the Income Notes shall not be made unless the Aggregate Reference Obligation Notional Amount of the Credit Default Swap will be reduced to zero and the Liquidation Agent furnishes certain assurances that the Total Redemption Amount will be available for payment on the related Optional Redemption Date. In the event of any redemption of the Secured Notes, the Fiscal Agent will receive for payment to the Holders of the Income Notes the remaining balance, if any, of funds in the Payment Account (net of all expenses of the Issuers after payment of the Secured Note Redemption Prices of the Secured Notes and the payment of all other amounts payable prior to payments to the Fiscal Agent) for payment to the Holders of the Income Notes pursuant to the Priority of Payments (the "Income Note Redemption Price"). See "Description of the Notes—Optional Redemption."
Mandatory Redemption.....	On any Payment Date on which any Overcollateralization Test is not satisfied as of the preceding Determination Date certain of the Secured Notes (other than the Class S Notes) will be subject to mandatory redemption in accordance with the Priority of Payments, until the applicable Secured Notes have been paid in full (a "Mandatory Redemption"). 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 Notes—Principal", "—Mandatory Redemption" and "—Priority of Payments."

Coverage Tests..... The following table identifies the Coverage Tests and the value at which such tests will be satisfied. See "Description of The Notes—Mandatory Redemption".

Coverage Test	Ratio at Which Test is Satisfied
Class A/B Overcollateralization Test	equal to or greater than 116.0%
Class C Overcollateralization Test	equal to or greater than 109.9%
Class D Overcollateralization Test	equal to or greater than 105.9%

On the Closing Date, the Class A/B Overcollateralization Ratio is expected to be 119.0%, the Class C Overcollateralization Ratio is expected to be 111.7% and the Class D Overcollateralization Ratio is expected to be 107.4%.

The Credit Default Swap

Documentation ..... The Credit Default Swap will be structured as a "pay-as-you-go" credit default swap and will be documented pursuant to a 1992 ISDA Master Agreement (Multicurrency-Cross Border), including the Schedule thereto (the "Master Agreement"), along with two confirmations (each a "Master Confirmation") between the Issuer, as Credit Protection Seller, and Goldman Sachs International ("GSI"), as the Credit Protection Buyer, evidencing a transaction with respect to each Reference Obligation in the Reference Portfolio thereunder (each such transaction, a "CDS Transaction").

Reference Obligation Notional Amount..... Each CDS Transaction is expected to have a specified notional amount (the "Reference Obligation 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 CDS Transaction. The "Aggregate Reference Obligation Notional Amount" is the sum of the aggregate Reference Obligation Notional Amounts of all CDS Transactions comprising the Reference Portfolio. On the Closing Date, the Issuer expects to enter into CDS Transactions with the Credit Protection Buyer referencing the Reference Obligations described herein and having an Aggregate Reference Obligation Notional Amount of approximately U.S.$305,000,000. In accordance with the terms of the Credit Default Swap, the Reference Obligation Notional Amount of a CDS Transaction is expected after the Closing Date to be:

(i) decreased on each day on which a Reference Obligation Principal Payment is made by the relevant Reference Obligation Principal Amortization Amount;

(ii) decreased on each day on which a Failure to Pay Principal occurs by the relevant Principal Shortfall Amount;

	(iii) decreased on each day on which a Writedown occurs by the relevant Writedown Amount; (iv) increased on each day on which a Writedown Reimbursement occurs by any Writedown Reimbursement Amount in respect of a Writedown Reimbursement within paragraphs (ii) or (iii) of the definition of "Writedown Reimbursement"; and (v) decreased on each Delivery Date by an amount equal to the relevant Exercise Amount minus the relevant amount determined pursuant to paragraph (b) under the heading "Physical Settlement Amount" in the related Master Confirmation; provided that, if any Relevant Amount is applicable, the Exercise Amount will also be deemed to be decreased by such Relevant Amount (or increased by the absolute value of such Relevant Amount if such Relevant Amount is negative) with effect from such Delivery Date. Each CDS Transaction will terminate by its terms no later than the scheduled legal final maturity of the related Reference Obligation unless a Credit Event occurs or a Floating Amount becomes due with respect to such CDS Transaction and the physical settlement date is scheduled to occur after such date. For a more detailed description of the Credit Default Swap, see "The Credit Default Swap". Copies of the Master Agreement and the Master Confirmations are available to investors from the Trustee.
The Reference Portfolio.....	On the Closing Date, the Credit Default Swap will reference 61 Reference Obligations (collectively, the "Reference Portfolio"). See Appendix B to this Offering Circular for certain summary information about the Reference Portfolio. The types of (i) Residential Mortgage-Backed Securities that constitute Reference Obligations in the Reference Portfolio will include RMBS Midprime Mortgage Securities and RMBS Subprime Mortgage Securities and (ii) CDO Securities that constitute Reference Obligations in the Reference Portfolio will include CDO RMBS Securities.
Credit Events.....	The following Credit Events (each a "Credit Event") shall apply with respect to each Reference Obligation: (i) Failure to Pay Principal; (ii) Writedown; (iii) Distressed Ratings Downgrade; or (iv) Failure to Pay Interest (in the case of CDO RMBS Security Reference Obligations only). See "The Credit Default Swap—Credit Events."
Conditions to Settlement.....	The "Conditions to Settlement" will be satisfied upon delivery to the Credit Protection Seller and the Trustee of a Credit Event Notice and a Notice of Publicly Available Information.

Notifying Party	The Credit Protection Buyer.
Credit Default Swap Calculation Agent	GSI will be the calculation agent (in this capacity the "Credit Default Swap Calculation Agent") under the Credit Default Swap.
Settlement Method	Physical.
Credit Default Swap Early Termination	The Credit Default Swap may be terminated by the Issuer or by the Credit Protection Buyer (a "Credit Default Swap Early Termination") at the option of the non-defaulting or non-affected party, as applicable, upon the occurrence of an "Event of Default" or "Termination Event" (each, as defined in the Master Agreement). Upon the Trustee having actual knowledge of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Trustee or the Fiscal Agent, as applicable, will as promptly as practicable notify the Noteholders of such event but will only terminate any such agreement on behalf of the Issuer (i) at the direction of a Majority of the Income Notes or (ii) (a) upon the redemption of the Secured Notes in full, (b) if the principal balance of the Secured Notes is reduced to zero or (c) upon the acceleration of the maturity of the Secured Notes pursuant to the terms of the Indenture. The Issuer is required to satisfy the Rating Agency Condition prior to any (i) replacement of the Credit Protection Buyer or (ii) assignment of the Credit Default Swap.
The Collateral Securities	The Issuer will use the net proceeds from the offering of the Notes to purchase Collateral Securities and Eligible Investments having an initial principal amount as of the Closing Date of approximately U.S.$305,000,000. The Collateral Securities are required to have the characteristics and satisfy the criteria described herein under "The Collateral Securities." The Liquidation Agent, on behalf of the Issuer, will obtain the funds to pay Credit Protection Amounts (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) by applying the Collateral Liquidation Procedure. If the Notes become due in connection with an Optional Redemption, Tax Redemption or Auction, (i) the Liquidation Agent, on behalf of the Issuer, will assign or terminate the Credit Default Swap and will liquidate all of the Collateral Securities and Eligible Investments in the Collateral Account and all Delivered Obligations in the Delivered Obligations Account and (ii) the Issuer will pay to the Credit Protection Buyer any Credit Protection Amounts and Credit Default Swap Termination Payments the Issuer is required to pay to the Credit Protection Buyer or any assignee in connection with any assignment or termination of the CDS Transactions. Certain amounts will be held back if one or more outstanding Credit Events remain due as of the Redemption Date. If the Credit Default Swap is terminated in connection with the occurrence of an Event of Default or Termination Event (each, as defined in the Master Agreement), the Liquidation Agent, on behalf of the Issuer, will pay to the

	Credit Protection Buyer or any assignee any Credit Default Swap Termination Payments (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) owed by the Issuer to the Credit Protection Buyer by applying the Collateral Liquidation Procedure. Certain amounts will be held back if one or more outstanding Credit Events exist or Floating Amounts remain due as of any termination date. If a CDS Transaction terminates on its scheduled termination date without a Credit Event occurring, following the reduction of the Aggregate Reference Obligation Notional Amount, an amount equal to the Aggregate Amortization Amount shall be drawn from the Collateral Account pursuant to the Amortization Liquidation Procedure and deposited into the Payment Account to be applied to, among other things, reduce the amounts of the Notes in accordance with the Priority of Payments on the immediately following Payment Date. See "The Collateral Securities"
Liquidation of Collateral	On or immediately prior to the final maturity date of the Notes or in connection with any Optional Redemption, Auction, Tax Redemption or Event of Default, the Liquidation Agent, on behalf of the Issuer, will (i) assign or terminate or cause to be assigned or terminated the Credit Default Swap, (ii) liquidate all of the Collateral Securities, Delivered Obligations and Eligible Investments, (iii) demand payment for any termination or assignment payments due to the Issuer and (iv) pay any Credit Protection Amounts due to the Credit Protection Buyer or any assignee under the Credit Default Swap.
The Liquidation Agent.....	Goldman, Sachs & Co. ("GS&Co.") as Liquidation Agent (in such capacity, the "Liquidation Agent") under the Liquidation Agency Agreement dated as of the Closing Date (the "Liquidation Agency Agreement") between GS&Co. and the Issuer will, on behalf of the Issuer, (i) assign, terminate or otherwise dispose of (a) CDS Transactions the Reference Obligations of which are determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer to be Credit Risk Obligations and (b) Delivered Obligations, (ii) sell, assign, terminate or otherwise dispose of the Credit Default Swap, Delivered Obligations, Collateral Securities and Eligible Investments of the Issuer in connection with (a) a redemption of the Notes as a result of an Optional Redemption, a Tax Redemption, an Auction or as otherwise required under the Indenture as described therein and (b) an acceleration of Notes as a result of an Event of Default as required under the Indenture as described therein, and (iii) perform certain other functions, as described herein. The Liquidation Agent will have twelve (12) months to assign, terminate or otherwise dispose of (a) CDS Transactions the Reference Obligations of which are determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be Credit Risk Obligations and (b) Delivered Obligations in accordance with the terms of the Liquidation Agency Agreement (such twelve months measured from the date the Liquidation Agent is notified of either (1) such determination by the Collateral Administrator or (2) the receipt of such Delivered Obligation by the Issuer, as applicable). The proceeds of any such sale of Delivered Obligations will be deposited by the Trustee into the Collateral Account and invested in Eligible Investments and Collateral Securities selected at the direction of the Liquidation Agent. In addition, any principal proceeds received on such Delivered Obligations

	prior to such sale, will be deposited by the Trustee into the Collateral Account. The Liquidation Agent will not have the right, or the obligation, to exercise any discretion with respect to the method or the price of any assignment, termination or disposition of a CDS Transaction; the sole obligation of the Liquidation Agent will be to execute such assignment or termination of a CDS Transaction in accordance with the terms of the Liquidation Agency Agreement. Notwithstanding the appointment of the Liquidation Agent, the Liquidation Agent shall have no responsibility for, or liability relating to, the performance of the Issuer or any CDS Transaction, Reference Obligation, Collateral Security or Eligible Investment. See "The Liquidation Agency Agreement."
Reports	A report will be made available to the Holders of the Notes and will provide information on the Reference Portfolio, Collateral Securities and payments to be made in accordance with the Priority of Payments (each, a "Note Valuation Report") beginning in July, 2007. See "Reports."
The Offering	The Offered Notes 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 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 Notes—Form of the Notes," "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 the Income Notes sold to Accredited Investors) 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.
Form of the Notes	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 LaSalle Bank 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 Income 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 LaSalle Bank 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 Income Notes (other than the Regulation S Income 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 Notes—Form of the Notes" and "Notice to Investors."
Governing Law	The Indenture, the Collateral Administration Agreement, the Credit Default Swap, the Notes, the Liquidation Agency Agreement, and the Fiscal Agency Agreement will be governed by the laws of the State of New York.
Listing and Trading	There is currently no market for the Notes and there can be no assurance that such a market will develop. See "Risk Factors—Notes—Limited Liquidity and Restrictions on Transfer." Application may be made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that any such application will be made or that any such listing will be obtained or maintained.
Irish Listing Agent; Irish Paying Agent (if any)	If application is made to list the Notes on the Irish Stock Exchange, (i) Maples and Calder Listing Services Limited will be the Irish Listing Agent for the Notes (the "Irish Listing Agent") and (ii) Maples Finance Dublin will be the Irish Paying Agent for the Notes (the "Irish Paying Agent").
Tax Status	See "Income Tax Considerations."
ERISA Considerations	See "ERISA Considerations."

RISK FACTORS

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

Notes

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Notes. Although GS&Co. has advised the Issuers that it intends to make a market in the Offered Notes, GS&Co. is not obligated to do so, and any such market making with respect to the Offered Notes may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Holders of 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 the Stated Maturity.

In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer, the Co-Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any state securities laws or the laws of any other jurisdiction, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act or any state securities laws or under the laws of any other jurisdiction. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees as described herein under "Description of the Notes—Form of the Notes" and "Notice to Investors." Such restrictions on the transfer of the Notes may further limit their liquidity. See "Description of the Notes—Form of the Notes." Application may be made for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that any such application will be made or that any such listing will be obtained.

Limited Recourse Obligations. The Class A Notes, Class B Notes, Class C Notes and Class D Notes will be limited recourse obligations of the Issuers, in each case, payable solely from the Pledged Assets pledged by the Issuer to secure the Secured Notes. The Income Notes will be limited recourse obligations of the Issuer and will not be secured by the Pledged Assets securing the Secured Notes. None of the Liquidation Agent, the Holders of the Notes, the Initial Purchaser, the Trustee, the Administrator, the Share Trustee, the Agents, the Credit Protection Buyer 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 Secured Notes or the Income Notes. Consequently, the Holders of the Secured Notes must rely solely on distributions on the Pledged Assets pledged to secure the Secured Notes for the payment of principal, interest, premium and other distributions thereon. If distributions on the Pledged Assets are insufficient to make payments in respect of the Secured Notes, no other assets (and, in particular, no assets of the Liquidation Agent, the Holders of the Secured Notes, the Holders of the Income Notes, the Initial Purchaser, the Trustee, the Administrator, the Share Trustee, the Agents, the Credit Protection Buyer or any affiliates of any of the foregoing) will be available for payment of the deficiency, and following realization of the Pledged Assets pledged to secure the Secured Notes, the obligations of the Issuers to pay such deficiency shall be extinguished and shall not revive.

Subordination of the Notes. Payments of principal on the Class S Notes will be senior to payments of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and to the distribution of Proceeds to the Holders of the Income Notes on each Payment Date to the extent set forth in the Priority of Payments. Payments of principal of the Class A-1a Notes and the Class A-1b Notes will be either *pro rata* or first to the Class A-1a Notes and second to the Class A-1b Notes as described herein. Payments of principal on the Class A-1 Notes will be either *pro rata* with principal payments on the Class A-2 Notes or senior to payments of principal to the Class A-2 Notes as described herein. Payments of principal on the Class A Notes due on any Payment Date will be senior to payments of principal of the Class B Notes, the Class C Notes and the Class D Notes and to the distribution of Proceeds to the Holders of the Income Notes on such Payment Date to the extent set forth in the Priority of Payments. Payments of principal on the Class B Notes due on any Payment Date will be senior to payments of principal on the Class C Notes and the Class D Notes and senior to the distributions of Proceeds to the Holders of the Income Notes on such Payment Date to the extent set forth in the Priority of Payments. Payments of principal on the Class C Notes due on any Payment Date will be senior to payments of principal on the Class D Notes and senior to the distributions of Proceeds to the Holders of the Income Notes on such Payment Date to the extent set forth in the Priority of Payments. Payments of principal on the Class D Notes due on any Payment Date

will be senior to the distributions of Proceeds to the Holders of the Income Notes on such Payment Date to the extent set forth in the Priority of Payments. As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Description of the Notes—Status and Security," the Class A Notes will be entitled to receive certain payments of principal while the Class S 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 and 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. In addition, the Income Notes will be entitled to receive certain payments on each Quarterly Payment Date while the Secured Notes are outstanding. See "Description of the Notes—Priority of Payments." To the extent that any losses are incurred by the Issuer in respect of any Pledged Assets, such losses will be borne first by Holders of the Income 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, *pro rata*, by 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 Notes, the Class B Notes, the Class C Notes and the Class D Notes and senior to the distributions of Proceeds to the Holders of the Income Notes on such Payment Date. Payments of interest on the Class A Notes due on any Payment Date will be senior to payments of interest on the Class B Notes, the Class C Notes and the Class D Notes and senior to the distributions of Proceeds to the Holders of the Income Notes on such 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 and senior to the distributions of Proceeds to the Holders of the Income Notes on such 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 and senior to the distributions of Proceeds to the Holders of the Income Notes on such Payment Date. Payments of interest on the Class D Notes due on any Payment Date will be senior to distributions of Proceeds to the Holders of the Income Notes on such Payment Date. See "Description of the Notes."

On any Payment Date on which certain conditions are satisfied and funds are available therefor, the "shifting principal" method in clause (xi) of the Priority of Payments may permit the Holders of the Class A 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 may permit distributions of Amortization Proceeds to the Holders of the Income Notes, to the extent funds are available in accordance with the Priority of Payments, while the more senior Notes are outstanding. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Notes will not be recoverable in the event of a subsequent shortfall in the amount required to pay a more senior Class of Secured Notes.

Holders of the Controlling Class may not be able to effect a liquidation of the Pledged Assets in an Event of Default; Holders of other Classes of Notes may be Adversely Affected by Actions of the Controlling Class. If an Event of Default occurs and is continuing, a Majority of the Controlling Class will be entitled to determine the remedies to be exercised under the Indenture; however, the Majority of the Controlling Class will not be able to direct a sale or liquidation of the Pledged Assets unless, among other things, the Trustee determines (which determination will be based upon a certificate of the Liquidation Agent as to the estimated proceeds) 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 and Class D 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, including Credit Default Swap Termination Payments, due to the Credit Protection Buyer or any assignee upon termination or assignment of the Credit Default Swap, net of termination or assignment payments payable to the Issuer by the Credit Protection Buyer or any assignee and (D) all other items in the Priority of Payments ranking prior to payments on the Notes and a Majority of the Controlling Class agrees with such determination. 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. Notwithstanding the foregoing, even if the anticipated proceeds of such sale or liquidation would not be sufficient to pay in full such amount, the requisite Holders of Notes as determined pursuant to the Indenture or the Holders of a Super Majority of the Controlling Class may direct the sale and liquidation of the Pledged Assets.

Remedies pursued by the Holders of the Class S Notes and 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 and the Income 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. See "Description of the Notes—The Indenture—Events of Default."

Subordination of the Income Notes; Unsecured Obligations. The Income Notes are limited recourse obligations of the Issuer and are not secured by the Pledged Assets securing the Secured Notes. As such, the Holders of the Income Notes will rank behind all of the secured creditors and pari passu with all unsecured creditors, whether known or unknown, of the Issuer. The Issuer, pursuant to the Indenture, has pledged substantially all of its assets to secure the Secured Notes and certain other obligations of the Issuer. The proceeds of such assets will only be available to make payments in respect of the Income Notes as and when such proceeds are released from the lien of the Indenture in accordance with the Priority of Payments. There can be no assurance that, after payment of principal and interest on the Secured Notes and other fees and expenses of the Issuer in accordance with the Priority of Payments, the Issuer will have funds remaining to make payments in respect of the Income Notes. Failure to pay the full principal amount of the Income Notes will in no event constitute an Event of Default. 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 will depend in part on the weighted average of the Note Interest Rates.

Any amounts that are released from the lien of the Indenture for payment to the Holders of the Income Notes in accordance with the Priority of Payments on any Quarterly Payment Date will not be available to make payments in respect of the Secured Notes on any subsequent Payment Date.

Leveraged Investment. The Income Notes represent a leveraged investment in the underlying Pledged 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 can be expected to be greater than changes in the market value of the underlying assets included in the Pledged Assets, which are also subject to credit, liquidity and interest rate risk. The cash flow to and the market value of the Income Notes may fluctuate, potentially in a material manner, as a result of fluctuations in the investment income earned by the Issuer on the Pledged Assets (including the Collateral Securities and Eligible Investments held in the Collateral Account).

Supplemental Indentures May Modify the Indenture, and Some Supplemental Indentures Do Not Require Consent of Holders of Notes. The Indenture provides that the Issuers and the Trustee may enter into supplemental indentures to modify various provisions of the Indenture. The execution of supplemental indentures is subject to various conditions precedent. In certain cases, the consent of the Holders of the Notes is required, but in certain cases, such consent is not required. Furthermore, if no Holder of a Note of a Class responds to notice of a proposed amendment within the prescribed time period, all Notes of such Class may be deemed not to be adversely or materially adversely affected by the proposed supplemental indenture. See "Description of the Notes—The Indenture—Modification of the Indenture."

Optional Redemption and Tax Redemption of Notes. Subject to the satisfaction of certain conditions, the Secured Notes may be optionally redeemed in whole and not in part (i) on any Payment Date on or after the July 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 the date that is 90 days from the date on which the Issuers first become aware of the occurrence of a Tax Event (*provided* that such 90-day period shall be extended by another 90 days if, during the initial 90-day period, the Issuers have notified the Holders of the Notes that the related Issuer expects that it shall have changed its place of residence by the end of the later 90-day period), at the written direction of, or with the written consent of, Holders of at least 66-2/3% of the 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 of the Secured Notes occurs, the Income Notes will be redeemed simultaneously.

There can be no assurance that after payment of the Secured Note Redemption Prices for the Secured Notes, amounts payable in connection with the termination of the Credit Default Swap and all other amounts payable in accordance with the Priority of Payments, any Proceeds will remain to distribute to the Holders of the Income Notes upon redemption. See "Description of the Notes—Optional Redemption" and "—Tax Redemption." An Optional Redemption or Tax Redemption of the Notes could require the Liquidation Agent to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the CDS Transactions, the Eligible Investments, the Collateral Securities or the Delivered Obligations. In addition, the redemption procedures in the Indenture may require the Liquidation Agent to aggregate securities to be sold together in one block transaction, thereby possibly resulting in a lower aggregate realized value for the CDS Transactions, the Collateral Securities, the Eligible Investments or the Delivered Obligations. In any event, there can be no assurance that the market value of the CDS Transactions, the Collateral Securities, the Eligible Investments or the Delivered Obligations 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 Secured Notes or Income Notes to direct a Tax Redemption. A decrease in the market value of the CDS Transactions, the Eligible Investments, the Collateral Securities or the Delivered Obligations would adversely affect the proceeds that could be obtained upon a disposition of the CDS Transactions, the Eligible Investments or the Delivered Obligations; 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 Secured 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 Notes in such respect. The Holders of the Notes also may not be able to invest the proceeds of the redemption of the Notes in one or more investments providing a return equal to or greater than the Holders of the Notes expected to obtain from their investment in the Notes. An Optional Redemption or a Tax Redemption will shorten the average lives of the Secured Notes and the duration of the Notes and may reduce the yield to maturity of the Notes.

Auction. There can be no assurance that an Auction of the Pledged Assets on any Auction Date will be successful. The failure of an Auction may lengthen the expected average lives of the Secured Notes and may reduce the yield to maturity of the Secured Notes. In the event of an Auction, Holders of Income Notes may have their Income Notes redeemed without receiving any payments on such Income Notes. In addition, the success of an Auction will shorten the average lives of the Notes and may reduce the yield to maturity of the Secured Notes.

Mandatory Redemption of Notes. If the Class A/B Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class C Notes, the Class D Notes and the Income Notes will be used to redeem the Class A Notes and the Class B Notes in full in the order described in the Priority of Payments. If the Class C Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class D Notes and the Income Notes will be used to redeem the Class A Notes, the Class B Notes and the Class C Notes in full in the order described in the Priority of Payments. If the Class D Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Income Notes will be used to redeem the Class D Notes 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 and payments to Holders of the Income Notes. See "Description of the Notes—Mandatory Redemption". Any such redemptions will shorten the average life of the redeemed Notes, may lower the yield to maturity of the Notes.

Collateral Accumulation. In anticipation of the issuance of the Notes, GSI has agreed to "warehouse" up to U.S.$305,000,000 aggregate notional amount of CDS Transactions and up to U.S.$305,000,000 aggregate principal amount of Collateral Securities and Eligible Investments, for assumption by the Issuer or resale to the Issuer, as applicable, pursuant to the terms of a forward purchase agreement (the "Forward Purchase Agreement"). No collateral manager or other person acting on behalf of the Issuer has reviewed the prices established pursuant to such Forward Purchase Agreement (nor has there been any third party verification of such prices). All of such notional amount will be represented by one or more CDS Transactions entered into between the Issuer and GSI or an affiliate thereof, wherein the Issuer will be selling credit protection. Pursuant to the terms of the Forward Purchase

Agreement, the Issuer will be obligated to assume or purchase, as applicable, the "warehoused" assets, *provided* that with respect to the Collateral Securities, such securities satisfy certain eligibility criteria on the Closing Date, for a formula purchase price designed to reflect the premiums at which such "warehoused" assets were assumed or purchased, as applicable (using, as applicable, 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 "warehoused" asset assigned or sold, as applicable, to a party other than the Issuer during the warehousing period. Consequently, the market values of "warehoused" assets at the Closing Date may be less than or greater than the formula purchase price paid by the Issuer. In addition, if a CDS Transaction, Collateral Security or Eligible Investment becomes ineligible during the warehousing period and is not assumed or purchased, as applicable, by the Issuer on the Closing Date, or if a CDS Transaction, Collateral Security or Eligible Investment is otherwise disposed at the direction of GSI (which disposition may only occur with the consent of GSI's affiliate), the Issuer will bear the loss or receive the gain on the disposition of such CDS Transaction, Collateral Security or Eligible Investment to a third party.

Disposition of CDS Transactions by the Liquidation Agent Under Certain Circumstances. Under the Indenture, the Liquidation Agent will be required to assign, terminate or otherwise dispose of, on behalf of the Issuer, all CDS Transactions that reference Reference Obligations that are determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to meet the definition of Credit Risk Obligations subject to satisfaction of the conditions described herein. The Liquidation Agent will have twelve (12) months (from the date it is notified of the determination of the Collateral Administrator) to assign, terminate or otherwise dispose of such CDS Transactions. The Liquidation Agent will not have the right, or the obligation, to exercise any discretion with respect to the method or the price of any assignment, termination or disposition of a CDS Transaction that references a Reference Obligation that is determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be a Credit Risk Obligation; the sole obligation of the Liquidation Agent will be to execute the assignment, termination or disposition of such CDS Transaction in accordance with the terms of the Liquidation Agency Agreement. There can be no assurance that the Liquidation Agent will be able to dispose any such CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation. Any such sale of a CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation 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 Secured Notes by any of the Rating Agencies. See "—No Collateral Manager."

Average Lives, Duration and Prepayment Considerations. The average lives of the Secured Notes (other than the Class S 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 Secured Notes will be affected by the financial condition of the obligors on or issuers of the Reference Obligations and the characteristics of the Reference Obligations, 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 Reference Obligations and the tenor of any sales of CDS Transactions.

Some or all of the loans underlying the RMBS 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 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. See "Weighted Average Life and Yield Considerations."

Projections, Forecasts and Estimates. Estimates of the weighted average lives of, and returns on, the Secured Notes included herein, together with any other projections, forecasts and estimates provided to prospective purchasers of the Secured 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, the timing of acquisitions of the Reference Obligations, differences in the actual allocation of the Reference Obligations among asset categories from those assumed and mismatches between the timing of accrual and receipt of Proceeds from the Reference Obligations, among others.

None of the Issuer, the Co-Issuer, the Liquidation Agent, 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 Liquidation Agent. The Issuer has no employees and is dependent on the employees of the Liquidation Agent to perform its obligations under the Liquidation Agency Agreement in accordance with the terms of the Indenture and the Liquidation Agency Agreement. Consequently, the loss of one or more of the individuals employed by the Liquidation Agent to perform its obligations under the Liquidation Agency Agreement could have an adverse effect, which effect may be material, on the performance of the Issuer.

Static Transaction. The Anderson Mezzanine Funding 2007-1, Ltd. transaction is a static collateralized debt obligation transaction. As a result, the CDS Transactions held by the Issuer on the Closing Date will be retained by the Issuer even if it would be in the best interests of the Issuer and the Holders of the Notes to assign, terminate or dispose of certain CDS Transactions unless Reference Obligations referenced by those CDS Transactions are designated as Credit Risk Obligations and are required to be assigned, terminated or disposed by the Liquidation Agent pursuant to the terms of the Indenture and the Liquidation Agency Agreement. See "The Credit Default Swap—Removal of Reference Obligations from the Reference Portfolio". In addition, circumstances may exist under which it is in the best interests of the Issuer or the Holders of the Notes to assign, terminate or otherwise dispose of a CDS Transaction, but (a) pursuant to the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, does not determine that the Reference Obligation referenced by such CDS Transaction is a Credit Risk Obligation or (b) the Liquidation Agent is not able to assign, terminate or otherwise dispose, on behalf of the Issuer, such CDS Transaction in accordance with the terms of the Liquidation Agency Agreement.

Substitution of Collateral Securities. From time to time following the Closing Date, any Holder of any Note may submit to the Trustee or the Fiscal Agent, as applicable, a request to substitute one or more BIE Collateral Securities for one or more existing Collateral Securities, in whole or in part. Such substitution will be subject to the affirmative approval of the Holders of a Majority of each Class of Notes. Any such substitution could (i) adversely affect the Issuer and the Issuer's ability to make payments on the Notes, (ii) affect the weighted average lives of the Secured Notes, (iii) adversely affect the returns on the Notes and (iv) increase the frequency of defaults on the Collateral Securities or reduce the proceeds following the liquidation of any Collateral Securities. On the other hand, it is also possible that a Holder of a Note could propose a substitution which would be beneficial to the Issuer and the Holders of the Notes but such substitution is not permitted because such proposal is not affirmatively approved by the Holders of a Majority of each Class of Notes.

No Collateral Manager. The Issuer has not engaged and will not engage, a collateral manager to select the Pledged Assets (or to verify their prices), to monitor the Pledged Assets on a regular basis or to consult with the Issuer with respect to the Pledged Assets, including the advisability, timing or terms of any disposition thereof. None of the Liquidation Agent or any of their affiliates will provide investment advisory services to or act as an advisor to or an agent for the Issuer or the Holders of the Notes, and they will not have any fiduciary duties to, nor be obligated to consider the interests of the Issuer or the Holders of the Notes. As a result, the Issuer and the Holders of the Notes will not have the benefit of the provisions of the Investment Advisers Act of 1940 which afford certain protections to clients of investment advisors. Furthermore, because there is no collateral manager in the Anderson Mezzanine Funding 2007-1, Ltd. transaction, the Indenture eliminates the ability of the Issuer to exercise

discretion in contexts where a collateral manager in a managed, or static, collateralized debt obligation transaction customarily has discretion to act on behalf of the Issuer. For example, the Indenture provides, among other things, that (i) where the Issuer, as the beneficial owner of a Collateral Security or Delivered Obligation, or the Trustee, as the registered owner of a Collateral Security, has the right to exercise a vote or consent to (or otherwise approve of) (a) any action, or inaction, pursuant to the terms of such Collateral Security or Delivered Obligation and its related underlying documentation or (b) an offer by the issuer of such Collateral Security or Delivered Obligation or by any other person to purchase or otherwise acquire such Collateral Security or Delivered Obligation or to convert or exchange such Collateral Security or Delivered Obligation for cash or any other consideration, the Trustee, as directed by the applicable holders, acting in its capacity as registered owner of such Collateral Security or Delivered Obligation, shall direct the Issuer's vote be cast in the following manner: (x) if other holders of the class of which such Collateral Security or Delivered Obligation is a part respond to such solicitation for vote or consent, in the same manner as the votes of a plurality of the other voting holders of such class (based on the Principal Balance of such Collateral Security or Delivered Obligation), (y) if no other holders of such class exercise a vote or if there are no other holders of such class, but holders of different classes issued under the same governing instrument respond, in the same manner as the votes of a plurality of the voting holders of all classes issued under the governing instrument pursuant to which such Collateral Security or Delivered Obligation was issued (based on the Principal Balance of all such classes and treated as a single class) or (z) if no holders of any class issued under the same governing instrument respond or if there are no other holders, the Issuer's vote shall be exercised against such action or inaction and (ii) the Issuer will have no discretion with respect to the temporary investment of funds held pending application thereof in accordance with the terms of the Indenture. The inability of the Issuer to exercise discretion in these contexts could adversely affect the Issuer and the Holders of the Notes, and it is impossible to quantify the potential magnitude of this impact. Potential investors in the Notes are urged to (a) review carefully this Offering Circular and the related terms of the Indenture, the Fiscal Agency Agreement and other operative documents and (b) take the inability of the Issuer to exercise discretion into account before investing in any of the Notes.

Scheduled Maturity of CDS Transactions. From time to time, the scheduled maturity or termination of one or more CDS Transactions is likely to occur without a Credit Event occurring. Any such maturity or termination of a CDS Transaction will result in a decrease in the Aggregate Reference Obligation Notional Amount and may result in a required redemption of the Notes in accordance with the Priority of Payments. The Issuer anticipates that payments of principal of the Collateral Securities and Eligible Investments in the Collateral Account will be applied to so redeem the Notes, but it is possible that such payments of principal will not be sufficient to permit such redemption.

The Credit Default Swap and Reference Obligations

General. The following description of the Credit Default Swap and Reference Obligations and the underlying documents and the risks related thereto is general in nature. The attributes and risks related to any individual Reference Obligation may differ in significant and material manners from the general description of the Reference Obligations and the underlying documents and the risks related thereto.

Nature of Reference Portfolio. The Reference Portfolio is subject to credit, liquidity, prepayment and interest rate risks. The amount and nature of collateral securing the Secured Notes has been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Reference Obligations and the Eligible Investments. 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 any Reference Obligation referenced by a CDS Transaction is determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be a Credit Risk Obligation and the Liquidation Agent, on behalf of the Issuer, assigns, terminates or otherwise disposes of such Credit Default Swap Disposition Transaction, it is not likely that the proceeds of such assignment, termination or other disposition will be equal to the amounts owing to the Issuer in respect of such CDS Transaction.

The market value of the CDS Transactions and the Reference Obligations generally will fluctuate with, among other things, the financial condition of the related Reference Obligations and obligors on or issuers of the Reference Obligations, the credit quality of the underlying pool of assets in any Reference Obligation, 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 Liquidation Agent, the Collateral Administrator, the Credit Protection Buyer or the Trustee has any liability or obligation to the Holders of Notes as to the amount or value of, or decrease in the value of, the Reference Obligations from time to time, or makes any representation or warranty as to the performance of the Reference Obligations.

If any Reference Obligation referenced by a CDS Transaction is determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be a Credit Risk Obligation, the Liquidation Agent is required, subject to the terms of the Liquidation Agency Agreement, to assign, terminate or otherwise dispose on behalf of the Issuer the affected CDS Transaction. There can be no assurance as to the timing of the Issuer's disposition of the affected CDS Transaction, or as to the termination costs associated with such affected CDS Transaction. 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.

CDS Transactions. As of the Closing Date, (i) 98.4% of the CDS Transactions (by Reference Obligation Notional Amount) will consist of CDS Transactions the Reference Obligations of which are RMBS Securities and (ii) 1.6% of the CDS Transactions (by Reference Obligation Notional Amount) will consist of CDS Transactions the Reference Obligations of which are CDO RMBS Securities.

The economic return on a CDS Transaction 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 Credit Protection Buyer on deposit in the Collateral Account. CDS Transactions 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 CDS Transactions, the Issuer will usually have a contractual relationship only with the related Credit Protection Buyer, and not with the Reference Obligor of the Reference Obligation. Due to the fact that a CDS Transaction 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 Issuer's ability to dispose of a CDS Transaction, 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 Credit Protection Buyer) to the Credit Protection Buyer will reduce the amount available to pay the Holders of the Income Notes and the Secured Notes 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 neither the Credit Protection Buyer nor the Issuer is required to hold any Reference Obligation, the Issuer will not have any right to obtain from either the Credit Protection Buyer or the Reference Obligor information on the Reference Obligations or information regarding any Reference Obligor. The Credit Protection Buyer will have no obligation to keep the Issuer, the Trustee, the Liquidation Agent, the Holders of the Secured 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 Credit Protection Buyer, the Issuer will be treated as a general creditor of such Credit Protection Buyer, 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 Credit Protection Buyer as well as that of the Reference Obligor and the Reference Obligation. As a result, concentrations of CDS Transactions in any one Credit Protection Buyer subject the Notes to an additional degree of risk with respect to defaults by such Credit Protection Buyer. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as the sole Credit Protection Buyer with respect to the Credit Default Swap, which creates concentration risk and may create certain conflicts of interest. In addition, neither the Credit Protection Buyer nor its affiliates will be (or will be deemed to be acting as) the agent or trustee of the Issuer, the Holders of the Secured 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 Credit Protection Buyer and/or its affiliates arising under or in connection with their respective holding of any Reference Obligation. The Credit Protection Buyer 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 Credit Default Swap 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 Secured Notes or the Holders of the Income Notes.

All of the CDS Transactions are expected to be structured as "pay-as-you-go" credit default swaps. The obligation of the Issuer to make payments to the Credit Protection Buyer under the Credit Default Swap creates credit exposure to the related Reference Obligations (as well as to the default risk of the related Credit Protection Buyer). Following the occurrence of a "credit event", the Issuer may be required to pay to the Credit Protection Buyer a "physical settlement payment". In addition, each Credit Default Swap Disposition Transaction may require the Issuer, in its capacity as protection seller, to pay certain "floating amounts" to the Credit Protection Buyer equal to certain principal shortfall amounts, writedown payments and interest shortfalls under the Reference Obligation upon the occurrence thereof. The payment of any such credit protection payments and floating amounts will be funded by the Issuer, or the Liquidation Agent (on behalf of the Issuer), by applying the Collateral Liquidation Procedure. The Credit 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 Secured Notes and Income Notes may be reduced after payment by the Issuer of the relevant payment to the Credit Protection Buyer until the Issuer receives such reimbursement, if any, from the Credit Protection Buyer. Any "floating payments" or credit protection payments payable by the Issuer, may result in a reduction of the notional amount of the Credit Default Swap, and therefore reduce the amounts payable by the Credit Protection Buyer and the amount of interest collections available to pay interest on the Notes. In addition, any "floating payment" or "physical settlement payment" would reduce the Collateral Securities on deposit in the Collateral Account that is available to pay the principal of the Notes and may reduce the interest collections available to pay interest on the Notes.

Determination of the floating amounts and additional fixed amounts (as described in the related Master Confirmation) 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.

In the event a "credit event" occurs under the Credit Default Swap, the Liquidation Agent, on behalf of the Issuer, will obtain funds to pay Credit Protection Amounts (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) owed by the Issuer to the Credit Protection Buyer by applying the Collateral Liquidation Procedure. In addition, under certain circumstances upon the occurrence of a "credit event", the Liquidation Agent, on behalf of the Issuer will pay any related Physical Settlement Amount owed by the Issuer to the Credit Protection Buyer in exchange for a Delivered Obligation by applying the Collateral Liquidation Procedure. Any Delivered Obligation delivered to the Issuer will be sold by the Liquidation Agent, on behalf of the Issuer, pursuant to the terms of the Liquidation Agency Agreement. If a CDS Transaction is terminated or partially terminated prior to its scheduled maturity, the Liquidation Agent, on behalf of the Issuer, will make any termination payments (which, for the avoidance of doubt, shall not include Defaulted Swap Termination Payments) due to the Credit Protection Buyer by applying the Collateral Liquidation Procedure.

"Pay-as-you-go" credit default swaps are a type of credit default swap developed to incorporate the unique structures of asset-backed securities. The International Swaps and Derivatives Association, Inc. ("ISDA") has published one form confirmation for "pay-as-you-go" credit default swaps referencing RMBS Securities and a second form of confirmation for "pay-as-you-go" credit default swaps referencing CDO Securities. The form confirmations expected to be used to document the Credit Default Swap are expected to be similar to the RMBS Securities "pay-as-you-go" form and the CDO Securities "pay-as-you-go" form, but may differ in significant ways. While ISDA has published its form confirmations 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 confirmations expected to be used for the Credit Default Swap. 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 Credit Default Swap may differ from the future market standard. Such a result may have a negative impact on the liquidity and market value of the Credit Default Swap.

There can be no assurances that changes to the Credit Derivatives Definitions and other terms applicable to credit derivatives generally will be 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 Credit Default Swap executed prior to such amendment or supplement if the Issuer and the Credit Protection Buyer agree to amend the Credit Default Swap 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 Credit Protection Buyer, 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.

Residential Mortgage Backed Securities. 98.4% of the Aggregate Reference Obligation Notional Amount will consist of Residential Mortgage Backed Securities ("RMBS") as of the Closing Date. The types of Residential Mortgage Backed Securities that constitute the Reference Obligations related to the CDS Transactions the Issuer will enter into on the Closing Date will consist of RMBS Midprime Mortgage Securities and 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.

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 or a cap based on an asset's designated floating rate index. 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 certain soldiers and members of the reserve called to active duty by capping the interest rates on their mortgage loans at 6% per annum. In addition, pursuant to the laws of various states, under certain circumstances, payments on the underlying mortgage loans by residents in such states who are called into active duty with the National Guard or the reserves will be deferred. These state laws may also limit the ability of the servicer to foreclose on the related mortgaged property. This could result in delays or reductions in payment and increased losses on the underlying mortgage loans which impact the return to investors. 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.

Recent Development in RMBS May Adversely Affect the Performance and Market Value of RMBS. According to published reports, recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance and market value of RMBS. Delinquencies and losses with respect to residential mortgage loans generally reportedly have increased in recent months, and may continue to increase, particularly in the subprime sector. In addition, in recent months published reports have indicated that housing prices and appraisal values in many states have declined or stopped appreciating. A continued decline or an extended flattening of those values may result in additional increases in delinquencies and losses on RMBS generally.

Another factor that may result in higher delinquency rates is the reported increase in monthly payments on adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans are being exposed to increased

monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate. Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates and, as a result, adversely affect the performance and market value of RMBS.

In addition, numerous residential mortgage loan originators that originate subprime mortgage loans have reportedly recently experienced serious financial difficulties and, in some cases, bankruptcy. Those difficulties may have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties made on the mortgage loans, such as fraud claims. These difficulties may affect the performance and market value of RMBS.

CDO Securities. 1.6% of the Aggregate Reference Obligation Notional Amount will consist of CDO Securities as of the Closing Date. CDO Securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer ("CDO Collateral") or proceeds thereof. Consequently, holders of CDO Securities must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDO Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency shall be extinguished. Many subordinate classes of CDO Securities provide that a deferral of interest thereon or a write-down does not constitute an event of default and the holders of such securities will not have available to them any associated default remedies. During such periods of non payment or partial non-payment, such non-paid interest will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the amount of current payments made on such CDO Securities.

CDO Securities are subject to credit, liquidity and interest rate risks. The assets backing CDO Securities may consist of high-yield debt securities, loans, trust preferred securities, structured finance securities and other debt instruments. High-yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. An increase in the default rates of high-yield corporate debt securities or loans could increase the likelihood that payments may not be made to holders of CDO Securities which are secured by high-yield corporate debt securities and loans.

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

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

CDO Securities are subject to interest rate risk and day count basis risk. The CDO Collateral of an issuer of CDO Securities may bear interest at a fixed (floating) rate while the CDO Securities issued by such issuer may bear interest at a floating (fixed) rate. As a result, there could be a floating/fixed rate or basis mismatch between such CDO Securities and CDO Collateral which bears interest at a fixed rate and there may be a timing mismatch

between the CDO Securities and assets that bear interest at a floating rate as the interest rate on such assets bearing interest at a floating rate may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDO Securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO Securities. In addition, hedges may have been acquired to manage the interest rate risk of such CDO Securities, making such CDO Securities also subject to the credit risk of the applicable hedge counterparty.

Subordination of Reference Obligations. All of the Reference Obligations are mezzanine grade as of the Closing Date. Some of the Reference Obligations 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. The subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

PROSPECTIVE PURCHASERS OF THE SECURED NOTES AND THE INCOME NOTES SHOULD CONSIDER AND ASSESS FOR THEMSELVES THE LIKELY LEVEL OF DEFAULTS ON THE REFERENCE OBLIGATIONS, AS WELL AS THE LIKELY LEVEL AND TIMING OF RECOVERIES ON THE REFERENCE OBLIGATIONS.

Insolvency Considerations with Respect to Issuers of Reference Obligations. Various laws enacted for the protection of creditors may apply to the Reference Obligations. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a Reference Obligation, 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 Reference Obligation or for granting a lien securing the Reference Obligation 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 Reference Obligation or the grant of a lien securing the Reference Obligation 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 Reference Obligation, payments made on such Reference Obligation or a lien securing such Reference Obligation 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 Reference Obligations may also be subject to avoidance in the event of the bankruptcy of the borrower.

In general, if payments on a Reference Obligation 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, then by the Holders of the Class D Notes, then by the Holders of the Class C Notes, then by the Holders of the Class B Notes, then by the Holders of the Class A-2 Notes, then, *pro rata*, by the Holders of the Class A Notes and finally, by the Holders of the Class S Notes.

Illiquidity of CDS Transactions; Certain Restrictions on Transfer. There may be a limited trading market for many of the CDS Transactions entered into by the Issuer, and in certain instances there may be effectively no trading market therefor. The illiquidity of CDS Transactions may also affect the ability of the Issuer to conduct a successful Optional Redemption, Tax Redemption or Auction, to exercise redemptions and may also affect the amount and timing of receipt of proceeds from the disposition of CDS Transactions in connection with the exercise of remedies following an Event of Default.

Volatility of Market Value of Collateral Securities, CDS Transactions and the related Reference Obligations. The market value of the Collateral Securities, CDS Transactions and the related 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 parties to, or issuers of, the Collateral Securities, CDS Transactions and the related Reference Obligations. A decrease in the market value of the Collateral Securities, CDS Transactions and the related Reference Obligations would adversely affect the proceeds that could be obtained upon the assignment, termination or other disposition of the Collateral Securities, CDS Transactions and the related Delivered Obligations 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 upon a liquidation of the Collateral Securities, CDS Transactions and the related Delivered Obligations following the occurrence of an Event of Default.

Interest Rate Risk. There will be a basis and timing mismatch between such Notes and the Collateral Securities which bear interest at a floating rate, since the interest rates on such Collateral Securities 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.

Concentration Risk. The Issuer will invest in CDS Transactions which relate to the portfolio of Reference Obligations described in Appendix B hereto. Payments on the Notes 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 will represent as of the Closing Date more than approximately 1.64% of the Aggregate Reference Obligation Notional Amount. See "The Credit Default Swap—The Reference Portfolio."

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSIDER AND ASSESS FOR THEMSELVES THE LIKELIHOOD OF A DEFAULT BY EITHER THE CREDIT PROTECTION BUYER, AS WELL AS THE OBLIGATIONS OF THE ISSUER UNDER EITHER THE CREDIT PROTECTION BUYER, INCLUDING THE OBLIGATION TO MAKE TERMINATION PAYMENTS TO EITHER THE CREDIT PROTECTION BUYER.

Other Considerations

Changes in Tax Law; No Gross-Up. Under current tax law of the United States and other jurisdictions, payments made by the Credit Protection Buyer under the Credit Default Swap and obligors on any Eligible Investments are not expected to be subject to the imposition of U.S. federal or other withholding tax. There can be no assurance, however, that as a result of a change in any applicable law, treaty, rule or regulation or interpretation thereof or other causes, such payments might not in the future become subject to U.S. federal or other withholding tax. In the event that any withholding tax should be determined to be applicable to payments on any Eligible Investments and the obligors thereon were not then required to make "gross-up" payments that cover the full amount of any such withholding taxes, such tax would reduce the amounts available to make payments on the Notes.

In the event that any withholding tax is imposed on payments on the Notes, the Holders of such Notes will not be entitled to receive "grossed-up" amounts to compensate for such withholding tax. In addition, 90 days following the Issuers becoming aware of the occurrence of a Tax Event (which 90-day period may be extended by 90 days), the Issuer will redeem in whole but not in part, at applicable Secured Note Redemption Prices or the Income Note Redemption Price, as applicable, specified herein, the Notes in accordance with the procedures described under "Description of the Notes—Tax Redemption," "—Optional Redemption—Optional Redemption/Tax Redemption Procedures" herein.

Lack of Operating History. Each of the Issuers is a newly organized entity and has no 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 Notes 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 Notes 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 Notes 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, 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 Notes 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 Notes 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 or the Liquidation Agent, on behalf of the Issuer, will be authorized to conduct a commercially reasonable sale of such Notes to a permitted transferee and pending such transfer, no further payments will be made in respect of such Notes or any beneficial interest therein. See "Description of the Notes—Form of the Notes" 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.

Document Repository. Pursuant to the Indenture, the Issuer will consent to the posting of this 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 on any European Union stock exchange would subject the Issuers 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 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 be delisted from any exchange, the ability of the holders of such Notes to sell such Notes 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 activities of the Credit Protection Buyer, the overall underwriting, investment and other activities of the Liquidation Agent, their respective affiliates and its clients and employees and from the overall investment activity of the Initial Purchaser, including in other transactions with the Issuer. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Credit Protection Buyer. GSI will be the initial Credit Protection Buyer. The following briefly summarizes some potential and actual conflicts of interests related to the Credit Protection Buyer, but the following isn't intended to be an exhaustive list of all such conflicts.

GSI and/or its affiliates may be in possession of information in relation to a Reference Entity or otherwise that is or may be material in the context of the Notes and may or may not be publicly available to Holders. None of GSI or any of its affiliates has any obligation to disclose to Holders any such information.

GSI and/or any of its affiliates may invest and/or deal, for their own respective accounts for which they have investment discretion, in securities or in other interests in the Reference Entities, in obligations of the Reference Entities or in the obligors in respect of any Reference Obligations or Collateral Securities (the "Investments") or in credit default swaps (whether as protection buyer or seller), total return swaps or other instruments enabling credit and/or other risks to be traded that are linked to one or more Investments. Such investments, credit derivatives and/or instruments may have the same or different terms from any of the credit derivatives referred to in the terms of the Notes. In addition, GSI and/or any of its affiliates may invest and/or deal, for their own respective accounts or for accounts for which they have investment discretion, in securities (or make loans or have other rights) that are senior to, or have interests different from or adverse to, any of the Investments and may act as adviser to, may be lenders to, and may have other ongoing relationships with, the issuers or obligors of Investments and obligations of any Reference Entities. GSI may at certain times be simultaneously seeking to purchase or sell investments and/or protection under credit derivatives or other instruments enabling and/or other risks to be traded for any entity for which it serves as manager in the future.

Various potential and actual conflicts of interest may arise from the overall activities of GSI and/or any of its affiliates. GSI, its respective affiliates and the directors, officers, employees and agents of GSI and its respective affiliates may, among other things: (a) serve as directors, officers, partners, employees, agents, nominees or signatories for any Investment, any originator and/or servicer of or any other party interested in an Investment or the obligors in respect of the Investments; (b) receive fees for services of any nature rendered to any obligor in respect of the Investments or any originator and/or servicer of or any other party interested in the Investments; (c) be a secured or unsecured creditor of, or hold an equity interest in any obligor in respect of the Investments, any originator and/or servicer of or any other party interested in the Investments; (d) underwrite, act as a distributor of, or make a market in any Investments, or in the securities of any originator and/or servicer of or any other party interest in the Investments; (e) invest for its own account in the Investments or any other securities issued by any originator and/or servicer of or any other party interested in the Investments; (f) serve as a member of any "creditors' committee" with respect to any formal or informal workout group with respect to any obligor in respect of the Investments, any originator and/or servicer of or any other party interest in the Investments; (g) act as the adviser or investment adviser to any other person, entity or fund; and (h) maintain other relationships with any obligor in respect of the Investments, any originator and/or servicer of or any other party interested in the Investments.

Any Floating Amounts owed by the Issuer may be greater or less than the actual loss, if any, incurred by the Credit Protection Buyer with respect to the related Reference Obligation. The Credit Protection Buyer has no obligation to hold the Reference Obligations or to incur a loss in order to receive a credit protection payment. To

the extent it holds a Reference Obligation, the Credit Protection Buyer or their respective affiliates, as the case may be, will have the right to exercise of all the voting and consent rights of a holder of such Reference Obligation and it will exercise those rights in such manner as it determines to be in its own commercial interests without regard to the Holders of the Notes.

The Liquidation Agent. GS&Co. will be the initial Liquidation Agent. Although the Liquidation Agent will exercise no discretion with respect to the Pledged Assets and the Liquidation Agent is not providing investment advisory services or acting as an advisor to, the Issuers or the Holders of the Notes, various potential and actual conflicts of interest may arise from the overall underwriting, investment and other activities of the Liquidation Agent, its affiliates and its clients. The Liquidation Agent is also the Initial Purchaser. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Liquidation Agent and/or its affiliates have ongoing relationships with, render services to, finance and engage in transactions with, and may own debt or equity securities issued by issuers of certain of the Reference Obligations and Collateral Securities. The Liquidation Agent, 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 Reference Obligations and Collateral Securities. The interests of such parties may be different than or adverse to the interests of the holders of the Notes. In addition, such persons may possess information relating to the Reference Obligations and Collateral Securities which is not known to the individuals at the Liquidation Agent responsible for performing its obligations under the Liquidation Agency Agreement. Such persons will not be required (and may not be permitted) to share such information or pass it along to the Issuer, the Liquidation Agent or any holder of any Notes. Neither the Liquidation Agent nor any of such person will have liability to the Issuer or any holder of any Notes for failure to disclose such information or for taking, or failing to take, any action based upon such information.

In addition, the Liquidation Agent and/or any of its affiliates may engage in any other business and furnish investment banking and other services to others which may include, without limitation, 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 Reference Obligations, and the Collateral Securities 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 providing services to other clients, the Liquidation Agent and its affiliates may engage in activities that would compete with or otherwise adversely affect the Issuer. In addition, the Liquidation Agent will be free, in its sole discretion, to 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 Liquidation Agent and/or its affiliates may furnish investment banking or other 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 Reference Obligations and the Collateral Securities on behalf of the Issuer. In addition, under certain circumstances the Liquidation Agent will be required to dispose of certain CDS Transactions which reference Reference Obligations in accordance with the procedures set forth in the Liquidation Agency Agreement. Such disposition of CDS Transactions which reference Reference Obligations 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. In making any such sale, the Liquidation Agent need not take into account the interests of the Issuers, the Holders of the Notes or any other party. The Liquidation Agent 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 at the same time as it is disposing of investments for the Issuer. Accordingly, conflicts may arise regarding the allocation of sale opportunities.

No provision in the Liquidation Agency Agreement prevents the Liquidation Agent or any of its affiliates from rendering services of any kind to the issuer of any Reference Obligations or Collateral Securities and their respective affiliates, the Trustee, the holders of the Notes or any other entity. Without prejudice to the generality of the foregoing, the Liquidation Agent 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 Reference Obligations or Collateral Securities; (b) receive fees for services rendered to the issuer of any Reference Obligations or any affiliate thereof; (c) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Reference Obligations or Collateral Securities; and (d) serve as a member of any "creditors' board" or "creditors' committee" with respect to any Reference Obligations or Collateral Securities which has become or may become a Defaulted Obligation.

The Liquidation Agent or any of its affiliates or subsidiaries will be permitted to exercise all voting rights with respect to any Notes which they may acquire (other than with respect to a vote regarding the removal of the Liquidation Agent or the termination or assignment of the Liquidation Agency Agreement).

The Initial Purchaser. GS&Co. will be 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 the Credit Default Swap. GS&Co. will also initially act as the Liquidation Agent under the Liquidation Agency Agreement. 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 the Initial Purchaser and/or its affiliates and selling agent will have placed or underwritten certain of the Reference Obligations and Collateral Securities at original issuance, will own equity or other securities of issuers of or obligors on Reference Obligations and Collateral Securities and will have provided investment banking services, advisory, banking and other services to issuers of Reference Obligations and Collateral Securities. The Issuer may invest in the securities of companies affiliated with the Initial Purchaser and/or any of its affiliates or in which the Initial Purchaser 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 the Initial Purchaser's and/or any of its affiliates' own investments in such companies. In addition, it is expected that one or more affiliates of the Initial Purchaser will also act as counterparty with respect to all of the CDS Transactions. The Issuer may invest in money market funds that are managed by the Initial Purchaser or its affiliates; provided that such money market funds otherwise qualify as Eligible Investments. GS&Co. and/or a consolidated entity controlled by GS&Co. or an affiliate thereof is providing "warehouse" financing to the Issuer prior to the Closing Date and GS&Co. selected the warehoused Credit Default Swap and Collateral Securities which will be sold to the Issuer on the Closing Date pursuant to the terms of the Forward Purchase Agreement. No collateral manager or other person acting on behalf of the Issuer has reviewed the prices established pursuant to such Forward Purchase agreement (nor has there been any third party verification of such prices). See "—Notes—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 affiliates may give rise to additional conflicts of interest.

Anti-Money Laundering Provisions. The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, imposes anti money laundering obligations on different types of financial institutions, including banks, broker dealers and investment companies. The USA PATRIOT Act requires the Secretary of the United States Department of the Treasury (the "Treasury") to prescribe regulations to define the types of investment companies subject to the USA PATRIOT Act and the related anti money laundering obligations. It is not clear whether the Treasury will require entities such as the Issuer to enact anti money laundering policies. It is possible that the 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 Secured Notes and/or the Income Notes. Such legislation and/or regulations could require the Issuers to implement additional restrictions on the transfer of the Secured Notes and/or the Income 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 company and has no substantial prior operating history. The Issuer will have no significant assets other than the CDS Transactions, the Collateral Securities, Eligible Investments, rights under the Credit Default Swap, rights under the Liquidation Agency Agreement, 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 Secured Notes and the Credit Protection Buyer. The Issuer will not engage in any business activity other than the issuance and sale of the Secured Notes and the Income Notes as described herein, the issuance of the Ordinary Shares, the entering into and performance of its obligations under the Credit Default Swap, the acquisition and disposition of Collateral Securities and Eligible Investments as described herein, the entering into of, and the performance of its obligations under, the Indenture, the Account Control Agreement, the Liquidation Agency Agreement, the Collateral Administration Agreement, any other applicable Transaction Document, the pledge of the

Pledged Assets as security for its obligations in respect of the Secured Notes and otherwise for the benefit of the Secured Parties, certain activities conducted in connection with the payment of amounts in respect of the Secured Notes and the Income Notes and the management of the Pledged Assets and other activities incidental to the foregoing. Income derived from the Pledged Assets will be the Issuer's only source of cash.

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

Tax. See "Income Tax Considerations."

ERISA. See "ERISA Considerations."

Listing. Application may be made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that any application will be made, that any such listing will be obtained or that, if it is obtained, that it will be maintained by the Issuer. If any Class or Classes of Notes are admitted to the official list of the Irish Stock Exchange, the Issuer may at any time terminate the listing of such Notes. If the Issuer terminates the listing, it may, but is under no obligation to, seek a replacement listing on another stock exchange.

DESCRIPTION OF THE NOTES

The Secured Notes will be issued by the Issuers pursuant to the Indenture. The Income Notes will be issued by the Issuer pursuant to the Fiscal Agency Agreement. The following summary describes certain provisions of the Notes, the Indenture and the Fiscal Agency Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Notes, the Indenture and the Fiscal Agency Agreement. Copies of the Indenture may be obtained by prospective purchasers of the Secured Notes upon request in writing to the Trustee at LaSalle Bank National Association, 181 W. Madison Street, 32nd Floor, Chicago, Illinois 60602, Attention: CDO Trust Services Group —Anderson Mezzanine Funding 2007-1, Ltd. (telephone number (312) 992-5312). Copies of the Fiscal Agency Agreement may be obtained by prospective purchasers of Income Notes upon request in writing to the Fiscal Agent at LaSalle Bank National Association, 181 W. Madison Street, 32nd Floor, Chicago, Illinois 60602, Attention: CDO Trust Services Group —Anderson Mezzanine Funding 2007-1, Ltd. (telephone number (312) 992-5312).

Status and Security

The Co-Issued Notes will be limited recourse obligations of the Issuers, secured as described below. The Income Notes will be limited recourse obligations of the Issuer, will not be secured obligations of the Issuer 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 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes to the extent provided in the Priority of Payments. The Class A Notes will be senior in right of payment on each Payment Date to the Class B Notes, the Class C Notes, the Class D Notes and the Income Notes. Interest on the Class A-1a Notes, Class A-1b Notes and Class A-2 Notes will be paid *pro rata* (based upon amounts due). Payments of principal of the Class A-1 Notes will be either senior to or *pro rata* with payments of principal of the Class A-2 Notes as more fully described in the Priority of Payments. All principal allocated to the Class A-1 Notes will be allocated either (i) first to the Class A-1a Notes until the Class A-1a Notes are paid in full and then to the Class A-1b Notes until the Class A-1b Notes are paid in full) or (ii) *pro rata* to the Class A-1 Notes as more fully described 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, the Class D 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 the Income Notes. The Class D Notes will be senior in right of payment on each Payment Date to the Income Notes. 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 Secured Notes, the Fiscal Agent, the Liquidation Agent and the Credit Protection Buyer (but only to the extent of (a) the Collateral Securities and Eligible Investments in the Collateral Account and (b) the Delivered Obligations in the Delivered Obligations Account) (collectively, the "Secured Parties"), a first-priority security interest in (i) the Credit Default Swap; (ii) the Interest Collection Account; (iii) the Payment Account; (iv) the Expense Reserve Account; (v) the Delivered Obligations Account; (vi) the Amortization Shortfall Account, (vii) the CDS Counterparty Collateral Account and (viii) the Collateral Account (including the Cash Collateral Account) (items (ii) through (viii), the "Accounts"); (ix) Eligible Investments; (x) the Issuer's rights under the Credit Default Swap; (xi) the Issuer's rights under the Collateral Administration Agreement, (xii) the Issuer's rights under the Liquidation Agency Agreement and (xiii) certain other property (collectively, the "Pledged Assets").

Payments of interest on and principal of the Secured Notes and payments to the Holders of the Income Notes, will be made solely from the proceeds of the Pledged Assets 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 Proceeds 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), 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).

Interest on the Secured Notes

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-1a Notes will bear interest during each Interest Accrual Period at the Class A-1a Note Interest Rate for such Interest Accrual Period. The Class A-1b Notes will bear interest during each Interest Accrual Period at the Class A-1b 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. Interest with respect to the Class S Notes, the Class A 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 July 2007 Payment Date. LIBOR for the first Interest Accrual Period with respect to the Secured Notes will be determined as of the second Business Day preceding the Closing Date. Calculations of interest on the Secured 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 Payment Date. The "Interest Accrual Period," is with respect to the Class S Notes, the Class A-1a Notes, the Class A-1b 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.

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. 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. See "—Priority of Payments" and "—The Indenture—Events of Default."

Interest will cease to accrue on each Secured 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 Secured 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 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 which, in any such case, is not punctually paid or duly provided for on the applicable 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 LaSalle Bank 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, 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 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, 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 Liquidation Agent 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 Liquidation Agent 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 Liquidation Agent 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-1a Notes (the "Class A-1a Note Interest Amount"), of the Class A-1b Notes (the "Class A-1b 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"), and of the Class D Notes (the "Class D 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, to be communicated to the Issuers, DTC, Euroclear, Clearstream, the Note Paying Agents, the Trustee, the Liquidation Agent, the Securities Intermediary and the Irish Paying Agent (if any) for further delivery to the Irish Stock Exchange (so long as any Class of Notes is listed on such exchange). In the last case, the Note Calculation Agent will furnish such information as soon as possible after its determination to the Irish Paying Agent (if any) as long as any Notes are listed on the Irish Stock Exchange. The Note Interest Amount on any Payment Date of any Class of Notes shall be calculated based on the Outstanding principal balance of such Class prior to the payment of any Amortization Shortfall Amounts. The Note Calculation Agent will also specify to the Issuers and the Liquidation Agent the quotations upon which each of the Note Interest Rates are based. The Note Calculation Agent shall notify the Issuers and the Liquidation Agent 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. "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, Chicago, Illinois, the city of the Corporate Trust Office or, for the purposes of the Credit Default Swap only, London; 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 Irish Paying Agent (if any), the location of such Irish Paying Agent shall be considered in determining the "Business Day" for purposes of determining when such Irish Paying Agent action is required.

The Note Calculation Agent may not be removed by the Issuers unless the entity that is serving as Trustee is removed as Trustee. If the Note Calculation Agent is unable or unwilling to act as such or, in accordance with the preceding sentence, 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, if and for so long as any Notes are listed on the Irish 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 the Income Notes

The Income Notes will not bear interest based upon any fixed or floating rate.

The Fiscal Agent will receive Proceeds on each Quarterly Payment Date (and make payments to the Holders of the Income Notes) to the extent provided in the Indenture, if any, such Proceeds are available pursuant to clause (xviii) (or pursuant to clause (viii) in the case of the Final Payment Date) under "—Priority of Payments." Such payments will be made on the Income Notes only after all interest and other payments due on the Secured Notes have been made and all expenses of the Issuers have been paid (with such remaining Proceeds referred to as "Excess Amounts"). See "Risk Factors—Notes——Subordination of the Income Notes; Unsecured Obligations."

Except as indicated in the Priority of Payments, no principal payments will be made on the Income Notes until principal of, and accrued and unpaid interest on, the Secured Notes, and all other payments, certain fees and expenses, have been paid in full in accordance with the Priority of Payments.

Principal

The Notes (other than the Class S Notes) will mature on the Payment Date in July 2042 (each such date the "Stated Maturity" with respect to such Notes) and the Class S Notes will mature on the Payment Date in July 2013

(the "Stated Maturity" with respect to the Class S Notes). The average life of each Class of Secured Notes (other than the Class S Notes) is expected to be substantially shorter than the number of years from issuance until the Stated Maturity for such Class of Notes. See "Risk Factors—Notes—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 August 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 or an Optional Redemption or Auction has occurred and the Pledged 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, in accordance with the Priority of Payments. On any Payment Date, on which certain conditions are satisfied, principal will be paid to the Holders of the Class A Notes pursuant to the Priority of Payments, only in an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target of 147.1%. 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 121.0%. 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 114.7%. 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 108.1%. However, if the Net Outstanding Portfolio Collateral Balance is less than U.S.$122,000,000 on the Determination Date with respect to the related Payment Date, then only the amount described above to be paid to the Class A Notes will be allocated or paid, such amount to be allocated, *first*, to the payment pro rata of principal of all outstanding Class A Notes (*provided, however*, that all principal allocated to the Class A-1 Notes will first be allocated to the Class A-1a Notes until the Class A-1a Notes are paid in full and then to the Class A-1b Notes until the Class A-1b Notes are paid in full) until the Class A Notes have been paid in full, *second*, to the payment of principal of all outstanding Class B Notes until the Class B Notes have been paid in full, *third*, to the payment of principal of all outstanding Class C Notes until the Class C Notes have been paid in full and *fourth*, to the payment of all outstanding Class D Notes until the Class D Notes have been paid in full. The foregoing "shifting principal" method permits Holders of 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 Proceeds to the Holders of the Income Notes, to the extent funds are available in accordance with the Priority of Payments, while more senior Notes are outstanding. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Secured 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 Secured 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 applicable Determination Date, certain of the Secured Notes (other than the Class S Notes) will be subject to mandatory redemption on the related 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.

Scheduled Redemption of Income Notes

On or prior to the date that is one (1) Business Day prior to the end of the Due Period applicable to the Maturity Date, the Liquidation Agent will sell, assign, terminate or otherwise dispose of all remaining Pledged Assets. The settlement dates for any such sales or other dispositions shall be no later than one (1) Business Day prior to the end of such Due Period. The proceeds of such sales or other dispositions 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 therefore 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. Upon such payment, the Issuer shall redeem the Income Notes.

Auction

Sixty (60) days prior to the Payment Date occurring in July of each year (each, an "Auction Date") commencing on the July 2015 Payment Date, the Liquidation Agent, on behalf of the Issuer, will take steps to conduct an auction (the "Auction") of the Credit Default Swap, the Eligible Investments (other than cash), the Delivered Obligations and the Collateral Securities in accordance with procedures specified in the Indenture. If the Liquidation Agent receives one or more bids from Eligible Bidders not later than ten (10) Business Days prior to the Auction Date, which, when added to the cash on deposit in the Collateral Account, equals or exceeds the Minimum Bid Amount, it will sell, assign, terminate or otherwise dispose of the Credit Default Swap, Eligible Investments (other than cash), the Delivered Obligations and the Collateral Securities for settlement on or before the fifth Business Day prior to such Auction Date and the Notes and the Income Notes will be redeemed in whole on such Auction Date (any such date, an "Auction Payment Date"). The Liquidation Agent and its affiliates shall be considered Eligible Bidders. If the highest single bid on the entire portfolio, or the aggregate amount of multiple bids with respect to individual Collateral Securities, Eligible Investments (other than cash) and Delivered Obligations, when added to the other Liquidation Proceeds and cash on deposit in the Collateral Account, does not equal or exceed the Minimum Bid Amount or if there is a failure at settlement, the Credit Default Swap will not be terminated or assigned, the Eligible Investments (other than cash), Collateral Securities and the Delivered Obligations will not be sold and the redemption of the Notes on the related Auction Date will not occur.

The Secured Notes will be redeemed in whole at the applicable Secured Note Redemption Price following a successful Auction in accordance with the Priority of Payments. The amount distributable as the final payment on the Income Notes following any such redemption will equal the Income Note Redemption Price, which may be less than the then current Aggregate Outstanding Amount of the Income Notes).

Tax Redemption

Subject to certain conditions described herein, the Secured Notes may be redeemed by the Issuers at any time, in whole but not in part, 90 days following the Issuers becoming aware of the occurrence of a Tax Event (*provided* that such 90-day period shall be extended by another 90 days if, during the initial 90-day period, the Issuers have notified the Holders of the Notes that the related Issuer expects that it shall have changed its place of residence by the end of the later 90-day period) at their Secured Note Redemption Prices or the Income Note Redemption Price, as applicable, at the written direction of, or with the written consent of, (i) the Holders of at least a Super Majority of the Income Notes or (ii) the Holders of a Majority of any Class of Secured 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 Total Redemption Amount. If a Tax Redemption occurs, the Income Notes will be redeemed simultaneously. No such Tax Redemption will occur unless all amounts payable to the Credit Protection Buyer or any assignee (including all Credit Default Swap Termination Payments) will have been paid in full, in each case, on the related redemption date.

In connection with a Tax Redemption, the Issuers shall notify the Trustee and the Fiscal Agent, 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 assign, terminate or otherwise dispose of, in the manner determined by the Liquidation Agent, and in accordance with the Indenture, the Credit Default Swap, Collateral Securities, Eligible Investments and Delivered Obligations and upon any such assignment, termination or other disposition, the Trustee shall release the lien upon the Credit Default Swap or any such Collateral Security, Eligible Investment and Delivered Obligation pursuant to the Indenture; *provided, however*, that the Issuer may not direct the Trustee to assign, terminate or otherwise dispose of (and the Trustee shall not be obligated to release the lien upon) the Credit Default Swap or any such Collateral Security, Eligible Investment or Delivered Obligation except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Liquidation Agent shall have forwarded to the Trustee binding agreements or certificates evidencing that the Liquidation Proceeds anticipated from the disposition of the Pledged Assets will equal or exceed the Total Redemption Amount. The proceeds available for distribution in connection with a Tax Redemption will be reduced by the amount of expected Credit Default Swap Termination Payments due to the Credit Protection Buyer or any assignee.

The amount payable to the Holders of the Secured Notes in connection with any Tax Redemption of the Secured Notes will equal the Secured Note Redemption Prices thereof. The amount distributable as a final redemption payment on the Income Notes following any redemption of the Secured Notes will equal the Income Note Redemption Price.

Optional Redemption

Subject to certain conditions described herein, the Secured Notes may be redeemed by the Issuers and the Income Notes may be redeemed by the Issuer, in whole but not in part at their Secured Note Redemption Prices or the Income Note Redemption Price, as applicable, on any Payment Date on or after the July 2010 Payment Date, at the written direction of, or with the written consent of, the Holders of a Majority of the Income Notes (including Income Notes held by the Liquidation Agent 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 shall notify the Trustee and the Fiscal Agent, as applicable, of such Optional Redemption and the Optional Redemption Date and direct the Trustee, in writing, to sell, assign, terminate or otherwise dispose of, in the manner determined by the Liquidation Agent, and in accordance with the Indenture, the Credit Default Swap, Collateral Securities, Eligible Investments and Delivered Obligations and upon any such sale, assignment, termination or other disposition, the Trustee shall release the lien upon the Credit Default Swap, Collateral Securities, Eligible Investments and Delivered Obligations pursuant to the Indenture; *provided, however*, that the Issuer may not direct the Trustee to assign, terminate or otherwise dispose of (and the Trustee shall not be obligated to release the lien upon) the Credit Default Swap or any Collateral Security, Eligible Investment or Delivered Obligation except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Liquidation Agent shall have forwarded to the Trustee binding agreements or certificates evidencing that the Liquidation Proceeds anticipated from the assignment, termination or other disposition of the Credit Default Swap, Collateral Securities, Eligible Investments and Delivered Obligations and other assets of the Issuer will equal or exceed the Total Redemption Amount.

The amount payable to the Holders of the Secured Notes in connection with any Optional Redemption of the Secured Notes will equal the Secured Note Redemption Prices thereof. The amount distributable as a final redemption payment on the Income Notes following any redemption of the Secured Notes will equal the Income Note Redemption Price.

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.

If in the case of a Tax Redemption or an Optional Redemption of the Secured Notes and the Income Notes, any Holder of an Income Note or, in the case of a Tax Redemption, any Holder of a Secured Note affected by a Tax Event, desires to direct the Issuers with respect to the Secured Notes and the Issuer with respect to the Income Notes to redeem the Secured Notes and the Income Notes, such person shall notify the Principal Note Paying Agent, in the case of a Holder of Secured Notes or the Fiscal Agent, in the case of a Holder of Income Notes, which in each case will in turn notify the Trustee (with a copy to the Issuer, the Liquidation Agent and the Credit Protection Buyer) of such desire in writing no less than thirty (30) Business Days prior to such Payment Date. Such notice shall be irrevocable.

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 the Credit Protection Buyer, the Rating Agencies and to each Holder of a Secured Note at such Holder's address in the register maintained by the Note Registrar under the Indenture. The Fiscal Agent will provide the same notice to each Holder of an Income Note at such Holder's address in the Income Notes Register maintained by the Income Notes Transfer Agent pursuant to the Fiscal Agency Agreement. In addition, the Trustee or the Fiscal Agent will, if and for so long as any Class of Secured Notes or the Income Notes to be redeemed is listed on the Irish Stock Exchange, direct the

Irish Paying Agent to (i) cause notice of such Optional Redemption or Tax Redemption to be delivered to the Company Announcements Office of the Irish Stock Exchange not less than ten (10) Business Days prior to the Redemption Date and (ii) promptly notify the Irish Stock Exchange of such Optional Redemption or Tax Redemption.

The initial paying agents for the Notes are LaSalle Bank National Association, as Principal Note Paying Agent, and, if and so long as any Notes are listed on the Irish Stock Exchange, the Irish Paying Agent.

Secured Notes or Income Notes called for redemption (other than in the case of an Auction) must be surrendered at the office of any paying agent appointed under the Indenture or the Fiscal Agency Agreement, respectively, in order to receive any final payments on the Notes. The initial paying agent for the Secured Notes and Income Notes is LaSalle Bank National Association and if and for so long as any Notes are listed on the Irish Stock Exchange, the Irish Paying Agent.

Any such notice of redemption will be deemed to be withdrawn in its entirety by the Issuers on the seventh Business Day prior to the scheduled redemption date if the Liquidation Agent shall not have delivered the sale agreement or agreements or certifications, required by the Indenture by such date. In such event, the Trustee shall notify the Fiscal Agent that the notice of redemption has been withdrawn by overnight courier guaranteeing next day delivery sent not later than the sixth Business Day prior to such scheduled redemption date with a copy by facsimile transmission. The Liquidation Agent shall be liable only for the failure to effect an Optional Redemption or Tax Redemption due to the Liquidation Agent's gross negligence or willful misconduct. Notice of any such withdrawal shall be given at the Issuer's expense by the Trustee or the Fiscal Agent, as applicable, to each Holder of a Note at the address appearing in the applicable register maintained by the Note Transfer Agent under the Indenture or the Income Notes Transfer Agent 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, with a copy by facsimile transmission to the Credit Protection Buyer, the Liquidation Agent and the Rating Agencies (so long as any of the Notes are rated). The Trustee or the Fiscal Agent will also give notice to the Irish Paying Agent if any Notes are then listed on the Irish 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"), the Class A Notes and the Class B Notes will be redeemed at par plus accrued interest as follows:

If the Class A/B Overcollateralization Test is not satisfied on any Determination Date related to a Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any payments pursuant to clause (vii) or clauses (ix) and (xi) of the Priority of Payments), all Proceeds net of amounts payable under clauses (i) through (vi) of the Priority of Payments will be used, *first, pro rata,* to the payment of principal of the Class A-1a Notes and the Class A-1b Notes until the Class A-1a Notes and the Class A-1b Notes are paid in full, *second,* to the payment of principal of the Class A-2 Notes until the Class A-2 Notes are paid in full, and *third,* to the payment of principal of the Class B Notes until the Class B Notes are paid in full. The Class S Notes, the Class C Notes, the Class D Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of the Class A/B Overcollateralization Test.

If the Class C Overcollateralization Test is not satisfied on any Determination Date related to a Payment Date after giving effect to all payments of principal on such Payment Date (without giving effect to any payments pursuant to clause (ix) or clause (xi) of the Priority of Payments), (a) Amortization Proceeds only net of amounts payable under clauses (i) through (viii) of the Priority of Payments will be applied *pro rata* (i) to the payment of principal of all outstanding Class A Notes, (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* that, if the Net Outstanding Portfolio Collateral Balance is less than U.S.$152,500,000 on the Determination Date with respect to the related Payment Date, then such amount will be applied *first, pro rata* (i) to the payment of principal of the Class A-1a Notes and the Class A-1b Notes until the Class A-1a Notes and the Class A-1b Notes are paid in full, *second* (ii) to the payment of principal of the Class A-2 Notes until the Class A-2 Notes are paid in full, *third* (iii) to the payment of principal of the Class B Notes until the

Class B Notes are paid in full and *fourth* (iv) to the payment of principal of the Class C Notes until the Class C Notes are paid in full, 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. The Class S Notes, the Class D Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of the Class C Overcollateralization Test.

If the Class D Overcollateralization Test is not satisfied on any Determination Date related to a Payment Date (together with the Class A/B Overcollateralization Test and the Class C Overcollateralization Test, the "Coverage Tests"), amounts available pursuant to clause (xii) of the Priority of Payments, will be applied to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full. The Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of the Class D Overcollateralization Test.

The Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes and the Class D Notes and whether Proceeds will be distributed to the Holders of the Income Notes, and whether Proceeds must be used to make mandatory redemptions of the Class A-1a Notes, the Class A-1b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. See "Description of the Notes—Principal" and "—Priority of Payments." The Coverage Tests will consist of the Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization Test. For purposes of the Coverage Tests, (i) unless otherwise specified, a CDS Transaction shall be included as a Pledged Asset having the characteristics of the Reference Obligation and not of the CDS Transaction; *provided*, that if such Credit Protection Buyer is in default under the related CDS Transaction, such CDS Transaction shall not be included as a Collateral Asset for purposes of the Coverage Tests or such CDS Transaction will be treated in such a way that will satisfy the Rating Agency Condition and (ii) the calculation of the Class A/B Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D 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. For purposes of each of the Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization 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 by (ii) the Aggregate Outstanding Amount of the Class A Notes and the Class B Notes, *minus* the Amortization 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 116.0%. As of the Closing Date, the Class A/B Overcollateralization Ratio is expected to be equal to 119.0%.

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 by (ii) the Aggregate Outstanding Amount of the Notes (other than the Class S Notes, the Class D Notes and the Income Notes and including Class C Deferred Interest), *minus* the Amortization 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 109.9%. As of the Closing Date, the Class C Overcollateralization Ratio is expected to be equal to 111.7%.

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 by (ii) the Aggregate Outstanding Amount of the Notes (other than the Class S Notes and Income Notes and including Class C Deferred Interest and Class D Deferred Interest), (after giving effect to the application of funds pursuant 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 105.9%. As of the Closing Date, the Class D Overcollateralization Ratio is expected to be equal to 107.4%.

Cancellation

All 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 Notes 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 Liquidation Agent, the Credit Protection Buyer 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.

If and for so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuers will have a paying agent and a transfer agent in accordance with the requirements of the rules of such exchange for such Notes and payments on and transfers or exchanges of interest in such Notes may be effected through the Irish Paying Agent. In the event that the Irish Paying Agent (if any) is replaced at any time during such

period, notice of the appointment of any replacement will be given to the Irish Stock Exchange if and as long as any Notes are listed thereon.

Amortization Amounts

Two Business Days prior to each Payment Date, to the extent there is a positive Aggregate Amortization Amount for such Payment Date determined as of the related Determination Date, pursuant to the Amortization Liquidation Procedure, an amount (such amount, the "Amortization Proceeds" with respect to such Payment Date) equal to up to the Aggregate Amortization Amount shall be withdrawn by the Trustee and deposited in the Payment Account for application in accordance with the Priority of Payments on such Payment Date.

If on any Payment Date there exists an Amortization Shortfall Amount, the Collateral Account Amount shall be deemed to be reduced by the full Aggregate Amortization Amount and the Trustee shall calculate, and maintain a record of, how such Amortization Shortfall Amount would have been paid out on a pro forma basis on such Payment Date in accordance with the Priority of Payments had the amount available pursuant to the Amortization Liquidation Procedure from the Collateral Account on such Payment Date been equal to the full Aggregate Amortization Amount. In each Due Period relating to the Payment Date or Payment Dates immediately following any Payment Date on which an Amortization Shortfall Amount occurred, all principal payments received by the Issuer on the Collateral Securities and the Eligible Investments in the Collateral Account up to an amount equal to such Amortization Shortfall Amount shall be deposited by the Trustee in the Amortization Shortfall Account. Amounts on deposit in the Amortization Shortfall Account shall be applied by the Trustee on the immediately following Payment Date for the purposes and to the Persons that would have otherwise received such amounts in accordance with the calculations (and records) of the Trustee maintained pursuant to the first sentence of this paragraph. To the extent there remains any unsatisfied Amortization Shortfall Amount on the next Payment Date, for purposes of calculating the Amortization Proceeds on such Payment Date the Principal Balance of the Collateral Securities and Eligible Investments on deposit in the Collateral Account shall be reduced by the amount of any unsatisfied Amortization Shortfall Amount from any prior Payment Date.

Priority of Payments

With respect to any Payment Date, all Proceeds received on the Pledged Assets during the related Due Period in the Interest Collection Account 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 due on such Class or subclass of Notes, amounts paid as principal shall be made *pro rata* based on the amount of principal then outstanding on such Class or subclass of Notes and unless stated otherwise, Proceeds not constituting Amortization Proceeds will be assumed to be applied prior to any Amortization Proceeds.

Amounts due in respect of Defaulted Credit Default Swap Termination Payments shall be deposited into the Payment Account and paid in accordance with the Priority of Payments on each Payment Date. Credit Protection Amounts due to the Credit Protection Buyer (or any assignee thereof) will be paid when due pursuant to the terms of the Credit Default Swap.

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 Interest Collection Account (other than amounts received after the end of the related Due Period) into the Payment Account. On each Payment Date (other than a Final Payment Date), amounts in the Payment Account will be applied by the Trustee pursuant to the Note Valuation Report 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.$2,083 and 0.00208% 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. (a) *first*, 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 the Income Notes Transfer Agent and *second*, *pro rata*, to any other parties entitled thereto; (b) second, to the payment of any indemnities (and legal expenses related thereto) payable by the Issuers *first*, to the Trustee, the Collateral Administrator and the Fiscal Agent and *second*, *pro rata*, to any other parties entitled thereto; and (c) third, 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.$200,000; *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 11 Payment Dates shall not exceed U.S.$300,000;

iv. to the payment of, (a) *first*, accrued and unpaid interest on the Class S Notes (including Defaulted Interest and interest thereon) and beginning with the Payment Date occurring in August 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 or an Optional Redemption or Auction has occurred and the Pledged Assets are being liquidated pursuant to the terms of the Indenture, to the payment of principal to the Class S Notes until the Class S Notes are paid in full;

v. to the payment to the Liquidation Agent of the accrued and unpaid Liquidation Agent Fee;

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), then *first*, *pro rata*, to the payment of principal of all outstanding Class A-1a Notes and Class A-1b Notes until the Class A-1a Notes and the Class A-1b 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), then (a) *pro rata*, Amortization Proceeds only (i) to the payment of principal of all outstanding Class A Notes, (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.$152,500,000 on the Determination Date with respect to the related Payment Date then such amount will be paid *first* (i) *pro rata*, to the payment of principal of all outstanding Class A-1 Notes until the Class A-1 Notes are paid in full, *second* (ii) to the payment of principal of all outstanding Class A-2 Notes until the Class A-2 Notes are paid in full, *third* (iii) to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full and *fourth* (iv) to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full, 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*, *pro rata*, the Class A Notes up to the amount specified in clause (b)(1) below, *provided, however*, that all principal allocated to the Class A-1 Notes will first be allocated to the Class A-1a Notes until the Class A-1a Notes are paid in full and then to the Class A-1b Notes until the Class A-1b Notes are paid in full, *second*, to the payment of principal of the Class B Notes up to the amount specified in clause (b)(2) below, *third*, to the payment of principal of the Class C Notes up to the amount specified in clause (b)(3) below, and *fourth*, to the payment of principal of the Class D Notes up to the amount specified in clause (b)(4) below, in an aggregate amount equal to the lesser of (a) the Amortization Proceeds received or held during the related Due Period, and (b) the sum of (1) the amount necessary to increase the Class A Adjusted Overcollateralization Ratio to or maintain it at 147.1%, plus (2) the amount necessary to increase the Class B Adjusted Overcollateralization Ratio to or maintain it at 121.0%, plus (3) the amount necessary to increase the Class C Adjusted Overcollateralization Ratio to or maintain it at 114.7%, plus (4) the amount necessary to increase the Class D Adjusted Overcollateralization Ratio to or maintain it at 108.1%; provided that, if the Net Outstanding Portfolio Collateral Balance is less than U.S.$122,000,000 on the Determination Date with respect to the related Payment Date, then only the amount described in sub-clause (a) of this clause (xi) will be applied, *first*, *pro rata*, to the payment of principal of all outstanding Class A-1 Notes and Class A-2 Notes until the Class A-1 Notes and Class A-2 Notes are paid in full, *provided, however*, that all principal allocated to the Class A-1 Notes will first be allocated to the Class A-1a Notes until the Class A-1a Notes are paid in full and then to the Class A-1b Notes until the Class A-1b Notes are paid in full, *second*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, *third*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full and *fourth*, to the payment of principal of all outstanding Class D Notes until 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)), 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. after the Payment Date occurring in July 2015, *first*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full and *second*, to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full;

xv. to the payment of any unpaid Defaulted Swap Termination Payments;

xvi. *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.$200,000 (after giving effect to any deposits made therein on such Payment Date under clause (iii) above); *provided, however*, that the aggregate payments pursuant to subclause (c) of this clause (xvi) and subclause (c) of clause (iii) on any Payment Date shall not exceed U.S.$250,000;

xvii. the payment of the Class D Notes Amortizing Principal Amount;

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

xix. on each Payment Date, any remaining amount to be deposited to the Interest 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 Interest Collection Account into the Payment Account and, after the liquidation of (i) the Credit Default Swap, (ii) the Collateral Securities and Eligible Investments in the Collateral Account, (iii) the Amortization Proceeds drawn from the Collateral Account to the Payment Account and (iv) the Delivered Obligations and Eligible Investments in the Delivered Obligation Account, the Trustee will deposit all proceeds therefrom, into the Payment Account. On the Final Payment Date, amounts in the Payment Account will be applied by the Trustee pursuant to the Note Valuation Report 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. first, *pro rata*, to the payment of the Class A-1a Notes and the Class A-1b Notes, in each case, the amount necessary to pay the outstanding principal amount of such Notes in full;

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

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

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

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

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

viii. any remaining amount to the Fiscal Agent for deposit in the Income Note Payment Account for payment to the Holders of the Income Notes.

Upon payment in full of the last outstanding Secured Note, the Issuer (or the Liquidation Agent acting pursuant to the Liquidation Agency Agreement on behalf of the Issuer) will liquidate any remaining Pledged Assets, including the Credit Default Swap, the Eligible Investments, the Collateral Securities, the Delivered Obligations and any other items comprising the Pledged Assets and deposit the proceeds thereof in the Interest 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 and any interest income earned on such amounts) will be distributed in accordance with the Priority of Payments for Final Payment Dates and all amounts remaining thereafter will be distributed 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 Maturity Date, unless redeemed or retired prior thereto in accordance with the Priority of Payments.

The Indenture

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

Events of Default. An "Event of Default" 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 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 actually aware of such administrative error or omission);

ii. a default in the payment of principal due on any Secured 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 actually 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 Secured Note or principal of any Secured 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 $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 by the Trustee;

iv. a circumstance in which either of the Issuers becomes an investment company required to be registered or the Pledged Assets or any portion thereof becomes subject to regulation under the Investment Company Act;

v. a default, which has a material adverse effect on the Holders of the Secured Notes (as determined by at least a Majority, by interest, 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 Liquidation Agent by the Trustee or to the Issuers, the Liquidation Agent and the Trustee by at least a Majority, by interest, of the Controlling Class;

vi the Credit Default Swap is terminated (without replacement) (excluding a termination, in part, in connection with the assignment, termination or novation of a CDS Transaction); and

vii. 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 and will (i) if the Credit Protection Buyer is in default under the Credit Default Swap, at the direction of not less than a Majority of the Class S Notes, the Class A Notes and the Class B Notes (the Class S Notes, the Class A Notes and the Class B Notes voting as a single class), for so long as any Class S Notes, Class A Notes or Class B Notes are Outstanding; if no Class S Notes, Class A Notes or Class B Notes are Outstanding, then the Class C Notes, for so long as any Class C Notes are Outstanding; and if no Class S Notes, Class A Notes, Class B Notes or Class C Notes are Outstanding, the Class D Notes, for so long as any Class D Notes are Outstanding; and otherwise (ii) 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 Secured Notes to be immediately due and payable (except that in the case of an Event of Default described in clause (vi) or (vii) above, such an acceleration will occur automatically and shall not require any action by the Trustee or any Secured Noteholder).

If an Event of Default should occur and be continuing, the Trustee is required to retain the Pledged Assets intact and collect all payments in respect of the Pledged Assets 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 Liquidation Agent) that the anticipated proceeds of a sale or liquidation of the Pledged Assets 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 Pledged Assets) 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 and Class D Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Secured Notes; (ii) all Administrative Expenses; (iii) any unpaid amounts due the Credit Protection Buyer and any unpaid amounts due any assignee of a CDS Transaction net of amounts payable to the Issuer by the Credit Protection Buyer or assignee of a CDS Transaction; and (iv) all other items in the Priority of Payments ranking prior to payments on the Secured Notes, and, in any case, the Holders of a Majority of the Controlling Class agree with such determination or (b) the requisite Holders of Notes as determined pursuant to the Indenture or the Holders of a Super Majority of the Controlling Class (whichever directed the acceleration of the Secured Notes pursuant to the preceding paragraph) direct, subject to the provisions of the Indenture, the sale and liquidation of the Pledged Assets.

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 Pledged Assets, 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) and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has received an indemnity which is reasonably acceptable to the Trustee against any such liability).

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to the Secured 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 Secured 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 Secured Notes, except (a) a default in the payment of principal or interest on any Secured 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 seven (7) 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 the Holder of each outstanding Note adversely affected thereby.

Furthermore, any declaration of acceleration of maturity of the Secured Notes may be revoked and annulled by the requisite Holders of Notes as determined pursuant to the Indenture or the Holders of a Majority of the Controlling Class, as applicable, before a judgment or decree for the payment of money has been obtained by the Trustee or the Pledged Assets have been sold or foreclosed in whole or in part, by notice to the Issuers and the

Trustee, 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 Secured 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 Secured 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 Secured 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 or the Secured Notes and no Holder of a Secured 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 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 Secured Notes have given any direction, notice or consent, Secured 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 will not be considered to be affiliates of the Issuer or Co-Issuer by virtue of such ownership of Income Notes.

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

Modification of the Indenture. Without obtaining the consent of Holders of the Notes, the Issuers and the Trustee may enter into one or more supplemental indentures for any of the following purposes:

(i) to evidence the succession of any person to either the Issuer or Co-Issuer and the assumption by any such successor of the covenants of the Issuer or Co-Issuer in the Notes, the Fiscal Agency Agreement and under the Indenture;

(ii) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuers;

(iii) to convey, transfer, assign, mortgage or pledge any property to the Trustee, or add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Notes;

(iv) to evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee;

(v) to correct or amplify the description of any property at any time subject to the 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;

(vi) to otherwise correct any inconsistency or cure any ambiguity or manifest error or correct or supplement any provisions contained in the Indenture which may be defective or inconsistent with any provision contained in the Indenture or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error;

(vii) to take any action necessary or advisable to prevent the Issuer, the Trustee, any Note Paying Agents or the Fiscal Agent 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;

(viii) to conform the Indenture to the descriptions contained in this Offering Circular;

(ix) to comply with any reasonable requests made by the Irish Stock Exchange in order to list or maintain the listing of any Notes on such stock exchange; or

(x) to make any other change for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or any other Transaction Document; *provided* however that such changes would have no material adverse effect on any of the Notes (which may be evidenced by an opinion of counsel or a Noteholder Poll (as hereinafter defined)).

With the written consent of the Holders of (a) at least a Majority, by Aggregate Outstanding Amount, of the Secured Notes materially adversely affected thereby (voting together as a single class) and (b) at least a Majority of the Income Notes materially adversely affected thereby, the Trustee and the Issuers may execute a supplemental indenture to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the Holders of the Notes.

Notwithstanding anything in the Indenture to the contrary, without the written consent of each Noteholder of each Class adversely affected thereby no supplemental indenture may:

(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 Secured Note 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 Pledged Asset to the payment of principal of or interest on Notes or change any place where, or the coin or currency in which, Notes or the principal thereof or interest 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 other due date 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 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 under the Indenture or their consequences;

(iii) impair or adversely affect the Pledged Assets 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 Pledged Assets 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 lien of the Indenture;

(v) reduce the percentage of Holders of the Notes of each Class whose consent is required to request the Trustee to preserve the Collateral Assets or rescind the Trustee's election to preserve the Collateral Assets or to sell or liquidate the Collateral Assets 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 on or principal of any Secured 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 Liquidation Agent Fees payable to the Liquidation Agent beyond the amount provided for in the original Liquidation Agency 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 Pledged Assets in accordance with the terms of the Indenture;

(xii) at the time of execution of such supplemental indenture, cause payments made by or to the Issuer, the Credit Protection Buyer, the Liquidation Agent 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 the 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").

Notwithstanding anything to the contrary herein, no supplement or amendment to the Indenture will be effective until the consent of each of the Credit Protection Buyer (which shall not be unreasonably withheld) and the Liquidation Agent (which consent shall not be unreasonably withheld) has been obtained.

Under the Indenture, in making the determination of whether a proposed amendment has or would have no material adverse effect on any of the Notes, which Notes are materially adversely affected by a proposed amendment or which Classes of Notes are adversely affected by any Reserved Matter (each such determination, an "Amendment Determination"), the Trustee may rely on an opinion of counsel. If no opinion of counsel is provided with respect to a proposed amendment, a Noteholder Poll shall be conclusively determinative of such Amendment Determination and the Trustee shall be entitled to conclusively rely on such Noteholder Poll. The results of such Noteholder Poll shall be conclusive and binding on the Issuer and all present and future Noteholders.

"Noteholder Poll" with respect to a proposed supplemental indenture means the following:

The Trustee will (at the expense of the Issuer) give written notice of such proposed supplemental indenture to the Holders of the Secured Notes and to the Fiscal Agent for notification by the Fiscal Agent to the Holders of the Income Notes. If any Holder of a Note of a Class delivers a written objection to any portion of such supplemental indenture to the Trustee, in the case of the Secured Notes, and the Fiscal Agent, in the case of the Income Notes, within 20 Business Days after the date on which such notice was given by the Trustee or the Fiscal Agent, as applicable, each Note of such Class will be deemed to be both adversely affected and materially and adversely affected. If no Holder of a Note of a Class delivers a written objection to the Trustee or the Fiscal Agent, as applicable, within such period, all Notes of such Class shall be deemed not to be materially and adversely affected and not to be adversely affected by such supplemental indenture. The Fiscal Agent will promptly communicate to the Trustee the receipt of any such written objection from a Holder of an Income Note or if no such written objection is received within the prescribed time period, that no written objections were received from any Income Noteholder.

Under the Indenture, the Trustee will deliver a copy of any proposed supplemental indenture to the Holders of the Secured Notes, the Fiscal Agent, the Rating Agencies (for so long as any of the Notes are outstanding and rated by the Rating Agencies), the Credit Protection Buyer and the Liquidation Agent not later than 20 Business Days prior to execution of a proposed supplemental indenture. The Fiscal Agent will deliver a copy of the same to the Holders of the Income Notes. For so long as any of the Notes are outstanding and rated by the Rating Agencies, no 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 Secured Notes of each Class and the Income Notes, whose consent, in the case of the Income Notes, will be communicated to the Fiscal Agent for notice to the Trustee, the Liquidation Agent and the Credit Protection Buyer, enter into any such supplemental indenture notwithstanding any potential reduction or withdrawal of the ratings of any outstanding Class of Notes. The Trustee must provide notice of any amendment or modification of the Indenture (whether or not required to be approved by such parties) to the Holders of the Secured Notes, the Fiscal Agent, the Liquidation Agent, the Credit Protection Buyer and if and for so long as any Secured Notes are listed on the Irish Stock Exchange, the Irish Paying Agent promptly upon the execution of such supplemental indenture. The Fiscal Agent will provide notice of any such amendment or modification of the Indenture to the Holders of the Income Notes and if and for so long as any Income Notes are listed on the Irish Stock Exchange, the Irish 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 (which opinion of counsel may rely on an officer's certificate from the Liquidation Agent), at the expense of the Issuer, that such amendment is permitted under the terms of the Indenture.

In addition, the Issuers and the Trustee may enter into any additional agreements not expressly prohibited by the Indenture or any other Transaction Document.

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 Secured Notes, or any of the Pledged Assets; *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 Secured Notes; (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 Liquidation Agent, the Credit Protection Buyer, 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 the Rating Agency Condition with respect to S&P shall have been satisfied with respect to such change; 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 Liquidation Agent or the Credit Protection Buyer or, if and so long as any Notes are listed thereon, the Irish Stock Exchange objecting to such change.

Petitions for Bankruptcy. The Indenture will provide that neither (i) the Paying Agents, the Liquidation Agent, the Note Registrar, or the Trustee, in its own capacity, or on behalf of any Secured Noteholder, nor (ii) the Secured Noteholders may, prior to the date which is one year and one day (or, if longer, the applicable preference period then in effect) after the payment in full of all Notes, 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 Pledged Assets securing the Secured Notes upon delivery to the Note Paying Agent for cancellation all of the Secured Notes and the payment in full of the Secured Notes, or, within certain limitations (including the obligation to pay principal and interest), upon deposit with the Trustee of funds sufficient for the payment or redemption thereof and the payment by the Issuers of all other amounts due under the Indenture.

Trustee. LaSalle Bank National Association will be the Trustee under the Indenture. 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 Secured 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 Secured Noteholders shall together have the power, exercisable by 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. LaSalle Bank 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 LaSalle Bank National Association. The payment of the fees and expenses of LaSalle Bank National Association, as the Paying Agent, the Note Registrar, the Note Calculation Agent and the Note Transfer Agent relating to the Notes is solely the obligation of the Issuers. The Indenture contains provisions for the indemnification of LaSalle Bank National Association for any loss, liability or expense incurred without gross negligence, willful misconduct, default or bad faith on its part arising out of or in connection with the acceptance or administration of the Indenture.

Irish Paying Agent. If and for so long as any of the Secured Notes or the Income Notes are listed on the Irish Stock Exchange, and the rules of such exchange shall so require, the Issuers will have an Irish Paying Agent in accordance with the requirements of the rules of such exchange for the Notes. The Issuers and their affiliates may maintain other relationships in the ordinary course of business with the Irish Paying Agent. The payment of the fees and expenses of the Irish Paying Agent relating to the Notes is solely the obligation of the Issuers.

Status of the Income Notes. The Holders of the Income Notes will have certain rights to vote with respect to limited matters arising under the Indenture and the Liquidation Agency 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 Pledged Assets or certain other matters under the Indenture.

Fiscal Agency Agreement

The Income Notes will be issued by the Issuer and administered in accordance with a Fiscal Agency Agreement (the "Fiscal Agency Agreement") between LaSalle Bank National Association as fiscal agent (in such capacity, the "Fiscal Agent"). The following summary describes certain provisions of the Income Notes and the Fiscal Agency Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Fiscal Agency Agreement. After the closing, copies of the Fiscal

Agency Agreement may be obtained by prospective investors upon request in writing to the Fiscal Agent at LaSalle Bank National Association, 181 W. Madison Street, 32nd Floor, Chicago, Illinois 60602, Attention: CDO Trust Services Group —Anderson Mezzanine Funding 2007-1, Ltd. (telephone number (312) 992-5312).

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent and the Income Notes Transfer Agent will perform various fiscal services on behalf of the Holders of the Income Notes. The payment of the fees and expenses of the Fiscal Agent and Income Notes Transfer Agent is solely the obligation of the Issuer. The Fiscal Agency Agreement contains provisions for the indemnification of the Fiscal Agent and Income Notes Transfer 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.

Status. The Income Notes are not secured by the Pledged Assets securing the Secured Notes. There can be no assurance that, after payment of principal and interest on the Secured Notes and other fees and expenses of the Issuers in accordance with the Priority of Payments, the Issuer will have funds remaining to make payments in respect of the Income Notes. As a result, the rights of the Income Note holders to receive payments will rank (i) behind the rights of all secured creditors of the Issuer, whether known or unknown, including the Holders of the Secured Notes, the Liquidation Agent and the Credit Protection Buyer and (ii) pari passu with all unsecured creditors of the Issuer, whether known or unknown. The Issuer, pursuant to the Indenture, has pledged substantially all of its assets to secure the Secured Notes and certain other obligations of the Issuer. The proceeds of such assets will only be available to make payments in respect of the Income Notes as and when such proceeds are released from the lien of the Indenture in accordance with the Priority of Payments. See "—Priority of Payments."

Payment. On each Quarterly Payment Date, to the extent funds are available therefor, and after the Secured Notes and certain other amounts due and payable on such Quarterly Payment Date that rank senior to payments on the Income Notes have been paid in full, Proceeds will be released from the lien of the Indenture in accordance with the Priority of Payments and paid to the Fiscal Agent on such Quarterly Payment Date for payment to the Holders of the Income Notes. See "—Status and Security", "—Interest on the Secured Notes" and "—Principal."

Payments on any Income Note will be made to the person in whose name such Income Note is registered 10 Business Days' prior to the applicable Quarterly Payment Date. Payments will be made by wire transfer in immediately available funds to a U.S. Dollar account maintained by the Holder thereof appearing in the Income Notes Register in accordance with wire transfer instructions received from such Holder by the Fiscal Agent on or before the Record Date or, if no wire transfer instructions are received by the Fiscal Agent, by a U.S. Dollar check drawn on a bank in the United States. Final distributions or payments made in the course of a winding up of the Issuer will be made only against surrender of the certificate representing such Income Notes at the office of the Income Notes Transfer Agent. The Income Notes Transfer Agent will communicate or cause communications of such distributions and payments and the related Payment Date to the Issuer, the Fiscal Agent, Euroclear and Clearstream.

Modification of the Fiscal Agency Agreement. The Fiscal Agency Agreement may be amended by the Issuer and the Fiscal Agent without the consent of any of the Income Noteholders for any of the following purposes: (i) to evidence the succession of any person to either the Issuer or Co-Issuer and the assumption by any such successor of the covenants of the Issuer or Co-Issuer in the Notes, the Fiscal Agency Agreement and the Indenture; (ii) to add to the covenants of the Issuers or the Fiscal Agent for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuers; (iii) to 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; (iv) to take any action necessary or advisable to prevent the Issuer, the Trustee, any Note Paying Agents or the Fiscal Agent 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; (v) to conform the Fiscal Agency Agreement to the descriptions contained in this Offering Circular; (vi) to comply with any reasonable requests made by the Irish Stock Exchange in order to list or maintain the listing of any Notes on such stock exchange; or (vii) to make any other change for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Fiscal Agency Agreement; *provided, however* that such changes would have no material adverse effect on any of the Notes.

The Fiscal Agency Agreement may also be amended from time to time by the Issuer and the Fiscal Agent with the consent of a Majority of Income Noteholders for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Fiscal Agency Agreement, or of modifying in any manner the rights of the Income Noteholders; *provided*, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, or change the allocation of, the payments on the Income Notes or (ii) reduce the voting percentage of the Income Noteholders required to consent to any amendment to the Fiscal Agency Agreement, in each case without the consent of the Income Noteholders of all of the Income Notes.

Income Notes Register. The Fiscal Agent will initially be appointed as Income Notes Transfer Agent (in such capacity, the "Income Notes Transfer Agent") for the purpose of registering and administrating the transfer of Income Notes. The Income Notes Transfer Agent shall maintain at its offices, a register (the "Income Notes Register") in which it shall provide for the registration of Income Notes and the registration of transfers of Income Notes in accordance with the Fiscal Agency Agreement.

Notices. Notices to the Income Note holders will be given by first class mail, postage prepaid, to the registered holders of the Income Notes at their addresses appearing in the Income Notes Register. In addition, if and for so long as any of the Income Notes are listed on the Irish Stock Exchange and so long as the rules of such exchange so require, notices to the Holders of such Income Notes shall also be published by the Irish Listing Agent in the official list thereof as otherwise required by the rules of such exchange.

Governing Law of the Transaction Documents

The Indenture, the Fiscal Agency Agreement, the Notes, the Credit Default Swap and the Liquidation Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof. Under the Indenture, the Fiscal Agency Agreement and the Liquidation Agency 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 and the Liquidation Agency Agreement.

Form of the Notes

The Notes. Each Class of Notes (other than the Income 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 LaSalle Bank National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC. Each of the Income Notes which are sold either to (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 Institution Buyer or (2) in the case of the Income Notes only, an Accredited Investor who has a net worth of not less than U.S. $10 million 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 LaSalle Bank National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC, for the respective accounts of Euroclear and Clearstream. Beneficial interests in a Temporary Regulation S Global Note may be held only through Euroclear or Clearstream. Beneficial interests in a Temporary Regulation S Global Note will be exchanged for beneficial interests in a permanent Regulation S Global Note (the "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 LaSalle Bank National Association as custodian for DTC for credit to the accounts of Euroclear and Clearstream for the respective accounts of the Holders of such Notes. Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream.

A beneficial interest in a Regulation S Global Note or a Temporary Regulation S Global Note may be transferred, whether before or after the expiration of the Distribution Compliance Period, to a U.S. person only, with respect to the Class 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, and, with respect to any Regulation S Income Notes, in the form of a definitive Income Note, as applicable, and only upon receipt by the Note Transfer Agent or Income Notes Transfer Agent, as applicable, of a written certification from the transferor (in the form provided in the Indenture or the Fiscal Agency Agreement, as applicable) to the effect that the transfer is being made to a person the transferor reasonably believes is (a) a Qualified Institutional Buyer or, solely in the case of the Income Notes, an Accredited Investor who has a net worth of not less than U.S. $10 million and (b) 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, a Definitive Note in the case of the Income Notes, may occur only in denominations greater than or equal to the minimum denominations applicable to the Rule 144A Global Notes or in a principal amount of not less than $250,000.

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 or Income Notes Transfer Agent, as applicable, 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 in the case of Income Notes sold to Accredited Investors) and U.S.$100,000 (in the case of Regulation S Notes) 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 Income Notes will be initially issued in global form. The Income Notes (other than the Regulation S Income 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 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, the Note Paying Agent or the Fiscal 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 or Income Notes Transfer Agent, as applicable, in sufficient quantities and authenticated by or on behalf of the Note Transfer Agent or Income Notes Transfer Agent, as applicable, for delivery to Holders of the Notes. Persons exchanging interests in a Global Note for individual Definitive Notes will be required to provide to the Note Transfer Agent or the Income Notes Transfer Agent, as applicable, through DTC, Clearstream or Euroclear, (i) written instructions and other

information required by the Issuers, the Note Transfer Agent and the Income Notes 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 (a) Qualified Institutional Buyer status or, solely in the case of the Income Notes, as to Accredited Investor status and (b) 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, Income Notes Transfer Agent or the office of any transfer agent, upon compliance with the requirements set forth in the Indenture or the Fiscal Agency Agreement, as applicable. 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 or Income Notes Transfer Agent, as applicable, 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 or the Fiscal Agent, as applicable, 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, if and for so long as any Notes are listed on the Irish 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 Irish 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 the Irish 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 Irish Paying Agent.

The Income Notes. The Regulation S Income Notes will initially be in global form. The Income Notes (other than Regulation S Income Notes) will not be global and will be represented by one or more Income Note Certificates in definitive form. All Income Notes will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

Income Notes may be transferred only (i) upon receipt by the Issuer and Income Notes Transfer Agent of an Income Notes Purchase and Transfer Letter to the effect that the transfer is being made (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 of an Income Note (other than a Regulation S Income Note) must also make certain other representations applicable to such transferee, as set forth in the Income Notes Purchase and Transfer Letter.

Each Purchaser of a Regulation S Income Note will be deemed by its purchase to have represented and warranted as set forth under "Notice to Investors."

Payments on the Income Notes on any Payment Date will be made to the person in whose name the relevant Income Note is registered in the Income Notes Register as of the close of business 10 Business Days prior to such Payment Date.

USE OF PROCEEDS

The gross proceeds associated with the offering of the Notes are expected to equal approximately U.S.$308,400,000. Approximately U.S.$1,655,000 of such gross proceeds will be applied by the Issuer to pay upfront fees and expenses associated with the offering of the Notes. 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 Securities and Eligible Investments described herein having an aggregate Principal Balance of approximately U.S.$305,000,000 and will have entered into the Credit Default Swap. In addition, on the Closing Date, approximately U.S.$200,000 of the net proceeds from the issuance of the Notes 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-1a Notes, the Class A-1b 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 and that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P. The Income Notes will not be rated by either Rating Agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

If and for so long as any Class of Notes is listed on the Irish Stock Exchange, the Trustee will inform the Irish Paying Agent if any rating assigned to any Class of Notes is reduced or withdrawn.

Moody's Ratings

The ratings assigned to the Secured Notes by Moody's are based upon its assessment of the probability that the Credit Default Swap and the Collateral Assets will provide sufficient funds to pay such Secured Notes, based largely upon Moody's statistical analysis of historical default rates on debt obligations with various ratings, expected recovery rates on the Reference Obligations and the Collateral Assets, the asset and interest coverage required for such Secured Notes (which is achieved through the subordination of more junior Notes), and the diversification requirements that the Pledged 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 or premium payments as provided in the governing documents and (ii) the Class C Notes and the Class D Notes addresses the ultimate cash receipt of all required interest and principal payments as provided in the governing documents. Moody's ratings are based on the expected loss posed to the Holders of the Notes relative to the promise of receiving the present value, calculated using a discounted rate equal to the promised interest rate of such payments. Moody's analyzes the likelihood that each debt obligation included in the portfolio will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody's then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the potential recovery value of the Pledged 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 Liquidation Agent, 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 Secured 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 Secured Notes. The ratings assigned to the Class C Notes and the Class D Notes by S&P address the likelihood of the ultimate payment of interest and principal on such Secured Notes. This requires an analysis of the following: (i) credit quality of the Pledged Assets securing the Secured 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 Issuer), 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 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 Reference Obligations included in the Reference 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 Pledged 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 Pledged 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.

THE CREDIT DEFAULT SWAP

General

The following description of the Credit Default Swap is a summary of certain provisions of the Credit Default Swap but does not purport to be complete and prospective investors must refer to the Credit Default Swap for more detailed information regarding the Credit Default Swap. Copies of the Master Agreement and the Master Confirmations will be available to investors from the Trustee. Capitalized terms not otherwise defined in this section will have the meanings set forth in the Master Agreement and related Master Confirmation.

The Credit Default Swap will be structured as a "pay-as-you-go" credit default swap and will be documented pursuant to a 1992 ISDA Master Agreement (Multicurrency-Cross Border), including the Schedule thereto (the "Master Agreement"), between the Issuer and the Credit Protection Buyer along with two confirmations (each a "Master Confirmation") evidencing a transaction with respect to each Reference Obligation in the Reference Portfolio thereunder (each such transaction, a "CDS Transaction").

Each CDS Transaction is expected to have a specified Reference Obligation 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 CDS Transaction. The "Aggregate Reference Obligation Notional Amount" is the sum of the Reference Obligation Notional Amounts of all CDS Transactions. On the Closing Date, the Issuer expects to enter into a Credit Default Swap with an Aggregate Reference Obligation Notional Amount of approximately U.S.$305,000,000. In accordance with the terms of the CDS Transactions, the Reference Obligation Notional Amount of each CDS Transaction is expected after the Closing Date to be: (i) decreased on each day on which a Reference Obligation Principal Payment is made by the relevant Reference Obligation Principal Amortization Amount; (ii) decreased on each day on which a Failure to Pay Principal occurs by the relevant Principal Shortfall Amount; (iii) decreased on each day on which a Writedown occurs by the relevant Writedown Amount; (iv) increased on each day on which a Writedown Reimbursement occurs by any Writedown Reimbursement Amount in respect of a Writedown Reimbursement within paragraphs (ii) or (iii) of the definition of "Writedown Reimbursement"; and (v) decreased on each Delivery Date by an amount equal to the relevant Exercise Amount *minus* the relevant amount determined pursuant to paragraph (b) under the heading, "Physical Settlement Amount" in the related Master Confirmation; *provided* that, in accordance with the related Master Confirmation, if any Relevant Amount is applicable, the Exercise Amount will also be deemed to be decreased by such Relevant Amount (or increased by the absolute value of such Relevant Amount if such Relevant Amount is negative) with effect from such Delivery Date.

The effective date of the Credit Default Swap will be the Closing Date and the Credit Default Swap will terminate by its terms on July 12, 2042 (the "Scheduled Termination Date") unless a Credit Event occurs with respect to the Credit Default Swap and the physical settlement date is scheduled to occur after such date.

Credit Protection Buyer Payments

Pursuant to the Credit Default Swap, on each Determination Date, the Credit Protection Buyer will make a fixed rate payment (minus any related Interest Shortfall Amounts as described below and in the related Master Confirmation) (the "Fixed Amount") to the Issuer, representing the aggregate Fixed Amounts which became due with respect to the Reference Obligation Payment Dates during the related Due Period. The Credit Protection Buyer will make certain other payments under the Credit Default Swap to the Issuer at the times and in the amounts described herein, including any Interest Shortfall Reimbursement Payment Amounts, Writedown Reimbursement Payment Amounts and any Principal Shortfall Reimbursement Payment Amounts (together "Additional Fixed Amounts"). In connection with any termination or assignment of a CDS Transaction, proceeds from such termination or assignment, if any, will be deposited into the Interest Collection Account.

Upon the occurrence of any Interest Shortfall with respect to any Reference Obligation, the Fixed Amount payable under a CDS Transaction by the Credit Protection Buyer to the Issuer will be reduced by an amount equal to the related Interest Shortfall Payment Amount, such reduction amount not to exceed the Fixed Amount. Interest will accrue on any Interest Shortfall Payment Amount at a rate equal to LIBOR plus the fixed rate as specified in the applicable CDS Transaction. Interest Shortfall Payment Amounts are subject to the Interest Shortfall Cap as described in the Credit Default Swap. If any amount in satisfaction of the Interest Shortfall which gave rise to any Interest Shortfall Payment Amount, including interest accrued thereon, is later paid with respect to a Reference Obligation, the Credit Protection Buyer will pay such amount, or in certain circumstances a portion of such amount to the Issuer as an Interest Shortfall Reimbursement Payment. Interest Shortfall Reimbursement Payment Amounts will not exceed the cumulative Interest Shortfall Payment Amounts (including any interest thereon) previously withheld from the Issuer relating to such Reference Obligation.

So long as the long-term ratings (or, in the case of clause (ii)(b) of this paragraph only, the short-term rating) of the Credit Protection Buyer or any guarantor of the Credit Protection Buyer's obligation under the Credit Default Swap are equal to or higher than (i) "Aa3" by Moody's (and, if rated "Aa3" by Moody's, is not on watch for possible downgrade) and (ii)(a) "AA-" by S&P (and, if rated "AA-" by S&P, is not on watch for possible downgrade) or (b), if Goldman Sachs International is not the Credit Protection Buyer, "A-1+" by S&P (and, if rated "A-1+" by S&P, is not on watch for possible downgrade), the fixed payment due by the Credit Protection Buyer will be payable in arrears. However, if the long-term ratings (or the short-term rating, as applicable) of the Credit Protection Buyer or any guarantor fall below any such levels, the Credit Protection Buyer will be required to pay the fixed payment due under the Credit Default Swap in advance. The failure of the Credit Protection Buyer 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 Credit Default Swap with the Credit Protection Buyer as the sole "Affected Party" under the Credit Default Swap.

Credit Protection Seller Payments

Under the Credit Default Swap, the Issuer will be required to pay certain Floating Amounts to the Credit Protection Buyer following the occurrence of a Floating Amount Event with respect to a Reference Obligation as described herein. The Issuer will pay to the Credit Protection Buyer all Floating Amounts which became due during each Due Period, if any, on the related Determination Date.

Upon the occurrence of a Credit Event with respect to a Reference Obligation, the Credit Protection Buyer may deliver such Reference Obligation to the Issuer, in exchange for which the Issuer will pay to the Credit Protection Buyer an amount (a "Physical Settlement Amount"), which amount shall be calculated in accordance with the related CDS Transaction. The Issuer will pay to the Credit Protection Buyer all Physical Settlement Amounts which became due during the related Due Period, if any, on the related Determination Date.

Delivered Obligations delivered to the Issuer will be credited to the Delivered Obligation Account. Any Delivered Obligation delivered to the Issuer shall be sold by the Liquidation Agent within twelve (12) months of the date on which the Liquidation Agent receives notice of such delivery in accordance with the Liquidation Agency Agreement; *provided* that no Event of Default has occurred and is continuing. The proceeds of such sale will be deposited by the Trustee into the Collateral Account and invested in Eligible Investments and Collateral Securities selected at the direction of the Liquidation Agent. In addition, any principal proceeds or interest received on such Delivered Obligations prior to such sale, will be deposited by the Trustee into the Collateral Account.

In connection with any termination or assignment of a CDS Transaction, the Issuer may owe a Credit Default Swap Termination Payment; *provided however*, that the Issuer will not be obligated to make any Credit Default Swap Termination Payments to the Credit Protection Buyer in the event of a termination or assignment of the Credit Default Swap in respect of which the Credit Protection Buyer is the "Defaulting Party" or the sole "Affected Party" (each as defined in the Credit Default Swap). Credit Default Swap Termination Payments due to the Credit Protection Buyer will be paid directly and outside of the Priority of Payments in accordance with the following paragraph. Defaulted Swap Termination Payments due to the Credit Protection Buyer will be paid in accordance with the Priority of Payments. Credit Default Swap Termination Payments due to an assignee of a CDS Transaction will be paid as and when they become due to the extent of available funds.

The Liquidation Agent, on behalf of the Issuer, will obtain the funds to pay Credit Protection Amounts (which, for the avoidance of doubt, shall not include Defaulted Swap Termination Payments) by withdrawing amounts from the Collateral Account pursuant to the Collateral Liquidation Procedure. In the event the Credit Default Swap is terminated prior to its scheduled maturity without the occurrence of a "credit event" or a "floating amount event," the Liquidation Agent, on behalf of the Issuer, shall apply the Collateral Liquidation Procedure with respect to Collateral having a par amount equal to the amount of the Credit Default Swap Termination Payment, if any, owed to the Credit Protection Buyer and any such termination payment will be paid to the Credit Protection Buyer. The Credit Protection Buyer will bear any market risk on the liquidation of such Collateral. The Credit Default Swap will also provide for cash settlement upon the occurrence of a "floating amount event" or physical settlement upon the occurrence of a "credit event" under such Credit Default Swap upon notice from the Credit Protection Buyer. If the Credit Protection Buyer has chosen cash settlement, the Liquidation Agent, on behalf of the Issuer, shall apply the Collateral Liquidation Procedure with respect to Collateral having a par amount equal to the amount of any related Credit Protection Amounts owed to the Credit Protection Buyer and any such related Credit Protection Amounts owed to the Credit Protection Buyer will be paid by the Liquidation Agent, on behalf of the Issuer, from the liquidation proceeds of such Collateral. In the event such liquidation proceeds are less than par, the Credit Protection Buyer will accept the liquidation proceeds applicable to the face amount of Collateral sold which is equal to the loss or writedown amount. In the event a "credit event" or a "floating amount event" has occurred and the Issuer is required to liquidate Collateral and deliver cash to the Credit Protection Buyer, the Credit Protection Buyer will bear any market risk on the liquidation of such Collateral. If the Credit Protection Buyer has chosen physical settlement, the Collateral chosen by the Credit Protection Buyer will be delivered to the Credit Protection Buyer in exchange for a Delivered Obligation.

The obligations of the Issuer to make payments under a CDS Transaction will exist irrespective of whether the Credit Protection Buyer suffers a loss on the related Reference Obligation upon the occurrence of a Credit Event. The Issuer will have no rights of subrogation under the Credit Default Swap.

Credit Events

A Credit Event with respect to the Credit Default Swap and any Reference Obligation means the occurrence of any of the events specified in the Credit Default Swap as a Credit Event on or before the scheduled termination date for such CDS Transaction. The Credit Events are expected to be Failure to Pay Principal, Writedown and Distressed Ratings Downgrade. Each Master Confirmation may alter the standard definitions of such terms and the actual CDS Transactions should be consulted for the details of the Credit Events applicable thereto. The capitalized terms used in this section and not otherwise defined, have the meanings set forth in the related CDS Transactions.

A "Credit Event" is the occurrence of any of the following (however caused, directly or indirectly), as applicable:

(i) Failure to Pay Principal

"Failure to Pay Principal" means (i) a failure by the Reference Entity (or any Insurer) to pay an Expected Principal Amount on the Final Amortization Date or the Legal Final Maturity Date, as the case may be or (ii) payment on any such day of an Actual Principal Amount that is less than the Expected Principal Amount; provided that the failure by the Reference Entity (or any Insurer) to pay any such amount in respect of principal in accordance with the foregoing shall not constitute a Failure to Pay Principal if such failure has been remedied within any grace period applicable to such payment obligation under the underlying instruments or, if no such grace period is applicable, within three Business Days after the day on which the Expected Principal Amount was scheduled to be paid.

(ii) Writedown

"Writedown" means the occurrence at any time on or after the Effective Date of: (i)(A) a writedown or applied loss (however described in the underlying instruments) resulting in a reduction in the Outstanding Principal Amount (other than as a result of a scheduled or unscheduled payment of principal); or (B) the attribution of a principal deficiency or realized loss (howsoever described in the underlying instruments) to the Reference Obligation resulting in a reduction of the current interest payable on the Reference Obligation; (ii) the forgiveness of any amount of principal by the holders of the Reference Obligation pursuant to an amendment to the underlying instruments resulting in a reduction in the Outstanding Principal Amount; or (iii) if the underlying instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) above to occur in respect of the Reference Obligation, an Implied Writedown Amount being determined in respect of the Reference Obligation by the Calculation Agent.

(iii) Distressed Ratings Downgrade:

"Distressed Ratings Downgrade" means, with respect to a Reference Obligation:

(i) if publicly rated by Moody's, (A) is downgraded to "Caa2" or below by Moody's or (B) has the rating assigned to it by Moody's withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a public rating of at least "Baa3" or higher by Moody's immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "Caa1" by Moody's within three calendar months after such withdrawal; or

(ii) if publicly rated by Standard & Poor's, (A) is downgraded to "CCC" or below by Standard & Poor's or (B) has the rating assigned to it by Standard & Poor's withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a

public rating of at least "BBB-" or higher by Standard & Poor's immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "CCC+" by Standard & Poor's within three calendar months after such withdrawal; or

(iii) if publicly rated by Fitch, (A) is downgraded to "CCC") or below by Fitch or (B) has the rating assigned to it by Fitch withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such Reference Obligation was assigned a public rating of at least "BBB-" or higher by Fitch immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such Reference Obligation is assigned a public rating of at least "CCC+" by Fitch within three calendar months after such withdrawal.

(iv) Failure to Pay Interest

"Failure to Pay Interest" means with respect to any Reference Obligation, the occurrence of an Interest Shortfall Amount or Interest Shortfall Amounts (calculated on a cumulative basis) in excess of the relevant Payment Requirement.

In respect of the Failure to Pay Interest, if the Reference Obligation is a PIK Bond, it shall be a Condition to Settlement that a period of at least 360 calendar days has elapsed since the occurrence of the Credit Event without the relevant Interest Shortfall having been reimbursed in full.

The Reference Portfolio

The Aggregate Reference Obligation Notional Amount on the Closing Date is expected to be U.S.$305,000,000. The Reference Obligations will consist of 61 issues across two categories of RMBS Securities and one category of CDO Securities. The Reference Portfolio will include RMBS Midprime Mortgage Securities, RMBS Subprime Mortgage Securities and CDO RMBS Securities.

As of the Closing Date, (i) RMBS Midprime Mortgage Securities are expected to make up approximately 41.0% of the Aggregate Reference Obligation Notional Amount, (iii) RMBS Subprime Mortgage Securities are expected to make up approximately 57.4% of the Aggregate Reference Obligation Notional Amount and (iv) CDO RMBS Securities are expected to make up approximately 1.6% of the Aggregate Reference Obligation Notional Amount. See Appendix B to this Offering Circular for certain summary information with respect to the Reference Portfolio.

Removal of Reference Obligations from the Reference Portfolio

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

Following (i) the scheduled maturity, redemption or amortization in full of a Reference Obligation or (ii) a Credit Event other than a Writedown and the satisfaction of the Conditions to Settlement, the Reference Obligation that matured, redeemed or amortized in full or that is the subject of such Credit Event will be removed from the Reference Portfolio. Subject to the foregoing, if the Reference Obligation Notional Amount of a Reference Obligation that suffered one or more Writedowns is reduced to zero at any time on or prior to the Scheduled Termination Date and remains at zero for a period of one calendar year, such Reference Obligation shall be removed from the Reference Portfolio as of the last day of such one calendar year period. The Aggregate Reference Obligation Notional Amount shall be decreased by the Reference Obligation Notional Amount of each Reference Obligation removed from the Reference Portfolio.

The Issuer will not have the authority to assign, terminate or otherwise dispose of any CDS Transaction on a discretionary basis. The only CDS Transactions that shall be assign, terminated or otherwise disposed of by the Issuer are CDS Transactions that reference Reference Obligations that are determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be Credit Risk Obligations.

Pursuant to the terms of the Indenture and subject to the restrictions contained therein and in the Liquidation Agency Agreement, the Liquidation Agent shall assign, terminate or otherwise dispose of, on behalf of the Issuer, any such CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation within one (1) year from the date on which the Collateral Administrator, on behalf of the Issuer, pursuant to the Collateral Administration Agreement, identifies to the Liquidation Agent such Reference Obligation as a Credit Risk Obligation. The assignment, termination or disposition price for any such assignment, termination or disposition of a CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation will equal the fair market value of such CDS Transaction. The fair market value of any such CDS Transaction will be the highest bid received by the Liquidation Agent after attempting to solicit a bid from up to three independent third parties making a market in such CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation, at least one of which is not from the Liquidation Agent or an affiliate thereof; *provided* that, if upon commercially reasonable efforts of the Liquidation Agent, bids from three independent third parties making a market in such CDS Transaction 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 Liquidation Agent, bids from two independent third parties making a market in such CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation are not available, one such bid may be used. See "Risk Factors—Notes—Static Transaction" and "—No Collateral Manager." The proceeds from any such disposition of a CDS Transaction that references a Reference Obligation that is so determined to be a Credit Risk Obligation (exclusive of any accrued interest) will be deposited to the Collateral Account for investment in Eligible Investments or Collateral Securities, and may be applied as Amortization Proceeds pursuant to the calculation of the Aggregate Amortization Amount. In the event the Credit Default Swap is terminated prior to its scheduled maturity without the occurrence of a "credit event" or a "floating amount event," the Liquidation Agent, on behalf of the Issuer, shall apply the Collateral Liquidation Procedure with respect to Collateral having a par amount equal to the amount of the Credit Default Swap Termination Payment, if any, owed to the Credit Protection Buyer and any such termination payment will be paid to the Credit Protection Buyer. The Credit Protection Buyer will bear any market risk on the liquidation of such Collateral. A "Credit Risk Obligation" is a Reference Obligation (i) the rating of which has been (a) downgraded to below "B-" or "B3" by any Rating Agency (but not including any Reference Obligations which are rated "B-" or "B3" and on credit watch for possible downgrade) or (b) withdrawn or, (ii) that is a Defaulted Obligation or (iii) that is a PIK Bond that has been deferring interest for at least twelve consecutive months.

The Liquidation Agent, on behalf of the Issuer, may also (i) in the case of an Auction terminate the Credit Default Swap and liquidate the remaining Pledged Assets; provided, that the criteria for an Auction can be demonstrably met prior to any such disposition and that the expected Liquidation Proceeds equal or exceed the Minimum Bid Amount; (ii) in the case of a Tax Redemption on any Payment Date, dispose of the Credit Default Swap and liquidate the remaining Pledged Assets in connection with a Tax Redemption; provided that the criteria for a Tax Redemption can be demonstrably met prior to any such disposition and that the expected Liquidation Proceeds equal or exceed the Total Redemption Amount; and (iii) in the case of an Optional Redemption, dispose of the Credit Default Swap and liquidate the remaining Pledged Assets in connection with an Optional Redemption; *provided* that the criteria for an Optional Redemption can be demonstrably met prior to any such disposition and that the expected Liquidation Proceeds equal or exceed the Total Redemption Amount. See "Description of the Notes—Auction," "—Tax Redemption" and "—Optional Redemption."

Credit Default Swap Early Termination

The Issuer will have the right to terminate the Credit Default Swap upon the occurrence of an "Event of Default" or "Termination Event," including, but not limited to, (a) payment defaults by the Credit Protection Buyer and any guarantor lasting a period of at least three business days, (b) a default by the Credit Protection Buyer or any guarantor on specific financial transactions as specified in the Credit Default Swap, (c) bankruptcy-related events applicable to the Credit Protection Buyer or any guarantor, (d) any redemption of the Notes in whole, (e) a liquidation of all the Pledged Assets following the occurrence of an Event of Default under the Indenture, (f) it becomes unlawful for the Issuer to perform its obligations under the Credit Default Swap and the Issuer is not able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply, (g) because of (x) any action taken by a taxing authority, or brought in a court, on or after the Closing Date or (y) a change in tax law, there is a substantial likelihood that the Issuer will be required to (1) make a "gross-up" payment or (2) receive a payment subject to withholding for which another party is not required to make a "gross-up" payment or (h) the unsecured, unsubordinated debt rating of the Credit Protection Buyer or any

guarantor of the Credit Protection Buyer, whichever is higher, assigned by S&P or Moody's at any time falls below "AA-" (or is on downgrade watch at "AA-") or "Aa3" (or is on downgrade watch at "Aa3"), the Credit Protection Buyer fails to make an Expected Fixed Payment as set forth in the Credit Default Swap and the Credit Protection Buyer, or its guarantor, fails to either (a) transfer all of its rights and obligations under the Credit Default Swap to another entity which has such ratings or (b) cause an entity which has such ratings to guarantee or to provide an indemnity in respect of the Credit Protection Buyer's or its guarantor's, obligations under the Credit Default Swap which satisfies the Rating Agency Condition.

The Credit Protection Buyer will have the right to terminate the Credit Default Swap upon the occurrence of an "Event of Default" or "Termination Event" under the Credit Default Swap, including, but not limited to (a) an Event of Default under the Indenture caused by a payment default by the Issuer lasting a period of at least three business days, (b) any redemption of the Notes in whole, (c) bankruptcy-related events applicable to the Issuer, and (d) a liquidation of all the Pledged Assets following the occurrence of an Event of Default under the Indenture, (e) it becomes unlawful for the Credit Protection Buyer to perform its obligations under the Credit Default Swap and the Credit Protection Buyer is not able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply, or (f) because of (x) any action taken by a taxing authority, or brought in a court, on or after the Closing Date or (y) a change in tax law, there is a substantial likelihood that the Credit Protection Buyer will be required to make (1) a "gross-up" payment or (2) receive a payment subject to withholding for which another party is not required to make a "gross-up" payment. If the Master Agreement and the CDS Transactions made thereunder are terminated, the Issuer will no longer receive payments from the Credit Protection Buyer and will likely not have sufficient funds to make payments when due on the Notes and may not have sufficient funds to redeem the Notes in full.

Upon the Trustee having actual knowledge of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Trustee or the Fiscal Agent, as applicable, will as promptly as practicable notify the Noteholders of such event but will only terminate any such agreement on behalf of the Issuer (i) at the direction of a Majority of the Income Notes or (ii) (a) upon the redemption of the Secured Notes in full, (b) if the principal balance of the Secured Notes is reduced to zero or (c) upon the acceleration of the Secured Notes in accordance with the terms of the Indenture. The Issuer is required to satisfy the Rating Agency Condition prior to any (i) replacement of the Credit Protection Buyer or (ii) assignment of the Credit Default Swap. In connection with any Noteholder vote to terminate the Credit Default Swap, any Notes held by or on behalf of the Credit Protection Buyer or any of their respective Affiliates will have no voting rights and will be deemed not to be outstanding in connection with any such vote.

If an Event of Default or a Termination Event occurs under the Credit Default Swap and (i) the Credit Protection Buyer is the Defaulting Party or Affected Party, "Market Quotation" and "First Method" will apply and otherwise (ii) "Market Quotation" and "Second Method" will apply, in each case as set forth in the Credit Default Swap, to value the CDS Transactions under the Credit Default Swap.

Payments on Credit Default Swap Early Termination

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

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

(ii) any Credit Default Swap Termination Payment due to the Credit Protection Buyer.

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

(i) any accrued but unpaid Fixed Amounts and Additional Fixed Amounts; and

(ii) any Credit Default Swap Termination Payment due to the Issuer.

There can be no assurance that, upon early termination by the Issuer or the Credit Protection Buyer, either the Credit Protection Buyer would be required to make any termination payment to the Issuer or, if it did make such a payment, the amount of the termination payment made by the Credit Protection Buyer would be sufficient to pay any amounts due in respect of the Notes. If the Issuer is required to make a Credit Default Swap Termination Payment to the Credit Protection Buyer, such termination payment may be substantial and may result in losses to the holders of the Notes.

Amendment

The Credit Default Swap may be amended only with (i) the satisfaction of the Rating Agency Condition, (ii) the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to this Indenture) and (iii) the consent of the Liquidation Agent (which consent shall not be unreasonably withheld); *provided however*, that (A) with respect to (i), such Rating Agency Condition with respect to Moody's need not be satisfied with respect to any amendment that corrects a manifest error and (B) with respect to (ii) and (iii), such consent shall not be required, if, in reliance on an opinion of counsel or an officer's certificate of the Liquidation Agent, the Issuer determines that such amendment would not have a material adverse effect on such party.

Guarantee

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

THE CREDIT PROTECTION BUYER

The initial Credit Protection Buyer under the Credit Default Swap will be Goldman Sachs International. The swap guarantor with respect to the Credit Default Swap is The Goldman Sachs Group, Inc., a Delaware corporation (the "GS Group"), which is an affiliate of the Credit Protection Buyer. Goldman Sachs International is located at Peterborough Court 133 Fleet Street, London EC4A 2BB.

The Annual Report on Form 10-K for the fiscal year ended November 30, 2006 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) will not form part of a prospectus prepared for the purposes of admission to the official list of the Irish Stock Exchange and to trading on its regulated market should any Notes be listed on such exchange.

GS Group, together with its subsidiaries, is a global investment banking, securities and investment management firm that provides financial services worldwide to clients that include 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.

THE COLLATERAL SECURITIES

The Initial Collateral Securities

Pursuant to the Credit Default Swap, the Issuer will use the net proceeds from the offering of the Notes to purchase Collateral Securities and Eligible Investments (having an initial principal amount as of the Closing Date of approximately U.S.$305,000,000).

The Collateral Securities or Eligible Investments for deposit after the Closing Date in the Collateral Account, as applicable, are required to satisfy the following "Collateral Securities Eligibility Criteria":

(i) it (a) is rated "Aaa" by Moody's and, if such asset has a short-term rating from Moody's, "P-1", and "AAA" by S&P, and, if such asset has a short-term rating from S&P, "A-1+" and (b) does not have a "t", "p", "q", "pi" or "r" subscript;

(ii) (a) in all cases, the payments with respect to which are not payable in a currency other than Dollars and (b) it is expected to have an outstanding principal balance of less than U.S.$1,000 after the Stated Maturity of the Class B Notes, assuming a constant prepayment rate since the date of purchase equal to the constant prepayment rate reasonably expected by the Liquidation Agent as of the date of purchase;

(iii) it is eligible to be entered into by, sold or assigned to, the Issuer;

(iv) it is not subject to an Offer;

(v) it is an obligation upon which no payments are subject to withholding tax imposed by any jurisdiction unless the obligor thereof is required to make "gross-up" payments that cover the full amount of any such withholding taxes on an after-tax basis;

(vi) after taking into consideration the addition of any such security (a) at least 40% of the Collateral Securities and Eligible Investments by principal balance have an expected average life (calculated by the Liquidation Agent (1) based on market prepayment assumptions and (2) assuming that Eligible Investments have a weighted average life of zero) of less than or equal to 1.0 year, (b) 100% of the Collateral Securities and Eligible Investments by principal balance has an expected average life (calculated by the Liquidation Agent based on market prepayment assumptions) of less than or equal to 2.0 years, and (c) after Closing Date, the expected weighted average life (calculated by the Liquidation Agent (1) based on market prepayment assumptions and (2) assuming that Eligible Investments have a weighted average life of zero) of the Collateral Securities and Eligible Investments does not exceed the expected weighted average life of the Reference Portfolio at such time;

(vii) after taking into consideration the addition of any such security, the aggregate of the weighted average spread and the rate of the related index of the Collateral, in the aggregate, is at least equal to LIBOR or if prior to the acquisition of such Collateral Security or Eligible Investment the spread and the rate of the related index of the Collateral was less than LIBOR, such acquisition would maintain or improve the aggregate of the weighted average spread and the rate of the related index of the Collateral;

(viii) after taking into consideration the addition of any such security, no more than 50% of the Collateral Securities and Eligible Investments by principal balance has single counterparty exposure including servicer, issuer and put swap counterparty exposure;

(ix) it provides for payments of monthly periodic interest in cash at a floating rate and for a payment of principal in full and in cash at its final maturity;

(x) 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 CDO Security;

(xi) shall not have a maturity later than the Stated Maturity of the Notes (other than the Class S Notes)

(xii) if it is a CDO Security, such CDO Security must (a) be a CDO S Note Security and (b) as of the time of purchase by the Issuer, be in compliance with the applicable eligibility criteria, profile tests and quality tests set forth in the related Underlying Instruments;

(xiii) at least 87.5% of the Collateral Securities by principal balance consists of Asset-Backed Securities, Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities; and

(xiv) the purchase price thereof is equal to at least 98% of the par value of such security.

The Collateral Securities are expected to be purchased in a face amount equal to the initial Aggregate Notional Amount of the Credit Default Swap. Under the terms of the Indenture, all Collateral Securities are required to be deposited in the Collateral Account for the benefit of the Credit Protection Buyer. The Issuer will also grant to the Trustee for the benefit of the Secured Parties, a security interest in the Collateral Securities, subject to the lien of the Credit Protection Buyer, and shall notify the Credit Protection Buyer of such security interest. The Issuer must obtain the consent of the Credit Protection Buyer with respect to any initial Collateral Securities purchased by the Issuer and any Collateral Securities purchased thereafter.

Principal payments on the Collateral Securities prior to the termination of the Credit Default Swap shall be held in accordance with the Credit Default Swap in the Collateral Account and invested in Eligible Investments until reinvested in Collateral Securities which satisfy the Collateral Securities Eligibility Criteria with the consent of the Credit Protection Buyer.

The Liquidation Agent, on behalf of the Issuer, will obtain the funds to pay Credit Protection Amounts (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) by applying the Collateral Liquidation Procedure.

If the Notes become due in connection with an Optional Redemption, Tax Redemption or Auction, (i) the Liquidation Agent, on behalf of the Issuer, will assign or terminate the Credit Default Swap and liquidate all of the Collateral Securities and Eligible Investments in the Collateral Account and all Delivered Obligations in the Delivered Obligations Account and (ii) the Issuer will pay to the Credit Protection Buyer (and/or one or more assignees thereof) any Credit Default Swap Termination Payments the Issuer is required to pay to the Credit Protection Buyer (if any) in connection with any assignment or termination of the Credit Default Swap. Certain amounts will be held back if (and/or such assignees) one or more outstanding Credit Events or Floating Amounts remain due as of a Redemption Date.

If the Credit Default Swap is terminated in connection with the occurrence of an Event of Default or Termination Event (each as defined in the Master Agreement), the Liquidation Agent, on behalf of the Issuer, will pay to the Credit Protection Buyer any Credit Default Swap Termination Payments (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) owed by the Issuer to the Credit Protection Buyer by applying the Collateral Liquidation Procedure. Certain amounts will be held back if one or more outstanding Credit Events exist or Floating Amounts remain due as of any termination date.

For purposes of the Coverage Tests and for purposes of determining whether a Credit Default Swap is a Credit Risk Obligation, a Credit Default Swap shall be included as a Pledged Asset having the characteristics of the Reference Obligation and not of the Credit Default Swap; provided, that if such Credit Protection Buyer is in default under the related Credit Default Swap, such Credit Default Swap shall not be included in the Coverage Tests or such Credit Default Swap will be treated in such a way that will satisfy the Rating Agency Condition.

Substitution of Collateral Securities

From time to time following the Closing Date, any Holder of any Note may submit to the Trustee or the Fiscal Agent, as applicable, a Collateral Securities Substitution Request Notice requesting substitution of one or more securities for one or more existing Collateral Securities, in whole or in part. Following receipt of such request, pursuant to the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will determine the BIE Transaction Cost. Upon such determination by the Collateral Administrator, the Trustee or the

Fiscal Agent, as applicable, will deliver a Collateral Securities Substitution Information Notice to the Originating Noteholder.

Within five Business Days of receiving a Collateral Securities Substitution Information Notice, the Originating Noteholder must (i) notify the Trustee or the Fiscal Agent, as applicable, whether it wishes to proceed with the proposed substitution and, if so (ii) agree to pay any BIE Transaction Cost (regardless of whether the Holders of a Majority of the Notes of each Class consent to such proposed substitution) (the occurrence of subclauses (i) and (ii), a "Substitution Confirmation"). If a Substitution Confirmation is not received by the Trustee or the Fiscal Agent, as applicable, within the time period specified above, the related request will be deemed to be void and of no further effect. Upon the receipt of a Substitution Confirmation, the Trustee or the Fiscal Agent, as applicable, will deliver a BIE Consent Solicitation Notice to all Holders of Notes, including the Originating Noteholder with a copy to the Credit Protection Buyer. Upon receipt of such BIE Consent Solicitation Notice, each Holder of a Note may, on or prior to the BIE Notification Date, submit written notice to the Trustee or the Fiscal Agent, as applicable, indicating either (1) approval or (2) disapproval of any proposed BIE Consent Solicitation Notice by the BIE Notification Date. If the BIE Consent Solicitation Notice fails to receive the affirmative approval of the Holders of a Majority of each Class of Notes by the BIE Notification Date, the Trustee or the Fiscal Agent will deliver a Collateral Securities Substitution Noteholder Refusal Notice to the Originating Noteholder and the related Collateral Securities Substitution Request Notice will be deemed void and of no further effect. If the BIE Consent Solicitation Notice receives the approval of the Holders of a Majority of each Class of Notes, the Trustee or the Fiscal Agent, as applicable, will deliver a BIE Acceptance Notice to the Originating Noteholder and the Liquidation Agent.

Upon receipt of the BIE Acceptance Notice and confirmation from the Trustee (1) that the Originating Noteholder has paid the BIE Transaction Cost to the Trustee and (2) that the relevant BIE Collateral Securities have been delivered to the Trustee, and the par amount of such delivered BIE Collateral Securities (which, for the avoidance of doubt, will meet the Collateral Securities Eligibility Criteria at the time of such acquisition by the Issuer) is at least equal to each of the par amount of each of the Collateral Securities to be substituted, the Trustee shall release its lien on the par amount of the relevant existing Collateral Securities to be substituted and deliver the par amount of such substituted Collateral Securities to such Originating Noteholder.

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

Voting and Other Matters Relating to Collateral Securities and Delivered Obligations

Under the Indenture, where the Issuer, as the beneficial owner of a Collateral Security or Delivered Obligation, or the Trustee, as the registered owner of a Collateral Security or Delivered Obligation, has the right to exercise a vote or consent to (or otherwise approve of) (i) any action, or inaction, pursuant to the terms of such Collateral Security or Delivered Obligation and its related underlying documentation or (ii) an offer by the issuer of such Collateral Security or Delivered Obligation or by any other person to purchase or otherwise acquire such Collateral Security or Delivered Obligation or to convert or exchange such Collateral Security or Delivered Obligation for cash or any other consideration, the Trustee, as directed by the applicable holders, acting in its capacity as registered owner of such Collateral Security or Delivered Obligation, shall direct the Issuer's vote be cast in the following manner: (x) if other holders of the class of which such Collateral Security or Delivered Obligation is a part respond to such solicitation for vote or consent, in the same manner as the votes of a plurality of the other voting holders of such class (based on the Principal Balance of such Collateral Security or Delivered Obligation), (y) if no other holders of such class exercise a vote or if there are no other holders of such class, but holders of different classes issued under the same governing instrument respond, in the same manner as the votes of a plurality of the voting holders of all classes issued under the governing instrument pursuant to which such Collateral Security or Delivered Obligation was issued (based on the Principal Balance of all such classes and treated as a single class) or (z) if no holders of any class issued under the same governing instrument respond or if there are no other holders, the Issuer's vote shall be exercised against such action or inaction.

THE LIQUIDATION AGENCY AGREEMENT

The following summary describes certain provisions of the Liquidation 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 Liquidation Agency Agreement.

General

The Liquidation Agent will, on behalf of the Issuer, pursuant to the Liquidation Agency Agreement, (i) assign, terminate or otherwise dispose of (a) CDS Transactions the Reference Obligations of which are determined by the Collateral Administrator, on behalf of the Issuer, pursuant to the Collateral Administration Agreement, to be Credit Risk Obligations or (b) Delivered Obligations, (ii) sell, assign, terminate or otherwise dispose of the CDS Transactions, Collateral Securities, Delivered Obligations and Eligible Investments of the Issuer in connection with (a) a redemption of the Notes as a result of an Optional Redemption, a Tax Redemption, an Auction or as otherwise required under the Indenture as described therein and (b) an acceleration of the Notes as a result of an Event of Default as required under the Indenture as described therein, (iii) invest, on behalf of the Issuer, available funds in Collateral Securities and Eligible Investment in accordance with the terms of the Indenture and (iv) perform certain other functions, as described herein. The Liquidation Agent will have twelve (12) months to assign, terminate or otherwise dispose of (a) CDS Transactions the Reference Obligations of which are determined pursuant to the Collateral Administration Agreement by the Collateral Administrator, on behalf of the Issuer, to be Credit Risk Obligations and (b) Delivered Obligations in accordance with the terms of the Liquidation Agency Agreement (such twelve months measured from the date the Liquidation Agent is notified of either (1) such determination by the Collateral Administrator or (2) the receipt of such Delivered Obligation by the Issuer, as applicable). The proceeds of such sale of Delivered Obligations will be deposited into the Collateral Account and invested in Eligible Investments and Collateral Securities selected at the direction of the Liquidation Agent. In addition, any principal proceeds received on such Delivered Obligations prior to such sale, will be deposited into the Collateral Account. The Liquidation Agent will have no ability or authority to direct the assignment, termination or other disposition of any CDS Transactions. The Liquidation Agent will not provide investment advisory services to the Issuer or act as the "collateral manager" for the Credit Default Swap. The Liquidation Agent will not have fiduciary duties to the Issuer or to the holders of the Notes.

The Liquidation Agent

The Liquidation Agent is Goldman, Sachs & Co. ("GS&Co."). GS&Co. is a New York limited partnership and a registered U.S. broker-dealer. The Notes do not represent an obligation of, and will not be insured or guaranteed by GS&Co., its parent or any of its subsidiaries or its affiliates and investors will have no rights or recourse against GS&Co., its parent or any of its subsidiaries or affiliates.

Compensation

As compensation for the performance of its obligations under the Liquidation Agency Agreement, the Liquidation Agent will be entitled to receive a fee in accordance with the Priority of Payments, payable in arrears on each Payment Date, of 0.05% per annum (the "Liquidation Agent Fee") times the Aggregate Outstanding Portfolio 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 Liquidation Agent 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.

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

The Liquidation Agent 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 Liquidation Agent Fee be paid

directly to a third party; *provided*, that the Liquidation Agent will not (unless it is assigning all of its rights and obligations in accordance with the Liquidation Agency Agreement) be relieved of any of its duties under the Liquidation Agency Agreement or the Indenture as a result of the redirection of its right to receive all or a portion of the Liquidation Agent Fee.

Procedure for Disposition of CDS Transaction, Eligible Investments, Collateral Securities and Delivered Obligations

Pursuant to the Liquidation Agency Agreement, whenever the assignment, termination or other disposition of CDS Transactions, Eligible Investments, Collateral Securities and Delivered Obligations is required under the Indenture, as described under "The Credit Default Swap—Removal of Reference Obligations from the Reference Portfolio", the Liquidation Agent will use commercially reasonable efforts to solicit bids from at least three independent market makers, at least one of which is not the Liquidation Agent or an affiliate thereof. If after such commercially reasonable efforts, bids from three independent market makers are not available, the higher of two such bids may be used and if bids from two such independent market makers are not available, one such bid may be used. Assuming at least one bid is received in accordance with the preceding sentence, the applicable CDS Transactions, Eligible Investments, Collateral Securities and Delivered Obligations shall be disposed of at the highest bid price; *provided, however*, that in the case of a disposition of a CDS Transaction, such CDS Transaction shall only be disposed of if the Market Quotation (as such term is defined in the Credit Default Swap) obtained pursuant to the terms of the Credit Default Swap expressed as a percentage of the related initial Reference Obligation Notional Amount should be equal to or less than 60%. The Liquidation Agent or an affiliate of the Liquidation Agent may purchase a CDS Transaction, Eligible Investment, Collateral Security or Delivered Obligation assigned, terminated or otherwise disposed as described above. Notwithstanding the foregoing, any Auction shall be conducted in accordance with the auction procedures set forth in the Indenture.

Termination, Removal and Resignation

If the Liquidation Agency Agreement is terminated for any reason or the entity then serving as Liquidation Agent resigns or is removed, the Liquidation Agent Fee owing to such entity will be prorated for any partial periods between Payment Dates and such prorated amount will be due and payable on the first Payment Date following the date of such termination, subject to the priority of payments.

The Liquidation Agent may resign, upon 60 days' (or such shorter notice as is acceptable to the Issuer) written notice to the Issuer, the Trustee and the Rating Agencies. If the Liquidation Agent resigns, the Issuer agrees to use its best efforts to appoint a successor Liquidation Agent, and the effectiveness of such resignation will be conditioned upon the appointment of such successor.

The Liquidation Agent may be removed for "cause" (i) by the Issuer or the Trustee; *provided* that written notice thereof shall have been given to the holders of the Notes and each Rating Agency stating that such termination shall be effective only if directed in writing within 30 days after the date of such notice by, the holders of at least a Super Majority of the Income Notes and a Super Majority of the Controlling Class, but excluding in any such calculation any Notes held by the Liquidation Agent or any Notes over which the Liquidation Agent has discretionary voting authority, (ii) in the case of an event described in clause (3) below, by the Issuer or the Trustee upon 10 days' prior written notice to the Liquidation Agent, or (iii) by holders of at least a Super Majority of the Income Notes and a Super Majority of the Controlling Class, but excluding in any such calculation any Income Notes or Notes held by the Liquidation Agent or any Notes over which the Liquidation Agent has discretionary voting authority, upon 10 days' prior written notice to the Liquidation Agent.

For purposes of determining "cause" with respect to any such termination of the Liquidation Agency Agreement, such term shall mean the occurrence and continuation of any one of the following events: (1) the Liquidation Agent willfully violates, or takes any action that it knows breaches, any provision of the Liquidation Agency Agreement or the Indenture applicable to it; (2) the Liquidation Agent breaches in any material respect any provision of the Liquidation Agency Agreement or any terms of the Indenture applicable to it, which breach (i) has a material adverse effect on the holders of the Notes and (ii) within 30 days of its becoming aware (or receiving notice from the Trustee) of such breach, the Liquidation Agent fails to cure such breach; (3) the Liquidation Agent is wound up or dissolved or there is appointed over it or over all or substantially all of its assets a receiver,

administrator, administrative receiver, trustee or similar officer; or the Liquidation Agent (w) ceases to, or admits in writing its inability to, pay its debts as they become due and payable, or makes a general assignment for the benefit of or enters into any composition or arrangement with, its creditors generally; (x) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Liquidation Agent or of all or substantially all of its properties or assets, or authorizes such an application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against the Liquidation Agent and continue undismissed for 60 consecutive days; (y) authorizes or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, arrangement, readjustment of debt, insolvency or dissolution, or authorizes such application or consent, or proceedings to such end are instituted against the Liquidation Agent without such authorization, application or consent and are approved as properly instituted and remain undismissed for 60 consecutive days or result in adjudication of bankruptcy or insolvency; or (z) permits or suffers all or substantially all of its properties or assets to be sequestered or attached by court order and the order remains undismissed for 60 consecutive days; or (4) the Issuer, the Co-Issuer or the Pledged Assets have become required to be registered as an investment company under the provisions of the Investment Company Act, as a result of a material breach by the Liquidation Agent in violation of the Liquidation Agency Agreement. The Liquidation Agent shall notify the Trustee, each Rating Agency (to the extent any Secured Notes outstanding are rated by such Rating Agency), the Fiscal Agent and the holders of the Income Notes if a "cause" event, or an event which with the giving of notice or the lapse of time (or both) becomes "cause," occurs.

Any resignation or removal of the Liquidation Agent will be effective only upon (i) the appointment by the holders of a Super Majority of the Income Notes (including any Income Notes owned by the Liquidation Agent, any Affiliate of the Liquidation Agent, and any account over which the Liquidation Agent has discretionary authority) (or if such holders fail to make such appointment within 30 days after any such resignation or removal, by the Issuer, as directed by a Super Majority of the Controlling Class) of a successor Liquidation Agent that is an established institution with experience servicing assets similar to the Pledged Assets that (1) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Liquidation Agent under the Liquidation Agency Agreement, (2) is legally qualified and has the capacity to act as Liquidation Agent under the Liquidation Agency Agreement as successor to the Liquidation Agent under the Liquidation Agency Agreement, (3) has agreed in writing to assume all of the responsibilities, duties and obligations of the Liquidation Agent under the Liquidation Agency Agreement and under the applicable terms of the Indenture, (4) shall not cause the Issuer, the Co-Issuer or the pool of Pledged Assets to become required to register as an investment company under the Investment Company Act and (5) has been approved by the Issuer, upon the direction of a Majority of each Class of Notes and (ii) satisfaction of the Rating Agency Condition with respect to such appointment. Notwithstanding the foregoing, if no successor has been appointed as aforesaid within 120 days after resignation of the Liquidation Agent, the Liquidation Agent may appoint a successor satisfying the requirements of the Liquidation Agency Agreement without consent of any other party or confirmation by the Rating Agencies. The Issuer, the Trustee and the successor Liquidation Agent shall take such action (or cause the outgoing Liquidation Agent to take such action) consistent with the Liquidation Agency Agreement and the terms of the Indenture applicable to the Liquidation Agent as shall be necessary to effectuate any such succession. If the Liquidation Agent shall resign or be removed but a successor Liquidation Agent shall not have assumed all of the Liquidation Agent's duties and obligations under the Liquidation Agency Agreement within 90 days after such resignation or removal, then the Issuer, the Trustee, any holder of Notes or the resigning or terminated Liquidation Agent may petition any court of competent jurisdiction for the appointment of a successor Liquidation Agent. The compensation payable to a successor Liquidation Agent from payments on the Pledged Assets shall not exceed the compensation payable to the Liquidation Agent under the Liquidation Agency Agreement without the approval of the holders of a Majority of the Aggregate Outstanding Amount of each Class of Notes.

Any Notes held by the Liquidation Agent or any Notes over which the Liquidation Agent has discretionary voting authority, in each case will have no voting rights with respect to any vote in connection with the removal of the Liquidation Agent or the disposition of any CDS Transaction or Eligible Investment and will be deemed not to be outstanding in connection with any such vote; provided, however, that any such Notes will have voting rights and will be deemed outstanding with respect to all other matters as to which holders of Notes are entitled to vote.

The Liquidation Agent may assign the Liquidation Agency Agreement, in whole or in part, to an affiliate of the Liquidation Agent without the consent of the Issuer, any Class of Secured Notes or the Income Notes and without satisfaction of the Rating Agency Condition. In the event of any such assignment, Goldman, Sachs & Co. will have no further obligations to the Issuer.

Except for the assignment to an affiliate, the Liquidation Agency Agreement may not be assigned by the Liquidation Agent, in whole or in part, without (i) the prior written consent of the Issuer, (ii) the prior written consent of or affirmative vote by a Majority of the Controlling Class and the holders of a Majority of the Income Notes and (iii) satisfaction of the Rating Agency Condition with respect to such assignment or delegation.

The Liquidation Agency Agreement will terminate when the earliest of the following occurs: (i) the payment in full of the Notes; (ii) the liquidation of the Pledged Assets and the final distribution of the proceeds of such liquidation to the Holders of the Notes or (iii) the termination thereof due to the resignation or removal of the Liquidation Agent in accordance with the Liquidation Agency Agreement.

The Liquidation Agency Agreement may not be amended or modified or any provision thereof waived (other than in connection with an assignment to an affiliate of the Liquidation Agent) except by (i) an instrument in writing signed by the parties thereto, (ii) the prior written consent of a Majority of the Controlling Class and (iii) written confirmation from each Rating Agency to the effect that such amendment, modification or waiver will not cause a qualification, downgrade or withdrawal of its then current ratings of any Class of Notes rated by such Rating Agency unless the holders of 100% of each Class of Notes that would be qualified, reduced or withdrawn due to an amendment, modification or waiver approves such amendment, modification or waiver.

The Liquidation Agent, its affiliates and their respective members, principals, partners, managers, directors, officers, stockholders, partners, agents and employees will not be liable to the Co-Issuers, the Trustee, the Fiscal Agent, the holders of the Notes or any other Person for any losses, claims, damages, demands, charges, judgments, assessments, costs or other liabilities incurred by the Co-Issuers, the Trustee, the Fiscal Agent, the holders of the Notes or any other Person that arise out of or in connection with the performance by the Liquidation Agent of its duties under the Liquidation Agency Agreement or the Indenture, or for any decrease in the value of the Pledged Assets; *provided* that the Liquidation Agent shall be subject to liability by reason of acts or omissions of the Liquidation Agent constituting bad faith, willful misconduct or gross negligence in the performance, or reckless disregard, of the obligations of the Liquidation Agent under the Liquidation Agency Agreement and under the terms of the Indenture applicable to the Liquidation Agent; *provided* that in no event shall the Liquidation Agent or any of its affiliates be liable for consequential, special, exemplary or punitive damages. Subject to the priority of payments described herein, the Liquidation Agent will be entitled to indemnification by the Issuer under certain circumstances.

Various potential and actual conflicts of interest may arise from the overall activities of the Liquidation Agent and its affiliates. In certain circumstances, the interests of the Issuer and the holders of the Notes with respect to matters as to which the Liquidation Agent is advising the Issuer may conflict with the interests of the Liquidation Agent or its affiliates. See "Risk Factors—Other Considerations—Certain Conflicts of Interest" and "—The Liquidation Agent."

ACCOUNTS

Pursuant to the Indenture, the Issuer shall cause there to be opened and at all times maintained the Interest Collection Account, the Payment Account, the Expense Reserve Account, the Collateral Account (including the Cash Collateral Account), the Delivered Obligation Account and, to the extent required, the Amortization Shortfall Account and the CDS Counterparty 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.

Certain distributions on the Pledged Assets, including Fixed Amounts received by the Issuer under the Credit Default Swap will be remitted to a single, segregated account established and maintained under the Indenture (the "Interest Collection Account") and will be available, to the extent described herein, for application in the manner and for the purposes described herein. Funds held in the Interest Collection Account will be invested by the

Trustee in Eligible Investments in accordance with the terms of the Indenture. All Fixed Amounts and Interest Shortfall Reimbursement Payment Amounts paid by the Credit Protection Buyer to the Issuer under a CDS Transaction and any investment income on the Collateral will be remitted to the Interest Collection Account. If Expected Fixed Amounts (as defined in the related Master Confirmation) are paid by the Credit Protection Buyer to the Issuer in accordance with the Credit Default Swap following a downgrade or placement on watch for downgrade of the Credit Protection Buyer, on the Payment Date immediately thereafter, the Expected Fixed Amount (as defined in the related Master Confirmation) will not be transferred to the Payment Account to be distributed in accordance with the Priority of Payments for such Payment Date but will instead be held in the Interest Collection Account until the next Payment Date.

On the Closing Date, the net proceeds of the offering of the Notes issued on such date will be used to purchase Collateral Securities and Eligible Investments with an initial principal balance of $305,000,000 which will be deposited to a single, segregated account established and maintained under the Indenture (the "Collateral Account"). The "Cash Collateral Account" shall be a subaccount of the Collateral Account. Termination payments paid by the Credit Protection Buyer to the Issuer, any amounts paid by an assignee of a CDS Transaction to the Issuer, Sale Proceeds from Collateral Securities, Delivered Obligations and Eligible Investments (other than (i) proceeds of Collateral Securities and Eligible Investments applied to pay Credit Protection Amounts and (ii) Sale Proceeds from Eligible Investments purchased with principal payments on the Collateral Securities diverted into the Amortization Shortfall Account) received by the Issuer will be remitted by the Trustee to the Collateral Account and invested in Eligible Investments. The Collateral Securities and any Eligible Investments on deposit in the Collateral Account may be used to pay Credit Protection Amounts and to redeem the Notes as described herein. In addition, if an Amortization Shortfall Amount exists in respect of a Payment Date, all principal payments received by the Issuer on Collateral Securities and Eligible Investments (other than cash) on deposit in the Collateral Account shall be deposited by the Trustee in the Amortization Shortfall Account up to the amount required to satisfy all outstanding Amortization Shortfall Amounts. All investment earnings from the Collateral Securities and Eligible Investments in the Collateral Account will be remitted to the Interest Collection Account (and will not be included in the Collateral Account Amount). All principal payments on Collateral Securities in the Collateral Account will be invested in Eligible Investments at the direction of the Liquidation Agent until invested in Collateral Securities satisfying the Collateral Securities Eligibility Criteria at the direction of the Liquidation Agent.

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

Principal Proceeds shall be deposited in the Collateral Account and subject to the calculation of the Aggregate Amortization Amount. On each Transfer Date, the Trustee will deposit all Amortization Proceeds into the Payment Account for the application in accordance with the Priority of Payments.

On the Closing Date, U.S.$200,000 from the net proceeds of the offering of the Notes 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.$200,000. 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.$200,000 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.

Under certain conditions described in the Credit Default Swap, the Credit Protection Buyer may be required to post collateral ("CDS Counterparty Collateral") under the terms of the Credit Default Swap. The CDS Counterparty Collateral pledged by the Credit Protection Buyer will be deposited by the Trustee into a segregated

account (the "CDS Counterparty Collateral Account") established in the name of the Trustee and held therein pursuant to the terms of the Credit Default Swap.

On or before the first date on which there exists an Amortization Shortfall Amount, the Trustee will establish and maintain a single, segregated account established and maintained under the Indenture (the "Amortization Shortfall Account") into which certain principal payments and interest received by the Issuer on Collateral Securities and Eligible Investments in the Collateral Account shall be deposited up to the Amortization Shortfall Amount.

On or before the first date that a Delivered Obligation is received by the Issuer, the Trustee will establish and maintain under the Indenture a segregated collateral account (the "Delivered Obligation Account") into which all Delivered Obligations shall be deposited. Each Delivered Obligation will be held in the Delivered Obligation Account until such Delivered Obligation is sold by the Liquidation Agent, on behalf of the Issuer, pursuant to the terms of the Indenture.

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

REPORTS

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

The information in each Note Valuation 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 Note Valuation Report in the manner specified in, and in accordance with, the Priority of Payments.

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS

The Stated Maturity of the Notes (other than the Class S Notes) is the Payment Date in July 2042. 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 Reference Obligations 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 Reference Obligations (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 Reference Obligations 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 Reference Obligations. Any disposition of a CDS Transaction will change the composition and characteristics of the Reference Portfolio and Collateral Securities 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 CDS Transactions the Reference Obligations of which are determined to be 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 assumptions (the "Collateral Assumptions") set forth below. The table set forth below is included only for illustrative purposes, and none of the Issuers, the Liquidation Agent, the Trustee or the Initial Purchaser makes any representation as to whether such assumptions will be realized.

i. Forward 1-month LIBOR curve as of March 12, 2007 are assumed;

ii. the Closing Date is March 20, 2007 and the first Payment Date is July 12, 2007 and the first Quarterly Payment Date is July 12, 2007;

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

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 is equal to 0.06172% per annum of the Aggregate Outstanding Portfolio Amount.

vi. the Liquidation Agent Fee is 0.05% per annum of the Aggregate Outstanding Portfolio Amount;

vii. each CDS Transaction will pay monthly on the 25th day of the month in which such payment is due and receipts will be reinvested for 12 days at a rate equal to one-month LIBOR minus 0.25%;

viii. amounts due on the Collateral Securities are fully paid out in accordance with the Priority of Payments on the 12th day of the month in which they are received (each of which is assumed to be a Business Day) and receipts will be reinvested for 12 days at a rate equal to one-month LIBOR minus 0.25%;

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

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

xi. there are no dispositions of CDS Transactions;

xii. no rating change occurs on any Reference Obligation or the Notes;

xiii. there is no Optional Redemption, Tax Redemption or Auction (except in the computation of the DEC table and Sensitivity of Reference Obligation Principal Payments to CDR table below);

xv. defaults are incurred at the constant annual default rates and are applied on each Payment Date to the outstanding Reference Obligation Notional Amount of the Reference Portfolio as of such Payment Date commencing on the Payment Date in July 2008; and

xvi. the Expense Reserve Account is assumed to stay fully funded at $200,000 on each Payment Date.

Date	Class A-1a	Class A-1b	Class A-2	Class B	Class C	Class D
Closing Date	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 12, 2007	100.0%	100.0%	100.0%	100.0%	100.0%	98.4%
July 12, 2008	100.0%	100.0%	100.0%	100.0%	100.0%	93.5%
July 12, 2009	76.6%	100.0%	83.4%	89.9%	80.0%	88.9%
July 12, 2010	31.0%	100.0%	51.0%	55.0%	43.3%	76.5%
July 12, 2011	0.0%	91.2%	26.4%	44.9%	35.4%	61.5%
July 12, 2012	0.0%	31.3%	9.1%	44.9%	35.4%	58.5%
July 12, 2013	0.0%	0.0%	0.0%	3.0%	35.4%	57.6%
July 12, 2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected Principal Window(1)	November 12, 2008 to June 12, 2011	June 12, 2011 to December 12, 2012	November 12, 2008 to December 12, 2012	January 12, 2009 to August 12, 2013	February 12, 2009 to December 12, 2013	July 12, 2007 to April 12, 2014
Expected Weighted Average Life(2)	3.0 years	5.0 years	3.5 years	4.3 years	4.1 years	5.3 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 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 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 Assumptions by the number of years from the Closing Date 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 Assumptions. The loss severity is assumed to be 65%.

Sensitivity of Reference Obligation Principal Payments to CDR

	0.0% CDR		0.5% CDR		1.0% CDR		1.5% 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-1a	3.0 years	November 12, 2008 to June 12, 2011	2.9 years	July 12, 2008 to May 12, 2011	2.9 years	July 12, 2008 to May 12, 2011	2.9 years	July 12, 2008 to May 12, 2011
A-1b	5.0 years	June 12, 2011 to December 12, 2012	5.0 years	May 12, 2011 to December 12, 2012	5.0 years	May 12, 2011 to January 12, 2013	5.0 years	May 12, 2011 to January 12, 2013
A-2	3.5 years	November 12, 2008 to December 12, 2012	3.5 years	July 12, 2008 to December 12, 2012	3.5 years	July 12, 2008 to January 12, 2013	3.5 years	July 12, 2008 to January 12, 2013
B	4.3 years	January 12, 2009 to August 12, 2013	4.3 years	February 12, 2009 to September 12, 2013	4.3 years	February 12, 2009 to September 12, 2013	4.2 years	February 12, 2009 to September 12, 2013
C	4.1 years	February 12, 2009 to December 12, 2013	4.1 years	March 12, 2009 to January 12, 2014	4.1 years	May 12, 2009 to February 12, 2014	4.1 years	June 12, 2009 to February 12, 2014
D	5.3 years	July 12, 2007 to April 12, 2014	5.2 years	July 12, 2007 to May 12, 2014	5.2 years	July 12, 2007 to May 12, 2014	5.2 years	July 12, 2007 to May 12, 2014

The table set forth below entitled "Class A-1a, A-1b, A-2, B, C and D Note Constant Default Rate Stress Tests" shows the Constant Default Rate ("CDR") and Cumulative Defaults for each Class of Notes under three stress scenarios, assuming a 65% loss severity on defaulted Reference Obligations. In column one ("First Dollar of Loss"), CDR represents the CDR starting on the July 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 notional amount of the Reference Obligations as of the Closing Date. In column two ("Flat Return"), CDR represents the CDR starting on the July 2008 Payment Date that would result in a yield equivalent to a zero discount margin over one-month LIBOR for the Class A-1a Notes, the Class A-1b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate notional amounts of the Reference Obligations as of the Closing Date. In column three ("Return of Investment (0% return)"), the CDR represents the CDR starting on the July 2008 Payment Date that would result in an approximate 0.0% return for the Class A-1a Notes, the Class A-1b Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate notional amounts of the Reference Obligations as of the Closing Date.

Class A-1a, A-1b A-2, B, C and D Note 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-1a	29.35%	54.81%	30.11%	55.76%	42.18%	68.75%
Class A-1b	29.35%	54.81%	30.91%	56.75%	43.24%	69.72%
Class A-2	21.04%	43.14%	21.52%	43.87%	24.08%	47.69%
Class B	12.42%	28.17%	13.52%	30.26%	16.32%	35.34%
Class C	7.91%	18.95%	8.82%	20.90%	9.52%	22.36%
Class D	4.86%	12.09%	5.45%	13.46%	6.06%	14.85%

Yield. The yield to maturity of the Notes of each Class will also be affected by the rate of repayment of the Reference Obligations, as well as by the redemption of the Notes in an Auction, an Optional Redemption or Tax Redemption (and upon the Note Redemption Price or Income Note Redemption Price, as applicable, 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 Reference Obligations and Collateral Securities, to the extent not absorbed by the Income Notes; dispositions of CDS Transactions 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 ISSUERS

General

The Issuer was incorporated as Hudson Mezzanine Funding II, Ltd. on September 20, 2006 in the Cayman Islands with the registered number 174363. The Issuer's name was changed to Anderson Mezzanine Funding 2007-1, Ltd. on March 8, 2007. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands. Maples Finance Limited's telephone number is (345) 945-7099. The Issuer has no prior operating history. The Issuer's Memorandum of Association sets out the objects of the Issuer, which include the business to be carried out by the Issuer in connection with the Notes.

The Co-Issuer was incorporated on February 22, 2007 under the laws of the State of Delaware with the registered number 4305859. 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's telephone number is (302) 738-6680. 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 Secured Notes.

The Co-Issued Notes are obligations only of the Issuers and the Income Notes are obligations only of the Issuer, and not of the Trustee, the Liquidation Agent, the Initial Purchaser, the Administrator, 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 250 ordinary shares, U.S.$1.00 par value per share (the "Issuer Ordinary Shares"). All of the Issuer Ordinary Shares will be issued on or prior to the Closing Date. All of the outstanding Issuer Ordinary Shares will be held by the Share Trustee pursuant to the terms of a declaration of trust for the benefit of charitable and similar purposes. All of the outstanding common equity of the Co-Issuer will be held by the Share Trustee under the terms of the charitable trust which holds the Issuer Ordinary Shares. For so long as any of the 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 Notes and the Issuer Ordinary Shares before deducting expenses of the offering of the Notes is as set forth below.

	Amount
Class S Notes	$ 2,490,000
Class A-1a Notes	$ 130,000,000
Class A-1b Notes	$ 53,000,000
Class A-2 Notes	$ 30,500,000
Class B Notes	$ 42,700,000
Class C Notes	$ 16,775,000
Class D Notes	$ 11,090,000
Income Notes	$ 20,935,000
Total Debt	$ 307,490,000
Issuer Ordinary Shares	250
Total Equity	$ 250
Total Capitalization	$ 307,490,250

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 Secured Notes. The Co-Issuer has agreed to co-issue the Secured Notes as an accommodation to the Issuer, and the Co-Issuer is receiving no remuneration for so acting. Because the Co-Issuer has no assets, and is not permitted to have any assets, Holders of Notes will not be able to exercise their rights against any assets of the Co-Issuer. Holders of Secured Notes must rely on the Pledged Assets held by the Issuer and pledged to the Trustee for payment on their respective Secured 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 Notes on the Closing Date is as set forth below:

Gross Proceeds		
Class S Notes	$	2,490,000
Class A-1a Notes	$	130,000,000
Class A-1b Notes	$	53,000,000
Class A-2 Notes	$	30,500,000
Class B Notes	$	42,700,000
Class C Notes	$	16,775,000
Class D Notes	$	12,000,000
Income Notes	$	20,935,000
Total:	$	308,400,000
Expenses		
Third Party Expenses	$	1,630,000
Goldman, Sachs & Co.	$	25,000
Expense Reserve Accounts	$	200,000
Total:	$	1,855,000
Collateral Assets		
Net Proceeds	$	306,545,000
Par Value of Collateral	$	305,000,000
Clean Price of Collateral	$	304,973,000
Cash for Purchase of Collateral	$	27,000
Purchase Accrued Interest on Collateral	$	666,000
First Period Interest Reserve	$	879,000

Business

The Issuers will not undertake any business other than the issuance of the Co-Issued Notes and, in the case of the Issuer, the issuance of the Income Notes, the acquisition and management of the Pledged Assets and, in each case, other related transactions. Neither of the Issuers will have any subsidiaries other than the Co-Issuer in the case of the Issuer.

The Administrator will act as the administrator of the Issuer. The office of the Administrator will serve as the general business office of the Issuer. Through this office and pursuant to the terms of an agreement to be dated on or about the Closing Date by and between the Administrator and the Issuer (as amended, supplemented or otherwise modified from time to time, the "Administration Agreement"), the Administrator will perform various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The directors of the Issuer listed below are also officers and/or employees of the Administrator and may be contacted at the address of the Administrator.

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

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

Directors

The Directors of the Issuer are Carrie Bunton and Carlos Farjallah, each having an address at Maples Finance Limited, P.O. Box 1093GT, 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.

INCOME TAX CONSIDERATIONS

Circular 230

Any discussion of U.S. federal tax matters set forth in this Offering Circular was written in connection with the promotion and marketing by the Issuer and the Initial Purchaser of the Notes (as defined herein). Such discussion was not intended or written to be legal or tax advice to any person and was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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 by purchasers that acquire their Notes in their initial offering. The discussion and the opinions referenced below are based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS 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 (except, in some instances, in very general terms) the United States federal income tax considerations applicable to all categories of investors, some of which may be subject to special rules, such as Non-U.S. Holders (defined below), banks, regulated investment companies, real estate investment trusts, insurance companies, tax-exempt organizations, dealers in securities or currencies, electing large partnerships, natural persons, cash method taxpayers, S corporations, estates and trusts, investors that hold the Notes as part of a hedge, straddle, or an integrated or conversion transaction, or investors whose "functional currency" is not the United States dollar. Furthermore, it does not address alternative minimum tax consequences or the indirect effects on the investors of equity interests in either a U.S. Holder (defined below) or a Non-U.S. Holder. In addition, this summary is generally limited to investors that will hold the Notes as "capital assets" within the meaning of section 1221 of the Internal Revenue Code 1986 (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.

As used herein, "U.S. Holder" means any holder (or beneficial holder) of a Note that is an individual citizen or resident of the United States for U.S. federal income tax purposes, a corporation or partnership or other entity treated as a corporation or partnership for U.S. federal income tax purposes created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust for which a court within the United States is able to exercise primary supervision over its administration and for which one or more U.S. persons (as defined in the Code) have the authority to control all of its substantial decisions or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust. If a partnership holds the 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 the Notes should consult their own tax advisors. "Non-U.S. Holder" means any holder (or beneficial holder) of a Security that is not a U.S. Holder.

U.S. Federal Income Tax Consequences to the Issuer

Upon the issuance of the Notes, Sidley Austin 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 and/or GS&Co., although the matter is not free from doubt, the Issuer will not be 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 there can be no absolute assurance that the IRS will not seek to treat the Issuer as engaged in a United States trade or business. If the IRS were to successfully characterize the Issuer as engaged in such a trade or business, among other consequences, the Issuer would be subject to net income taxation in the United States (as well as the branch profits tax) on its income that is effectively connected to such United States trade or business. The levying of such taxes would materially affect the Issuer's financial ability to pay principal and interest on the Notes.

The Issuer intends to acquire Collateral Assets and enter into certain swap transactions the interest on which, and any gain from the sale or disposition thereof, is expected not to be subject to United States federal withholding tax or withholding tax imposed by other countries (unless subject to being "grossed up"). The Issuer will not, however, make any independent investigation of the circumstances surrounding the issuance of the individual assets comprising the Collateral Assets or Reference Obligations and thus there can be no absolute assurance that in every case payments will be received free of withholding tax. If the Issuer is a CFC (defined below), the Issuer would incur U.S. withholding tax on interest received from a related United States person.

In addition, it is not expected that the Issuer will derive material amounts of any other items of income that would be subject to United States withholding taxes.

If withholding or deduction of any taxes from payments is required by law in any jurisdiction, the Issuer shall be under no obligation to make any additional payments to the holders of any Notes in respect of such withholding or deduction.

Notwithstanding the foregoing, any commitment or facility fee (or other similar fee) that the Issuer earns may be subject to a 30% withholding tax.

Classification and Tax Treatment of the Secured Notes. The Issuer has agreed and, by its acceptance of a Secured Note, each such Noteholder will be deemed to have agreed, to treat each of the Secured Notes as debt of the Issuer for U.S. federal income tax purposes except to the extent such a Noteholder makes a protective QEF election (described below). On the Closing Date, Sidley Austin LLP will deliver an opinion generally to the effect that assuming compliance with Indenture (and certain other documents) and based on certain factual representations made by the Issuer and GS&Co., the Class S Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be characterized as debt of the Issuer for U.S. federal income tax purposes. Prospective investors should be aware that opinions of counsel are not binding on the IRS and there can be no assurance that the IRS will not seek to characterize any Class of Secured Notes as other than indebtedness. Except as provided under "—

Alternative Characterization of the Secured Notes" below, the balance of this discussion assumes that the Secured Notes will be characterized as debt of the Issuer for federal income tax purposes.

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

Subject to the following paragraph, U.S. Holders of the Secured Notes will include payments of stated interest received on the Secured Notes in income in accordance with their method of tax accounting as ordinary interest income.

While not absolutely certain, it appears that the Class C Notes and the Class D Notes will be issued with original issue discount ("OID", and such a Note, an "OID Note",) because interest payments on such Notes ("OID interest payments",) may not be considered to be unconditionally payable (a requisite for interest to not constitute OID) since they will be deferred in the event that certain overcollateralization tests are not met and failure to pay interest will not, in certain circumstances, be an event of default. A U.S. Holder of an OID Note will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Note. Thus, the U.S. Holder of an OID Note will be required to include original issue discount in income as it accrues, prior to the receipt of the cash attributable to such income. U.S. Holders, however, would be entitled to claim a loss upon maturity or other disposition of an OID Note with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

Although there can be no assurance, the Secured Notes should not be "contingent payment debt instruments" ("CPDIs") within the meaning of Treasury Regulation section 1.1275-4, effective for debt instruments issued after August 12, 1996. If any Class of Notes were considered such instruments, among other consequences, gain on the sale of such Notes that might otherwise be capital gain would be ordinary income. Prospective investors should consult their own tax advisors regarding the possible characterization of the Notes as CPDIs.

The Secured Notes may be debt instruments described in section 1272(a)(6) of the Code (debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). Special tax rules principally relating to the accrual of original issue discount, market discount and bond premium apply to debt instruments described in section 1272(a)(6). Further, those debt instruments may not be part of an integrated transaction with a related hedge under Treasury Regulation § 1.1275-6. Prospective investors should consult with their own tax advisors regarding the effects of section 1272(a)(6).

In general, a U.S. Holder of a Secured Note will have a tax basis in such Note equal to the cost of such Note increased by any market discount includible in income by such U.S. Holder and reduced by any amortized premium and any principal payments and any OID interest payments. Upon a sale, exchange or other disposition of a Secured Note (including redemption or retirement), 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 Secured Note. Such gain or loss generally will be long term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders that are individuals may be entitled to preferential treatment for net long term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

Alternative Characterization of the Secured Notes. U.S. Holders should recognize that there is some uncertainty regarding the appropriate classification of instruments such as the Secured Notes. It is possible, for example, that the IRS may contend that a class of Secured Notes should be treated as equity interests (or as part debt, part equity) in the Issuer. Such a recharacterization might result in material adverse tax consequences to U.S. Holders. If U.S. Holders of Secured Notes were treated as owning equity interests in the Issuer, the U.S. federal income tax consequences to U.S. Holders of such recharacterized Notes would be as described under "—United States Tax Treatment of Holders of Income Notes." In addition, in order to avoid one application of the PFIC rules, each U.S. Holder should consider making a qualified electing fund election (the "QEF election") provided in section 1295 of the Code on a "protective" basis (although such protective election may not be respected by the IRS because current regulations do not specifically authorize that particular election). See "—United States Tax Treatment of Holders of Income Notes—Status of the Issuer as a PFIC" and "—QEF Election."

Information Reporting Requirements. Under United States federal income tax law and regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. These reporting requirements apply to both taxable and tax-exempt U.S. Holders. Penalties for failure to file certain of these information returns are severe. Purchasers of the Secured Notes should consult with their own tax advisors regarding the necessity of filing information returns.

If requested by the Issuer, each Holder will be required to provide the Issuer with the name and status of each beneficial owner of a Secured Note that is a U.S. Holder.

Prospective investors should consult with their own tax advisors with respect to whether they are required to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Non-U.S. Holders

A Non-U.S. Holder of a Secured Note that has no connection with the United States will not be subject to U.S. withholding tax on interest payments. Non-U.S. Holders may be required to make certain tax representations regarding the identity of the beneficial owner of the Notes in order to receive payments free of withholding.

United States Tax Treatment of Holders of Income Notes

General. Prospective investors of the Income Notes should not rely on this summary only and should consult their own tax advisors regarding alternative characterizations of the Income Notes and the consequences of their acquiring, holding, and disposing of the Income Notes, including the possibility that the Income Notes will be treated as contingent payment debt instruments. Subject to the anti-deferral rules discussed below, payments on Income Notes paid by the Issuer to a U.S. Holder that is subject to United States federal income tax will be taxable to such U.S. Holder as a payment to the extent of the current and accumulated earnings and profits of the Issuer. Dividends will not be eligible for the dividends received deduction allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the Income Notes. Distributions in excess of earnings and profits and the U.S. Holder's tax basis will be taxable as gain from the sale or exchange of property.

The tax consequences discussed in the second preceding paragraph are likely to be materially modified by the anti-deferral rules discussed below. In general, each U.S. Holder's investment in the Issuer will be taxed as an investment in a "passive foreign investment company" ("PFIC"). In addition, each U.S. Holder's investment in the Issuer may be taxed as an investment in a CFC, depending (in part) upon the percentage of the Issuer's equity that is acquired and held by certain U.S. Holders. If applicable, the rules pertaining to CFCs generally override those pertaining to PFICs (although, in certain circumstances, more than one set of rules may be applicable simultaneously).

Prospective investors should be aware that in determining what percentage of the equity of the Issuer is held by various categories of investors (for example, for purposes of the CFC and information reporting rules described below) and the Liquidation Agent's interest in certain portions of its fee and certain classes of Secured Notes may be considered equity (and might be considered voting equity).

Prospective investors should be aware that the Issuer's income that is allocated to holders (under the QEF rules as well as under the CFC rules discussed below) will not necessarily bear any particular relationship in any year to the amount of cash that is distributed on the Income Notes and in any given year may be substantially greater. Such an excess will arise, among other circumstances, when Collateral Assets are purchased at a discount, or interest or other income on the Collateral Assets or Credit Default Swap (which is included in gross income) is used to acquire other Collateral Assets or to repay principal on the Secured Notes (which does not give rise to a deduction).

Status of the Issuer as a PFIC. The Issuer will be treated as a "passive foreign investment company" or "PFIC" for United States federal income tax purposes. U.S. Holders in PFICs, other than U.S. Holders that make a timely "qualified electing fund" or "QEF" election described below, are subject to special rules for the taxation of

"excess distributions" (which include both certain distributions by a PFIC and any gain recognized on a disposition of PFIC stock). In general, section 1291 of the Code provides that the amount of any "excess distribution" will be allocated to each day of the U.S. Holder's holding period for its PFIC stock. The amount allocated to the current year will be included in the U.S. Holder's gross income for the current year as ordinary income. With respect to amounts allocated to prior years, the tax imposed for the current year will be increased by the "deferred tax amount" (an amount calculated with respect to each prior year by multiplying the amount allocated to such year by the highest rate of tax in effect for such year, together with an interest charge, as though the amounts of tax were overdue).

An excess distribution is the amount by which distributions for a taxable year exceed 125 percent of the average distribution in respect of the Income Notes during the three preceding taxable years (or, if shorter, the investor's holding period for the Income Notes). As indicated above, any gain recognized upon disposition (or deemed disposition) of the Income Notes will be treated as an excess distribution and taxed as described above (i.e., not be taxable as capital gain). For this purpose, a U.S. Holder that uses an Income Note as security for an obligation may be treated as having disposed of the Income Note.

QEF Election. If a U.S. Holder (including certain U.S. Holders indirectly owning Income Notes) makes the qualified electing fund election (the "QEF election") provided in section 1295 of the Code, the U.S. Holder will be required to include its *pro rata* share of the Issuer's ordinary income and net capital gains (unreduced by any prior year losses) in income (as ordinary income and long-term capital gain, respectively) for each taxable year and pay tax thereon even if such income and gain is not distributed to the U.S. Holder by the Issuer. In addition, any losses of the Issuer will not be deductible by such U.S. Holder. A U.S. Holder that makes the QEF election, may, however (in general) elect to defer the payment of tax on undistributed income (until such income is distributed or the Income Note is transferred), *provided* it agrees to pay interest on such deferred tax liability. For this purpose, a U.S. Holder that uses an Income Note as security for an obligation may be treated as having transferred such Income Note. If the Issuer later distributes the income or gain on which the U.S. Holder has already paid taxes, amounts so distributed to the U.S. Holder will not be further taxable to the U.S. Holder. A U.S. Holder's tax basis in the Income Notes will be increased by the amount included in such U.S. Holder's income and decreased by the amount of nontaxable distributions. In general, a U.S. Holder making the QEF Election will recognize, on the disposition of the Income Notes, capital gain or loss equal to the difference, if any, between the amount realized upon such disposition (including redemption or retirement) and its adjusted tax basis in such Income Notes. Such gain or loss generally will be long term capital gain or loss if the U.S. Holder held the Income 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.

In general, a QEF election should be made on or before the due date for filing a U.S. Holder's federal income tax return for the first taxable year for which it held an Income Note.

The QEF election is effective only if certain required information is made available by the Issuer to the IRS. The Issuer will undertake to comply with the IRS information requirements necessary to be a QEF, which will permit U.S. holders to make the QEF election. Nonetheless, there can be no absolute assurance that such information will always be available or presented.

Where a QEF election is not timely made by a U.S. Holder for the year in which it acquired its Income Notes, but is made for a later year, the excess distribution rules can be avoided by making an election to recognize gain from a deemed sale of the Income Notes at the time when the QEF election becomes effective.

A U.S. Holder should consult its own tax advisors regarding whether it should make a QEF election (and, if it failed to make an initial election, whether it should make an election in a subsequent taxable year).

Status of the Issuer as a CFC. U.S. tax law also contains special provisions dealing with controlled foreign corporations ("CFC"). A U.S. holder (or any other holder of an interest treated as voting equity in the foreign corporation that would meet the definition of U.S. Holders but for the fact that such holder does not hold Income Notes) that owns (directly or indirectly) at least 10 percent of the voting stock of a foreign corporation, the U.S. Holder is considered a "U.S. Shareholder" with respect to the foreign corporation. If U.S. Shareholders in the

aggregate own (directly or indirectly) more than 50% of the voting power or value of the stock of such corporation, the foreign corporation will be classified as a CFC. Complex attribution rules apply for purposes of determining ownership of stock in a foreign corporation such as the Issuer.

If the Issuer is classified as a CFC, a U.S. Shareholder (and possibly any U.S. Holder that is a direct or indirect holder of a grantor trust that is considered to be a U.S. Shareholder) that is a shareholder of the Issuer as of the end of the Issuer's taxable year generally would be subject to current U.S. tax on the income of the Issuer, regardless of cash distributions from the Issuer. Earnings subject to tax generally as income of the U.S. Holder generally will not be taxed again when they are distributed to the U.S. Holder. In addition, income that would otherwise be characterized as capital gain and gain on the sale of the CFC's stock by a U.S. Shareholder (during the period that the corporation is a CFC and thereafter for a five-year period) would be classified in whole or in part as dividend income.

Certain income generated by a corporation conducting a banking, financing, insurance, or other similar business would not be includible in a holder's income under the CFC rules. However, each holder of an Income Note will agree, by its acquisition of the Income Notes, not to take the position that the Issuer is engaged in such a business. Accordingly, if the CFC rules apply, a U.S. Shareholder would generally be subject to tax on its share of all of the Issuer's income.

Information Reporting. In general, U.S. Holders that acquire any Income Notes (or any Class of Notes recharacterized as equity in the Issuer) for cash may be required to file an IRS Form 926 with the IRS and to supply certain additional information to the IRS if (i) such U.S. Holder owns (directly or indirectly) immediately after the transfer, at least 10% by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable regulations, exceeds U.S.$100,000. In the event a U.S. Holder that is required to file such form fails to file such form, the U.S. Holder could be subject to a penalty of up to U.S.$100,000 (computed as 10% of the gross amount paid for the Income Notes) or more if the failure to file was due to intentional disregard of its obligation). Other important information reporting requirements apply to persons that acquire 10% or more of a foreign corporation's equity.

Prospective investors should consult with their own tax advisors with respect to whether they are required to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Tax-Exempt Investors. Special considerations apply to pension plans and other investors ("Tax-Exempt Investors") that are subject to tax only on their "unrelated business taxable income" ("UBTI"). A Tax-Exempt Investor's income from an investment in the Issuer generally should not be treated as resulting in UBTI under current law, so long as such investor's acquisition of stock in the Issuer is not debt-financed, and such investor does not own more than 50% of the Issuer's equity (here, the Income Notes and any Class of Secured Notes (if any) that is recharacterized as equity).

Tax-Exempt Investors should consult their own tax advisors regarding an investment in the Issuer.

Taxation of Non-U.S. Holders. Dividends on, and gain from the sale, exchange or redemption of, Income Notes generally should not be subject to United States federal income tax in the hands of a Non-U.S. Holder that has no connection with the United States other than the holding of the Income Notes.

Cayman Islands Tax Considerations

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

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) No stamp duty is payable in respect of the issue of the Notes. The Notes themselves will be stampable if they are executed in or brought into the Cayman Islands. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

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 Anderson Mezzanine Funding 2007-1, 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 3rd day of October, 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 and 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 Notes.

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 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 (the "Plan Asset Regulation"), as modified by Section 3(42) of ERISA, 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. 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."

Prohibited transactions may arise under Section 406 of ERISA or Section 4975 of the Code if Notes are acquired with Plan Assets with respect to which the Issuers, the Initial Purchaser, the Liquidation Agent, the Trustee, the Fiscal Agent or any of their respective affiliates, is a Party in Interest. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Security and the circumstances under which such decision is made. Included among these exemptions are: DOL Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "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 "qualified professional asset managers;" and the service provider exemption under new Section 408(b)(17) of ERISA and new Section 4975(d)(20) of the Code (the "Service Provider Exemption"). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Notes, 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 Notes.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of 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 Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of any 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, the Liquidation Agent, the Trustee or the Fiscal Agent 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 Secured 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 Secured Notes with Plan Assets should not be treated as equity investments and, therefore, the Pledged 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 Secured Notes, including the reasonable expectation of purchasers of the Secured Notes that the Secured Notes will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. However, if the Secured Notes were nevertheless treated as equity interests for purposes of the Plan Asset Regulation and if the assets of the Issuers were deemed to constitute Plan Assets of an investing Plan, (i) transactions involving the assets of the Issuers could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, (ii) the assets of the Issuers 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 an employee benefit plan which is subject to any federal, state, local or foreign law ("Similar Law") that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code; 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 PTCE 84-14, 90-1, 91-38, 95-60, 96-23, the Service Provider Exemption, or a similar exemption or, in the case of a plan subject to Similar Law, do not and will not constitute or result in a prohibited transaction under Similar Law for which an exemption is not available.

Income 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 total value of any class of equity interest in the entity is held by Benefit Plan Investors. If equity participation in either Issuer by Benefit Plan Investors is "significant," the assets of such Issuer could be deemed to be Plan Assets of Plans investing in the equity. If the assets of either Issuer were deemed to constitute Plan Assets of an investing Plan, (i) transactions involving the assets of such 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 and subject to the provisions of Title I of ERISA, (ii) a plan as 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 employee benefit plan's or 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. If the equity participation in an entity by Benefit Plan Investors is significant, then the entity's assets will be deemed to constitute Plan Assets to the extent of such investor's interest in the entity.

The Income Notes will be equity interests for purposes of applying ERISA and Section 4975 of the Code. Accordingly, purchases and transfers of Income Notes will be limited, so that less than 25% of the total value of all the Income Notes will be held by Benefit Plan Investors, by requiring each purchaser or transferee of an Income Note (other than a Regulation S Income Note) to make (or, in the case of a Regulation S Income Note, to be deemed to have made) certain representations and agree to additional transfer restrictions described under "Notice to Investors." No purchase of an Income 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 the total value of the outstanding Income Notes immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulation and the Fiscal Agency Agreement), based upon the representations made by investors. In addition, the Initial Purchaser, the Liquidation Agent, the Trustee and the Fiscal Agent agree that neither they nor

any of their respective affiliates will acquire any Income Notes unless such acquisition would not, as determined by the Trustee or the Fiscal Agent, result in persons that have acquired Income Notes and represented that they are Benefit Plan Investors owning 25% or more of the total value of the outstanding Income Notes immediately after such acquisition by the Initial Purchaser, the Liquidation Agent, the Trustee or the Fiscal Agent. Income Notes held as principal by the Initial Purchaser, the Liquidation Agent, the Trustee, the Fiscal Agent, 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 Income Notes (other than the Regulation S Income Notes) will be required to represent and agree (or, in the case of the Regulation S Income Notes, will be deemed to have represented and agreed) that the acquisition and holding of the Income Notes will not constitute a prohibited transaction under ERISA or Section 4975 of the Code, for which an exemption is not available. If any purchaser or transferee of Income Notes is an employee benefit plan subject to Similar Law, such purchaser or transferee will be deemed to have represented and warranted that its purchase and holding of the Income Notes will not constitute or result in a violation of any Similar Law for which an exemption is not available.

Any entity using Plan Assets to purchase Notes, including an insurance company using general account assets, may be asked (i) to identify the maximum percentage of the assets of such entity or 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 certain Notes as instructed by the Issuer, before the specified maximum percentage is exceeded.

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 Secured Notes and the Income 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 Secured Notes and the Income 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 Secured 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 Secured Notes or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Secured Notes or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Secured Notes or Income 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 Secured Notes or Income Notes) may affect the liquidity of the Secured 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 Secured Notes or Income Notes are subject to investment, capital or other restrictions.

LEGAL MATTERS

Certain legal matters will be passed upon for the Issuer and the Initial Purchaser by Sidley Austin LLP. Certain matters with respect to Cayman Islands law will be passed upon for the Issuer by Maples and Calder, Grand Cayman, Cayman Islands.

UNDERWRITING

The Offered Notes 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 March 12, 2007 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 Secured Notes and the Income Notes.

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

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

The Issuers have been advised by (a) the Initial Purchaser that it proposes to resell the Offered Notes (a) 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) 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 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 within each Class of Notes.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S 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 purchased by it a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, any U.S. Person or U.S. Resident.

With respect to the Notes initially sold pursuant to Regulation S, until the expiration of (x) forty (40) days after the commencement of the distribution of the offering of the Secured Notes by Goldman, Sachs & Co., with respect to offers or sales of the Secured Notes and (y) one year after the commencement of the distribution of the Income Notes, with respect to offers or sales of the Income Notes purchased by the Initial Purchaser, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

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 (as amended) ("FSMA") to persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 or in circumstances in which section 21 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 Notes in, from or otherwise involving the United Kingdom.

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

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

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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 Notes.

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 Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuers or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Notes are a new issue of securities with no established trading market. The Issuers have been advised by Goldman, Sachs & Co. that it may make a market in the Notes 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 Notes. There can be no assurance that any secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Holders of the Notes with liquidity of investment or that it will continue for the life of the Notes.

Application may be made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that any such application will be made or that any such listing will be obtained.

The Issuers have agreed to indemnify the Initial Purchaser, the Liquidation Agent, the Administrator and the Trustee and their respective directors, officers, employees and agents against certain liabilities, including in the case of the Initial Purchaser, liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In addition, the Issuers have made certain representations and warranties to the Initial Purchaser and have agreed to reimburse the Initial Purchaser for certain of its expenses.

The Initial Purchaser may, from time to time as principal or through one or more investment funds that it manages, make investments in the equity securities of one or more of the issuers of Reference Obligations and Collateral Securities with the result that one or more of such issuers may be or may become controlled by the Initial Purchaser.

INDEX OF DEFINED TERMS

APPENDIX A

Certain Defined Terms

"Accounts" means collectively, the Interest Collection Account, the Payment Account, the Expense Reserve Account, the Collateral Account (including the Cash Collateral Account), the CDS Counterparty Collateral Account, the Amortization Shortfall Account and the Delivered Obligation Account.

"Actual Interest Amount" means with respect to any Reference Obligation Payment Date, payment by or on behalf of the Reference Entity of an amount in respect of interest due under the Reference Obligation (including, without limitation, any deferred interest or defaulted interest relating to the CDS Transaction but excluding payments in respect of prepayment penalties, yield maintenance provisions or principal, except that the Actual Interest Amount shall include any payment of principal representing capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

"Actual Principal Amount" means, with respect to the Final Amortization Date or the legal final maturity date of any Reference Obligation, the amount paid on such day by or on behalf of the Reference Entity in respect of principal (excluding any capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

"Actual Rating" means with respect to any Reference Obligation, Delivered Obligation 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 Reference Obligation, Delivered Obligation 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 Reference Obligation, Delivered Obligation 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 Reference Obligation, Delivered Obligation 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 Reference Obligation, Delivered Obligation 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, (iii) the rating of "Aa1" assigned by Moody's to a Reference Obligation, Delivered Obligation or Eligible Investment placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by Moody's by one subcategory and any other rating assigned by Moody's to a Reference Obligation, Delivered Obligation or an Eligible Investment placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by Moody's by two subcategories and (iv) the rating assigned by S&P to a Reference Obligation, Delivered Obligation or Eligible Investment placed on watch for possible upgrade by S&P will be deemed to have been upgraded by S&P by one subcategory.

"Additional Floating Amount" means any Floating Amount described in clause (a), (b) or (c) of the definition of Floating Amounts.

"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.$305,000,000 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.$3,187,000 and (b) the lesser of 1 and a fraction the numerator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date and denominator of which is U.S.$305,000,000.

"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; (ii) the Administrator pursuant to the Administration Agreement; (iii) the independent accountants, agents (including the Note Agents under the Indenture, the Fiscal Agent and Income Notes Transfer Agent as defined under the Fiscal Agency Agreement and the Collateral Administrator under the Collateral Administration Agreement) 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 Liquidation Agent pursuant to the Liquidation Agency Agreement (other than the Liquidation Agent 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 Reference Obligations; (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) the Irish Stock Exchange listing any Notes 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 Secured Notes and the Income Notes and (c) any Liquidation Agent Fee payable pursuant to the Liquidation Agency Agreement.

"Aggregate Amortization Amount" means, with respect to any Payment Date calculations, the excess, if any, of (i) the Maximum Principal Amount on such date over (ii) the sum of (a) the Aggregate Reference Obligation Notional Amount and (b) the par value of any Delivered Obligations, Eligible Investments and any such amounts on deposit in the Delivered Obligations Account, which amount will be drawn from the Collateral Account pursuant to the Amortization Liquidation Procedure and deposited in the Payment Account for distribution in accordance with the Priority of Payments on such Payment Date.

"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 Secured Notes or Income Notes on any date of determination, the aggregate principal amount of such Secured Notes or Income Notes outstanding on such date.

"Aggregate Outstanding Portfolio Amount" means the sum of (i) the Aggregate Reference Obligation Notional Amount and (ii) the Principal Balance of the Delivered Obligations and any Eligible Investments in the Delivered Obligations Account.

"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 Defaulted Obligation or Deferred Interest PIK Bond multiplied by the Principal Balance of such Defaulted Obligation or Deferred Interest PIK Bond.

"Amortization Liquidation Procedure" means, in connection with the payment of any Aggregate Amortization Amount, (i) *first*, by applying each amount on deposit in the Collateral Account received as principal on the Collateral Securities and Eligible Investments and (ii) *second*, once any such cash on deposit in the Collateral Account has been reduced to zero, by liquidating Eligible Investments in the Collateral Account, in each case, up to the lesser of (a) such Aggregate Amortization Amount or (b) amounts available in the Collateral Account pursuant to subclause (i) above and, if necessary, (ii).

"Amortization Shortfall Amount" means, on any Payment Date where sufficient funds cannot be drawn from the Collateral Account pursuant to the Amortization Liquidation Procedure, the difference between the Aggregate Amortization Amount for such Payment Date and the amount available from the Collateral Account on such Payment Date pursuant to the Amortization Liquidation Procedure.

"Applicable Percentage" means, on any day, a percentage equal to A divided by B, where "A" means the product of the Initial Face Amount (as such term is defined in the related CDS Transaction) and the Initial Factor (as such term is defined in the related CDS Transaction) as decreased on each Delivery Date by an amount equal to (a) the outstanding principal balance of Delivered Obligations delivered to the Issuer (as adjusted by the Relevant Amount, if any) divided by the Current Factor (as such term is defined in the related CDS Transaction) on such day multiplied by (b) the Initial Factor (as such term is defined in the related CDS Transaction) and where "B" means the product of the Original Principal Amount of the related Reference Obligation and the Initial Factor (as such term is defined in the related CDS Transaction); (a) as increased by the outstanding principal balance of any further issues by the Reference Entity that are fungible with and form part of the same legal series as the Reference Obligation; and (b) as decreased by any cancellations of some or all of the outstanding principal amount of the related Reference Obligation resulting from purchases of the Reference Obligation by or on behalf of the Reference Entity.

"Applicable Recovery Rate" means, with respect to any Reference Obligation or 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 structured finance securities which have the benefit of a financial guarantee insurance policy, or surety bond or corporate guarantee insuring or guaranteeing the timely payment of interest or the ultimate payment of interest and the ultimate payment of principal.

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

"Balance" means, on any date, with respect to cash, Collateral Securities, Delivered Obligations or Eligible Investments in any account, the aggregate of the (i) current balance of cash, demand deposits, time deposits, certificates of deposit and federal funds; (ii) principal amount of interest bearing corporate and government securities, money market accounts and repurchase obligations; and (iii) purchase price or accreted value (but not greater than the face amount) of non-interest bearing government and corporate securities and commercial paper.

"BIE Acceptance Notice" means a notice from the Trustee or the Income Notes Transfer Agent, as applicable, to an Originating Noteholder specifying (i) each BIE Collateral Security that will be substituted for an existing Collateral Security, (ii) each such Collateral Security to be substituted, (iii) the BIE Exercise Period, (iv) the BIE Transaction Cost and (v) account information of the Issuer for such Originating Noteholder to deliver such BIE Collateral Security to the Issuer and to present payment of the BIE Transaction Cost to the Issuer.

"BIE Collateral Security" means any security that any Holder of a Note proposes to substitute for part or all of an existing Collateral Security pursuant to the Indenture.

"BIE Consent Solicitation Notice" means a notice from the Trustee or the Fiscal Agent, as applicable, to each Holder of a Note, including the Originating Noteholder with a copy to the Credit Protection Buyer specifying (i) each proposed BIE Collateral Security and its par amount, (ii) each Collateral Security to be substituted and its par amount and (iii) the BIE Notification Date.

"BIE Exercise Period" means the period from and including the delivery of a BIE Acceptance Notice to but excluding the day that is three Business Days thereafter.

"BIE Notification Date" means the Business Day by which a Holder of a Note must respond to a BIE Consent Solicitation Notice, which date shall be 20 Business Days from the date of such BIE Consent Solicitation Notice.

"BIE Transaction Cost" means an amount, as determined pursuant to the Collateral Administration Agreement, by the Collateral Administrator, on behalf of the Issuer, equal to the aggregate amount of the expenses of the Issuer and the Trustee that would be incurred as a result of the proposed substitution of each BIE Collateral Security for part or all of an existing Collateral Security including the purchase price of any such BIE Collateral Security.

"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 or Reference Obligation Notional Amount, as applicable, and the Principal Balance of a Deferred Interest PIK Bond shall be deemed to be its outstanding principal amount or Reference Obligation Notional Amount, as applicable, without regard to any deferred or capitalized interest.

"Cash Proceeds" means, with respect to any Due Period, the amount on deposit or expected to be on deposit in the Payment Account on the related Payment Date (as calculated by the Trustee two Business Days prior to such Payment Date); without taking into account any Aggregate Amortization Amount or amounts calculated in relation thereto that may be available on such Payment Date.

"CDO RMBS Securities" means CDO Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such CDO Securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of RMBS Securities.

"CDO S Note Securities" means CDO Securities that, pursuant to the terms of the related Underlying Instruments, are senior to all other securities issued in the related transaction and are entitled to principal payments in accordance with a fixed payment schedule, which principal payments are paid by applying, *first*, interest proceeds available, and *second*, principal proceeds available.

"CDO Securities" means collateralized debt obligations (including, without limitation, any synthetic collateralized debt obligations or collateralized loan obligations) which may be categorized as CDO Structured Product Securities, CDO RMBS Securities, Collateralized Loan Securities and CDO Trust Preferred Securities.

"CDO Structured Product Securities" means CDO Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such CDO Securities) on the cash flow from a portfolio diversified among categories of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, REIT Debt Securities, Asset-Backed Securities and CDO Securities or any combination of more than one of the foregoing or solely of CDO Securities (and which may include limited amounts of corporate securities), generally having the following characteristics: (i) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual debt securities depending on numerous factors specific to the particular issuers or obligors and upon whether, in the case of loans or securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium, and (ii) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans and/or debt securities.

"CDO Trust Preferred Securities" means CDO Securities that entitle the holder thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such CDO Securities) on the cash flow from a portfolio of trust preferred securities issued by bank, thrift, other depository institutions or trust subsidiaries.

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

"Class A Adjusted Overcollateralization Ratio" means, with respect to any Determination Date, the Adjusted Net Outstanding Portfolio Collateral Balance divided by the Aggregate Outstanding Amount of the Class

A Notes after giving effect to payments to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class A Note Redemption Price" shall equal (i) in the case of the Class A-1a Notes, the Class A-1a Note Redemption Price, (ii) in the case of the Class A-1b Notes, Class A-1b Note Redemption Price and (iii) in the case of the Class A-2 Notes, the Class A-2 Note Redemption Price.

"Class A-1 Note Redemption Price" shall equal (i) in the case of the Class A-1a Notes, the Class A-1a Note Redemption Price and (ii) in the case of the Class A-1b Notes, the Class A-1b Note Redemption Price.

"Class A-1a Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period plus 0.32%.

"Class A-1a Note Redemption Price" shall equal (i) the outstanding principal amount of the Class A-1a 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-1b Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period plus 0.65%.

"Class A-1b Note Redemption Price" shall equal (i) the outstanding principal amount of the Class A-1b 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 Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period plus 0.90%.

"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 divided by the Aggregate Outstanding Amount of the Class A Notes and the Class B Notes, after giving effect to payments or reductions, as applicable to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class B Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period plus 1.75%.

"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 *divided by* the Aggregate Outstanding Amount of the Class A Notes, the Class B Notes and the Class C Notes, after giving effect to payments or reductions, as applicable, to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class C Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 5.50%.

"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 *divided by* the Aggregate Outstanding Amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, after giving effect to payments or reductions, as applicable, to be made on the succeeding Payment Date in accordance with the Priority of Payments.

"Class D Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period *plus* 4.00%.

"Class D Note Redemption Premium" means on each Payment Date commencing with the Payment date in July 2010, the product of (i) the Aggregate Outstanding Amount of the Class D Notes and (ii) the percentage corresponding to the related Payment Date according to the table below:

July 2010	1.10%
August 2010	1.01%
September 2010	0.92%
October 2010	0.83%
November 2010	0.73%
December 2010	0.64%
January 2011	0.55%
February 2011	0.46%
March 2011	0.37%
April 2011	0.28%
May 2011	0.18%
June 2011	0.09%
Each Payment Date after June 2011	0.00%

"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 *plus* (iii) the Class D Note Redemption Premium (if any).

"Class D Notes Amortizing Principal Amount" means an amount equal to the lesser of (a) with respect to the first Payment Date the excess, if any, of any Proceeds remaining after payment of all amounts payable under clauses (i) through (xvi) of the Priority of Payments and (b) the product of the remaining principal balance of the Class D Notes after giving effect to clauses (i) through (xvi) in the priority of payments, 5% per annum (calculated based upon a 360-day year and the actual number of days in each Interest Accrual Period) with respect to each Interest Accrual Period.

"Class S Note Redemption Price" means (i) the outstanding principal amount of the Class S 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 S Note Interest Rate" means, for each Interest Accrual Period, a per annum rate equal to LIBOR for such Interest Accrual Period plus 0.20%.

"Class S Notes Amortizing Principal Amount" means an amount equal to the lesser of (a) the sum of (i) with respect to the first Payment Date, U.S.$0 and with respect to each subsequent Payment Date, U.S.$34,583.33 and (ii) 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, and (b) the remaining principal balance of the Class S Notes.

"Closing Date" means March 20, 2007.

"CMBS Conduit Securities" means Commercial Mortgage Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage Backed Securities) on the cash flow from a pool of commercial mortgage loans.

"CMBS Credit Tenant Lease Securities" means Commercial Mortgage Backed Securities (other than CMBS Large Loan Securities and CMBS Conduit Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage Backed Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties leased to corporate tenants (or on the cash flow from such leases).

"CMBS Large Loan Securities" means Commercial Mortgage Backed Securities (other than CMBS Conduit Securities and CMBS Credit Tenant Lease Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage Backed Securities) on the cash flow from a commercial mortgage loan or a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties. Generally, five or fewer commercial mortgage loans shall account for more than 20% of the aggregate principal balance of the entire pool of commercial mortgage loans supporting payments on the securities.

"CMBS Repackaging 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 Securities, REIT Debt Securities and other interests in commercial mortgage loans or similar commercial real estate interests

"Collateral Account Amount" means, the par amount of Eligible Investments, Collateral Securities, Principal Proceeds and principal payments received thereon on deposit in the Collateral Account; *provided, however*, that the Collateral Account Amount shall not include any Interest Proceeds.

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

"Collateral Administrator" means LaSalle Bank National Association, or any successor Collateral Administrator under the Collateral Administration Agreement.

"Collateral Asset" means a Collateral Security, Eligible Investment or Delivered Obligation.

"Collateralized Loan Securities" means CDO Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of commercial loans.

"Collateral Liquidation Procedure" means, where specified in connection with the payment of any amount, such amount shall be drawn from the Collateral Account (i) *first*, by applying cash amounts on deposit in the Collateral Account that were received as principal payments on the Collateral Securities and Eligible Investments, (ii) *second*, once the amount of such cash on deposit in the Collateral Account has been reduced to zero, by liquidating Eligible Investments in the Collateral Account and (iii) *third*, once the principal balance of Eligible Investments on deposit in the Collateral Account has been reduced to zero, by liquidating Collateral Securities on deposit in the Collateral Account; in each case, up to the lesser of (a) the amount specified for such payment and (b) the amount and principal balance available in the Collateral Account pursuant to subclause (i) and, to the extent necessary, subclause (ii), then subclause (iii).

"Collateral Securities" means securities or other collateral purchased by the Issuer meeting the Collateral Securities Eligibility Criteria using the proceeds of the Notes and from time to time using the principal payments thereon and securing the Issuer's obligations under the Credit Default Swap and the Indenture.

"Collateral Securities Substitution Information Notice" means a notice from the Trustee or the Fiscal Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder of the BIE Transaction Cost relating to each proposed BIE Collateral Security.

"Collateral Securities Substitution Noteholder Refusal Notice" means a notice from the Trustee or the Fiscal Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that the Holders of a Majority of a Class of Notes did not approve of one or more proposed BIE Collateral Securities by the BIE Notification Date.

"Collateral Securities Substitution Request Notice" means a notice from an Originating Noteholder to the Trustee or the Fiscal Agent, as applicable, (i) requesting the substitution of one or more BIE Collateral Securities for one or more existing Collateral Assets, (ii) identifying each Collateral Security and the par amount to be substituted, (iii) identifying each proposed BIE Collateral Security and the par amount and (iv) any other information that such Originating Noteholder deems relevant.

"Commercial Mortgage-Backed Securities" or "CMBS" means securities backed by obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers and shall include, without limitation, CMBS Conduit Securities, CMBS Credit Tenant Lease Securities, CMBS Large Loan Securities and CMBS Repackaging Securities.

"Controlling Class" will be the Class S Notes, the Class A-1a Notes, the Class A-1b Notes and the Class A-2 Notes (the Class S Notes, the Class A-1a Notes, the Class A-1b Notes and the Class A-2 Notes voting together as a single class), for so long as any Class S Notes or Class A Notes are outstanding; if no Class S Notes or Class A 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; and 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.

"Corporate Trust Office" means the principal corporate trust office of the Trustee, currently located at 181 W. Madison Street, Chicago, Illinois 60602, Attention: CDO Trust Services Group — Anderson Mezzanine Funding 2007-1, Ltd., or such other address as the Trustee may designate may designate from time to time by notice to the Noteholders, the Liquidation Agent and the Issuers or the principal corporate trust office of any successor Trustee.

"Credit Default Swap" means the credit default swap entered into by the Issuer, as Credit Protection Seller, and Goldman Sachs International, as Credit Protection Buyer, on the Closing Date, evidenced by an ISDA Master Agreement (Multicurrency Cross Border) and the Master Confirmations.

"Credit Default Swap Early Termination Date" has the meaning set forth in the Credit Default Swap.

"Credit Default Swap Termination Payment" means any termination or assignment payment required to be paid by the Issuer in the event of a termination or assignment of the Credit Default Swap. For the avoidance of doubt, no termination payments or assignment payments are required to be paid by the Issuer in the event of a termination or assignment of the Credit Default Swap in respect of which the Credit Protection Buyer is the "Defaulting Party" or the sole "Affected Party" (each as defined in the Credit Default Swap).

"Credit Protection Amounts" means Physical Settlement Amounts, Writedown Amounts, Principal Shortfall Amounts and Credit Default Swap Termination Payments (which, for the avoidance of doubt, will not include Defaulted Swap Termination Payments) payable by the Issuer to the Credit Protection Buyer.

"Credit Protection Buyer" means Goldman Sachs International and, if Goldman Sachs International is no longer the Credit Protection Buyer, any entity required to make payments on the Credit Default Swap pursuant to the terms of the Credit Default Swap or any guarantor thereof.

"Default" means any Event of Default or any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Defaulted Obligation" means any Reference Obligation or Delivered Obligation with respect to which:

(i) there has occurred and is continuing for the lesser of three (3) Business Days and any applicable grace period, a default with respect to the payment of interest or principal on such Reference Obligation or Delivered Obligation in accordance with its terms; *provided* that, the Reference Obligation or Delivered Obligation 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;

(ii) the Principal Balance of such Reference Obligation or Delivered Obligation has been written down;

(iii) the Trustee has received notice of any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer of such Reference Obligation or Delivered Obligation 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; or

(iv) such Reference Obligation or Delivered Obligation 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 Reference Obligation or Delivered Obligation has a Moody's Rating of "C" or lower or "Ca".

"Defaulted Swap Termination Payment" means any Credit Default Swap Termination Payment required by a bankruptcy court or receiver (in a proceeding at law or in equity) to be paid by the Issuer notwithstanding the terms of the Credit Default Swap in the event of a termination or assignment of the Credit Default Swap in respect of which the Credit Protection Buyer is the "Defaulting Party" or the sole "Affected Party" (each as defined in the Credit Default Swap).

"Deferred Interest PIK Bond" means a PIK Bond that (1) 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) 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) 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) 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; *provided* that such PIK Bond would no longer be a Deferred Interest PIK Bond once payment of interest has resumed and all capitalized or deferred interest has been paid in full in accordance with the underlying documents.

"Deliverable Obligation" means an obligation which, pursuant to the terms of the Credit Default Swap, may be delivered to the Credit Protection Seller as a result of a Credit Event.

"Delivered Obligation" means any Deliverable Obligation delivered to the Issuer pursuant to a Notice of Physical Settlement under the Credit Default Swap.

"Delivery Date" means the date on which a Deliverable Obligation is delivered to the Issuer pursuant to the Credit Default Swap.

"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 (a) the Principal Balance of each Double B Rated Asset and (b) 90%.

"Double B Rated Asset" means any Collateral Asset or Reference Obligation with an Actual Rating or Implied Rating from S&P less than "BBB-" but with an Actual Rating greater than "B+" or with an Actual Rating or Implied Rating from Moody's less than "Baa3" but with an Actual Rating greater than "B1."

"Eligible Bidders" are (i) any institutions, which may include affiliates of the Initial Purchaser or the Liquidation Agent and Holders of the Secured Notes and the Income 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 Liquidation Agent.

"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 "AA-" 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 "AA-" 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 "AA-" 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 LaSalle Bank National Association (so long as LaSalle Bank National Association (1) is the Trustee under the Indenture and (2) has a short-term rating from S&P of at least "A-1"), 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. 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 Liquidation Agent or the Initial Purchaser or an affiliate of the Trustee, the Liquidation Agent 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.

"Exercise Amount" means the amount determined in connection with a Credit Event in accordance with the related CDS Transaction.

"Expected Fixed Payment" shall have the meaning set forth in the Credit Default Swap.

"Expected Interest Amount" means with respect to any Reference Obligation Payment Date, the amount of current interest that would accrue during the related Reference Obligation Calculation Period calculated using the Reference Obligation Coupon on a principal balance of the Reference Obligation equal to: (a) the outstanding principal amount taking into account any reductions due to a principal deficiency balance or realized loss amount (however described in the underlying instruments) that are attributable to the Reference Obligation; minus (b) the "Aggregate Implied Writedown Amount" (as such term is defined in the related CDS Transaction) (if any), and that will be payable on the related Reference Obligation Payment Date assuming for this purpose that sufficient funds are available therefor in accordance with the underlying instruments, calculated in accordance with the related CDS Transaction.

"Expected Principal Amount" means, with respect to the Final Amortization Date or the legal final maturity date of the related Reference Obligation, an amount equal to (i) the Outstanding Principal Amount of the Reference Obligation payable on such day (excluding capitalized interest) assuming for this purpose that sufficient funds are available for such payment, where such amount shall be determined in accordance with the underlying instruments, minus (ii) the sum of (A) the "Aggregate Implied Writedown Amount" (as such term is defined in the related CDS Transaction) (if any) and (B) the net aggregate principal deficiency balance or realized loss amounts (however described in the underlying instruments) that are attributable to the Reference Obligation. For purposes hereof, the Expected Principal Amount shall be determined without regard to the effect of any provisions (however described) of the underlying instruments that permit the limitation of due payments or distributions of funds in accordance with the terms of such Reference Obligation or that provide for the extinguishing or reduction of such payments or distributions.

"Final Amortization Date" means the first to occur of (i) the date on which the Reference Obligation Notional Amount is reduced to zero and (ii) the date on which the assets securing the Reference Obligation or designated to fund amounts due in respect of the Reference Obligation are liquidated, distributed or otherwise disposed of in full and the proceeds thereof are distributed or otherwise disposed of in full.

"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 Secured Notes and liquidation of the Pledged Assets.

"Floating Amounts" means with respect to any CDS Transaction, an amount equal to the sum of (a) the relevant Writedown Amount (if any), (b) the relevant Principal Shortfall Amount (if any), (c) the relevant Interest Shortfall Payment Amount (if any) and (d) the relevant Physical Settlement Amount (if any).

"Floating Amount Event" means with respect to any CDS Transaction, the occurrence of a Writedown, a Failure to Pay Principal or an Interest Shortfall (as each such term is defined in the related CDS Transaction) with respect to the Reference Obligation thereunder.

"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 or Fiscal Agency Agreement, as applicable, with respect to any Notes in global form, a beneficial owner thereof. "Secured Noteholder" means, with respect to any Secured Note, the Holder of such Secured Note.

"Implied Rating" means, in the case of a rating on a Collateral Asset or Reference Obligation, a rating that is determined in accordance with the terms set forth for assets not rated by a particular Rating Agency 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.

"Income Notes Documents" means the resolutions of the Board of Directors of the Issuer authorizing the execution and delivery of the Indenture, the Memorandum and Articles of Association and the Fiscal Agency Agreement.

"Interest Proceeds" means, in respect of any Payment Date, all investment income received on the Collateral Securities and the Eligible Investments on deposit in the Collateral Account and the Fixed Amounts received from the Credit Protection Buyer under the Credit Default Swap in the related Due Period, which Interest Proceeds shall be deposited to the Interest Collection Account (and will not be included in the Collateral Account Amount).

"Interest Shortfall" means with respect to any Reference Obligation Payment Date and any Reference Obligation, either (a) the nonpayment of an Expected Interest Amount or (b) the payment of an Actual Interest Amount that is less than the Expected Interest Amount, as described in the related CDS Transaction.

"Interest Shortfall Amount" means with respect to any Reference Obligation Payment Date, an amount equal to the greater of: (a) zero; and (b) the amount equal to the product of: (i)(A) the Expected Interest Amount; minus (B) the Actual Interest Amount; and (ii) the Applicable Percentage.

"Interest Shortfall Cap" means the cap, if any on Interest Shortfalls as set forth in the related CDS Transaction.

"Interest Shortfall Cap Amount" means the amount of any Interest Shortfall Cap as set forth in the related CDS Transaction.

"Interest Shortfall Payment Amount" means in respect of an Interest Shortfall, the relevant Interest Shortfall Amount; *provided* that, if Interest Shortfall Cap is applicable and the Interest Shortfall Amount exceeds the Interest Shortfall Cap Amount, the Interest Shortfall Payment Amount in respect of such Interest Shortfall shall be the Interest Shortfall Cap Amount.

"Interest Shortfall Reimbursement" means with respect to any Reference Obligation Payment Date, the payment by or on behalf of the Reference Entity of an Actual Interest Amount in respect of the Reference Obligation that is greater than the Expected Interest Amount.

"Interest Shortfall Reimbursement Payment" means with respect to any Reference Obligation Payment Date, the product of (a) the amount of any Interest Shortfall Reimbursement on such day and (b) the Applicable Percentage.

"Interest Shortfall Reimbursement Payment Amount" means, (a) if Interest Shortfall Cap is not applicable, the relevant Interest Shortfall Reimbursement Amount, and (b) if Interest Shortfall Cap is applicable, the amount determined pursuant to the related CDS Transaction; *provided*, in either case, that the aggregate of all Interest Shortfall Reimbursement Payment Amounts (determined for this purpose on the basis that "Interest Shortfall Compounding" is not applicable) at any time shall not exceed the aggregate of Interest Shortfall Payment Amounts paid by the Issuer in respect of Interest Shortfalls occurring prior to the date of payment of any such Additional Fixed Amount.

"Issue" of a Collateral Asset or Reference Obligation means any such Collateral Asset or Reference Obligation 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, Auction or the Final Payment Date, including, without duplication, (i) all proceeds from CDS Transactions, Collateral Securities, Eligible Investments and Delivered Obligations, terminated, assigned or otherwise disposed of in connection with such redemption and payable to the Issuer, including any termination or assignment payments or other amounts payable to the Issuer, (ii) cash on deposit in the Accounts, to the extent available therefor, including any amounts designated by the Credit Protection Buyer as retained for investment in Eligible Investments and Collateral Securities, in each case as determined by the Credit Protection Buyer, (iii) any termination payments or other amounts payable to the Issuer by the Credit Protection Buyer (net of any termination payments or other amounts payable by the Issuer to the Credit Protection Buyer) and (iv) any payments receivable by the Issuer from any assignee of a CDS Transaction (net of any payments payable by the Issuer to any assignee of a CDS Transaction), in each case as determined by the Liquidation Agent.

"Majority" means (i) with respect to any Class or Classes of Secured Notes, the Holders of more than 50% of the Aggregate Outstanding Amount of such Class or Classes of Secured Notes and (ii) with respect to the Income Notes, the Holders of more than 50% of the outstanding Income Notes, calculated on the basis of the Aggregate Outstanding Amount (or, if the Aggregate Outstanding Amount has been paid in full, based on the original Aggregate Outstanding Amount) of the Income Notes held by each Income Noteholder.

"Market Value" means, with respect to any Collateral Asset or Reference Obligation, (i) the average of three bona fide bids for such Collateral Asset or Reference Obligation obtained by the Liquidation Agent at such time from any three nationally recognized dealers, which dealers are independent from one another and from the Liquidation Agent, or (ii) if the Liquidation Agent is unable to obtain three such bids, the lesser of two bona fide bids for such Collateral Asset or Reference Obligation obtained by the Liquidation Agent at such time from any two nationally recognized dealers acceptable to the Liquidation Agent, which dealers are independent from one another and from the Liquidation Agent, or (iii) if the Liquidation Agent is unable to obtain two such bids, the price on such date provided to the Liquidation Agent by an independent pricing service reasonably selected by the Liquidation Agent, or (iv) in the event the Liquidation Agent cannot in good faith determine the market value of such Collateral Asset or Reference Obligation using commercially reasonable efforts to apply the methods specified in clauses (i) through (iii) above, the lesser of (a) the product of (1) the Principal Balance of such Collateral Asset or Reference Obligation and (2) the Applicable Recovery Rate and (b) the Market Value as determined in good faith by the Liquidation Agent using commercially reasonable efforts to apply its reasonable business judgment. If the method of determining Market Value is based solely on clause (v) above, such Market Value shall be considered zero after 30 days until such time as the Market Value for such Collateral Asset or Reference Obligation may be determined applying the methods specified in clauses (i) through (iv) above.

"Maximum Principal Amount" means, as of any date of determination, an amount equal to the Collateral Account Amount.

"Minimum Bid Amount" means an amount equal to the sum of (a) the Secured Note Redemption Price with respect to the Auction Payment Date, (b) unpaid amounts due under the CDS Transactions upon termination or assignment of the CDS Transactions, (c) accrued and unpaid Liquidation Agent Fees and (d) 101% of all unpaid expenses of the Issuer, less amounts on deposit in the Accounts which are available to redeem the Notes.

"Monthly Asset Amount" means, with respect to any Payment Date, the Aggregate Reference Obligation Notional Amount on the first day of the related Due Period.

"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 or Reference Obligation, an amount equal to the percentage for such Collateral Asset or Reference Obligation set forth in the recovery rate assumptions for Moody's attached as Part I of Schedule C to the Indenture; *provided, however*, that (A) Defaulted Obligations which exceed 2.5% of the Aggregate Outstanding Portfolio 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 Outstanding Portfolio 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 Reference Obligation Notional Amount on such Determination Date *plus* the Principal Balance of all Delivered Obligations, *minus* (ii) the aggregate Principal Balance on such date of determination of all Delivered Obligations that are and all CDS Transactions that reference Reference Obligations 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* (iii) 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 plus (iv) the Amortization Shortfall Amount as of such date of determination. For purposes of calculating the Net Outstanding Portfolio Collateral Balance, if a Reference Obligation or a Delivered Obligation could be classified in more than one of the categories set forth in clauses (A) through (E) above, such Reference Obligation or Delivered Obligation will not be discounted multiple times but will be treated in the applicable category that results in the largest discount thereof.

"Non-Call Period" means the period commencing on and including the Closing Date and ending on but excluding the Payment Date in July 2010.

"Note Interest Rates" means, collectively, the Class S Note Interest Rate, the Class A-1a Note Interest Rate, the Class A-1b Note Interest Rate, the Class A-2 Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate and the Class D Note Interest Rate.

"Noteholder Communication Notice" means a notice from an Originating Noteholder to the Trustee or the Fiscal Agent, as applicable, the contents of which are to be delivered by the Trustee or the Fiscal Agent, as applicable to all other Holders of Notes in accordance with the Indenture or the Fiscal Agency Agreement, as applicable.

"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.

"Originating Noteholder" means with respect to (i) any Collateral Securities Substitution Request Notice, the Holder(s) of a Note submitting such Collateral Securities Substitution Request Notice and (ii) any Noteholder Communication Notice, the Holder(s)of a Note submitting such Noteholder Communication Notice.

"Outstanding" or "outstanding" means (i) with respect to each Class of Secured Notes, as of any date of determination, all of such Class of Secured Notes theretofore authenticated and delivered under the Indenture and registered in the Note Register as outstanding except:

(a) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(b) Notes or portions thereof for whose payment or redemption funds in the necessary amount have been theretofore irrevocably deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes; *provided* that, if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture, unless proof satisfactory to the Trustee is presented that any such Notes are held by a Holder in due course;

(d) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided in the Indenture;

(e) in connection with any waiver, (i) all Notes (if any) held by the Trustee and its affiliates if the relevant waiver relates to a Default or an Event of Default arising primarily from any act or omission of the Trustee and, (ii) all Notes (if any) held by the Liquidation Agent and its affiliates if the relevant waiver relates to a Default or an Event of Default arising primarily from any act or omission of the Liquidation Agent; and

(f) in connection with the termination of the Trustee or the Liquidation Agent, as applicable, (i) all Notes (if any) held by the Trustee and its affiliates if the termination relates to a Default or an Event of Default arising primarily from any act or omission of the Trustee and (ii) all Notes (if any) held by the Liquidation Agent and its affiliates if the relevant termination relates to a Default or an Event of Default arising primarily from any act or omission of the Liquidation Agent;

(ii) with respect to the Income Notes, as of any date of determination, all of the Income Notes issued pursuant to the Income Notes Documents and indicated in the Income Notes Register as Outstanding except in connection with the termination of the Trustee or the Liquidation Agent, as applicable:

(a) all Income Notes (if any) held by the Trustee and its affiliates if the termination relates to a Default or an Event of Default arising primarily from any act or omission of the Trustee, and

(b) all Income Notes (if any) held by the Liquidation Agent and its affiliates if the relevant termination relates to a Default or an Event of Default arising primarily from any act or omission of the Liquidation Agent and

provided that in determining whether the Holders of the requisite Aggregate Outstanding Amount of the Secured Notes or Income Notes have given any request, demand, authorization, direction, notice, consent or waiver, Secured Notes or Income Notes owned by the Issuer or the Co-Issuer or any other obligor upon the Secured Notes or Income Notes or any affiliate thereof shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Issuer and the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Secured Notes and Income Notes that the Issuer or Trustee knows to be so owned shall be so disregarded. Secured Notes or Income Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Issuer and the Trustee the pledgee's right so to act with respect to such Secured Notes or Income Notes and that the pledgee is not the Issuer, the Co-Issuer, the Liquidation Agent or any other obligor upon the Secured Notes or Income Notes or any affiliate of the Issuer, the Co-Issuer, the Liquidation Agent or such other obligor.

"Outstanding Principal Amount" has the meaning set forth in the related CDS Transaction.

"Overcollateralization Ratios" means the Class A/B Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D Overcollateralization Ratio.

"Overcollateralization Tests" means the Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization Test.

"Payment Requirement" has the meaning set forth in the Credit Default Swap.

"PIK Bond" means a Reference Obligation or Delivered Obligation 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 Reference Obligation, Collateral Security, Delivered Obligation or Eligible Investment, as of any date of determination, the Reference Obligation Notional Amount of such Reference Obligation and the outstanding principal amount of such Collateral Security, Delivered Obligation or Eligible Investment; subject to the following exceptions: (i) 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 or Reference

Obligation Notional Amount, as applicable (unless otherwise indicated in such tests), (B) for purposes of determining whether an Event of Default described in clause (vi) of the definition thereof has occurred, Defaulted Obligations shall be included at their Applicable Recovery Rate, (C) for purposes of calculating any trustee fees and the Liquidation Agent Fee, the Principal Balance of each Defaulted Obligation shall equal the Calculation Amount for such Defaulted Obligations and (D) as otherwise expressly indicated; (ii) the Principal Balance of any cash shall be the amount of such cash; (iii) the Principal Balance of any Delivered Obligation, any Collateral Securities and any Eligible Investments in which the Trustee does not have a perfected security interest shall be deemed to be zero; and (iv) the Principal Balance of any Reference Obligation, Collateral Security or Delivered Obligation that is an equity security shall be deemed to be zero.

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of: (i) all payments of interest and principal on, or liquidation proceeds of, the Delivered Obligations and Eligible Investments on deposit in the Delivered Obligations Account received in cash by the Issuer during such Due Period, (ii) any termination payments received from the Credit Protection Buyer during such Due Period and (iii) any Additional Fixed Amounts (excluding Interest Shortfall Reimbursement Payment Amounts) received from the Credit Protection Buyer during such Due Period; and (iv) any Amortization Proceeds on deposit in the Payment Account on the related Payment Date; *provided, however*, that Principal Proceeds shall not include any accrued interest or any funds from the Income Note Payment Account and all funds deposited in or credited thereto, transaction fees payable to the Issuer and its share capital on account of its ordinary shares held in its account in the Cayman Islands.

"Principal Shortfall Amount" means, in respect of a Failure to Pay Principal, an amount equal to the greater of: (i) zero; and (ii) the amount equal to the product of: (A) the Expected Principal Amount minus the Actual Principal Amount; (B) the Applicable Percentage; and (C) the Reference Price. For purposes hereof, if the Principal Shortfall Amount would be greater than the Reference Obligation Notional Amount immediately prior to the occurrence of such Failure to Pay Principal, then the Principal Shortfall Amount shall be deemed to be equal to the Reference Obligation Notional Amount at such time.

"Principal Shortfall Reimbursement" means, with respect to any day, the payment by or on behalf of the Reference Entity of an amount in respect of the Reference Obligation in or toward the satisfaction of any deferral of or failure to pay principal arising from one or more prior occurrences of a Failure to Pay Principal.

"Principal Shortfall Reimbursement Payment" means, with respect to any day, the product of (i) the amount of any Principal Shortfall Reimbursement on such day, (ii) the Applicable Percentage and (iii) the Reference Price.

"Principal Shortfall Reimbursement Payment Amount" means, as of any date of determination, the sum of the Principal Shortfall Reimbursement Amounts in respect of all Principal Shortfall Reimbursements (if any) made during the Reference Obligation Calculation Period relating to such date, provided that the aggregate of all Principal Shortfall Reimbursement Payment Amounts at any time shall not exceed the aggregate of all Floating Amounts paid by the Issuer in respect of occurrences of Failure to Pay Principal prior to such date.

"Proceeds" means, with respect to any Due Period, without duplication, (i) all Amortization Proceeds with respect to the related Payment Date, (ii) all Interest Proceeds with respect to the related Payment Date and (iii) any amounts to be released or withdrawn on the related Payment Date from the Expense Reserve Account for deposit to the Payment Account.

"Quarterly Payment Date" means the 12th day of every January, April, July and October or if any such date is not a Business Day, the immediately following Business Day, commencing on July 12, 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 Trustee 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.

"Record Date" means, (i) with respect to any Payment Date and any Notes issued in book-entry form, the close of business on the Business Day prior to such Payment Date and (ii) with respect to any Payment Date and any

Notes issued in definitive form, the tenth day prior to such Payment Date (or, if such day is not a Business Day, the next succeeding Business Day).

"Redemption Date" means any Optional Redemption Date, Tax Redemption Date or Auction Payment Date.

"Reference Entity" means the issuer of a Reference Obligation.

"Reference Obligation" means a Residential Mortgage-Backed Security referenced under the Credit Default Swap.

"Reference Obligor" means the obligor on a Reference Obligation.

"Reference Obligation Calculation Period" means, with respect to each Reference Obligation Payment Date, a period corresponding to the interest accrual period relating to such Reference Obligation Payment Date pursuant to its underlying instruments. For the avoidance of doubt, the first Reference Obligation Calculation Period will begin on the Reference Obligation Payment Date falling on or immediately prior to the Closing Date.

"Reference Obligation Coupon" means the periodic interest rate applied in relation to each Reference Obligation Calculation Period on the related Reference Obligation Payment Date, as determined in accordance with the terms of the underlying instruments as at the Closing Date, without regard to any subsequent amendment.

"Reference Obligation Notional Amount" means, with respect to each CDS Transaction, the notional amount specified therein as reduced or increased pursuant to the terms of such CDS Transaction.

"Reference Obligation Payment Date" means (i) each scheduled distribution date for a Reference Obligation occurring on or after the Closing Date and on or prior to the scheduled termination date of the related CDS Transaction, determined in accordance with the underlying instruments and (ii) any day after the effective maturity date on which a payment is made in respect of such Reference Obligation.

"Reference Obligation Principal Amortization Amount" means, with respect to any Reference Obligation Payment Date, an amount equal to the product of (i) the amount of any Reference Obligation Principal Payment on such date and (ii) the Applicable Percentage.

"Reference Obligation Principal Payment" means, with respect to any Reference Obligation Payment Date, the occurrence of a payment of an amount to the holders of the Reference Obligation in respect of principal (scheduled or unscheduled) in respect of the Reference Obligation other than a payment in respect of principal representing capitalized interest, excluding, for the avoidance of doubt, any Writedown Reimbursement or Interest Shortfall Reimbursement.

"Reference Price" means the reference price (expressed as a percentage) specified in the related CDS Transaction.

"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).

"Relevant Amount" means with respect to any Reference Obligation, if a servicer report that describes a Reference Obligation Principal Payment, Writedown or Writedown Reimbursement (other than a Writedown Reimbursement within paragraph (i) of "Writedown Reimbursement"), in each case that has the effect of decreasing or increasing the interest-accruing principal balance of such Reference Obligation as of a date prior to a Delivery Date but such servicer report is delivered to holders of such Reference Obligation or to the calculation agent under

the related CDS Transaction on or after the related Delivery Date, an amount equal to the product of (i) the sum of any such Reference Obligation Principal Payment (expressed as a positive amount), Writedown (expressed as a positive amount) or Writedown Reimbursement (expressed as a negative amount), as applicable; (ii) the Reference Price; (iii) the Applicable Percentage immediately prior to such Delivery Date; and (iv) the Exercise Percentage (as defined in the related CDS Transaction).

"Residential Mortgage-Backed Securities", "RMBS 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 Midprime Mortgage Securities and RMBS Subprime Mortgage Securities.

"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 Residential Mortgage-Backed Securities) 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). At issuance, the loans in the portfolio underlying each such RMBS Midprime Mortgage Security will have a weighted average FICO Score greater than 625, but less than 700.

"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 Residential Mortgage-Backed Securities) on the cash flow from prime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used). At issuance, the loans in the portfolio underlying each such RMBS Prime Mortgage Security will have a weighted average FICO Score of at least 700.

"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 Residential Mortgage-Backed Securities) on the cash flow from subprime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used). At issuance, the loans in the portfolio underlying RMBS Subprime Mortgage Security will have a weighted average FICO Score of 625 or below.

"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 or Reference Obligation, on any Determination Date, an amount equal to the percentage for such Collateral Asset or Reference Obligation set forth in the S&P Recovery Rate Matrix attached as a schedule to the Indenture (determined in accordance with procedures prescribed by S&P for such Credit Default Swap, Reference Obligation or Delivered Obligation 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, assignment, termination or other disposition of any CDS Transaction, Collateral Securities, Delivered Obligation or Eligible Investment received during such Due Period, net of any reasonable amounts expended by the Liquidation Agent or the Trustee in connection with such sale or other disposition.

"Secured Note Redemption Price" means the Class S Note Redemption Price, the Class A-1a Note Redemption Price, the Class A-1b Note Redemption Price, the Class A-2 Note Redemption Price, the Class B Note Redemption Price, the Class C Note Redemption Price and the Class D Note Redemption Price, as applicable.

"Servicer" means, with respect to any Issue of Reference Obligation or Collateral Asset, 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 Reference Obligation or Collateral Asset are made.

"Single B Calculation Amount" means the sum of the products of (a) the Principal Balance of each Single B Rated Asset and (b) 70%.

"Single B Rated Asset" means any Collateral Asset or Reference Obligation, 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 Reference Obligation and Collateral Asset, the product of (i) the Principal Balance of such Reference Obligation or Collateral Asset and (ii) the Moody's "Idealized" Cumulative Expected Loss Rate as set forth in the Indenture for such Reference Obligation and 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, Double B Rated Assets, Triple C Rated Assets, Defaulted Obligations and the principal amount of any Reference Obligations and Collateral Assets expected to be paid in full after the July 12, 2042 Payment Date, the principal amount thereof expected to be paid after the Payment Date related to such Determination Date shall be excluded.

"Step-Down Bond" means a security which by the terms of the related underlying instrument provides for a decrease, in the case of a fixed rate security, in the per annum interest rate on such security or, in the case of a floating rate security, in the spread over the applicable index or benchmark rate, solely as a function of the passage of time; *provided* that a Step-Down Bond shall not include any such security providing for payment of a constant rate of interest at all times after the date of calculation.

"Super Majority" means with respect to any Class of Notes, the Holders of more than 66-2/3% of the Aggregate Outstanding Amount of such Class of Notes.

"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 premium and interest due and payable on the Credit Default Swap and Pledged 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), (iv), (v), (xv) and (xvi) of the Priority of Payments and (b) the Secured Note Redemption Prices.

"Treasury" means the United States Department of the Treasury.

"Triple C Calculation Amount" means the sum of the products of (a) the Principal Balance of each Triple C Rated Asset and (b) 50%.

"Triple C Rated Asset" means any Collateral Asset or Reference Obligation (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."

"Writedown Amount" means, with respect to any day, the product of (i) the amount of any Writedown on such day, (ii) the Applicable Percentage and (iii) the Reference Price.

"Writedown Reimbursement" means, with respect to any day, the occurrence of: (i) a payment by or on behalf of the Reference Entity of an amount in respect of the Reference Obligation in reduction of any prior Writedowns; (ii)(A) an increase by or on behalf of the Reference Entity of the Outstanding Principal Amount of the Reference Obligation to reflect the reversal of any prior Writedowns; or (B) a decrease in the principal deficiency balance or realized loss amounts (however described in the underlying instruments) attributable to the Reference Obligation; or (iii) if "Implied Writedown" (as defined in the related CDS Transaction) is applicable and the underlying instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (ii) above to occur in respect of the Reference Obligation, an "Implied Writedown Reimbursement Amount" (as defined in the related CDS Transaction) being determined in respect of the Reference Obligation by the calculation agent thereunder.

"Writedown Reimbursement Amount" means, with respect to any day, an amount equal to the product of: (i) the sum of all Writedown Reimbursements on that day; (ii) the Applicable Percentage; and (iii) the Reference Price.

"Writedown Reimbursement Payment Amount" means, with respect to any date of determination, the sum of the Writedown Reimbursement Amounts in respect of all Writedown Reimbursements (if any) made during the Reference Obligation Calculation Period relating to such date, provided that the aggregate of all Writedown Reimbursement Payment Amounts at any time shall not exceed the aggregate of all Floating Amounts paid by the Issuer in respect of Writedowns occurring prior to such date.

APPENDIX B

Reference Portfolio

CDO Reference Obligations

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Type	Premium	Maturity
92534FAE8	VRGO 2006-1A B1	VRGO 2006-1A	$5,000,000	1.0000	$5,000,000	$17,500,000	$2,095,000,000	10/31/06	synthetic sprd	2.70%	11/9/2046

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Collateral Manager
92534FAE8	VRGO 2006-1A B1	CDO RMBS	Baa1	Baa1	BBB+	BBB+	-	6.6	Vertical Capital LLC

RMBS Reference Obligations

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Type	Premium	Maturity
004375FE6	ACCR 2006-1 M8	ACCR 2006-1	$5,000,000	1.0000	$5,000,000	$10,539,000	$1,003,750,611	3/28/06	synthetic sprd	1.10%	4/25/2036
40430HEH7	HASC 2006-OPT2 M8	HASC 2006-OPT2	$5,000,000	1.0000	$5,000,000	$19,035,000	$1,410,043,699	2/28/06	synthetic sprd	0.95%	1/25/2036
59020U3N3	MLMI 2006-HE1 B2A	MLMI 2006-HE1	$5,000,000	1.0000	$5,000,000	$6,251,000	$781,325,635	2/7/06	synthetic sprd	1.05%	12/25/2036
61744CMS2	MSAC 2005-NC1 B2	MSAC 2005-NC1	$5,000,000	1.0000	$5,000,000	$12,777,000	$1,503,076,331	2/25/05	synthetic sprd	0.85%	1/25/2035
64352VLA7	NCHET 2005-2 M8	NCHET 2005-2	$5,000,000	1.0000	$5,000,000	$35,879,000	$2,989,436,690	4/22/05	synthetic sprd	1.15%	6/25/2035
004421VC4	ACE 2006-NC1 M9	ACE 2006-NC1	$5,000,000	1.0000	$5,000,000	$13,243,000	$1,324,265,728	1/30/06	synthetic sprd	2.30%	12/25/2035
03072SM85	AMSI 2005-R8 M9	AMSI 2005-R8	$5,000,000	1.0000	$5,000,000	$10,620,000	$1,416,191,359	9/28/05	synthetic sprd	3.05%	10/25/2035
144531BK5	CARR 2005-NC1 M8	CARR 2005-NC1	$5,000,000	1.0000	$5,000,000	$10,300,000	$1,029,909,316	2/3/05	synthetic sprd	1.70%	2/25/2035
22237JAP2	CWL 2006-BC2 M9	CWL 2006-BC2	$5,000,000	1.0000	$5,000,000	$6,825,000	$650,000,442	5/30/06	synthetic sprd	2.47%	1/25/2045
61744CPQ3	MSAC 2005-NC2 B3	MSAC 2005-NC2	$5,000,000	1.0000	$5,000,000	$16,507,000	$1,500,655,452	4/29/05	synthetic sprd	2.27%	3/25/2035
61744CYK6	MSAC 2006-NC1 B3	MSAC 2006-NC1	$5,000,000	1.0000	$5,000,000	$13,609,000	$1,296,091,575	1/27/06	synthetic sprd	2.35%	12/25/2035
64352VKJ9	NCHET 2005-1 M9	NCHET 2005-1	$5,000,000	1.0000	$5,000,000	$35,896,000	$2,991,323,979	2/25/05	synthetic sprd	2.08%	3/25/2035
64352VLS8	NCHET 2005-3 M9	NCHET 2005-3	$5,000,000	1.0000	$5,000,000	$29,010,000	$2,900,967,526	6/24/05	synthetic sprd	2.08%	7/25/2035
76112BL24	RAMP 2005-EFC6 M9	RAMP 2005-EFC6	$5,000,000	1.0000	$5,000,000	$8,327,000	$693,854,460	11/22/05	synthetic sprd	1.80%	11/25/2035
64352VNB3	NCHET 2005-4 M8	NCHET 2005-4	$5,000,000	1.0000	$5,000,000	$22,900,000	$2,080,229,977	8/17/05	synthetic sprd	1.05%	9/25/2035
004421PY3	ACE 2005-HE4 M9	ACE 2005-HE4	$5,000,000	1.0000	$5,000,000	$12,409,000	$1,459,858,597	6/29/05	synthetic sprd	2.31%	7/25/2035
03072ST62	AMSI 2005-R10 M9	AMSI 2005-R10	$5,000,000	1.0000	$5,000,000	$14,045,000	$2,006,425,509	11/23/05	synthetic sprd	2.73%	12/25/2035
03072SV93	AMSI 2005-R11 M9	AMSI 2005-R11	$5,000,000	1.0000	$5,000,000	$14,640,000	$1,830,242,361	12/20/05	synthetic sprd	2.77%	1/25/2036
04541GQH8	ABSHE 2005-HE2 M7	ABSHE 2005-HE2	$5,000,000	1.0000	$5,000,000	$7,887,000	$717,027,010	3/4/05	synthetic sprd	1.75%	2/25/2035
144531FG0	CARR 2006-NC1 M9	CARR 2006-NC1	$5,000,000	1.0000	$5,000,000	$14,410,000	$1,441,051,750	2/8/06	synthetic sprd	2.10%	1/25/2036
17307GSS8	CMLTI 2005-OPT3 M9	CMLTI 2005-OPT3	$5,000,000	1.0000	$5,000,000	$7,422,000	$927,735,831	7/7/05	synthetic sprd	2.40%	5/25/2035
362463AP6	GSAMP 2006-NC2 M9	GSAMP 2006-NC2	$5,000,000	1.0000	$5,000,000	$7,052,000	$881,499,701	6/29/06	synthetic sprd	2.72%	6/25/2036
40430HDN5	HASC 2006-OPT1 M9	HASC 2006-OPT1	$5,000,000	1.0000	$5,000,000	$9,555,000	$955,507,861	2/3/06	synthetic sprd	2.30%	12/25/2035
40430HFA1	HASC 2006-NC1 M9	HASC 2006-NC1	$5,000,000	1.0000	$5,000,000	$2,958,000	$328,689,100	3/7/06	synthetic sprd	2.25%	11/25/2035
46626LGQ7	JPMAC 2006-HE1 M9	JPMAC 2006-HE1	$5,000,000	1.0000	$5,000,000	$6,503,000	$619,359,045	2/28/06	synthetic sprd	2.05%	1/25/2036
46629BBB4	JPMAC 2006-CW2 MV9	JPMAC 2006-CW2	$5,000,000	1.0000	$5,000,000	$8,354,000	$349,984,974	8/8/06	synthetic sprd	2.30%	8/25/2036
61744CKW5	MSAC 2005-HE1 B3	MSAC 2005-HE1	$5,000,000	1.0000	$5,000,000	$17,134,000	$1,713,448,448	1/26/05	synthetic sprd	1.95%	12/25/2034
61744CNK8	MSAC 2005-HE2 B3	MSAC 2005-HE2	$5,000,000	1.0000	$5,000,000	$15,890,000	$1,588,946,277	3/30/05	synthetic sprd	2.35%	1/25/2035
65106AAW3	NCMT 2006-1 M9	NCMT 2006-1	$5,000,000	1.0000	$5,000,000	$15,022,000	$1,502,180,714	4/6/06	synthetic sprd	1.90%	3/25/2036
172983AN8	CMLTI 2006-NC1 M8	CMLTI 2006-NC1	$5,000,000	1.0000	$5,000,000	$6,814,000	$973,489,502	6/29/06	synthetic sprd	1.40%	8/25/2036
35729QAN8	FHLT 2006-B M8	FHLT 2006-B	$5,000,000	1.0000	$5,000,000	$12,544,000	$1,003,598,320	8/3/06	synthetic sprd	1.78%	8/25/2036
813765AH7	SABR 2006-FR3 B2	SABR 2006-FR3	$5,000,000	1.0000	$5,000,000	$12,839,000	$982,497,630	8/3/06	synthetic sprd	1.55%	5/25/2036
93934JAN4	WMABS 2006-HE2 M9	WMABS 2006-HE2	$5,000,000	1.0000	$5,000,000	$4,483,000	$472,002,321	5/25/06	synthetic sprd	2.26%	5/25/2036
83611MMT2	SVHE 2006-OPT2 M7	SVHE 2006-OPT2	$5,000,000	1.0000	$5,000,000	$18,400,000	$1,600,000,000	4/7/06	synthetic sprd	1.42%	5/25/2036
126670NN4	CWL 2005-BC5 B	CWL 2005-BC5	$5,000,000	1.0000	$5,000,000	$11,875,000	$949,999,828	12/28/05	synthetic sprd	2.50%	1/25/2036
14453FAN9	CARR 2006-NC2 M9	CARR 2006-NC2	$5,000,000	1.0000	$5,000,000	$8,473,000	$941,444,817	6/21/06	synthetic sprd	2.15%	6/25/2036
46626LJZ4	JPMAC 2006-NC1 M9	JPMAC 2006-NC1	$5,000,000	1.0000	$5,000,000	$7,909,000	$930,509,120	4/27/06	synthetic sprd	2.75%	4/25/2036
46629FAN0	JPMAC 2006-NC2 M9	JPMAC 2006-NC2	$5,000,000	1.0000	$5,000,000	$15,169,000	$948,076,340	8/23/06	synthetic sprd	2.50%	7/25/2036
57643LMX1	MABS 2005-NC2 M8	MABS 2005-NC2	$5,000,000	1.0000	$5,000,000	$8,576,000	$902,787,580	11/29/05	synthetic sprd	1.35%	11/25/2035
65536MAN7	NHELI 2006-HE2 M9	NHELI 2006-HE2	$5,000,000	1.0000	$5,000,000	$7,805,000	$743,401,087	4/28/06	synthetic sprd	2.45%	3/25/2036
61744CWE2	MSAC 2005-HE6 B2	MSAC 2005-HE6	$5,000,000	1.0000	$5,000,000	$12,929,000	$1,077,406,776	11/29/05	synthetic sprd	1.01%	11/25/2035
00442BAP6	ACE 2006-HE4 M9	ACE 2006-HE4	$5,000,000	1.0000	$5,000,000	$8,078,000	$702,462,276	9/28/06	synthetic sprd	2.70%	10/25/2036
35729TAP7	FHLT 2006-C M9	FHLT 2006-C	$5,000,000	1.0000	$5,000,000	$21,583,000	$1,798,572,976	9/7/06	synthetic sprd	2.75%	10/25/2036
00442PAP5	ACE 2006-OP1 M8	ACE 2006-OP1	$5,000,000	1.0000	$5,000,000	$14,392,000	$1,107,055,226	5/25/06	synthetic sprd	1.30%	4/25/2036
040104TS0	ARSI 2006-W4 M9	ARSI 2006-W4	$5,000,000	1.0000	$5,000,000	$10,659,000	$1,421,187,988	4/25/06	synthetic sprd	2.80%	5/25/2036
04541GWQ1	ABSHE 2006-HE2 M9	ABSHE 2006-HE2	$5,000,000	1.0000	$5,000,000	$5,597,000	$746,271,329	3/24/06	synthetic sprd	2.50%	3/25/2036
46602WAN4	IXIS 2006-HE2 B3	IXIS 2006-HE2	$5,000,000	1.0000	$5,000,000	$10,000,000	$1,000,000,000	5/25/06	synthetic sprd	2.20%	8/25/2036
59021AAM0	MLMI 2006-FM1 B2	MLMI 2006-FM1	$5,000,000	1.0000	$5,000,000	$5,932,000	$439,401,071	6/30/06	synthetic sprd	1.65%	4/25/2037
64352VRB9	NCHET 2006-1 M9	NCHET 2006-1	$5,000,000	1.0000	$5,000,000	$15,030,000	$1,366,333,806	3/30/06	synthetic sprd	2.70%	5/25/2036
83611MEE4	SVHE 2005-DO1 M8	SVHE 2005-DO1	$5,000,000	1.0000	$5,000,000	$5,850,000	$615,829,922	5/13/05	synthetic sprd	1.05%	5/25/2035
86360PAR8	SASC 2006-NC1 M9	SASC 2006-NC1	$5,000,000	1.0000	$5,000,000	$11,070,000	$1,230,035,769	6/22/06	synthetic sprd	2.40%	5/25/2036
126670UD8	CWL 2006-1 MV8	CWL 2006-1	$5,000,000	1.0000	$5,000,000	$5,012,000	$358,000,000	2/10/06	synthetic sprd	1.27%	7/25/2036
57645FAS6	MABS 2006-AM2 M8	MABS 2006-AM2	$5,000,000	1.0000	$5,000,000	$6,205,000	$477,328,508	7/28/06	synthetic sprd	1.27%	6/25/2036
64360YAM7	NCHET 2006-2 M9	NCHET 2006-2	$5,000,000	1.0000	$5,000,000	$14,313,000	$1,192,746,592	6/29/06	synthetic sprd	2.07%	8/25/2036
86361KAM9	SAIL 2006-BNC3 M7	SAIL 2006-BNC3	$5,000,000	1.0000	$5,000,000	$16,500,000	$2,062,458,752	8/25/06	synthetic sprd	1.67%	9/25/2036
126670LW6	CWL 2005-14 M8	CWL 2005-14	$5,000,000	1.0000	$5,000,000	$26,250,000	$2,099,999,537	12/21/05	synthetic sprd	1.15%	4/25/2036
61744CUZ7	MSAC 2005-HE5 B2	MSAC 2005-HE5	$5,000,000	1.0000	$5,000,000	$19,333,000	$1,486,749,917	10/28/05	synthetic sprd	1.15%	9/25/2035
31659EAM0	FMIC 2006-2 M8	FMIC 2006-2	$5,000,000	1.0000	$5,000,000	$10,800,000	$800,000,000	7/6/06	synthetic sprd	1.15%	7/25/2036
437097AP3	HEAT 2006-6 M8	HEAT 2006-6	$5,000,000	1.0000	$5,000,000	$10,200,000	$850,000,100	8/1/06	synthetic sprd	2.10%	11/25/2036
59023AAN6	MLMI 2006-MLN1 B2	MLMI 2006-MLN1	$5,000,000	1.0000	$5,000,000	$11,474,000	$819,593,841	9/29/06	synthetic sprd	1.27%	7/25/2037

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer
004375FE6	ACCR 2006-1 M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	-	3.9	Accredited Home Lender, Inc.
40430HEH7	HASC 2006-OPT2 M8	RMBS Subprime	Baa2	Baa2	BBB+	BBB+	BBB+	3.8	Option One Mortgage Corporation
59020U3N3	MLMI 2006-HE1 B2A	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	-	3.6	Wilshire Credit Corporation
61744CMS2	MSAC 2005-NC1 B2	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	2.4	HomeEq Servicing Corporation
64352VLA7	NCHET 2005-2 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	2.5	New Century Mortgage Corporation
004421VC4	ACE 2006-NC1 M9	RMBS Midprime	Baa3	Baa3	BBB+	BBB+	-	3.6	Saxon Mortgage Services, Inc.
03072SM85	AMSI 2005-R8 M9	RMBS Subprime	Baa3	Baa3	BBB	BBB	BBB+	3.5	Ameriquest Mortgage Company
144531BK5	CARR 2005-NC1 M8	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.7	New Century Mortgage Corporation
22237JAP2	CWL 2006-BC2 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	-	3.6	Countrywide Home Loans Servicing LP
61744CPQ3	MSAC 2005-NC2 B3	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.6	Countrywide Home Loans Servicing LP
61744CYK6	MSAC 2006-NC1 B3	RMBS Subprime	Baa3	Baa3	BBB	BBB	BBB	3.9	HomeEq Servicing Corporation
64352VKJ9	NCHET 2005-1 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.2	New Century Mortgage Corporation
64352VLS8	NCHET 2005-3 M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.8	New Century Mortgage Corporation
76112BL24	RAMP 2005-EFC6 M9	RMBS Midprime	Baa3	Baa3	BBB	BBB	-	4.4	Residential Funding
64352VNB3	NCHET 2005-4 M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB	3.0	New Century Mortgage Corporation
004421PY3	ACE 2005-HE4 M9	RMBS Midprime	Baa3	Baa3	BBB	BBB	BBB	3.1	Countrywide Home Loans Servicing LP
03072ST62	AMSI 2005-R10 M9	RMBS Midprime	Baa3	Baa3	BBB	BBB	BBB	4.0	Ameriquest Mortgage Company
03072SV93	AMSI 2005-R11 M9	RMBS Subprime	Baa3	Baa3	BBB+	BBB+	BBB	4.0	Ameriquest Mortgage Company
04541GQH8	ABSHE 2005-HE2 M7	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.2	Saxon Mortgage Services, Inc.
144531FG0	CARR 2006-NC1 M9	RMBS Midprime	Baa3	Baa3	BBB+	BBB+	BBB-	3.8	New Century Mortgage Corporation
17307GSS8	CMLTI 2005-OPT3 M9	RMBS Subprime	Baa3	Baa3	BBB	BBB	BBB	3.2	Option One Mortgage Corporation
362463AP6	GSAMP 2006-NC2 M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	-	3.7	Ocwen Loan Servicing, LLC
40430HDN5	HASC 2006-OPT1 M9	RMBS Midprime	Baa3	Baa3	BBB+	BBB+	BBB+	3.7	Option One Mortgage Corporation
40430HFA1	HASC 2006-NC1 M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	-	3.1	JP Morgan Chase Bank, National Association
46626LGQ7	JPMAC 2006-HE1 M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	BBB-	4.5	JP Morgan Chase Bank, National Association
46629BBB4	JPMAC 2006-CW2 MV9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	4.1	Countrywide Home Loans Servicing LP
61744CKW5	MSAC 2005-HE1 B3	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.2	HomeEq Servicing Corporation
61744CNK8	MSAC 2005-HE2 B3	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	2.6	Option One Mortgage Corporation
65106AAW3	NCMT 2006-1 M9	RMBS Subprime	Baa3	Baa3	BBB+	BBB+	-	4.3	Centex Home Equity Company,LLC
172983AN8	CMLTI 2006-NC1 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	3.7	Wells Fargo Bank, N.A.
35729QAN8	FHLT 2006-B M8	RMBS Midprime	Baa2	Baa2	BBB	BBB	BBB+	4.2	Fremont Investment & Loan
813765AH7	SABR 2006-FR3 B2	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB+	4.7	HomeEq Servicing Corporation
93934JAN4	WMABS 2006-HE2 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	-	3.7	Washington Mutual Mortgage Securities Corp.
83611MMT2	SVHE 2006-OPT2 M7	RMBS Subprime	Baa2	Baa2	A-	A-	-	3.4	Option One Mortgage Corporation
126670NN4	CWL 2005-BC5 B	RMBS Subprime	Baa3	Baa3	BBB	BBB	-	3.8	Countrywide Home Loans Servicing LP
14453FAN9	CARR 2006-NC2 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	3.6	New Century Mortgage Corporation
46626LJZ4	JPMAC 2006-NC1 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	4.0	JP Morgan Chase Bank, National Association
46629FAN0	JPMAC 2006-NC2 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	4.0	JP Morgan Chase Bank, National Association
57643LMX1	MABS 2005-NC2 M8	RMBS Midprime	Baa2	Baa2	A+	A+	BBB+	3.0	Ocwen Loan Servicing, LLC
65536MAN7	NHELI 2006-HE2 M9	RMBS Subprime	Baa3	Baa3	BBB	BBB	BBB-	3.5	Ocwen Loan Servicing, LLC
61744CWE2	MSAC 2005-HE6 B2	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	BBB+	3.8	JP Morgan Chase Bank, National Association
00442BAP6	ACE 2006-HE4 M9	RMBS Midprime	Baa3	Baa3	BBB	BBB	-	4.7	Ocwen Loan Servicing, LLC
35729TAP7	FHLT 2006-C M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	BBB	4.1	Wells Fargo Bank, N.A.
00442PAP5	ACE 2006-OP1 M8	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	-	3.8	Option One Mortgage Corporation
040104TS0	ARSI 2006-W4 M9	RMBS Subprime	Baa3	Baa3	BBB	BBB	BBB	3.9	Ameriquest Mortgage Company
04541GWQ1	ABSHE 2006-HE2 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	3.5	HomeEq Servicing Corporation
46602WAN4	IXIS 2006-HE2 B3	RMBS Midprime	Baa3	Baa3	BBB	BBB	BBB-	4.2	Saxon Mortgage Services, Inc.
59021AAM0	MLMI 2006-FM1 B2	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	3.7	Wilshire Credit Corporation
64352VRB9	NCHET 2006-1 M9	RMBS Midprime	Baa3	Baa3	BBB-	BBB-	BBB-	3.7	New Century Mortgage Corporation
83611MEE4	SVHE 2005-DO1 M8	RMBS Subprime	Baa2	Baa2	A-	A-	BBB+	3.0	Countrywide Home Loans Servicing LP
86360PAR8	SASC 2006-NC1 M9	RMBS Subprime	Baa3	Baa3	BBB-	BBB-	BBB-	4.1	Wells Fargo Bank, N.A.
126670UD8	CWL 2006-1 MV8	RMBS Subprime	Baa2	Baa2	A-	A-	-	3.7	Countrywide Home Loans Servicing LP
57645FAS6	MABS 2006-AM2 M8	RMBS Subprime	Baa2	Baa2	-	BB	-	3.7	Wells Fargo Bank, N.A.
64360YAM7	NCHET 2006-2 M9	RMBS Subprime	Baa2	Baa2	BBB-	BBB-	-	4.0	New Century Mortgage Corporation
86361KAM9	SAIL 2006-BNC3 M7	RMBS Subprime	Baa2	Baa2	BBB	BBB	BBB	4.4	Wells Fargo Bank, N.A.
126670LW6	CWL 2005-14 M8	RMBS Subprime	Baa2	Baa2	BBB	BBB	-	3.7	Countrywide Home Loans Servicing LP
61744CUZ7	MSAC 2005-HE5 B2	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	BBB+	3.5	Countrywide Home Loans Servicing LP
31659EAM0	FMIC 2006-2 M8	RMBS Midprime	Baa2	Baa2	BBB+	BBB+	-	3.4	Fieldstone Servicing Corp
437097AP3	HEAT 2006-6 M8	RMBS Midprime	Baa2	Baa2	A-	A-	A-	4.1	Select Portfolio Servicing, Inc.
59023AAN6	MLMI 2006-MLN1 B2	RMBS Subprime	Baa2	Baa2	BBB+	BBB+	-	4.2	Wilshire Credit Corporation

CUSIP	Name	FICO	Avg LTV	% IO	% Fixed	% 2nd Lien	% Hybrid	Avg Loan Balance	% Occupancy	% Refinanced	% Cash Out	% Purchase
004375FE6	ACCR 2006-1 M8	633	78.2%	13.4%	30.4%	0.5%	69.6%	$199,157	92.0%	1.9%	66.2%	32.0%
40430HEH7	HASC 2006-OPT2 M8	625	79.3%	24.4%	25.0%	4.2%	75.0%	$185,871	93.6%	5.2%	61.5%	33.3%
59020U3N3	MLMI 2006-HE1 B2A	630	82.3%	32.0%	22.7%	7.9%	77.3%	$161,947	93.9%	5.0%	48.5%	46.4%
61744CMS2	MSAC 2005-NC1 B2	617	79.8%	11.9%	26.2%	0.0%	73.8%	$184,540	94.8%	4.8%	62.5%	32.6%
64352VLA7	NCHET 2005-2 M8	623	80.4%	17.3%	18.0%	3.0%	82.0%	$183,909	90.3%	8.3%	57.4%	34.4%
004421VC4	ACE 2006-NC1 M9	627	80.9%	27.7%	22.8%	4.2%	77.2%	$192,479	89.8%	6.3%	47.0%	46.8%
03072SM85	AMSI 2005-R8 M9	619	78.2%	20.7%	21.4%	0.0%	78.6%	$176,847	97.7%	93.8%	3.9%	2.3%
144531BK5	CARR 2005-NC1 M8	635	81.6%	47.2%	13.3%	2.2%	86.7%	$213,073	96.5%	5.5%	49.8%	44.6%
22237JAP2	CWL 2006-BC2 M9	625	80.1%	37.3%	7.3%	0.0%	92.7%	$231,166	95.6%	6.7%	57.0%	36.3%
61744CPQ3	MSAC 2005-NC2 B3	618	80.4%	17.7%	18.9%	1.0%	81.1%	$191,410	93.9%	6.2%	61.4%	32.4%
61744CYK6	MSAC 2006-NC1 B3	622	81.0%	26.4%	22.2%	3.7%	77.8%	$230,340	91.5%	7.5%	56.1%	36.3%
64352VKJ9	NCHET 2005-1 M9	623	80.5%	17.0%	18.4%	2.0%	81.6%	$187,239	91.8%	8.2%	59.7%	32.2%
64352VLS8	NCHET 2005-3 M9	630	80.7%	35.5%	18.3%	2.3%	81.7%	$195,338	90.9%	9.4%	51.2%	39.5%
76112BL24	RAMP 2005-EFC6 M9	632	82.5%	28.4%	13.0%	0.1%	87.0%	$176,016	96.9%	6.0%	53.5%	40.5%
64352VNB3	NCHET 2005-4 M8	626	81.0%	39.3%	18.2%	2.3%	81.8%	$205,009	89.7%	7.4%	52.0%	40.6%
004421PY3	ACE 2005-HE4 M9	629	81.0%	27.2%	17.6%	4.3%	82.4%	$170,664	95.0%	5.6%	48.0%	46.5%
03072ST62	AMSI 2005-R10 M9	632	77.8%	21.4%	24.5%	0.6%	75.5%	$185,333	97.0%	3.0%	93.1%	3.9%
03072SV93	AMSI 2005-R11 M9	624	77.7%	20.5%	19.3%	0.0%	80.7%	$179,277	96.7%	3.4%	93.9%	2.7%
04541GQH8	ABSHE 2005-HE2 M7	621	79.7%	17.5%	17.4%	4.0%	82.6%	$181,125	95.2%	8.4%	58.4%	33.2%
144531FG0	CARR 2006-NC1 M9	630	81.2%	52.6%	13.6%	0.6%	86.4%	$212,019	93.2%	9.8%	47.8%	42.4%
17307GSS8	CMLTI 2005-OPT3 M9	613	81.9%	20.8%	16.3%	0.8%	83.7%	$184,118	93.5%	9.2%	62.4%	28.5%
362463AP6	GSAMP 2006-NC2 M9	626	79.3%	4.1%	12.3%	1.3%	87.7%	$223,221	92.8%	12.3%	72.2%	15.5%
40430HDN5	HASC 2006-OPT1 M9	644	79.3%	30.0%	28.4%	2.3%	71.6%	$229,966	89.9%	6.6%	59.5%	33.9%
40430HFA1	HASC 2006-NC1 M9	666	81.7%	100.0%	0.0%	0.0%	100.0%	$276,442	96.9%	8.4%	38.7%	52.9%
46626LGQ7	JPMAC 2006-HE1 M9	641	81.7%	33.0%	17.2%	9.2%	82.8%	$175,605	92.4%	1.7%	39.0%	59.3%
46629BBB4	JPMAC 2006-CW2 MV9	614	79.3%	32.5%	24.3%	1.0%	75.7%	$179,513	96.6%	3.9%	53.4%	42.8%
61744CKW5	MSAC 2005-HE1 B3	614	79.0%	10.5%	22.4%	0.7%	77.6%	$165,727	95.1%	6.7%	62.5%	30.8%
61744CNK8	MSAC 2005-HE2 B3	616	80.2%	9.5%	23.7%	1.7%	76.4%	$164,641	94.3%	8.5%	60.5%	31.0%
65106AAW3	NCMT 2006-1 M9	612	78.3%	26.5%	34.3%	8.2%	65.7%	$133,328	99.5%	13.8%	65.1%	21.1%
172983AN8	CMLTI 2006-NC1 M8	620	81.2%	10.2%	16.6%	5.6%	83.5%	$204,300	89.3%	8.6%	50.2%	41.2%
35729QAN8	FHLT 2006-B M8	627	81.4%	9.3%	19.1%	7.1%	80.9%	$212,959	95.5%	1.3%	49.3%	49.4%
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%
93934JAN4	WMABS 2006-HE2 M9	625	79.8%	21.0%	14.3%	no info	85.7%	$183,018	96.4%	4.1%	45.1%	50.8%
83611MMT2	SVHE 2006-OPT2 M7	614	78.5%	20.8%	15.9%	1.0%	84.1%	$186,072	92.1%	6.9%	63.8%	29.3%
126670NN4	CWL 2005-BC5 B	619	78.6%	30.7%	25.5%	0.0%	74.5%	$189,956	97.6%	9.7%	59.4%	30.9%
14453FAN9	CARR 2006-NC2 M9	623	80.8%	13.9%	11.6%	1.0%	88.4%	$211,255	90.8%	8.3%	48.4%	43.2%
46626LJZ4	JPMAC 2006-NC1 M9	623	80.5%	7.4%	19.2%	2.5%	80.8%	$221,076	88.8%	9.8%	49.5%	40.7%
46629FAN0	JPMAC 2006-NC2 M9	619	81.2%	16.7%	20.5%	5.3%	79.5%	$196,533	90.0%	10.0%	47.7%	42.3%
57643LMX1	MABS 2005-NC2 M8	657	80.2%	100.0%	0.0%	0.0%	100.0%	$267,097	94.9%	4.0%	63.6%	32.4%
65536MAN7	NHELI 2006-HE2 M9	617	80.0%	29.9%	23.5%	1.6%	76.5%	$195,478	95.3%	3.8%	62.4%	33.8%
61744CWE2	MSAC 2005-HE6 B2	633	80.7%	18.8%	24.7%	4.6%	75.3%	$165,577	95.1%	6.8%	48.5%	44.7%
00442BAP6	ACE 2006-HE4 M9	627	81.9%	22.0%	15.0%	6.0%	85.0%	$183,602	94.0%	4.0%	43.9%	52.1%
35729TAP7	FHLT 2006-C M9	628	81.4%	7.5%	23.0%	6.1%	77.1%	$230,409	92.7%	1.7%	57.1%	41.2%
00442PAP5	ACE 2006-OP1 M8	626	79.7%	17.4%	16.0%	4.9%	84.0%	$201,246	90.0%	6.3%	57.3%	36.4%
040104TS0	ARSI 2006-W4 M9	616	81.8%	13.7%	13.5%	1.3%	86.5%	$209,924	90.2%	3.5%	51.6%	45.0%
04541GWQ1	ABSHE 2006-HE2 M9	625	80.7%	5.8%	17.1%	2.6%	82.9%	$187,930	88.7%	8.4%	49.0%	42.6%
46602WAN4	IXIS 2006-HE2 B3	629	80.2%	24.9%	7.6%	3.6%	92.4%	$208,978	94.1%	2.6%	49.5%	48.0%
59021AAM0	MLMI 2006-FM1 B2	618	80.7%	10.2%	10.8%	6.4%	89.2%	$220,694	93.7%	0.8%	56.1%	43.0%
64352VRB9	NCHET 2006-1 M9	627	81.4%	20.3%	19.4%	3.1%	80.6%	$218,404	90.0%	10.6%	48.8%	40.6%
83611MEE4	SVHE 2005-DO1 M8	622	80.2%	2.5%	13.6%	no info	86.4%	$148,286	97.3%	12.5%	54.0%	33.5%
86360PAR8	SASC 2006-NC1 M9	617	81.0%	10.7%	21.3%	3.1%	78.7%	$191,923	91.6%	10.1%	53.1%	36.8%
126670UD8	CWL 2006-1 MV8	618	77.8%	38.0%	0.0%	0.0%	100.0%	$228,573	95.0%	2.0%	64.1%	33.9%
57645FAS6	MABS 2006-AM2 M8	608	76.6%	2.1%	11.3%	2.7%	88.7%	$171,147	96.4%	3.8%	62.0%	34.2%
64360YAM7	NCHET 2006-2 M9	621	80.6%	17.8%	22.7%	2.7%	77.3%	$227,233	89.4%	10.4%	54.8%	34.8%
86361KAM9	SAIL 2006-BNC3 M7	618	79.4%	26.1%	17.7%	6.3%	82.3%	$201,549	90.6%	3.9%	61.1%	35.0%
126670LW6	CWL 2005-14 M8	612	79.3%	27.2%	25.0%	0.0%	75.0%	$186,094	96.3%	3.7%	60.9%	35.4%
61744CUZ7	MSAC 2005-HE5 B2	638	82.3%	25.0%	12.1%	5.7%	87.9%	$167,009	96.0%	7.0%	41.5%	51.5%
31659EAM0	FMIC 2006-2 M8	644	84.1%	42.9%	11.5%	2.1%	88.5%	$191,154	99.1%	0.4%	34.5%	65.1%
437097AP3	HEAT 2006-6 M8	628	79.5%	10.5%	17.2%	3.5%	82.8%	$177,682	94.6%	6.1%	44.6%	49.3%
59023AAN6	MLMI 2006-MLN1 B2	619	81.1%	1.1%	18.6%	5.1%	81.4%	$191,048	94.1%	0.5%	51.9%	47.6%

CUSIP	Name	Top States	% Full Doc	% Stated Income	% Limited Doc	% Alt Doc	% No Doc	Neg Amort
004375FE6	ACCR 2006-1 M8	CA-18.55% FL-12.0% IL-6.25% NY-5.46% NJ-4.50%	56.6%	37.2%	0.0%	6.2%	0.0%	0.0%
40430HEH7	HASC 2006-OPT2 M8	CA-25.88% FL-9.38% NY-8.98% MA-7.63% NJ-4.80%	57.9%	41.5%	0.6%	0.1%	0.0%	0.0%
59020U3N3	MLMI 2006-HE1 B2A	CA-35.56% FL-11.19% IL-4.84% MD-4.55% AZ-4.54%	46.3%	47.3%	2.4%	1.3%	2.7%	0.0%
61744CMS2	MSAC 2005-NC1 B2	CA-32.62% FL-11.59% NY-11.06% NJ-8.26% TX-8.18%	53.7%	40.8%	5.5%	0.0%	0.0%	0.0%
64352VLA7	NCHET 2005-2 M8	CA-35.93% FL-8.69% NY-6.60% NJ-4.61% TX-4.40%	48.1%	47.4%	4.5%	0.0%	0.0%	0.0%
004421VC4	ACE 2006-NC1 M9	CA-37.47% FL-12.04% AZ-4.74% NY4.46% NJ-3.04%	54.0%	44.4%	1.6%	0.0%	0.0%	0.0%
03072SM85	AMSI 2005-R8 M9	CA-16.20% FL-12.10% NY-8.74% NJ-7.83% MD-6.04%	76.4%	9.7%	13.9%	0.0%	0.0%	0.0%
144531BK5	CARR 2005-NC1 M8	CA-49.80% FL-5.26% NY-4.92% NJ-4.09% IL-3.14%	35.3%	61.3%	3.4%	0.0%	0.0%	0.0%
22237JAP2	CWL 2006-BC2 M9	CA-35.40% FL-7.56% MD-4.87% NY-4.45% AZ-4.35%	53.3%	46.5%	0.0%	0.0%	0.2%	0.0%
61744CPQ3	MSAC 2005-NC2 B3	CA-39.41% FL-8.76% NY-3.74% NV-3.34% IL-3.14%	56.3%	36.3%	7.4%	0.0%	0.0%	0.0%
61744CYK6	MSAC 2006-NC1 B3	CA-38.93% FL-10.49% NY-5.24% AZ-4.76% NJ-3.34%	57.3%	41.5%	1.3%	0.0%	0.0%	0.0%
64352VKJ9	NCHET 2005-1 M9	CA-37.92% FL-7.45% NY-6.18% NJ-4.94% MA-4.61%	49.5%	45.6%	4.9%	0.0%	0.0%	0.0%
64352VLS8	NCHET 2005-3 M9	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%
76112BL24	RAMP 2005-EFC6 M9	CA-15.15% MD-7.23% VA-7.04% FL-6.87% NJ-6.35%	68.4%	0.0%	31.7%	0.0%	0.0%	0.0%
64352VNB3	NCHET 2005-4 M8	CA-39.35% FL-9.08% NY-6.18% NJ-4.13% MA-3.39%	55.6%	43.3%	1.1%	0.0%	0.0%	0.0%
004421PY3	ACE 2005-HE4 M9	CA-39.67% FL-9.15% NY-4.48% TX-4.19% IL-4.15%	53.8%	45.9%	0.1%	0.0%	0.1%	0.0%
03072ST62	AMSI 2005-R10 M9	CA-17.99% NY-10.55% FL-10.09% NJ-7.94% MD-6.44%	73.5%	10.5%	16.1%	0.0%	0.0%	0.0%
03072SV93	AMSI 2005-R11 M9	CA-15.08% FL-10.46% NY-9.19% NJ-7.39% MD-5.45%	72.5%	9.8%	17.7%	0.0%	0.0%	0.0%
04541GQH8	ABSHE 2005-HE2 M7	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%
144531FG0	CARR 2006-NC1 M9	CA-33.16% NY-7.59% FL-7.09% NJ-5.91% IL-4.86%	59.2%	38.9%	2.0%	0.0%	0.0%	0.0%
17307GSS8	CMLTI 2005-OPT3 M9	CA-22.01% NY-9.85% FL-8.97% MA-7.14% TX-5.75%	57.9%	40.5%	0.4%	0.1%	1.1%	0.0%
362463AP6	GSAMP 2006-NC2 M9	CA-27.17% FL-11.15% NJ-5.64% AZ-4.71% NY-4.15%	52.0%	46.9%	1.1%	0.0%	0.0%	0.0%
40430HDN5	HASC 2006-OPT1 M9	CA-29.84% NY-10.11% FL-9.49% MA-8.93% NJ-5.45%	46.8%	52.7%	0.3%	0.2%	0.0%	0.0%
40430HFA1	HASC 2006-NC1 M9	CA-42.95% FL-6.53% AZ-5.76% NY-5.58% NV-5.50%	43.9%	44.3%	1.0%	10.7%	0.0%	0.0%
46626LGQ7	JPMAC 2006-HE1 M9	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%
46629BBB4	JPMAC 2006-CW2 MV9	CA-24.74% FL-11.40% IL-4.91% TX-4.79% AZ-4.70%	61.2%	38.8%	0.0%	0.0%	0.0%	0.0%
61744CKW5	MSAC 2005-HE1 B3	CA-24.69% NY-8.11% FL-6.93% MA-5.54% NJ-4.88%	57.8%	39.1%	3.1%	0.0%	0.0%	0.0%
61744CNK8	MSAC 2005-HE2 B3	CA-22.40% FL-8.65% NY-8.38% MA-5.51% VA-4.10%	57.7%	40.3%	1.3%	0.7%	0.0%	0.0%
65106AAW3	NCMT 2006-1 M9	CA-28.29% FL-11.92% TX-7.30% AZ-5.40% VA-4.45%	78.2%	0.0%	3.2%	18.7%	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%
35729QAN8	FHLT 2006-B M8	CA-25.91% FL-14.71% NY-10.51% MD-7.16% IL-6.10%	56.4%	42.6%	1.0%	0.0%	0.0%	0.0%
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%
93934JAN4	WMABS 2006-HE2 M9	CA-37.04% DC-12.95% AZ-4.85 TX-4.58% IL-3.60%	54.0%	43.2%	2.8%	0.0%	0.0%	0.0%
83611MMT2	SVHE 2006-OPT2 M7	CA-19.99% FL-10.48% NY-9.71% MA-7.43% NJ-5.97%	57.7%	40.8%	0.6%	0.0%	1.0%	0.0%
126670NN4	CWL 2005-BC5 B	CA-28.18% FL-9.37% MD-5.15% AZ-4.72% VA-4.72%	62.8%	37.2%	0.0%	0.0%	0.1%	0.0%
14453FAN9	CARR 2006-NC2 M9	CA-33.97% FL-10.59% NY-6.46% TX-4.35 MA-3.65%	52.0%	46.4%	1.7%	0.0%	0.0%	0.0%
46626LJZ4	JPMAC 2006-NC1 M9	CA-40.56% FL-8.21% NJ-5.62% NY-5.32% MA-4.19%	51.3%	47.0%	1.6%	0.0%	0.0%	0.0%
46629FAN0	JPMAC 2006-NC2 M9	CA-30.34% FL-10.47% NY-7.02% NJ-4.76% TX-4.49%	59.0%	39.4%	1.6%	0.0%	0.0%	0.0%
57643LMX1	MABS 2005-NC2 M8	CA-55.26% FL-6.58% NV-4.85% AZ-4.27% NY-3.65%	40.2%	58.2%	1.6%	0.0%	0.0%	0.0%
65536MAN7	NHELI 2006-HE2 M9	CA-47.35% FL 7.16% NV-5.99% OH-4.86% AZ-3.93	63.4%	35.4%	0.0%	0.0%	1.2%	0.0%
61744CWE2	MSAC 2005-HE6 B2	CA-28.88% FL-11.49% NY-6.76% IL-4.64% TX-4.60%	55.6%	43.8%	0.5%	0.0%	0.0%	0.0%
00442BAP6	ACE 2006-HE4 M9	CA-37.97% FL-13.91% AZ-6.13% IL-4.70% NV-4.34%	40.5%	54.7%	4.5%	0.0%	0.4%	0.0%
35729TAP7	FHLT 2006-C M9	CA-26.51% FL-14.76% NY-10.37% MD-6.11% IL-5.81%	59.0%	39.9%	1.2%	0.0%	0.0%	0.0%
00442PAP5	ACE 2006-OP1 M8	CA-29.43% FL-11.45% NY-11.02% NJ-6.27% MA-4.09%	48.1%	51.0%	0.3%	0.0%	0.6%	0.0%
040104TS0	ARSI 2006-W4 M9	CA-28.68% FL-12.74% IL-8.94% AZ-7.11% NY-5.55%	53.3%	38.8%	7.8%	0.0%	0.0%	0.0%
04541GWQ1	ABSHE 2006-HE2 M9	CA-31.99% FL-12.12% AZ-5.32% TX-4.93% NY-4.57%	55.6%	42.0%	2.4%	0.0%	0.0%	0.0%
46602WAN4	IXIS 2006-HE2 B3	CA-34.82% FL-18.11% IL-4.81% MD-3.95% NJ-3.93%	40.3%	54.8%	5.0%	0.0%	0.0%	0.0%
59021AAM0	MLMI 2006-FM1 B2	CA-24.72% NY-15.03% FL-14.03% NJ-8.86% MD-7.35%	52.3%	46.5%	1.3%	0.0%	0.0%	0.0%
64352VRB9	NCHET 2006-1 M9	CA-37.92% FL-8.47% NY-7.15% MA-5.30% NJ-4.52%	52.8%	44.9%	2.3%	0.0%	0.0%	0.0%
83611MEE4	SVHE 2005-DO1 M8	CA-13.65% FL-9.76% IL-5.52% MA-5.08% VA-4.55%	59.0%	37.5%	3.5%	0.0%	0.1%	0.0%
86360PAR8	SASC 2006-NC1 M9	CA-27.05% FL- 11.14% NY- 6.59% TX- 4.81% NJ- 4.46%	54.6%	44.0%	1.4%	0.0%	0.0%	0.0%
126670UD8	CWL 2006-1 MV8	CA-32.48% FL-16.90% AZ-7.62% VA-5.26% NY-4.98%	55.4%	44.6%	0.0%	0.0%	0.0%	0.0%
57645FAS6	MABS 2006-AM2 M8	FL-29.98% CA-19.76% TX-8.21% NY-7.77% NJ-6.18%	64.5%	35.1%	0.4%	0.0%	0.0%	0.0%
64360YAM7	NCHET 2006-2 M9	CA-30.14% FL-8.75% NY-7.19% MA-4.71% NJ-4.60%	70.1%	27.7%	2.2%	0.0%	0.0%	0.0%
86361KAM9	SAIL 2006-BNC3 M7	CA-42.41% FL- 7.39% AZ- 6.41% IL- 5.21% NY-4.74%	49.2%	48.1%	2.5%	0.0%	0.1%	0.0%
126670LW6	CWL 2005-14 M8	CA-24.93% FL-8.85% AZ-5.51% IL-4.11% TX-4.07%	77.4%	22.6%	0.0%	0.0%	0.0%	0.0%
61744CUZ7	MSAC 2005-HE5 B2	CA-36.70% FL 6.93% MA-4.93% MD-3.62% NJ-3.27%	50.5%	41.4%	8.1%	0.0%	0.0%	0.0%
31659EAM0	FMIC 2006-2 M8	CA-34.01% TX-10.68% IL-7.37% AZ-6.05% WA-5.67%	43.6%	44.7%	0.4%	11.3%	0.0%	0.0%
437097AP3	HEAT 2006-6 M8	CA-30.14% FL-11.13% WA-4.70% AZ-4.13% NV-3.31%	62.6%	19.0%	18.2%	0.0%	0.2%	0.0%
59023AAN6	MLMI 2006-MLN1 B2	FL-18.47% NY-10.65% MD-8.31% MA-5.89% NJ-5.81%	53.6%	0.0%	2.8%	43.6%	0.0%	0.0%

ANNEX A-1

FORM OF INCOME NOTES PURCHASE AND TRANSFER LETTER

LaSalle Bank National Association
181 W. Madison Street, 32nd Floor
Chicago, Illinois 60602
Attention: CDO Trust Services Group - Anderson Mezzanine Funding 2007-1, Ltd.

Re: Anderson Mezzanine Funding 2007-1, Ltd.
Income Notes

Dear Sirs:

Reference is hereby made to the Income Notes due 2042 (the "Income Notes") issued by Anderson Mezzanine Funding 2007-1, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated March 16, 2007 ("Offering Circular") to be purchased and held by us in definitive certificated form. We (the "Purchaser") are purchasing U.S. $[ ] principal amount of Income Notes (the "Purchaser's Income 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) __ 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 for its own account; (ii) The Purchaser 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 (y) above, is not acquiring the Income 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 to the Purchaser is being made in reliance on an exemption from registration under the Securities Act; (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 Income Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Income Notes without obtaining from the transferee a certificate substantially in the form of this Income Note 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 Income Notes in an amount equal to or exceeding the minimum permitted number 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 certificate in respect of the Purchaser's Income Notes and the Fiscal Agency Agreement).

(c) The Purchaser understands that the Purchaser's Income 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 to a purchaser that does not comply with the requirements herein will not be permitted or registered by the Income Notes Transfer Agent. The Purchaser further understands that the Issuer has the right to compel any beneficial owner of Income 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, or the Issuer may sell such Income Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Income 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 for any account, each such account) is acquiring the Purchaser's Income 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 (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 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 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. The Purchaser understands and agrees that any purported transfer of the Purchaser's Income Notes to a Purchaser that does not comply with the requirements of this clause (d) will not be permitted or registered by the Income Notes Transfer Agent.

(e) In connection with the purchase of the Purchaser's Income Notes: (i) none of the Issuers, the Initial Purchaser, the Liquidation Agent, the Administrator or the Fiscal Agent, 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 Liquidation Agent, the Administrator or the Fiscal Agent 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, the Liquidation Agent, the Administrator or the Fiscal Agent 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; (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, the Liquidation Agent, the Administrator or the Fiscal Agent; (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 (other than the Regulation S Income 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 ARE THE SUBJECT OF, AND ARE ISSUED SUBJECT TO THE CONDITIONS OF, THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 20, 2007 (THE "FISCAL AGENCY AGREEMENT") BY AND BETWEEN THE ISSUER OF THE INCOME NOTES AND LASALLE BANK NATIONAL ASSOCIATION, AS FISCAL AGENT. COPIES OF THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 THE CASE OF CLAUSE (1) AND (2) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $250,000 OR IN THE CASE OF CLAUSE (3) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $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 EACH CASE 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 INCOME NOTES TRANSFER AGENT. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL (1) BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE INCOME NOTES TRANSFER AGENT AN INCOME 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 AND (2) RECEIVE ONE OR MORE DEFINITIVE INCOME NOTES.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(3) OF THE SECOND PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO DELIVER TO THE ISSUER AND THE INCOME NOTES TRANSFER AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S).

WITH RESPECT TO THE INCOME NOTES PURCHASED OR TRANSFERRED ON OR AFTER THE CLOSING DATE, 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 AND SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("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 AN EMPLOYEE BENEFIT PLAN'S OR OTHER 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 (OR ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW")), THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES 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 ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, ANY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS A 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 OR OTHER ENTITY DEEMED TO BE HOLDING PLAN ASSETS, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF THE ASSETS IN SUCH GENERAL ACCOUNT OR ENTITY THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE THE PURCHASER OR TRANSFEREE 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 MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE INCOME NOTES TRANSFER AGENT WITH AN INCOME NOTE 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. THE TRUSTEE OR INCOME NOTES TRANSFER AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE TOTAL VALUE OF THE OUTSTANDING INCOME NOTES

(OTHER THAN THE INCOME NOTES OWNED BY THE LIQUIDATION AGENT, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH THE PLAN ASSET REGULATION (AS DEFINED HEREIN) AND IN THE FISCAL AGENCY AGREEMENT).

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE SECURED NOTES OF THE ISSUER OR CO-ISSUER, AS APPLICABLE, AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

(g) The certificates in respect of the Regulation S Income 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 ARE THE SUBJECT OF, AND ARE ISSUED SUBJECT TO THE CONDITIONS OF, THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MARCH 20, 2007 (THE "FISCAL AGENCY AGREEMENT) BY AND BETWEEN THE ISSUER OF THE INCOME NOTES AND LASALLE BANK NATIONAL ASSOCIATION, AS FISCAL AGENT. COPIES OF THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME 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 REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME 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 THE CASE OF CLAUSE (1) AND (2) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $250,000 OR IN THE CASE OF CLAUSE (3) IN A PRINCIPAL AMOUNT OF NOT LESS THAN $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 INCOME NOTES TRANSFER AGENT. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL (1) BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME 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 AND (2) RECEIVE ONE OR MORE DEFINITIVE INCOME NOTES.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(3) OF THE SECOND PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S).

WITH RESPECT TO THE INCOME NOTES PURCHASED OR TRANSFERRED AFTER THE CLOSING DATE, THE PURCHASER OR TRANSFEREE IS DEEMED TO REPRESENT AND WARRANT), THAT (i) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) A "PLAN" AS 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 AN EMPLOYEE BENEFIT PLAN'S OR OTHER 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) IT IS NOT A PERSON 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 THE PURCHASER OR TRANSFEREE IS AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), SUCH PURCHASER OR TRANSFEREE ALSO IS DEEMED TO REPRESENT AND WARRANT THAT ITS PURCHASE AND HOLDING OF THE INCOME NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT

IN A VIOLATION OF ANY SIMILAR LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE. ANY PURPORTED TRANSFER OF AN INCOME NOTE THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL BE NULL AND VOID *AB INITIO*.

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE SECURED NOTES OF THE ISSUER OR CO-ISSUER, AS APPLICABLE, AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

(h) With respect to Income Notes transferred or purchased on or after the Closing Date, the Purchaser understands and agrees that the representations and agreements made in this paragraph (g) 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.

(x) The Purchaser is __ is not __ [check one] (i) an "employee benefit plan" as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) a "plan" as described in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or (iii) an entity whose underlying assets include assets of any such employee benefit plan or other plan (for purposes of ERISA or Section 4975 of the Code) by reason of a 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 (or another employee benefit plan subject to any federal, state, local or foreign law substantially similar to Section 406 of ERISA or section 4975 of the Code ("Similar Law")), the Purchaser's purchase and holding of an Income 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 subject to Similar Law, any Similar Law) for which an exemption is not available.

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 or any other entity holding plan assets of Benefit Plan Investors ____ [check if true], then (i) not more than ____% [complete by entering a percentage], (the "Maximum Percentage") of the assets of such general account or entity constitutes assets of Benefit Plan Investors for purposes of 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 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 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 Income Notes Transfer Agent will not register any purchase or transfer of Income Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Income 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 total value of the outstanding Income Notes. For purposes of this determination, Income Notes held by the Liquidation Agent, 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 to a Purchaser that does not comply with the requirements of this clause (i) will not be permitted or registered by the Income Notes Transfer Agent.

(j) The purchaser is not purchasing the Purchaser's Income 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 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 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 is not purchasing the Purchaser's Income Notes in order to reduce any United States federal income tax liability or pursuant to a tax avoidance plan.

(l) The Purchaser agrees to treat the Purchaser's Income Notes as equity 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 Income Notes Transfer Agent may require further identification of the Purchaser before the purchase application can proceed. The Issuer and the Income Notes Transfer Agent, as applicable, 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

ANDERSON MEZZANINE FUNDING 2007-1, LTD.

P.O. Box 1093GT, Queensgate House
South Church Street
George Town
Grand Cayman, Cayman Islands

ANDERSON MEZZANINE FUNDING 2007-1, CORP.

850 Library Avenue, Suite 204
Newark, Delaware 19711

TRUSTEE, PRINCIPAL NOTE PAYING AGENT, NOTE PAYING AGENT, NOTE TRANSFER AGENT, NOTE REGISTRAR, FISCAL AGENT AND INCOME NOTES TRANSFER AGENT

LaSalle Bank National Association
181 W. Madison Street, 32nd Floor
Chicago, Illinois 60602

LIQUIDATION AGENT
Goldman, Sachs & Co.
85 Broad Street

New York, NY 10004

LEGAL ADVISORS

To the Issuers, the Initial Purchaser and the Liquidation Agent
As to matters of United States Law

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019

To the Trustee, Principal Note Paying Agent, Note Paying Agent, Note Transfer Agent, Note Registrar, Fiscal Agent and Income Notes Transfer Agent

As to matters of United States Law

Kennedy Covington Lobdell & Hickman, L.L.P.
214 N. Tryon Street, 47th Floor
Charlotte, North Carolina 28202

To the Issuer

As to matters of Cayman Islands Law

Maples and Calder
P.O. Box 309GT, Ugland House
South Church Street,
George Town
Grand Cayman, Cayman Islands

No dealer, salesperson or other person has been authorized to give any information or to represent anything not contained in this Offering Circular. You must not rely on any unauthorized information or representations. This Offering Circular is an offer to sell only the Notes offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Offering Circular is current only as of its date.

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Offering Circular

ANDERSON MEZZANINE FUNDING 2007-1, LTD.

ANDERSON MEZZANINE FUNDING 2007-1, CORP.

U.S.$2,490,000
Class S Floating Rate Notes
Due 2013

U.S.$130,000,000
Class A-1a Floating Rate Notes
Due 2042

U.S.$53,000,000
Class A-1b Floating Rate Notes
Due 2042

U.S. $30,500,000
Class A-2 Floating Rate Notes
Due 2042

U.S.$42,70,000
Class B Floating Rate Notes
Due 2042

U.S.$16,775,000
Class C Deferrable Floating Rate Notes
Due 2042

U.S.$11,090,000
Class D Deferrable Floating Rate Notes
Due 2042

U.S.$20,935,000
Income Notes Due 2042

OFFERING CIRCULAR

Goldman, Sachs & Co.

From: DuVally, Michael (EO 85B07)
Sent: Monday, December 17, 2007 7:47 AM
To: Sparks, Daniel L
Subject: WSJ responses

Dan,

Could you please particularly look at the last Q&A. We're not satisfied with this and wondered if you had any suggestions.

Thanks,
Michael

The structured products trading group made $4 billion during this fiscal year.

The structured products trading group and the larger mortgage business, of which it is a part, both were profitable this year. However, the WSJ story greatly overstates the profitability of the SPT group.

A tiny group of traders was responsible for the large profit.

The situation in the mortgage market this year was very severe. Senior management and many different parts of the firm, including legal, controllers and risk management, spent significant amounts of time with the various mortgages desks to help navigate the problems.

The traders in the structured products trading group made $5-$15 billion dollars.

We do not comment on individuals' compensation.

Goldman Sachs rolls the dice with its own money.

The overwhelming majority of Goldman Sachs' trading profits come from transactions where the firm acts as a principal for clients.

Goldman Sachs made money on the backs of people who are being thrown out of their houses.

The profits discussed in the Wall Street Journal story were made in the secondary trading market. Goldman Sachs did not originate the subprime loans that have become problematic. That said, we continue to believe a robust subprime market that boosts homeownership among credit-challenged consumers is a desirable social outcome.

Goldman Sachs sold CDOs to investors and simultaneously had a short trading bet that CDOs would decline in value.

Goldman Sachs stopped ramping up new CDOs at the end of last year in respone to market conditions. Regardless of that, the CDO trading desk can be net long or net short at any point in time, including hedge positions. That process is unrelated to the activity of underwriting securities, which are distributed to highly-qualified institutional investors on market terms and with full disclosure so that customers may make their own investment decisions based on their appetite and risk tolerance.

Goldman Sachs traders deal with clients and also trade their own book.

Clients trade with Goldman Sachs because of our reliable execution and unique trading ideas. In the fixed-income world, the firm takes risk on every trade done for clients. Some traders are allowed to express their own market views using the firm's capital.

From: Sparks, Daniel L
Sent: Thursday, April 13, 2006 8:41 AM
To: Cohn, Gary; Sobel, Jonathan; Mullen, Donald; Roberts, William
Subject: Morgan Super Traders Worry Hedge Funds

Attachments: Picture (Metafile)

I met with some of these Morgan Stanley guys this week. As we merge our secondary structured products trading (CMBS, sub-prime MBS, ABS, correlation, index) business with Will's structured credit trading business, expanding the activities of a prop group covered by the street will make sense and we plan to grow that group. [redacted]. But I think Morgan Stanley is going overboard by taking most of their experienced and known traders out of the franchise. We should keep our franchise leaders in the seats and continue to allow them to take prop views - the customer flows they see make them more effective.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Morgan Super Traders Worry Hedge Funds
New York Post - 13 Apr 2006 - By Roddy Boyd

April 13, 2006 -- Morgan Stanley has created an all-star team of bond traders to wager its own cash in the market, a move that is raising eyebrows of its crucial hedge-fund clients.

Bond executives at Morgan told The Post the change will put clients' needs first, rather than focus on longer-term trades for the investment bank's own account, which is "kind of opposed to the idea of customer business," according to one trader.

All told, about 30 of Morgan's asset-backed bond traders, analysts and technology specialists are moving to a different floor at the firm's headquarters.

A senior Morgan executive told The Post that feedback from mutual and pension funds "has been excellent. They are always concerned about us being distracted or putting ourselves first."

However, he acknowledged that hedge funds "might have some concerns."

The chief investment officer at a $5 billion Midtown hedge fund called the arrangement "a hedge fund with a lower cost of capital, pure and simple."

Morgan, he said, "will compete with us for product, and their best traders are off the desk."

The move comes as Wall Street's biggest firms have evolved into something close to hedge funds. They are using massive capital bases and access to cheap capital to place huge bets for their own accounts.

Proprietary trading might be the last great gold rush on Wall Street. Morgan's primary competitor, **Goldman Sachs**, earned $16.3 billion in net revenue trading for its own account last year.

The hedge-fund executive said fighting the trend toward greater prop trading was useless.

"What's the difference between having a separate [prop] group versus a **Goldman** that takes the same kinds of risks on the various trading desks?" the executive asked.

From: McHugh, John
Sent: Friday, November 16, 2007 5:57 PM
To: Sparks, Daniel L
Subject: FICC 2008 business plan presentation to Firm

Lahey's team is preparing Montag for this presentation on Monday and Tom asked for more color in several areas...here's what I've collected today, let me know if you want me to change anything...thanks.

General market expectations / assumptions built in
We are expecting mortgage delinquencies to continue to increase due to ARM resets and declining HPA, losses will begin to accumulate with increasing severity as foreclosures work through the system causing rating agency downgrades of RMBS and CDOs to continue through 2008. Whole loan trading and securitization market will continue to be dislocated in subprime and Alt A sectors, with Prime AAAs functioning at reduced volumes. CDO origination will be negligible. Cash RMBS and CDO prices continue to decline until distressed investing comes in and creates a bottom. Single name RMBS and ABX prices continue to decline from current levels until the cash market finds a bottom and fundamentals improve.

[redacted]

Banks and broker dealers will continue to report writedowns from declining RMBS and CDO prices/ratings. Competitors will be scaling back mortgage risk taking and operations, giving us a competitive advantage.

[redacted]

Assumptions/Initiatives in ABS p&l:

- Capturing greater cash and synthetic market flows from weakened competitors
- Facilitating SIV/CDO liquidations and portfolio changes
- Good prop opportunity capitalizing on selling pressure, selective distressed asset purchases
- Expect prop flow split to be roughly 50/50

European expansion
Establishing a European origination business focused initially on the UK marketplace. Expected revenues from the opportunity are $25mm in 2008; direct headcount will expand from [redacted]s not expected to make a significant revenue contribution in 2008 as origination volumes will be small until securitization market stabilizes

We are also expanding the secondary trading desk to establish a correlation trading desk. Headcount will increase from 1 person at the beginning of 2007 to 3 people in 2008 with expected revenues of $25mm (up from $5mm in 2007). Initiatives include expanded index synthetics trading, and single tranche synthetic CDO trading

Correlation desk - ABACUS related exit price

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Approximately $150mm exit price valuation adjustment expected to be released in 1st half of 2008 from unwinding Super Senior trades, in addition to bid offer realized on trading.

Prop vs flow

Prop/flow components of SPG Trading will be roughly equal
Majority of CRE Loan Trading, Structured Finance JV will be flow revenue
Residential mortgage business will be more prop oriented due to dislocations in the securitization market:

- Focus will be on establishing SSG JV (i.e., Litton purchase)
- Distressed asset (loan pools, portfolios) purchases

From: Bhavsar, Avanish R
Sent: Sunday, June 10, 2007 7:06 PM
To: Swenson, Michael; Salem, Deeb; Chin, Edwin
Subject: Re: CDS on CDOs

Ok

----- Original Message -----
From: Swenson, Michael
To: Salem, Deeb; Bhavsar, Avanish R; Chin, Edwin
Sent: Sun Jun 10 15:56:00 2007
Subject: Re: CDS on CDOs

Really don't want to offer any

----- Original Message -----
From: Salem, Deeb
To: Bhavsar, Avanish R; Chin, Edwin; Swenson, Michael
Sent: Sun Jun 10 13:21:03 2007
Subject: Re: CDS on CDOs

Not sure if we have any to offer any more. Let's discuss monday
---
Sent from my BlackBerry Wireless Device

----- Original Message -----
From: Bhavsar, Avanish R
To: Salem, Deeb; Chin, Edwin
Sent: Sun Jun 10 12:07:08 2007
Subject: Fw: CDS on CDOs

Can I get levels gor chad thx

----- Original Message -----
From: C. Klinghoffer <cklinghoffer@glenviewcapital.com>
To: Bhavsar, Avanish R
Sent: Sun Jun 10 12:05:58 2007
Subject: Re: CDS on CDOs

<<Glenview_Disclaimer.txt>>
K thanks

----- Original Message -----
From: Bhavsar, Avanish R <avanish.bhavsar@gs.com>
To: C. Klinghoffer
Sent: Sun Jun 10 12:02:51 2007
Subject: Re: CDS on CDOs

I can get mon, range 6-900 roughly

----- Original Message -----
From: C. Klinghoffer <cklinghoffer@glenviewcapital.com>
To: Bhavsar, Avanish R
Sent: Sat Jun 09 18:59:08 2007
Subject: RE: CDS on CDOs

hey av, what levels are these at?

From: Bhavsar, Avanish R [mailto:avanish.bhavsar@gs.com]
Sent: Thursday, June 07, 2007 3:10 PM
To: C. Klinghoffer
Subject: CDS on CDOs

Deal Name	Tranche	Rating
BFCGE 2006-1A	A3L	A
BWIC 2006-1A	C	A
CAMBR 6A	D	A
CBCL 15A	C	A
CBCL 16A	C	A
CRNMZ 2006-1A	5	A
CRNMZ 2006-2A	C	A
DUKEF 2006-10A	A3	A
ETRD 2006-5A	A3	A
GEMST 2005-3A	C	A
GLCR 2006-4A	C	A
HGCDO 2006-1A	C	A
HLCDO 2006-1A	C	A
ICM 2005-2A	C	A
IXCBO 2006-2A	C	A
LRDG 2006-1A	C	A
PINEM 2006-AA	C	A
RIVER 2005-1A	C	A
SHERW 2005-2A	C	A
SMSTR 2005-1A	B	A
TOPG 2006-2A	B	A
TOURM 2006-2A	D	A
ALPHA 2007-1A	3	AA
ACCDO 10A	B	AA
CAMBR 5A	A3	AA
CBCL 15A	B	AA
DUKEF 2006-12A	A2	AA
SHERW 2005-2A	B	AA
TOURM 2005-1A	III	AA

Avanish R. Bhavsar
Managing Director
Capital Structure Sales
Securities Divison

Goldman, Sachs & Co.
1 New York Plaza 50th Floor | New York, NY 10004
Tel: 212 357-8405 | Cell: 917-379-1426
e-mail: avanish.bhavsar@gs.com

From: Sparks, Daniel L
Sent: Thursday, August 10, 2006 7:34 PM
To: Ostrem, Peter L
Subject: Re: Leh CDO Fund

Not going to happen

----- Original Message -----
From: Ostrem, Peter L
To: Rosenblum, David J.; Sparks, Daniel L
Sent: Thu Aug 10 19:07:43 2006
Subject: Re: Leh CDO Fund

Let's do our own fund. SP CDO desk. Big time. GS commits to hold proportion of equity outright. This could be big. Of course, after Orca closes! I need orca orders. We are slipping here and I need both your help!

----- Original Message -----
From: Rosenblum, David J.
To: ficc-clo; ficc-spgsyn
Cc: Ostrem, Peter L; Sparks, Daniel L
Sent: Thu Aug 10 19:02:32 2006
Subject: Fw: Leh CDO Fund

Fyi
D

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

----- Original Message -----
From: Hornback, Joseph
To: Wisenbaker, Scott; Rosenblum, David J.
Cc: Raz, Shlomi; Ricciardi, Steven
Sent: Thu Aug 10 18:57:54 2006
Subject: Leh CDO Fund

[redacted] = Redacted by the Permanent Subcommittee on Investigations

David and Scott,

Steve and I wanted to post you on the current status and plans at the LEH CDO fund. In the way of background, the Leh CDO Fund 1 [redacted] consists of [redacted] equity of predominately [redacted] (they have bought equity in a couple of [redacted] deals). Their performance to date has been well received by their investors. They are currently raising their 2nd fund and already have indications north of $300mm without any OC or marketing materials (including [redacted] from the [redacted] that Steve tee'd up before he left). Their initial intentions were to raise another [redacted] fund, but given their success so far they are contemplating a larger fund with a longer drawdown period. The strategy of the 2nd fund will have a slightly different twist. Consistent with the 1st fund, they will be investing heavily in [redacted] But they want to also execute macro hedging and long short structured credit strategies along with exploring MV structures with the appropriate managers.

Below is a list of managers that Leh has multiple commitments with:

[redacted]

Permanent Subcommittee on Investigations
Wall Street & The Financial Crisis
Report Footnote #2826

[redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Goldman, Sachs & Co.
One New York Plaza | 50th Floor | New York, NY 10004
Work: 212-902-7357 | Fax: 212-256-6360
email: joseph.hornback@gs.com

Goldman

Sachs

Joe Hornback
Vice President - Structured Credit
Fixed Income Currency & Commodities Division

From: Swenson, Michael
Sent: Saturday, March 03, 2007 7:26 PM
To: Birnbaum, Josh; Salem, Deeb; Chin, Edwin
Subject: Re: Another idea...

Love it we will give dan a heart attack

----- Original Message -----
From: Birnbaum, Josh
To: Salem, Deeb; Swenson, Michael; Chin, Edwin
Sent: Sat Mar 03 19:12:27 2007
Subject: Re: Another idea...

I like it.

----- Original Message -----
From: Salem, Deeb
To: Birnbaum, Josh; Swenson, Michael; Chin, Edwin
Sent: Sat Mar 03 17:03:17 2007
Subject: Another idea...

Am I crazy to be thinking we might want to grow the harbinger trade and do our own abs desk cdo. There'll be so much juice in it. It would blow out. We could sell supersenior and maybe some equity. Then the remaining mezz would be a cover of a couple hundred million of our cdo short. Haven't crunched the numbers, but I'm guessing we'd effectively cover well north of 1000 plus own some call rights. Or we also keep equity and own it for free.

To select the portfolio, we look at the underlying rmbs deals in our cdo shorts. And replicate that as best as possible.

Just an idea... I've also compiled a list of 15 or so potential accounts that we could help monetize sn shorts if we don't want harbingers full size. Could probably clip 1-2pts plus own another 5-6pts upside in IO

Sent from my BlackBerry Wireless Device

From: Salem, Deeb
Sent: Thursday, June 07, 2007 9:35 AM
To: Swenson, Michael
Subject: Re: Fyi

That's fine. My number 1 concern is that its traded by the right people bc the opportunity is huge. Its a product that needs to be traded as a prop product. I would be so upset if the teachers pet has any control over it. That would be a big mistake. U need to be in charge and we need prop minded guys involved
---
Sent from my BlackBerry Wireless Device

----- Original Message -----
From: Swenson, Michael
To: Salem, Deeb
Sent: Thu Jun 07 07:17:06 2007
Subject: Re: Fyi

Talk to me now things are developing - dan wants you to be the epicenter of the subprime universe which is not a bad position to be in

----- Original Message -----
From: Salem, Deeb
To: Swenson, Michael
Sent: Wed Jun 06 22:25:08 2007
Subject: Re: Fyi

he is making the decision to not be part of the process...he is impossible to please. I wouldn't give it another thought. Maybe just shoot him an email evrytime u guys go to sit down and then if he gets the email and its important to him he can join you.

Btw, I want to talk to you about cdos soon too

Sent from my BlackBerry Wireless Device

----- Original Message -----
From: Swenson, Michael
To: Salem, Deeb
Sent: Wed Jun 06 21:58:15 2007
Subject: Fyi

Josh is mildly ipset he is not part of the discussions with cdos but everytime there is a meeting he is off the desk or has not arrved at the office yet - I do not know what to do

ADDITIONAL DOCUMENTS RELATED TO DEUTSCHE BANK

GREGLIP@bloomberg.net To IBOGZA@bloomberg.net
cc
02/21/2007 08:05 PM bcc
Subject Re: ** PRICED $1.1BLN GEMSTONE VII **

=====Begin Message=====
Message#: 25000
Message Sent: 02/21/2007 20:05:22
From: GREGLIP@bloomberg.net|GREG LIPPMANN|DEUTSCHE BANK SECURI|1726|328663
To: IBOGZA@bloomberg.net|ILINCA BOGZA|DEUTSCHE BANK SECURI|1726|328663
Subject: Re: ** PRICED $1.1BLN GEMSTONE VII **

How much of each placed and retained by them don't care (for now) the investors just want to see what portuon of deal was sold.

Sent From Bloomberg Mobile MSG

---- Original Message ----
From: ILINCA BOGZA, DEUTSCHE BANK SECURI <ibogza@bloomberg.net>
At: 2/21/2007 19:40

HBK LONG.. THEY ARE TAKING THEM BACK.. DO YOU WANT A LIST OF THE TRANCHES.. THEY ARE TAKING ALL CLASS A-1. WAITING FOR CIFG TO GET THERE. WHAT IS FINANCING O THAT? HBK WOULD LIKE TO KNOW

=====End Message=====

GREGLIP@bloomberg.net Tomichael.lamont@db.com

cc

02/20/2007 01:33 PM bcc

SubjectRe: Fwd: how is the cdo machine doing these days? can u sti

=====Begin Message=====
Message#: 157151
Message Sent: 02/20/2007 13:33:19
From: GREGLIP@bloomberg.net|GREG LIPPMANN|DEUTSCHE BANK SECURI|1726|328663
To: michael.lamont@db.com| | | |
Subject: Re: Fwd: how is the cdo machine doing these days? can u sti

thanks for the update...going to get a lot bumpier very soon....lets get the finkel deal out the door...
----- Original Message -----
From: Michael Lamont <michael.lamont@db.com>
At: 2/20 13:30:22

Good color I am out w a fever back tomorrow

After reflection I think the biggest issue for dealers are the cdo2. For the giant magnetar rmbs cdo deals the situation isn't great, but the aa/aaa/ss probably clear at a level, and the dealer can play games w the SS -- sell junior piece, keep 60-top, mark not observable, dealer takes down bbb and a, sticks equity to hedge fund like magnetar at equity floor, maybe loses 5-15 after fees. The bbb/a cdo2 backed by mid/late 2006 vintage are the lose your job problem I think, not sure how any deals will clear. And for hi grade abs cdos. ML did 26bln of hi grade last year, 25-35% cdo mostly aa some a. Say conservatively they have 10bln in ramp up so 3 bln of a/aa cdo, if the mkt starts to price their hi grade like cdo2 in addition to their cdo2 ramping of bbb/a (1bln?2bln? ramped) they will have an even worse problem. Same problem at citi--I think they are relatively ok on mezz abs risk but not on cdo2.

Calyon pulled out of ralph choffee mezz deal, won't do SS, we were next in line, ralph now coming to us. Calyon are rumored to have 12bln of risk on their lines At the same time cifg and mbia still writing tickets (mbia did a magnetar type deal last week, structural change to) get them in was oc test in principal waterfall not interest waterfall.
Sent from my Blackberry Wireless

Mr. Michael Lamont
Managing Director
Deutsche Bank Securities Inc.
60 Wall Street, 19th Floor
New York, NY, USA
Telephone: +1(212)250-8708
Mobile: +1 917-821-8843
E-Mail: michael.lamont@db.com

----- Original Message -----
From: "GREG LIPPMANN, DEUTSCHE BANK SECURI" [greglip@bloomberg.net]
Sent: 02/20/2007 01:04 PM
To: undisclosed-recipients:;
Subject: Fwd: how is the cdo machine doing these days? can u still plac

---
Sent From Bloomberg Mobile MSG

---- Original Message ----
From: DAVID HOMAN, MOORE CAPITAL MANAGE
At: 2/20/2007 11:20

how is the cdo machine doing these days? can u still place cdo paper? are they still ramping in this environment?
Reply:
GETTING SLOWER BUT NOT DEAD YET...2-5 RAMPING A DAY INSTEAD OF 10-15...HEARING OF MANY INVESTORS IN ASIA ESPECALLY SHUTTING DOW N POST HSBC NEWS BUT THE WINDOW IS NOT COMPLETELY SHUT YET (THEY MAY BE DEALS THAT WERE LARGELY RAMPED THAT R JUST FINISHING..)
Reply:
i hear rumors that ML, BS, GS, C have asked CDOs less than 50% ramped to basically stop ramping. Have you heard anything along these lines? What are the implications for mkt if this is true?

=====End Message=====

BURKEJ67@bloomberg.net

02/13/2007 08:52 AM

To ELEANNYP@bloomberg.net,
AMALDONADO1@bloomberg.net
cc
bcc
Subject Shorten up the legal final on GEMSTONE VII and you'll get a

=====Begin Message=====
Message#: 137990
Message Sent: 02/13/2007 08:52:16
[redacted]
To: ELEANNYP@bloomberg.net|ELEANNY PICHARDO|DEUTSCHE BANK SECURI|1726|328663
To: AMALDONADO1@bloomberg.net|ALEXANDER MALDONADO|DEUTSCHE BANK SECURI|1726|328663
Subject: Shorten up the legal final on GEMSTONE VII and you'll get a

Shorten up the legal final on GEMSTONE VII and you'll get a
nice order on the Aa2 and A2 class. Lunch on you....
Reply:
working on it-
Reply:
CDO market is puking right now....

=====End Message=====

From: GREG LIPPMANN (DEUTSCHE BANK SECURI) <GREGLIP@BBOTG>
Sent: Thursday, June 29, 2006 5:21 PM
To: MICHELLE BORRE (OPPENHEIMERFUNDS, IN) <MBORRE1@BBOTG>
Subject:

Message Sent: 06/29/2006 13:21:10
From: GREGLIP@BBOTG|GREG LIPPMANN|DEUTSCHE BANK SECURI|1726|328663
To: MBORRE1@BBOTG|MICHELLE BORRE|OPPENHEIMERFUNDS, IN| |

A CLIENT THAT DID THE SAME TRADE AS U WITH US SENT ME A TSHIRT
"IM SHORT YOUR HOUSE"...I JUST BOUGHT 20 OF EM TO GIVE TO CLIENT
S THAT DO THE TRADE WITH US..DO U WANT 1 OR 2 ?

"Marc Majzner"
<MMajzner@northruncapital.com>

To: Ilinca R Bogza/NewYork/DBNA/DeuBa@DBAmericas
cc: Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas
Subject: RE: MBS CDS

10/11/2006 01:58 PM

Thanks - would you have a report that shows certain stresses on the market and what bullish assumptions on CDR, loss severity would do? I'm looking at materials that would have been used to pitch bulls/longs on MBS - and not the bears.

Also, is this report, referred to in the Halcyon report, handy?

"SIMULATED HOUSING MARKET DECLINE REVEALS DEFAULTS ONLY IN LOWEST-RATED U.S. RMBS TRANSACTIONS" Standard and Poor's, September 2005

Thanks, Marc

-----Original Message-----
From: Ilinca R Bogza [mailto:ilinca.r.bogza@db.com]
Sent: Wednesday, October 11, 2006 1:26 PM
To: Marc Majzner
Cc: greg.lippmann@db.com
Subject: Fw: MBS CDS

----- Forwarded by Christopher Meany/NewYork/DBNA/DeuBa on 10/11/2006 01:00 PM -----

Greg Lippmann/NewYork/DBNA/DeuBa@DBAMERICAS
10/11/2006 12:59 PM

To
"Marc Majzner" <MMajzner@northruncapital.com>@DEUBAINT
cc
christopher.meany@db.com
Subject
RE: MBS CDS

chris please send abs cdo marketing materials to Marc asap please....

Greg H. Lippmann
Managing Director
Deutsche Bank Securities Inc.
3rd Floor
60 Wall Street
New York, New York 10005
Phone (212) 250-7730

Fax (212) 797-2201
Mobile (917) 601-1916

"Marc Majzner" <MMajzner@northruncapital.com>
10/11/2006 12:50 PM

To
Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas
cc

Subject
RE: MBS CDS

email

Marc Majzner
1 International Place
Suite 2401
Boston, MA 02110
Phone: 617-310-6130
Fax: 617-507-5805
E-Mail: mmajzner@northruncapital.com

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Michael George@DBNA

To: greg.lippmann@db.com
cc:
Subject:

11/03/2005
07:49 PM

Mangiones Baa2 at n+160 4YRS BREAK AT 16% cum loss.....look like a disaster !!
That implies a base loss of 8% .....or about 2.5 loss rate a year.....
Fico is 660, so hardly prime.....card loss rate for this fico about 10, so say cuz the guys home is on the line he only defaults at 5%.....
Base case loss around 17 to 20 then.....
And BBB should have around 35 to 40 beneath it.....
Means that the BBB attachment should be around where paulie has his AA.....
Everything else is CRAP and should be 100s and 1000s back of offer.....
Even though paulie says Winter group can sell this stuff I cannot believe anyone thinks the ratings agencies have the sub levels right.....their loss levels are based on an environment of refis.....bet you sam ranieri owns all the winter group seconds deals mezz paper twerwin cdos

---

Sent from my BlackBerry Handheld.

Jon-Paul Rorech@DBAMERICAS

05/19/2006 01:56 PM

To: Chris Wagner/NewYork/DBNA/DeuBa@DBAmericas, David Bitterman/NewYork/DBNA/DeuBa@DBAmericas, Kevin Finnerty/NewYork/DBNA/DeuBa@DBAmericas, Michael Glick/NewYork/DBNA/DeuBa@DBAmericas, Mark Colm/NewYork/DBNA/DeuBa@DBAmericas, Wight Martindale/NewYork/DBNA/DeuBa@DBAmericas, Marc Lavine/NewYork/DBNA/DeuBa@DBAmericas, Steve Rosen/NewYork/DBNA/DeuBa@DBAmericas, John Bertrand/NewYork/DBNA/DeuBa@DBAmericas, Kevin Finnerty/NewYork/DBNA/DeuBa@DBAmericas, Brian Zucker/NewYork/DBNA/DeuBa@DBAmericas, Robert Leone/NewYork/DBNA/DeuBa@DBAmericas, Gregory Steele/NewYork/DBNA/DeuBa@DBAmericas, Chip Stevens/NewYork/DBNA/DeuBa@DBAmericas, Pak Lui/NewYork/DBNA/DeuBa@DBAmericas, Robert Weintraub/NewYork/DBNA/DeuBa@DBAmericas
cc: Anthony Pawlowski/NewYork/DBNA/DeuBa@DBAmericas, Ilinca R Bogza/NewYork/DBNA/DeuBa@DBAmericas, Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas, Michael Lamont/NewYork/DBNA/DeuBa@DBAmericas
Subject: TIAA equity / Trade Idea

HY SAles....there's a lot of you who have put people into the sub prime "short" trade with Greg Lippman. I think the following is a great way to express this view while saving considerable carry. (you would also be moving an important axe for the CDO desk.)

In Greg Lippmans trade, your customer is getting short the BBB- tranche (the first tranche after equity) of a pool of Subprime Mtges. The apprx carry is 200bps, currently.

Although many believe we're on the verge of payment stress or so called "housing bubble", none are too sure of the timing. I believe the following is a way to pay for this carry while putting on an implied "correlation" trade on the housing mrkt.. Or even a Sr./Sub trade

The attached is an offer for $9.5mm equity in a HIGH GRADE Cdo, which is made up of 70% RMBS (only 15% of this 70% is "subprime")

Currently, this piece is offerd at a yield of **~17-18%!**

You would have to believe that if your equity piece is experiencing stress, then there would be a high degree of "correlation" on all sub prime mortgages/home equities.

The key is deciding what "delta" you would use. Considering there's only 18% on 9.5mm , you could easily get short 80mm BBB-s (~200bps) and still have a slight positive carry.

Pls speak to Anthony Pawlowski / Ilinca Bogza on the CDO desk, and Greg Lippman on the ABS desk for more details. JP

Attached is the Mount Skylight equity presentation. Price Yield table to follow


Mt Skylight CDO Marketing Book _Equity__051106.pdf


TIAA_Mount Skylight CDO_Current Portfolio_051006.xls


YIELD Calcs.xls

Rajeev Misra@DBEMEA
10/25/2006 12:50 PM

To: Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas, Richard DAlbert/NewYork/DBNA/DeuBa@DBAmericas, Boaz Weinstein
cc:
Subject: Fw: Deutsche at its best

----- Forwarded by Rajeev Misra/DMGGM/DMG UK/DeuBa on 25/10/2006 17:49 -----

Anshu Jain/DMGGM/DMG UK/DeuBa@DBEMEA
25/10/2006 16:07

To michele.faissola@db.com, philip.weingord@db.com, rajeev.misra@db.com, pablo.calderini@db.com
cc
Subject Fw: Deutsche at its best

fyi

Anshu Jain
Head of Global Markets
Member of Group Executive Committee
Deutsche Bank AG
Tel: +44-20-7545-2863
Fax: +44-20-7545-8371
Mobile: +44-7770-673491
E-mail: Anshu.Jain@db.com

----- Forwarded by Anshu Jain/DMGGM/DMG UK/DeuBa on 25/10/2006 16:06 -----

derek.kaufman@jpmorgan.com
25/10/2006 16:01

To Anshu Jain/DMGGM/DMG UK/DeuBa@DBEMEA
cc
Subject Re: Deutsche at its best

Anshu,

Unlike Greg, I am not in the camp that housing Armageddon is around the corner, although I do think that if home prices decline modestly over a year or two (say a 20-30% probability), the sub-prime borrower will have some real difficulties. My main motivation behind this trade is that I think the correlation risk in sub-prime MBS CDOs is mis-priced, given how similar the borrowers from one deal to another will be in a time of distress. Compared with the popular macro hedge-fund trade of buying single-name protection on BBB- ABS at L+250, this structure seems like a slam dunk. Basically, I think of this protection as a cheap wing option in my overall business that lets me do other profitable interest rate and credit trades without worrying too much about the tail risk of a housing collapse.

Derek

Anshu Jain
<anshu.jain@db.com>
10/25/2006 10:29 AM

To "derek.kaufman" <derek.kaufman@jpmorgan.com>
cc
Subject Re: Deutsche at its best

Derek

Delighted to get your note as you would expect. Smart trade by the way, given we have just acquired a couple of RMBS originators, both prime and sub prime..how concerned should I be?

Anshu Jain
Head of Global Markets
Member of Group Executive Committee
Deutsche Bank AG
Tel: +44-20-7545-2863
Fax: +44-20-7545-8371
Mobile: +44-7770-673491
E-mail: Anshu.Jain@db.com

derek.kaufman@jpmorgan.com

25/10/2006 14:59

To
Anshu Jain/DMGGM/DMG UK/DeuBa@DBEMEA

cc

Subject
Deutsche at its best

Anshu,

I wanted to let you know that last night we closed on a synthetic CDO transaction (IXION 2006-6) where I bought $350mm of mezzanine protection on a bespoke portfolio of BBB and BBB- sub-prime MBS. Deutsche placed all of this risk through structured notes sold to investors, and was an incredible partner through the process of portfolio selection, structuring, pricing and distribution. My long-standing and trusting relationships with Fred Brettschneider and Andy Isaacs, coupled with Greg Lippman's top-tier presence in this market, were the main factors in my choosing Deutsche as a counterparty for this complex transaction. Needless to say, I am quite pleased with what great work these three individuals did during the four months from conception to closing, and hope this transaction could be the start of a series of similar trades in the future.

I hope everything is going well for you, and look forward to catching up when I visit London early next year.

Derek

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GREGLIP@bloomberg.net To MELGOLD@bloomberg.net
cc
05/22/2007 09:22 AM bcc
Subject

=====Begin Message=====
Message#: 232014
Message Sent: 05/22/2007 08:22:51
From: GREGLIP@bloomberg.net|GREG LIPPMANN|DEUTSCHE BANK SECURI|1726|328663
To: MELGOLD@bloomberg.net|MELISSA GOLDSMITH|DEUTSCHE BANK SECURI|1726|328663
Subject:

and what's the deal with this jpmac one--it's on an owic of a
macro guy entering the trade,
or ??
Reply:

ITS A CDO GUY PUKING UP A PIG HE BOUGHT (MAY NOT ACTUALLY SELL)
=====End Message=====

From: Jamiel Akhtar
Sent: Tuesday, February 13, 2007 11:05:11 AM
To: Ken Hirsh
Subject: RE: SC marks

Ken, feel free to call anytime.

From: Ken Hirsh
Sent: Tuesday, February 13, 2007 9:41 AM
To: Jamiel Akhtar; Beau Fournet
Subject: RE: SC marks

Thanks! Let's get on the phone when you have a moment for a few final questions and, more importantly, to say hello!

From: Jamiel Akhtar
Sent: Tuesday, February 13, 2007 10:31 AM
To: Ken Hirsh; Beau Fournet
Cc: 'ken.hirsh@gmail.com'
Subject: SC marks

Ken,

I'm back in town and went through all of the marks yesterday. I feel good about how the book is marked. Here's what we did:

Redacted - not relevant

The wildcard is Gemstone VII, the CDO we are currently marketing. Pricing is set for Tues Feb 20 and I think we will get the deal done at spreads that make the resid a very good investment. If I'm wrong and the deal falls apart, it will be marked down something like $30 - $50mm. I doubt this will happen. If pricing were beyond month end, I would consult with accounting to recommend taking some sort of a reserve on the deal.

Redacted - not relevant

Redacted - NR

I hope this makes things clearer.

Jamiel

From: Ken Hirsh
Sent: Friday, February 09, 2007 5:43 PM
To: Beau Fournet; Jamiel Akhtar
Subject: Redacted - NR

Hey guys,

I am a bit curious about how we are marking our longs in this selloff...

Ken

From: Kevin Jenks
Sent: Friday, February 09, 2007 5:35 PM
To: Portfolio Update
Subject: Redacted - NR

Redacted - not relevant

Redacted - not relevant

We are still moving ahead with our CDO. 1.1b deal, investor interest still looks favorable as we are seen as a very good manager, but unclear how many will be spooked at this point.

Greg
Lippmann/NewYork/DBNA/DeuBa@DBAMERICAS

01/09/2007 05:15 PM

To Jordan Milman/NewYork/DBNA/DeuBa@DBAmericas
cc
bcc
Subject Re: Fw: HBK - Gemstone 7 BBs

i think you should be very candid about it...give examples of where the bbb- trades if you dont have exact color on the bb...we dont want to faciliate a total position dump

Greg H. Lippmann
Managing Director
Deutsche Bank Securities Inc.
3rd Floor
60 Wall Street
New York, New York 10005
Phone (212) 250-7730
Fax (212) 797-2201
Mobile (917) 601-1916
greg.lippmann@db.com

Jordan
Milman/NewYork/DBNA/DeuBa

01/09/2007 04:00
PM

To

Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas

cc

Subject

Fw: HBK - Gemstone 7
BBs

let me know what you want to do about this, you know where I stand on some of these but it's gpoing to be another headache with kevin
----- Forwarded by Jordan Milman/NewYork/DBNA/DeuBa on 01/09/2007 04:00 PM -----

Abhayad
Kamat/NewYork/DBNA/DeuBa

01/09/2007 03:56
PM

To

Jordan
Milman/NewYork/DBNA/DeuBa@DBAmericas

cc

Subject

HBK - Gemstone 7

BBs

Jordan,
pls can you give us some color on how good the BB bonds are in the attached HBK portfolio for Gemstone 7. it seems there are a few fremonts but none have been downgraded. According to kevin, all are reasonably good. he is asking us to do a revolving deal for him with BB reinvestments, and we might want to throw out non-clean BBs.

all BB bonds are highlighted in yellow. somewhat urgent.

thanks,
Abhayad

[attachment "Gemstone VII Portfolio 01.09.07.xls" deleted by Greg Lippmann/NewYork/DBNA/DeuBa]

Abhayad Kamat
Global CDO Group
Deutsche Bank Securities Inc.
60 Wall Street, 19th Floor,
New York, NY 10005-2858
(212) 250-0526 work
(917) 519-9694 cell
(732) 578-2890 fax

Abhayad Kamat
To: Greg Lippmann/NewYork/DBNA/DeuBa
cc:
Subject: HELD 2006-1 - bad names

08/24/2006
04:30 PM

Jamil's accounts are listing the following as names that are not great:

ABSHE 2005-HE8 M9
BAYV 2005-C B2
CXHE 2005-C B2

GSAMP names -- we have the following in the HELD pool
GSAMP 2005-AHL M6
GSAMP 2005-HE3 B2
GSAMP 2005-HE6 B1
GSAMP 2005-HE4 B3

But separately,
- I had asked Jordan for generic bad shelfs and he listed: SAIL, HEAT, PPSI, INABS, ACE, AMSI and ARSI -- the HELD portfolio has 22% of these names.

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(732) 578-2890 fax

greglip@bbotg To: rokurita@bbotg
cc:
Subject: Re: Fwd: *Here is a preliminary ist for julius baer

06/16/2006
09:18 AM

Message Sent: 06/16/2006 10:18:12
From: GREGLIP@BBOTG|GREG LIPPMANN|DEUTSCHE BANK SECURI|1726|328663
To: ROKURITA@BBOTG|ROCKY KURITA|DEUTSCHE BANK SECURI|1726|328663

AND U R THE MAN !!! OK LETS INCLUDE IT AT A VERY WIDE LEVEL AND GET SOMET=
HING
TOGETHER FOR THESE GUYS...
----- Original Message -----
From: ROCKY KURITA, DEUTSCHE BANK SECURI
At: 6/16 10:14:42

we are short that one. all the cwl are bad.
----- Original Message -----
From: GREG LIPPMANN, DEUTSCHE BANK SECURI
At: 6/16 10:12:26

ok if we r shrt it b/c is that the really crap one or is that the 05-3 /?=
maybe
also an 06 cwl....
----- Original Message -----
From: ROCKY KURITA, DEUTSCHE BANK SECURI
At: 6/16 9:42:49

we have a couple new century. how about a cwl 05-4 bv baa3
----- Original Message -----
From: GREG LIPPMANN, DEUTSCHE BANK SECURI
At: 6/16 9:24:56

lets add one other weakish name i.e. cwl, amsi, nchet,heat want to balanc=
e it
out in spread terms more..also after the analysis they want just 10 2005 =
and 10
06 not more....sales is charlotte mcbride but lets run through me for now=
..
----- Original Message -----
From: ROCKY KURITA, DEUTSCHE BANK SECURI
At: 6/16 8:54:22

----- Original Message -----
From: ROCKY KURITA, DEUTSCHE BANK SECURI
At: 6/16 8:54:18

Can we run the numbers? What other stats does the accoutn need? who cover=
s the
account?
1 SASC 2005-NC1 M7
2 SASC 2005-NC1 M8
3 SASC 2005-WF1 M8

4 SASC 2005-WF1 M9
5 MSAC 2005-HE1 B2
6 MSAC 2005-HE1 B3
7 MSHEL 2005-1 B2
8 MSHEL 2005-1 B3
9 POPLR 2005-1 B1
10 POPLR 2005-1 B2
11 MLMI 2005-NC1 B2
12 MLMI 2005-NC1 B3
13 CARR 2005-NC1 M7
14 CARR 2005-NC1 M8
15 ACE 2005-RM1 M8
16 ACE 2005-RM1 M9
17 FFML 2005-FF1 B2
18 FFML 2005-FF1 B3
19 MSAC 2005-NC1 B2
20 MSAC 2005-NC1 B3
21 BSABS 2005-HE2 M5
22 BSABS 2005-HE2 M6
23 RASC 2005-EMX1 M5
24 RASC 2005-EMX1 M6
25 EMLT 2005-1 M8
26 EMLT 2005-1 M9
27 RAMP 2006-EFC1 M8
28 RAMP 2006-EFC1 M9
29 OOMLT 2006-1 M8
30 OOMLT 2006-1 M9
31 RASC 2006-EMX2 M8
32 RASC 2006-EMX2 M9
33 HASC 2006-OPT2 M8
34 HASC 2006-OPT2 M9
35 CARR 2006-OPT1 M8
36 CARR 2006-OPT1 M9
37 ACCR 2006-1 M8
38 ACCR 2006-1 M9
39 FMIC 2006-1 M8
40 FMIC 2006-1 M9
41 FFML 2006-FF7 M8
42 FFML 2006-FF7 M9
43 JPMAC 2006-NC1 M8
44 JPMAC 2006-NC1 M9
45 RAMP 2006-EFC1 M8
46 RAMP 2006-EFC1 M9
47 POPLR 2006-A M5
48 POPLR 2006-A M6

OrgSmtpMsg.eml

To: Frederic Jallot/db/dbcom@DBAMERICAS@DEUBAINT
cc: pius.sprenger@db.com
Subject: Re: HBK Equity

Greg Lippmann

06/09/2006
01:16 PM

we need to figure out a better way.....the ppsi bonds are the worst in the pool...they should stay in regardless of what it does to your model...these are 'free money' similarly the cwl is also a weak name.....ok with removing bsabs, gsamp and fmic if necessary...the gsaa bonds are alt a and thus provide diversity which is in theory bad for him.....cna you two think about ways to include these....I think then we can tell him to instead remove say 5 of these (i,.e. keep the ppsis and the cwl) and tell him instead to choose 7 of 15 getting us back to 60 names...let me know and I will send to him....

these are not in the smaller pool

073879RE0	BSABS 2005-HE2 M6
126673XM9	CWL 2005-1 BV
36242DSB0	GSAMP 2005-HE1 B3
70069FER4	PPSI 2004-WHQ2 M9
70069FJC2	PPSI 2005-WHQ2 M9
36242DTW3	GSAA 2005-2 B3
31659TDJ1	FMIC 2005-1 M9
36242DS46	GSAA 2005-5 B3

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Mobile (917) 601-1916

Frederic Jallot/db/dbcom@DBAMERICAS

06/08/2006 09:31 PM

To greg.lippmann@db.com, pius.sprenger@db.com
cc
Subject HBK Equity

Removed 8 bonds from the 58 name portfolio (7 short WALs, 1 long WAL). There are 22 SPVs to which we've got credit exposure, most of them have got short WAL. Would they take a reduced spread and a discount?

Other solution: get all their Gemstone portfolios and pick 2003-2004 names which match our book. If the all the names have short WALs, and the WALs are not barbelled the spread should be good.

Economics:

203 bps WASpread assumption:

Tranche	Sub	Size	Leverage	DV01	Fair Sp	Spread	PV%	Correl	Rec	Delta	Amort	Cost	Net	Price	Tranche P&L	Book P&L
0-3	0.00%	3.00%	4.6	3.0	12.35%	10.00%	7.0%	-11.6%	- 2.4%	-2.2%	-6.5%	-0.3%	- 15.87%	100.000%	-6.60%	2.66%

244 bps WASpread assumption:

Tranche	Sub	Size	Leverage	DV01	Fair Sp	Spread	PV%	Correl	Rec	Delta	Amort	Cost	Net	Price	Tranche P&L	Book P&L
0-3	0.00%	3.00%	4.2	2.9	14.32%	12.00%	6.7%	-12.1%	- 2.6%	-1.9%	-6.5%	-0.3%	- 16.77%	100.000%	-7.08%	2.60%

Attached below the 50 name portoflio and a list of 15 SPVs out of which he can pick 5:

[attachment "50 Name Portfolio.xls" deleted by Greg Lippmann/NewYork/DBNA/DeuBa]

Pius, the models are in the directory if you wnat to have a look.

Frederic Jallot
Integrated Credit Trading
Tel: +44 (0)207 545 78 00
Fax: +44 (0)207 545 85 10

Greg Lippmann

To: Sean Whelan/db/dbcom@DBAmericas
cc: "Axel Kunde" <axel.kunde@db.com>, "Pius Sprenger" <pius.sprenger@db.com>
Subject: Re: King Street

09/27/2006
04:58 PM

dont offer it yet, but in theory we would be very happy to sell them the aaa i.e. 40-100 so that they would be long 0-3 and 40-100 and short 3-40.....but that begs the question as to where the 3-40 is in theorgy being taken down and we dont want to go there...

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60 Wall Street
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Fax (212) 797-2201
Mobile (917) 601-1916

Sean Whelan/db/dbcom

09/27/2006 02:52 PM

To Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas
cc "Axel Kunde" <axel.kunde@db.com>, "Pius Sprenger" <pius.sprenger@db.com>
Subject Re: King StreetLink

they want to short the market and are willing to pay the freight. in the correlation trade they are long idiosyncratic risk. they also ran breakevens- which they feel are high- 2 events virtually knock out the equity- for every subsequent event their max benefit is 1.8 mm. crude- but they would need 7 events to break even. (yes- this ignores spread widening on the remainder.)- they think a more efficient short is a bespoke trade. their ideal short would be the belly of the capital structure. when we last spoke about it, we told them the equity and the AAA were the parts we found difficult to place. they are willing to buy the equity and even the AAA's t get an efficient short of the belly-

Greg Lippmann/NewYork/DBNA/DeuBa

09/27/2006 02:31 PM

To Sean Whelan/db/dbcom@DBAmericas, "Pius Sprenger" <pius.sprenger@db.com>, "Axel Kunde" <axel.kunde@db.com>
cc
Subject Re: King Street

Whjat does thaty mean? Will they massively overshort vs 6x coupon??

Sent from my BlackBerry Handheld.

From: Sean Whelan

Sent: 09/27/2006 11:02 AM
To: Greg Lippmann
Subject: Re: King Street

Greg- I was not accurate- do not want to do a fully placed deal . they want to short the entire delta- thanks-

Greg Lippmann/NewYork/DBNA/DeuBa

09/27/2006 10:57 AM

To Sean Whelan/db/dbcom@DBAmericas, Axel Kunde/DMGGM/DMG UK/DeuBa, Pius Sprenger/DMGGM/DMG UK/DeuBa

cc

Subject Re: King Street

Which is it ? Magnetar is fully placed and talk to lamont. If they want to do our trade but short entire delta we can price that too.

Sent from my BlackBerry Handheld.

From: Sean Whelan
Sent: 09/27/2006 10:51 AM
To: Greg Lippmann; Axel Kunde; Pius Sprenger
Subject: King Street

Spoke with King Street this morning. rather than do the carry neutral correlation trade, the would like to pursue a bespoke or Magnatar type trade. They want more leverage and are willing to hold the equity in a 375mm type transaction, and short the rest of the capital structure . the 75 names we have can be used, or we can add if need be-thanks-Sean

Greg
Lippmann/NewYork/DBNA/DeuBa@DBAMERICAS

02/13/2007 08:03 PM

To Warren
Dowd/SanFrancisco/DBNA/DeuBa@DBAmericas
cc
bcc
Subject Re: hey greg. u have a few mins to speak to partner funds?

Warren:
I appreciate you taking a crack at this. Let me know how you do.

Given the market structure as it exists now, who ends up holding the credit risk? Pension funds, foreign treasuries, CMO's, etc.

Mix of CDO investors -- European and Asian Banks and Insurers, Insurance Companies like AIG, CIFG, Radian, Wall Street Commercial Paper Conduits, ABS Hedge Funds

Have the buyers really done the credit work? Do they have the risk appropriately priced or are they just participating to deploy massive liquidity and looking at just relative pricing with the rating agencies looked at as pointing out the big problems?

With 5000 loans per deal and 100 deals per CDO, this would seem to be more of a statistical analysis than a detailed one but invesors may claim otherwise.

Has the ability to lay off credit risk changed? The investment bank "party line" is that they don't take or hold real credit risk, its all sold off. Is this accurate or do they have to hold residual risk to do the business and are they typically also extending warehouse lines? Are there other areas to look at for pressure beyond negative marks on securities, warehouse exposure and credit quality of any loans held directly?

Wharehouse lines are extending to all originators...every firm on wall street own home equit y residuals.

Besides residuals and warehouse lines, what areas can we see performance hits should things continue to worsen?

Would seem to be it.

The MBS themselves are held in trading accounts-this could produce a negative mark to market, correct?

Most are re-securitized into CDOs which do not have to mark to market until downgrades if ever.

What is CDO behavior now? Are they generally as active as they have been historically or is there any sort of a buyer's strike?

Last few days have seen a marked slowdown in CDO activity and there are rumors of dealers losing money on several deals.

Has the ability to lay off credit risk changed recently? Can we tell from the filings really what they hold?

Tough to say, but masssive increase in put back of deliqn loans (EPDs) and probably greater scrutiny / kickouts of initial loans perhaps leading to worsening relative quality of retained loans. I dont know how to read filings so no clue.

How do you treat and address the residual risk/"equity tranche?" Must this always be held or can this be securitized and sold in some way?

In the ABS someone owns it either the dealer, originator or a hedge fund.....

Does either the OC or excess spread in any way insulate the equity tranche or that and immediately vulnerable to any losses.

The residual gets all excess spread so any decline in x/s b/c of losses is a hit. If you mean the equity in the mezz abs cdo, yes the excess spread protects it.

Does the equity piece change based on the structure? Can its size vary in any deal?

Yes...all deals are slightly different given quallity of the loans, mortgage and bond coupons, deserve/abiltiy to sell down cap structure i.e. BB, BB-, B...

How do you look at risk control with respect to residual risk? Who determines what deals you participate in and what residuals are held?

I do not run the trading of residual for whole loans speak to michael commaratto. If you mean CDO equity we look for early commit tment of equity by manager or investors or we feel the manager has a good story.

Is NEW like the 5 companies that have previously failed-in irrelevant issue or does its failure meaningfully degrade the performance of the market or create a buyer's strike in some way. What makes NEW different, if anything?

the continued problems for the originators is relevant b/c these loans MUST be refinanced and as capacity leaves the system the marginal buyer will have trouble getting a neew loan (also as investors / agencies etc are more picky about borrowers many of the weakest borrowers will be trapped in current loans) we need 15-35% of the people to default to make 100 % so we are not betting on a system meltdown but rather a squeeze on the weakest c redits.

Warren
Dowd/SanFrancisco/DBNA/DeuBa

02/13/2007 01:39
PM

To

Greg
Lippmann/NewYork/DBNA/DeuBa@DBAmericas

cc

Subject

hey greg. u have a few mins to speak to partner
funds?

see below. the analyst is looking at potentially adding to current position in CDS and also potentially expressing the bet in some of the equity names. had a few questions before he moved forward tho. do you have time to speak to brock? lemme know. -wd

Warren Dowd
Deutsche Bank Securities Inc.
Institutional Equity Sales
phone: 415-617-2831
mobile: 617-833-3744
warren.dowd@db.com
IM: warrendowddb
----- Forwarded by Warren Dowd/SanFrancisco/DBNA/DeuBa on 02/13/2007 10:37 AM -----

"Brock Vandervliet"
<Brock@partnerfunds.com>

02/12/2007 12:42
PM

To

Warren
Dowd/SanFrancisco/DBNA/DeuBa@DBAmericas

cc

Subject

?'s

Warren:
I appreciate you taking a crack at this. Let me know how you do.

Given the market structure as it exists now, who ends up holding the credit risk? Pension funds, foreign treasuries, CMO's, etc.

Have the buyers really done the credit work? Do they have the risk appropriately priced or are they just participating to deploy massive liquidity and looking at just relative pricing with the rating agencies looked at as pointing out the big problems?

Has the ability to lay off credit risk changed? The investment bank "party line" is that they don't take or hold real credit risk, its all sold off. Is this accurate or do they have to hold residual risk to do the business and are they typically also extending warehouse lines? Are there other areas to look at for pressure beyond negative marks on securities, warehouse exposure and credit quality of any loans held directly?

Besides residuals and warehouse lines, what areas can we see performance hits should things continue to worsen?

The MBS themselves are held in trading accounts-this could produce a negative mark to market, correct?

What is CDO behavior now? Are they generally as active as they have been historically or is there any sort of a buyer's strike?

Has the ability to lay off credit risk changed recently? Can we tell from the filings really what they hold?

How do you treat and address the residual risk/"equity tranche?" Must this always be held or can this be securitized and sold in some way?

Does either the OC or excess spread in any way insulate the equity tranche or that and immediately vulnerable to any losses.

Does the equity piece change based on the structure? Can its size vary in any deal?

How do you look at risk control with respect to residual risk? Who determines what deals you participate in and what residuals are held?

Is NEW like the 5 companies that have previously failed-in irrelevant issue or does its failure meaningfully degrade the performance of the market or create a buyer's strike in some way. What makes NEW different, if anything?

ADDITION TO
Goldman Sachs supplemental response to questions for the record

From: Sandler, David [mailto:dsandler@omm.com]
Sent: Thursday, April 07, 2011 08:37 AM
To: Goshorn, Daniel (HSGAC)
Subject: Goldman Sachs

Dan –

On August 20, 2010, Goldman Sachs provided the wire transfer numbers in conjunction with their testing of the Federal Reserve discount window as requested by the Subcommittee. As highlighted in previous responses, Goldman Sachs only used this access to test that all the necessary policies, procedures and operational capabilities required to access this funding were in place. The amounts borrowed were returned in their entirety the next day.

Goldman Sachs recently discovered that one test transaction was inadvertently omitted from the information previously provided to the Subcommittee due to the test being conducted by Goldman Sachs Bank USA, a Utah Industrial bank, which tested their necessary policies, procedures and operational capabilities with the Federal Reserve discount window.

Below is a chart providing details of the transaction, including the wire transfer number:

Borrow Date	Return Date	Collateral Pledged	Amount Borrowed	Reference Number
09/23/2008	09/24/2008	$ 100,620,000.00	$ 50,000,000.00	20080923QMGOW002000035

With this supplementation, we believe Goldman Sachs' prior production on this issue is complete.

David Sandler
O'Melveny & Myers LLP
1625 Eye Street, NW
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(202) 383-5123 (phone)
(202) 383-5414 (fax)
dsandler@omm.com

From: Birnbaum, Josh
Sent: Sunday, August 19, 2007 11:48 PM
To: Lehman, David A.; Montag, Tom
Cc: Sparks, Daniel L; Mullen, Donald; Swenson, Michael; Finck, Greg
Subject: RE: Mtg Department Weekly Update

On the AAA outperformance question, I think AAAs would have performed similarly without our adding. Given the remote likelihood of loss on "real" RMBS AAAs (i.e. not AAA CDOs), trading around 90 is mostly a liquidity trade and last week's injection of liquidity should have been particularly constructive for AAAs. Of note, we saw AAA buying from relatively conservative accounts not normally involved in outright strategies (III, for example).

-----Original Message-----
From: Lehman, David A.
Sent: Sunday, August 19, 2007 9:23 PM
To: Montag, Tom
Cc: Sparks, Daniel L; Mullen, Donald; Swenson, Michael; Finck, Greg; Birnbaum, Josh
Subject: Re: Mtg Department Weekly Update

Going back to your previous question - Net/net the department is long 600ish mm ABX AAAs (short the seasoned 06-1, long the newer 07-1 index)

Swenny or Birnbaum can speak to your question re: AAA ABX px action

Wrt correlation, just the super senior RMBS trades (40-100% or 50-100% of BBB/BBB- subprime portfolios) were impacted

The desk is currenty evaluating the right parameter for the cmbs super senior shorts but we have not had as much observability as we have had in rmbs

[redacted] = Redacted by the Permanent Subcommittee on Investigations

David A. Lehman
Goldman, Sachs & Co.
85 Broad Street | New York, NY 10004
Tel: 212-902-2927 | Fax: 212-902-1691 | Mob: 917-[redacted]
e-mail: david.lehman@gs.com

----- Original Message -----
From: Montag, Tom
To: Lehman, David A.
Sent: Sun Aug 19 20:42:07 2007
Subject: Re: Mtg Department Weekly Update

How much of aaa outperforming was us buying?

What assets were affected by correlation change?

----- Original Message -----
From: Lehman, David A.
To: Montag, Tom
Cc: Mullen, Donald; Sparks, Daniel L; Swenson, Michael; Finck, Greg
Sent: Sun Aug 19 19:20:36 2007

Subject: RE: Mtg Department Weekly Update

Got it

Of the ~1.6bb AAA ABX bot I believe 900mm was SPG trading getting longer and 700mm was short covering in books (Alt A, Hybrids)

I don't have the current AAA ABX position @ the dept level in front of me but will get it and circle back

-----Original Message-----
From: Montag, Tom
Sent: Sunday, August 19, 2007 7:11 PM
To: Lehman, David A.
Subject: Re: Mtg Department Weekly Update

I saw the change. I wondered if that covewred risk or took us long. Understand net is same we are longer

----- Original Message -----
From: Lehman, David A.
To: Montag, Tom
Cc: Sparks, Daniel L; Mullen, Donald; Swenson, Michael; Finck, Greg
Sent: Sun Aug 19 19:07:36 2007
Subject: RE: Mtg Department Weekly Update

Added Finck, he can speak to your first question re: Fixed Agcy

On your second question, the dept net added subrprime risk via ABX and [redacted] in AAA CMBS [redacted]

The dept net added risk via ABX @ across the curve but predominantly @ the AAA level (below from Swenny)

Mortgage Dept Net ABX Change on the Week

AAA	+1,580mm
AA	+ 115
A	+ 50
BBB	+ 155
BBB-	+ 100
Total	+2,000mm

[redacted] = Redacted by the Permanent Subcommittee on Investigations

On the CMBS side [redacted]

-----Original Message-----
From: Montag, Tom
Sent: Sunday, August 19, 2007 6:50 PM
To: Lehman, David A.
Subject: Re: Mtg Department Weekly Update

Fixed agency. Are we trying to get down? What did we buy?

How much did whole dept reduce risk this week? Was it all indices again or did we actually cover aby shorts?

----- Original Message -----
From: Lehman, David A.
To: Montag, Tom; Sparks, Daniel L; Mullen, Donald; Salame, Pablo
Cc: Swenson, Michael; Finck, Greg
Sent: Sun Aug 19 17:03:46 2007
Subject: Mtg Department Weekly Update

Resi Mortgage Update (Finck)

Mortgage Derivatives
---
* Remains most stable and orderly Resi mortgage market
* Flows are healthy: JPMIM selling ~1B Inverse IO, Countrywide selling 600mm PO, otherwise insignificant
* Better demand for levered, non-balance-sheet-intensive positions (IOs, Inverse IOs)
* P&L on week: +$500k
* Hedges: Pass-throughs, Swaps

Fixed Agency/Prime
---
* Spreads continue to widen under selling pressure (AAA super-senior Pass-throughs now 1-24 back from FNMA)
    - Dealers (particularly Countrywide) are overloaded and dumping bonds into any available bid
    - Only 2-3 active street bidders: most dealers are passing on everything
* Decent two-way flows: Sold roughly $1B CMOs on week, and bought approximately $700mm
* P&L on Week: -10mm on spread widening: Making money trading, but losing more money on positions mark-downs in widening
* Position size (Secondary, New issue, and Loans): ~ $6B
* Hedges: Predominantly Agency Pass-throughs, with some swaps

Hybrid Agency/Prime
---
* Very heavy selling. Bid $10B-$15B on the week mostly out of Reits (Thornburg, KKR, FBR)
* Spreads continue to push wider on supply pressure (AAA Libor Floaters now L+100)
* Bought and sold over $2B. Developing good supply/demand balance with large money managers becoming big buyers
* P&L on Week: -$15mm
* Position Size (Secondary / Loans): ~$4B
* Hedges: ~500mm ABX (down from over $1B), Agency Pass-throughs, and Swaps

Alt-A
---
* Very light origination volumes: less than $500mm on week
* Significant widening in AAAs, both Fixed and ARMs
    - Super-Senior AAA pass-throughs widened a point on week from FNMA: now back 3-24 (3pts wider over month)
    - AAA Hybrids also much wider: 25+bps on week
* P&L on week (ex Residual writedown): +10mm on ABX widening
* Position Size: ~500mm loans
* Hedges: Short $1B ABX AAAs. Covered back 500+mm ABX on week, need to cover more

Subprime/Scratch and Dent
---
* Very quiet with essentially no new origination
    - we continue to work on Cbass portfolio for potential buy opportunity
    - also, working on new deal with HSBC loans: weak investor interest
* P&L on Week: 7mm (ABX widening)
* $1.3B ABX short vs $1B Subprime and 600mm S&D position

ABS Summary (Swenson)

1) Closing Price and Changes for the week ended ABX 07-1:

		Weekly Change
AAA	91-00	+1.5pts
AA	67-00	-3.0pts
A	45-00	-3.5pts
BBB	35-00	-3.5pts
BBB-	33-16	-3.5pts

2) General Color

* Market was up as much as 6 or 7 points post Fed announcement this morning. Market came off the highs as fast money faded the rally with the market closing up 2 points on average

* Further liquidations from real money accounts facing redemptions. Multiple billions of AAA and AA home equity out for bid with roughly two-thirds trading

* Moody's downgraded 84% of the second lien universe including 78 AAA bonds, likely to trigger numerous forced sales

* S&P downgraded 158 Alt-A deals that had been previously on watch

3) Current SPG Trading Desk Position Summary:

* RMBS AAA - long $2.2bb

* RMBS AA - long $1.0bb

* RMBS Single-As - net short $0.8bb 100% in single-name CDS

* RMBS BBB/BBB- - net short $3.5bb (80% in single-name CDS - 60% in 2005 vintage)

4) August 13th - 17th

Total ABX Indices by Rating Bought this week:

AAA	$1,580mm
AA	180
A	175
BBB	180
BBB-	282
Total	$2,397mm

ABS and Correlation Desk Net ABX Risk Change on the Week:

AAA	+ 865mm
AA	+ 115
A	+ 50
BBB	+ 155
BBB-	+ 100
Total	+1,285mm

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Mortgage Dept Net ABX Change on the Week

AAA	+1,580mm
AA	+ 115
A	+ 50
BBB	+ 155
BBB-	+ 100
Total	+2,000mm

CMBS [redacted]

* [redacted]

CDOs (Lehman)

* Desk was able to short 100+m notional on the week
* Sold one cash "A" and bought protection from two different counterparties @ the "AA" and "A" level
* Flows largely from hedge funds and fast money desks covering short risk positions - we still have not seen a lot of new longs in the market
* First time in 6+ weeks we have seen decent trading activity
* Market continues to be dislocated with few dealers making markets and nobody looking to get long risk

Michael Lamont/NewYork/DBNA/DeuBa@DBAMERICAS

07/12/2007 07:41 PM

To Greg Lippmann/NewYork/DBNA/DeuBa@DBAmericas, Richard DAlbert/NewYork/DBNA/DeuBa@DBEMEA
cc
bcc
Subject Fw: ABS CDO DB Investor List

fyi, Boaz asking for accounts that hold subprime risk for possible principal short opportunities

----- Forwarded by Michael Lamont/NewYork/DBNA/DeuBa on 07/12/2007 07:40 PM -----

Michael Lamont/NewYork/DBNA/DeuBa
07/12/2007 07:39 PM

To: boaz weinstein
cc: John Pipilis/NewYork/DBNA/DeuBa@DBEMEA, michael herzig
Subject: ABS CDO DB Investor List

This is the raw data with ABS CDO Sales made by DB in past 3 years. This will give you a general sense of where the paper went but is a little hard to decipher. Eg, data shows that Magnetar bought a lot of high quality NR equity in 2006-- but it has no casflow lockout triggers, CIFG wrapped some AAA paper, but is is actually a static, challenged portfolio, many of the buyers listed are CDOs (Cohen, DB Zwirn, Deerfield, Dynamic, Harding, etc). We will send you some more qualitative analysis shortly.

Accounts in my mind with the most risk from our list are Commerzbank, Basis, BSAM (RIP), IKB. This is probably in line with the broader market although we havent done much high grade abs cdo business the last few years, compare ML and Citi, that have placed a tremendous amount of paper into Asia with accounts like SMBC, STAM, UOB, Lyon, etc. These deals arent severely dented as of yet but could get there.

You may also want to follow up with ABS Correlation / Lippmann. In the end most of the ABS CDO cash mezzanine paper went into other ABS CDOs, I think ABS Correlation business across the street has had more of a real money distribution focus.

----- Forwarded by Michael Lamont/NewYork/DBNA/DeuBa on 07/12/2007 07:22 PM -----

Scott Cohen/NewYork/DBNA/DeuBa
07/12/2007 01:42 PM

To: Michael Lamont/NewYork/DBNA/DeuBa@DBAmericas
cc
Subject: Updated Investor Buyer list

Please find the updated list of buyers.

Thank you,
-Scott
(See attached file: Investor List w buyers.xls)

Scott Cohen
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60 Wall Street
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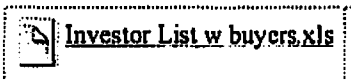
tel. 212 250 5855
fax 646 257 2401



Securities Division Summary Highlights - Week Ending November 30th, 2007

Financial Performance ($mm)

Equities	WTD	MTD	QTD	YTD	% vs 06 Act	FICC	WTD	MTD	QTD	YTD	% vs 06 Act
Revenues	79	673	3,415	13,406	29%	Revenues	(190)	670	3,294	16,737	15%
Pre-Tax	(83)	(73)	562	4,772		Pre-Tax	(463)	(103)	305	7,858	

Mortgages

Mortgages Performance ($mm)					
	WTD	MTD	QTD	YTD	% YTD vs. Act
Resi Prime	(26.3)	(71.2)	(101.5)	(175.0)	-436%
Resi Credit	(27.0)	(112.1)	(302.4)	(981.5)	-474%
CDO/CLO	(8.9)	(132.8)	(252.3)	(1,750.3)	N.M.
SPG	54.1	208.2	947.2	3,742.3	N.M.
Other*	(45.7)	(32.6)	1.0	294.8	30%
Revenues:	**(53.7)**	**(140.4)**	**292.0**	**1,130.4**	**26%**
Expenses:	**(10.2)**	**(61.2)**	**(252.6)**	**(775.2)**	
Pretax P&L:	**(63.9)**	**(201.6)**	**39.4**	**355.2**	

* CRE Loan Trading, ABS Loans & Finance, Tax / Warehouse, European Mtgs, Advisory & Other

Indices	This Week	Last Week	Change (wow)
Refi Index	2,200	1,490	(710)
ABX.HE.AAA. 07-1 Spread	705	499	(206)
ABX.HE.BBB-.07-1 Spread	3,229	3,145	(84)
BOA AAA 10YR CMBS paper	110.5	103.2	(7.3)
CMBX 07-2 AAA Spread	105.0	75.0	(30.0)
CMBX 07-2 A Spread	515	440	(75)
CMBX 07-2 BBB- Spread	1,200	1,110	(90)

CONFIDENTIAL

Fixed Income, Currencies and Commodities

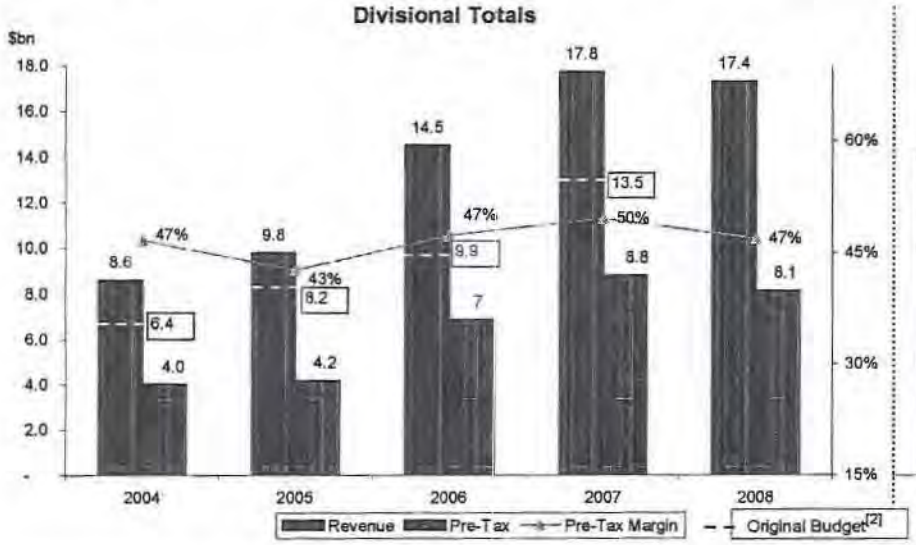
Business Planning Committee Presentation

November 19th, 2007

Financial Highlights

Overview

- 2007 is a record year for FICC with revenues of $17.8bn (+22% vs. 2006 / +32% vs. 2007 Orig Plan) and pre-tax profit of $8.8bn
- 2007 marked full year records for 7 of the 8 business lines within FICC
- 2008 projected revenues of $17.4bn reflect increases across our franchise businesses offset by decreases in principalling



	Americas	Europe	Asia
'07 vs '06	14%	61%	2%
'06 vs '07	-7%	1%	2%

Headcount[1]	2004	2005	2006	2007	2008
	2,059	2,353	2,594	2,972	3,222

	FY 04 - 07 3yr CAGR	FY 04 - 08 4yr CAGR
Revenue	27%	19%
Rev Net of Variable	27%	20%
Pre-Tax Profit	30%	19%
Headcount	13%	12%

Notes:

[1] Headcount includes Consultants & Temps and Subsidiaries

[2] Original Budgets restated for Cost of Power

2007 Business Overview

Business Revenues ($mm) and Performance Drivers

Business	2007E	% vs. 2006	2007 Performance Highlights
Global IRP	$2,675		
Currencies	$1,725		
Money Mkts	$640		
Emg Markets	$745		
Commodities	$3,500		
Global Credit	$2,950		
Mortgages	$1,225		
Global SSG	$4,225		
FICC Sales	$8,712 (GCs)		
CVA	$300 YT		

2008 Business Overview

2008 Budget

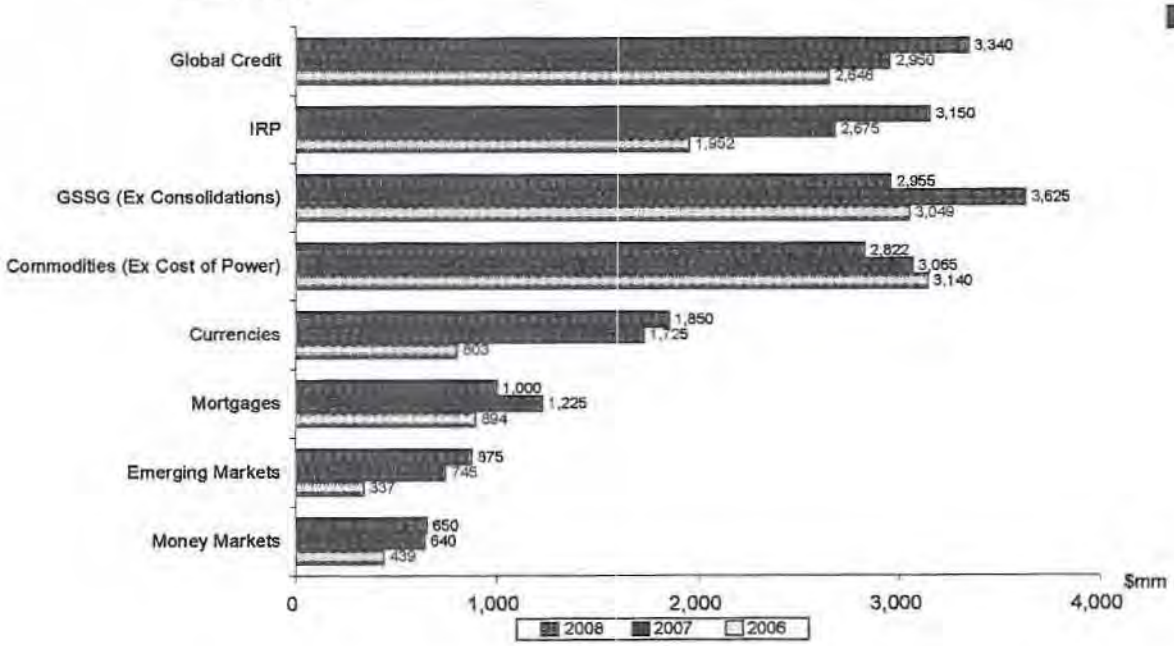
($ in Millions)	2008	2007	2006	% Chg 08 vs. 07	% Chg 07 vs. 06	2008 Commentary
Revenues	17,350	17,755	14,508	-2%	22%	▪ Increases across franchise are offset by principalling
Variable Expenses	1,295	1,654	1,688	-22%	-2%	▪ Decrease in Cost of Power
Revenues Net of Variable	16,055	16,101	12,820	0%	26%	
Operating Expenses						
Direct Expenses	5,341	4,879	3,980	9%	23%	▪ Increase of Equity Award amortization and new hires
Allocated Expenses	2,581	2,419	1,972	7%	23%	▪ Increase largely driven by Federation allocations
Total Operating Expenses	7,922	7,298	5,952	9%	23%	
Pre-tax Earnings	8,132	8,803	6,868	-8%	28%	
Pre-tax Margin	47%	50%	47%			
Total Staff	3,222	2,972	2,594	8%	15%	

Total Staff includes employees, PMDs, consultants & temps, and subsidiaries.

2008 Business Overview

2006 – 2008P Revenues by Business Unit

- 2008P revenues of $17.4bn reflects increases across our Franchise businesses, offset by principalling decreases
- Globally diverse portfolio with each region contributing meaningfully to 2007 results (Americas $8.4bn, Europe $5.7bn, Asia $3.6bn)



	08P vs. 07E	07E vs. 06
Global Credit	13%	12%
IRP	18%	37%
GSSG (Ex Consolidations)	-18%	19%
Commodities (Ex Cost of Power)	-8%	-2%
Currencies	7%	115%
Mortgages	-18%	37%
Emerging Markets	17%	121%
Money Markets	2%	46%

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Expense Overview

Headcount and Compensation

Staff by Business

Dept	2008P	2007E	Amt Δ	% Δ
Money Markets	[redacted]			
Global Interest Rate Products				
Currency				
Emerging Markets				
Commodities				
Mortgages	267	268	(1)	0%
Global Credit	[redacted]			
Global Distribution				
GSSG				
FICC Strategies				
Total Permanent	2,933	2,681	252	9%
Subsidiaries Consultants and Temps	[redacted]			
Total Headcount	3,222	2,972	250	8%
Americas	[redacted]			
Europe				
Asia				
Global	3,222	2,972	250	8%

Note: Avelo / Senderra budgeting 133 adds for a total of 626 headcount in 2008 (included in Archon headcount)

Major Themes

[redacted]

Employee Payroll Analysis

	$mm	Headcount
2007 Beg of Period	[redacted]	
Net Employee Change		
PMD Pool Change		
Round 1 Comp Changes		
Projected FY07		
% Change Payroll		
% Change Steady State		

Payroll analysis includes employees, PMDs, and subsidiaries. Excludes consultants and temps. PMD departs include McGoldrick, Maynard, Tebbe, Grathwohl, Ransom, Christie.

The Goldman Sachs Group, Inc. | 85 Broad Street | New York, New York 10004

GOLDMAN SACHS REPORTS RECORD EARNINGS PER COMMON SHARE OF $24.73 FOR 2007

FOURTH QUARTER EARNINGS PER COMMON SHARE WERE $7.01

NEW YORK, December 18, 2007 - The Goldman Sachs Group, Inc. (NYSE: GS) today reported net revenues of $45.99 billion and net earnings of $11.60 billion for the year ended November 30, 2007. Diluted earnings per common share were $24.73, an increase of 26% compared with $19.69 for the year ended November 24, 2006. Return on average tangible common shareholders' equity [1] (ROTE) was 38.2% and return on average common shareholders' equity (ROE) was 32.7% for 2007.

Fourth quarter net revenues were $10.74 billion and net earnings were $3.22 billion. Diluted earnings per common share were $7.01 compared with $6.59 for the same 2006 quarter and $6.13 for the third quarter of 2007. Annualized ROTE [1] was 40.1% and annualized ROE was 34.6% for the fourth quarter of 2007.

Annual Business Highlights

- Goldman Sachs achieved record net revenues, net earnings and diluted earnings per common share in 2007.
- Book value per common share increased 25% to $90.43 in 2007. The firm repurchased 41.2 million shares of its common stock for a total cost of $8.96 billion.
- The firm produced record results in the Americas, Europe and Asia, and derived over one-half of its pre-tax earnings outside of the Americas.
- Investment Banking produced net revenues of $7.56 billion, 34% higher than the previous record set in 2006. The firm ranked first in worldwide announced mergers and acquisitions. [2]
- Fixed Income, Currency and Commodities (FICC) generated net revenues of $16.17 billion, 13% higher than the previous record set in 2006, reflecting strong performance in all major businesses.
- Equities produced net revenues of $11.30 billion, 33% above the previous record set in 2006.
- Principal Investments achieved net revenues of $3.76 billion, reflecting records in both corporate and real estate investing.
- Asset Management generated record net revenues of $4.49 billion, as assets under management increased $192 billion, or 28%, to $868 billion. Net inflows were $161 billion in 2007.
- Securities Services achieved record net revenues of $2.72 billion.

"The talent of our people and our focus on teamwork were at the core of our ability to support our clients while delivering strong returns for our shareholders," said Lloyd C. Blankfein, Chairman and Chief Executive Officer. "Inherent in our commitment to our clients is the need to help them execute their transactions in all market conditions and, as a result, we are ever mindful of the importance of effective risk management. Looking forward, we continue to see significant growth opportunities across the global economy."

Media Relations: Lucas van Praag 212-902-5400 | Investor Relations: Dane E. Holmes 212-902-3580

Net Revenues

Investment Banking

Full Year
Net revenues in Investment Banking were $7.56 billion for the year, 34% higher than 2006. Net revenues in Financial Advisory were $4.22 billion, 64% higher than 2006, primarily reflecting growth in industry-wide completed mergers and acquisitions. Net revenues in the firm's Underwriting business were $3.33 billion, 9% higher than 2006, due to higher net revenues in debt underwriting, primarily reflecting strength in leveraged finance during the first half of the year. Net revenues in equity underwriting were also strong, but essentially unchanged from 2006.

Fourth Quarter
Net revenues in Investment Banking were $1.97 billion, 47% higher than the fourth quarter of 2006 and 8% lower than a particularly strong third quarter of 2007. Net revenues in Financial Advisory were $1.24 billion, 98% higher than the fourth quarter of 2006, reflecting increased client activity. Net revenues in the firm's Underwriting business were $733 million, essentially unchanged from the fourth quarter of 2006. Net revenues in equity underwriting were higher, primarily reflecting an increase in initial public offerings. Results in debt underwriting were lower, primarily due to a decrease in leveraged finance and mortgage-related activity, reflecting challenging market conditions, partially offset by an increase in investment-grade activity.

The firm's investment banking transaction backlog decreased during the quarter, but was higher than at the end of 2006.[3]

Trading and Principal Investments

Full Year
Net revenues in Trading and Principal Investments were $31.23 billion for the year, 22% higher than 2006.

Net revenues in FICC were $16.17 billion for the year, 13% higher than 2006, reflecting significantly higher net revenues in currencies and interest rate products. In addition, net revenues in mortgages were higher despite a significant deterioration in the mortgage market throughout the year, while net revenues in credit products were strong, but slightly lower compared with the prior year. Credit products included substantial gains from equity investments, including a gain of approximately $900 million related to the disposition of Horizon Wind Energy L.L.C., as well as a loss of approximately $1 billion, net of hedges, related to non-investment-grade credit origination activities. Net revenues in commodities were also strong but lower compared with 2006. During 2007, FICC operated in an environment generally characterized by strong customer-driven activity and favorable market opportunities. However, during the year, the mortgage market experienced significant deterioration and, in the second half of the year, the broader credit markets were characterized by wider spreads and reduced levels of liquidity.

Net revenues in Equities were $11.30 billion for the year, 33% higher than 2006, reflecting significantly higher net revenues in both the firm's customer franchise businesses and principal strategies. The customer franchise businesses benefited from significantly higher commission volumes. During 2007, Equities operated in an environment characterized by strong customer-driven activity, generally higher equity prices and higher levels of volatility, particularly during the second half of the year.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SEGMENT NET REVENUES
(UNAUDITED)
$ in millions

	Year Ended		% Change From
	Nov. 30, 2007	Nov. 24, 2006	Nov. 24, 2006
Investment Banking			
Financial Advisory	$ 4,222	$ 2,580	64 %
Equity underwriting	1,382	1,365	1
Debt underwriting	1,951	1,684	16
Total Underwriting	3,333	3,049	9
Total Investment Banking	7,555	5,629	34
Trading and Principal Investments			
FICC	16,165	14,262	13
Equities trading	6,725	4,965	35
Equities commissions	4,579	3,518	30
Total Equities	11,304	8,483	33
SMFG	(129)	527	N.M.
ICBC	495	937	(47)
Other corporate and real estate gains and losses	2,914	949	207
Overrides	477	404	18
Total Principal Investments	3,757	2,817	33
Total Trading and Principal Investments	31,226	25,562	22
Asset Management and Securities Services			
Management and other fees	4,303	3,332	29
Incentive fees	187	962	(81)
Total Asset Management	4,490	4,294	5
Securities Services	2,716	2,180	25
Total Asset Management and Securities Services	7,206	6,474	11
Total net revenues	$ 45,987	$ 37,665	22

Securities Division

4Q07 Managing Director Meeting
January 10th, 2008

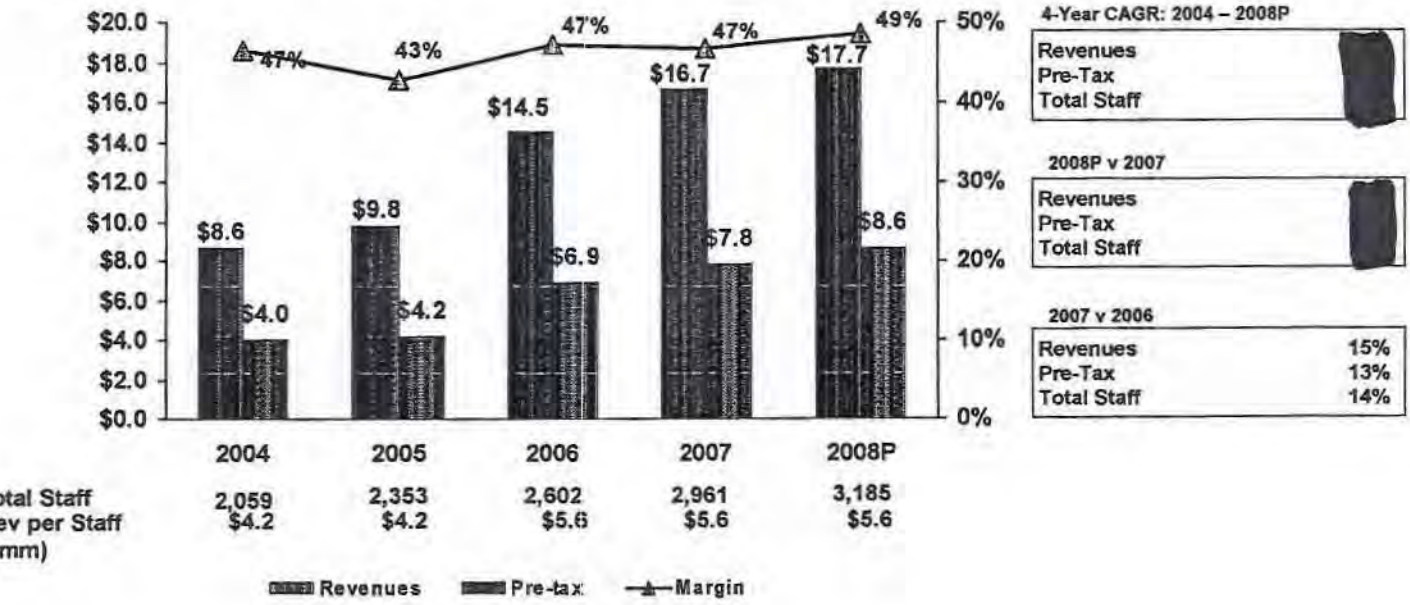
Private and Confidential: For Internal Use Only

= Redacted by the Permanent Subcommittee on Investigations

FICC Financial Highlights

2004-2008P, as internally reported

- 2007 record revenues of $16.7bn (+15% vs. 2006 / +24% vs. 2007 Original Plan) and record pre-tax profits of $7.8bn
- 2008P revenues of $17.7bn (+6% vs. 2007) and pre-tax profits of $8.6bn reflects +22% increase in Franchise offset by reduced Principal Trading revenues



4-Year CAGR: 2004 – 2008P

Revenues	[redacted]
Pre-Tax	
Total Staff	

2008P v 2007

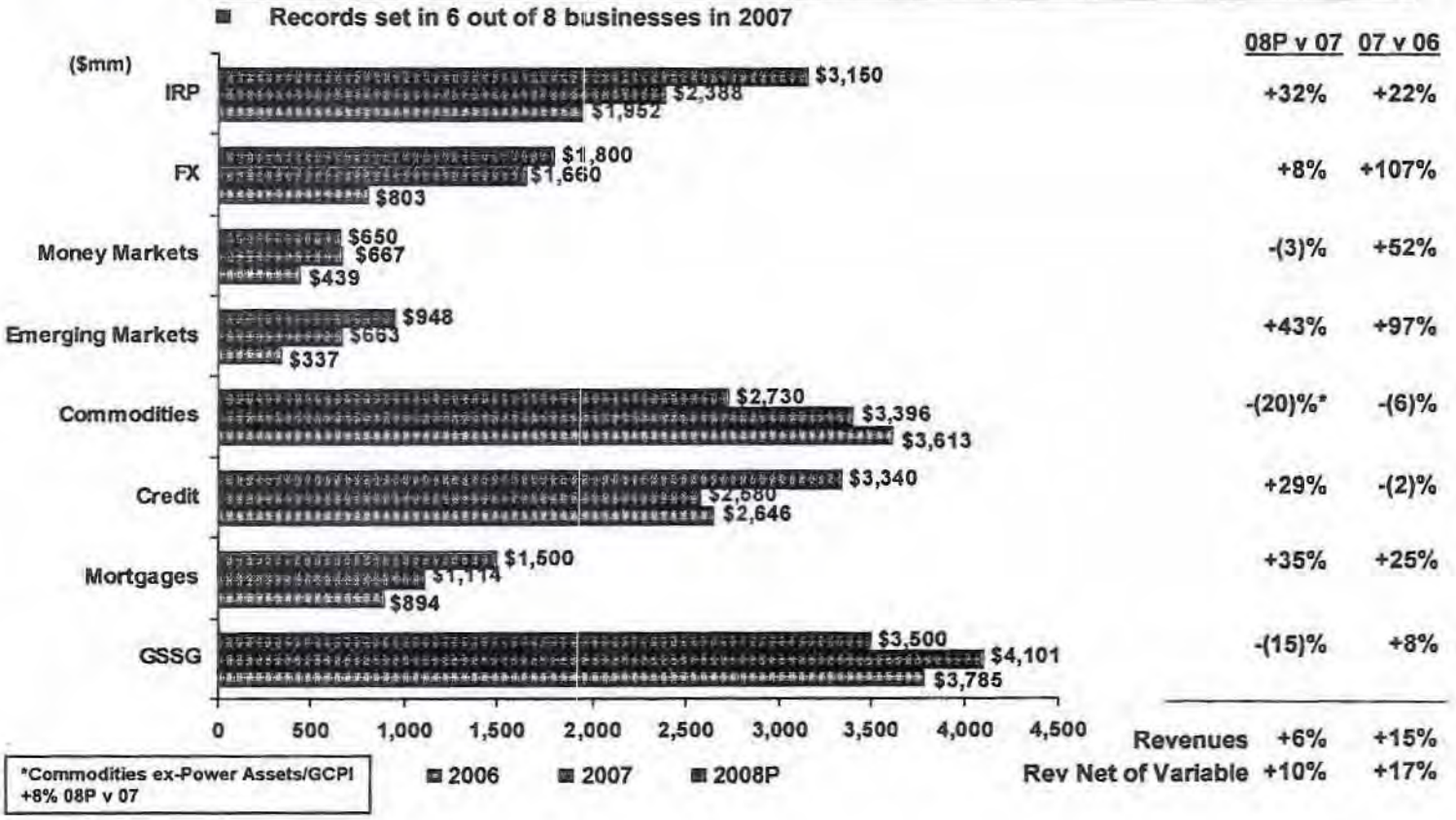
Revenues	[redacted]
Pre-Tax	
Total Staff	

2007 v 2006

Revenues	15%
Pre-Tax	13%
Total Staff	14%

FICC Business Overview

2006-2008P Revenues by Business Unit, as internally reported



Global Mortgages
Business Unit Townhall
Q4 2007

Firmwide Full Year Earnings

($ in Millions, Except Per Share Amounts)

	FY07	FY06	% Change
Net Revenues	45,987	37,685	22
Pre-Tax Earnings	17,604	14,560	21
Net Earnings	11,599	9,537	22
Diluted EPS	24.73	19.69	26
ROE	32.7%	32.8%	
ROTE	38.2%	39.8%	

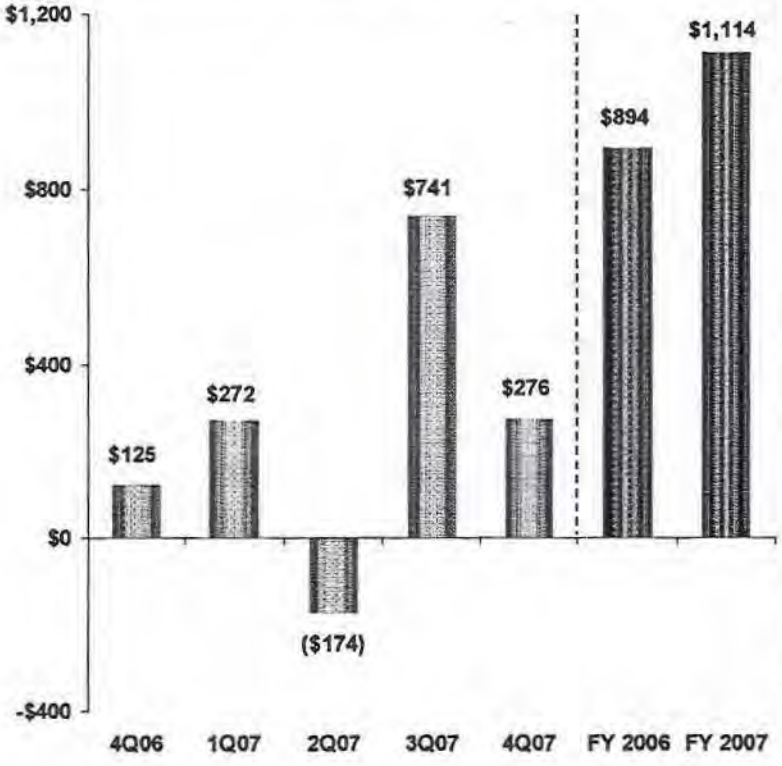
[redacted] = Redacted by the Permanent Subcommittee on Investigations

Q4 2007 Global Mortgages Revenues

(Quarterly Performance)

($ in mm)

Quarterly Revenues



Full Year Revenue Performance

Global Mortgages: ↑ 25% vs. FY 2007

Q407 Performance Drivers

SPG Trading:

- Strong results from capital structure positioning, with an overall short bias

CDO:

- Continued mark-downs on deteriorating performance

Residential Credit:

- Write-downs across Sub Prime and Alt-A, as a result of continued weakness in deal performance

Residential Prime:

- Result of mark-downs of retained positions; lack of investor appetite for RMBS

CRE Loan Trading:

[redacted]

ABS Loans & Finance:

[redacted]