

PRICING SUPPLEMENT

Magnolia Finance II plc

(incorporated as a public limited liability company in Ireland)

US\$5,000,000,000
Programme for the issue of
Limited Recourse Obligations

**Series 2005-6 : Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked
Notes due 2039**

**Series 2005-6 : Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked
Notes due 2039**

Magnolia Finance II plc (the **issuer** or **'Magnolia'**) will issue on 22 November 2005 (the **"Issue Date"**) pursuant to its US\$5,000,000,000 Programme for the issuance of Limited Recourse Obligations (the **"Programme"**) on the terms set out in the Programme Memorandum (as defined below) dated 14 July 2005, as amended and supplemented by this Pricing Supplement, Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the **"Class A Notes"**) and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the **"Class B Notes"**) (each, a **"Class"** or a **"Class of Notes"** and, together, the **"Notes"**).

Each Class of Notes references, and is credit-linked to, different parts of a capital structure of a static reference portfolio comprising primarily commercial mortgage backed securities with an aggregate notional amount of USD 3,411,228,472 (the **"Reference Portfolio"**). Each of the Class A Notes is rated Aaa by Moody's Investors Service Limited or any successor to its credit ratings business (**"Moody's"**) and AAA by Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc. or any successor to its credit ratings business (**"S&P"**) and each of the Class B Notes is rated Aaa by Moody's. The Reference Portfolio is set out in the Annex to the section of this Pricing Supplement entitled *"Form of Confirmations of Credit Swap Transactions"*. The Notes constitute secured, limited recourse obligations of the Issuer. Payments in respect of the Notes are made solely from the assets securing such Notes (the **"Mortgaged Property"**) in accordance with the terms and conditions applicable to the Notes.

The Notes will be constituted by a constituting instrument dated the Issue Date between, *inter alios*, the Issuer, Credit Suisse, Cayman Islands Branch (the **"Counterparty"**) and HSBC Trustee (C.I.) Limited (the **"Trustee"**) (the **"Constituting Instrument"**) which incorporates, amends and supplements the Master Trust Terms set out in the Programme Memorandum, as amended and supplemented by the terms of this Pricing Supplement.

Neither any of the Notes nor any Global Receipts have been or will be registered under the U.S Securities Act of 1933, as amended (the **'Securities Act'**) or any securities law of any state of the United States and the Issuer is not, nor will it be, registered under the United States Investment Company Act of 1940, as amended (the **"1940 Act"**). The Notes and the Global Receipts may only be offered, sold or otherwise transferred (i) outside the United States in compliance with Regulation S under the Securities Act (the **"Regulation S Notes"**) and (ii) within the United States to qualified institutional buyers (**"QIBs"**) (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act who are also qualified purchasers (**"Qualified Purchasers"**) for the purposes of Section 3(c)(7) of the 1940 Act (the **"Rule 144A Notes"**). Each purchaser of any Notes or interests in the Global Receipts offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements as set out herein and in the section of the Programme Memorandum entitled *"Subscription and Sale"*.

Investing in the Notes involves certain risks. See the section of this Pricing Supplement entitled *"Risk Factors"* beginning on page 8 of this Pricing Supplement.

Application will be made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the Pricing Supplement to be approved. Application will be made to the Irish Stock Exchange Limited (the **'Irish Stock Exchange'**) to admit the Notes to the Official List of the Irish Stock Exchange and for the admission of the Notes to trading on its regulated market. There can be no assurance that any such listing will be obtained or maintained. This document constitutes a prospectus (the **"Prospectus"**) for the purposes of Article 5 of Directive 2003/71/EC (the **"Prospectus Directive"**).

Credit Suisse First Boston International

This Pricing Supplement is dated 22 December 2005.

Regulation S Notes of each Class will be issued in bearer form and each Class of Regulation S Notes will be represented by a permanent global note (each, a **“Regulation S Global Note”** and together, the **“Regulation S Global Notes”**). The Regulation S Global Notes will be deposited with HSBC Bank USA, National Association (the **“Global Note Custodian”**) on the Issue Date in accordance with the terms of a deposit and custody agreement dated the Issue Date among, *inter alios*, the Issuer, the Trustee, the Global Note Custodian and HSBC Bank USA, National Association as depository (the **“Depository”**) (the **“Deposit and Custody Agreement”**). Upon deposit of each Regulation S Global Note with the Global Note Custodian, the Depository will issue a global receipt representing beneficial interests in such Regulation S Global Note (each, a **“Regulation S Global Receipt”** and together, the **“Regulation S Global Receipts”**) in fully registered form, without interest coupons or principal receipts attached, which will be deposited with The Depository Trust Company (**“DTC”**) and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Receipts will be made eligible for trading through Euroclear Bank S.A./N.V., as operator of the Euroclear System (**“Euroclear”**) and Clearstream Banking, *société anonyme* (**“Clearstream, Luxembourg”**), in their capacities as DTC participants. Neither U.S. persons (as defined in Regulation S of the Securities Act) nor U.S. residents (as determined for purposes of the Investment Company Act) may hold an interest in a Regulation S Global Receipt representing beneficial interests in a Regulation S Global Note at any time.

Rule 144A Notes of each Class will be issued in bearer form and each Class of Rule 144A Notes will be represented by a permanent global note (each, a **“Rule 144A Global Note”** and together, the **“Rule 144A Global Notes”**). The Rule 144A Global Notes will be deposited with the Global Note Custodian on the Issue Date in accordance with the terms of the Deposit and Custody Agreement. Upon deposit of each Rule 144A Global Note with the Global Note Custodian, the Depository will issue a global receipt representing beneficial interests in such Rule 144A Global Note (each, a **“Rule 144A Global Receipt”** and together, the **“Rule 144A Global Receipts”**) in fully registered form, without interest coupons or principal receipts attached, which will be deposited with DTC and registered in the name of Cede & Co., as nominee for DTC.

Ownership interests in the Regulation S Global Receipts and the Rule 144A Global Receipts (together, the **“Global Receipts”**) will be shown on, and transfers thereof will only be effected through, records maintained by DTC and its participants including (where applicable) Euroclear and Clearstream, Luxembourg. The Global Receipts will not be listed separately from the Notes on any stock exchange. Except in certain limited circumstances described in the Programme Memorandum, Notes in definitive registered form will not be issued in exchange for the Regulation S Global Notes and the Rule 144A Global Notes (together, the **“Global Notes”**).

On the Issue Date, the Issuer will enter into a credit default swap transaction in respect of the Class A Notes and a credit default swap transaction in respect of the Class B Notes (together, the **“Credit Swap Transactions”**) with the Counterparty in accordance with the Master Charged Agreement Terms (August 2005 Edition - 1992 Master version) (Reference MCATAug2005v1) (the **“Master Charged Agreement Terms”**), as amended and supplemented by the Constituting Instrument and the confirmations evidencing such Credit Swap Transactions dated as of the Issue Date. Following the occurrence of a Credit Event (as defined herein) and the satisfaction of the Conditions to Settlement (as defined herein), the Issuer shall, provided that the Aggregate Principal Loss Amount (as defined herein) exceeds the Subordination Amount (as defined herein) applicable to a Class of Notes either be required to pay a Cash Settlement Amount (as defined herein) to the Counterparty or be required to pay a Physical Settlement Amount (as defined herein) to the Counterparty in return for which the Counterparty will deliver Deliverable Obligations (as defined herein) to the Issuer in accordance with the terms of the relevant Credit Swap Transaction. The Outstanding Principal Amount (as defined herein) of each Class of Notes will be reduced by an amount equal to the Cash Settlement Amount relating to such Class of Notes without any repayment to the Noteholders (as defined below). If Deliverable Obligations are

delivered to the Issuer, the Outstanding Principal Amount in respect of each Class of Notes shall be reduced by an amount equal to the Physical Settlement Amount relating to such Class of Notes and Noteholders shall be entitled to receive all distributions paid in respect of the Deliverable Obligations.

On the Issue Date, the Issuer will procure that the net proceeds of the issuance of the Notes will be paid into the Cash Account (as defined herein) of the Issuer, pending investment in Eligible Collateral Assets (as defined herein) pursuant to the Master Custody Terms (August 2005 Edition) (Reference MCTAug2005v1), as amended and supplemented by the Constituting Instrument.

Each Note will bear interest on its Outstanding Principal Amount in accordance with the terms and conditions relating to interest payments applicable to the Notes, as more fully described in the section of this Pricing Supplement entitled "*Terms and Conditions*". Interest will be payable monthly in arrears, commencing on 25 December 2005 (each, an "**Interest Payment Date**").

Each Class of Notes ranks *pari passu* and rateably without any preference or priority among themselves (or, for the avoidance of doubt, the other Class(es) of Notes) for all purposes, save as expressly mentioned in item 10 of the Conditions set out below.

Repayments of principal in respect of the Notes will be made to the holders of the Notes (the "**Noteholders**") on the Scheduled Maturity Date, except as provided in the master terms and conditions applicable to all Notes issued under the Programme, as set out in the Programme Memorandum (as defined below) (the "**Master Conditions**"), as amended and supplemented by terms of this Pricing Supplement. If the net proceeds of the enforcement of the Mortgaged Property in respect of the Notes are not sufficient to satisfy in full all payments due at any time in respect of the Notes and, if applicable, due to the Counterparty (as defined below) in respect of the Credit Swap Transactions and the Rate Swap Transaction (as defined below), no other assets of the Issuer (including, for the avoidance of doubt, the Mortgaged Property) will be available to meet such shortfall and the claims of the Noteholders will be extinguished.

The Notes will be rated by S&P and Moody's. It is expected that on the Issue Date the Class A Notes will be rated AAA by S&P and Aaa by Moody's and the Class B Notes will be rated Aaa by Moody's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

This Pricing Supplement incorporates by reference the contents of the programme memorandum (the "**Programme Memorandum**") dated 14 July 2005 relating to Magnolia Finance II plc and constitutes a prospectus for the purposes of the Prospective Directive and Article 25(1) of Commission Regulation No 809/2004 of 29 April 2004. This Pricing Supplement is supplemental to, and should be read in conjunction with, the Programme Memorandum and the Programme described therein. Save as provided below, the Issuer has taken all reasonable care to ensure that the information contained in this Pricing Supplement is true and accurate in all material respects and that in the context of the issue of the Notes and the Global Receipts, there are no other material facts which would make misleading any statement herein or in the Programme Memorandum.

The Issuer accepts responsibility for the information contained in this Pricing Supplement (save for the section entitled: "Information Relating to Counterparty") and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Pricing Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Pricing Supplement at any time does not imply that any information contained herein is correct at any time subsequent to the date thereof.

The Notes are issued on the terms set out in this Pricing Supplement read together with the Programme Memorandum.

This Pricing Supplement does not constitute an offer of the Notes or Global Receipts and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or Global Receipts or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The Notes and the Global Receipts are subject to restrictions on transferability and resale and may not be transferred or resold except as set out in the section of this Pricing Supplement entitled "*Subscription and Sale*".

INFORMATION AS TO PLACEMENT WITHIN THE UNITED STATES

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE CONDITIONS OF THE NOTES AND THE GLOBAL RECEIPTS AND THE OFFERING THEREOF DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE NOTES NOR THE GLOBAL RECEIPTS HAVE BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Notes and Global Receipts, the Issuer will be required to furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained by any person during usual business hours free of charge at the office of the Trustee.

Notwithstanding anything in this Pricing Supplement to the contrary, each investor in the Notes or Global Receipts (and any employee, representative, or other agent of any investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and the U.S. federal tax structure of the transactions contemplated by this Pricing Supplement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal tax treatment and U.S. federal tax structure.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES 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 CHAPTER 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.

FORWARD-LOOKING STATEMENTS

This Pricing Supplement contains forward-looking statements, which can be identified by words like “expect”, “anticipate”, “could” and “intend” and by similar expressions. Prospective investors should not place reliance on forward-looking statements. Actual results could differ materially from those referred to in forward-looking statements for many reasons, including the risks described in “Risk Factors”. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialise or will vary significantly from actual results. Variations between assumptions and results may be material.

Without limiting the foregoing, the inclusion of forward-looking statements by the Issuer, the Arranger or the Counterparty or any of their respective affiliates or any other person of the results that will actually be achieved by the Notes. None of the foregoing person has any obligation to update or otherwise revise any forward-looking statements, including revisions to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise.

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INVESTOR SUITABILITY

THE PURCHASE OF, OR INVESTMENT IN, CREDIT LINKED NOTES INVOLVES SUBSTANTIAL RISKS. EACH PROSPECTIVE INVESTOR IN THE NOTES SHOULD BE FAMILIAR WITH INSTRUMENTS HAVING CHARACTERISTICS SIMILAR TO SUCH NOTES AND SHOULD FULLY UNDERSTAND THE TERMS OF SUCH NOTES AND THE NATURE AND EXTENT OF HIS EXPOSURE TO RISK OF LOSS.

Before making an investment decision, prospective purchasers of, or investors in, the Notes should conduct such independent investigation and analysis regarding the Issuer, the Notes, each of the Reference Obligations (as defined herein), each obligor in relation to the Charged Assets securing such Notes (including the Custodian), the Counterparty under the Charged Agreements and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in such Notes. As part of such independent investigation and analysis, prospective purchasers of, or investors in, the Notes should consider carefully all the information set out in this Pricing Supplement and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Pricing Supplement and the merits and risks of an investment in the Notes in the context of the investor's own financial, tax and regulatory circumstances and investment objectives.

In particular, investment in the Notes is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in such Notes for the period up until the maturity date of such Notes;
- (2) are acquiring an interest in such Notes for their own account for investment purposes, and not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (3) recognise that it may not be possible to make any transfer of Notes for a substantial period of time, if at all.

The "Risk Factors" section of this Pricing Supplement contains a summary of the main risk factors involved in an investment in the Notes and your particular attention is drawn to that section.

Credit Suisse First Boston International, as Arranger of the issue of the Notes may, in its discretion, refuse to issue or sell any Notes to any prospective investor even though that investor considers that it satisfies the foregoing suitability standards.

Further, each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its original investment.

RISK FACTORS

*The Notes are risky investments. The return on the Notes is linked to the credit of a portfolio of Reference Obligations and you may lose some or all of the amount you invest in the Notes. Investing in the Notes is **not** equivalent to investing directly in a portfolio of the obligations of the Reference Entities. The Mortgaged Property securing the Notes will be the only assets available*

*to pay sums due on the Notes. You cannot claim against any other assets of Magnolia or against anyone else if these default or their value is insufficient to pay you your principal and interest in full, after the prior claims of the Trustee and the Counterparty. An investment in the Notes carries potentially substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. This section describes the most significant risks relating to the Notes. **We urge you to read and consider the following information about these risks, together with the other information in this Pricing Supplement, before investing in the Notes.***

Noteholders may lose some or all of the amount that they invest in the Notes.

If the Counterparty determines that a Credit Event has occurred with respect to any Reference Obligations under the relevant Credit Swap Transaction it has with Magnolia in respect of the Notes, the amount of principal you are entitled to be paid on redemption of the Notes will be reduced by an amount equal to any Cash Settlement Amount or Physical Settlement Amount Magnolia is required to pay to the Counterparty under the relevant Credit Swap Transaction in respect of each Reference Obligation in relation to which that determination of a Credit Event having occurred is made (although, where Physical Settlement applies, you will be entitled to any distributions of principal or interest on the Deliverable Obligations delivered by the Counterparty to Magnolia (under the Credit Swap Confirmation relating to your Class of Notes) in return for the Physical Settlement Amount, until such time as such Deliverable Obligations are sold and reinvested in further securities which will become additional Charged Assets for the Notes). Investors should be aware that each Class of Notes has a different Subordination Amount. Therefore, even though a “cushion” is provided by the Subordination Amount to absorb losses as a result of Credit Events in relation to the Reference Obligations, this cushion may well be used up and exceeded by the aggregate losses and the redemption amount of your Class of Notes may therefore be substantially less than the nominal amount of such Class of Notes and could very well be zero. Any reduction in the principal amount of the Notes will affect the amount of interest you are entitled to receive, as the interest will be calculated on such principal amount as reduced from time to time (although, where Physical Settlement applies, you will be entitled to any distributions of principal or interest on the Deliverable Obligations delivered by the Counterparty to Magnolia (under the Credit Swap Confirmation relating to your Class of Notes) in return for the Physical Settlement Amount, until such time as such Deliverable Obligations are sold and reinvested in further securities which will become additional Charged Assets for the Notes). You may also have principal or interest payments suspended if at the time they fall due a Credit Event has occurred under the relevant Credit Swap Transaction but the related Cash Settlement Amount payable by Magnolia as a result to the Counterparty has not been determined. You will not be compensated for any suspension in payment of principal or interest and the suspension could continue for a considerable period of time. There is no “principal protection,” “guaranteed interest” or limit on the amount of the reduction that may be made to the principal amount of your Notes. Accordingly, you will be exposed to each Reference Obligation to the full extent of your investment in such Notes.

The Subordination Amount for Class A is greater than the Subordination Amount for Class B and therefore, to that extent, the Class A Notes are senior to the Class B Notes.

The Counterparty has sole discretion to determine that a Credit Event has occurred.

The Counterparty has sole discretion to determine whether and when a Credit Event has occurred with respect to a Reference Obligation. You may disagree with the Counterparty’s determination that a Credit Event has occurred with respect to any Reference Obligation, but you will nevertheless be bound by such determination under the terms of the Notes.

Certain Credit Events may make an investment in the Notes riskier than a direct investment in a portfolio of the obligations of the Reference Entities.

You will not have rights equivalent to those of a direct holder of obligations of the Reference Entities. For example, if a restructuring occurs with respect to a Reference Entity, a Noteholder, unlike a direct holder of that Reference Entity's obligations, will have no right to challenge or participate in any element of the restructuring. Consequently, an investment in the Notes may be riskier than a direct investment in the obligations of the Reference Entities.

A Credit Event may occur even if the obligations of a Reference Entity are technically unenforceable or if performance is prevented by applicable law or exchange controls.

There may be situations in which a Reference Entity has a legal defence against claims for non-performance of its obligations – for example, because of an error in the way the obligations have been worded, or because of the imposition of exchange controls. In such a case, the Reference Entity could use the legal defence to buy time in which to reach a settlement with its creditors and, possibly, avoid acceleration of its obligations. The Counterparty could, however, disregard the legal defence and declare a Credit Event immediately. This is another way in which an investment in the Notes may be riskier than a direct investment in the obligations of the Reference Entities.

Leverage

Each Credit Swap Transaction represents leveraged exposure to the Reference Obligations. Accordingly, the Notes may be more volatile than many other securities investments. In particular, such leveraged exposure may, in certain circumstances, result in significant increases or decreases in the value of the portfolio of Reference Obligations to which each Credit Swap Transaction is referenced upon the occurrence of Credit Events, if interest rates change or if credit spreads change from the time each Credit Swap Transaction is entered into. Accordingly, leverage offers the potential for increased profits, but entails a higher degree of risk.

You will be exposed to the risk of default in relation to the Charged Assets and any Deliverable Obligations securing the Notes.

The Notes are secured on a specified pool of Charged Assets and other specified Mortgaged Property, including any Deliverable Obligations delivered by the Counterparty to Magnolia. Therefore you are exposed to the credit risk of the obligors of such Charged Assets and of the Deliverable Obligations (which include the Custodian to the extent that such Charged Assets include cash in the Cash Account) and the issuers of any Eligible Collateral Assets selected for inclusion in such Charged Assets. Each Class of Notes ranks *pari passu* and rateably without any preference or priority among themselves and the other Class(es) of Notes for all purposes and accordingly are equally exposed to credit risk in relation to the Charged Assets, provided that, as regards any Deliverable Obligations comprising the Mortgaged Property, the holders of each Class will have recourse only to the proportion of Deliverable Obligations delivered with respect to their Class or, until the proceeds of realisation (if any) of Deliverable Obligations are applied towards acquiring further Charged Assets, the portion of such realisation proceeds applicable to the Deliverable Obligations delivered with respect to their Class.

Your recourse for payment of principal and interest on the Notes is limited to the proceeds of realisation of the Charged Assets and other Mortgaged Property and your claims are subordinate to those of the Trustee for its expenses and remuneration and those of the Counterparty under the Charged Agreements.

If the security in respect of the Notes becomes enforceable, the Charged Assets and other Mortgaged Property securing the Notes will be sold or realised. Not only will there be a substantial delay involved but also your claims under such Notes will only be payable out of those proceeds of realisation once received after the expenses and remuneration of the Trustee have been satisfied and any amounts payable to the Counterparty under the Charged Agreements

(which will include any early termination payment which the Counterparty is entitled to be paid on termination of such Charged Agreements) have been paid in full. You may therefore not receive all the principal or interest you are due on your Notes but you cannot make any claim against Magnolia or any of its other assets or against any other person to recover any shortfall. You may therefore suffer a significant loss. See also the proviso at the end of the immediately preceding section of these Risk Factors.

Neither CSFBi nor any of its affiliates will make any market in the Notes. The Notes are also subject to transfer and selling restrictions.

In the opinion of the Arranger, you should be willing and able, in the light of your circumstances and financial resources, to hold your Notes until maturity. Neither Credit Suisse First Boston International (“**CSFBi**”) nor any of its affiliates will make a market in any Notes or offer to buy or be required (or likely) to buy them back. Other dealers may make a secondary market for any Notes but, if such a secondary market develops, there can be no assurance in the opinion of the Arranger that it will continue or that it will be sufficiently liquid to allow you to resell your Notes. Therefore, in the opinion of the Arranger, if you need to sell your Notes prior to maturity, you may have to do so at a substantial discount from the initial price at which you purchased such Notes, and as a result you may suffer substantial losses.

The value of the Notes may move up or down between the date you purchase such Notes and the date of maturity. Therefore, in the event that you are able to sell your Notes in the secondary market during that time, you may sustain a significant loss. Factors that may influence the value of your Notes include:

- ? the creditworthiness of each of the Reference Entities;
- ? the value of the Charged Assets and the creditworthiness of the obligors of such Charged Assets (which will include the Custodian to the extent such Charged Assets comprise cash in the Cash Account and the issuers of any Eligible Collateral Assets (and of any bonds or other assets securing any Eligible Collateral Assets));
- ? economic, financial, political and regulatory or judicial events that affect financial markets generally;
- ? interest, foreign exchange and yield rates in the market;
- ? the time remaining to the maturity of your Notes; and
- ? the creditworthiness of Magnolia, the Counterparty (as Counterparty under the Charged Agreements), the Custodian, the Principal Paying Agent and the Paying Agent.

Trading and other transactions by the Counterparty or its affiliates in the Reference Obligations or any Charged Assets or Deliverable Obligations may adversely affect the value of your Notes.

The Counterparty or one or more of its affiliates may hedge its obligations under any Credit Swap Transaction with Magnolia by entering into credit default swaps with respect to some or all obligors of the Charged Assets, purchasing securities of the obligors of the Charged Assets or Reference Obligations or Deliverable Obligations or options on the obligors of the Charged Assets’ securities or Reference Obligations or Deliverable Obligations or executing other derivative instruments with returns linked to or related to changes in the value of such securities. These hedges may be adjusted by, among other things, executing or terminating credit default swaps, or purchasing or selling debt securities, options or other derivative instruments at any time and from time to time. Although they are not expected to, any of these hedging activities may adversely affect the price of any obligors of the Charged Assets’ outstanding obligations or Reference Obligations or Deliverable Obligations and, therefore indirectly, the value of your

Notes. It is possible that the Counterparty or one or more of its affiliates could receive substantial returns from these hedging activities while the value of your Notes may decline.

Further, CSFBI or one or more of its affiliates may also engage in trading in any debt securities of the obligors of the Charged Assets and other investments relating to any obligors of the Charged Assets' debt securities or Reference Obligations or Deliverable Obligations on a regular basis as part of its general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the price of any obligors of the Charged Assets' outstanding obligations or the Reference Obligations or Deliverable Obligations and, therefore, the value of your Notes. CSFBI or one or more of its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of any obligors of the Charged Assets' debt securities or the Reference Obligations or Deliverable Obligations. By introducing competing products into the marketplace in this manner, CSFBI or one or more of its affiliates could adversely affect the value of your Notes.

CSFBI's business activities may create conflicts of interest between it and you.

CSFBI and one or more of its affiliates may, at present or in the future, engage in business with any of the obligors of any Charged Assets, including making loans to or equity investments in a Reference Entity or an obligor of such Charged Assets and its competitors or providing them either with investment banking, asset management or other advisory services, including merger and acquisition advisory services. These activities may present a conflict between its, or its affiliates', obligations and your interests as a Noteholder. Moreover, CSFBI or one or more of its affiliates may have published, and may in the future publish, research reports on any Reference Entity or an obligor of any Charged Assets. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the price of the Notes in the secondary market and, therefore, the value of your Notes.

It is possible that, in the course of these activities, CSFBI or its affiliates may be instrumental in events related to a Credit Event in relation to a Reference Obligation.

CSFBI and its affiliates have no affiliation with any of the Reference Entities or any obligor of any Charged Assets and are not responsible for any Reference Entity's public disclosure of information or the public disclosure of information by any obligor of a Charged Asset.

CSFBI and its affiliates are not affiliated with any of the Reference Entities or obligors of any Charged Assets and have no ability to control or predict its actions, the public disclosure of its corporate actions or any other events or circumstances affecting any Reference Entity or obligor of any Charged Assets.

None of the Reference Entities or obligors of any Charged Assets are involved in the offer of the Notes in any way and no Reference Entity or obligor of any Charged Assets has any obligation to consider your interests as a Noteholder in taking any corporate actions that might affect the value of your Notes. Any Reference Entity or obligor of any Charged Assets may, and is entitled to, take actions that will adversely affect the value of your Notes.

Please note that the money you pay for your Notes is paid to Magnolia and not to any Reference Entity or obligor of the Charged Assets.

CSFBI can postpone the Maturity Date or suspend the payment of interest or principal if a Credit Event or Potential Credit Event occurs.

If the Counterparty determines under the Credit Swap Transactions with Magnolia that, prior to the stated maturity date a Credit Event has occurred, such stated maturity date of the Notes will be postponed by the number of days necessary for the Counterparty to calculate the Cash Settlement Amount payable to it by Magnolia and any consequential reduction in principal amount of the Notes.

Credit Suisse First Boston International in its capacity as determination agent (the “**Determination Agent**”), may suspend payment of all or part of your principal or interest due in certain circumstances. You will not be compensated for any delay in payment.

You have no rights in the obligations of each Reference Entity or any Charged Assets.

As an owner of Notes, you will not have special voting rights or rights to receive distributions or any other rights that holders of obligations of any Reference Entity or of any obligor of the Charged Assets may have.

You, as an investor in the Notes, should make your own investigation into each Reference Entity and each obligor of the Charged Assets.

This Pricing Supplement is not intended to and does not provide any financial or other information with respect to any Reference Entity or any obligor of any of the Charged Assets, or any financial or other risks relating to the business or operations of any Reference Entity or obligor of any of the Charged Assets in general, or to the obligations of any Reference Entity or obligor of any of the Charged Assets in particular.

Neither Magnolia nor CSFBI nor any of their respective affiliates assumes any responsibility for the adequacy or accuracy of any information about any Reference Entity or obligor of any of the Charged Assets contained in any of the Reference Entity’s or obligors of any Charged Assets’ publicly available filings.

Call Event

The Notes are callable at the option of Magnolia (upon the instruction of the Counterparty under the relevant Credit Swap Transaction) on each Interest Payment Date in the period commencing on, and including, the Interest Payment Date falling in November 2007 to, and including, the Interest Payment Date falling in March 2039. No premium will be payable in respect of such early call.

You may suffer a loss if there is an early redemption of the Notes.

There are certain events of default and other mandatory events which may result in an early redemption of the Notes. In summary these are:

Notes Events of Default:

Default by Magnolia for fourteen days or more in making a payment due on the Notes;

Failure by Magnolia to perform or observe any other obligation in relation to the Notes within 30 days (or longer if the Trustee permits) after notice of failure is given by the Trustee to Magnolia; or

Certain bankruptcy and insolvency events.

These events will only trigger an early redemption if the Trustee exercises its discretion to redeem the Notes due or is told to do so by at least 20 per cent in principal amount of the Notes held by Noteholders in respect of the Notes or by an Extraordinary Resolution of Noteholders in respect of the Notes.

Notes Mandatory Redemption Events:

If the Charged Assets (i.e., cash in the Cash Account or the Eligible Collateral Assets from time to time) become due for repayment early by reason of an event of default or there is a payment default on any of them;

If Magnolia's obligations under the Notes become unenforceable or illegal;

If Magnolia would suffer certain tax events in relation to its income or a withholding on income such that it could not satisfy in full its payment obligations in relation to the Notes; or

If any Charged Agreement is terminated early for any reason (unless as a result of another mandatory redemption event applying).

In each of these cases the Charged Assets will be realised and the proceeds of sale, plus any amount payable to Magnolia on termination of the Charged Agreements **or minus** any amount payable by Magnolia on termination of the Charged Agreements will be applied to repay the Notes. In a case where the Trustee incurs enforcement expenses, those expenses and its unpaid remuneration will rank in priority to the claims of the holders of the Notes and if the Counterparty under the Charged Agreements is due to be paid an amount by Magnolia on early termination of the Charged Agreements the Counterparty will (other than in certain circumstances as more particularly described herein) rank in priority to the Noteholders for that amount. Because the Noteholders cannot claim against Magnolia or any of its assets (except for the assets securing the Notes) if they suffer a loss as a result – i.e., there is not enough left after prior claims have been paid out of the proceeds of realisation of the security - they will have **no** claim against or recourse to Magnolia **or anyone else** for that loss and any claim they might otherwise have had will be extinguished.

No provision of information in relation to the Reference Obligations or any Obligor of any Charged Assets

Neither Magnolia nor CSFBi nor any of their respective affiliates (i) has provided or will provide prospective investors with any information or advice with respect to any Reference Obligation, any Eligible Collateral Assets or their obligor(s) or itself or the Custodian or (ii) makes any representation as to the credit quality of any Reference Obligation, the Eligible Collateral Assets or itself or their obligor(s) or the Custodian. Further, Magnolia and any of CSFBi, the Counterparty or any of their respective affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to any Reference Obligation or the Eligible Collateral Assets or their obligor(s) or the Custodian which will not be disclosed to you.

You will assume all Taxation Risk if you buy any Notes

You are solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to you in respect of the Notes. Magnolia will not pay any additional amounts to you to reimburse you for any tax, assessment or charge required to be withheld or deducted from payments in respect of your Notes. Your Notes may redeem early if certain tax events occur and you may suffer a significant loss as a result.

Legality of Purchase

None of Magnolia, CSFBi, the Counterparty or their respective affiliates or any other person has any responsibility for the lawfulness of your prospective acquisition of any Notes under any laws of any jurisdiction or country or the compliance by you with any law, regulation or regulatory policy applicable to you. A prospective purchaser of any Notes may not rely on Magnolia, CSFBi or any of its affiliates in connection with its determination as to the legality of its acquisition of such Notes or as to the other matters referred to above.

The Counterparty under each Charged Agreement as arm's-length contractual counterparty

The Counterparty under each Charged Agreement is merely an arm's-length contractual counterparty to Magnolia and is not its financial adviser or fiduciary and owes no obligations to you. The Counterparty may transfer its rights and obligations under each Charged Agreement in certain circumstances to another entity.

Withholding Tax Risk and Limited Availability of Definitive Notes

Holders of beneficial interests in Notes should be aware that, under current Irish tax law, upon the issuance to such holders of Definitive Notes, payments of interest to such holders of Definitive Notes in registered (and not bearer) form, will become subject to Irish withholding tax (currently at the rate of 20 per cent.) to be withheld on any payments of interest on the Notes. However, if a holder of Definitive Notes is a person who is resident for tax purposes (as a matter of the relevant foreign law) in an EU Member State (excluding Ireland) or a country with which Ireland has entered into a double tax treaty, then payments of interest on the Definitive Notes may be made without withholding tax unless the recipient is a company that carries on a trade or business in Ireland through a branch or agency and receives the interest in connection with such trade or business. The Issuer may require holders of Definitive Notes to provide evidence of their status in order to avail of this exemption from Irish interest withholding tax in respect of payments of interest on the Definitive Notes. The Issuer is not obligated to pay any additional amounts to compensate holders for any withholding taxes.

As a result of the foregoing, the Issuer will not make Definitive Notes available to holders other than in limited circumstances described in the Programme Memorandum. Those circumstances do not include where the transferee of an interest in any Global Note is required by law to take physical delivery of securities in definitive form or where the transferee is unable to pledge its interest in such Global Note other than by taking physical delivery of securities in definitive form.

Not a Bank Deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Irish Financial Services Regulatory Authority. The Issuer is not regulated by the Irish Financial Services Regulatory Authority by virtue of the issue of the Notes.

Irish Insolvency Proceedings – Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act, 1990, as amended (the "**1990 Act**") to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the

appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme or arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- (a) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured by the Trust Deed;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security of the incurring of borrowings by the Issuer to enable the examiner to borrower to fund the Issuer during the protection period; and

in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Secured Creditors under the Notes or the Transaction Documents.

Preferred Creditors under Irish law and Floating Charges

Under Irish law, the claims of a limited category of preferential creditors will take priority over the claims of unsecured creditors and floating security in the event of the appointment of a liquidator or a receiver to an Irish company such as Magnolia. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of value added tax, together with accrued interest thereon.

In addition, there is a further limited category of super preferential creditors which takes priority, not only over unsecured creditors and floating security, but also over fixed security. These super preferential claims include the remuneration, costs and expenses properly incurred by an examiner appointed to a company which has been approved by the Irish courts and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to Magnolia in relation to any Charged Assets or other Mortgaged Property, any charge constituted by or pursuant to the Constituting Instrument may operate as a floating charge rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

- (1) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (2) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (3) they rank after certain insolvency remuneration expenses and liabilities;
- (4) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (5) they rank after fixed charges.

If the security for the Notes were characterised as a floating charge those preferred claims would further reduce the amount available to the Noteholders to repay principal and interest on such Notes on an enforcement of the security.

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, credit ratings 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.

Investment Company Act

The Issuer has not been and will not be registered with the United States Securities and Exchange Commission (the "**SEC**") as an investment company pursuant to the Investment Company Act. Section 3(c)(7) of the Investment Company Act ("**Section 3(c)(7)**") provides an exemption for investment companies organised under the laws of a jurisdiction other than the United States or any state thereof (a) whose investors resident in the United States are solely Qualified Purchasers or companies owned exclusively by "knowledgeable employees" (within the meaning given to such term in the Investment Company Act and the regulations of the SEC thereunder) or certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (b) which does not make a public offering of their securities in the United States.

Asset-Backed Securities

The Reference Portfolio will consist primarily of asset-backed securities secured by commercial mortgages (“**CMBS Securities**”), which are subject to a variety of risks that may adversely affect creditworthiness and/or performance of the Issuer that could adversely affect demand for the Notes generally. Each prospective investor must make its own independent determination of the value and credit quality of the Reference Portfolio. The structure of a CMBS Security and the terms of the investors’ interest in the underlying assets can vary widely depending on the type of underlying assets, the desires of investors and the use of credit enhancements. Although the basic elements of all CMBS Securities are similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding the securities include the relative seniority or subordination of the class of CMBS Securities held by the investor, the process by which principal and interest payments are allocated to investors, how credit losses affect the issuing vehicle and the return to investors, the use of leverage in the applicable structure, whether the underlying assets represent a static or revolving pool, whether the underlying assets are revolving or closed-end, under what terms any remaining balance of the assets may revert to the originator and the extent (if any) to which the entity that is the actual source of the underlying assets is obligated to provide support to the issuing vehicle or to investors and actually fulfills such obligations. In particular, certain securities in the Reference Portfolio, while rated Aaa, may be subordinate to others with the same rating.

Among other market risks, CMBS Securities may be subject to credit risk, liquidity risk, market risk, prepayment risk and interest rate risk.

The Collateral Assets and the Reference Obligations may consist of Asset-Backed Securities. Because investors in Asset-Backed Securities generally have recourse only to the assets underlying the related security, they are subject to the credit risks associated with such assets. While Asset-Backed Securities may have the benefit of certain credit enhancement features, including, without limitation, reserve accounts, cash collateral accounts and liquidity arrangements, distributions on Asset-Backed Securities generally depend upon the amount and timing of payments and other collections on the underlying securitized assets. The effect of a particular default on an underlying asset is likely to be greater in types of Asset-Backed Securities in which each underlying asset is a greater proportion of the transaction. For example, the effect of a single default of an underlying collateral asset in a commercial mortgage securitization is likely to have a greater effect on the related Asset-Backed Security than a single default in a credit card securitization.

Structural and legal credit risks include the possibility that, in a bankruptcy or similar proceeding involving the originator or a servicer (often the same entity or affiliates), the underlying collateral assets could be treated as never having been truly sold by the originator and could be substantively consolidated with the assets of the originator, or the transfer of such assets to the investors 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 underlying collateral assets may be commingled with those on the originator’s other assets.

Liquidity risk arises when the volume of trading in the secondary market for a particular security declines or the terms of sale of such security become less favorable to the seller thereof for reasons associated with the characteristics of such security or the asset class to which it belongs. Increased volatility and/or default rates in the asset-backed and mortgage-backed securities sectors may adversely affect the ability to quickly sell, or receive a favorable price upon sale of, such securities in the market. Liquidity risk can also arise from a perception of increased credit risk, which may result from reported delinquencies and losses on securitized assets. Liquidity can also become a major concern with respect to an Asset-Backed Security if concerns about the risks associated with the holding of certain assets lead investors to avoid certain types of Asset-Backed Securities or the market for Asset-Backed Securities altogether.

Like most other types of financial instruments, Asset-Backed Securities are also subject to market risk. A decline in general economic conditions or a slow-down in economic growth may result in a broad market reduction in the value investors place on financial instruments in general, which broad market reduction could lead to reduced market values for Asset-Backed Securities. Such liquidity and market-related risks could adversely affect the valuations obtained following a Credit Event with respect to a Reference Obligation and thus increase the amount of losses suffered by the Noteholders.

Prepayment risk on Asset-Backed Securities arises from the uncertainty of the timing of payments of principal on the underlying securitized assets. The assets underlying a particular Asset-Backed Security may be paid more quickly than anticipated, resulting in payments of principal on such Asset-Backed Security sooner than expected. Alternatively, amortization may take place more slowly than anticipated, resulting in payments of principal on the related Asset-Backed Security later than expected. In addition, a particular Asset-Backed Security may, by its terms, be subject to redemption prior to its maturity, resulting in a full or partial payment of principal in respect of such Asset-Backed Security. Similarly, defaults on the underlying securitized assets may lead to sales or liquidations and result in a prepayment of such Asset-Backed Security. The rate of prepayments may affect the weighted average lives of the Notes.

IMPORTANT

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SECTION, OR THE DOCUMENT AS A WHOLE, YOU SHOULD CONSULT YOUR FINANCIAL CONSULTANT, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

TERMS AND CONDITIONS

Magnolia Finance II plc

US\$ 5,000,000,000 Programme for the issue of Limited Recourse Obligations

Series 2005-6 : Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (“**Class A Notes**”)

Series 2005-6 : Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (“**Class B Notes**”)

(each, a “**Class**” or a “**Class of Notes**” and together the “**Notes**”)

The following terms and conditions (including the Additional Provisions below) shall apply to each Class of Notes (the “**Conditions**”). The Conditions shall complete, modify and amend the Master Conditions (August 2005 Edition) (Ref: MCAug2005v1) in the form signed for the purposes of identification by Credit Suisse First Boston International on 08 August 2005 and shall apply to each Class of Notes as so completed, modified and amended. Unless the context otherwise requires, capitalised terms used and not otherwise defined in the Master Conditions referred to above as completed, modified and amended by the Conditions, shall have the meaning respectively ascribed to them in the Charged Agreements (as defined below). Reference is also made to the definitions set out in Additional Provision (N), below.

1. Issuer: Magnolia Finance II plc.
 - (i) Series Number: 2005-6.
 - (ii) Currency: USD.

- (iii) Tranches: The Issuer will issue two separate tranches of Notes: The Class A Notes and the Class B Notes in respect of Series 2005-6. Each Class of Notes will rank *pari passu* and rateably without any preference or priority among themselves and the other Class(es) of Notes for all purposes.
2. Principal Amount: Class A Notes : USD 170,550,000
Class B Notes : USD 136,450,000
3. Issue Price: 100%.
4. Authorised Denominations: USD 1,000,000 and multiples of USD 1 in excess thereof.
5. Issue Date: 22 November 2005.
6. Maturity Date: The Maturity Date is the later of (a) 25 March 2039 (the “**Scheduled Maturity Date**”), (b) the Extended Maturity Date, (c) the Final Maturity Date and (d) the Collateral Legal Maturity Date.
7. Charged Assets: Any assets comprising Eligible Collateral Assets acquired by the Issuer in accordance with Additional Provision (H) including any sums standing to the credit of the Cash Account from time to time and all rights, title and interest in and to such account (together, “**Collateral Assets**”) and assets and sums standing to the credit of the Collateral Defeasance Account (as defined in Additional Provision (N) below) from time to time and all rights, title and interest in and to such account.
8. Charged Agreements: There are two Charged Agreements with respect to the Notes:
- (a) the International Swaps and Derivatives Association, Inc. 1992 form of Master Agreement (Multicurrency – Cross Border) (the “**ISDA Master Agreement**”) and a schedule thereto which the Issuer and Credit Suisse, Cayman Islands Branch (the “**Counterparty**”) have entered into by executing the Constituting Instrument applicable to the Notes, as supplemented by (I) a confirmation of a credit default swap transaction relating to the Class A Notes (the “**Class A Credit Swap Confirmation**”) and (II) a confirmation of a credit default swap transaction relating to the Class B Notes (the “**Class B Credit Swap Confirmation**”, together with the Class A Credit Swap Confirmation, the “**Credit Swap Confirmations**” and each a “**Credit Swap Confirmation**”), dated and with an effective date of, the Issue Date (the “**Credit Swap Transactions**” and each a “**Credit Swap**”

Transaction”); and

- (b) the ISDA Master Agreement and a schedule attached thereto which the Issuer and the Counterparty have entered into by executing the Constituting Instrument, as supplemented by a confirmation of a rate swap transaction dated, and with an effective date of, the Issue Date (the **“Rate Swap Transaction”**).

9. Security:

As set out in Condition 4(a).

For the purposes of Condition 4(d), Counterparty Priority applies. However, Noteholder Priority shall apply if the Charged Agreement is terminated as a result of the occurrence of an Event of Default (as defined in the Charged Agreement) where the Counterparty is the Defaulting Party (as defined in the Charged Agreement) as a result of any failure to pay when due any Fixed Amount on the relevant Fixed Rate Payer Payment Date under a Credit Swap Transaction.

In addition to the Charged Assets, the Issuer has created security pursuant to the Trust Deed by way of fixed charge and assignment over any Deliverable Obligations (as defined in the relevant Credit Swap Confirmation) which are from time to time delivered to it in accordance with a Credit Swap Transaction. Any such Deliverable Obligations are not Charged Assets but do comprise part of the Mortgaged Property for the Notes and shall be held by the Custodian on behalf of the Issuer pursuant to the Custody Agreement.

Within 90 days of receipt by the Issuer of any such Deliverable Obligations from time to time delivered to the Issuer, the Determination Agent shall use its commercially reasonable efforts to realize such Deliverable Obligations (provided always that any transactional costs incurred with respect to such realisation of the Deliverable Obligations shall be for the account of the Counterparty pursuant to the terms of the Credit Swap Transactions). The proceeds from the realisation of any Deliverable Obligations (the **“Deliverable Obligation Receipts”**) relating to:

- (i) the Deliverable Obligations delivered under the Class A Credit Swap Confirmation shall be credited by the Custodian to a separate ledger within the Cash Account (the **“Class A Deliverable Obligations Ledger”**); and
- (ii) the Deliverable Obligations delivered under the Class B Credit Swap Confirmation shall be credited by the Custodian to a separate ledger within the Cash Account (the **“Class B Deliverable Obligations Ledger”**).

Upon the receipt of any Deliverable Obligation Receipts, the Determination Agent (on behalf of the Issuer) shall apply such Deliverable Obligation Receipts to repurchase any Eligible Collateral Assets (previously delivered to the Counterparty in exchange for the Deliverable Obligations) from the Counterparty in accordance with the terms of the relevant Credit Swap Transaction).

To purchase Eligible Collateral Assets, the Determination Agent (on behalf of the Issuer) shall, on the Repurchase Date (as defined in the relevant Credit Swap Confirmation), instruct the Custodian to apply the relevant Deliverable Obligation Receipts towards the payment of the Repurchase Price (which shall be calculated by the Determination Agent in accordance with the terms of the relevant Credit Swap Transaction) for the purchase of Eligible Collateral Assets.

Upon receipt of the relevant repurchased Eligible Collateral Assets, such Eligible Collateral Assets so acquired will become part of the Charged Assets.

In the event the security constituted under the Trust Deed becomes enforceable and prior to the repurchase of Eligible Collateral Assets, as provided above:

- (i) the proceeds of realisation of any Deliverable Obligations delivered in relation to the Class A Notes pursuant to the Class A Credit Swap Confirmation and/or, as the case may be, any Deliverable Obligations Receipts standing to the credit of the Class A Deliverable Obligations Ledger shall, after having been applied in satisfaction of all prior-ranking claims, be distributed to the Class A Noteholders, and the proceeds of realisation of any Deliverable Obligations delivered in relation to the Class B Notes pursuant to the Class B Credit Swap Confirmation and/or, as the case may be, any Deliverable Obligations Receipts standing to the credit of the Class B Deliverable Obligations Ledger shall, after having been applied in satisfaction of all prior-ranking claims, be distributed to the Class B Noteholders; and
- (ii) No Class A Noteholder shall have recourse to the net proceeds of realisation of the Deliverable Obligations delivered in relation to the Class B Notes pursuant to the Class B Credit Swap Confirmation and/or the Deliverable Obligations Receipts in the Class B Deliverable Obligations Ledger and no Class B Noteholder shall have recourse to the net

proceeds of realisation of the Deliverable Obligations delivered in relation to the Class A Notes pursuant to the Class A Credit Swap Confirmation and/or the Deliverable Obligations Receipts in the Class A Deliverable Obligations Ledger save to the extent that all claims of the Class B Noteholders or, as the case may be, the Class A Noteholders (and all prior-ranking claims) have been satisfied in full.

10. Fixed Rate Note Provisions: Not applicable.
11. Zero Coupon Note Provisions: Not applicable.
12. Floating Rate Note Provisions: From the Issue Date until the Scheduled Maturity Date, the following Floating Rate Note Provisions shall apply in respect of the Notes:
- (i) Interest Rate Basis: The Notes are Floating Rate Notes and Condition 6(c) applies, subject as provided in Additional Provisions (D), (E), (F) and (I)(1) below.
 - (ii) Interest Commencement Date: Class A Notes: 22 November 2005.
Class B Notes: 22 November 2005.
 - (iii) Interest Rate Determination: ISDA Determination.
 - (iv) Floating Rate Option: USD-LIBOR-BBA.
 - (v) Day Count Fraction: Actual/360.
 - (vi) Designated Maturity: One month.
 - (vii) Spread: Class A Notes : 0.37 per cent. per annum.
Class B Notes : 0.75 per cent. per annum.
 - (viii) Interest Payment Dates: The 25th day of each month, commencing on 25 December 2005 and ending on the Scheduled Maturity Date, subject as provided in Additional Provisions (D) and (E)(1) below.
 - (ix) Reset Date: The first day of each Interest Period.
 - (x) Business Day Convention: Following Business Day Convention.
 - (xi) Interest Calculation Agent: Credit Suisse First Boston International.
 - (xii) Additional Provisions: Notwithstanding the above provisions and the provisions in Condition 6(f), on each Interest Determination Date, the Interest Calculation Agent shall determine with respect to each Class the Interest

Amount payable in respect of the Interest Period in which such Interest Determination Date falls in accordance with the following formula:

$$A - B + C$$

Where:

“**A**” means Notes Scheduled Coupon.

“**B**” means any Tranche Interest Shortfall Amount (as defined, with respect to the Class A Notes, in the Class A Credit Swap Confirmation, or, with respect to the Class B Notes, in the Class B Credit Swap Confirmation) payable by the Issuer to the Counterparty in respect of the relevant Class immediately prior to or on such Interest Payment Date corresponding to such Interest Determination Date.

“**C**” means any Tranche Interest Shortfall Reimbursement (as defined, with respect to the Class A Notes, in the Class A Credit Swap Confirmation, or, with respect to the Class B Notes, in the Class B Credit Swap Confirmation) payable by the Counterparty to the Issuer in respect of the relevant Class immediately prior to or on such Interest Payment Date corresponding to such Interest Determination Date.

“**Notes Scheduled Coupon**” means the Interest Amount determined by the Interest Calculation Agent in accordance with sub-paragraphs (i) to (xi) of this item 13.

See also item 17(B) below.

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|-----|-----------------------------------|--|
| 13. | Variable Rate Note Provisions: | Not Applicable. |
| 14. | Other Interest Provisions: | If the Maturity Date falls after the Scheduled Maturity Date, the following Variable Coupon Amount Note Provisions shall apply in respect of the Notes from the Scheduled Maturity Date to the Maturity Date (and Conditions 6(a) to (g) shall not apply) and, on the Variable Coupon Payment Date, the Issuer shall pay in respect of each Note the Variable Coupon Amount as calculated below. |
| | (i) Variable Coupon Payment Date: | The Maturity Date. |
| | (ii) Variable Coupon Amount: | In respect of each Note, an amount equal to the aggregate of any non-principal payments received by or on behalf of the Issuer in respect of the Charged Assets and credited to the Cash Account during the period |

from and including the Scheduled Maturity Date to but excluding the Maturity Date (other than such amounts which are to be debited therefrom and paid to the Counterparty in accordance with the Rate Swap Transaction) multiplied by a fraction, the numerator of which is the Outstanding Principal Amount of such Note and the denominator of which is the Aggregate Outstanding Principal Amount.

15. Scheduled Redemption Condition 7(e)(1) applies, subject as provided in Amount: Redemption Condition 7(e)(1) applies, subject as provided in Additional Provision (A). For the purpose of Condition 7(e)(1), the outstanding principal amount of each Note (the “**Outstanding Principal Amount**”) shall be determined as set out in Additional Provision (N) below.

16. Additional provisions: (A) On each Interest Payment Date an Additional Amount in respect of each Class shall be payable. “**Additional Amount**” shall be determined in accordance with the following formula:

$$\{\text{MAX} ((X - Y), 0)\} + Z,$$

where:

“**X**” means the Tranche Notional Amortization Amount (as defined with respect to the Class A Notes, in the Class A Credit Swap Confirmation, or with respect to the Class B Notes, in the Class B Credit Swap Confirmation) with respect to the relevant Class as at such Interest Payment Date.

“**Y**” means the Tranche Notional Amortization Amount (as defined with respect to the Class A Notes, in the Class A Credit Swap Confirmation, or with respect to the Class B Notes, in the Class B Credit Swap Confirmation) (if any) with respect to the relevant Class immediately prior to such Interest Payment Date.

“**Z**” means the Tranche Principal Reimbursement (as defined with respect to the Class A Notes, in the Class A Credit Swap Confirmation, or with respect to the Class B Notes, in the Class B Credit Swap Confirmation) with respect to the relevant Class payable on such Interest Payment Date by the Counterparty to the Issuer, excluding the portion of any such Tranche Principal Reimbursement with respect to the relevant Class resulting from Writedown Reimbursement Payment Amounts (as defined in the Credit Swap Confirmations) payable on the Hypothetical Single Name Transactions (as

defined in the Credit Swap Confirmations) in respect of Writedown Reimbursements within paragraphs (ii) and (iii) of the definition of "Writedown Reimbursement" of each Hypothetical Single Name Confirmation (as defined in the Credit Swap Confirmations).

- (B) On the Business Day following each date on which a payment of principal or interest is made, (a "**Deliverable Obligation Distribution**") in respect of any Deliverable Obligations which have been delivered to the Issuer in accordance with the Credit Swap Transaction with respect to the relevant Class, an additional amount shall be payable in respect of such Class equal to the relevant Deliverable Obligation Distribution.

17. Notes issued in bearer or registered form; transfers:

Bearer Notes. Each Class of Regulation S Notes will be represented by a permanent global note without interest coupons (each a "**Regulation S Global Note**" and together, the "**Regulation S Global Notes**") which will be deposited with the Global Note Custodian on the Issue Date. Upon deposit of a Regulation S Global Note with the Global Note Custodian, the Depository will issue a global receipt representing beneficial interests in such Regulation S Global Note (each a "**Regulation S Global Receipt**" and, together the "**Regulation S Global Receipts**") in fully registered form, without interest coupons or principal receipts attached, which will be deposited with The Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Receipts will be made eligible for trading through Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), in their capacities as DTC participants.

Each Class of Rule 144A Notes will be represented by a permanent global note without interest coupons (each a "**Rule 144A Global Note**" and together, the "**Rule 144A Global Notes**") which will be deposited with the Global Note Custodian on the Issue Date. Upon deposit of a Rule 144A Global Note with the Global Note Custodian, the Depository will issue a global receipt representing beneficial interests in such Rule 144A Global Note (each a "**Rule 144A Global Receipt**" and, together the "**Rule 144A Global Receipts**") in fully registered form, without interest coupons or principal receipts attached, which will be deposited with DTC and registered in the name of Cede & Co., as nominee for DTC. See "*Form of the Notes and the Global Receipts*".

Transfers of a beneficial interest in a Regulation S Global Receipt to a transferee who wishes to take

delivery of such interest through a Rule 144A Global Receipt may be made upon request to DTC by the holder of the beneficial interest in the Regulation S Global Receipt and in compliance with the procedures of DTC. Transfers of a beneficial interest in a Rule 144A Global Receipt to a transferee who wishes to take delivery of such interest through a Regulation S Global Receipt may be made upon request to DTC by the holder of the beneficial interest in the Rule 144A Global Receipt and in compliance with the procedures of DTC. In each such case, the request must include details of the accounts at DTC and (where applicable) Euroclear and Clearstream, Luxembourg, as participants of DTC, to be credited and debited respectively with the relevant interests in the Global Receipts. Such transfers are, however, subject to certain restrictions. See “*Book-Entry Clearance Procedures*”, “*Notice to Investors*” and “*Subscription and Sale*”.

Title to interests in the Global Receipts passes by book-entry registration of the transfer in the records of DTC and (where applicable) Euroclear and Clearstream, Luxembourg, as participants of DTC, in accordance with their respective procedures. Interests in the Global Receipts may be transferred within DTC and Euroclear and Clearstream, Luxembourg, as participants of DTC in accordance with procedures established for these purposes by DTC and Euroclear and Clearstream, Luxembourg, as participants of DTC. Transfers of book-entry interests in the Global Receipts between any of DTC and Euroclear and Clearstream, Luxembourg, as participants of DTC may be effected in accordance with the procedures established for this purpose by DTC and Euroclear and Clearstream, Luxembourg, as participants of DTC.

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|-----|---|---|
| 18. | Whether Notes will be C Notes or D Notes: | C Notes. |
| 19. | Provisions for exchange of Temporary Global Note: | Not applicable. |
| 20. | Provisions for exchange of Permanent Global Note: | Exchangeable for definitive Bearer Notes in the limited circumstances set out in the Master Conditions. |
| 21. | Listing: | Yes. Application will be made to list the Notes on the Irish Stock Exchange but the Notes are unlisted as at the Issue Date. |
| 22. | Ratings: | The rating of the Notes by Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies Inc. or any successor to its credit ratings business (“ S&P ”) and Moody’s Investors Service Limited or any successor to its credit ratings business (“ Moody’s ”) as to timely payment of interest and ultimate payment of principal are as follows: |

Class A Notes : AAA by S&P and Aaa by Moody's

Class B Notes : Aaa by Moody's

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

23. Business Days: London and New York.
24. Settlement Procedures: The Notes have been accepted for settlement in DTC.
25. Security Identifying Codes: Class A Regulation S Notes: CUSIP: G5770W AB 5
ISIN: USG5770WAB57 Common Code: G5770W AB 5
Class A Rule 144A Notes: CUSIP: 559602 AE 7
ISIN: US559602AE76
Class B Regulation S Notes: CUSIP: G5770W AC 3
ISIN: USG5770WAC31 Common Code: G5770W AC 3
Class B Rule 144A Notes: CUSIP: 559602 AF 4
ISIN: US559602AF42
26. Depositary Account: The non-fungible securities account (including all sub-accounts) No. 983839 of the Global Note Custodian.
27. Global Note Custodian: HSBC Bank USA, National Association.
28. Principal Paying Agent: HSBC Bank USA, National Association.
29. Depositary: HSBC Bank USA, National Association.
30. The Offering: The Notes and the Global Receipts will be offered within the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act who are also qualified purchasers ("**Qualified Purchasers**") for the purpose of Section 3(c)(7) of the Investment Company Act.

By:

Magnolia Finance II plc

ADDITIONAL PROVISIONS

(A) Scheduled Redemption Amount on Scheduled Maturity Date or Extended Maturity Date; redemption on later Maturity Date

- (1) Notwithstanding Condition 7(e)(1), the Scheduled Redemption Amount in respect of each Note on the Scheduled Maturity Date or the Extended Maturity Date shall be its Outstanding Principal Amount, provided however that the amount payable in respect of the Scheduled Redemption Amount of each Note on the Scheduled Maturity Date or, as the case may be, Extended Maturity Date shall, but only to the extent that all obligations due to the Counterparty in respect of the Credit Swap Transactions on or before such date have been satisfied in full, be in any event an amount equal to the lesser of (i) the Outstanding Principal Amount and (ii) the Issuer Principal Funds available in respect of the Notes on such date.
- (2) If, on the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date, any Collateral Assets remain outstanding or an event described in Additional Provision (E)(3) has occurred, each Note shall be redeemed (to the extent set out below in this paragraph (but otherwise subject to and in accordance with Additional Provisions A(1) and E(3))) on the Maturity Date falling after the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date and the principal amount payable in respect of each such Note on such date shall (subject as provided in Additional Provisions A(1) and E(3)), but only to the extent that all obligations due to the Counterparty on or before such date have been satisfied in full, be an amount equal to the lesser of (i) the Outstanding Principal Amount and (ii) the Issuer Principal Funds available in respect of the Notes on such date. To the extent that the Issuer Principal Funds available in respect of the Notes on the Maturity Date exceed the Outstanding Principal Amount on such date, the excess shall (but only to the extent that all obligations due to the Counterparty in respect of the Credit Swap Transactions on or before such date have been satisfied in full) be applied by the Issuer in or towards payment of any outstanding fees and expenses and, thereafter, may be retained by the Issuer for its own account.
- (3) If on the Maturity Date any Deliverable Obligations forming part of the Mortgaged Property for the Notes are still outstanding, the Notes shall not mature on such Maturity Date (without prejudice to the other amounts payable pursuant to the terms and conditions of the Notes, including, without limitation, this Additional Provision (A)). Amounts shall continue to be paid in accordance with item 17(B) above until such time as all Deliverable Obligations comprising the Mortgaged Property for the Notes cease to be outstanding, upon which the Notes shall mature.
- (4) The making of all payments due in accordance with this Additional Provision (A):
 - (a) redeems each Note in full; and
 - (b) discharges the obligations of the Issuer in respect of each Note,whether or not the Outstanding Principal Amount as at the Maturity Date is less than the Outstanding Principal Amount as at the Issue Date.

(B) Reduction of Principal Amount of a Class of Notes following Credit Events

As soon as reasonably practicable after the occurrence of an Event Determination Date or a notice of Floating Amount is given in accordance with the Credit Swap Transactions, the Issuer or the Principal Paying Agent on its behalf shall give notice to the Trustee and the Noteholders in accordance with Condition 14 that such Event Determination Date or notice of Floating Amount has occurred, together with a copy of the related Credit Event Notice, Notice of Physical Settlement (if the Settlement Method is Physical Settlement), Notice of Publicly Available Information and notice of Floating Amount (if applicable).

The Outstanding Principal Amount of each Note shall be reduced with effect from the Event Determination Date or, in the case of a notice of Floating Amount, the Interest Payment Date corresponding to the related Floating Rate Payer Payment Date by *inter alia* the amount of the relevant Credit Loss Reduction and will vary in respect of each Class of Notes depending on the Subordination Amount applicable to each such Class of Notes. Following any such reduction, the Issuer's obligation to make repayment in respect of the Notes shall be discharged by paying such reduced amount, subject to and in accordance with Additional Provision (A).

The Issuer or the Principal Paying Agent on its behalf shall as soon as reasonably practicable after each Settlement Date give notice to the Trustee and the Noteholders in accordance with Condition 14 of the relevant Cash Settlement Amount or Physical Settlement Amount, the relevant Credit Loss Reduction and details of the Deliverable Obligations delivered to the Issuer (to the extent that Physical Settlement applies).

Failure to give any of the notices referred to in this Additional Provision (B) shall not be an Event of Default in respect of the Notes and shall not affect the validity of any of the matters in respect of which any such notice is required to be given.

(C) Mandatory Early Redemption on Reduction of the Outstanding Principal Amount of a Class of Notes to Zero

If at any time the Determination Agent determines that the Outstanding Principal Amount of a Class of Notes has been reduced to zero (whether pursuant to these Additional Provisions or otherwise), the Issuer or the Principal Paying Agent on its behalf shall give to the Trustee and the Noteholders of such Class of Notes in accordance with Condition 14 at least 10 days' notice that such Class of Notes is to be redeemed in accordance with this Additional Provision (C) on the date specified for this purpose in such notice. The Issuer shall redeem such Class of Notes in full on such date by paying an amount equal to the accrued interest (if any) on such Class of Notes and the Issuer's obligations with respect to such Class of Notes are thereby discharged.

(D) Determination of Calculation Amount

The Calculation Amount with respect to each Note and the determination of each Interest Amount due on an Interest Payment Date, is an amount equal to the aggregate of the Outstanding Principal Amount of such Note on each day during the Averaging Period immediately preceding such Interest Payment Date divided by the number of days in such Averaging Period, as determined by the Interest Calculation Agent.

(E) Suspension of Payments in respect of Interest and/or Principal

(1) If on or before any Interest Payment Date falling on or before the Scheduled Maturity Date, the Interest Calculation Agent determines in its sole discretion that the Calculation Amount for the relevant Interest Period in respect of a Class of Notes cannot be determined as of such date (because, due to the occurrence of one or

more Unsettled Credit Event(s), it is possible that the maximum resultant Cash Settlement Amount(s) corresponding to such Class of Notes may be in aggregate greater than zero), then a portion of the relevant Interest Amount shall be payable on such Interest Payment Date in an amount calculated as if the relevant Pending Cash Settlement Amount(s) were determined on the basis that the Final Average Price of the Reference Obligation(s) selected or to be selected by the Counterparty in relation to each Unsettled Credit Event was zero per cent. (0%). On the third Business Day following the date (the "**Suspension Period End Date**") on which all relevant Cash Settlement Amounts are determined and have become payable, the Issuer shall pay in respect of each Note the balance of the relevant Interest Amount (if any) equal to the excess of (i) the relevant Interest Amount which would have otherwise been payable on the relevant Interest Payment Date over (ii) the portion of the relevant Interest Amount actually paid on the relevant Interest Payment Date. No interest shall be payable on the unpaid balance of the relevant Interest Amount during the period up to and including the third Business Day following the Suspension Period End Date.

- (2) If on or before the Call Date an Event Determination Date occurs under the Credit Swap Transactions in respect of one or more Reference Obligations but the related Cash Settlement Amount(s) cannot be determined as of such date (because, due to the occurrence of one or more Unsettled Credit Event(s), it is possible that the maximum resultant Cash Settlement Amount(s) may be in aggregate greater than zero), the Determination Agent may in its sole discretion determine that a portion of the Outstanding Principal Amount of each Note shall be payable on the Call Date in an amount calculated as if each Cash Settlement Amount had been determined on the basis that the Final Price of the Reference Obligation(s) selected or to be selected by the Counterparty in relation to each Unsettled Credit Event was zero per cent (0%). On the third Business Day following the relevant Suspension Period End Date, the Issuer shall pay in respect of each Note the balance of the Outstanding Principal Amount (if any) equal to the excess of (i) the Outstanding Principal Amount which would have otherwise been payable on the Call Date over (ii) the portion of the Outstanding Principal Amount actually paid on the Call Date.
- (3) If on or before the Scheduled Maturity Date or any Extended Maturity Date, an Event Determination Date occurs under the Credit Swap Transactions in respect of one or more Reference Entities but the related Cash Settlement Amount(s) cannot be determined as of such date (because, due to the occurrence of one or more Unsettled Credit Event(s), it is possible that the maximum resultant Cash Settlement Amount(s) may be in aggregate greater than zero), the Determination Agent may in its sole discretion determine that a portion of the Scheduled Redemption Amount of each Note (as determined in accordance with Additional Provision (A)) shall be payable on the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date in an amount equal to the greater of (a) the Scheduled Redemption Amount minus an amount equal to the aggregate Credit Loss Reduction(s) in relation to all Unsettled Credit Events as determined on the basis that the Final Price of the Reference Obligation(s) selected or to be selected by the Counterparty in relation to each Unsettled Credit Event was zero per cent. (0%) and (b) zero, subject as provided in the next sentence.
- (4) Notwithstanding the foregoing, if as at the Scheduled Maturity Date or, as the case may be, Extended Maturity Date, any Collateral Assets comprising securities remain outstanding, the relevant portion of the Scheduled Redemption Amount (if greater than zero) payable on the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date pursuant to the foregoing provisions of this Additional

Provision E(4) shall be further reduced to an amount equal to the greater of (a) the result of (i) the Issuer Principal Funds available on the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date in question *minus* (ii) an amount equal to the aggregate relevant Credit Loss Reduction(s) in relation to all Unsettled Credit Events (as determined on the basis that the Final Price of the Reference Obligation(s) selected or to be selected by the Counterparty in relation to each Unsettled Credit Event was zero per cent. (0)%) and (b) zero.

- (5) On the third Business Day following the Suspension Period End Date, the Issuer shall pay in respect of each Note, the balance of the Outstanding Principal Amount (if any) in respect of each such Note equal to the excess of (i) the Scheduled Redemption Amount which would otherwise have been payable on the relevant Scheduled Maturity Date or, as the case may be, Extended Maturity Date over (ii) the portion of the Scheduled Redemption Amount actually paid on such Scheduled Maturity Date or, as the case may be, Extended Maturity Date except that, if on such date, any Collateral Assets remain outstanding, the provisions of Additional Provision A(2) shall apply.
- (6) On the Maturity Date falling after the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date the Issuer shall pay in respect of each such Note the amount due in accordance with Additional Provision (A)(2).

(F) **Extension Notice**

If on or before the Scheduled Maturity Date, the Determination Agent determines in its sole discretion that a Potential Credit Event has or may have occurred under the Credit Swap Transactions and *provided* that in such case, as a result the maximum resultant Cash Settlement Amount(s) may in aggregate be greater than zero, then the Determination Agent shall as soon as reasonably practicable thereafter send a notice to the Issuer, the Trustee and the Noteholders in accordance with Condition 14 setting out such determination and specifying that the Maturity Date of the Notes will not be the Scheduled Maturity Date but will be either (a) the Extended Maturity Date or (b) such later date as is determined in accordance with Additional Provisions A(2) and (E)(3) above. The Scheduled Redemption Amount in respect of each Note on the Extended Maturity Date shall be determined in accordance with Additional Provision (A) (and, as provided in Additional Provision (A), will be subject to Additional Provision (E)(3) and dependent on whether the Collateral Legal Maturity Date falls before or after the Extended Maturity Date). The amount of interest scheduled to be paid on the Scheduled Maturity Date shall, subject to Additional Provision (E)(1), be payable notwithstanding the extension of the Maturity Date and, thereafter, interest shall be payable in accordance with item 15 above.

(G) **Issuer Call Option**

- (1) Condition 7(f)(2) is applicable, except as modified below, upon the receipt by the Issuer of notice (an "**Unwind Notice**") from the Counterparty that the Credit Swap Transactions are to be terminated in whole (but not in part) in accordance with the relevant Credit Swap Confirmation. The Issuer Optional Redemption Amount for the purposes of Condition 7(f)(2) shall be the Outstanding Principal Amount plus, in the case of the Class A Notes, an amount equal to the market value of any Deliverable Obligations held by the Issuer which were delivered pursuant to the Class A Credit Swap Confirmation and, in the case of the Class B Notes, an amount equal to the market value of any Deliverable Obligations held by the Issuer which were delivered pursuant to the Class B Credit Swap Confirmation. The Issuer's option set out in Condition 7(f)(2) shall be deemed to have been exercised upon delivery of the

Unwind Notice for settlement on the Call Date (as defined in the relevant Credit Swap Confirmation) and the Issuer or the Principal Paying Agent on its behalf shall be required to give to the Trustee and to the Noteholders in accordance with Condition 14 at least 10 Business Days' notice of the date for redemption (which shall be the same date as the Call Date). Accordingly, the words "on giving not more than 60 nor less than 30 days' notice to the Trustee and Noteholders in accordance with Condition 14, and" appearing in Condition 7(f)(2) shall not apply. However, failure by the Issuer or the Principal Paying Agent on its behalf to give notice of an early redemption in accordance with this Additional Provision (G) shall not affect the validity of any of the matters in respect of which such notice is required to be given.

- (2) Condition 7(f)(2)(A) and Condition 7(f)(2)(B) are not applicable. Condition 7(f)(3) is not applicable.

(H) **Cash Account**

The Issuer shall procure that the net issue proceeds of the Notes shall be paid into a separate Cash Account pending investment in Eligible Collateral Assets. To the extent any such investment is made, upon receipt by the Issuer of any proceeds in respect of such Eligible Collateral Assets following their maturity or any amount from the Counterparty under the Credit Swap Transactions, the Issuer shall pay or cause to be paid on its behalf such amounts to the Cash Account.

The Issuer shall also procure that each Prepaid Fixed Amount shall be credited to the Cash Account pending application towards payment of interest on the Notes. Each such amount shall be credited by the Custodian to a separate ledger (the "**Prepayment Ledger**") within the Cash Account. Notwithstanding the following provisions of this Additional Provision (H), no amount standing to the credit of the Prepayment Ledger shall be applied towards the purchase of Eligible Collateral Assets. Amounts standing to the credit of the Prepayment Ledger may only be applied to make (I) payments required to be made to the Counterparty pursuant to paragraph 5 of the relevant Credit Swap Confirmation, (II) payments permitted to be made to the Counterparty in accordance with "Party B Interim Exchange Amount(s) I" of the Rate Swap Transaction, and (III) together with Party A Floating Amounts under the Rate Swap Transaction, interest on the Notes.

Without prejudice to item 10 above, the Determination Agent may, at any time and from time to time, instruct the Custodian to use, and if so instructed the Custodian shall use, all or part of any amounts credited to any Cash Account towards the purchase on behalf of the Issuer of other Eligible Collateral Assets at prices and from counterparties all as selected by the Determination Agent in its sole and absolute discretion. Any Eligible Collateral Assets so acquired will become part of the Charged Assets. The Determination Agent shall notify S&P and Moody's of any Eligible Collateral Assets so acquired as soon as reasonably practicable after the date they are acquired.

If the Maturity Date falls later than the Scheduled Maturity Date or the Extended Maturity Date, as applicable, then the Custodian shall credit all payments received in respect of those Charged Assets to the Cash Account pending application in accordance with the Conditions and the Charged Agreements.

(I) **Amendment to Condition 7(b)(1)**

Condition 7(b)(1) shall be deleted in its entirety and replaced with the following:

"the occurrence of a Collateral Event, where:

“Collateral Event” means, as determined by the Determination Agent, the occurrence of one or more of the following events (irrespective of whether such event is continuing at the time of such determination):

- (1) in respect of any of the Eligible Collateral Assets:
 - (A) in the event that the related issuer of the Eligible Collateral Assets (the **“Collateral Issuer”**) is a corporate entity (other than a special purpose vehicle) or a Governmental Authority:
 - (i) the failure by the Collateral Issuer to make, when and where due, any payments in an aggregate amount of not less than USD 1,000,000 after the expiration of any applicable grace period with respect to payments under the Eligible Collateral Assets; or
 - (ii) with respect to the Eligible Collateral Assets, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than USD 10,000,000, any one or more of the following events occurs, is agreed between the Collateral Issuer or a Governmental Authority and the holder or holders of the Eligible Collateral Assets or is announced (or otherwise decreed) by the Collateral Issuer or a Governmental Authority in a form that is binding on the holders of the Eligible Collateral Assets, and such event is not provided for under the terms of the Eligible Collateral Assets in effect as of the later of the Issue Date and the date as of which the Eligible Collateral Assets are issued:
 - (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals; or
 - (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates; or
 - (iii) the Collateral Issuer:
 - (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
 - (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
 - (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
 - (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:
 - (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

- (2) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
 - (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
 - (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (iii)(a) to (g) (inclusive).
- (B) In the event that the Collateral Issuer is a special purpose vehicle:
- (i) the irreversible reduction in or writedown of the principal amount of the Eligible Collateral Assets in accordance with the terms of the Eligible Collateral Assets (other than solely owing to payments of principal thereunder) in an aggregate amount of not less than USD 100,000; or
 - (ii) after the expiration of any applicable (or deemed) grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Collateral Issuer to make, when and where due, any Eligible Collateral Assets Scheduled Principal Payment in an aggregate amount of not less than USD 100,000; or
 - (iii) after the expiration of any applicable (or deemed) grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Collateral Issuer to make, when and where due, any Eligible Collateral Assets Scheduled Interest Payments in an aggregate amount of not less than USD 100,000, save that a Collateral Event pursuant to this paragraph shall not be treated as occurring solely because of the existence of a positive amount of Eligible Collateral Assets Scheduled Interest Payments from, and including, the issue date of the Eligible Collateral Assets and to, and including, such date:
 - (a) that have not been paid and have instead been deferred for payment at a later date and such payment has not yet been made; or

- (b) that have been capitalised as additional principal and payment of such additional principal amount has not yet been made; or
- (c) in place of payment in cash of which a like principal amount of identical securities as the Eligible Collateral Assets have been issued but which securities have not yet been redeemed in full;

unless such existence of a positive amount of unpaid Eligible Collateral Assets Scheduled Interest Payments constitutes a default or an event of default with respect to the Eligible Collateral Assets in accordance with the terms of such Eligible Collateral Assets; or

(iv) the Collateral Issuer:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger or subsequent to the substitution of the Collateral Issuer as principal obligor);
- (b) becomes insolvent, save where the over-collateralisation ratio with respect to such Collateral Issuer is less than 100% and such event does not result in the occurrence of an event of default (howsoever described) with respect to the Eligible Collateral Assets relating to such Collateral Issuer, or is unable to pay its debts as they become due or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:
 - (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (2) is not dismissed, discharged, stayed or restrained in each case within 30 days (or if longer, the relevant period specified in any provision set out in the terms and conditions of the relevant Eligible Collateral Assets of such Collateral Issuer, which has an analogous effect to any of the events specified in subparagraphs (iv)(a) to (e) (inclusive)) of the institution or presentation thereof;
- (d) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee for it or for all or substantially all its assets; or

- (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (iv) (a) to (e) (inclusive);
- (2) in respect of any sums standing to the credit of the Cash Account from time to time, any failure by the Custodian to make, when and where due, any payment in respect of such sums in the manner provided under these Conditions in an aggregate amount of not less than USD 100,000; and
- (3) the Eligible Collateral Assets cease to maintain the relevant minimum rating by S&P and Moody's as required under the definition of "Eligible Collateral Assets".

"Eligible Collateral Assets Scheduled Distribution Date" means, with respect to any Eligible Collateral Assets, each date on which, in accordance with the terms of such Eligible Collateral Assets, an interest or principal payment (as the case may be) is due to be made, whether or not such payment is optional or capable of being deferred or capitalised. For the avoidance of doubt, a deferral or non-payment of interest or principal payments or a capitalisation thereof because of insufficient funds does not alter the Eligible Collateral Assets Scheduled Distribution Date.

"Eligible Collateral Assets Scheduled Interest Payment" means, with respect to any Eligible Collateral Assets on a Eligible Collateral Assets Scheduled Distribution Date on which an interest payment is scheduled to be made, the product of (i) the interest rate applicable to such Eligible Collateral Assets with respect to such Eligible Collateral Assets Scheduled Distribution Date and (ii) the principal amount of such Eligible Collateral Assets and (iii) the relevant day count fraction, each in accordance with the terms of such Eligible Collateral Assets. For the avoidance of doubt, a deferral of interest payments or a capitalisation thereof does not alter a Eligible Collateral Assets Scheduled Interest Payment.

"Eligible Collateral Assets Scheduled Principal Payment" means, with respect to any Eligible Collateral Assets on a Eligible Collateral Assets Scheduled Distribution Date on which a principal payment is scheduled to be made, the amount of principal scheduled to be paid on such day, in accordance with the terms of such Eligible Collateral Assets. For the avoidance of doubt, a deferral of principal payments does not alter a Eligible Collateral Assets Scheduled Principal Payment.

"Governmental Authority" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Collateral Issuer or of the jurisdiction of organisation of the Collateral Issuer.

"Obligation Exchange" means the mandatory transfer (other than in accordance with the terms in effect as of the later of the Issue Date or date of issuance of the Eligible Collateral Assets) of any securities, obligations or assets to holders of the Eligible Collateral Assets in exchange for such Eligible Collateral Assets. When so transferred, such securities, obligations or assets will be deemed to be Eligible Collateral Assets."

(J) **Furthermore:**

- (1) If a Collateral Asset Interest Shortfall Event occurs at any time, the aggregate Interest Amount due on the next Interest Payment Date shall be reduced by an

amount equal to such shortfall (as determined by the Interest Calculation Agent) and if a subsequent Collateral Interest Reimbursement occurs at any time, the aggregate Interest Amount due on the next Interest Payment Date shall be increased by an amount equal to such reimbursement (as determined by the Interest Calculation Agent).

- (2) If at any time a principal amount is received by the Issuer in respect of an outstanding principal balance of Collateral Assets which is less than such outstanding principal balance, the Outstanding Principal Amount of the Notes shall be reduced by the amount of such shortfall with effect and of the date of such payment. If a subsequent payment is received by the Issuer in respect of such shortfall, the Outstanding Principal Amount of the Notes shall be increased by the amount of such payment with effect as of the date of such payment,

Where:

“Collateral Asset Interest Shortfall Event” in relation to any Eligible Collateral Asset, means after the expiration of any applicable (or deemed) grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Collateral Issuer to make, when and where due, any Eligible Collateral Assets Scheduled Interest Payments.

“Collateral Interest Reimbursement” means, with respect to any Eligible Collateral Assets Scheduled Distribution Date, the payment by or on behalf of the Collateral Issuer of an actual interest amount in respect of the Eligible Collateral Asset (including, for the avoidance of doubt, any payment of principal representing capitalized interest) that is greater than the expected interest amount in respect of the Eligible Collateral Asset (provided for under the terms of the Eligible Collateral Assets in effect as of the later of the Issue Date and the date as of which the Eligible Collateral Assets are issued).

(K) **Representations; Transfer Restrictions**

Each purchaser of the Notes will be deemed to have represented and agreed as follows:

- (1) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits, risks and suitability (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in such Notes and/or has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary;
- (2) it has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and has determined that an investment in such Notes is suitable and appropriate for it;
- (3) it has no need for liquidity with respect to such Notes and no need to dispose of its interest in any Notes or portion thereof to satisfy any existing or contemplated indebtedness, obligations or other undertaking, and the aggregate amount paid by it to purchase the Notes (or any interest therein) is not disproportionate to its net worth;
- (4) it is able to bear any loss in connection with such Notes (including loss of the entirety of its original principal investment) and is otherwise capable and willing to assume such risks;

- (5) in making such investment it is not relying on the advice or recommendations of or any view expressed by the Issuer or the Arranger or any of its Affiliates (or any representative or agent of either of the foregoing);
- (6) it has received and read the Programme Memorandum and this Pricing Supplement and/or has been given the opportunity to review all such documentation and all other documentation relating to the Notes (including, without limitation, the documentation comprising the Charged Agreement, the Constituting Instrument and all documentation incorporated by reference therein) at the offices of the Arranger and it understands all such documentation read by it including in particular, but without limitation, the sections of this Pricing Supplement headed “*Investor Suitability*” and “*Risk Factors*”; and
- (7) if it is a charity, political party, university or superannuation fund, it has carried out all appropriate additional reviews and suitability checks.

(L) Amendment to Condition 4(c)

The wording “In the event of the security constituted under the relevant Trust Deed (or, if applicable, any Additional Charging Instrument) becoming enforceable” in the first line of Condition 4(c) shall be replaced in its entirety by the following wording:

“In the event of the Notes becoming due for redemption “.

(M) Amendment to Condition 13

In each instance that the wording “which confirmation shall entitle the Trustee to conclude that the interests of the Noteholders will not be materially prejudiced thereby” appears in Condition 13(a), such wording shall be replaced in its entirety by the following wording:

“(which confirmation the Trustee may take into consideration in making a determination as to whether the interests of the Noteholders will or will not be materially prejudiced thereby)”.

Condition 13(f) (*Rating Agency*) shall be deleted in its entirety and replaced with the following:

“(f) *Rating Agency*

If the Notes are rated at the request of the Issuer and each relevant Rating Agency confirms that any proposed action on the part of the Issuer or any other person would not adversely affect or result in the withdrawal of the current rating of the Notes, the Trust Deed provides that in certain circumstances the Trustee may take such confirmation into consideration in making a determination as to whether the interests of the Noteholders will or will not be materially prejudiced by such proposed action.”

(N) Defeasance of Counterparty Collateral

With respect to any delivery of Collateral Assets required to be delivered to the Counterparty under any Credit Swap Transaction in satisfaction of Cash Settlement Amounts arising from a notice of Floating Amount in respect of a Writedown or a Failure to Pay Principal having been given with respect to a Hypothetical Single Name Transaction under any of the Credit Swap Transactions, if the Counterparty's short-term credit rating is

at any time below "A-1+" by S&P (a "**Counterparty Defeasance Event**"), then, notwithstanding anything herein to the contrary:

- (1) the Collateral Assets corresponding to the Cash Settlement Amount that would otherwise be paid by delivery of Collateral Assets by the Issuer to the Counterparty shall instead on the scheduled date for settlement be deposited and maintained in the Collateral Defeasance Account;
- (2) on the first anniversary of such Collateral Assets being deposited in the Collateral Defeasance Account, such Cash Settlement Amount shall be paid to the Counterparty by the delivery of Collateral Assets in the Collateral Defeasance Account in satisfaction of amounts owing in respect of such Cash Settlement Amounts by the Issuer to the Counterparty under the relevant Credit Swap Transaction; and
- (3) on the Maturity Date, all Collateral Assets in the Collateral Defeasance Account (including any reinvestment income thereon) after all payments due and owing under (2) above shall be paid to the Counterparty.

The Collateral Assets corresponding to:

- (i) the Cash Settlement Amount that would otherwise be paid by delivery of Collateral Assets by the Issuer to the Counterparty under the Class A Credit Swap Confirmation shall be credited by the Custodian to a separate ledger within the Collateral Defeasance Account (the "**Class A Collateral Defeasance Ledger**"); and
- (ii) the Cash Settlement Amount that would otherwise be paid by delivery of Collateral Assets by the Issuer to the Counterparty under the Class B Credit Swap Confirmation shall be credited by the Custodian to a separate ledger within the Collateral Defeasance Account (the "**Class B Collateral Defeasance Ledger**").

Notwithstanding anything herein, Collateral Assets standing to the Class A Collateral Defeasance Ledger may only be applied towards payment of the Cash Settlement Amounts due under the Class A Credit Swap Confirmation and Collateral Assets standing to the Class B Collateral Defeasance Ledger may only be applied towards payment of the Cash Settlement Amounts due under the Class B Credit Swap Confirmation.

In the event the security constituted under the Trust Deed becomes enforceable:

- (i) the proceeds of realisation of any Collateral Assets (delivered in relation to the Class A Notes pursuant to the Class A Credit Swap Confirmation) standing to the credit of the Class A Collateral Defeasance Ledger shall, after having been applied in satisfaction of all prior-ranking claims, be distributed to the Class A Noteholders, and the proceeds of realisation of any Collateral Assets (delivered in relation to the Class B Notes pursuant to the Class B Credit Swap Confirmation) standing to the credit of the Class B Collateral Defeasance Ledger shall, after having been applied in satisfaction of all prior-ranking claims, be distributed to the Class B Noteholders; and
- (ii) No Class B Noteholder shall have recourse to the net proceeds of realisation of any Collateral Assets (delivered in relation to the Class A Notes pursuant to the Class A Credit Swap Confirmation) standing to the credit of the Class A Collateral Defeasance Ledger and no Class A Noteholder shall have recourse to the net proceeds of realisation of any Collateral Assets (delivered in relation to

the Class B Notes pursuant to the Class B Credit Swap Confirmation) standing to the credit of the Class B Collateral Defeasance Ledger.

The Determination Agent may, at any time and from time to time, instruct the Custodian to use, and if so instructed the Custodian shall use, all or part of any amounts credited to any Collateral Defeasance Account towards the purchase of Eligible Collateral Assets at prices and from counterparties all as selected by the Determination Agent in its sole and absolute discretion. Any Eligible Collateral Assets so acquired shall become part of the Charged Assets.

(O) **Definitions**

“Affiliate” when referred to with respect to any person shall include any entity controlled, directly or indirectly, by such person, any entity that controls, directly or indirectly, such person and any entity under common control with such person.

“Aggregate Outstanding Principal Amount” means, in respect of a Class of Notes, at any time, the aggregate of the Outstanding Principal Amount of each Note of such Class at such time.

“Averaging Period” means, with respect to an Interest Payment Date, the period from and including the second Business Day prior to the immediately preceding Interest Payment Date (or in the case of the first Interest Payment Date, the Issue Date) to but excluding the second Business Day prior to such Interest Payment Date.

“Cash Account” means, in respect of each Series of Notes, an interest-bearing account with the Custodian, provided that the Custodian has a short-term unsecured debt rating of at least A-1+ by S&P and either (a) if the Custodian has both a Moody’s long-term senior unsecured debt rating and a Moody’s short-term unsecured debt rating, a long-term senior unsecured debt rating of at least A1 and a short-term unsecured debt rating of at least P-1 by Moody’s or (b) if the Custodian has a Moody’s long-term senior unsecured debt rating but Moody’s does not rate the Custodian’s short-term unsecured debt, a long-term senior unsecured debt rating of at least Aa3 by Moody’s, in the name of the Issuer on terms that funds standing to the credit of such account shall earn such rates as may be agreed from time to time by the Issuer, the Counterparty and the Custodian. The Cash Account shall be an account which is segregated in the books of the Custodian and shall (in addition to the other ledgers referred to herein) have a principal ledger and an interest ledger in order to enable the Custodian to distinguish between principal amounts and non-principal amounts credited to the Cash Account from time to time and the Custodian shall maintain all such ledgers. For the avoidance of doubt, each Cash Account must meet the criteria in relation to USD cash deposits set out in the definition of Eligible Collateral Assets.

“Collateral Defeasance Account” means, in respect of each Series of Notes, a segregated account with the Custodian (into which Collateral Assets are delivered by the Issuer in satisfaction of Cash Settlement Amounts under each of the Credit Swap Transactions pursuant to Additional Provision (M)) provided that the Custodian has a short-term unsecured debt rating of at least A-1+ by S&P and either (a) if the Custodian has both a Moody’s long-term senior unsecured debt rating and a Moody’s short-term unsecured debt rating, a long-term senior unsecured debt rating of at least A1 and a short-term unsecured debt rating of at least P-1 by Moody’s or (b) if the Custodian has a Moody’s long-term senior unsecured debt rating but Moody’s does not rate the Custodian’s short-term unsecured debt, a long-term senior unsecured debt rating of at least Aa3 by Moody’s, in the name of the Issuer on terms that any cash standing to the

credit of such account shall earn such rates as may be agreed from time to time by the Issuer, the Counterparty and the Custodian. The Collateral Defeasance Account shall be an account which is segregated in the books of the Custodian and shall have two ledgers in order to enable the Custodian to distinguish between settlement amounts under the Class A Credit Swap Confirmation and settlement amounts under the Class B Credit Swap Confirmation credited to the Collateral Defeasance from time to time and the Custodian shall maintain all such ledgers.

“Collateral Legal Maturity Date” means the legal maturity date or, if later, the rated maturity date (each howsoever described in the terms of Collateral Assets) of the Collateral Assets (or, as the case may be, the latest legal maturity date (howsoever described) if there is more than one Collateral Asset outstanding).

“Credit Loss Reduction” means, relative to each Note of a Class, an amount rounded up to the nearest USD 0.01 which is equal to the amount of the relevant Cash Settlement Amount (if any) or, as the case may be, the Physical Settlement Amount with respect to the relevant Reference Obligation multiplied by the fraction the numerator of which is the principal amount of such Note and the denominator of which is the aggregate principal amount of the Notes of such Class.

“Determination Agent” means Credit Suisse First Boston International.

“Eligible Collateral Assets” means (subject as set out further below) either:

- (1) USD cash deposits with an OECD bank (including, for the avoidance of doubt, the deposits in the Cash Account provided that the criteria are and remain satisfied with respect to the Cash Account) which should be rated at least A-1+ by S&P and P-1 by Moody's (or its equivalent following a change in the ratings scale used by Moody's) on the date such deposit is made; or
- (2) USD denominated credit card, student loan or auto loan asset backed senior bonds that must be rated AAA by S&P and Aaa by Moody's (or its equivalent following a change in the ratings scale used by S&P and Moody's) on the date they are selected to form part of the Charged Assets and which, in the opinion of the Determination Agent are not generally backed by loans to borrowers of subprime quality and, in the case of student loans, that are subject to reinsurance by the Department of Education in accordance with the Federal Family Education Loan Program, provided always that the legal maturity date (howsoever described) of such bonds shall not exceed (so long as any Class A Notes are outstanding) 25 November 2015, otherwise, the Scheduled Maturity Date and provided further that no such bonds shall be guaranteed by either XL Capital Assurance Inc. or ACA Financial Guaranty Corporation; or
- (3) USD denominated Commercial Paper (which OECD bank must be rated at least A-1+ by S&P and P-1 by Moody's (or its equivalent following a change in the ratings scale used by S&P and Moody's) on the date they are selected to form part of the Charged Assets).

No cash deposit comprising Eligible Collateral Assets may mature later than one month after the date such deposit is made or as otherwise agreed by S&P and Moody's provided that no Collateral Asset shall have a Collateral Legal Maturity Date later than the Maximum Collateral Legal Maturity Date.

If any Eligible Collateral Assets mature prior to the Scheduled Maturity Date, the cash proceeds from the realisation of such Eligible Collateral Assets may be deposited (any such deposit, a “**Cash Deposit**”) with an OECD bank (which OECD bank must be rated at least A-1+ by S&P and P-1 by Moody’s (or its equivalent following a change in the ratings scale used by S&P and Moody’s) on the date such deposit is made), provided that any such Cash Deposit must mature no later than five Business Days prior to the Scheduled Maturity Date.

All Eligible Collateral Assets must be gross-paying assets and must not, as at the date they are selected to form part of the Charged Assets, be payable subject to withholding or deduction for or on account of tax.

“**Extended Maturity Date**” means, if and to the extent that Additional Provision (F) applies, the later of (I) the last day of the Notice Delivery Period (as defined in the Class A Credit Swap Confirmation) and (II) the last day of the Notice Delivery Period (as defined in the Class B Credit Swap Confirmation).

“**Final Maturity Date**” means, if and to the extent that Additional Provision (E) applies, the third Business Day following the Suspension Period End Date falling after the Scheduled Maturity Date or, as the case may be, the Extended Maturity Date.

“**Issuer Principal Funds**” means, with respect to each Note on the Scheduled Maturity Date or the Extended Maturity Date or the Maturity Date falling after the Scheduled Maturity Date an amount equal to the amount standing to the credit of the Cash Account on such date (other than any interest credited thereto and required to be applied towards payment of the Variable Coupon Amount or an amount due to the Counterparty under the Rate Swap Transaction) together with any principal proceeds received by or on behalf of the Issuer in respect of the Collateral Assets to the extent not yet credited to the Cash Account, such amount and/or proceeds multiplied by the fraction the numerator of which is the Outstanding Principal Amount of such Note and the denominator of which is the Aggregate Outstanding Principal Amount.

“**Maximum Collateral Legal Maturity Date**” means the Scheduled Maturity Date.

“**Moody’s**” means Moody’s Investors Service Limited or any successor to its credit ratings business.

“**Outstanding Principal Amount**” means, subject as provided in Additional Provision (I)(2) above, as at:

- (i) the Issue Date, in respect of the Class A Notes, USD 170,550,000 and in respect of the Class B Notes, USD 136,450,000; and
- (ii) any other date, in respect of the Class A Notes or respect of the Class B Notes, as the case may be, an amount equal to the greater of:
 - (a) zero; and
 - (b)
 - (i) the relevant Initial Tranche Notional Amount;
 - (ii) less the relevant Tranche Notional Amortization Amount;

- (iii) less (with effect as of each relevant Event Determination Date) the relevant aggregate Cash Settlement Amounts payable by the Issuer to the Counterparty on or prior to such date;
- (iv) less (with effect as of each relevant Physical Settlement Date) the relevant aggregate Physical Settlement Amount in respect of the relevant Deliverable Obligations delivered by the Counterparty to the Issuer on or prior to such date;
- (v) plus (with effect as of each relevant Repurchase Date) the relevant aggregate Repurchase Price of the Collateral Assets repurchased by the Issuer pursuant to paragraph 6 (of the relevant Credit Swap Transaction) on or prior to such date; and
- (vi) plus the aggregate of relevant Tranche Principal Reimbursements resulting from Writedown Reimbursement Payment Amounts payable on the Hypothetical Single Name Transactions in respect of Writedown Reimbursements within paragraphs (ii) and (iii) of the definition of "Writedown Reimbursement" of each Hypothetical Single Name Confirmation,

and the Outstanding Principal Amount of a Note shall be the Outstanding Principal Amount (determined as provided above) multiplied by the fraction the numerator of which is the Authorised Denomination of one Note and the denominator is the aggregate Authorised Denomination of all the Notes.

"Pending Cash Settlement Amount" means, with respect to the Credit Swap Transactions and a Credit Event for which the Conditions to Settlement have been satisfied but the related Cash Settlement Amount (i) has not yet been determined or (ii) has been determined but is not yet due and payable (each such circumstance, an **"Unsettled Credit Event"**), the Cash Settlement Amount ultimately determined with respect to such Unsettled Credit Event.

"Potential Credit Event" means an event which, in the determination of the Determination Agent, may, with the passage of time, constitute a Credit Event.

"Prepaid Fixed Amount" means each Fixed Amount prepaid or, as the case may be, due to be prepaid by the Counterparty to the Issuer under each of the Credit Swap Transactions.

"S&P" means Standard & Poor's Rating Services, a Division of the McGraw Hill Companies, Inc. or any successor to its credit ratings business.

"Suspension Period End Date" shall have the meaning ascribed to it in Additional Provision (E).

USE OF PROCEEDS

The net proceeds from the issue of the Notes, being USD 307,000,000, will be credited to the Cash Account and may be used to invest in Eligible Collateral Assets.

DESCRIPTION AND FORM OF CHARGED AGREEMENTS

The Issuer and the Counterparty have, by executing the Constituting Instrument in respect of the Notes, entered into, in relation to the Notes:

- (i) a 1992 ISDA Master Agreement and Schedule thereto in the form of the Master Charged Agreement Terms (August 2005 Edition – 1992 Master version) (Ref: MCATAug2005v1) signed for the purpose of identification on 08 August 2005 (as amended by the Constituting Instrument) which, in respect of the Notes, will be supplemented by the Credit Swap Confirmations; and
- (ii) a 1992 ISDA Master Agreement and Schedule thereto in the form of the Master Charged Agreement Terms (August 2005 Edition – 1992 Master version) (Ref: MCATAug2005v1) signed for the purposes of identification on 08 August 2005 which will be supplemented by a confirmation of the Rate Swap Transaction.

The form of the Credit Swap Confirmations is set out in full in the section of this Pricing Supplement entitled “*Form of Confirmations of Credit Swap Transactions*”.

The form of confirmation of the Rate Swap Transaction is set out in full in the section of this Pricing Supplement entitled “*Form of Confirmation of Rate Swap Transaction*”.

Payments of interest and principal to the Noteholders in respect of a Class of Notes are entirely contingent on the full and timely performance of the obligations of the Counterparty under the Charged Agreements.

FORM OF CONFIRMATIONS OF CREDIT SWAP TRANSACTIONS

Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland

22 November 2005

Dear Sirs,

Class A Confirmation – Credit Swap Transaction – Magnolia Finance II plc - Series 2005-6

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Credit Derivative Transaction entered into between Party A and Party B (each as defined below) on the Trade Date specified below (the "**Transaction**"). This Confirmation, including the Appendices, constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions, as amended and supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions (together, the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation, subject to the modifications and exclusions below. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation shall govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement and Schedule entered into by Party A and Party B by virtue of their entering into the Constituting Instrument dated 22 November 2005 in relation to Party B's Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the "**Class A Notes**") and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the "**Class B Notes**"), as amended and supplemented from time to time (the "**Agreement**"). This Confirmation is entered into with respect to the Class A Notes only (as used herein, the "**Notes**"). Party A and Party B have also entered into another confirmation with respect to the Class B Notes. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and expressions used but not otherwise defined in the Agreement shall have the meanings ascribed to them in the terms and conditions of the Notes. In the event of any inconsistency between words and meanings defined in the terms and conditions of the Notes and words and expressions defined in this Confirmation, this Confirmation will govern.

Except as otherwise indicated herein, Party A and Party B agree that all amounts payable under the Transaction will be calculated using amounts which would be calculated as if they had entered into hypothetical transactions (each, a "**Hypothetical Single Name Transaction**") with respect to each Reference Obligation as listed in Appendix B, on the terms substantially equal to those specified in the hypothetical single name confirmation attached as Appendix A hereto (the "**Hypothetical Single Name Confirmation**") with Party A entering each such Hypothetical Single Name Transaction as "Buyer" or "Party A" and with Party B entering each such Hypothetical

Single Name Transaction as "Seller" or "Party B". References to amounts payable under any Hypothetical Single Name Transactions shall be understood to refer to amounts that would have been payable had Party A and Party B actually entered into the Hypothetical Single Name Transactions as "Buyer" and "Seller", respectively, thereunder.

Notwithstanding the foregoing, the parties acknowledge that the concept of Hypothetical Single Name Transactions is used in the confirmation of this Transaction only for convenience for the purposes of calculating the amounts payable under such Transaction, and that the only credit derivative transaction entered into by the parties is this Transaction. However, notices shall be given and amounts calculated in accordance with the Hypothetical Single Name Transactions (notwithstanding that such amounts are not actually payable thereunder) in order to ensure that amounts which are due to be paid or delivered under this Transaction can be determined. Reference should be made in particular to the section of this Confirmation headed "**Settlement Terms**". Capitalized terms used but not otherwise defined in this section shall have the meanings given to such terms in Appendix A.

Notwithstanding anything to the contrary in this Confirmation, no amount stated to be payable to Buyer by Seller in respect of a Tranche Interest Shortfall Amount or in settlement of a Writedown or a Failure to Pay Principal shall actually be payable by Seller unless Buyer has delivered a Notice of Publicly Available Information (or a notice containing Publicly Available Information, as applicable) (in each case as defined in the Hypothetical Single Name Confirmation), to Seller with respect to all events with respect to which, under the Hypothetical Single Name Transactions, such a notice is required to be delivered and has satisfied the Conditions to Settlement during the Notice Delivery Period.

In this Confirmation "Party A" means Credit Suisse, Cayman Islands Branch, and "Party B" means Magnolia Finance II plc.

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

1. General Terms

Trade Date: 22 November 2005

Effective Date: 22 November 2005

Scheduled Termination Date: 25 March 2039, or the latest Legal Final Maturity Date of any Reference Obligation, if later, taking into account, solely for purposes of this definition of Scheduled Termination Date, any subsequent amendment or modification to the Legal Final Maturity Date of such Reference Obligation, in each case subject to adjustment in accordance with the Business Day Convention.

Termination Date: The Scheduled Termination Date, *provided*, that if the Conditions to Settlement are satisfied with respect to one or

more Credit Events (as such terms are defined in the Hypothetical Single Name Confirmation) that occur on or prior to the Scheduled Termination Date, and the Settlement Date for such Credit Event or Credit Events occurs after the Scheduled Termination Date, the Termination Date shall be the latest of such Settlement Dates (any such extended date, an "**Extended Termination Date**").

For the avoidance of doubt, this provision shall take precedence over any other provision in the Credit Derivatives Definitions purporting to specify another date as a Termination Date for the purposes of this Transaction.

Initial Tranche Notional Amount:

USD 170,550,000

Outstanding Tranche Notional Amount:

With respect to any date of determination, an amount equal to the greater of:

- (a) zero, and
- (b)
 - (i) the Initial Tranche Notional Amount,
 - (ii) *decreased by* the Tranche Notional Amortization Amount,
 - (iii) *decreased by* (with effect of each relevant Event Determination Date) the aggregate Cash Settlement Amounts payable by Seller to Buyer on or prior to such date of determination,
 - (iv) *decreased by* (with effect of each relevant Physical Settlement Date) the Physical Settlement Amount in respect of Deliverable Obligations Delivered by Buyer to Seller on or prior to such date of determination;
 - (v) *increased by* (with effect as of each relevant Repurchase Date) the aggregate Repurchase Price of the Eligible Collateral Assets repurchased by the Seller pursuant to paragraph 6 below on or prior to such date; and
 - (vi) *increased by* the aggregate Tranche Principal Reimbursements resulting from Writedown Reimbursement Payment Amounts payable

on the Hypothetical Single Name Transactions in respect of Writedown Reimbursements within paragraphs (ii) and (iii) of the definition of "Writedown Reimbursement" of the Hypothetical Single Name Confirmation.

Subordination Amount: On any date of determination, the excess, if any, of (a) the Initial Subordination Amount, over (b) the Aggregate Principal Loss Amount.

Initial Subordination Amount: USD 170,563,000.

Aggregate Principal Loss Amount: On any date of determination, the amount by which:

- (a) the sum of all Writedown Payment Amounts, Principal Shortfall Payment Amounts and Cash Settlement Amounts payable under the Hypothetical Single Name Transactions on or prior to such date, exceeds
- (b) the sum of the Writedown Reimbursement Payment Amounts and Principal Shortfall Reimbursement Payment Amounts payable under the Hypothetical Single Name Transactions on or prior to such date.

Initial Senior Notional Amount: USD 3,070,115,472

Portfolio Notional Amortization Amount: As of any date of determination, the sum of all Principal Payment Amounts (as determined under the Hypothetical Single Name Transaction in respect of each Reference Obligation).

Tranche Notional Amortization Amount: As of any date of determination, the sum of all Portfolio Notional Amortization Amounts occurring on or prior to such date of determination, in excess of the Initial Senior Notional Amount.

Calculation Agent City: London

Floating Rate Payer: Party B (the "**Seller**")

Fixed Rate Payer: Party A (the "**Buyer**")

Calculation Agent: Credit Suisse First Boston International

Business Days: New York, London

Business Day Convention: Following (which, subject to Sections 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Reference Obligation: Each Reference Obligation specified in Appendix B.

References to a Reference Obligation herein are references to the terms of the Reference Obligation as of the Trade Date without giving effect to any subsequent amendment or modification thereof.

Section 2.30 of the Credit Derivatives Definitions shall not apply.

Reference Price: 100%

2. Fixed Payments

Interpretation: On any date of determination, an amount is "previously paid" under this Transaction if it was previously calculated on a date prior to such date of determination.

Fixed Rate: 0.37 per cent. per annum

Fixed Amount: Subject as provided in paragraph 5 below, with respect to each Fixed Rate Payer Payment Date, an amount equal to the product of:

- (a) the Fixed Rate,
- (b) the Tranche Calculation Amount, and
- (c) the Tranche Day Count Fraction.

"Tranche Calculation Amount" means with respect to the determination of each Fixed Amount on a Fixed Rate Payer Payment Date, an amount equal to the aggregate of the Outstanding Tranche Notional Amount on each day during the Averaging Period immediately preceding such Fixed Rate Payer Payment Date divided by the number of days in such Averaging Period, as determined by the Interest Calculation Agent.

"Averaging Period" with respect to each Fixed Rate Payer Payment Date means the period from, and including, the second Business Day prior to the immediately preceding

Fixed Rate Payer Payment Date (or in the case of the first Fixed Rate Payer Calculation Period, the Effective Date) to, but excluding, the second Business Day prior to such Fixed Rate Payer Payment Date.

In addition, Fixed Amounts shall be subject to deferral and part payment (but shall not be subject to adjustment as a result of a Collateral Asset Interest Shortfall Event and/or a Collateral Interest Reimbursement), in the same manner and in the same circumstances contemplated with respect to payments of Interest Amounts in the Conditions of the Notes, as determined by the Calculation Agent.

Fixed Rate Payer Payment Dates:

The 25th day in each calendar month, commencing on 25 December 2005, and ending on and including the Termination Date. For the avoidance of doubt, the proviso set forth in Section 2.10 of the Credit Derivatives Definitions will not apply to this Transaction.

Fixed Rate Payer Calculation Period:

Notwithstanding Section 2.9 of the Credit Derivatives Definitions, each period from and including one Fixed Rate Payer Payment Date to but excluding the following Fixed Rate Payer Payment Date, except that the first Fixed Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Fixed Rate Payer Calculation Period will end on, and include, the Termination Date.

Section 5.4 of the Credit Derivatives Definitions shall be amended by deleting "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" from the line immediately preceding the last line thereof and inserting the following in lieu thereof: "the Termination Date".

Tranche Day Count Fraction:

The actual number of days in the Fixed Rate Payer Calculation Period divided by 360.

Additional Fixed Payment:

With respect to any Fixed Rate Payer Payment Date, the Additional Fixed Payment is an amount equal to the sum of:

- (a) The Tranche Interest Shortfall Reimbursement; plus
- (b) The Tranche Principal Reimbursement.

Buyer shall pay to Seller the Additional Fixed Payment, if any, on each Fixed Rate Payer Payment Date.

Tranche Interest Shortfall Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the greater of:

- (a) zero; and
- (b) the lesser of:
 - (i) the amount by which (A) the sum of all Interest Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, exceeds (B) the Aggregate Senior Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date), and
 - (ii) the Aggregate Tranche Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Tranche Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date).

No Tranche Interest Shortfall Reimbursement shall be due in respect of any Deliverable Obligation previously Delivered by Buyer to Seller.

Aggregate Senior Interest Shortfall Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

- (a) the sum of
 - (1) the product of
 - (i) the Aggregate Senior Interest Shortfall Amount on the immediately preceding Fixed Rate Payer Payment Date (determined, for the avoidance of doubt, *after* giving effect to any Senior Interest Shortfall Reimbursement on such immediately preceding Fixed Rate Payer Payment Date),

(ii) the sum of LIBOR and Fixed Rate, and

(iii) the Tranche Day Count Fraction, and

(2) the sum of the Senior Interest Shortfall Amounts that became payable during the related Floating Rate Payer Calculation Period, over

(b) the Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Senior Interest Shortfall Amount on the Effective Date shall be equal to zero.

Aggregate Tranche Interest Shortfall Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

(a) the sum of

(1) the product of

(i) the Aggregate Tranche Interest Shortfall Amount on the immediately preceding Fixed Rate Payer Payment Date (determined, for the avoidance of doubt, *after* giving effect to any Tranche Interest Shortfall Reimbursement on such immediately preceding Fixed Rate Payer Payment Date),

(ii) the sum of LIBOR and Fixed Rate, and

(iii) the Tranche Day Count Fraction, and

(2) the sum of the Tranche Interest Shortfall Amounts that became payable during the related Floating Rate Payer Calculation Period, over

(b) the Tranche Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Tranche Interest Shortfall Amount on the Effective Date shall be equal to zero.

Senior Interest Shortfall Amount:

With respect to any Fixed Rate Payer Calculation Period, an amount equal to the excess, if any, of:

- (a) the sum of the Interest Shortfall Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over
- (b) the sum of (i) the Tranche Interest Shortfall Limit and (ii) the product (1) of (LIBOR and Fixed Rate), (2) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (3) the Tranche Day Count Fraction.

For the avoidance of doubt, the Senior Interest Shortfall Amount on the Effective Date shall be equal to zero.

Senior Interest Shortfall Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the lesser of:

- (a) the sum of the Interest Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, and
- (b) the Aggregate Senior Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date).

Tranche Principal Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the greater of:

- (a) zero; and
- (b) the lesser of:
 - (i) the amount by which (A) the sum of all Principal Shortfall Reimbursement Payment Amounts and Writedown Reimbursement Payment Amounts on the Hypothetical Single Name Transactions that first became payable during the related Floating Rate Payer Calculation Period, exceeds (B) the Aggregate Senior Principal Loss Amount on

such Fixed Rate Payer Payment Date, and

- (ii) the excess, if any, of (A) the sum of (i) all Cash Settlement Amounts previously paid under this Transaction, and (ii) the Cash Settlement Amount payable on such date (if any), over (B) the sum of all Tranche Principal Reimbursements paid prior to such Fixed Rate Payer Payment Date.

No Tranche Principal Reimbursements shall be due in respect of any Deliverable Obligation previously Delivered by Buyer to Seller.

Aggregate Senior Principal Loss Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

- (a) the sum of all the Senior Principal Loss Amounts determined hereunder on or prior to such Fixed Rate Payer Payment Date, over
- (b) the sum of the Senior Principal Reimbursements determined hereunder prior to such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Senior Principal Loss Amount on the Effective Date shall be equal to zero.

Senior Principal Loss Amount:

With respect to any Floating Rate Payer Payment Date, an amount equal to the excess, if any, of:

- (a) the sum of all the Principal Loss Amounts and Cash Settlement Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over
- (b) the sum of the Outstanding Tranche Notional Amount and the Subordination Amount each as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day).

Senior Principal Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the lesser of:

- (a) the sum of all Writedown Reimbursement Payment Amounts and Principal Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, and
- (b) the Aggregate Senior Principal Loss Amount on such Fixed Rate Payer Payment Date.

LIBOR:

The Floating Rate determined as if (a) the 2000 ISDA Definitions applied to this paragraph, (b) each Fixed Rate Payer Calculation Period were a "Calculation Period" for purposes of such determination and (c) the following terms applied: (i) the Floating Rate Option was USD-LIBOR-BBA; (ii) the Floating Rate Designated Maturity was one month and (iii) the Floating Rate Reset Dates were the first day of each Calculation Period; *provided*, however, that if the Termination Date is the Extended Termination Date, LIBOR shall be deemed to be zero during the period from (and including) the day specified in clause (a) under "Termination Date" to (and including) the Extended Termination Date.

3. Floating Payments

Floating Payment:

Each Tranche Interest Shortfall Amount.

Floating Rate Payer Payment Date:

Each Fixed Rate Payer Payment Date.

Floating Rate Payer Calculation Period End Date:

Two Business Days prior to each Floating Rate Payer Payment Date.

Floating Rate Payer Calculation Period:

Each period from and including one Floating Rate Payer Calculation Period End Date to and excluding the immediately following Floating Rate Payer Calculation Period End Date, except that the first Floating Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Floating Rate Payer Calculation Period will end on, and include, the Termination Date.

Tranche Interest Shortfall Amount: With respect to any Floating Rate Payer Payment Date, an amount (which amount shall be notified to Seller by Buyer) equal to the lesser (but not less than zero) of:

- (a) the sum of all Interest Shortfall Payment Amounts payable under the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, less the Tranche Interest Shortfall Threshold on such Floating Rate Payer Payment Date; and
- (b) the Tranche Interest Shortfall Limit on such Floating Rate Payer Payment Date.

On each Floating Rate Payer Payment Date, Seller will pay to Buyer the Tranche Interest Shortfall Amount.

Tranche Interest Shortfall Threshold: With respect to any Floating Rate Payer Payment Date, an amount equal to the product of (a) (LIBOR and the Fixed Rate), (b) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (c) the Tranche Day Count Fraction.

Tranche Interest Shortfall Limit: With respect to any Floating Rate Payer Payment Date, an amount equal to the product of (a) (LIBOR and the Fixed Rate), (b) the Outstanding Tranche Notional Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (c) the Tranche Day Count Fraction.

4. Settlement Terms

Settlement Method: Cash Settlement, unless Seller receives a Notice of Physical Settlement effective on or prior to the Business Day immediately preceding the first day that Buyer is entitled to select as the Valuation Date, in which case the Settlement Method shall be Physical Settlement.

Multiple Exercises: For the avoidance of doubt, the parties acknowledge that under a Hypothetical Single Name Transaction, if a Failure to Pay Principal with respect to a Reference Obligation also results in a Writedown of the Reference Obligation, then the Buyer shall be entitled to cause a settlement of such Writedown or Failure to Pay Principal hereunder with respect to such Reference Obligation without duplication.

Outstanding principal For the purposes of Section 8.1 of the Credit Derivatives

balance of the Reference
Obligation:

Definitions, the outstanding principal balance of the Reference Obligation shall exclude the aggregate of all Writedown Amounts.

Conditions to Settlement:

If a Credit Event Notice or a notice of Floating Amount in respect of a Writedown or a Failure to Pay Principal is given with respect to a Hypothetical Single Name Transaction, then a Credit Event Notice shall be deemed to have been given pursuant to this Transaction.

The Conditions to Settlement will be satisfied with respect to this Transaction if, with respect to a Credit Event Notice given under a Hypothetical Single Name Transaction, all the relevant Conditions to Settlement are also satisfied pursuant to the relevant Hypothetical Single Name Transaction, or, as the case may be, the Conditions to Settlement will be satisfied with respect to this Transaction if, with respect to a notice of Floating Amount in respect of Writedown or a Failure to Pay Principal, such notice of Floating Amount is given in accordance with the relevant Hypothetical Single Name Transaction. Furthermore, with respect to the Physical Settlement, the Subordination Trigger (as defined below) Condition to Settlement shall apply:

In order to determine whether any Principal Loss Amounts or Cash Settlement Amounts have become payable (notwithstanding that such amounts shall not in fact be required to be paid under the Hypothetical Single Name Transaction) under any Hypothetical Single Name Transaction at any time, for the purpose of determining the Subordination Amount from time to time and any Cash Settlement Amount under this Transaction which may be payable following notification of the Conditions to Settlement under this Transaction, the Calculation Agent under each Hypothetical Single Name Transaction shall be entitled to give notice from time to time that a Floating Amount is due thereunder subject to and in accordance with the terms of the Hypothetical Single Name Transactions, or Party A shall be entitled to give a Credit Event Notice and satisfy the relevant Conditions to Settlement under each Hypothetical Single Name Transaction so that the relevant Cash Settlement Amount thereunder can be determined.

In relation to Physical Settlement, Party A shall bear all costs relating to the delivery and disposal of the relevant Deliverable Obligations to Party B.

Also, in relation to Physical Settlement, the Subordination Amount must be equal to zero after taking account of any Principal Loss Amounts and Cash Settlement Amounts under the Hypothetical Single Name Transaction (the “**Subordination Trigger**”).

Notifying Party:	Buyer
Terms Relating to Cash Settlement:	Article VII shall not apply to Cash Settlement hereunder, other than Section 7.1. Section 7.1 shall be amended by replacing “the Cash Settlement Amount” with “each Cash Settlement Amount” and “the Cash Settlement Date” with “each Cash Settlement Date”.
Settlement Currency:	USD
Cash Settlement Date:	With respect to a Credit Event under a Hypothetical Single Name Transaction in respect of which Cash Settlement applies, the relevant Cash Settlement Date thereunder and, with respect to a Writedown or Failure to Pay Principal under a Hypothetical Single Name Transaction, each Floating Rate Payer Payment Date which falls at least two Business Days after the date on which the relevant Conditions to Settlement are first satisfied.
Cash Settlement Amount:	<p>On any date of determination, an amount equal to the lesser (but not less than zero) of:</p> <ul style="list-style-type: none">(a) the Net Principal Loss Amount determined hereunder on such date of determination; and(b) the Outstanding Tranche Notional Amount immediately prior to such date of determination.
Net Principal Loss Amount:	<p>With respect to each Floating Rate Payer Payment Date, the excess, if any, of:</p> <ul style="list-style-type: none">(a) the Principal Loss Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over(b) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day); and <p>With respect to any Cash Settlement Date under a</p>

Hypothetical Single Name Transaction, the excess if any, of:

- (a) the Cash Settlement Amount that first became payable on such Cash Settlement Date, over
- (b) the Subordination Amount immediately prior to such Cash Settlement Date.

Principal Loss Amount: With respect to each Floating Rate Payer Payment Date, all Writedown Payment Amounts and Principal Shortfall Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period. Each such amounts shall be determined in accordance with the Hypothetical Single Name Transactions, notwithstanding no such amounts are payable thereunder (the purpose of such determination being solely to enable the relevant Principal Loss Amount to be determined under this Transaction).

Terms Relating to Physical Settlement:

Physical Settlement Period: The maximum number of Business Days for settlement in accordance with the current market practice for the Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties, subject to a maximum of 30 Business Days.

Notwithstanding Section 9.7 of the Credit Derivatives Definitions, "Latest Permissible Physical Settlement Date" shall be the date that is 12 calendar months after the Physical Settlement Date.

Deliverable Obligations: Reference Obligations only.

Exclude Accrued Interest.

Amount of Deliverable Obligations Deliverable: On any Physical Settlement Date, Buyer (or a third-party on Buyer's behalf) may Deliver to Seller Deliverable Obligations as to which a Writedown or a Failure to Pay Principal has occurred in an amount equal to the lesser of (i) the Reference Obligation Notional Amount of the applicable Reference Obligation or (ii) the Outstanding Tranche Notional Amount immediately prior to such Physical Settlement.

Physical Settlement An amount in USD equal to the product of (i) the Reference

Amount: Obligation Notional Amount of the Deliverable Obligations Delivered by Buyer to Seller and (ii) the Reference Price.

Settlement of Cash Settlement Amounts and Physical Settlements Amounts Seller shall satisfy its obligation to pay any Cash Settlement Amount to Buyer by:

- (i) delivering to Buyer; or
- (ii) (in the event, such Cash Settlement Amount arises from a notice of Floating Amount in respect of a Writedown or a Failure to Pay Principal having been given with respect to a Hypothetical Single Name Transaction and the Counterparty's short-term credit rating is at such time below "A-1+" by S&P) delivering to the Custodian for credit to the relevant ledger within the Collateral Defeasance Account,

on the relevant Cash Settlement Date securities comprising Eligible Collateral Assets and/or (in such proportion as may be selected by Buyer in its sole discretion) cash (if any) comprising the Charged Assets (but excluding the amounts in the Prepayment Ledger, the Class A Deliverable Obligations Ledger, the Class B Deliverable Obligations Ledger, the Class A Collateral Defeasance Ledger and the Class B Collateral Defeasance Ledger) with an outstanding principal balance or, as the case may be, in an amount which in aggregate is equal to the relevant Cash Settlement Amount (rounded up, in the case of securities comprising Eligible Collateral Assets, to the nearest denomination of any such securities being delivered). If due to rounding Seller delivers to Buyer (or, as the case may be, the Custodian) on a Cash Settlement Date Charged Assets the outstanding principal balance and amount (if cash is then comprised in the Charged Assets) of which is greater than the Cash Settlement Amount, Buyer shall pay to Seller an amount in USD equal to such excess on the relevant Cash Settlement Date.

Seller shall satisfy its obligation to pay any Physical Settlement Amount to Buyer by delivering to Buyer on the relevant Physical Settlement Date securities comprising Eligible Collateral Assets and/or (in such proportion as may be selected by Buyer in its sole discretion) cash (if any) comprising the Charged Assets (but excluding the amounts in the Prepayment Ledger, the Class A Deliverable Obligations Ledger, the Class B Deliverable Obligations Ledger, the Class A Collateral Defeasance Ledger and the

subject always to a minimum of zero.

If and to the extent that the Collateral Assets comprising securities redeem or otherwise do not comprise securities at any time, the balance of the Prepayment Ledger shall, to such extent be repaid to Buyer, provided always that if and to the extent that Collateral Assets comprising cash is reinvested in Eligible Collateral Assets comprising securities the first paragraph of this paragraph 5 shall apply.

6. Repurchase of Eligible Collateral Assets from Buyer

- (A) Following each delivery of Eligible Collateral Assets by the Seller to the Buyer pursuant to paragraph 4 above, the Buyer irrevocably grants to the Seller an option (each an “**Option**”), at any time during the period commencing on the date of such delivery of Eligible Collateral Assets by the Seller to the Buyer and ending on (and including) the date falling ninety days thereafter (the “**Option Period**”) to allow the Seller to repurchase any part of such Eligible Collateral Assets at the outstanding principal amount of such repurchased Eligible Collateral Assets as at the Physical Settlement Date corresponding to such delivery of Eligible Collateral Assets by the Seller to the Buyer (the “**Repurchase Price**”) with the proceeds from the realisation (pursuant to the terms of the Notes) of the Deliverable Obligations Delivered by the Buyer to the Seller pursuant to paragraph 4 (provided always that any transactional costs incurred with respect to such realisation of the Deliverable Obligations shall be for the account of the Buyer).
- (B) Each Option may be exercised by the Buyer by notice to the Seller during the Option Period. On the exercise of each Option, the Buyer will become bound to sell and the Seller will be bound to complete the purchase of the Collateral within five Business Days of such notice (the “**Repurchase Date**”).

7. Amendments and Modifications to the Credit Derivatives Definitions

- (A) Section 9.1. Additional Representations and Agreements of the Parties.

Section 9.1 of the Credit Derivatives Definitions shall not apply to the Transaction documented by this Confirmation. Each party agrees that, so long as either party has or may have any obligation under this Transaction:

- (i) the Transaction is not intended to be, and does not constitute, a contract of surety, insurance, guarantee or indemnity, and each Tranche Interest Shortfall Amount, Cash Settlement Amount and Additional Fixed Payment shall be payable hereunder irrespective of the existence or amount of either party's credit exposure to any Reference Obligation and Buyer need not suffer any loss with respect to the Reference Obligations to obtain payment hereunder;
- (ii) the Transaction does not create any rights or impose any obligations in respect of any entity that is not a party hereto;
- (iii) each party and its Affiliates and the Calculation Agent may deal in each Reference Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Reference Entity, any Affiliate of

any Reference Entity, any Underlying Obligor or any other person or entity having obligations relating to any Reference Entity or any Underlying Obligor and may act with respect to such business in the same manner as each of them would if this Transaction did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might constitute or give rise to a Credit Event) on any Reference Entity, any Underlying Obligor or the position of the other party to this Transaction or otherwise;

- (iv) each party and its Affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, at the Trade Date or at any time thereafter, be in possession of information in relation to any Reference Entity or any Underlying Obligor that is or may be material in the context of this Transaction and that may or may not be publicly available or known to the other party. This Transaction does not create any contractual obligation on the part of such party or its Affiliates or the Calculation Agent to disclose to the other party any such relationship or information (whether or not confidential); and
- (v) unless it is otherwise bound by or subject to a confidentiality obligation or agreement, a party receiving any information from the other party with respect to this Transaction shall not become subject to any obligation of confidentiality in respect of that information and the transferor of such information shall indemnify and hold harmless the transferee for any loss, liability, claim, damage and expense whatsoever incurred by the transferee arising out of the breach of any law or understanding or agreement with respect to the confidentiality of that information to which the transferor may be party.

8. Buyer right to Terminate

On any Interest Payment Date in respect of the Notes falling on or after 22 November 2007 (an "**Unwind Date**"), Buyer shall have the right to terminate in whole (but not in part) this Transaction (provided that buyer also similarly terminates all of the credit swap transactions with respect to the Class B Notes) by delivering a notice in writing to Seller copied to the Trustee specifying the Unwind Date at least 10 Business Days prior to the Unwind Date. For the avoidance of doubt, no amounts shall be due from either party to the other as a result of any such termination, save that each payment and delivery due under the Rate Swap Transaction on the Unwind Date shall be made in accordance with the Rate Swap Transaction.

9. Definitions

The following terms shall have the following meanings:

"Reference Obligation Initial Notional Amount" means the amount specified as such with respect to a Reference Obligation in Appendix B and such amount shall be the **"Initial Reference Obligation Notional Amount"** as defined in and for purposes of the calculations required under Appendix A.

"**Reference Obligation Notional Amount**" shall have the meaning given to such term in Appendix A.

10. Representations

- (a) Each party represents to the other party as of the Trade Date that in connection with this Transaction neither the other party nor any of the other party's Affiliates has made any representation whatsoever with respect to any Reference Entity or any Reference Obligation on which it is relying or is entitled to rely.
- (b) Each party represents and warrants to the other party as of the Trade Date that it is entering into this Transaction for investment, financial intermediation, hedging or other commercial purposes.
- (c) Each party hereby agrees that, as of the Trade Date:
 - (i) **Non-Reliance** It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.
 - (ii) **Assessment and Understanding** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.
 - (iii) **Status of Parties** The other party is not acting as a fiduciary for or an advisor to it in respect of this Transaction.

11. Offices

Party A is a Multibranch Party and is acting through its Cayman Islands branch for purposes of this Transaction.

Party B is not a Multibranch Party.

12. Notice and Account Details

Telephone, Telex and/or
Facsimile Numbers and
Contact Details for Notices:

Party A:

Credit Suisse, Cayman Islands Branch
c/o Credit Suisse First Boston International
One Cabot Square
London
E14 4QJ

Attention:

(1) General Counsel Europe, Legal & Compliance
Department
Facsimile No: +44 (0) 207 888 2686

with a copy to:

(2) Managing Director Credit Derivatives Group
Facsimile No: +001 212 743 4872

with a copy to:

(3) Global Head of OTC Operations, Derivatives
Support Group
Facsimile No: +44 (0) 207 888 9503

Party B: To be advised

Account Details:

Account Details of Party A: As advised separately in writing

Account Details of Party B: As advised separately in writing

Credit Suisse, Cayman Islands Branch has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

For the purpose of facilitating this Transaction, an Affiliate of Party A, which is organized in the United States of America (the "**Agent**"), has acted as agent for Party A. The Agent is not a principal with respect to this Transaction and shall have no responsibility or liability to the parties as a principal with respect to this Transaction.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____

Name:

Title:

Confirmed as of the date first above written:

MAGNOLIA FINANCE II PLC

By: _____

Name:

Title:

Appendix A: Hypothetical Single Name Confirmation

Date: 22 November 2005

To: Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland ("**Party B**")

From: Credit Suisse, Cayman Islands Branch ("**Party A**")

RE: Credit Derivative Transaction on Asset-Backed Security with Pay-As-You-Go Settlement, Cash Settlement and Physical Settlement

Dear Sir/Madam:

The purpose of this letter (the "**Confirmation**") is to confirm the terms and conditions of the Credit Derivative Transaction relating to an asset-backed security reference obligation entered into between us on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions (the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation shall govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement, dated as of 22 November 2005, as amended and supplemented from time to time (the "**Agreement**"), between you and us.

References in this Confirmation to the "Reference Obligation" shall be to the terms of the Reference Obligation (as defined below) set out in the Underlying Instruments (as defined below) as amended from time to time unless otherwise specified below.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

In this Confirmation "Party A" means Credit Suisse, Cayman Islands Branch, and "Party B" means Magnolia Finance II plc.

Terms relating to Cash Settlement and Floating Payments will be applied, as modified in this Confirmation only for convenience for the purposes of calculating the amounts payable under the Swap Transaction between Party A and Party B dated 22 November 2005 in relation to Party B's

Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039, and that is the only credit derivative transaction entered into by the parties is the Swap Transaction.

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

1. General Terms

Trade Date: 22 November 2005

Effective Date: 22 November 2005

Scheduled Termination Date: Subject to paragraph 5, the Legal Final Maturity Date of the Reference Obligation, subject to adjustment in accordance with the Following Business Day Convention.

Termination Date: The last to occur of:

- (a) the fifth Business Day following the Effective Maturity Date;
- (b) the last Floating Rate Payer Payment Date;
- (c) the last Delivery Date; and
- (d) the last Additional Fixed Amount Payment Date.

Floating Rate Payer: Party B (the "**Seller**").

Fixed Rate Payer: Party A (the "**Buyer**").

Calculation Agent: Credit Suisse First Boston International

Calculation Agent City: London

Business Day: New York and London

Business Day Convention: Following (which, with the exception of the Effective Date, the Final Amortization Date, each Reference Obligation Payment Date and the period end date of each Reference Obligation Calculation Period, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Reference Entity: Each Reference Entity listed in Appendix B. In the event that the description of a Reference Entity specified in Appendix B is inconsistent with the Reference Entity that is the obligor with respect to the relevant Reference Obligation

as identified in Appendix B, the Reference Entity shall be the obligor with respect to the relevant Reference Obligation as identified in Appendix B.

Reference Obligation: With reference to each Reference Entity, each Reference Obligation listed with respect to such Reference Entity in Appendix B.

Section 2.30 of the Credit Derivatives Definitions shall not apply.

Reference Policy: Not Applicable

Reference Price: 100%

Applicable Percentage: On any day, a percentage equal to A divided by B.

“**A**” means the product of the Initial Face Amount and the Initial Factor as decreased on each Delivery Date by an amount equal to (a) the outstanding principal balance of Deliverable Obligations Delivered to Seller divided by the Current Factor on such day multiplied by (b) the Initial Factor.

“**B**” means the product of the Original Principal Amount and the Initial Factor;

(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 resulting from purchases of the Reference Obligation by or on behalf of the Reference Entity.

Initial Factor: With reference to each Reference Obligation, a ratio equal to the Outstanding Principal Amount (as listed in Schedule B) as of the Effective Date divided by the Original Principal Amount (as listed in Schedule B).

Initial Face Amount: With reference to each Reference Obligation, the Initial Face Amount listed with respect to such Reference Obligation in Appendix B.

Reference Obligation On the Effective Date, the product of:

- Notional Amount:
- (a) the Original Principal Amount;
 - (b) the Initial Factor; and
 - (c) the Applicable Percentage.

Following the Effective Date, the Reference Obligation Notional Amount will be:

- (i) decreased on each day on which a Principal Payment is made by the relevant Principal Payment Amount;
- (ii) decreased on each day on which a Failure to Pay Principal occurs by the relevant Principal Shortfall Payment Amount;
- (iii) decreased on each day on which a Writedown occurs by the relevant Writedown Payment 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) of "Physical Settlement Amount" below;

provided that if the Reference Obligation Notional Amount would be less than zero, it shall be deemed to be zero.

Initial Payment: Not applicable

2. Fixed Payments

Fixed Rate Payer: Buyer

Fixed Rate: With reference to each Reference Obligation, the Fixed Rate listed with respect to such Reference Obligation in Appendix B.

Fixed Rate Payer Period End Date: The first day of each Reference Obligation Calculation Period.

Fixed Rate Payer Payment: Each day falling five Business Days after a Reference Obligation Payment Date; *provided* that the final Fixed Rate

Dates: Payer Payment Date shall fall on the fifth Business Day following the Effective Maturity Date.

Fixed Rate Payer Calculation Period: Notwithstanding Section 2.9 of the Credit Derivatives Definitions, each period from and including one Fixed Rate Payer Payment Date to but excluding the following Fixed Rate Payer Payment Date, except that the first Fixed Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Fixed Rate Payer Calculation Period will end on, and include, the Termination Date.

Section 5.4 of the Credit Derivatives Definitions shall be amended by deleting "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" from the line immediately preceding the last line thereof and inserting the following in lieu thereof: "the Termination Date".

Fixed Amount: With respect to any Fixed Rate Payer Payment Date, an amount equal to the product of:

- (a) the Fixed Rate;
- (b) an amount determined by the Calculation Agent equal to:
 - (i) the sum of the Reference Obligation Notional Amount as at 5:00 p.m. in the Calculation Agent City on each day in the related Fixed Rate Payer Calculation Period; divided by
 - (ii) the actual number of days in the related Fixed Rate Payer Calculation Period; and
- (c) the actual number of days in the related Fixed Rate Payer Calculation Period divided by 360.

Additional Fixed Amount Payment Dates: (a) Each Fixed Rate Payer Payment Date; and (b) in relation to each Additional Fixed Payment Event occurring after the second Business Day prior to the last Fixed Rate Payer Payment Date, the fifth Business Day after Buyer has received notification from Seller or the Calculation Agent of the occurrence of such Additional Fixed Payment

Event.

Additional Fixed Payments: Following the occurrence of an Additional Fixed Payment Event in respect of the Reference Obligation, Buyer shall pay the relevant Additional Fixed Amount to Seller on the first Additional Fixed Amount Payment Date falling at least two Business Days (or in the case of an Additional Fixed Payment Event that occurs after the second Business Day prior to the last Fixed Rate Payer Payment Date, the fifth Business Day) after the delivery of a notice by the Calculation Agent to the parties or by Seller to Buyer stating that the related Additional Fixed Amount is due and showing in reasonable detail how such Additional Fixed Amount was determined; *provided* that any such notice must be given on or prior to the fifth Business Day following the day that is one calendar year after the Effective Maturity Date.

Additional Fixed Payment Event: The occurrence on or after the Effective Date and on or before the day that is one calendar year after the Effective Maturity Date of a Writedown Reimbursement, Principal Shortfall Reimbursement or an Interest Shortfall Reimbursement.

Additional Fixed Amount: With respect to each Additional Fixed Amount Payment Date, an amount equal to the sum of:

- (a) the Writedown Reimbursement Payment Amount (if any);
- (b) the Principal Shortfall Reimbursement Payment Amount (if any); and
- (c) the Interest Shortfall Reimbursement Payment Amount (if any).

3. Floating Payments

Floating Rate Payer: Seller

Floating Rate Payer Payment Dates: 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 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 Buyer to Seller that the related Floating Amount is due and showing in reasonable detail how such Floating Amount was

determined; *provided* 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.

Floating Payments: If a Floating Amount Event occurs, then on the relevant Floating Rate Payer Payment Date, Seller will pay the relevant Floating Amount to Buyer. For the avoidance of doubt, the Conditions to Settlement are not required to be satisfied in respect of a Floating Payment.

Floating Amount Event: A Writedown, Failure to Pay Principal or an Interest Shortfall.

Floating Amount: With respect to each Floating Rate Payer Payment Date, an amount equal to the sum of:

- (a) the relevant Writedown Payment Amount (if any);
- (b) the relevant Principal Shortfall Payment Amount (if any); and
- (c) the relevant Interest Shortfall Payment Amount (if any).

Conditions to Settlement: Credit Event Notice

Notifying Party: Buyer

Notice of Physical Settlement, if Settlement Method is Physical Settlement

Notice of Publicly Available Information: Applicable

Public Sources: The public sources listed in Section 3.7 of the Credit Derivatives Definitions; *provided* that Servicer Reports in respect of the Reference Obligation and, in respect of a Distressed Ratings Downgrade Credit Event only, any public communications by any of the Rating Agencies in respect of the Reference Obligation shall also be deemed Public Sources.

Specified Number: 1

provided that if the Calculation Agent has previously delivered a notice to the parties or Buyer has previously delivered a notice to Seller pursuant to the definition of

“Floating Rate Payer Payment Dates” above in respect of a Writedown or a Failure to Pay Principal and if Settlement Method is Physical Settlement, the only Condition to Settlement with respect to any Credit Event shall be a Notice of Physical Settlement.

The parties agree that with respect to the Transaction and notwithstanding anything to the contrary in the Credit Derivatives Definitions:

- (a) (where applicable) one or more Credit Event Notices with respect to a Maturity Extension Credit Event may be delivered on or after the Legal Final Maturity Date listed in Schedule B (with respect to each Reference Obligation);
- (b) the Conditions to Settlement may be satisfied on more than one occasion;
- (c) multiple Physical Settlement Amounts may be payable by Seller;
- (d) Buyer, when providing a Notice of Physical Settlement, must specify an Exercise Amount and an Exercise Percentage;
- (e) if Buyer has delivered a Notice of Physical Settlement that specifies an Exercise Amount that is less than the Reference Obligation Notional Amount as of the date on which such Notice of Physical Settlement is delivered (calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full), the rights and obligations of the parties under the Transaction shall continue and Buyer may deliver additional Notices of Physical Settlement with respect to the initial Credit Event or with respect to any additional Credit Event at any time thereafter; and
- (f) any Notice of Physical Settlement shall be delivered no later than 30 calendar days after the fifth Business Day following the earlier of the Effective Maturity Date and the Optional Step-up Early Termination Date.

Credit Events:

The following Credit Events shall apply to this Transaction

(and the first sentence of Section 4.1 of the Credit Derivatives Definitions shall be amended accordingly):

Failure to Pay Principal

Writedown

For the avoidance of doubt, the following Credit Events shall not apply to this Transaction:

Distressed Ratings Downgrade

Maturity Extension

Obligation: Reference Obligation Only

4. Interest Shortfall

Interest Shortfall Payment Amount: 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 Cap: Applicable

Interest Shortfall Cap Amount: As set out in the Interest Shortfall Cap Annex.

Actual Interest Amount: With respect to any Reference Obligation Payment Date, payment by or on behalf of the Issuer of an amount in respect of interest due under the Reference Obligation, including, without limitation, any deferred interest or defaulted interest (including interest thereon) but excluding payments in respect of prepayment penalties or principal (except that the Actual Interest Amount shall include any payment of principal representing capitalized interest) paid to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

Expected Interest Amount: 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 (howsoever described in the Underlying Instruments) that are attributable to the Reference Obligation minus (b) the Aggregate Implied Writedown Amount (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. Except as provided in (a) in the previous sentence, the Expected Interest Amount shall be determined without regard to the effect of any limited recourse provisions (however described) of the Underlying Instruments that permit the limitation of due payments or distributions of funds pursuant to an available funds cap or otherwise, that provide for the capitalization or deferral of interest on the Reference Obligation, or that provide for the extinguishing or reduction of such payments or distributions (but, for the avoidance of doubt, taking account of any Writedown within paragraph (i) of the definition of "Writedown" occurring in accordance with the terms of the Underlying Instruments).

Interest Shortfall:

With respect to any Reference Obligation Payment Date, either (a) the non-payment of an Expected Interest Amount or (b) the payment of an Actual Interest Amount that is less than the Expected Interest Amount.

For the avoidance of doubt, the occurrence of an event within (a) or (b) shall be determined taking into account any payment made under the Reference Policy, if applicable.

Interest Shortfall Amount:

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;

provided that, with respect to the first Reference Obligation Payment Date only, the Interest Shortfall Amount shall be the amount determined in accordance with (a) and (b)

above multiplied by a fraction equal to:

- (x) the number of days in the first Fixed Rate Payer Calculation Period; over
- (y) the number of days in the first Reference Obligation Calculation Period.

Interest Shortfall
Reimbursement:

With respect to the second and all following Reference Obligation Payment Dates, the payment by or on behalf of the Issuer of an Actual Interest Amount in respect of the Reference Obligation (including, for the avoidance of doubt, any payment of principal representing capitalized interest) that is greater than the Expected Interest Amount.

Interest Shortfall
Reimbursement Amount:

With respect to the second and all following Reference Obligation Payment Dates, the product of (a) the amount of any Interest Shortfall Reimbursement on such day and (b) the Applicable Percentage.

Interest Shortfall
Reimbursement Payment
Amount:

If Interest Shortfall Cap is not applicable, the relevant Interest Shortfall Reimbursement Amount. If Interest Shortfall Cap is applicable, the amount determined pursuant to the Interest Shortfall Cap Annex.

5. Consequences of Step-up of the Reference Obligation Coupon

Step-up provisions:

Applicable

If the Step-up provisions are applicable, then the following provisions of this paragraph 5 shall apply.

Step-up:

On any day, an increase in the Reference Obligation Coupon due to the failure of the Issuer or a third party to redeem, cancel or terminate the Reference Obligation, as the case may be, in accordance with the Underlying Instruments.

Non-Call Notification Date:

The date of delivery by the Calculation Agent to the parties or by Buyer to Seller of a Non-Call Notice.

Non-Call Notice:

A notice given by the Calculation Agent to the parties or by Buyer to Seller that the Reference Obligation has not been redeemed, canceled or terminated pursuant to an optional "clean-up call" (however described in the Underlying Instruments) or other provision permitting such redemption, cancellation or termination, which failure will result in the occurrence of a Step-up.

Increase of the Fixed Rate: Subject to “Optional Step-up Early Termination” below, upon the occurrence of a Step-up, the Fixed Rate will be increased by the number of basis points by which the Reference Obligation Coupon is increased due to the Step-up, such increase to take effect as of the Fixed Rate Payer Payment Date immediately following the fifth Business Day after the Non-Call Notification Date.

Optional Step-up Early Termination: No later than five Business Days after the Non-Call Notification Date, Buyer shall notify Seller (such notification, a **“Buyer Step-up Notice”**) whether Buyer wishes to continue the Transaction at the increased Fixed Rate or to terminate the Transaction.

If Buyer elects to terminate the Transaction, the date of delivery of the Buyer Step-up Notice shall be the Scheduled Termination Date (such date, the **“Optional Step-up Early Termination Date”**) and in such case “Increase of the Fixed Rate” in this paragraph 5 shall not apply.

No amount shall be payable by either party in respect of the Optional Step-up Early Termination Date other than any Fixed Amount, Additional Fixed Amount, Floating Amount or Physical Settlement Amount due in respect of such date. For the avoidance of doubt, the obligation of a party to pay any amount that has become due and payable under the Transaction and remains unpaid as at the Optional Step-up Early Termination Date shall not be affected by the occurrence of the Optional Step-up Early Termination Date.

If Buyer fails to deliver the Buyer Step-up Notice by the fifth Business Day after the Non-Call Notification Date, Buyer shall be deemed to have elected to continue the Transaction at the increased Fixed Rate as described under “Increase of the Fixed Rate”.

If Buyer elects, or is deemed to have elected, to continue the Transaction at the increased Fixed Rate, the Transaction shall continue.

6. Settlement Terms

Settlement Method: Cash Settlement, unless Seller receives a Notice of Physical Settlement effective on or prior to the Business Day immediately preceding the first day that Buyer is entitled to select as the Valuation Date pursuant to “Valuation Date” below, in which case the Settlement

Method shall be Physical Settlement, in each case subject to “Reference Obligation Extinction” and “Reference Obligation Reduction” below.

Outstanding principal balance of the Reference Obligation: For the purposes of Sections 7.10, 7.11 and 8.1 of the Credit Derivatives Definitions and “Quotation Amount” and “Reference Obligation Reduction” below, the outstanding principal balance of the Reference Obligation shall be determined without regard to any Reference Obligation Reduction or restructuring of the outstanding principal balance of the Reference Obligation whether or not in accordance with its terms occurring on or after the Trade Date.

Terms Relating to Cash Settlement:

Floating Rate Payer Calculation Amount: Reference Obligation Notional Amount

Valuation Date: Single Valuation Date:

A Business Day selected by Buyer in its sole and absolute discretion and notified to Seller which falls not less than 180 calendar days and not more than 200 calendar days after the Event Determination Date.

Valuation Time: Any time (as selected by the Calculation Agent) on the Valuation Date during the hours that Dealers customarily bid for obligations such as the Reference Obligation.

Quotation Method: Bid

Quotation Amount: The lower of (a) the Floating Rate Payer Calculation Amount and (b) the aggregate outstanding principal balance of the Reference Obligation on the day on which a Quotation is sought.

Minimum Quotation Amount: The lower of (a) USD 500,000 and (b) the Quotation Amount.

Dealers: A dealer selected by the Calculation Agent (which may include one of the parties or any Affiliate of one of the parties) in obligations of the type of Obligation(s) for which Quotations are to be obtained.

Cash Settlement Date: 3 Business Days

Quotations:	Exclude Accrued Interest
Valuation Method:	Highest
Reference Obligation Extinction:	If a Failure to Pay Principal occurs and the Reference Obligation ceases to exist because the outstanding principal balance of the Reference Obligation is reduced to zero and the assets designated to fund the Reference Obligation have been disposed of (whether in accordance with the terms of the Reference Obligation or otherwise and whether pursuant to sale or liquidation or otherwise) and all proceeds of those assets have been fully distributed (whether in accordance with the terms of the Reference Obligation or otherwise and whether so distributed to holders of the Reference Obligation or any other person), then the Settlement Method shall be Cash Settlement and the Final Price shall be deemed to be zero and to be calculated on the day on which the Reference Obligation ceases to exist. For the avoidance of doubt, the Cash Settlement Amount shall be determined after giving effect to any reduction in the Reference Obligation Notional Amount occurring on or prior to the day of such determination.
Reference Obligation Reduction:	If on any day the aggregate outstanding principal balance of the Reference Obligation is lower than the Reference Obligation Notional Amount and Buyer delivers a Notice of Physical Settlement in accordance with "Settlement Method" above, then Physical Settlement shall be deemed to apply to a portion of the Transaction (the "Physical Settlement Portion") and Cash Settlement shall be deemed to apply to the remaining portion of the Transaction, if any (the "Cash Settlement Portion"). For this purpose (a) the Floating Rate Payer Calculation Amount in respect of the Physical Settlement Portion shall be deemed to be equal to the aggregate outstanding principal balance of the Reference Obligation on the Physical Settlement Date (the "Physical Floating Amount") and (b) the Floating Rate Payer Calculation Amount in respect of the Cash Settlement Portion shall be deemed to be equal to the Reference Obligation Notional Amount on the Physical Settlement Date minus the Physical Portion Floating Amount.

Terms Relating to Physical Settlement:

Physical Settlement Period: Five Business Days

Deliverable Obligations: Exclude Accrued Interest

Deliverable Obligations: Deliverable Obligation Category: Reference Obligation Only

Physical Settlement Amount: An amount equal to:

- (a) the product of the Exercise Amount and the Reference Price; minus
- (b) the sum of:
 - (i) if the Aggregate Implied Writedown Amount is greater than zero, the product of (A) the Aggregate Implied Writedown Amount, (B) the Applicable Percentage, each as determined immediately prior to the relevant Delivery and (C) the relevant Exercise Percentage; and
 - (ii) the product of (A) the aggregate of all Writedown Amounts in respect of Writedowns within paragraph (i)(B) of the definition of "Writedown" minus the aggregate of all Writedown Reimbursement Amounts in respect of Writedown Reimbursements within paragraph (ii)(B) of the definition of "Writedown Reimbursement" and (B) the Exercise Percentage;

provided that if the Physical Settlement Amount would exceed the product of:

- (1) the Reference Obligation Notional Amount as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full; and
- (2) the Exercise Percentage;

then the Physical Settlement Amount shall be deemed to be equal to such product.

Escrow: Applicable

Non-delivery by Buyer: If Buyer has delivered a Notice of Physical Settlement and does not Deliver in full the Deliverable Obligations specified in that Notice of Physical Settlement on or prior to the Physical Settlement Date, then such Notice of Physical Settlement shall be deemed not to have been delivered and any reference in this Confirmation to a previously delivered Notice of Physical Settlement shall exclude any Notice of Physical Settlement that is deemed not to have been delivered. Sections 9.2(c)(ii) (except for the first sentence thereof), 9.3, 9.4, 9.5, 9.6, 9.9 and 9.10 of the Credit Derivatives Definitions shall not apply.

7. Additional Provisions

(a) *Delivery of Servicer Report*

If either party makes a reasonable request in writing, the Calculation Agent agrees to provide such party with a copy of the most recent Servicer Report promptly following receipt of such request, if and to the extent such Servicer Report is reasonably available to the Calculation Agent (whether or not the Calculation Agent is a holder of the Reference Obligation). In addition, if a Floating Payment or an Additional Fixed Payment is due hereunder, then the Calculation Agent or the party that notifies the other party that the relevant Floating Payment or Additional Fixed Payment is due, as applicable, (the **“Notifying Party”**) shall deliver a copy of any Servicer Report relevant to such payment that is requested by the party that is not the Notifying Party or by either party where the Notifying Party is the Calculation Agent, if and to the extent that such Servicer Report is reasonably available to the Notifying Party (whether or not the Notifying Party is a holder of the Reference Obligation).

(b) *Calculation Agent and Buyer and Seller Determinations*

The Calculation Agent shall be responsible for determining and calculating (i) the Fixed Amount payable on each Fixed Rate Payer Payment Date; (ii) the occurrence of a Floating Amount Event and the related Floating Amount and (iii) the occurrence of an Additional Fixed Payment Event and the related Additional Fixed Amount; *provided* that notwithstanding the above, each of Buyer and Seller shall be entitled to determine and calculate the above amounts to the extent that Buyer or Seller, as applicable, has the right to deliver a notice to the other party demanding payment of such amount. The Calculation Agent or Buyer or Seller, as applicable, shall make such determinations and calculations based solely on the basis of the Servicer Reports, to the extent such Servicer Reports are reasonably available to the Calculation Agent or such party. The Calculation Agent or Buyer or Seller, as applicable, shall, as soon as practicable after making any of the determinations or calculations specified in (i) and (ii) above, notify the parties or the other party, as applicable, of such determinations and calculations.

8. Additional Definitions and Amendments to the Credit Derivatives Definitions
- (a) References in Sections 4.1, 8.2, 9.1 and 9.2(a) of the Credit Derivatives Definitions as well as Section 3(a)(iv) of the form of Novation Agreement set forth in Exhibit E to the Credit Derivatives Definitions to the Reference Entity shall be deemed to be references to both the Reference Entity and the Insurer in respect of the Reference Policy, if applicable.
- (b) (i) Section 3.2(d) of the Credit Derivatives Definitions is amended to delete the words “that is effective no later than thirty calendar days after the Event Determination Date”.
- (ii) The definition of “Publicly Available Information” in Section 3.5 of the Credit Derivatives Definitions shall be amended by (i) inserting the words “the Insurer in respect of the Reference Policy, if applicable” at the end of subparagraph (a)(ii)(A) thereof, (ii) inserting the words “, servicer, sub-servicer, master servicer” before the words “or paying agent” in subparagraph (a)(ii)(B) thereof and (iii) deleting the word “or” at the end of subparagraph (a)(iii) thereof and inserting at the end of subparagraph (a)(iv) thereof the following: “or (v) is information contained in a notice or on a website published by an internationally recognized rating agency that has at any time rated the Reference Obligation”.
- (iii) The definition of “Notice of Publicly Available Information” in Section 3.6 of the Credit Derivatives Definitions shall be amended by deleting the words “, or a description in reasonable detail, of” appearing in line 9 of the definition thereof and (ii) inserting in lieu thereof the words “of, or reference”.
- (iv) The definition of “Physical Settlement” in Section 8.1 of the Credit Derivatives Definitions shall be amended by (i) deleting the words “Physical Settlement Amount” from the last line of the second paragraph thereof and (ii) inserting in lieu thereof the words “Exercise Amount”.
- (v) The definition of “Physical Settlement Date” in Section 8.4 of the Credit Derivatives Definitions shall be amended by deleting the last sentence thereof.
- (c) For the purposes of this Transaction only, the following terms have the meanings given below:

“Actual Principal Amount” means, with respect to the Final Amortization Date or the Legal Final Maturity Date, payment on such day by or on behalf of the Issuer of an amount in respect of principal (excluding any capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

“Aggregate Implied Writedown Amount” means the greater of (i) zero and (ii) the aggregate of all Implied Writedown Amounts minus the aggregate of all Implied Writedown Reimbursement Amounts.

“Current Factor” means the factor of the Reference Obligation as specified in the most recent Servicer Report; *provided* that if the Current Factor is not specified in the most

recent Servicer Report, the Current Factor shall be the ratio equal to (i) the Outstanding Principal Amount as of such date, determined in accordance with the Servicer Report over (ii) the Original Principal Amount.

“Current Period Implied Writedown Amount” means, in respect of a Reference Obligation Calculation Period, an amount determined as of the last day of such Reference Obligation Calculation Period equal to the greater of:

- (i) zero; and
- (ii) the product of:
 - (A) the Implied Writedown Percentage; and
 - (B) the greater of:
 - (1) zero; and
 - (2) the Pari Passu Amount plus the Senior Amount minus the aggregate outstanding asset pool balance securing the payment obligations on the Reference Obligation (all such outstanding asset pool balances as obtained by the Calculation Agent from the most recently dated Servicer Report available as of such day), calculated based on the face amount of the assets in such pool, whether or not any such asset is performing.

“Distressed Ratings Downgrade” means that the 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 “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 of 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 “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 of 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 “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 of such withdrawal.

“Effective Maturity Date” means the earlier of (a) the Scheduled Termination Date and (b) the Final Amortization Date.

“Exercise Amount” means, for purposes of the Transaction, an amount to which a Notice of Physical Settlement applies equal to the product of (i) the original face amount of the Reference Obligation to be Delivered by Buyer to Seller on the Physical Settlement Date; and (ii) the Current Factor. The Exercise Amount to which a Notice of Physical Settlement relates shall (A) be equal to or less than the Reference Obligation Notional Amount (determined, for this purpose, without regard to the effect of any Writedown or Writedown Reimbursement within paragraphs (i)(B) or (iii) of “Writedown” or paragraphs (ii)(B) or (iii) of “Writedown Reimbursement”, respectively) as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though the Physical Settlement of all previously delivered Notices of Physical Settlement has occurred in full and (B) not be less than the lesser of (1) the Reference Obligation Notional Amount as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full and (2) USD 100,000. The cumulative original face amount of Deliverable Obligations specified in all Notices of Physical Settlement shall not at any time exceed the Initial Face Amount.

“Exercise Percentage” means, with respect to a Notice of Physical Settlement, a percentage equal to the original face amount of the Deliverable Obligations specified in such Notice of Physical Settlement divided by an amount equal to (i) the Initial Face Amount minus (ii) the aggregate of the original face amount of all Deliverable Obligations specified in all previously delivered Notices of Physical Settlement.

“Expected Principal Amount” means, with respect to the Final Amortization Date or the Legal Final Maturity Date as of the Effective Date (without giving effect to any amendments of the Legal Final Maturity Date after the Effective Date), an amount equal to (i) the Outstanding Principal Amount of the Reference Obligation payable on such day 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 (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. The Expected Principal Amount shall be determined without regard to the effect of any limited recourse 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 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.

“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.

“Fitch” means Fitch Ratings or any successor to the rating business thereof.

“Implied Writedown Amount” means, (i) if the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) of the definition of “Writedown” to occur in respect of the Reference Obligation, on any Reference Obligation Payment Date, an amount determined by the Calculation Agent equal to the excess, if any, of the Current Period Implied Writedown Amount over the Previous Period Implied Writedown Amount, in each case in respect of the Reference Obligation Calculation Period to which such Reference Obligation Payment Date relates, and (ii) in any other case, zero.

“Implied Writedown Percentage” means (i) the Outstanding Principal Amount divided by (ii) the Pari Passu Amount.

“Implied Writedown Reimbursement Amount” means, (i) if the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) of the definition of “Writedown” to occur in respect of the Reference Obligation, on any Reference Obligation Payment Date, an amount determined by the Calculation Agent equal to the excess, if any, of the Previous Period Implied Writedown Amount over the Current Period Implied Writedown Amount, in each case in respect of the Reference Obligation Calculation Period to which such Reference Obligation Payment Date relates, and (ii) in any other case, zero.

“Legal Final Maturity Date” with reference to each Reference Obligation, each date listed with respect to such Reference Obligation in Appendix B (subject, for the avoidance of doubt, to any business day convention applicable to the legal final maturity date of the Reference Obligation), *provided* that if the legal final maturity date of the Reference Obligation is amended, the Legal Final Maturity Date shall be such date as amended.

“Maturity Extension” means an extension by or on behalf of the Issuer of the Legal Final Maturity Date on or after the Effective Date, that is effected by an amendment to the Underlying Instruments occurring on or after the Effective Date.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating business thereof.

“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) 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).

“Pari Passu Amount” means, as of any date of determination, the aggregate of the Outstanding Principal Amount of the Reference Obligation and the aggregate outstanding principal balance of all obligations of the Reference Entity secured by the Underlying Assets and ranking *pari passu* in priority with the Reference Obligation.

“Previous Period Implied Writedown Amount” means, in respect of a Reference Obligation Calculation Period, the Current Period Implied Writedown Amount as determined in relation to the last day of the immediately preceding Reference Obligation Calculation Period.

“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 Principal Shortfall Reimbursement, Writedown Reimbursement or Interest Shortfall Reimbursement.

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

“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.

“Principal Shortfall Payment Amount” means, with respect of a Failure to Pay Principal the lesser of (a) the related Principal Shortfall Amount and (b) the Reference Obligation Notional Amount immediately prior to the occurrence of such Failure to Pay Principal.

“Principal Shortfall Reimbursement” means, with respect to any day, the payment by or on behalf of the Issuer 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 Amount” 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, with respect to an Additional Fixed Amount Payment Date, 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 Additional Fixed Amount Payment 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 Seller in respect of occurrences of Failure to Pay Principal prior to such Additional Fixed Amount Payment Date.

“Rating Agencies” means Fitch, Moody’s and Standard & Poor’s.

“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 the Underlying Instruments.

“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 Effective Date, without regard to any subsequent amendment and without regard to the effect of any limited recourse provisions (however described) of the Underlying Instruments that permit the limitation of due payments or distributions of funds pursuant to an available funds cap or otherwise.

“Reference Obligation Payment Date” means (i) each scheduled distribution date for the Reference Obligation occurring on or after the Effective Date and on or prior to the Scheduled Termination Date, 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 the Reference Obligation.

“Senior Amount” means, as of any day, the aggregate outstanding principal balance of all obligations of the Reference Entity secured by the Underlying Assets and ranking senior in priority to the Reference Obligation.

“Servicer” means any trustee, servicer, sub-servicer, master servicer, fiscal agent, paying agent or other similar entity responsible for calculating payment amounts or providing reports pursuant to the Underlying Instruments.

“Servicer Reports” means periodic statements or reports regarding the Reference Obligation provided by the Servicer to holders of the Reference Obligation.

“Standard & Poor’s” means Standard & Poor’s Rating Services, a division of McGraw-Hill Companies, Inc. or any successor to the rating business thereof.

“Underlying Assets” means the assets securing the Reference Obligation for the benefit of the holders of the Reference Obligation and which are expected to generate the cashflows required for the servicing and repayment (in whole or in part) of the Reference Obligation, or the assets to which a holder of such Reference Obligation is economically exposed where such exposure is created synthetically.

“Underlying Instruments” means the indenture, trust agreement, pooling and servicing agreement or other relevant agreement(s) setting forth the terms of the Reference Obligation.

“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.

“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 Payment Amount” means, with respect of a Writedown the lesser of (a) the related Writedown Amount and (b) the Reference Obligation Notional Amount immediately prior to the occurrence of such Writedown.

“Writedown Reimbursement” means, with respect to any day, the occurrence of either:

- (i) a payment by or on behalf of the Issuer 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 Issuer 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 (howsoever described in the Underlying Instruments) attributable to the Reference Obligation; or
- (iii) if 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 being determined in respect of the Reference Obligation by the Calculation Agent.

“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 an Additional Fixed Amount Payment Date, 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 Additional Fixed Amount Payment 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 Seller in respect of Writedowns occurring prior to such Additional Fixed Amount Payment Date.

Credit Suisse, Cayman Islands Branch has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

For the purpose of facilitating this Transaction, an Affiliate of Party A, which is organized in the United States of America (the **“Agent”**), has acted as agent for Party A. The Agent is not a principal with respect to this Transaction and shall have no responsibility or liability to the parties as a principal with respect to this Transaction.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____

Name:

Title:

Confirmed as of the date first above written:

MAGNOLIA FINANCE II PLC

By: _____

Name:

Title:

INTEREST SHORTFALL CAP ANNEX

If Interest Shortfall Cap is applicable, then the following provisions will apply:

Interest Shortfall Cap Basis: Fixed Cap

Interest Shortfall Cap Amount: If the Interest Shortfall Cap Basis is Fixed Cap, the Interest Shortfall Cap Amount in respect of an Interest Shortfall shall be the Fixed Amount calculated in respect of the Fixed Rate Payer Payment Date immediately following the Reference Obligation Payment Date on which the relevant Interest Shortfall occurred.

If the Interest Shortfall Cap Basis is Variable Cap, the Interest Shortfall Cap Amount applicable in respect of a Floating Rate Payer Payment Date shall be an amount equal to the product of:

- (a) the sum of the Relevant Rate and the Fixed Rate applicable to the Fixed Rate Payer Calculation Period immediately preceding the Reference Obligation Payment Date on which the relevant Interest Shortfall occurs;
- (b) an amount determined by the Calculation Agent equal to:
 - (i) the sum of the Reference Obligation Notional Amount as at 5:00 p.m. in the Calculation Agent City on each day in such Fixed Rate Payer Calculation Period divided by
 - (ii) the actual number of days in such Fixed Rate Payer Calculation Period; and
- (c) the actual number of days in such Fixed Rate Payer Calculation Period divided by 360.

Interest Shortfall Reimbursement Payment Amount:

If Interest Shortfall Cap is applicable, then with respect to the first Additional Fixed Amount Payment Date, zero, and with respect to any subsequent Additional Fixed Amount Payment Date and calculated as of the Reference Obligation Payment Date immediately preceding such Additional Fixed Amount Payment Date, as specified by the Calculation Agent in its notice to the parties or by Seller in its notice to Buyer of the existence of an Interest Shortfall Reimbursement, an amount equal to the greater of:

- (a) zero; and
- (b) the amount equal to:
 - (i) the product of:
 - (A) the Cumulative Interest Shortfall Payment Amount as of the Additional Fixed Amount Payment Date immediately preceding such Reference Obligation Payment Date; and
 - (B) the relevant Cumulative Interest Shortfall Payment Compounding Factor for the Fixed Rate Payer Calculation Period immediately preceding such Additional Fixed Amount Payment Date (or 1.0 in respect of any Additional Fixed Amount Payment Date occurring after the final Fixed Rate Payer Payment Date);

minus

- (ii) the Cumulative Interest Shortfall Amount as of such Reference Obligation Payment Date;

provided that if the Interest Shortfall Reimbursement Payment Amount on an Additional Fixed Amount Payment Date would exceed the Interest Shortfall Reimbursement Amount in respect of the related Reference Obligation Payment Date, then such Interest Shortfall Reimbursement Payment Amount shall be deemed to be equal to such Interest Shortfall Reimbursement Amount.

Cumulative Interest Shortfall Amount:

With respect to any Reference Obligation Payment Date, an amount equal to the greater of:

- (a) zero; and
- (b) an amount equal to:
 - (i) the Cumulative Interest Shortfall Amount as of the Reference Obligation Payment Date immediately preceding such Reference Obligation Payment Date or, in the case of

the first Reference Obligation Payment Date, zero; plus

- (ii) the Interest Shortfall Amount (if any) in respect of such Reference Obligation Payment Date; plus
- (iii) an amount determined by the Calculation Agent as the amount of interest that would accrue on the Cumulative Interest Shortfall Amount immediately preceding such Reference Obligation Payment Date during the related Reference Obligation Calculation Period pursuant to the Underlying Instruments or, in the case of the first Reference Obligation Payment Date, zero; minus
- (iv) the Interest Shortfall Reimbursement Amount (if any) in respect of such Reference Obligation Payment Date.

Upon the occurrence of each Delivery, the Cumulative Interest Shortfall Amount shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following such Delivery divided by (b) the Applicable Percentage immediately prior to such Delivery; *provided, however*, that if more than one Delivery is made during a Reference Obligation Calculation Period, the Cumulative Interest Shortfall Amount calculated as of the Reference Obligation Payment Date occurring immediately after such Reference Obligation Calculation Period shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following the final Delivery made during such Reference Obligation Calculation Period and (b) the Applicable Percentage immediately prior to the first Delivery made during such Reference Obligation Calculation Period.

Cumulative Interest Shortfall Payment Amount:

The Cumulative Interest Shortfall Payment Amount with respect to any Fixed Rate Payer Payment Date and any Additional Fixed Amount Payment Date falling on such Fixed Rate Payer Payment Date shall be an amount equal to the greater of:

- (a) zero; and
- (b) the amount equal to:

- (i) the sum of:
 - (A) the Interest Shortfall Payment Amount for the Reference Obligation Payment Date corresponding to such Fixed Rate Payer Payment Date; and
 - (B) the product of:
 - (1) the Cumulative Interest Shortfall Payment Amount as of the Fixed Rate Payer Payment Date immediately preceding such Fixed Rate Payer Payment Date (or zero in the case of the first Fixed Rate Payer Payment Date); and
 - (2) the relevant Cumulative Interest Shortfall Payment Compounding Factor;
- minus
- (ii) any Interest Shortfall Reimbursement Payment Amount paid on such Fixed Rate Payer Payment Date.

With respect to any Additional Fixed Amount Payment Date falling after the final Fixed Rate Payer Payment Date, the Cumulative Interest Shortfall Payment Amount shall be equal to:

- (x) the Cumulative Interest Shortfall Payment Amount as of the Additional Fixed Amount Payment Date immediately preceding such Additional Fixed Amount Payment Date (or as of the final Fixed Rate Payer Payment Date in the case of the first Additional Fixed Amount Payment Date occurring after the final Fixed Rate Payer Payment Date); minus
- (y) any Interest Shortfall Reimbursement Payment Amount paid on such Additional Fixed Amount Payment Date.

Upon the occurrence of each Delivery, the Cumulative Interest Shortfall Payment Amount shall be multiplied by ϵ

fraction equal to (a) the Applicable Percentage immediately following such Delivery divided by (b) the Applicable Percentage immediately prior to such Delivery; *provided, however,* that if more than one Delivery is made during a Reference Obligation Calculation Period, the Cumulative Interest Shortfall Payment Amount calculated as of the Reference Obligation Payment Date occurring immediately after such Reference Obligation Calculation Period shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following the final Delivery made during such Reference Obligation Calculation Period and (b) the Applicable Percentage immediately prior to the first Delivery made during such Reference Obligation Calculation Period.

Cumulative Interest Shortfall
Payment Compounding
Factor:

With respect to any Fixed Rate Payer Calculation Period, an amount equal to the sum of:

- (a) 1.0;
- plus
- (b) the product of:
 - (i) the sum of (A) the Relevant Rate plus (B) the Fixed Rate; and
 - (ii) the actual number of days in such Fixed Rate Payer Calculation Period divided by 360;

provided, however, that the Cumulative Interest Shortfall Payment Compounding Factor shall be deemed to be 1.0 during the period from but excluding the Effective Maturity Date to and including the Termination Date.

Relevant Rate:

With respect to a Fixed Rate Payer Calculation Period, the Floating Rate, expressed as a decimal number with seven decimal places, that would be determined if:

- (a) the 2000 ISDA Definitions (and not the 2003 ISDA Credit Derivatives Definitions) applied to this paragraph;
- (b) the Fixed Rate Payer Calculation Period were a "Calculation Period" for purposes of such determination; and

- (c) the following terms applied:
- (i) the Floating Rate Option were the Rate Source;
 - (ii) the Designated Maturity were the period that corresponds to the usual length of a Fixed Rate Payer Calculation Period; and
 - (iii) the Reset Date were the first day of the Calculation Period;

provided, however, that the Relevant Rate shall be deemed to be zero during the period from but excluding the Effective Maturity Date to and including the Termination Date.

Rate Source: USD-LIBOR-BBA

Appendix B: Reference Obligation Schedule

3C.3.6

Effective as of 22 November 2005

#	Reference Entity	Initial Face Amount	Original Principal Amount	Outstanding Principal Amount	Reference Obligation (CUSIP)	Legal Final Maturity Date	Fixed Rate
1	Banc of America Commercial Mortgage Inc, Series 2004-3	35,654,480.50	414,397,485.00	414,397,485.00	05947UVC9	10-Jun-39	0.14%
2	Banc of America Commercial Mortgage Inc, Series 2004-5	35,654,480.50	188,667,000.00	188,667,000.00	05947UXQ6	10-Nov-41	0.14%
3	Banc of America Commercial Mortgage Inc, Series 2004-5	35,654,480.50	90,241,000.00	90,241,000.00	05947UXT0	10-Nov-41	0.24%
4	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	478,931,000.00	478,931,000.00	05947UM21	10-Jul-43	0.14%
5	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	108,805,000.00	108,805,000.00	05947UM47	10-Jul-43	0.24%
6	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	164,234,000.00	164,234,000.00	05947UM39	10-Jul-43	0.21%
7	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR4	40,145,451.80	630,914,000.00	630,914,000.00	07383FF78	11-Jun-41	0.14%
8	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR5	40,145,451.80	579,079,000.00	579,079,000.00	07383FQ50	11-Jul-42	0.14%
9	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR6	40,145,451.80	512,051,000.00	512,051,000.00	07383FX52	11-Nov-41	0.14%
10	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR6	40,145,451.80	69,357,000.00	69,357,000.00	07383FX78	11-Nov-41	0.24%
11	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR7	40,145,451.80	527,652,000.00	527,652,000.00	07383F3Z9	11-Feb-41	0.14%
12	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR7	40,145,451.80	85,748,000.00	85,748,000.00	07383F4B1	11-Feb-41	0.24%
13	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR8	40,145,451.80	1,020,394,000.00	1,020,394,000.00	07383F7W2	11-Jun-41	0.14%
14	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR8	40,145,451.80	150,046,000.00	150,046,000.00	07383F7Y8	11-Jun-41	0.24%
15	Bear Stearns Commercial Mortgage Securities, Series 2005-T18	40,145,451.80	517,238,000.00	517,238,000.00	07383F5K0	13-Feb-42	0.14%
16	Bear Stearns Commercial Mortgage Securities, Series 2005-T18	40,145,451.80	74,307,000.00	74,307,000.00	07383F5M6	13-Feb-42	0.24%
17	Citigroup Commercial Mortgage Trust, Series 2004-C1	21,750,732.20	553,662,000.00	553,662,000.00	173067AD1	15-Apr-40	0.14%
18	Citigroup Commercial Mortgage Trust, Series 2004-C2	21,750,732.20	440,496,000.00	440,496,000.00	173067EE5	15-Oct-41	0.14%
19	Citigroup Commercial Mortgage Trust, Series 2004-C2	21,750,732.20	45,084,000.00	45,084,000.00	173067EG0	15-Oct-41	0.24%
20	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	329,125,000.00	329,125,000.00	173067GT0	15-May-43	0.14%
21	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	102,256,000.00	102,256,000.00	173067HB8	15-May-43	0.24%
22	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	93,517,000.00	93,517,000.00	173067GZ6	15-May-43	0.21%
23	Commercial Mortgage Pass Through Certificates, Series 2004-LB3A	26,604,127.90	502,796,000.00	502,796,000.00	20047GBQ9	10-Jul-37	0.14%
24	Commercial Mortgage Pass Through Certificates, Series 2004-LB4A	26,604,127.90	343,272,000.00	343,272,000.00	20047NAE2	15-Oct-37	0.14%
25	Commercial Mortgage Pass Through Certificates, Series 2005-LP5	26,604,127.90	305,071,000.00	305,071,000.00	20047PAE7	10-May-43	0.14%
26	Commercial Mortgage Pass Through Certificates, Series 2005-LP5	26,604,127.90	117,014,000.00	117,014,000.00	20047PAH0	10-May-43	0.24%
27	CS First Boston Mortgage Securities Corp, Series 2004-C3	23,571,955.00	694,474,000.00	694,474,000.00	22541SWK0	15-Jul-36	0.14%
28	CS First Boston Mortgage Securities Corp, Series 2004-C4	23,571,955.00	267,162,000.00	267,162,000.00	22541SH84	15-Oct-39	0.14%

29	CS First Boston Mortgage Securities Corp, Series 2004-C4	23,571,955.00	78,243,000.00	78,243,000.00	22541SJ25	15-Oct-39	0.24%
30	CS First Boston Mortgage Securities Corp, Series 2004-C5	23,571,955.00	575,728,000.00	575,728,000.00	22541S2S6	15-Nov-37	0.14%
31	CS First Boston Mortgage Securities Corp, Series 2004-C5	23,571,955.00	100,348,000.00	100,348,000.00	22541S2U1	15-Nov-37	0.24%
32	CS First Boston Mortgage Securities Corp, Series 2005-C1	23,571,955.00	674,347,000.00	674,347,000.00	225458DM7	15-Feb-38	0.14%
33	CS First Boston Mortgage Securities Corp, Series 2005-C1	23,571,955.00	92,510,000.00	92,510,000.00	225458DN5	15-Feb-38	0.24%
34	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	365,026,000.00	365,026,000.00	225458RT7	15-Apr-37	0.14%
35	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	110,350,000.00	110,350,000.00	225458RX8	15-Apr-37	0.24%
36	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	80,508,000.00	80,508,000.00	225458RW0	15-Apr-37	0.14%
37	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	372,531,000.00	372,531,000.00	225458VQ8	15-Jul-37	0.14%
38	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	135,048,000.00	135,048,000.00	225458VU9	15-Jul-37	0.24%
39	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	163,695,000.00	163,695,000.00	225458VT2	15-Jul-37	0.21%
40	Greenwich Capital Commercial Funding Corp, Series 2005-GG3	41,602,789.90	783,022,000.00	783,022,000.00	396789JU4	10-Aug-42	0.14%
41	Greenwich Capital Commercial Funding Corp, Series 2005-GG3	41,602,789.90	228,986,000.00	228,986,000.00	396789JW0	10-Aug-42	0.24%
42	Ge Capital Commercial Mortgage Corp, Series 2004-C3	40,769,636.70	301,331,000.00	301,331,000.00	36828QHW9	10-Jul-39	0.14%
43	General Electric Capital Assurance Co, Series 2003-1	16,380,629.20	270,000,000.00	270,000,000.00	36161RAD1	12-May-35	0.14%
44	General Electric Capital Assurance Co, Series 2003-1	16,380,629.20	112,724,000.00	112,724,000.00	36161RAE9	12-May-35	0.14%
45	GMAC Commercial Mortgage Securities Inc, Series 2004-C2	45,505,515.30	428,386,000.00	428,386,000.00	361849F56	10-Aug-38	0.14%
46	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	1,299,650,000.00	1,299,650,000.00	36228CTH6	10-Aug-38	0.14%
47	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	208,000,000.00	208,000,000.00	36228CTF0	10-Aug-38	0.14%
48	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	173,000,000.00	173,000,000.00	36228CTG8	10-Aug-38	0.14%
49	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	167,371,000.00	167,371,000.00	36228CVV2	10-Jul-39	0.14%
50	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	29,609,000.00	29,609,000.00	36228CVS9	10-Jul-39	0.14%
51	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	300,060,000.00	300,060,000.00	36228CVX8	10-Jul-39	0.24%
52	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C2	32,686,464.10	431,388,000.00	431,388,000.00	46625M3N7	15-May-41	0.14%
53	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	179,635,000.00	178,168,378.54	46625YFG3	15-Jan-42	0.14%
54	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	421,433,000.00	421,433,000.00	46625YFY5	15-Jan-42	0.14%
55	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	87,251,000.00	87,251,000.00	46625YEZ2	15-Jan-42	0.24%
56	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-CBX	32,686,464.10	384,868,000.00	384,868,000.00	46625YDE0	12-Jan-37	0.14%
57	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-CBX	32,686,464.10	117,739,000.00	117,739,000.00	46625YDF7	12-Jan-37	0.24%
58	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-LN2	32,686,464.10	430,265,000.00	430,265,000.00	46625YCV3	15-Jul-41	0.14%
59	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-CB11	32,686,464.10	727,260,000.00	727,260,000.00	46625YJF1	12-Aug-37	0.14%
60	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-CB11	32,686,464.10	67,063,000.00	67,063,000.00	46625YJH7	12-Aug-37	0.24%
61	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP1	32,686,464.10	601,541,000.00	601,541,000.00	46625YGP2	15-Mar-46	0.14%
62	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP1	32,686,464.10	94,303,000.00	94,303,000.00	46625YGQ0	15-Mar-46	0.24%
63	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	561,321,000.00	561,321,000.00	46625YNC3	15-Jul-42	0.14%
64	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	216,011,000.00	216,011,000.00	46625YNF6	15-Jul-42	0.24%

65	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	247,946,000.00	247,946,000.00	46625YNE9	15-Jul-42	0.21%
66	LB-UBS Commercial Mortgage Trust, Series 2004-C4	31,393,226.40	374,953,000.00	374,953,000.00	52108HE42	15-Jun-29	0.14%
67	LB-UBS Commercial Mortgage Trust, Series 2004-C7	31,393,226.40	561,636,000.00	561,636,000.00	52108HP73	15-Oct-29	0.14%
68	LB-UBS Commercial Mortgage Trust, Series 2004-C8	31,393,226.40	383,027,000.00	383,027,000.00	52108HU77	15-Dec-29	0.14%
69	LB-UBS Commercial Mortgage Trust, Series 2004-C8	31,393,226.40	85,232,000.00	85,232,000.00	52108HU85	15-Dec-39	0.24%
70	LB-UBS Commercial Mortgage Trust, Series 2005-C1	31,393,226.40	531,842,000.00	531,842,000.00	52108H2U7	15-Feb-30	0.14%
71	LB-UBS Commercial Mortgage Trust, Series 2005-C1	31,393,226.40	102,769,000.00	102,769,000.00	52108H2W3	15-Feb-40	0.24%
72	LB-UBS Commercial Mortgage Trust, Series 2005-C2	31,393,226.40	470,704,000.00	470,704,000.00	52108H3H5	15-Apr-30	0.14%
73	LB-UBS Commercial Mortgage Trust, Series 2005-C2	31,393,226.40	121,684,000.00	121,684,000.00	52108H3J1	15-Apr-30	0.24%
74	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	691,686,000.00	691,686,000.00	52108H5X8	15-Jul-30	0.14%
75	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	184,378,000.00	184,378,000.00	52108H4W1	15-Jul-40	0.24%
76	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	196,670,000.00	196,670,000.00	52108H4V3	15-Jul-40	0.21%
77	Merrill Lynch Mortgage Trust, Series 2004-KEY2	25,645,898.00	345,746,000.00	345,746,000.00	59022HDU3	12-Aug-39	0.14%
78	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	128,700,000.00	128,349,008.81	59022HHK1	12-Jun-43	0.14%
79	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	526,039,000.00	526,039,000.00	59022HHJ4	12-Jun-43	0.14%
80	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	115,142,000.00	115,142,000.00	59022HJM7	12-Jun-43	0.24%
81	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	173,800,000.00	173,800,000.00	59022HHL9	12-Jun-43	0.21%
82	Merrill Lynch Mortgage Trust, Series 2005-MKB2	25,645,898.00	332,815,000.00	332,815,000.00	59022HFY3	12-Sep-42	0.14%
83	Merrill Lynch Mortgage Trust, Series 2005-MKB2	25,645,898.00	61,128,000.00	61,128,000.00	59022HGA4	12-Sep-42	0.24%
84	Morgan Stanley Capital I, Series 2004-T15	58,353,419.00	449,103,000.00	449,103,000.00	61745ML43	13-Jun-41	0.14%
85	Morgan Stanley Capital I, Series 2004-T13	58,353,419.00	589,157,000.00	589,157,000.00	61745MVB6	13-Sep-45	0.14%
86	Morgan Stanley Capital I, Series 2003-IQ4	58,353,419.00	449,730,000.00	449,730,000.00	61745MQM8	15-May-40	0.14%
87	Morgan Stanley Capital I, Series 2003-IQ5	58,353,419.00	373,718,000.00	373,718,000.00	61745MTD5	15-Apr-38	0.14%
88	Morgan Stanley Capital I, Series 2003-T11	58,353,419.00	561,379,000.00	561,379,000.00	61746WH29	13-Jun-41	0.14%
89	Wachovia Bank Commercial Mortgage Trust, Series 2004-C14	40,015,554.50	305,906,000.00	305,906,000.00	929766UK7	15-Aug-41	0.14%
90	Wachovia Bank Commercial Mortgage Trust, Series 2004-C15	40,015,554.50	459,608,000.00	459,608,000.00	929766WL3	15-Oct-41	0.14%
91	Wachovia Bank Commercial Mortgage Trust, Series 2005-C16	40,015,554.50	569,152,000.00	569,152,000.00	929766YX5	15-Oct-41	0.14%
92	Wachovia Bank Commercial Mortgage Trust, Series 2005-C16	40,015,554.50	131,545,000.00	131,545,000.00	929766ZA4	15-Oct-41	0.24%
93	Wachovia Bank Commercial Mortgage Trust, Series 2005-C17	40,015,554.50	1,079,352,000.00	1,079,352,000.00	929766C35	15-Mar-42	0.14%
94	Wachovia Bank Commercial Mortgage Trust, Series 2005-C17	40,015,554.50	187,242,000.00	187,242,000.00	929766C43	15-Mar-42	0.24%
95	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	476,015,000.00	476,015,000.00	929766R54	15-Apr-42	0.14%
96	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	140,537,000.00	140,537,000.00	929766W58	15-Apr-42	0.24%
97	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	89,592,000.00	89,592,000.00	929766R62	15-Apr-42	0.24%
98	Ge Capital Commercial Mortgage Corp, Series 2004-C2	40,769,636.70	574,549,000.00	574,549,000.00	36828QHJ8	10-Mar-40	0.14%
99	Ge Capital Commercial Mortgage Corp, Series 2004-C1	40,769,636.70	280,575,000.00	280,575,000.00	36828QDM5	10-Nov-38	0.14%
100	GMAC Commercial Mortgage Securities Inc, Series 2003-C3	45,505,515.30	408,101,000.00	408,101,000.00	361849ZT2	10-Apr-40	0.14%

Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland

22 November 2005

Dear Sirs,

Class B Confirmation – Credit Swap Transaction – Magnolia Finance II plc - Series 2005-6

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Credit Derivative Transaction entered into between Party A and Party B (each as defined below) on the Trade Date specified below (the "**Transaction**"). This Confirmation, including the Appendices, constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions, as amended and supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions (together, the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation, subject to the modifications and exclusions below. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation shall govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement and Schedule entered into by Party A and Party B by virtue of their entering into the Constituting Instrument dated 22 November 2005 in relation to Party B's Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the "**Class A Notes**") and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the "**Class B Notes**"), as amended and supplemented from time to time (the "**Agreement**"). This Confirmation is entered into with respect to the Class B Notes only (as used herein, the "**Notes**"). Party A and Party B have also entered into another confirmation with respect to the Class A Notes. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and expressions used but not otherwise defined in the Agreement shall have the meanings ascribed to them in the terms and conditions of the Notes. In the event of any inconsistency between words and meanings defined in the terms and conditions of the Notes and words and expressions defined in this Confirmation, this Confirmation will govern.

Except as otherwise indicated herein, Party A and Party B agree that all amounts payable under the Transaction will be calculated using amounts which would be calculated as if they had entered into hypothetical transactions (each, a "**Hypothetical Single Name Transaction**") with respect to each Reference Obligation as listed in Appendix B, on the terms substantially equal to those specified in the hypothetical single name confirmation attached as Appendix A hereto (the "**Hypothetical Single Name Confirmation**") with Party A entering each such Hypothetical Single Name Transaction as "Buyer" or "Party A" and with Party B entering each such Hypothetical Single Name Transaction as "Seller" or "Party B". References to amounts payable under any Hypothetical Single Name Transactions shall be understood to refer to amounts that would have

been payable had Party A and Party B actually entered into the Hypothetical Single Name Transactions as "Buyer" and "Seller", respectively, thereunder.

Notwithstanding the foregoing, the parties acknowledge that the concept of Hypothetical Single Name Transactions is used in the confirmation of this Transaction only for convenience for the purposes of calculating the amounts payable under such Transaction, and that the only credit derivative transaction entered into by the parties is this Transaction. However, notices shall be given and amounts calculated in accordance with the Hypothetical Single Name Transactions (notwithstanding that such amounts are not actually payable thereunder) in order to ensure that amounts which are due to be paid or delivered under this Transaction can be determined. Reference should be made in particular to the section of this Confirmation headed "**Settlement Terms**". Capitalized terms used but not otherwise defined in this section shall have the meanings given to such terms in Appendix A.

Notwithstanding anything to the contrary in this Confirmation, no amount stated to be payable to Buyer by Seller in respect of a Tranche Interest Shortfall Amount or in settlement of a Writedown or a Failure to Pay Principal shall actually be payable by Seller unless Buyer has delivered a Notice of Publicly Available Information (or a notice containing Publicly Available Information, as applicable) (in each case as defined in the Hypothetical Single Name Confirmation), to Seller with respect to all events with respect to which, under the Hypothetical Single Name Transactions, such a notice is required to be delivered and has satisfied the Conditions to Settlement during the Notice Delivery Period.

In this Confirmation "Party A" means Credit Suisse, Cayman Islands Branch, and "Party B" means Magnolia Finance II plc.

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

1. General Terms

Trade Date: 22 November 2005

Effective Date: 22 November 2005

Scheduled Termination Date: 25 March 2039, or the latest Legal Final Maturity Date of any Reference Obligation, if later, taking into account, solely for purposes of this definition of Scheduled Termination Date, any subsequent amendment or modification to the Legal Final Maturity Date of such Reference Obligation, in each case subject to adjustment in accordance with the Business Day Convention.

Termination Date: The Scheduled Termination Date, *provided*, that if the Conditions to Settlement are satisfied with respect to one or more Credit Events (as such terms are defined in the

Hypothetical Single Name Confirmation) that occur on or prior to the Scheduled Termination Date, and the Settlement Date for such Credit Event or Credit Events occurs after the Scheduled Termination Date, the Termination Date shall be the latest of such Settlement Dates (any such extended date, an "**Extended Termination Date**").

For the avoidance of doubt, this provision shall take precedence over any other provision in the Credit Derivatives Definitions purporting to specify another date as a Termination Date for the purposes of this Transaction.

Initial Tranche Notional Amount:

USD 136,450,000

Outstanding Tranche Notional Amount:

With respect to any date of determination, an amount equal to the greater of:

- (a) zero, and
- (b)
 - (i) the Initial Tranche Notional Amount,
 - (ii) *decreased by* the Tranche Notional Amortization Amount,
 - (iii) *decreased by* (with effect of each relevant Event Determination Date) the aggregate Cash Settlement Amounts payable by Seller to Buyer on or prior to such date of determination,
 - (iv) *decreased by* (with effect of each relevant Physical Settlement Date) the Physical Settlement Amount in respect of Deliverable Obligations Delivered by Buyer to Seller on or prior to such date of determination;
 - (v) *increased by* (with effect as of each relevant Repurchase Date) the aggregate Repurchase Price of the Eligible Collateral Assets repurchased by the Seller pursuant to paragraph 6 below on or prior to such date; and
 - (vi) *increased by* the aggregate Tranche Principal Reimbursements resulting from Writedown Reimbursement Payment Amounts payable on the Hypothetical Single Name

Transactions in respect of Writedown Reimbursements within paragraphs (ii) and (iii) of the definition of "Writedown Reimbursement" of the Hypothetical Single Name Confirmation.

Subordination Amount: On any date of determination, the excess, if any, of (a) the Initial Subordination Amount, over (b) the Aggregate Principal Loss Amount.

Initial Subordination Amount: USD 34,113,000

Aggregate Principal Loss Amount: On any date of determination, the amount by which:

- (a) the sum of all Writedown Payment Amounts, Principal Shortfall Payment Amounts and Cash Settlement Amounts payable under the Hypothetical Single Name Transactions on or prior to such date, exceeds
- (b) the sum of the Writedown Reimbursement Payment Amounts and Principal Shortfall Reimbursement Payment Amounts payable under the Hypothetical Single Name Transactions on or prior to such date.

Initial Senior Notional Amount: USD 3,240,665,472

Portfolio Notional Amortization Amount: As of any date of determination, the sum of all Principal Payment Amounts (as determined under the Hypothetical Single Name Transaction in respect of each Reference Obligation).

Tranche Notional Amortization Amount: As of any date of determination, the sum of all Portfolio Notional Amortization Amounts occurring on or prior to such date of determination, in excess of the Initial Senior Notional Amount.

Calculation Agent City: London

Floating Rate Payer: Party B (the "**Seller**")

Fixed Rate Payer: Party A (the "**Buyer**")

Calculation Agent: Credit Suisse First Boston International

Business Days: New York, London

Business Day Convention: Following (which, subject to Sections 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Reference Obligation: Each Reference Obligation specified in Appendix B.

References to a Reference Obligation herein are references to the terms of the Reference Obligation as of the Trade Date without giving effect to any subsequent amendment or modification thereof.

Section 2.30 of the Credit Derivatives Definitions shall not apply.

Reference Price: 100%

2. Fixed Payments

Interpretation: On any date of determination, an amount is "previously paid" under this Transaction if it was previously calculated on a date prior to such date of determination.

Fixed Rate: 0.37 per cent. per annum

Fixed Amount: Subject as provided in paragraph 5 below, with respect to each Fixed Rate Payer Payment Date, an amount equal to the product of:

- (a) the Fixed Rate,
- (b) the Tranche Calculation Amount, and
- (c) the Tranche Day Count Fraction.

"Tranche Calculation Amount" means with respect to the determination of each Fixed Amount on a Fixed Rate Payer Payment Date, an amount equal to the aggregate of the Outstanding Tranche Notional Amount on each day during the Averaging Period immediately preceding such Fixed Rate Payer Payment Date divided by the number of days in such Averaging Period, as determined by the Interest Calculation Agent.

"Averaging Period" with respect to each Fixed Rate Payer Payment Date means the period from, and including, the second Business Day prior to the immediately preceding Fixed Rate Payer Payment Date (or in the case of the first

Fixed Rate Payer Calculation Period, the Effective Date) to, but excluding, the second Business Day prior to such Fixed Rate Payer Payment Date.

In addition, Fixed Amounts shall be subject to deferral and part payment (but shall not be subject to adjustment as a result of a Collateral Asset Interest Shortfall Event and/or a Collateral Interest Reimbursement), in the same manner and in the same circumstances contemplated with respect to payments of Interest Amounts in the Conditions of the Notes, as determined by the Calculation Agent.

Fixed Rate Payer Payment Dates:

The 25th day in each calendar month, commencing on 25 December 2005, and ending on and including the Termination Date. For the avoidance of doubt, the proviso set forth in Section 2.10 of the Credit Derivatives Definitions will not apply to this Transaction.

Fixed Rate Payer Calculation Period:

Notwithstanding Section 2.9 of the Credit Derivatives Definitions, each period from and including one Fixed Rate Payer Payment Date to but excluding the following Fixed Rate Payer Payment Date, except that the first Fixed Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Fixed Rate Payer Calculation Period will end on, and include, the Termination Date.

Section 5.4 of the Credit Derivatives Definitions shall be amended by deleting "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" from the line immediately preceding the last line thereof and inserting the following in lieu thereof: "the Termination Date".

Tranche Day Count Fraction:

The actual number of days in the Fixed Rate Payer Calculation Period divided by 360.

Additional Fixed Payment:

With respect to any Fixed Rate Payer Payment Date, the Additional Fixed Payment is an amount equal to the sum of:

- (a) The Tranche Interest Shortfall Reimbursement; plus
- (b) The Tranche Principal Reimbursement.

Buyer shall pay to Seller the Additional Fixed Payment, if any, on each Fixed Rate Payer Payment Date.

Tranche Interest Shortfall

With respect to any Fixed Rate Payer Payment Date, the

Reimbursement:

greater of:

- (a) zero; and
- (b) the lesser of:
 - (i) the amount by which (A) the sum of all Interest Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, exceeds (B) the Aggregate Senior Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date), and
 - (ii) the Aggregate Tranche Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Tranche Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date).

No Tranche Interest Shortfall Reimbursement shall be due in respect of any Deliverable Obligation previously Delivered by Buyer to Seller.

Aggregate Senior Interest Shortfall Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

- (a) the sum of
 - (1) the product of
 - (i) the Aggregate Senior Interest Shortfall Amount on the immediately preceding Fixed Rate Payer Payment Date (determined, for the avoidance of doubt, *after* giving effect to any Senior Interest Shortfall Reimbursement on such immediately preceding Fixed Rate Payer Payment Date),
 - (ii) the sum of LIBOR and Fixed Rate, and

(iii) the Tranche Day Count Fraction, and

(2) the sum of the Senior Interest Shortfall Amounts that became payable during the related Floating Rate Payer Calculation Period, over

(b) the Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Senior Interest Shortfall Amount on the Effective Date shall be equal to zero.

Aggregate Tranche Interest Shortfall Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

(a) the sum of

(1) the product of

(i) the Aggregate Tranche Interest Shortfall Amount on the immediately preceding Fixed Rate Payer Payment Date (determined, for the avoidance of doubt, *after* giving effect to any Tranche Interest Shortfall Reimbursement on such immediately preceding Fixed Rate Payer Payment Date),

(ii) the sum of LIBOR and Fixed Rate, and

(iii) the Tranche Day Count Fraction, and

(2) the sum of the Tranche Interest Shortfall Amounts that became payable during the related Floating Rate Payer Calculation Period, over

(b) the Tranche Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Tranche Interest Shortfall Amount on the Effective Date shall be equal to zero.

Senior Interest Shortfall

With respect to any Fixed Rate Payer Calculation Period, an

Amount:

amount equal to the excess, if any, of:

- (a) the sum of the Interest Shortfall Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over
- (b) the sum of (i) the Tranche Interest Shortfall Limit and (ii) the product (1) of (LIBOR and Fixed Rate), (2) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (3) the Tranche Day Count Fraction.

For the avoidance of doubt, the Senior Interest Shortfall Amount on the Effective Date shall be equal to zero.

Senior Interest Shortfall Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the lesser of:

- (a) the sum of the Interest Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, and
- (b) the Aggregate Senior Interest Shortfall Amount on such Fixed Rate Payer Payment Date (determined, for this purpose, *prior to* giving effect to any Senior Interest Shortfall Reimbursement on such Fixed Rate Payer Payment Date).

Tranche Principal Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the greater of:

- (a) zero; and
- (b) the lesser of:
 - (i) the amount by which (A) the sum of all Principal Shortfall Reimbursement Payment Amounts and Writedown Reimbursement Payment Amounts on the Hypothetical Single Name Transactions that first became payable during the related Floating Rate Payer Calculation Period, exceeds (B) the Aggregate Senior Principal Loss Amount on such Fixed Rate Payer Payment Date, and

- (ii) the excess, if any, of (A) the sum of (i) all Cash Settlement Amounts previously paid under this Transaction, and (ii) the Cash Settlement Amount payable on such date (if any), over (B) the sum of all Tranche Principal Reimbursements paid prior to such Fixed Rate Payer Payment Date.

No Tranche Principal Reimbursements shall be due in respect of any Deliverable Obligation previously Delivered by Buyer to Seller.

Aggregate Senior Principal Loss Amount:

With respect to any Fixed Rate Payer Payment Date, the excess, if any, of:

- (a) the sum of all the Senior Principal Loss Amounts determined hereunder on or prior to such Fixed Rate Payer Payment Date, over
- (b) the sum of the Senior Principal Reimbursements determined hereunder prior to such Fixed Rate Payer Payment Date.

For the avoidance of doubt, the Aggregate Senior Principal Loss Amount on the Effective Date shall be equal to zero.

Senior Principal Loss Amount:

With respect to any Floating Rate Payer Payment Date, an amount equal to the excess, if any, of:

- (a) the sum of all the Principal Loss Amounts and Cash Settlement Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over
- (b) the sum of the Outstanding Tranche Notional Amount and the Subordination Amount each as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day).

Senior Principal Reimbursement:

With respect to any Fixed Rate Payer Payment Date, the lesser of:

- (a) the sum of all Writedown Reimbursement Payment Amounts and Principal Shortfall Reimbursement Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, and
- (b) the Aggregate Senior Principal Loss Amount on such Fixed Rate Payer Payment Date.

LIBOR:

The Floating Rate determined as if (a) the 2000 ISDA Definitions applied to this paragraph, (b) each Fixed Rate Payer Calculation Period were a "Calculation Period" for purposes of such determination and (c) the following terms applied: (i) the Floating Rate Option was USD-LIBOR-BBA; (ii) the Floating Rate Designated Maturity was one month and (iii) the Floating Rate Reset Dates were the first day of each Calculation Period; *provided*, however, that if the Termination Date is the Extended Termination Date, LIBOR shall be deemed to be zero during the period from (and including) the day specified in clause (a) under "Termination Date" to (and including) the Extended Termination Date.

3. Floating Payments

Floating Payment:

Each Tranche Interest Shortfall Amount.

Floating Rate Payer Payment Date:

Each Fixed Rate Payer Payment Date.

Floating Rate Payer Calculation Period End Date:

Two Business Days prior to each Floating Rate Payer Payment Date.

Floating Rate Payer Calculation Period:

Each period from and including one Floating Rate Payer Calculation Period End Date to and excluding the immediately following Floating Rate Payer Calculation Period End Date, except that the first Floating Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Floating Rate Payer Calculation Period will end on, and include, the Termination Date.

Tranche Interest Shortfall Amount: With respect to any Floating Rate Payer Payment Date, an amount (which amount shall be notified to Seller by Buyer) equal to the lesser (but not less than zero) of:

- (a) the sum of all Interest Shortfall Payment Amounts payable under the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, less the Tranche Interest Shortfall Threshold on such Floating Rate Payer Payment Date; and
- (b) the Tranche Interest Shortfall Limit on such Floating Rate Payer Payment Date.

On each Floating Rate Payer Payment Date, Seller will pay to Buyer the Tranche Interest Shortfall Amount.

Tranche Interest Shortfall Threshold: With respect to any Floating Rate Payer Payment Date, an amount equal to the product of (a) (LIBOR and the Fixed Rate), (b) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (c) the Tranche Day Count Fraction.

Tranche Interest Shortfall Limit: With respect to any Floating Rate Payer Payment Date, an amount equal to the product of (a) (LIBOR and the Fixed Rate), (b) the Outstanding Tranche Notional Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day) and (c) the Tranche Day Count Fraction.

4. Settlement Terms

Settlement Method: Cash Settlement, unless Seller receives a Notice of Physical Settlement effective on or prior to the Business Day immediately preceding the first day that Buyer is entitled to select as the Valuation Date, in which case the Settlement Method shall be Physical Settlement.

Multiple Exercises: For the avoidance of doubt, the parties acknowledge that under a Hypothetical Single Name Transaction, if a Failure to Pay Principal with respect to a Reference Obligation also results in a Writedown of the Reference Obligation, then the Buyer shall be entitled to cause a settlement of such Writedown or Failure to Pay Principal hereunder with respect to such Reference Obligation without duplication.

Outstanding principal For the purposes of Section 8.1 of the Credit Derivatives

balance of the Reference
Obligation:

Definitions, the outstanding principal balance of the Reference Obligation shall exclude the aggregate of all Writedown Amounts.

Conditions to Settlement:

If a Credit Event Notice or a notice of Floating Amount in respect of a Writedown or a Failure to Pay Principal is given with respect to a Hypothetical Single Name Transaction, then a Credit Event Notice shall be deemed to have been given pursuant to this Transaction.

The Conditions to Settlement will be satisfied with respect to this Transaction if, with respect to a Credit Event Notice given under a Hypothetical Single Name Transaction, all the relevant Conditions to Settlement are also satisfied pursuant to the relevant Hypothetical Single Name Transaction, or, as the case may be, the Conditions to Settlement will be satisfied with respect to this Transaction if, with respect to a notice of Floating Amount in respect of Writedown or a Failure to Pay Principal, such notice of Floating Amount is given in accordance with the relevant Hypothetical Single Name Transaction. Furthermore, with respect to the Physical Settlement, the Subordination Trigger (as defined below) Condition to Settlement shall apply:

In order to determine whether any Principal Loss Amounts or Cash Settlement Amounts have become payable (notwithstanding that such amounts shall not in fact be required to be paid under the Hypothetical Single Name Transaction) under any Hypothetical Single Name Transaction at any time, for the purpose of determining the Subordination Amount from time to time and any Cash Settlement Amount under this Transaction which may be payable following notification of the Conditions to Settlement under this Transaction, the Calculation Agent under each Hypothetical Single Name Transaction shall be entitled to give notice from time to time that a Floating Amount is due thereunder subject to and in accordance with the terms of the Hypothetical Single Name Transactions, or Party A shall be entitled to give a Credit Event Notice and satisfy the relevant Conditions to Settlement under each Hypothetical Single Name Transaction so that the relevant Cash Settlement Amount thereunder can be determined.

In relation to Physical Settlement, Party A shall bear all costs relating to the delivery of the relevant Deliverable Obligations to Party B.

Also, in relation to Physical Settlement, the Subordination Amount must be equal to zero after taking account of any Principal Loss Amounts and Cash Settlement Amounts under the Hypothetical Single Name Transaction (the “**Subordination Trigger**”).

Notifying Party: Buyer

Terms Relating to Cash Settlement: Article VII shall not apply to Cash Settlement hereunder, other than Section 7.1. Section 7.1 shall be amended by replacing “the Cash Settlement Amount” with “each Cash Settlement Amount” and “the Cash Settlement Date” with “each Cash Settlement Date”.

Settlement Currency: USD

Cash Settlement Date: With respect to a Credit Event under a Hypothetical Single Name Transaction in respect of which Cash Settlement applies, the relevant Cash Settlement Date thereunder and, with respect to a Writedown or Failure to Pay Principal under a Hypothetical Single Name Transaction, each Floating Rate Payer Payment Date which falls at least two Business Days after the date on which the relevant Conditions to Settlement are first satisfied.

Cash Settlement Amount: On any date of determination, an amount equal to the lesser (but not less than zero) of:

- (a) the Net Principal Loss Amount determined hereunder on such date of determination; and
- (b) the Outstanding Tranche Notional Amount immediately prior to such date of determination.

Net Principal Loss Amount: With respect to each Floating Rate Payer Payment Date, the excess, if any, of:

- (a) the Principal Loss Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period, over
- (b) the Subordination Amount as of the first day of the immediately preceding Fixed Rate Payer Calculation Period (after application of all amounts on such day); and

With respect to any Cash Settlement Date under a

Hypothetical Single Name Transaction, the excess if any, of:

- (a) the Cash Settlement Amount that first became payable on such Cash Settlement Date, over
- (b) the Subordination Amount immediately prior to such Cash Settlement Date.

Principal Loss Amount: With respect to each Floating Rate Payer Payment Date, all Writedown Payment Amounts and Principal Shortfall Payment Amounts that first became payable on the Hypothetical Single Name Transactions during the related Floating Rate Payer Calculation Period. Each such amounts shall be determined in accordance with the Hypothetical Single Name Transactions, notwithstanding no such amounts are payable thereunder (the purpose of such determination being solely to enable the relevant Principal Loss Amount to be determined under this Transaction).

Terms Relating to Physical Settlement:

Physical Settlement Period: The maximum number of Business Days for settlement in accordance with the current market practice for the Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties, subject to a maximum of 30 Business Days.

Notwithstanding Section 9.7 of the Credit Derivatives Definitions, "Latest Permissible Physical Settlement Date" shall be the date that is 12 calendar months after the Physical Settlement Date.

Deliverable Obligations: Reference Obligations only.

Exclude Accrued Interest.

Amount of Deliverable Obligations Deliverable: On any Physical Settlement Date, Buyer (or a third-party on Buyer's behalf) may Deliver to Seller Deliverable Obligations as to which a Writedown or a Failure to Pay Principal has occurred in an amount equal to the lesser of (i) the Reference Obligation Notional Amount of the applicable Reference Obligation or (ii) the Outstanding Tranche Notional Amount immediately prior to such Physical Settlement.

Physical Settlement An amount in USD equal to the product of (i) the Reference

Amount: Obligation Notional Amount of the Deliverable Obligations Delivered by Buyer to Seller and (ii) the Reference Price.

Settlement of Cash Settlement Amounts and Physical Settlements Amounts Seller shall satisfy its obligation to pay any Cash Settlement Amount to Buyer by:

- (i) delivering to Buyer; or
- (ii) (in the event, such Cash Settlement Amount arises from a notice of Floating Amount in respect of a Writedown or a Failure to Pay Principal having been given with respect to a Hypothetical Single Name Transaction and the Counterparty's short-term credit rating is at such time below "A-1+" by S&P) delivering to the Custodian for credit to the relevant ledger within the Collateral Defeasance Account,

on the relevant Cash Settlement Date securities comprising Eligible Collateral Assets and/or (in such proportion as may be selected by Buyer in its sole discretion) cash (if any) comprising the Charged Assets (but excluding the amounts in the Prepayment Ledger, the Class A Deliverable Obligations Ledger, the Class B Deliverable Obligations Ledger, the Class A Collateral Defeasance Ledger and the Class B Collateral Defeasance Ledger) with an outstanding principal balance or, as the case may be, in an amount which in aggregate is equal to the relevant Cash Settlement Amount (rounded up, in the case of securities comprising Eligible Collateral Assets, to the nearest denomination of any such securities being delivered). If due to rounding Seller delivers to Buyer (or, as the case may be, the Custodian) on a Cash Settlement Date Charged Assets the outstanding principal balance and amount (if cash is then comprised in the Charged Assets) of which is greater than the Cash Settlement Amount, Buyer shall pay to Seller an amount in USD equal to such excess on the relevant Cash Settlement Date.

Seller shall satisfy its obligation to pay any Physical Settlement Amount to Buyer by delivering to Buyer on the relevant Physical Settlement Date securities comprising Eligible Collateral Assets and/or (in such proportion as may be selected by Buyer in its sole discretion) cash (if any) comprising the Charged Assets (but excluding the amounts in the Prepayment Ledger, the Class A Deliverable Obligations Ledger, the Class B Deliverable Obligations Ledger, the Class A Collateral Defeasance Ledger and the

subject always to a minimum of zero.

If and to the extent that the Collateral Assets comprising securities redeem or otherwise do not comprise securities at any time, the balance of the Prepayment Ledger shall, to such extent be repaid to Buyer, provided always that if and to the extent that Collateral Assets comprising cash is reinvested in Eligible Collateral Assets comprising securities the first paragraph of this paragraph 5 shall apply.

6. Repurchase of Eligible Collateral Assets from Buyer

- (A) Following each delivery of Eligible Collateral Assets by the Seller to the Buyer pursuant to paragraph 4 above, the Buyer irrevocably grants to the Seller an option (each an “**Option**”), at any time during the period commencing on the date of such delivery of Eligible Collateral Assets by the Seller to the Buyer and ending on (and including) the date falling ninety days thereafter (the “**Option Period**”) to allow the Seller to repurchase any part of such Eligible Collateral Assets at the outstanding principal amount of such repurchased Eligible Collateral Assets as at the Physical Settlement Date corresponding to such delivery of Eligible Collateral Assets by the Seller to the Buyer (the “**Repurchase Price**”) with the proceeds from the realisation (pursuant to the terms of the Notes) of the Deliverable Obligations Delivered by the Buyer to the Seller pursuant to paragraph 4 (provided always that any transactional costs incurred with respect to such realisation of the Deliverable Obligations shall be for the account of the Buyer).
- (B) Each Option may be exercised by the Buyer by notice to the Seller during the Option Period. On the exercise of each Option, the Buyer will become bound to sell and the Seller will be bound to complete the purchase of the Collateral within five Business Days of such notice (the “**Repurchase Date**”).

7. Amendments and Modifications to the Credit Derivatives Definitions

- (A) Section 9.1. Additional Representations and Agreements of the Parties.

Section 9.1 of the Credit Derivatives Definitions shall not apply to the Transaction documented by this Confirmation. Each party agrees that, so long as either party has or may have any obligation under this Transaction:

- (i) the Transaction is not intended to be, and does not constitute, a contract of surety, insurance, guarantee or indemnity, and each Tranche Interest Shortfall Amount, Cash Settlement Amount and Additional Fixed Payment shall be payable hereunder irrespective of the existence or amount of either party's credit exposure to any Reference Obligation and Buyer need not suffer any loss with respect to the Reference Obligations to obtain payment hereunder;
- (ii) the Transaction does not create any rights or impose any obligations in respect of any entity that is not a party hereto;
- (iii) each party and its Affiliates and the Calculation Agent may deal in each Reference Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Reference Entity, any Affiliate of

any Reference Entity, any Underlying Obligor or any other person or entity having obligations relating to any Reference Entity or any Underlying Obligor and may act with respect to such business in the same manner as each of them would if this Transaction did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might constitute or give rise to a Credit Event) on any Reference Entity, any Underlying Obligor or the position of the other party to this Transaction or otherwise;

- (iv) each party and its Affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, at the Trade Date or at any time thereafter, be in possession of information in relation to any Reference Entity or any Underlying Obligor that is or may be material in the context of this Transaction and that may or may not be publicly available or known to the other party. This Transaction does not create any contractual obligation on the part of such party or its Affiliates or the Calculation Agent to disclose to the other party any such relationship or information (whether or not confidential); and
- (v) unless it is otherwise bound by or subject to a confidentiality obligation or agreement, a party receiving any information from the other party with respect to this Transaction shall not become subject to any obligation of confidentiality in respect of that information and the transferor of such information shall indemnify and hold harmless the transferee for any loss, liability, claim, damage and expense whatsoever incurred by the transferee arising out of the breach of any law or understanding or agreement with respect to the confidentiality of that information to which the transferor may be party.

8. Buyer right to Terminate

On any Interest Payment Date in respect of the Notes falling on or after 22 November 2007 (an "**Unwind Date**"), Buyer shall have the right to terminate in whole (but not in part) this Transaction (provided that buyer also similarly terminates all of the credit swap transactions with respect to the Class A Notes) by delivering a notice in writing to Seller copied to the Trustee specifying the Unwind Date at least 10 Business Days prior to the Unwind Date. For the avoidance of doubt, no amounts shall be due from either party to the other as a result of any such termination, save that each payment and delivery due under the Rate Swap Transaction on the Unwind Date shall be made in accordance with the Rate Swap Transaction.

9. Definitions

The following terms shall have the following meanings:

"Reference Obligation Initial Notional Amount" means the amount specified as such with respect to a Reference Obligation in Appendix B and such amount shall be the **"Initial Reference Obligation Notional Amount"** as defined in and for purposes of the calculations required under Appendix A.

"Reference Obligation Notional Amount" shall have the meaning given to such term in Appendix A.

10. Representations

- (a) Each party represents to the other party as of the Trade Date that in connection with this Transaction neither the other party nor any of the other party's Affiliates has made any representation whatsoever with respect to any Reference Entity or any Reference Obligation on which it is relying or is entitled to rely.
- (b) Each party represents and warrants to the other party as of the Trade Date that it is entering into this Transaction for investment, financial intermediation, hedging or other commercial purposes.
- (c) Each party hereby agrees that, as of the Trade Date:
 - (i) **Non-Reliance** It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.
 - (ii) **Assessment and Understanding** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.
 - (iii) **Status of Parties** The other party is not acting as a fiduciary for or an advisor to it in respect of this Transaction.

11. Offices

Party A is a Multibranch Party and is acting through its Cayman Islands branch for purposes of this Transaction.

Party B is not a Multibranch Party.

12. Notice and Account Details

Telephone, Telex and/or
Facsimile Numbers and
Contact Details for Notices:

Party A:

Credit Suisse, Cayman Islands Branch
c/o Credit Suisse First Boston International
One Cabot Square
London
E14 4QJ

Attention:

(1) General Counsel Europe, Legal & Compliance
Department
Facsimile No: +44 (0) 207 888 2686

with a copy to:

(2) Managing Director Credit Derivatives Group
Facsimile No: +001 212 743 4872

with a copy to:

(3) Global Head of OTC Operations, Derivatives
Support Group
Facsimile No: +44 (0) 207 888 9503

Party B: To be advised

Account Details:

Account Details of Party A: As advised separately in writing

Account Details of Party B: As advised separately in writing

Credit Suisse, Cayman Islands Branch has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

For the purpose of facilitating this Transaction, an Affiliate of Party A, which is organized in the United States of America (the "**Agent**"), has acted as agent for Party A. The Agent is not a principal with respect to this Transaction and shall have no responsibility or liability to the parties as a principal with respect to this Transaction.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____

Name:

Title:

Confirmed as of the date first above written:

MAGNOLIA FINANCE II PLC

By: _____

Name:

Title:

Appendix A: Hypothetical Single Name Confirmation

Date: 22 November 2005

To: Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland ("**Party B**")

From: Credit Suisse, Cayman Islands Branch ("**Party A**")

RE: Credit Derivative Transaction on Asset-Backed Security with Pay-As-You-Go Settlement, Cash Settlement and Physical Settlement

Dear Sir/Madam:

The purpose of this letter (the "**Confirmation**") is to confirm the terms and conditions of the Credit Derivative Transaction relating to an asset-backed security reference obligation entered into between us on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions (the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation shall govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement, dated as of 22 November 2005, as amended and supplemented from time to time (the "**Agreement**"), between you and us.

References in this Confirmation to the "Reference Obligation" shall be to the terms of the Reference Obligation (as defined below) set out in the Underlying Instruments (as defined below) as amended from time to time unless otherwise specified below.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

In this Confirmation "Party A" means Credit Suisse, Cayman Islands Branch, and "Party B" means Magnolia Finance II plc.

Terms relating to Cash Settlement and Floating Payments will be applied, as modified in this Confirmation only for convenience for the purposes of calculating the amounts payable under the Swap Transaction between Party A and Party B dated 22 November 2005 in relation to Party B's

Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039, and that is the only credit derivative transaction entered into by the parties is the Swap Transaction.

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

1. General Terms

Trade Date: 22 November 2005

Effective Date: 22 November 2005

Scheduled Termination Date: Subject to paragraph 5, the Legal Final Maturity Date of the Reference Obligation, subject to adjustment in accordance with the Following Business Day Convention.

Termination Date: The last to occur of:

- (a) the fifth Business Day following the Effective Maturity Date;
- (b) the last Floating Rate Payer Payment Date;
- (c) the last Delivery Date; and
- (d) the last Additional Fixed Amount Payment Date.

Floating Rate Payer: Party B (the "**Seller**").

Fixed Rate Payer: Party A (the "**Buyer**").

Calculation Agent: Credit Suisse First Boston International

Calculation Agent City: London

Business Day: New York and London

Business Day Convention: Following (which, with the exception of the Effective Date, the Final Amortization Date, each Reference Obligation Payment Date and the period end date of each Reference Obligation Calculation Period, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Reference Entity: Each Reference Entity listed in Appendix B. In the event that the description of a Reference Entity specified in Appendix B is inconsistent with the Reference Entity that is the obligor with respect to the relevant Reference Obligation

as identified in Appendix B, the Reference Entity shall be the obligor with respect to the relevant Reference Obligation as identified in Appendix B.

Reference Obligation: With reference to each Reference Entity, each Reference Obligation listed with respect to such Reference Entity in Appendix B.

Section 2.30 of the Credit Derivatives Definitions shall not apply.

Reference Policy: Not Applicable

Reference Price: 100%

Applicable Percentage: On any day, a percentage equal to A divided by B.

“**A**” means the product of the Initial Face Amount and the Initial Factor as decreased on each Delivery Date by an amount equal to (a) the outstanding principal balance of Deliverable Obligations Delivered to Seller divided by the Current Factor on such day multiplied by (b) the Initial Factor.

“**B**” means the product of the Original Principal Amount and the Initial Factor;

(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 resulting from purchases of the Reference Obligation by or on behalf of the Reference Entity.

Initial Factor: With reference to each Reference Obligation, a ratio equal to the Outstanding Principal Amount (as listed in Schedule B) as of the Effective Date divided by the Original Principal Amount (as listed in Schedule B).

Initial Face Amount: With reference to each Reference Obligation, the Initial Face Amount listed with respect to such Reference Obligation in Appendix B.

Reference Obligation On the Effective Date, the product of:

- Notional Amount:
- (a) the Original Principal Amount;
 - (b) the Initial Factor; and
 - (c) the Applicable Percentage.

Following the Effective Date, the Reference Obligation Notional Amount will be:

- (i) decreased on each day on which a Principal Payment is made by the relevant Principal Payment Amount;
- (ii) decreased on each day on which a Failure to Pay Principal occurs by the relevant Principal Shortfall Payment Amount;
- (iii) decreased on each day on which a Writedown occurs by the relevant Writedown Payment 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) of "Physical Settlement Amount" below;

provided that if the Reference Obligation Notional Amount would be less than zero, it shall be deemed to be zero.

Initial Payment: Not applicable

2. Fixed Payments

Fixed Rate Payer: Buyer

Fixed Rate: With reference to each Reference Obligation, the Fixed Rate listed with respect to such Reference Obligation in Appendix B.

Fixed Rate Payer Period End Date: The first day of each Reference Obligation Calculation Period.

Fixed Rate Payer Payment: Each day falling five Business Days after a Reference Obligation Payment Date; *provided* that the final Fixed Rate

Dates: Payer Payment Date shall fall on the fifth Business Day following the Effective Maturity Date.

Fixed Rate Payer Calculation Period: Notwithstanding Section 2.9 of the Credit Derivatives Definitions, each period from and including one Fixed Rate Payer Payment Date to but excluding the following Fixed Rate Payer Payment Date, except that the first Fixed Rate Payer Calculation Period will commence on, and include, the Effective Date, and the final Fixed Rate Payer Calculation Period will end on, and include, the Termination Date.

Section 5.4 of the Credit Derivatives Definitions shall be amended by deleting "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" from the line immediately preceding the last line thereof and inserting the following in lieu thereof: "the Termination Date".

Fixed Amount: With respect to any Fixed Rate Payer Payment Date, an amount equal to the product of:

- (a) the Fixed Rate;
- (b) an amount determined by the Calculation Agent equal to:
 - (i) the sum of the Reference Obligation Notional Amount as at 5:00 p.m. in the Calculation Agent City on each day in the related Fixed Rate Payer Calculation Period; divided by
 - (ii) the actual number of days in the related Fixed Rate Payer Calculation Period; and
- (c) the actual number of days in the related Fixed Rate Payer Calculation Period divided by 360.

Additional Fixed Amount Payment Dates: (a) Each Fixed Rate Payer Payment Date; and (b) in relation to each Additional Fixed Payment Event occurring after the second Business Day prior to the last Fixed Rate Payer Payment Date, the fifth Business Day after Buyer has received notification from Seller or the Calculation Agent of the occurrence of such Additional Fixed Payment

Event.

Additional Fixed Payments: Following the occurrence of an Additional Fixed Payment Event in respect of the Reference Obligation, Buyer shall pay the relevant Additional Fixed Amount to Seller on the first Additional Fixed Amount Payment Date falling at least two Business Days (or in the case of an Additional Fixed Payment Event that occurs after the second Business Day prior to the last Fixed Rate Payer Payment Date, the fifth Business Day) after the delivery of a notice by the Calculation Agent to the parties or by Seller to Buyer stating that the related Additional Fixed Amount is due and showing in reasonable detail how such Additional Fixed Amount was determined; *provided* that any such notice must be given on or prior to the fifth Business Day following the day that is one calendar year after the Effective Maturity Date.

Additional Fixed Payment Event: The occurrence on or after the Effective Date and on or before the day that is one calendar year after the Effective Maturity Date of a Writedown Reimbursement, Principal Shortfall Reimbursement or an Interest Shortfall Reimbursement.

Additional Fixed Amount: With respect to each Additional Fixed Amount Payment Date, an amount equal to the sum of:

- (a) the Writedown Reimbursement Payment Amount (if any);
- (b) the Principal Shortfall Reimbursement Payment Amount (if any); and
- (c) the Interest Shortfall Reimbursement Payment Amount (if any).

3. Floating Payments

Floating Rate Payer: Seller

Floating Rate Payer Payment Dates: 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 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 Buyer to Seller that the related Floating Amount is due and showing in reasonable detail how such Floating Amount was

determined; *provided* 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.

Floating Payments: If a Floating Amount Event occurs, then on the relevant Floating Rate Payer Payment Date, Seller will pay the relevant Floating Amount to Buyer. For the avoidance of doubt, the Conditions to Settlement are not required to be satisfied in respect of a Floating Payment.

Floating Amount Event: A Writedown, Failure to Pay Principal or an Interest Shortfall.

Floating Amount: With respect to each Floating Rate Payer Payment Date, an amount equal to the sum of:

- (a) the relevant Writedown Payment Amount (if any);
- (b) the relevant Principal Shortfall Payment Amount (if any); and
- (c) the relevant Interest Shortfall Payment Amount (if any).

Conditions to Settlement: Credit Event Notice

Notifying Party: Buyer

Notice of Physical Settlement, if Settlement Method is Physical Settlement

Notice of Publicly Available Information: Applicable

Public Sources: The public sources listed in Section 3.7 of the Credit Derivatives Definitions; *provided* that Servicer Reports in respect of the Reference Obligation and, in respect of a Distressed Ratings Downgrade Credit Event only, any public communications by any of the Rating Agencies in respect of the Reference Obligation shall also be deemed Public Sources.

Specified Number: 1

provided that if the Calculation Agent has previously delivered a notice to the parties or Buyer has previously delivered a notice to Seller pursuant to the definition of

“Floating Rate Payer Payment Dates” above in respect of a Writedown or a Failure to Pay Principal and if Settlement Method is Physical Settlement, the only Condition to Settlement with respect to any Credit Event shall be a Notice of Physical Settlement.

The parties agree that with respect to the Transaction and notwithstanding anything to the contrary in the Credit Derivatives Definitions:

- (a) (where applicable) one or more Credit Event Notices with respect to a Maturity Extension Credit Event may be delivered on or after the Legal Final Maturity Date listed in Schedule B (with respect to each Reference Obligation);
- (b) the Conditions to Settlement may be satisfied on more than one occasion;
- (c) multiple Physical Settlement Amounts may be payable by Seller;
- (d) Buyer, when providing a Notice of Physical Settlement, must specify an Exercise Amount and an Exercise Percentage;
- (e) if Buyer has delivered a Notice of Physical Settlement that specifies an Exercise Amount that is less than the Reference Obligation Notional Amount as of the date on which such Notice of Physical Settlement is delivered (calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full), the rights and obligations of the parties under the Transaction shall continue and Buyer may deliver additional Notices of Physical Settlement with respect to the initial Credit Event or with respect to any additional Credit Event at any time thereafter; and
- (f) any Notice of Physical Settlement shall be delivered no later than 30 calendar days after the fifth Business Day following the earlier of the Effective Maturity Date and the Optional Step-up Early Termination Date.

Credit Events:

The following Credit Events shall apply to this Transaction

(and the first sentence of Section 4.1 of the Credit Derivatives Definitions shall be amended accordingly):

Failure to Pay Principal

Writedown

For the avoidance of doubt, the following Credit Events shall not apply to this Transaction:

Distressed Ratings Downgrade

Maturity Extension

Obligation: Reference Obligation Only

4. Interest Shortfall

Interest Shortfall Payment Amount: 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 Cap: Applicable

Interest Shortfall Cap Amount: As set out in the Interest Shortfall Cap Annex.

Actual Interest Amount: With respect to any Reference Obligation Payment Date, payment by or on behalf of the Issuer of an amount in respect of interest due under the Reference Obligation, including, without limitation, any deferred interest or defaulted interest (including interest thereon) but excluding payments in respect of prepayment penalties or principal (except that the Actual Interest Amount shall include any payment of principal representing capitalized interest) paid to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

Expected Interest Amount: 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 (howsoever described in the Underlying Instruments) that are attributable to the Reference Obligation minus (b) the Aggregate Implied Writedown Amount (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. Except as provided in (a) in the previous sentence, the Expected Interest Amount shall be determined without regard to the effect of any limited recourse provisions (however described) of the Underlying Instruments that permit the limitation of due payments or distributions of funds pursuant to an available funds cap or otherwise, that provide for the capitalization or deferral of interest on the Reference Obligation, or that provide for the extinguishing or reduction of such payments or distributions (but, for the avoidance of doubt, taking account of any Writedown within paragraph (i) of the definition of "Writedown" occurring in accordance with the terms of the Underlying Instruments).

Interest Shortfall:

With respect to any Reference Obligation Payment Date, either (a) the non-payment of an Expected Interest Amount or (b) the payment of an Actual Interest Amount that is less than the Expected Interest Amount.

For the avoidance of doubt, the occurrence of an event within (a) or (b) shall be determined taking into account any payment made under the Reference Policy, if applicable.

Interest Shortfall Amount:

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;

provided that, with respect to the first Reference Obligation Payment Date only, the Interest Shortfall Amount shall be the amount determined in accordance with (a) and (b)

above multiplied by a fraction equal to:

- (x) the number of days in the first Fixed Rate Payer Calculation Period; over
- (y) the number of days in the first Reference Obligation Calculation Period.

Interest Shortfall
Reimbursement:

With respect to the second and all following Reference Obligation Payment Dates, the payment by or on behalf of the Issuer of an Actual Interest Amount in respect of the Reference Obligation (including, for the avoidance of doubt, any payment of principal representing capitalized interest) that is greater than the Expected Interest Amount.

Interest Shortfall
Reimbursement Amount:

With respect to the second and all following Reference Obligation Payment Dates, the product of (a) the amount of any Interest Shortfall Reimbursement on such day and (b) the Applicable Percentage.

Interest Shortfall
Reimbursement Payment
Amount:

If Interest Shortfall Cap is not applicable, the relevant Interest Shortfall Reimbursement Amount. If Interest Shortfall Cap is applicable, the amount determined pursuant to the Interest Shortfall Cap Annex.

5. Consequences of Step-up of the Reference Obligation Coupon

Step-up provisions:

Applicable

If the Step-up provisions are applicable, then the following provisions of this paragraph 5 shall apply.

Step-up:

On any day, an increase in the Reference Obligation Coupon due to the failure of the Issuer or a third party to redeem, cancel or terminate the Reference Obligation, as the case may be, in accordance with the Underlying Instruments.

Non-Call Notification Date:

The date of delivery by the Calculation Agent to the parties or by Buyer to Seller of a Non-Call Notice.

Non-Call Notice:

A notice given by the Calculation Agent to the parties or by Buyer to Seller that the Reference Obligation has not been redeemed, canceled or terminated pursuant to an optional "clean-up call" (however described in the Underlying Instruments) or other provision permitting such redemption, cancellation or termination, which failure will result in the occurrence of a Step-up.

Increase of the Fixed Rate: Subject to “Optional Step-up Early Termination” below, upon the occurrence of a Step-up, the Fixed Rate will be increased by the number of basis points by which the Reference Obligation Coupon is increased due to the Step-up, such increase to take effect as of the Fixed Rate Payer Payment Date immediately following the fifth Business Day after the Non-Call Notification Date.

Optional Step-up Early Termination: No later than five Business Days after the Non-Call Notification Date, Buyer shall notify Seller (such notification, a “**Buyer Step-up Notice**”) whether Buyer wishes to continue the Transaction at the increased Fixed Rate or to terminate the Transaction.

If Buyer elects to terminate the Transaction, the date of delivery of the Buyer Step-up Notice shall be the Scheduled Termination Date (such date, the “**Optional Step-up Early Termination Date**”) and in such case “Increase of the Fixed Rate” in this paragraph 5 shall not apply.

No amount shall be payable by either party in respect of the Optional Step-up Early Termination Date other than any Fixed Amount, Additional Fixed Amount, Floating Amount or Physical Settlement Amount due in respect of such date. For the avoidance of doubt, the obligation of a party to pay any amount that has become due and payable under the Transaction and remains unpaid as at the Optional Step-up Early Termination Date shall not be affected by the occurrence of the Optional Step-up Early Termination Date.

If Buyer fails to deliver the Buyer Step-up Notice by the fifth Business Day after the Non-Call Notification Date, Buyer shall be deemed to have elected to continue the Transaction at the increased Fixed Rate as described under “Increase of the Fixed Rate”.

If Buyer elects, or is deemed to have elected, to continue the Transaction at the increased Fixed Rate, the Transaction shall continue.

6. Settlement Terms

Settlement Method: Cash Settlement, unless Seller receives a Notice of Physical Settlement effective on or prior to the Business Day immediately preceding the first day that Buyer is

entitled to select as the Valuation Date pursuant to “Valuation Date” below, in which case the Settlement Method shall be Physical Settlement, in each case subject to “Reference Obligation Extinction” and “Reference Obligation Reduction” below.

Outstanding principal balance of the Reference Obligation: For the purposes of Sections 7.10, 7.11 and 8.1 of the Credit Derivatives Definitions and “Quotation Amount” and “Reference Obligation Reduction” below, the outstanding principal balance of the Reference Obligation shall be determined without regard to any Reference Obligation Reduction or restructuring of the outstanding principal balance of the Reference Obligation whether or not in accordance with its terms occurring on or after the Trade Date.

Terms Relating to Cash Settlement:

Floating Rate Payer Calculation Amount: Reference Obligation Notional Amount

Valuation Date: Single Valuation Date:

A Business Day selected by Buyer in its sole and absolute discretion and notified to Seller which falls not less than 180 calendar days and not more than 200 calendar days after the Event Determination Date.

Valuation Time: Any time (as selected by the Calculation Agent) on the Valuation Date during the hours that Dealers customarily bid for obligations such as the Reference Obligation.

Quotation Method: Bid

Quotation Amount: The lower of (a) the Floating Rate Payer Calculation Amount and (b) the aggregate outstanding principal balance of the Reference Obligation on the day on which a Quotation is sought.

Minimum Quotation Amount: The lower of (a) USD 500,000 and (b) the Quotation Amount.

Dealers: A dealer selected by the Calculation Agent (which may include one of the parties or any Affiliate of one of the parties) in obligations of the type of Obligation(s) for which Quotations are to be obtained.

Cash Settlement Date: 3 Business Days

Quotations: Exclude Accrued Interest

The Calculation Agent shall notify Buyer promptly upon obtaining any Quotation obtained pursuant to Section 7.7 (as amended herein).

Valuation Method: Highest

Reference Obligation
Extinction:

If a Failure to Pay Principal occurs and the Reference Obligation ceases to exist because the outstanding principal balance of the Reference Obligation is reduced to zero and the assets designated to fund the Reference Obligation have been disposed of (whether in accordance with the terms of the Reference Obligation or otherwise and whether pursuant to sale or liquidation or otherwise) and all proceeds of those assets have been fully distributed (whether in accordance with the terms of the Reference Obligation or otherwise and whether so distributed to holders of the Reference Obligation or any other person), then the Settlement Method shall be Cash Settlement and the Final Price shall be deemed to be zero and to be calculated on the day on which the Reference Obligation ceases to exist. For the avoidance of doubt, the Cash Settlement Amount shall be determined after giving effect to any reduction in the Reference Obligation Notional Amount occurring on or prior to the day of such determination.

Reference Obligation
Reduction:

If on any day the aggregate outstanding principal balance of the Reference Obligation is lower than the Reference Obligation Notional Amount and Buyer delivers a Notice of Physical Settlement in accordance with "Settlement Method" above, then Physical Settlement shall be deemed to apply to a portion of the Transaction (the "Physical Settlement Portion") and Cash Settlement shall be deemed to apply to the remaining portion of the Transaction, if any (the "Cash Settlement Portion"). For this purpose (a) the Floating Rate Payer Calculation Amount in respect of the Physical Settlement Portion shall be deemed to be equal to the aggregate outstanding principal balance of the Reference Obligation on the Physical Settlement Date (the "Physical Floating Amount") and (b) the Floating Rate Payer Calculation Amount in respect of the Cash Settlement Portion shall be deemed to be equal to the Reference Obligation Notional Amount on the Physical Settlement Date

minus the Physical Portion Floating Amount.

Terms Relating to Physical Settlement:

Physical Settlement Period: Five Business Days

Deliverable Obligations: Exclude Accrued Interest

Deliverable Obligations: Deliverable Obligation Category: Reference Obligation Only

Physical Settlement Amount: An amount equal to:

- (a) the product of the Exercise Amount and the Reference Price; minus
- (b) the sum of:
 - (i) if the Aggregate Implied Writedown Amount is greater than zero, the product of (A) the Aggregate Implied Writedown Amount, (B) the Applicable Percentage, each as determined immediately prior to the relevant Delivery and (C) the relevant Exercise Percentage; and
 - (ii) the product of (A) the aggregate of all Writedown Amounts in respect of Writedowns within paragraph (i)(B) of the definition of "Writedown" minus the aggregate of all Writedown Reimbursement Amounts in respect of Writedown Reimbursements within paragraph (ii)(B) of the definition of "Writedown Reimbursement" and (B) the Exercise Percentage;

provided that if the Physical Settlement Amount would exceed the product of:

- (1) the Reference Obligation Notional Amount as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full; and
- (2) the Exercise Percentage;

then the Physical Settlement Amount shall be deemed to be

equal to such product.

Escrow: Applicable

Non-delivery by Buyer: If Buyer has delivered a Notice of Physical Settlement and does not Deliver in full the Deliverable Obligations specified in that Notice of Physical Settlement on or prior to the Physical Settlement Date, then such Notice of Physical Settlement shall be deemed not to have been delivered and any reference in this Confirmation to a previously delivered Notice of Physical Settlement shall exclude any Notice of Physical Settlement that is deemed not to have been delivered. Sections 9.2(c)(ii) (except for the first sentence thereof), 9.3, 9.4, 9.5, 9.6, 9.9 and 9.10 of the Credit Derivatives Definitions shall not apply.

7. Additional Provisions

(a) *Delivery of Servicer Report*

If either party makes a reasonable request in writing, the Calculation Agent agrees to provide such party with a copy of the most recent Servicer Report promptly following receipt of such request, if and to the extent such Servicer Report is reasonably available to the Calculation Agent (whether or not the Calculation Agent is a holder of the Reference Obligation). In addition, if a Floating Payment or an Additional Fixed Payment is due hereunder, then the Calculation Agent or the party that notifies the other party that the relevant Floating Payment or Additional Fixed Payment is due, as applicable, (the **“Notifying Party”**) shall deliver a copy of any Servicer Report relevant to such payment that is requested by the party that is not the Notifying Party or by either party where the Notifying Party is the Calculation Agent, if and to the extent that such Servicer Report is reasonably available to the Notifying Party (whether or not the Notifying Party is a holder of the Reference Obligation).

(b) *Calculation Agent and Buyer and Seller Determinations*

The Calculation Agent shall be responsible for determining and calculating (i) the Fixed Amount payable on each Fixed Rate Payer Payment Date; (ii) the occurrence of a Floating Amount Event and the related Floating Amount and (iii) the occurrence of an Additional Fixed Payment Event and the related Additional Fixed Amount; *provided* that notwithstanding the above, each of Buyer and Seller shall be entitled to determine and calculate the above amounts to the extent that Buyer or Seller, as applicable, has the right to deliver a notice to the other party demanding payment of such amount. The Calculation Agent or Buyer or Seller, as applicable, shall make such determinations and calculations based solely on the basis of the Servicer Reports, to the extent such Servicer Reports are reasonably available to the Calculation Agent or such party. The Calculation Agent or Buyer or Seller, as applicable, shall, as soon as practicable after making any of the

determinations or calculations specified in (i) and (ii) above, notify the parties or the other party, as applicable, of such determinations and calculations.

8. Additional Definitions and Amendments to the Credit Derivatives Definitions

- (a) References in Sections 4.1, 8.2, 9.1 and 9.2(a) of the Credit Derivatives Definitions as well as Section 3(a)(iv) of the form of Novation Agreement set forth in Exhibit E to the Credit Derivatives Definitions to the Reference Entity shall be deemed to be references to both the Reference Entity and the Insurer in respect of the Reference Policy, if applicable.
- (b) (i) Section 3.2(d) of the Credit Derivatives Definitions is amended to delete the words “that is effective no later than thirty calendar days after the Event Determination Date”.
- (ii) The definition of “Publicly Available Information” in Section 3.5 of the Credit Derivatives Definitions shall be amended by (i) inserting the words “the Insurer in respect of the Reference Policy, if applicable” at the end of subparagraph (a)(ii)(A) thereof, (ii) inserting the words “, servicer, sub-servicer, master servicer” before the words “or paying agent” in subparagraph (a)(ii)(B) thereof and (iii) deleting the word “or” at the end of subparagraph (a)(iii) thereof and inserting at the end of subparagraph (a)(iv) thereof the following: “or (v) is information contained in a notice or on a website published by an internationally recognized rating agency that has at any time rated the Reference Obligation”.
- (iii) The definition of “Notice of Publicly Available Information” in Section 3.6 of the Credit Derivatives Definitions shall be amended by deleting the words “, or a description in reasonable detail, of” appearing in line 9 of the definition thereof and (ii) inserting in lieu thereof the words “of, or reference”.
- (iv) The definition of “Physical Settlement” in Section 8.1 of the Credit Derivatives Definitions shall be amended by (i) deleting the words “Physical Settlement Amount” from the last line of the second paragraph thereof and (ii) inserting in lieu thereof the words “Exercise Amount”.
- (v) The definition of “Physical Settlement Date” in Section 8.4 of the Credit Derivatives Definitions shall be amended by deleting the last sentence thereof.
- (c) For the purposes of this Transaction only, the following terms have the meanings given below:

“Actual Principal Amount” means, with respect to the Final Amortization Date or the Legal Final Maturity Date, payment on such day by or on behalf of the Issuer of an amount in respect of principal (excluding any capitalized interest) to the holder(s) of the Reference Obligation in respect of the Reference Obligation.

“Aggregate Implied Writedown Amount” means the greater of (i) zero and (ii) the aggregate of all Implied Writedown Amounts minus the aggregate of all Implied Writedown Reimbursement Amounts.

“Current Factor” means the factor of the Reference Obligation as specified in the most recent Servicer Report; *provided* that if the Current Factor is not specified in the most recent Servicer Report, the Current Factor shall be the ratio equal to (i) the Outstanding Principal Amount as of such date, determined in accordance with the Servicer Report over (ii) the Original Principal Amount.

“Current Period Implied Writedown Amount” means, in respect of a Reference Obligation Calculation Period, an amount determined as of the last day of such Reference Obligation Calculation Period equal to the greater of:

- (i) zero; and
- (ii) the product of:
 - (A) the Implied Writedown Percentage; and
 - (B) the greater of:
 - (1) zero; and
 - (2) the Pari Passu Amount plus the Senior Amount minus the aggregate outstanding asset pool balance securing the payment obligations on the Reference Obligation (all such outstanding asset pool balances as obtained by the Calculation Agent from the most recently dated Servicer Report available as of such day), calculated based on the face amount of the assets in such pool, whether or not any such asset is performing.

“Distressed Ratings Downgrade” means that the 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 “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 of 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 “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 of 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 “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 of such withdrawal.

“Effective Maturity Date” means the earlier of (a) the Scheduled Termination Date and (b) the Final Amortization Date.

“Exercise Amount” means, for purposes of the Transaction, an amount to which a Notice of Physical Settlement applies equal to the product of (i) the original face amount of the Reference Obligation to be Delivered by Buyer to Seller on the Physical Settlement Date; and (ii) the Current Factor. The Exercise Amount to which a Notice of Physical Settlement relates shall (A) be equal to or less than the Reference Obligation Notional Amount (determined, for this purpose, without regard to the effect of any Writedown or Writedown Reimbursement within paragraphs (i)(B) or (iii) of “Writedown” or paragraphs (ii)(B) or (iii) of “Writedown Reimbursement”, respectively) as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though the Physical Settlement of all previously delivered Notices of Physical Settlement has occurred in full and (B) not be less than the lesser of (1) the Reference Obligation Notional Amount as of the date on which the relevant Notice of Physical Settlement is delivered calculated as though Physical Settlement in respect of all previously delivered Notices of Physical Settlement has occurred in full and (2) USD 100,000. The cumulative original face amount of Deliverable Obligations specified in all Notices of Physical Settlement shall not at any time exceed the Initial Face Amount.

“Exercise Percentage” means, with respect to a Notice of Physical Settlement, a percentage equal to the original face amount of the Deliverable Obligations specified in such Notice of Physical Settlement divided by an amount equal to (i) the Initial Face Amount minus (ii) the aggregate of the original face amount of all Deliverable Obligations specified in all previously delivered Notices of Physical Settlement.

“Expected Principal Amount” means, with respect to the Final Amortization Date or the Legal Final Maturity Date as of the Effective Date (without giving effect to any amendments of the Legal Final Maturity Date after the Effective Date), an amount equal to (i) the Outstanding Principal Amount of the Reference Obligation payable on such day 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 (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. The Expected Principal Amount shall be determined without regard to the effect of any limited recourse 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 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.

“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.

“Fitch” means Fitch Ratings or any successor to the rating business thereof.

“Implied Writedown Amount” means, (i) if the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) of the definition of “Writedown” to occur in respect of the Reference Obligation, on any Reference Obligation Payment Date, an amount determined by the Calculation Agent equal to the excess, if any, of the Current Period Implied Writedown Amount over the Previous Period Implied Writedown Amount, in each case in respect of the Reference Obligation Calculation Period to which such Reference Obligation Payment Date relates, and (ii) in any other case, zero.

“Implied Writedown Percentage” means (i) the Outstanding Principal Amount divided by (ii) the Pari Passu Amount.

“Implied Writedown Reimbursement Amount” means, (i) if the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) of the definition of “Writedown” to occur in respect of the Reference Obligation, on any Reference Obligation Payment Date, an amount determined by the Calculation Agent equal to the excess, if any, of the Previous Period Implied Writedown Amount over the Current Period Implied Writedown Amount, in each case in respect of the Reference Obligation Calculation Period to which such Reference Obligation Payment Date relates, and (ii) in any other case, zero.

“Legal Final Maturity Date” with reference to each Reference Obligation, each date listed with respect to such Reference Obligation in Appendix B (subject, for the avoidance of doubt, to any business day convention applicable to the legal final maturity date of the Reference Obligation), *provided* that if the legal final maturity date of the Reference Obligation is amended, the Legal Final Maturity Date shall be such date as amended.

“Maturity Extension” means an extension by or on behalf of the Issuer of the Legal Final Maturity Date on or after the Effective Date, that is effected by an amendment to the Underlying Instruments occurring on or after the Effective Date.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating business thereof.

“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) 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).

“Pari Passu Amount” means, as of any date of determination, the aggregate of the Outstanding Principal Amount of the Reference Obligation and the aggregate outstanding principal balance of all obligations of the Reference Entity secured by the Underlying Assets and ranking *pari passu* in priority with the Reference Obligation.

“Previous Period Implied Writedown Amount” means, in respect of a Reference Obligation Calculation Period, the Current Period Implied Writedown Amount as determined in relation to the last day of the immediately preceding Reference Obligation Calculation Period.

“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 Principal Shortfall Reimbursement, Writedown Reimbursement or Interest Shortfall Reimbursement.

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

“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.

“Principal Shortfall Payment Amount” means, with respect of a Failure to Pay Principal the lesser of (a) the related Principal Shortfall Amount and (b) the Reference Obligation Notional Amount immediately prior to the occurrence of such Failure to Pay Principal.

“Principal Shortfall Reimbursement” means, with respect to any day, the payment by or on behalf of the Issuer 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 Amount” 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, with respect to an Additional Fixed Amount Payment Date, 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 Additional Fixed Amount Payment 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 Seller in respect of occurrences of Failure to Pay Principal prior to such Additional Fixed Amount Payment Date.

“Rating Agencies” means Fitch, Moody’s and Standard & Poor’s.

“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 the Underlying Instruments.

“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 Effective Date, without regard to any subsequent amendment and without regard to the effect of any limited recourse provisions (however described) of the Underlying Instruments that permit the limitation of due payments or distributions of funds pursuant to an available funds cap or otherwise.

“Reference Obligation Payment Date” means (i) each scheduled distribution date for the Reference Obligation occurring on or after the Effective Date and on or prior to the Scheduled Termination Date, 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 the Reference Obligation.

“Senior Amount” means, as of any day, the aggregate outstanding principal balance of all obligations of the Reference Entity secured by the Underlying Assets and ranking senior in priority to the Reference Obligation.

“Servicer” means any trustee, servicer, sub-servicer, master servicer, fiscal agent, paying agent or other similar entity responsible for calculating payment amounts or providing reports pursuant to the Underlying Instruments.

“Servicer Reports” means periodic statements or reports regarding the Reference Obligation provided by the Servicer to holders of the Reference Obligation.

“Standard & Poor’s” means Standard & Poor’s Rating Services, a division of McGraw-Hill Companies, Inc. or any successor to the rating business thereof.

“Underlying Assets” means the assets securing the Reference Obligation for the benefit of the holders of the Reference Obligation and which are expected to generate the cashflows required for the servicing and repayment (in whole or in part) of the Reference Obligation, or the assets to which a holder of such Reference Obligation is economically exposed where such exposure is created synthetically.

“Underlying Instruments” means the indenture, trust agreement, pooling and servicing agreement or other relevant agreement(s) setting forth the terms of the Reference Obligation.

“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.

“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 Payment Amount” means, with respect of a Writedown the lesser of (a) the related Writedown Amount and (b) the Reference Obligation Notional Amount immediately prior to the occurrence of such Writedown.

“Writedown Reimbursement” means, with respect to any day, the occurrence of either:

- (i) a payment by or on behalf of the Issuer 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 Issuer 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 (howsoever described in the Underlying Instruments) attributable to the Reference Obligation; or
- (iii) if 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 being determined in respect of the Reference Obligation by the Calculation Agent.

“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 an Additional Fixed Amount Payment Date, 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 Additional Fixed Amount Payment 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 Seller in respect of Writedowns occurring prior to such Additional Fixed Amount Payment Date.

Credit Suisse, Cayman Islands Branch has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

For the purpose of facilitating this Transaction, an Affiliate of Party A, which is organized in the United States of America (the **“Agent”**), has acted as agent for Party A. The Agent is not a principal with respect to this Transaction and shall have no responsibility or liability to the parties as a principal with respect to this Transaction.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____

Name:

Title:

Confirmed as of the date first above written:

MAGNOLIA FINANCE II PLC

By: _____

Name:

Title:

Interest Shortfall Cap Annex

If Interest Shortfall Cap is applicable, then the following provisions will apply:

Interest Shortfall Cap Basis: Fixed Cap

Interest Shortfall Cap Amount: If the Interest Shortfall Cap Basis is Fixed Cap, the Interest Shortfall Cap Amount in respect of an Interest Shortfall shall be the Fixed Amount calculated in respect of the Fixed Rate Payer Payment Date immediately following the Reference Obligation Payment Date on which the relevant Interest Shortfall occurred.

If the Interest Shortfall Cap Basis is Variable Cap, the Interest Shortfall Cap Amount applicable in respect of a Floating Rate Payer Payment Date shall be an amount equal to the product of:

- (a) the sum of the Relevant Rate and the Fixed Rate applicable to the Fixed Rate Payer Calculation Period immediately preceding the Reference Obligation Payment Date on which the relevant Interest Shortfall occurs;
- (b) an amount determined by the Calculation Agent equal to:
 - (i) the sum of the Reference Obligation Notional Amount as at 5:00 p.m. in the Calculation Agent City on each day in such Fixed Rate Payer Calculation Period divided by
 - (ii) the actual number of days in such Fixed Rate Payer Calculation Period; and
- (c) the actual number of days in such Fixed Rate Payer Calculation Period divided by 360.

Interest Shortfall Reimbursement Payment Amount:

If Interest Shortfall Cap is applicable, then with respect to the first Additional Fixed Amount Payment Date, zero, and with respect to any subsequent Additional Fixed Amount Payment Date and calculated as of the Reference Obligation Payment Date immediately preceding such Additional Fixed Amount Payment Date, as specified by the Calculation Agent in its notice to the parties or by Seller in its notice to Buyer of the existence of an Interest Shortfall Reimbursement, an amount equal to the greater of:

- (a) zero; and
- (b) the amount equal to:
 - (i) the product of:
 - (A) the Cumulative Interest Shortfall Payment Amount as of the Additional Fixed Amount Payment Date immediately preceding such Reference Obligation Payment Date; and
 - (B) the relevant Cumulative Interest Shortfall Payment Compounding Factor for the Fixed Rate Payer Calculation Period immediately preceding such Additional Fixed Amount Payment Date (or 1.0 in respect of any Additional Fixed Amount Payment Date occurring after the final Fixed Rate Payer Payment Date);

minus

- (ii) the Cumulative Interest Shortfall Amount as of such Reference Obligation Payment Date;

provided that if the Interest Shortfall Reimbursement Payment Amount on an Additional Fixed Amount Payment Date would exceed the Interest Shortfall Reimbursement Amount in respect of the related Reference Obligation Payment Date, then such Interest Shortfall Reimbursement Payment Amount shall be deemed to be equal to such Interest Shortfall Reimbursement Amount.

Cumulative Interest Shortfall Amount:

With respect to any Reference Obligation Payment Date, an amount equal to the greater of:

- (a) zero; and
- (b) an amount equal to:
 - (i) the Cumulative Interest Shortfall Amount as of the Reference Obligation Payment Date immediately preceding such Reference Obligation Payment Date or, in the case of

the first Reference Obligation Payment Date, zero; plus

- (ii) the Interest Shortfall Amount (if any) in respect of such Reference Obligation Payment Date; plus
- (iii) an amount determined by the Calculation Agent as the amount of interest that would accrue on the Cumulative Interest Shortfall Amount immediately preceding such Reference Obligation Payment Date during the related Reference Obligation Calculation Period pursuant to the Underlying Instruments or, in the case of the first Reference Obligation Payment Date, zero; minus
- (iv) the Interest Shortfall Reimbursement Amount (if any) in respect of such Reference Obligation Payment Date.

Upon the occurrence of each Delivery, the Cumulative Interest Shortfall Amount shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following such Delivery divided by (b) the Applicable Percentage immediately prior to such Delivery; *provided, however*, that if more than one Delivery is made during a Reference Obligation Calculation Period, the Cumulative Interest Shortfall Amount calculated as of the Reference Obligation Payment Date occurring immediately after such Reference Obligation Calculation Period shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following the final Delivery made during such Reference Obligation Calculation Period and (b) the Applicable Percentage immediately prior to the first Delivery made during such Reference Obligation Calculation Period.

Cumulative Interest Shortfall Payment Amount:

The Cumulative Interest Shortfall Payment Amount with respect to any Fixed Rate Payer Payment Date and any Additional Fixed Amount Payment Date falling on such Fixed Rate Payer Payment Date shall be an amount equal to the greater of:

- (a) zero; and
- (b) the amount equal to:

- (i) the sum of:
 - (A) the Interest Shortfall Payment Amount for the Reference Obligation Payment Date corresponding to such Fixed Rate Payer Payment Date; and
 - (B) the product of:
 - (1) the Cumulative Interest Shortfall Payment Amount as of the Fixed Rate Payer Payment Date immediately preceding such Fixed Rate Payer Payment Date (or zero in the case of the first Fixed Rate Payer Payment Date); and
 - (2) the relevant Cumulative Interest Shortfall Payment Compounding Factor;
- minus
- (ii) any Interest Shortfall Reimbursement Payment Amount paid on such Fixed Rate Payer Payment Date.

With respect to any Additional Fixed Amount Payment Date falling after the final Fixed Rate Payer Payment Date, the Cumulative Interest Shortfall Payment Amount shall be equal to:

- (x) the Cumulative Interest Shortfall Payment Amount as of the Additional Fixed Amount Payment Date immediately preceding such Additional Fixed Amount Payment Date (or as of the final Fixed Rate Payer Payment Date in the case of the first Additional Fixed Amount Payment Date occurring after the final Fixed Rate Payer Payment Date); minus
- (y) any Interest Shortfall Reimbursement Payment Amount paid on such Additional Fixed Amount Payment Date.

Upon the occurrence of each Delivery, the Cumulative Interest Shortfall Payment Amount shall be multiplied by ϵ

fraction equal to (a) the Applicable Percentage immediately following such Delivery divided by (b) the Applicable Percentage immediately prior to such Delivery; *provided, however,* that if more than one Delivery is made during a Reference Obligation Calculation Period, the Cumulative Interest Shortfall Payment Amount calculated as of the Reference Obligation Payment Date occurring immediately after such Reference Obligation Calculation Period shall be multiplied by a fraction equal to (a) the Applicable Percentage immediately following the final Delivery made during such Reference Obligation Calculation Period and (b) the Applicable Percentage immediately prior to the first Delivery made during such Reference Obligation Calculation Period.

Cumulative Interest Shortfall
Payment Compounding
Factor:

With respect to any Fixed Rate Payer Calculation Period, an amount equal to the sum of:

- (a) 1.0;
- plus
- (b) the product of:
 - (i) the sum of (A) the Relevant Rate plus (B) the Fixed Rate; and
 - (ii) the actual number of days in such Fixed Rate Payer Calculation Period divided by 360;

provided, however, that the Cumulative Interest Shortfall Payment Compounding Factor shall be deemed to be 1.0 during the period from but excluding the Effective Maturity Date to and including the Termination Date.

Relevant Rate:

With respect to a Fixed Rate Payer Calculation Period, the Floating Rate, expressed as a decimal number with seven decimal places, that would be determined if:

- (a) the 2000 ISDA Definitions (and not the 2003 ISDA Credit Derivatives Definitions) applied to this paragraph;
- (b) the Fixed Rate Payer Calculation Period were a "Calculation Period" for purposes of such determination; and

- (c) the following terms applied:
- (i) the Floating Rate Option were the Rate Source;
 - (ii) the Designated Maturity were the period that corresponds to the usual length of a Fixed Rate Payer Calculation Period; and
 - (iii) the Reset Date were the first day of the Calculation Period;

provided, however, that the Relevant Rate shall be deemed to be zero during the period from but excluding the Effective Maturity Date to and including the Termination Date.

Rate Source: USD-LIBOR-BBA

Appendix B: Reference Obligation Schedule

Effective as of 22 November 2005

#	Reference Entity	Initial Face Amount	Original Principal Amount	Outstanding Principal Amount	Reference Obligation (CUSIP)	Legal Final Maturity Date	Fixed Rate
1	Banc of America Commercial Mortgage Inc, Series 2004-3	35,654,480.50	414,397,485.00	414,397,485.00	05947UVC9	10-Jun-39	0.14%
2	Banc of America Commercial Mortgage Inc, Series 2004-5	35,654,480.50	188,667,000.00	188,667,000.00	05947UXQ6	10-Nov-41	0.14%
3	Banc of America Commercial Mortgage Inc, Series 2004-5	35,654,480.50	90,241,000.00	90,241,000.00	05947UXT0	10-Nov-41	0.24%
4	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	478,931,000.00	478,931,000.00	05947UM21	10-Jul-43	0.14%
5	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	108,805,000.00	108,805,000.00	05947UM47	10-Jul-43	0.24%
6	Banc of America Commercial Mortgage Inc, Series 2005-2	35,654,480.50	164,234,000.00	164,234,000.00	05947UM39	10-Jul-43	0.21%
7	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR4	40,145,451.80	630,914,000.00	630,914,000.00	07383FF78	11-Jun-41	0.14%
8	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR5	40,145,451.80	579,079,000.00	579,079,000.00	07383FQ50	11-Jul-42	0.14%
9	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR6	40,145,451.80	512,051,000.00	512,051,000.00	07383FX52	11-Nov-41	0.14%
10	Bear Stearns Commercial Mortgage Securities, Series 2004-PWR6	40,145,451.80	69,357,000.00	69,357,000.00	07383FX78	11-Nov-41	0.24%
11	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR7	40,145,451.80	527,652,000.00	527,652,000.00	07383F3Z9	11-Feb-41	0.14%
12	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR7	40,145,451.80	85,748,000.00	85,748,000.00	07383F4B1	11-Feb-41	0.24%
13	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR8	40,145,451.80	1,020,394,000.00	1,020,394,000.00	07383F7W2	11-Jun-41	0.14%
14	Bear Stearns Commercial Mortgage Securities, Series 2005-PWR8	40,145,451.80	150,046,000.00	150,046,000.00	07383F7Y8	11-Jun-41	0.24%
15	Bear Stearns Commercial Mortgage Securities, Series 2005-T18	40,145,451.80	517,238,000.00	517,238,000.00	07383F5K0	13-Feb-42	0.14%
16	Bear Stearns Commercial Mortgage Securities, Series 2005-T18	40,145,451.80	74,307,000.00	74,307,000.00	07383F5M6	13-Feb-42	0.24%
17	Citigroup Commercial Mortgage Trust, Series 2004-C1	21,750,732.20	553,662,000.00	553,662,000.00	173067AD1	15-Apr-40	0.14%
18	Citigroup Commercial Mortgage Trust, Series 2004-C2	21,750,732.20	440,496,000.00	440,496,000.00	173067EE5	15-Oct-41	0.14%
19	Citigroup Commercial Mortgage Trust, Series 2004-C2	21,750,732.20	45,084,000.00	45,084,000.00	173067EG0	15-Oct-41	0.24%
20	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	329,125,000.00	329,125,000.00	173067GT0	15-May-43	0.14%
21	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	102,256,000.00	102,256,000.00	173067HB8	15-May-43	0.24%
22	Citigroup Commercial Mortgage Trust, Series 2005-C3	21,750,732.20	93,517,000.00	93,517,000.00	173067GZ6	15-May-43	0.21%
23	Commercial Mortgage Pass Through Certificates, Series 2004-LB3A	26,604,127.90	502,796,000.00	502,796,000.00	20047GBQ9	10-Jul-37	0.14%
24	Commercial Mortgage Pass Through Certificates, Series 2004-LB4A	26,604,127.90	343,272,000.00	343,272,000.00	20047NAE2	15-Oct-37	0.14%
25	Commercial Mortgage Pass Through Certificates, Series 2005-LP5	26,604,127.90	305,071,000.00	305,071,000.00	20047PAE7	10-May-43	0.14%
26	Commercial Mortgage Pass Through Certificates, Series 2005-LP5	26,604,127.90	117,014,000.00	117,014,000.00	20047PAH0	10-May-43	0.24%
27	CS First Boston Mortgage Securities Corp, Series 2004-C3	23,571,955.00	694,474,000.00	694,474,000.00	22541SWK0	15-Jul-36	0.14%
28	CS First Boston Mortgage Securities Corp, Series 2004-C4	23,571,955.00	267,162,000.00	267,162,000.00	22541SH84	15-Oct-39	0.14%
29	CS First Boston Mortgage Securities Corp, Series 2004-C4	23,571,955.00	78,243,000.00	78,243,000.00	22541SJ25	15-Oct-39	0.24%

30	CS First Boston Mortgage Securities Corp, Series 2004-C5	23,571,955.00	575,728,000.00	575,728,000.00	22541S2S6	15-Nov-37	0.14%
31	CS First Boston Mortgage Securities Corp, Series 2004-C5	23,571,955.00	100,348,000.00	100,348,000.00	22541S2U1	15-Nov-37	0.24%
32	CS First Boston Mortgage Securities Corp, Series 2005-C1	23,571,955.00	674,347,000.00	674,347,000.00	225458DM7	15-Feb-38	0.14%
33	CS First Boston Mortgage Securities Corp, Series 2005-C1	23,571,955.00	92,510,000.00	92,510,000.00	225458DN5	15-Feb-38	0.24%
34	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	365,026,000.00	365,026,000.00	225458RT7	15-Apr-37	0.14%
35	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	110,350,000.00	110,350,000.00	225458RX8	15-Apr-37	0.24%
36	CS First Boston Mortgage Securities Corp, Series 2005-C2	23,571,955.00	80,508,000.00	80,508,000.00	225458RW0	15-Apr-37	0.14%
37	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	372,531,000.00	372,531,000.00	225458VQ8	15-Jul-37	0.14%
38	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	135,048,000.00	135,048,000.00	225458VU9	15-Jul-37	0.24%
39	CS First Boston Mortgage Securities Corp, Series 2005-C3	23,571,955.00	163,695,000.00	163,695,000.00	225458VT2	15-Jul-37	0.21%
40	Greenwich Capital Commercial Funding Corp, Series 2005-GG3	41,602,789.90	783,022,000.00	783,022,000.00	396789JU4	10-Aug-42	0.14%
41	Greenwich Capital Commercial Funding Corp, Series 2005-GG3	41,602,789.90	228,986,000.00	228,986,000.00	396789JW0	10-Aug-42	0.24%
42	Ge Capital Commercial Mortgage Corp, Series 2004-C3	40,769,636.70	301,331,000.00	301,331,000.00	36828QHW9	10-Jul-39	0.14%
43	General Electric Capital Assurance Co, Series 2003-1	16,380,629.20	270,000,000.00	270,000,000.00	36161RAD1	12-May-35	0.14%
44	General Electric Capital Assurance Co, Series 2003-1	16,380,629.20	112,724,000.00	112,724,000.00	36161RAE9	12-May-35	0.14%
45	GMAC Commercial Mortgage Securities Inc, Series 2004-C2	45,505,515.30	428,386,000.00	428,386,000.00	361849F56	10-Aug-38	0.14%
46	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	1,299,650,000.00	1,299,650,000.00	36228CTH6	10-Aug-38	0.14%
47	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	208,000,000.00	208,000,000.00	36228CTF0	10-Aug-38	0.14%
48	GS Mortgage Securities Corp II, Series 2004-GG2	48,139,935.50	173,000,000.00	173,000,000.00	36228CTG8	10-Aug-38	0.14%
49	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	167,371,000.00	167,371,000.00	36228CVV2	10-Jul-39	0.14%
50	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	29,609,000.00	29,609,000.00	36228CVS9	10-Jul-39	0.14%
51	GS Mortgage Securities Corp II, Series 2005-GG4	48,139,935.50	300,060,000.00	300,060,000.00	36228CVX8	10-Jul-39	0.24%
52	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C2	32,686,464.10	431,388,000.00	431,388,000.00	46625M3N7	15-May-41	0.14%
53	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	179,635,000.00	178,168,378.54	46625YFG3	15-Jan-42	0.14%
54	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	421,433,000.00	421,433,000.00	46625YFY5	15-Jan-42	0.14%
55	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-C3	32,686,464.10	87,251,000.00	87,251,000.00	46625YEZ2	15-Jan-42	0.24%
56	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-CBX	32,686,464.10	384,868,000.00	384,868,000.00	46625YDE0	12-Jan-37	0.14%
57	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-CBX	32,686,464.10	117,739,000.00	117,739,000.00	46625YDF7	12-Jan-37	0.24%
58	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2004-LN2	32,686,464.10	430,265,000.00	430,265,000.00	46625YCV3	15-Jul-41	0.14%
59	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-CB11	32,686,464.10	727,260,000.00	727,260,000.00	46625YJF1	12-Aug-37	0.14%
60	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-CB11	32,686,464.10	67,063,000.00	67,063,000.00	46625YJH7	12-Aug-37	0.24%
61	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP1	32,686,464.10	601,541,000.00	601,541,000.00	46625YGP2	15-Mar-46	0.14%
62	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP1	32,686,464.10	94,303,000.00	94,303,000.00	46625YGQ0	15-Mar-46	0.24%
63	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	561,321,000.00	561,321,000.00	46625YNC3	15-Jul-42	0.14%
64	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	216,011,000.00	216,011,000.00	46625YNF6	15-Jul-42	0.24%
65	JP Morgan Chase Commercial Mortgage Securities Corp, Series 2005-LDP2	32,686,464.10	247,946,000.00	247,946,000.00	46625YNE9	15-Jul-42	0.21%

66	LB-UBS Commercial Mortgage Trust, Series 2004-C4	31,393,226.40	374,953,000.00	374,953,000.00	52108HE42	15-Jun-29	0.14%
67	LB-UBS Commercial Mortgage Trust, Series 2004-C7	31,393,226.40	561,636,000.00	561,636,000.00	52108HP73	15-Oct-29	0.14%
68	LB-UBS Commercial Mortgage Trust, Series 2004-C8	31,393,226.40	383,027,000.00	383,027,000.00	52108HU77	15-Dec-29	0.14%
69	LB-UBS Commercial Mortgage Trust, Series 2004-C8	31,393,226.40	85,232,000.00	85,232,000.00	52108HU85	15-Dec-39	0.24%
70	LB-UBS Commercial Mortgage Trust, Series 2005-C1	31,393,226.40	531,842,000.00	531,842,000.00	52108H2U7	15-Feb-30	0.14%
71	LB-UBS Commercial Mortgage Trust, Series 2005-C1	31,393,226.40	102,769,000.00	102,769,000.00	52108H2W3	15-Feb-40	0.24%
72	LB-UBS Commercial Mortgage Trust, Series 2005-C2	31,393,226.40	470,704,000.00	470,704,000.00	52108H3H5	15-Apr-30	0.14%
73	LB-UBS Commercial Mortgage Trust, Series 2005-C2	31,393,226.40	121,684,000.00	121,684,000.00	52108H3J1	15-Apr-30	0.24%
74	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	691,686,000.00	691,686,000.00	52108H5X8	15-Jul-30	0.14%
75	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	184,378,000.00	184,378,000.00	52108H4W1	15-Jul-40	0.24%
76	LB-UBS Commercial Mortgage Trust, Series 2005-C3	31,393,226.40	196,670,000.00	196,670,000.00	52108H4V3	15-Jul-40	0.21%
77	Merrill Lynch Mortgage Trust, Series 2004-KEY2	25,645,898.00	345,746,000.00	345,746,000.00	59022H DU3	12-Aug-39	0.14%
78	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	128,700,000.00	128,349,008.81	59022H HK1	12-Jun-43	0.14%
79	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	526,039,000.00	526,039,000.00	59022H HJ4	12-Jun-43	0.14%
80	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	115,142,000.00	115,142,000.00	59022H HM7	12-Jun-43	0.24%
81	Merrill Lynch Mortgage Trust, Series 2005-MCP1	25,645,898.00	173,800,000.00	173,800,000.00	59022H HL9	12-Jun-43	0.21%
82	Merrill Lynch Mortgage Trust, Series 2005-MKB2	25,645,898.00	332,815,000.00	332,815,000.00	59022H FY3	12-Sep-42	0.14%
83	Merrill Lynch Mortgage Trust, Series 2005-MKB2	25,645,898.00	61,128,000.00	61,128,000.00	59022H GA4	12-Sep-42	0.24%
84	Morgan Stanley Capital I, Series 2004-T15	58,353,419.00	449,103,000.00	449,103,000.00	61745ML43	13-Jun-41	0.14%
85	Morgan Stanley Capital I, Series 2004-T13	58,353,419.00	589,157,000.00	589,157,000.00	61745MVB6	13-Sep-45	0.14%
86	Morgan Stanley Capital I, Series 2003-IQ4	58,353,419.00	449,730,000.00	449,730,000.00	61745MQM8	15-May-40	0.14%
87	Morgan Stanley Capital I, Series 2003-IQ5	58,353,419.00	373,718,000.00	373,718,000.00	61745MTD5	15-Apr-38	0.14%
88	Morgan Stanley Capital I, Series 2003-T11	58,353,419.00	561,379,000.00	561,379,000.00	61746WH29	13-Jun-41	0.14%
89	Wachovia Bank Commercial Mortgage Trust, Series 2004-C14	40,015,554.50	305,906,000.00	305,906,000.00	929766UK7	15-Aug-41	0.14%
90	Wachovia Bank Commercial Mortgage Trust, Series 2004-C15	40,015,554.50	459,608,000.00	459,608,000.00	929766WL3	15-Oct-41	0.14%
91	Wachovia Bank Commercial Mortgage Trust, Series 2005-C16	40,015,554.50	569,152,000.00	569,152,000.00	929766YX5	15-Oct-41	0.14%
92	Wachovia Bank Commercial Mortgage Trust, Series 2005-C16	40,015,554.50	131,545,000.00	131,545,000.00	929766ZA4	15-Oct-41	0.24%
93	Wachovia Bank Commercial Mortgage Trust, Series 2005-C17	40,015,554.50	1,079,352,000.00	1,079,352,000.00	929766C35	15-Mar-42	0.14%
94	Wachovia Bank Commercial Mortgage Trust, Series 2005-C17	40,015,554.50	187,242,000.00	187,242,000.00	929766C43	15-Mar-42	0.24%
95	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	476,015,000.00	476,015,000.00	929766R54	15-Apr-42	0.14%
96	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	140,537,000.00	140,537,000.00	929766W58	15-Apr-42	0.24%
97	Wachovia Bank Commercial Mortgage Trust, Series 2005-C18	40,015,554.50	89,592,000.00	89,592,000.00	929766R62	15-Apr-42	0.24%
98	Ge Capital Commercial Mortgage Corp, Series 2004-C2	40,769,636.70	574,549,000.00	574,549,000.00	36828QHJ8	10-Mar-40	0.14%
99	Ge Capital Commercial Mortgage Corp, Series 2004-C1	40,769,636.70	280,575,000.00	280,575,000.00	36828QDM5	10-Nov-38	0.14%
100	GMAC Commercial Mortgage Securities Inc, Series 2003-C3	45,505,515.30	408,101,000.00	408,101,000.00	361849ZT2	10-Apr-40	0.14%

FORM OF CONFIRMATION OF RATE SWAP TRANSACTION

Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland

22 November 2005

Dear Sirs,

Confirmation – Rate Swap Transaction – Magnolia Finance II plc - Series 2005-6

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the Swap Transaction entered into on the Trade Date specified below between Credit Suisse, Cayman Islands Branch (“**Party A**”) and Magnolia Finance II plc a company incorporated with limited liability in Ireland (“**Party B**”) (the “**Transaction**”).

The definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation constitutes a “Confirmation” as referred to in, and supplements, forms part of and is subject to, the ISDA Master Agreement and Schedule entered into by Party A and Party B by virtue of their entering into the Constituting Instrument dated 22 November 2005 in relation to the Notes referred to below (the “**Agreement**”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Words and expressions defined in the Terms and Conditions (as the same may be amended, modified or supplemented from time to time, the “**Terms and Conditions**”) of Party B’s Series 2005-6 Class A USD 170,550,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the “**Class A Notes**”) and Series 2005-6 Class B USD 136,450,000 Dallaglio 5 CMBS Portfolio Credit Linked Notes due 2039 (the “**Class B Notes**”) (each, a “**Class**” or a “**Class of Notes**” and, together, the “**Notes**” or the “**Series**”), shall bear the same meanings in this Confirmation and in the event of any inconsistency between words and meanings defined in the Terms and Conditions of the Notes and words and expressions defined in this Confirmation, this Confirmation will govern.

Party A and Party B have also entered into a credit swap transaction relating to the Notes dated 22 November 2005.

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

1. General Terms

Trade Date: 22 November 2005

Effective Date: 22 November 2005

Termination Date: The earlier of (i) the Scheduled Maturity Date or, if any Collateral Assets are outstanding and the Calculation Agent determines that a non-principal payment will become due after the Scheduled Maturity Date in respect of the Collateral Assets and a period which commenced prior to the

Scheduled Maturity Date, the last of the relevant payment date(s) in respect of each of such non-principal payment (the “**Further Charged Assets Payment Date**”) and (ii) the Call Date or, if an Unsettled Credit Event (as defined in the Terms and Conditions of the Notes) exists on such Call Date, the third Business Day following the relevant Suspension Period End Date (as defined in the Terms and Conditions of the Notes).

Floating Amounts – Party A:

Floating Rate Payer:	Party A
Floating Rate Payer Calculation Amount:	With respect to each Floating Rate Payer Calculation Period, the aggregate of the Calculation Amounts in respect of each Note as determined in accordance with the Conditions of the Notes for the Interest Period which corresponds to such Floating Rate Payer Calculation Period.
Floating Rate Payer Payment Dates:	Same dates as Interest Payment Dates under the Notes, provided that Floating Rate Payer Payment Dates and the payment of Floating Amounts shall be subject to deferral, and part payment, reduction and reimbursement in the same manner and in the same circumstances contemplated with respect to payments of Interest Amounts in the Conditions of the Notes, as determined by the Calculation Agent (and notwithstanding Section 4.9 of the 2000 Definitions, the Termination Date shall not be a Payment Date unless such date is also the Scheduled Maturity Date).
Floating Rate Option:	USD-LIBOR-BBA
Designated Maturity:	1 month
Floating Rate Payer Day Count Fraction:	Actual/360
Spread:	None
Reset Date:	The first day of each Calculation Period.
Business Days:	London and New York.

Variable Amounts – Party A:

Variable Amount Payer:	Party A
Variable Amount:	Each amount due in respect of the Notes pursuant to item 17(A) of the Conditions, other than the “Z” portion thereof.
Variable Amount Payer Payment Date:	Each Interest Payment Date on which an amount is payable pursuant to item 17(A) of the Conditions.
Party B consequential delivery:	On the Variable Amount Payer Payment Date, Party B shall deliver an outstanding principal amount of Collateral Assets equal to the Variable Amount.

Fixed/Floating Amounts– Party B:

Fixed/Floating Rate Payer:	Party B. Party B shall pay each Fixed/Floating Amount on the relevant Fixed/Floating Rate Payer Payment Date and each Additional Fixed/Floating Amount on each relevant Additional Fixed/Floating Rate Payer Payment Date.
Fixed/Floating Amounts:	An amount equal to each non-principal amount paid to or for the account of the Issuer or the Trustee in respect of any of the Charged Assets (other than those Charged Assets comprising cash standing to the credit of the Cash Account from time to time) in accordance with the terms of the Charged Assets.
Fixed/Floating Rate Payer Payment Dates:	In relation to Fixed/Floating Amounts in respect of the Charged Assets, each Charged Assets Payment Date (and, notwithstanding Section 4.9 of the 2000 Definitions, the Termination Date shall not be a Payment Date unless such date is also a Charged Assets Payment Date).
Charged Assets Payment Dates:	Each date up to and including the Scheduled Maturity Date on which any non-principal amount paid on the Charged Assets in accordance with the terms of the Charged Assets is credited to the Cash Account.
Additional Fixed/Floating Amounts:	An amount equal to each non-principal amount paid after the Scheduled Maturity Date up to and including the

Further Charged Assets Payment Date to or for the account of the Issuer or the Trustee in respect of the Charged Assets in accordance with the terms of the Charged Assets multiplied by the fraction the numerator of which is the number of days in the period to which such non-principal amount relates up to but excluding the Scheduled Maturity Date and the denominator of which is the number of days in the period to which such non-principal amount relates from and including the first day of such period to but excluding the Further Charged Assets Payment Date.

Additional Fixed/Floating Rate Payer Payment Date(s): The Further Charged Assets Payment Date(s).

Interim Exchange:

Interim Exchange Date(s) I: (i) Each date notified by Party A to Party B as an Interim Exchange Date I by not less than 2 Business Days prior notice to Party B and (ii) the Scheduled Maturity Date.

Party B Interim Exchange Amount(s) I: An amount equal to the greater of (i) zero and (ii) (x) the balance standing to the credit of the Cash Account as at open of business in London on the Interim Exchange Date I in question *minus* (y) the greater of (a) zero and (b) the sum of the Aggregate Outstanding Principal Amount of the Class A Notes and the Class B Notes as at such time and the relevant Prepaid Fixed Amount (excluding any interest thereon) standing to the credit of the Prepayment Ledger of the Cash Account minus the aggregate of the outstanding principal amounts of, or balances standing to the credit of, all Collateral Assets other than the Cash Account as at such time.

Interim Exchange Date(s) II: Each date on which the Custodian applies on behalf of Party B all or part of any amounts credited to the Cash Account towards the purchase of Eligible Collateral Assets in accordance with Additional Provision (H) of the Notes.

Party A Interim Exchange Amount II: An amount, payable by Party A, in its sole discretion, in USD equal to the greater of (i) (a) the all-in purchase

price of the relevant Eligible Collateral Assets less (b) the balance standing to the credit of the Cash Account as at close of business on the second Business Day preceding the Interim Exchange Date II in question and (ii) zero.

Party B shall procure that the Custodian shall notify Party A and the Calculation Agent of the balance standing to the credit of the Cash Account and the outstanding principal amounts of, or balances standing to the credit of, all other Collateral Assets from time to time promptly on request of Party A to the Custodian.

Calculation Agent: Credit Suisse First Boston International

2. Call Date

On the Call Date, Party A shall pay to Party B the Issuer Optional Redemption Amount and Party B shall deliver all the Charged Assets and any Deliverable Obligations held by the Issuer which were delivered pursuant to the Credit Swap Transactions to Party A.

3. Notice and Account Details

(i) Details for Notices

Telephone, Telex and/or Facsimile Numbers and Contact Details

Party A: Credit Suisse, Cayman Islands Branch
c/o Credit Suisse First Boston International
One Cabot Square
London
E14 4QJ

Attn: Synthetic CDO Desk, Kareem Serageldin
Fax: +44 207 890 2317

With copies to:
General Counsel – Legal and Compliance Department
Fax: +44 20 7888 2686

and:
Operations Department – Credit Derivatives Group
Tel: +44 20 7888 3114
Fax: +44 20 7888 7912

Party B: Magnolia Finance II plc
5 Harbourmaster Place
Dublin 1
Ireland

Tel: +353 1 680 6000
Fax: +353 1 680 6050
Attn: The Directors

(ii) Account Details

Account Details of Party A: *To be advised*

Account Details of Party B: HSBC USA (MRMDUS33)
For HSBC London (MIDLGB22)
Magnolia Finance II plc – Series 2005-6
Account: 59739287

4. Office

Party A is a Multibranch Party and is acting through its Cayman Islands branch for purposes of this Rate Swap Transaction.

Party B is not a Multibranch Party.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours faithfully

Credit Suisse, Cayman Islands Branch

By:
Name:
Title:

Agreed and accepted by:
Magnolia Finance II plc

By:
Name:
Title:

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated in the Republic of Ireland as a public limited company with unlimited duration on 25 February 2005, with registered number 398235 under the name Magnolia Finance II plc, under the Companies Act 1963-2003. The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities.

The registered office of the Issuer is at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland. The telephone number of the Issuer is +353 1 6806000. The authorised share capital of the Issuer is EUR 1,000,000 divided into 1,000,000 Ordinary Shares of EUR 1 each ("Shares"). The Issuer has issued 40,000 Shares all of which are fully paid. The issued Shares are held by Badb Charitable Trust Limited, Medb Charitable Trust Limited and Eurydice Charitable Trust Limited in each case of 30 Herbert Street, Dublin 2, Ireland (each a "Share Trustee", and together, the "Share Trustee"), and four individual nominees who each hold one Share on trust for the Share Trustee, each of the Share Trustees hold 13,332 Shares under the terms of a declaration of trust (each a "Declaration of Trust" and together, the "Declarations of Trust") dated 8 April 2005, under which the relevant Share Trustee holds 13,332 Shares of the Issuer on trust for charity. Under the terms of the Declarations of Trust, each Share Trustee has, inter alia, covenanted not to exercise its voting rights to wind up the company unless and until it has received written confirmation from the Directors of the Issuer that the Issuer does not intend to carry on further business. No other measures are in place to ensure that the control by the Share Trustee over the Issuer is not abused. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from the holding of the Shares. The Share Trustee will apply any income derived from the Issuer solely for charitable purposes.

The principal objects of the Issuer are set out in Clauses 2 and 3 of its Memorandum and Articles of Association and permit, among other things, the issuance of Notes and Alternative Investments and generally enabling it to carry out the business of the Issuer as set out in the Trust Instrument and described in this Programme Memorandum.

Business

So long as any of the Notes or Alternative Investments remain outstanding, the Issuer will be subject to the restrictions set out in Condition 5 and each Constituting Instrument.

The Issuer has, and will have, no assets other than the sum of EUR 40,000 representing the issued and paid-up share capital, such fees (as agreed) per issue payable to it in connection with the issue of Notes or Alternative Investments or the purchase, sale or incurring of other obligations and any assets on which the Notes or Alternative Investments are secured. Save in respect of the fees generated in connection with each issue of Notes or Alternative Investments, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Notes and Alternative Investments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Share Trustees or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by the Arranger, the Corporate Services Provider, any Swap Counterparty or Repurchase Counterparty or the Agent.

As at the date of this Programme Memorandum the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than as disclosed above along with any related arrangements.

Directors and Company Secretary

The Directors of the Issuer are as follows:

Christian Currivan

Michael Whelan

The business address of Christian Currivan is 5 Harbourmaster Place, IFSC, Dublin 1 and the business address of Michael Whelan is 5 Harbourmaster Place, IFSC, Dublin 1.

The Company Secretary is Deutsche International Corporate Services (Ireland) Limited.

Deutsche International Corporate Services (Ireland) Limited of 5 Harbourmaster Place, IFSC, Dublin 1 is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated in certain circumstances upon 90 days' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

Financial Statements

The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2005. The Issuer will not prepare interim financial statements.

Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the directors and the auditors thereon is required to be filed in the Irish Companies Registration Office within 28 days of the annual return date of the Issuer and is available for inspection. The profit and loss account and balance sheet can be obtained free of charge from the specified office of the Paying Agent in Ireland. The Issuer must hold an annual general meeting in each calendar year and the gap between its annual general meetings must not exceed 15 months.

The auditors of the Issuer are KPMG, 1 Harbourmaster Place, IFSC, Dublin 1, who are chartered accountants qualified to practise in Ireland.

INFORMATION RELATING TO THE COLLATERAL ASSETS

The following information and any other information contained in this Pricing Supplement relating to the Collateral Assets is a summary only of certain terms and conditions of the Initial Collateral Assets and has been extracted from public sources and has been accurately reproduced. As far as the Issuer is aware, no facts have been omitted that would render the information on this page misleading.

Collateral Assets:	A principal amount of USD 400,000,000 Class A (2005-10A) Notes due 2015 (CUSIP: 55264TDM0)
Total size of Issue:	USD 400,000,000
Issuer of Collateral Assets:	MBNA Credit Card Master Note Trust
Maturity Date:	16 Novemeber 2015
Address:	1100 N King Street, Wilmington, Delaware, 19884-0011
Country of Incorporation:	USA
Business Description:	Statutory Trust
Listing	MBNA Credit Card Master Note Trust has debt listed on the Luxembourg Stock Exchange
Governing Law:	State of Delaware

INFORMATION RELATING TO COUNTERPARTY

The Counterparty accepts sole responsibility for the following information. This information has been accurately reproduced and as far as the Issuer is aware and able to ascertain from information published by the Counterparty, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Issuer, the Trustee or any other person has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors should make their own independent investigations into the Counterparty.

The Counterparty is Credit Suisse, Cayman Islands Branch. Its address is 54 Edward Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

Credit Suisse is a Swiss bank and a leading global bank, with total combined assets of approximately CHF 899 billion and total combined shareholder's equity of approximately CHF 22 billion, in each case at December 31, 2004. Credit Suisse provides private clients and small to medium-sized companies with comprehensive financial advice and banking products. In the area of global investment banking, Credit Suisse provides financial advisory and capital raising services, sales and trading for users and suppliers of capital as well as asset management products and services to global institutional, corporate, government and high-net-worth clients. Credit Suisse was established on July 5, 1856 and registered in the Commercial Register (registration no. CH-020.3.923.549-1) of the Canton of Zurich on April 27, 1883 for an unlimited duration under the name Schweizerische Kreditanstalt. Credit Suisse's name was changed to Credit Suisse First Boston on December 11, 1996 (by entry in the commercial register). On May 13, 2005 Credit Suisse First Boston and the legal entity Credit Suisse were merged. Credit Suisse First Boston was the surviving legal entity. Credit Suisse First Boston then changed its name to Credit Suisse on May 13, 2005 (by entry in the commercial register). Credit Suisse is a joint stock corporation established under Swiss law. Credit Suisse employed approximately 37,500 people at December 31, 2004, of which approximately 16,500 are located in Switzerland.

Credit Suisse's registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland, and its telephone number is 41-44-333-1111 and it has additional executive offices and principal branches located in London, New York, Hong Kong, Singapore and Tokyo. Credit Suisse's statutory and bank law auditor is KPMG Klynveld Peat Marwick Goerdeler SA, Badenerstrasse 172, 8004 Zurich, Switzerland, or KPMG. KPMG is a member of the Swiss Institute of Certified Accountants and Tax Consultants. Credit Suisse's special auditor is BDO Visura, Fabrikstrasse 50, 8031 Zurich, Switzerland.

Credit Suisse Group, which owns 100% of the voting shares of Credit Suisse, is a global financial services company domiciled in Switzerland and active in all major financial centres, providing a comprehensive range of banking and insurance products. The operations of Credit Suisse Group are structured into three divisions with six reporting segments: Credit Suisse, including the Private Banking and Corporate & Retail Banking segments; Credit Suisse First Boston, including the Institutional Securities and Wealth & Asset Management segments; and Winterthur, including the Life & Pensions and Non-Life segments. Credit Suisse Group's registered shares are listed in Switzerland (on the Virt-X exchange) and in the form of American depository shares in New York (on the New York Stock Exchange).

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC and its direct and indirect participants including (where applicable) Euroclear and Clearstream, Luxembourg currently in effect, and investors wishing to use the facilities of any of the DTC and its direct and indirect participants including (where applicable) Euroclear and Clearstream, Luxembourg are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Global Note Custodian, the Depository, the Arranger or the Dealer (or any of their respective affiliates (as defined in the Securities Act), or any person by whom any of them is controlled for purposes of the Securities Act) will have any responsibility for the performance by DTC, its direct and indirect participants including (where applicable) Euroclear and Clearstream, Luxembourg or its accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Each Class of Notes sold in the initial offering in reliance on Regulation S will be represented by a separate Regulation S Global Note and each Class of Notes sold in the initial offering in reliance on Rule 144A will be represented by a separate Rule 144A Global Note. All the Rule 144A Global Notes and the Regulation S Global Notes will be deposited on or about the closing date with the Depository. The Depository will issue Regulation S Global Receipts representing each Regulation S Global Note and Rule 144A Global Receipts representing each Rule 144A Global Note. The Global Receipts will be deposited with a custodian for DTC, and registered in the name of Cede & Co as nominee for DTC. Holders of beneficial interests in the Global Receipts may not exchange their beneficial interests in the Global Receipts except in certain limited circumstances described in the Programme Memorandum. In addition, transfers of beneficial interests in the Global Receipts will be subject to the applicable rules and procedures of DTC and its direct and indirect participants including (where applicable) Euroclear and Clearstream, Luxembourg, which may change from time to time. The term "Global Notes" is used herein to include the "Global Receipts" representing them.

DTC

DTC has advised the Issuer that it is a limited-purpose trust company organised under the laws of the State of New York, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the UCC and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations (collectively, the "**Participants**") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and the Indirect Participants.

DTC has also advised that pursuant to DTC's procedures (i) upon deposit of the Global Receipts, DTC will credit the accounts of Participants designated by the Arranger with portions of the principal amount of individual beneficial interests in the Global Notes represented by the relevant Global Receipts and (ii) ownership of such beneficial interests in the Global Receipts will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Receipts).

Investors in a beneficial interest in the Notes represented by the Global Receipts may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organisations (including Euroclear and Clearstream, Luxembourg) which are Participants in such system. All interests in a Global Receipt, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Receipt to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having beneficial interests in a Global Receipt to pledge such interests to person or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except under the limited circumstances described in the Programme Memorandum, owners of interests in the Global Receipts will not have securities representing an interest in the Notes registered in their own names, will not receive physical delivery of any such securities in definitive form and will not be considered the registered owners or holders thereof under the Trust Deed for any purpose.

Payments in respect of principal, premium (if any) and interest on the Global Receipts will be payable to DTC (or its nominee) in its capacity as the registered holder under the Trust Deed. Under the terms of the Trust Deed, the Issuer, the Trustee and the Registrar will treat the persons in whose names the Global Receipts are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Trustee, the Registrar or any agent of the Issuer, the Trustee or the Registrar have or will have any responsibility or liability for (i) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Receipts, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Receipts or (ii) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants. DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on each Payment Date in amounts proportionate to their respective holdings in the principal amount of beneficial interest in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on such Payment Date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes are governed by standing instructions and customary practices and are the responsibility of the Participants or the Indirect Participants and are not the responsibility of DTC, the Issuer, the Trustee or the Registrar. None of the Issuer, the Trustee or the Registrar will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer, the Trustee and the Registrar may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all such purposes.

Interests in the Global Receipts are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants. See "*Same Day Settlement and Payment*" below.

Subject to the transfer restrictions set forth in this Pricing Supplement, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same day funds.

DTC has advised the Issuer that it will take any action permitted to be taken by a Noteholder only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Receipts and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an

Event of Default under the Notes, DTC reserves its right to exchange the Global Receipts for Notes in definitive form, and to distribute such Notes to its Participants (as described below).

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in the Global Receipts among Participants in DTC, DTC is under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or the Registrar or any of their respective agents will have any responsibility for the performance by DTC, its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchanges Among Global Receipts

Beneficial interests in a Regulation S Global Receipt may be exchanged for beneficial interests in the corresponding Rule 144A Global Receipt only if such exchange occurs in connection with a transfer of the interests in the Regulation S Global Receipt pursuant to Rule 144A and the transferor first delivers to the Registrar a written certificate to the effect that such interests are being transferred to a person whom the transferor reasonably believes to be a QIB, who is also a Qualified Purchaser, purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Receipt may be transferred to a person who takes delivery in the form of interests in the corresponding Regulation S Global Receipt before the expiration of the Distribution Compliance Period only if the transferor first delivers to the Registrar a written certificate to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulations S and that the interests transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Transfers involving an exchange of a beneficial interest in one of the Global Receipts for a beneficial interest in another Global Receipt will be effected in DTC by means of an instruction originated by the Registrar through the DTC Deposit/Withdraw and Custodian System. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Global Receipt representing the beneficial interest that is transferred and a corresponding increase in the principal amount of the other Global Receipt, as applicable. Any beneficial interest in one of the Global Receipts that is transferred to a person who takes delivery in the form of an interest in the other Global Receipt will, upon transfer, cease to be an interest in such first Global Receipt and will become an interest in another Global Receipt and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Receipt for so long as it remains such an interest.

Same Day Settlement and Payment

The Global Receipts are eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Global Receipts will, therefore, be required by DTC to be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Receipt from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of a sale of interests in a Global Receipt by or through a Euroclear or Clearstream, Luxembourg participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

CERTAIN ERISA CONSIDERATIONS

Each purchaser or holder of a Note or Global Receipt (or any interest therein) shall be deemed to have represented by such purchase and/or holding that it is not acquiring such Note or Global Receipt (or any interest therein), directly or indirectly, with assets of an “employee benefit plan” within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), whether or not subject to Title I of ERISA, including any U.S. governmental or non-U.S. pension plan, or any “plan” subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended.

NOTICE TO INVESTORS

If anything set forth in this section “*Notice to Investors*” is inconsistent with the terms described in “*Subscription and Sale – United States*” in the attached Programme Memorandum, this section shall prevail.

A beneficial interest in a Regulation S Global Receipt representing a beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such interest through a beneficial interest in a Rule 144A Global Receipt only upon receipt by the Registrar of a written certification (in the applicable form provided in the Trust Deed) to the effect that such transfer is being made to a person that is a QIB who is also a Qualified Purchaser (for the purposes of the Investment Company Act) and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Neither U.S. persons (as defined in Regulation S under the Securities Act) nor U.S. residents (as determined for the purposes of the Investment Company Act) may hold an interest in a Regulation S Global Note at any time. A beneficial interest in a Rule 144A Global Note may be transferred to a person who wishes to take delivery of such interest through a Regulation S Global Note of such Class only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Trust Deed) to the effect that such transfer is being made to a non-U.S. person outside the United States in accordance with Regulation S of the Securities Act.

Representations of U.S. Purchasers

Rule 144A Notes and Rule 144A Global Receipts

Each purchaser of Rule 144A Notes or interests in Rule 144A Global Receipts will be deemed to have represented and agreed as follows:

1. The purchaser is purchasing the Rule 144A Notes or interests in Rule 144A Global Receipts for its own account, or for a beneficial owner for which such person is acting as trustee or agent with complete investment discretion and with authority to bind such other person, and not with a view to any public resale or distribution thereof. Such purchaser (or, if it is acting for the account of another person, such person has confirmed to it in writing that such other person) understands and acknowledges that the Notes and Global Receipts have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable securities law, and that the Rule 144A Notes or interests in Rule 144A Global Receipts are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject thereto and in each case in compliance with any other applicable securities laws and the conditions for transfer set forth in paragraph 4 below.
2. Such purchaser (or, if it is acting for the account of another person, such person has confirmed to it in writing that such other person) is a QIB and, if a U.S. person, a Qualified Purchaser, and is aware (and any other person for whom such purchaser is purchasing is aware) that any sale of the Rule 144A Note or interest in a Rule 144A Global Receipt to it will be made in reliance on Rule 144A.
3. Such purchaser (or, if it is acting for the account of another person, such person has confirmed to it in writing that such other person) has had access to such financial and other information concerning the Issuer and the Notes as it had deemed necessary in connection with its decision to purchase the Rule 144A Notes or interests in Rule 144A Global Receipts. The purchaser (i) has been given the opportunity to ask questions of and receive answers from the Issuer concerning the terms and conditions of the offering and other matters pertaining to an investment in the Notes, (ii) has been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of

the Rule 144A Notes or interests in Rule 144A Global Receipts and to verify the accuracy of or to supplement the information contained in this Pricing Supplement, together with the Programme Memorandum, to the extent the Issuer possesses such information and (iii) has received all documents and information reasonably necessary to make an investment decision, subject to contractual restrictions on the Issuer's ability to disclose confidential information. The purchaser understands the terms, conditions and risks of the Notes and the Global Receipts and that the Notes and the Global Receipts involve a high degree of risk as described in this Pricing Supplement, together with the Programme Memorandum, including, with respect to the Notes and the Global Receipts, possible loss of the purchaser's entire investment. The purchaser has not relied upon any advice or recommendation of the Issuer, the Arranger or any of their affiliates, and is making its own investment decision based upon its own judgement and upon advice of such professional advisors, either employed or independently retained by the purchaser, as it has deemed necessary to consult. It has not relied on any other version of this Pricing Supplement, together with the Programme Memorandum, other than the final version thereof in making its investment decision with respect to the Notes. The purchaser acknowledges that no person has been authorised to give any information or to make any representations concerning the Issuer or the Notes other than those contained in this Pricing Supplement, together with the Programme Memorandum, and, if given or made, such other information or representations have not been relied upon.

4. Such purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Rule 144A Notes or interests in Rule 144A Global Receipts, and each subsequent purchaser of the Rule 144A Notes or interests in Rule 144A Global Receipts by its acceptance thereof will agree, to offer, to sell or otherwise transfer such Rule 144A Notes or interests in Rule 144A Global Receipts only (i) to the Issuer, (ii) for so long as the Rule 144A Notes or interests in Rule 144A Global Receipts are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iii) pursuant to offers and sales that occur outside the United States within the meaning of Regulation S or (iv) pursuant to another available exemption from the registration requirements of the Securities Act, and, in the case of any sale to a U.S. person, to a person that is a Qualified Purchaser. Each purchaser acknowledges that the Issuer reserves the right prior to any offer, sale or other transfer of the Rule 144A Notes or interests in Rule 144A Global Receipts pursuant to clause (iv) above to require the delivery of any opinion of counsel, certification and/or other information satisfactory to the Issuer. Such purchaser acknowledges that the Rule 144A Notes and Rule 144A Global Receipts will bear a legend substantially to the following effect:

THIS [NOTE/GLOBAL RECEIPT] HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE [NOTES/GLOBAL RECEIPTS AND THE NOTES REPRESENTED BY THE GLOBAL RECEIPTS] MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES: THE HOLDER OF THIS [NOTE/GLOBAL RECEIPT] BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH [NOTE/GLOBAL RECEIPT] ONLY (A) TO MAGNOLIA FINANCE II PLC (THE "ISSUER"), (B) TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) (A "QIB") THAT IS ALSO A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT) (A "QUALIFIED PURCHASER") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QUALIFIED PURCHASER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) TO A PERSON WHO IS NOT A "U.S. PERSON" IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH

APPLICABLE LAW, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND, IN THE CASE OF ANY SALE TO A U.S. PERSON, TO A PERSON THAT IS A QUALIFIED PURCHASER, SUBJECT TO THE RIGHT OF THE ISSUER, PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) ABOVE, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT).

THE PURCHASER IS NOT ACQUIRING [THIS NOTE/INTEREST IN THIS GLOBAL RECEIPT], DIRECTLY OR INDIRECTLY, WITH ASSETS OF AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUBJECT TO TITLE I OF ERISA, INCLUDING ANY U.S. GOVERNMENTAL OR NON-U.S. PENSION PLAN, OR ANY "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED.

IF AT ANY TIME THE ISSUER DETERMINES THAT IT DOES NOT HAVE A REASONABLE BELIEF THAT AN OWNER OF [NOTES/GLOBAL RECEIPTS] (OR ANY INTERESTS THEREIN) THAT IS A U.S. PERSON IS A QUALIFIED PURCHASER, THE ISSUER MAY REQUIRE SUCH OWNER TO SELL SUCH [NOTES/GLOBAL RECEIPTS] (OR ANY INTERESTS THEREIN) TO AN ELIGIBLE INVESTOR ON ANY DATE. AS USED HEREIN "ELIGIBLE INVESTOR" MEANS AN INVESTOR WHICH IS (i) WITH RESPECT TO OFFERS AND SALES IN THE UNITED STATES OR TO U.S. PERSON, A QIB, IN COMPLIANCE WITH RULE 144A, WHICH IS WITH RESPECT TO U.S. PERSONS, A QUALIFIED PURCHASER, OR (ii) A PURCHASER IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS AND IN ACCORDANCE WITH APPLICABLE LAW.

5. Either:

(i) the purchaser:

(a) was not formed for the specific purpose of investing in the Issuer;¹

(b) is acting for its own account or the account of other Qualified Purchasers; and

(c) the purchaser is:

(1) an entity which in the aggregate owns and/or invests on a discretionary basis not less than \$25,000,000 in "investments" as defined in the Investment Company Act; or

(2) an entity which owns not less than \$5,000,000 in "investments" as defined in the Investment Company Act and is directly or indirectly owned entirely by or for a "Family Company"²; or

(3) a charitable remainder trust of which the investment in the Issuer is directed by a Qualified Purchaser and was established by, or for the

¹ A purchaser may be deemed to be "formed for the specific purpose of investing in the Issuer" if either (i) the amount of the purchaser's subscription for Notes exceeds 40 per cent. of the total assets (on a consolidated basis with its subsidiaries) of the purchaser; or (ii) interest holders in the purchaser are able to decide individually whether to participate, or the extent of their participation, in the purchaser's investment in the Issuer (i.e., holders of interest in the purchaser can determine whether their capital will form part of the capital invested by the purchaser in the Issuer).

² A "Family Company" consists of two or more natural persons who are related (as siblings or spouses (including former spouses), or direct lineal descendants by birth or adoption), their spouses, and estates or foundations, charities, trusts or other entities formed by them or for their benefit.

benefit of, (a)(1) a natural person or (2) two or more persons who are related as siblings, spouses or former spouses, or as direct lineal descendants by birth or adoption, or (b) estates of such persons; or

- (4) a QIB acting for its own account or the account of other QIBs provided that:
 - (a) a dealer described in paragraph (a)(1)(ii) of Rule 144A must own and invest on a discretionary basis at least \$25,000,000 in securities of issuers that are not affiliated persons of the dealer, and
 - (b) a plan referred to in paragraph (a)(1)(D) or (a)(1)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(F) of Rule 144A that holds the assets of such a plan, will only be deemed to be acting for its own account to the extent that investment decisions are made by the fiduciary, trustee or sponsor of such plan (i.e., there must be at least \$100 million of non-self-directed assets in the plan) and then only with respect to the assets which investment decisions are made by the fiduciary, trustee of sponsor; or
- (ii) each beneficial owner of the purchaser's securities is a Qualified Purchaser; or
- (iii) is a Section 3(c)(1) or Section 3(c)(7) fund that was formed prior to 30 April 1996 and has obtained all requisite consents from its security holders to be treated as a Qualified Purchaser.

6. The Purchaser acknowledges that it is responsible for complying with all applicable laws and regulations in force in any jurisdictions in which it purchases, offers or sells Rule 144A Notes or interests in Rule 144A Global Receipts or possesses or distributes this Pricing Supplement, together with the Programme Memorandum, or any part of it and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Rule 144A Notes or interests in Rule 144A Global Receipts under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales.

Representations of Non-U.S. Purchasers

The Regulation S Notes and Regulation S Global Receipts

Each purchaser of Regulation S Notes or interests in Regulation S Global Receipts will be deemed to have represented and agreed as follows:

1. The Regulation S Notes and interests in Regulation S Global Receipts have not been registered under the Securities Act, and if, on or prior to the 40th day after the later of the commencement of the initial offering and the original issue date of the Regulation S Notes (the "**Distribution Compliance Period**"), such purchaser decides to reoffer, resell, pledge or otherwise transfer such Regulation S Notes or interests in Regulation S Global Receipts, such Regulation S Notes or interests in Regulation S Global Receipts may be reoffered, resold, pledged or otherwise transferred only (i) in an offshore transaction to a non-U.S. person and not for the account or benefit of a U.S. person in accordance with Rule 903 or 904 of Regulation S, (ii) to a person whom such purchaser reasonably believes is a QIB and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A or (iii) to the Issuer.
2. Such purchaser (or, if it is acting for the account of another person, such person has confirmed to it that such other person) has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to

purchase the Regulation S Notes or interests in Regulation S Global Receipts. The purchaser (i) has been given the opportunity to ask questions of and receive answers from the Issuer concerning the terms and conditions of the offering and other matters pertaining to an investment in the Notes (ii) has been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of the Notes and to verify the accuracy of or to supplement the information contained in this Pricing Supplement, together with the Programme Memorandum, to the extent the Issuer possesses such information and (iii) has received all documents and information reasonably necessary to make an investment decision, subject to contractual restrictions on the Issuer's ability to disclose confidential information. The purchaser understands the term, conditions and risks of the Notes and that the Notes involve a high degree of risk as described in this Pricing Supplement, together with the Programme Memorandum. The purchaser has not relied upon any advice or recommendation of the Issuer, the Arranger or any of their affiliates, and is making its own investment decision based upon its own judgement and upon advice of such professional advisers, either employed or independently retained by the purchaser, as it has deemed necessary to consult. It has not relied on any other version of this Pricing Supplement, together with the Programme Memorandum, other than the final version thereof in making its investment decision with respect to the Regulation S Notes or interests in Regulation S Global Receipts. The purchaser acknowledges that no person has been authorised to give any information or to make any representations concerning the Issuer or the Notes other than those contained in this Pricing Supplement, together with the Programme Memorandum, and, if given or made, such other information or representation have not been relied upon.

3. The Regulation S Notes and the Regulation S Global Receipts will bear a legend substantially to the following effect:

THIS [NOTE/GLOBAL RECEIPT] HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES: FOR 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE INITIAL OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES (THE "DISTRIBUTION COMPLIANCE PERIOD") IN CONNECTION WITH THE OFFERING OF THE [NOTES/ INTERESTS IN THE GLOBAL RECEIPTS] IN THE UNITED STATES AND OUTSIDE OF THE UNITED STATES, THE SALE, PLEDGE OR TRANSFER OF [THIS NOTE/AN INTEREST IN THIS GLOBAL RECEIPT] IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING [THIS NOTE/AN INTEREST IN THIS GLOBAL RECEIPT], ACKNOWLEDGES THAT THIS [NOTE/GLOBAL RECEIPT] HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF MAGNOLIA FINANCE II PLC (THE "ISSUER") THAT [THIS NOTE/AN INTEREST IN THIS GLOBAL RECEIPT] MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD ONLY (A) TO THE ISSUER, (B) TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) (A "QIB") THAT IS ALSO A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED) (A "QUALIFIED PURCHASER") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QUALIFIED PURCHASER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) TO A PERSON WHO IS NOT A "U.S. PERSON" IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE LAW. THE HOLDER HEREOF, BY PURCHASING [THIS NOTE/AN INTEREST IN THIS GLOBAL RECEIPT], REPRESENTS AND AGREES THAT IT IS A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S

UNDER THE SECURITIES ACT AND THAT IT WILL NOTIFY ANY PURCHASER OF [THIS NOTE/AN INTEREST IN THIS GLOBAL RECEIPT] FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE PURCHASER IS NOT ACQUIRING [THE NOTES/INTERESTS IN GLOBAL RECEIPTS], DIRECTLY OR INDIRECTLY, WITH ASSETS OF AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUBJECT TO TITLE I OF ERISA, INCLUDING ANY U.S. GOVERNMENTAL OR NON-U.S. PENSION PLAN, OR ANY "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED.

SUBSCRIPTION AND SALE

Reference should be made to the selling restrictions set out in the section headed “*Subscription and Sale*” contained in the Programme Memorandum and in the sections headed “*Book-Entry Clearance Procedures*” and “*Notice to Investors*” above and the following selling restrictions, which will apply to the Notes in the relevant jurisdiction(s) in which such Notes are offered or sold. Because of these selling restrictions, purchasers of any interest in the Notes or Global Receipts are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such interests. In the event of any inconsistency between the Programme Memorandum and this Pricing Supplement, this Pricing Supplement shall prevail.

General

The Notes may not be offered and sold in any jurisdiction where such offer and sale is prohibited by applicable law or regulation. No action has been or will be taken by the Issuer or any purchaser that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offer, sale or delivery of the Notes, or distribution or publication of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

The Notes may be transferred only in accordance with the Conditions and the terms of the Constituting Instrument.

Ireland

Each of the Arranger and the Dealer represent and agree that:

- (i) it has not and will not offer or sell the Notes other than in compliance with the EU Directive 2003/6/EC on insider dealing and market manipulation, S.I. No. 342 of 2005 Market Abuse (Directive 2003/6/EC) Regulations 2005 and any other applicable Irish implementing legislation and rules; and
- (ii) to the extent applicable, it will not underwrite the issue of or place the Notes otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9, 23 (including any advertising restrictions made thereunder) and Section 37 (including any codes of conduct issued thereunder) of the provisions of the Irish Investor Compensation Act 1998, including, without limitation, Section 21.

United States

Neither any of the Notes nor any Global Receipts have been nor will be registered under the Securities Act. Neither any of the Notes nor any Global Receipts (and any beneficial interest or participation therein) may be offered, sold, delivered, pledged or otherwise transferred except (i) outside the United States in compliance with Regulation S under the Securities Act or (ii) within the United States to QIBs in reliance on Rule 144A who are also Qualified Purchasers for the purposes of Section 3(c)(7) of the Investment Company Act. Each purchaser of a Note and a Global Receipt agrees to be bound by the foregoing restriction on transfers and to make certain representations and undertakings in respect thereof upon purchasing the Notes and Global Receipts (or any beneficial interest or participation therein) as set out in the section of the Programme Memorandum entitled “*Subscription and Sale*”.

Each of the Arranger and the Dealer proposes to offer and sell the Notes only (i) outside the United States to non-U.S. persons in reliance on Regulation S and in accordance with applicable law or (ii) in the United States or to U.S. persons either directly or through its Affiliates to persons who are QIBs in reliance on Rule 144A and who are also Qualified Purchasers for the purposes of Section 3(c)(7) of the Investment Company Act.

Each of the Arranger and the Dealer has agreed that it will not offer, sell or deliver the Note and Global Receipts (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the initial offering of the Notes and the Issue Date (the “**Distribution Compliance Period**”) within the United States or to, or for the benefit of, U.S. persons, other than those who are QIBs, and that it will send to each distributor, dealer or other person receiving a selling commission, fee or other remuneration to which it sells notes or Global Receipts during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Notes and Global Receipts within the United States or to, or for the benefit or account of, U.S. persons. In addition, until 40 days after the commencement of the initial offering of the Notes, an offer or sale of Notes or Global Receipts within the United States by a dealer may violate the registration requirements of the Securities Act if such an offer or sale is made otherwise than in accordance with Rule 144A.

This Pricing Supplement has been prepared by the Issuer for use in connection with the offer and sale of the Regulation S Notes and Regulation S Global Receipts outside the United States to non-U.S. persons, the offer and sale of the Rule 144A Notes and Rule 144A Global Receipts in the United States to QIBs and for the listing of the Notes on the Official List of the Irish Stock Exchange. Each of the Arranger and the Dealer reserves the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of the Notes and Global Receipts which may be offered. This Pricing Supplement does not constitute an offer to any person in the United States or to any U.S. person other than a QIB to whom an offer has been made directly by the Arranger or Dealer. Distribution of this Pricing Supplement to any such U.S. person or to any person within the United States, other than those persons, if any, retained to advise a QIB with respect thereto, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

FORM OF THE NOTES AND THE GLOBAL RECEIPTS

References below to Notes are to each respective Class of Notes. The following is a summary of certain terms and provisions of the Constituting Instrument and the deposit and custody agreement dated as of the date hereof between the Issuer, Trustee and HSBC Bank USA, National Association as depositary (the **"Depositary"**) and as global note custodian (the **"Global Note Custodian"**) (the **"Deposit and Custody Agreement"**) pursuant to which the Global Receipts will be issued. The summary set forth below does not purport to be complete and is subject to the Deposit and Custody Agreement, copies of which may be inspected at the principal offices of the Trustee for the time being.

The Regulation S Notes of each Class sold to purchasers who are not U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in compliance with Regulation S under the Securities Act will be represented on issue by a permanent global note of such Class in bearer form without interest coupons or principal receipts attached (each, a **"Regulation S Global Note"** and together the **"Regulation S Global Notes"**).

Upon deposit of a Regulation S Global Note with the Global Note Custodian, subject to the terms of the Deposit and Custody Agreement, the Depositary will issue a global receipt representing a beneficial interest in 100 per cent. of the aggregate principal amount of the relevant Regulation S Global Note (each, a **"Regulation S Global Receipt"** and together the **"Regulation S Global Receipts"**). Each Regulation S Global Receipt will be deposited with The Depository Trust Company (**"DTC"**), and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Receipts will be made eligible for trading through Euroclear Bank S.A./N.V., as operator of the Euroclear System (**"Euroclear"**) and Clearstream Banking, *société anonyme* (**"Clearstream, Luxembourg"**), in their capacities as DTC participants. By acquisition of a beneficial interest in a Regulation S Global Receipt representing a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Constituting Instrument.

The Rule 144A Notes of each Class sold to qualified institutional buyers (**"QIBs"**) (as defined in Rule 144A under the Securities Act) who are also qualified purchasers (**"Qualified Purchasers"**) (as defined in Section 2(a)(51) of the Investment Company Act) for purposes of Section 3(c)(7) of the Investment Company Act will be represented on issue by a permanent global note of such Class in bearer form without interest coupons or principal receipts attached (each, a **"Rule 144A Global Note"** and together the **"Rule 144A Global Notes"**).

Upon deposit of a Rule 144A Global Note with the Global Note Custodian, subject to the terms of the Deposit and Custody Agreement, the Depositary will issue a global receipt representing a beneficial interest in 100 per cent. of the aggregate principal amount of the relevant Rule 144A Global Note (each, a **"Rule 144A Global Receipt"** and together the **"Rule 144A Global Receipts"**). Each Rule 144A Global Receipt will be deposited with DTC and registered in the name of Cede & Co., as nominee for DTC. By acquisition of a beneficial interest in a Rule 144A Global Receipt representing a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB who is also a Qualified Purchaser and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Constituting Instrument.

Ownership interests in the Regulation S Global Receipts and the Rule 144A Global Receipts (together, the **"Global Receipts"**) will be shown on, and transfers thereof will only be effected through, records maintained by DTC and its participants including (where applicable) Euroclear and Clearstream, Luxembourg. The Global Receipts will not be listed separately from the Notes on any stock exchange. In certain limited circumstances described in the Programme Memorandum, Notes in definitive registered form will be issued in exchange for the Regulation S Global Notes and the Rule 144A Global Notes (together, the **"Global Notes"**).

The Global Receipts representing beneficial interests in the Global Notes will be subject to certain restrictions on transfer set forth therein and in the Trust Deed, and the Notes will bear applicable legends as provided by the Trust Deed.

Owners of beneficial interests in Global Receipts which represent beneficial interests in Global Notes will not be entitled to receive physical delivery of Notes in definitive form, subject to certain limited exceptions described in the Programme Memorandum.

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions of the Notes set out in this Pricing Supplement. The following is a summary of those provisions:

1. **Payments.** Payments of principal and interest in respect of the Global Notes will be made to the Global Note Custodian as holder of the Global Notes against presentation for endorsement and, if no further payment fails to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent as shall have been notified to the relevant Noteholders for such purpose.

A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Notes. The Global Note Custodian will receive such payments for and on behalf of the Depositary. All such payments will be made to the Global Note Custodian (as custodian for the Depositary) in USD.

Pursuant to the Deposit and Custody Agreement the Depositary will make payments in USD to the holders of the Global Receipts.

2. **Action in respect of the Global Notes.** Promptly after receipt by the Global Note Custodian of notice of any solicitation of consents or request for a waiver or other action by the Issuer in respect of a Global Note, the Global Note Custodian shall so inform the Depositary who shall mail or otherwise transmit to the holder of the relevant Global Receipt a notice containing (a) such information as is contained in such notice, (b) a statement that the holder at the close of business on a specified record date will be entitled, subject to the provisions of or governing such Global Receipt, to instruct the Depositary as to the consent, waiver or other action, if any, pertaining to such Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of such holder, received on or before the date established by the Depositary for such purpose, the Depositary shall cause the Global Note Custodian to endeavour insofar as practicable and permitted under the provisions of or governing such Global Note to take such action regarding the requested consent, waiver or other action in respect of such Global Note represented by such Global Receipt in accordance with any instructions set forth in such request. Neither the Depositary nor the Global Note Custodian will itself exercise any discretion in the granting of consents, waivers or taking other such action in respect of the Global Notes.
3. **Transfer of Global Notes.** Pursuant to the terms of the Deposit and Custody Agreement, the Global Notes may be transferred by the Global Note Custodian only to a successor Global Note Custodian under the Deposit and Custody Agreement.
4. **Notices.** The Depositary will promptly send to the holder of a Global Receipt a copy of any notices, reports and other communications received from the Issuer (save where such notice, report or other communication contains information which is not permitted to be distributed to any person holding a beneficial interest in a Global Receipt under any applicable law) which are both (a) received by the Global Note Custodian as holder of the relevant Global Note, and (b) made generally available by the Issuer to holders of the Notes represented by such Global Note.

So long as any Notes are represented by a Global Note and beneficial interest in such Global Note are represented by beneficial interests in a Global Receipt which is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of such Notes *provided that* such notice is also published or made available in the manner required by the rules of the Irish Stock Exchange.

5. **Charges of Depositary and Global Note Custodian.** The Issuer has agreed to pay all charges of the Depositary and the Global Note Custodian under the Deposit and Custody Agreement. The Issuer also has agreed to indemnify the Depositary and Global Note Custodian against certain liabilities incurred by them under the Deposit and Custody Agreement.
6. **Amendment.** The Deposit and Custody Agreement and the Global Receipts may only be amended by written agreement among the Depositary, the Trustee, the Global Note Custodian and the Issuer and receipt of Rating Agency Affirmation.
7. **Resignation or Removal of the Depositary or Global Note Custodian and Termination.** The Depositary may at any time resign as Depositary by written notice of its election to do so delivered to the Trustee, the Global Note Custodian and the Issuer, such resignation to take effect upon the appointment by the Issuer of a successor depositary (approved by the Trustee) and its acceptance of such appointment. If at the end of 45 days after delivery of such notice, no successor depositary has been appointed or accepted such appointment, the Depositary may terminate the Deposit and Custody Agreement by requesting the Issuer to issue Definitive Registered Notes and such termination shall become effective when Definitive Registered Notes shall have been so issued.
 - (A) The Global Note Custodian may at any time resign as Global Note Custodian by written notice of its election to do so delivered to the Depositary, the Trustee and the Issuer, such resignation to take effect upon the appointment by the Issuer of a successor custodian (approved by the Depositary and the Trustee which approval shall not be unreasonably withheld) and its acceptance of such appointment and the transfer of the Global Notes as set forth in the Deposit and Custody Agreement. If at the end of 45 days after delivery of such notice, no successor custodian has been appointed or accepted such appointment, the Global Note Custodian may request that the Issuer promptly issue Definitive Registered Notes and upon the issuance of such Notes, may terminate this Agreement.
8. **Obligations of Depositary and Global Note Custodian.** Neither the Depositary nor the Global Note Custodian assumes any obligation nor, subject to the Deposit and Custody Agreement, shall either be subject to any liability under the Deposit and Custody Agreement to the Holder or any Beneficial Owner (including, without limitation, liability with respect to the validity or worth of the Global Notes), other than that they agree to use their good faith and reasonable care in the performance of such duties as are specifically set forth in the Deposit and Custody Agreement.
9. **Governing Law.** Subject to Clause 8.6 of the Deposit and Custody Agreement which is expressed to be governed by the laws of England and Wales, the Deposit and Custody Agreement and the Global Receipts shall be governed by, and construed in accordance with, New York law.

GENERAL INFORMATION

1. The issue of the Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 21 November 2005.
2. The Issuer has not prepared financial statements as of the Issue Date. Save as disclosed herein, there has been no material adverse change in the financial position of the Issuer since its incorporation on 25 February 2005.
3. The Issuer is not involved in any litigation or arbitration proceedings that may have, or have had since its incorporation, a significant effect on its financial position, nor is the Issuer aware that any such proceedings are pending or threatened.
4. For as long as the Notes are listed on the Irish Stock Exchange, copies of the following documents will be available for inspection and collection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Principal Paying Agent in London and the specified office of the Paying Agent in Ireland and the registered office of the Issuer for so long as any of the Notes shall remain outstanding:
 - (1) this Pricing Supplement;
 - (2) the Constituting Instrument;
 - (3) the Charged Agreements; and
 - (4) the Deposit and Custody Agreement.
5. The Arranger has agreed to take responsibility of the expenses relating to the admission to trading and therefore the cost of such expenses to the Issuer is nil.
6. The Issuer does not intend to provide post-issuance transaction information.

REGISTERED OFFICE OF THE ISSUER

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