ALTIUS IV FUNDING, LTD.
ALTIUS IV FUNDING, CORP.

U.S.$ 644,850,000 Class A-1F Floating Rate Notes Due 2042
U.S.$ 644,850,000 Class A-1B Floating Rate Notes Due 2042
U.S.$ 300,000 Class A-1V Floating Rate Notes Due 2042
U.S.$ 50,000,000 Class A-2a Floating Rate Notes Due 2042
U.S.$ 55,000,000 Class A-2b Floating Rate Notes Due 2042
U.S.$ 66,000,000 Class B Floating Rate Notes Due 2042
U.S.$ 19,500,000 Class C Floating Rate Deferrable Notes Due 2042
U.S.$ 12,000,000 Class D Floating Rate Deferrable Notes Due 2042
Up to U.S.$ 2,500,000 Class E Floating Rate Deferrable Notes Due 2042
U.S.$ 7,500,000 Income Notes Due 2042

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

The Notes (as defined herein) (other than the Class E Notes) and the Income Notes (as defined herein) (collectively, the "Offered Securities") are being offered hereby in the United States to qualified institutional buyers (as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), in reliance on Rule 144A under the Securities Act, and, solely in the case of the Income Notes, to accredited investors (as defined in Rule 501(a) under the Securities Act) who have a net worth of not less than U.S.$10 million in transactions exempt from registration under the Securities Act. The Offered Securities are being offered hereby in the United States only to persons that are also "qualified purchasers" for purposes of Section 3(c)(7) under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). The Offered Securities are being offered hereby outside the United States to non U.S. Persons in offshore transactions in reliance on Regulation S ("Regulation S") under the Securities Act. See "Underwriting." The Class E Notes are not offered hereby.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes and the Income Notes (collectively, the "Securities").

There is no established trading market for the Offered Securities. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under DIrective 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange for the Offered Securities to be admitted to the Official List and trading on its regulated market.

Such approval relates only to Offered Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area.

It is a condition of the issuance of the Securities that the Class A Notes be issued with a rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies"), that the Class B Notes be issued with a rating of at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be issued with a rating of at least "A2" by Moody's and at least "A" by S&P, that the Class D Notes be issued with a rating of at least "Baa2" by Moody's and at least "BBB" by S&P and that the Class E Notes be issued with an initial rating on the Closing Date of at least "Ba1" by Moody's and at least "BB+" by S&P assuming the Maximum Issuance Amount and the Maximum Coupon for the Class E Notes. The Income Notes are not rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See "Ratings of the Notes."

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

THE ASSETS OF THE ISSUER (AS SET FORTH IN THE COLLATERAL ASSETS SECTION HEREIN) ARE THE SOLE SOURCE OF PAYMENTS ON THE SECURITIES. THE SECURITIES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE HOLDERS OF THE SECURITIES, THE COLLATERAL MANAGER (AS DEFINED HEREIN), THE HEDGE COUNTERPARTY (AS DEFINED HEREIN), GOLDMAN, SACHS & CO. (AS INITIAL PURCHASER (AS DEFINED HEREIN)), THE ISSUER ADMINISTRATOR (AS DEFINED HEREIN), THE AGENTS (AS DEFINED HEREIN), THE TRUSTEE, THE SHARE TRUSTEE (AS DEFINED HEREIN) OR ANY OF THEIR RESPECTIVE AFFILIATES.

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

The Offered Securities are being offered by Goldman, Sachs & Co. (in the case of the Offered Securities offered outside the United States, selling through its selling agent) (the "Initial Purchaser"), as specified herein, subject to its right to reject any order in whole or in part, in one or more negotiated transactions or otherwise at varying prices to be determined at the time of sale *plus* accrued interest, if any, from the Closing Date (as defined herein). It is expected that the Class A Notes, Class B Notes, Class C Notes, Class D Notes, the Regulation S Class E Notes and the Regulation S Income Notes will be ready for delivery in book entry form only in New York, New York, on or about May 31, 2007 (the "Closing Date"), through the facilities of DTC and in the case of the Securities sold outside the United States, for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"), against payment therefor in immediately available funds. It is expected that the Class E Notes (other than the Regulation S Class E Notes) and the Income Notes (other than the Regulation S Income Notes) will be ready for delivery in definitive form in New York, New York on the Closing Date, against payment therefor in immediately available funds. The Notes sold in reliance on Rule 144A will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof. The Notes sold in reliance on Regulation S will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof. The Income Notes will be issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1 in excess thereof.

Goldman, Sachs & Co.

Offering Circular dated August 21, 2007

This Offering Circular constitutes a prospectus for the purposes of the Prospectus Directive and the listing of the Offered Securities on the Irish Stock Exchange. Reference throughout the document to the "Offering Circular" shall be taken to read "Prospectus".

Altius IV Funding, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer") and Altius IV Funding, Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers"), will issue U.S.$644,850,000 principal amount of Class A-1F Floating Rate Notes Due 2042 (the "Class A-1F Notes"), U.S.$644,850,000 principal amount of Class A-1B Floating Rate Notes Due 2042 (the "Class A-1B Notes"), U.S.$300,000 principal amount of Class A-1V Floating Rate Notes Due 2042 (the "Class A-1V Notes," and together with the Class A-1F Notes and the Class A-1B Notes, the "Class A-1 Notes"), U.S.$50,000,000 principal amount of Class A-2a Floating Rate Notes Due 2042 (the "Class A-2a Notes"), U.S.$55,000,000 principal amount of Class A-2b Floating Rate Notes Due 2042 (the "Class A-2b Notes," and together with the Class A-2a Notes, the "Class A-2 Notes," and the Class A-2 Notes together with the Class A-1 Notes, the "Class A Notes"), U.S.$66,000,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$19,500,000 principal amount of Class C Floating Rate Deferrable Notes Due 2042 (the "Class C Notes"), U.S.$12,000,000 principal amount of Class D Floating Rate Deferrable Notes Due 2042 (the "Class D Notes"), and the Issuer is authorized to issue up to U.S.$2,500,000 principal amount of Class E Floating Rate Deferrable Notes Due 2042 (the "Class E Notes" and, together with the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about May 31, 2007 among the Issuers and LaSalle Bank National Association, as trustee and securities intermediary (the "Trustee" and the "Securities Intermediary," respectively). The Class E Notes are not being offered hereby.

In addition, the Issuer will issue U.S.$7,500,000 notional principal amount of Income Notes (the "Income Notes" and, together with the Notes, the "Securities"), pursuant to the deed of covenant executed by the Issuer on May 31, 2007 (the "Deed of Covenant") and subject to the terms and conditions thereof (the "Terms and Conditions") and to a fiscal agency agreement (the "Fiscal Agency Agreement") dated on or about May 31, 2007 between the Issuer and ABN AMRO Bank N.V. (London Branch), as fiscal agent (the "Fiscal Agent").

The net proceeds received from the offering of the Securities will be applied by the Issuer to purchase a portfolio of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities, CDO Securities and Synthetic Securities as described herein (collectively, "Collateral Assets"), and certain Eligible Investments (as defined herein). Certain summary information about the Collateral Assets to be purchased on the Closing Date (other than those Collateral Assets which have not yet been issued) is set forth in Appendix B to this Offering Circular. On the Closing Date, the Issuer will enter into one or more Hedge Agreements (as defined herein). The Collateral Assets, the Eligible Investments and certain other assets of the Issuer will be pledged under the Indenture to the Trustee, for the benefit of the Secured Parties (as defined herein), as security for, among other obligations, the Issuers' obligations under the Notes (but not the Income Notes) and to certain service providers. The Income Notes will be unsecured obligations of the Issuer.

Interest will be payable on the Class A Notes and the Class B Notes in arrears on the second day of each calendar month, or if any such date is not a Business Day (as defined herein), the immediately following Business Day (each such date, a "Payment Date") commencing on September 4, 2007 and interest will be payable on the Class C Notes, the Class D Notes and the Class E Notes in arrears on the second day of November, February, May and August of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Quarterly Payment Date") commencing on November 2, 2007 or the first Quarterly Payment Date following the date of the exercise of the Class E Issuance Option in the case of the Class E Notes. Each Class of Class A-1 Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.23% for each Interest Accrual Period (as defined herein). The Class A-2a Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.40% for each Interest Accrual Period. The Class A-2b Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 0.80% for each Interest Accrual Period. The Class B Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 1.20% for each Interest Accrual Period. The Class C Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 2.50% for each Interest Accrual Period. The Class D Notes will bear interest at a *per annum* rate equal to LIBOR *plus* 6.00% for each Interest Accrual Period. The Class E Notes will bear interest, following the exercise of the Class E Issuance Option, at a *per annum* rate equal to LIBOR *plus* a

margin equal to or less than 6.00% for each Interest Accrual Period. Payments will be made on the Income Notes from Proceeds available therefor in accordance with the Priority of Payments on each Quarterly Payment Date.

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

The Notes and, to the extent described herein, the Income Notes, are subject to redemption, in whole and not in part, (i) at any time as a result of a Tax Redemption (as defined herein), (ii) on an Auction Payment Date (as defined herein) as a result of a successful Auction (as defined herein) or (iii) as a result of an Optional Redemption (as defined herein) on or after the August 2010 Payment Date. The stated maturity of the Notes and the Income Notes is the Payment Date in November 2042. The actual final distribution on the Securities is expected to occur substantially earlier. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

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

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

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

This Offering Circular is being furnished by the Issuers in connection with an offering exempt from registration under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Offered Securities described herein. The information contained in this Offering Circular has been provided by the Issuers and other sources identified herein. Except in respect of the information contained under the heading "The Collateral Manager," (other than the information contained under the subheading "General") for which the Collateral Manager accepts sole responsibility to the extent described in such section, no representation or warranty, express or implied, is made by the Initial Purchaser, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof), the Trustee, the Note Agents or the Fiscal Agent (the Note Agents and the Fiscal Agent together, the "Agents") as to the accuracy or completeness of such information, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchaser, the Trustee, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof), or the Agents. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offered Securities is prohibited. Each offeree of the Offered Securities, by accepting delivery of this Offering Circular, agrees to the foregoing.

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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

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

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

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and the Initial Purchaser has agreed that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

NOTICE TO RESIDENTS OF THE REPUBLIC OF IRELAND

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

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

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

No person has been authorized to give any information or to make any representation other than those contained in this Offering Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Offering Circular nor any sale hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date of this Offering Circular.

NOTWITHSTANDING ANY OTHER EXPRESS OR IMPLIED AGREEMENT TO THE CONTRARY, EACH RECIPIENT OF THIS OFFERING CIRCULAR AGREES AND ACKNOWLEDGES THAT THE ISSUERS HAVE AGREED THAT EACH OF THEM AND THEIR EMPLOYEES, REPRESENTATIVES AND OTHER AGENTS MAY DISCLOSE, IMMEDIATELY UPON COMMENCEMENT OF DISCUSSIONS, TO ANY AND ALL PERSONS THE TAX TREATMENT AND TAX STRUCTURE OF THE SECURITIES, THE TRANSACTIONS DESCRIBED HEREIN AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO ANY OF THEM RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE EXCEPT WHERE CONFIDENTIALITY IS REASONABLY NECESSARY TO COMPLY WITH THE SECURITIES LAWS OF ANY APPLICABLE JURISDICTION.

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

NOTICE TO INVESTORS

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

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

1. (a) In the case of Notes sold in reliance on Rule 144A (the "Rule 144A Notes"), the purchaser of such Rule 144A Notes (i) is a qualified institutional buyer (as defined in Rule 144A) (a "Qualified Institutional Buyer"), (ii) is aware that the sale of Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Rule 144A Notes for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, and in a principal amount, of not less than U.S.$100,000 and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees.

(b) In the case of the Income Notes, the purchaser of such Income Notes (i) is a Qualified Institutional Buyer, (ii) is aware that the sale of the Income Notes to it is being made in reliance on Rule 144A, (iii) is acquiring the Income Notes for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, and, unless otherwise permitted by the Fiscal Agency Agreement, is purchasing an aggregate principal amount of not less than U.S.$100,000 Income Notes for the purchaser and for each such account and (iv) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees; or, if the purchaser is not a Qualified Institutional Buyer, such purchaser (w) is a person who is an "accredited investor" (as defined in Rule 501(a) under the Securities Act) (an "Accredited Investor") who has a net worth of not less than U.S.$10 million that is purchasing the Income Notes for its own account, (x) is not acquiring the Income Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below, (y) is purchasing an aggregate principal amount of not less than U.S.$100,000 Income Notes (unless otherwise permitted by the Fiscal Agency Agreement) and (z) will provide notice of the transfer restrictions described in this "Notice to Investors" to any subsequent transferees.

2. The purchaser understands that the Securities have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction, are being offered only in a transaction not involving any public offering, and may be reoffered, resold or pledged or otherwise transferred only (A)(i) to a person whom the purchaser reasonably believes is a Qualified Institutional Buyer and is purchasing for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A, (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) solely in the case of the Income Notes, to an Accredited Investor who has a net worth of not less than U.S.$10 million, and who shall have satisfied, and shall have represented, warranted, covenanted and agreed in the case of Class E Notes and Income Notes (other than Regulation S Class E Notes and Regulation S Income Notes), or shall be deemed to have satisfied, and shall otherwise be deemed to have represented, warranted, covenanted and agreed that it will continue to comply with, all requirements for transfer of the Securities specified in this Offering Circular, the Indenture, and, in the case of the Class E Notes (other than Regulation S Class E Notes), in the Class E Notes Purchase and Transfer Letter, and in the case of the Income Notes (other than Regulation S Income Notes), in the Income Notes Purchase and Transfer Letter and the Fiscal Agency Agreement, and, in the case of the Regulation S Income Notes, in the Fiscal Agency Agreement, and all other requirements for it to qualify for an exemption from registration under the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States. Before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes

delivery in the form of an interest in a Regulation S Global Note, the transferor will be required to provide the Note Transfer Agent with a written certification (in the form provided in the Indenture) as to compliance with the transfer restrictions described herein. Before any interest in an Income Note Certificate or a Class E Note that is a Definitive Note may be offered, sold, pledged or otherwise transferred, the transferee will be required to provide the Issuer, the Note Transfer Agent and the Fiscal Agent, as applicable, with a letter substantially in the form attached to this Offering Circular as Annex A-1 (the "Income Notes Purchase and Transfer Letter") or Annex A-2 (the "Class E Notes Purchase and Transfer Letter"). The purchaser understands and agrees that any purported transfer of Securities to a purchaser that does not comply with the requirements of this paragraph (2) will, in the case of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Income Notes, be null and void *ab initio*, in the case of the Class E Notes (other than the Regulation S Class E Notes), not be permitted or registered by the Note Transfer Agent and, in the case of the Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Fiscal Agent or the Income Note Registrar. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Securities that is a U.S. Person and is not a Qualified Institutional Buyer or, in the case of the Income Notes, an Accredited Investor, to sell its interest in such Securities, or the Issuers may sell such Securities on behalf of such owner.

3. The purchaser of such Securities also understands that neither of the Issuers has been registered under the Investment Company Act. In the case of the Rule 144A Notes and the Income Notes described in paragraph (1) above, the purchaser and each account for which the purchaser is acquiring such Securities is a qualified purchaser for the purposes of Section 3(c)(7) of the Investment Company Act (a "Qualified Purchaser"). The purchaser is acquiring Notes in a principal amount, in the case of Rule 144A Notes or in the case of Notes sold in reliance on Regulation S ("Regulation S Notes") of not less than U.S.$100,000, or is purchasing in the aggregate not less than U.S.$100,000 Income Notes, in each case for the purchaser and for each such account. The purchaser (or if the purchaser is acquiring Securities for any account, each such account) is acquiring the Securities as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (a) was not formed for the specific purpose of investing in the Securities (except when each beneficial owner of the purchaser and each such account is a Qualified Purchaser), (b) to the extent the purchaser is a private investment company formed before April 30, 1996, the purchaser has received the necessary consent from its beneficial owners, (c) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made and (d) is not a broker dealer that owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers. Further, the purchaser agrees with respect to itself and each such account: (i) that it shall not hold such Securities for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes and (ii) that it shall not sell participation interests in the Securities or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Securities. The purchaser understands and agrees that any purported transfer of Securities to a purchaser that does not comply with the requirements of this paragraph (3) will, in the case of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Regulation S Class E Notes and Regulation S Income Notes, be null and void *ab initio*, in the case of the Class E Notes (other than the Regulation S Class E Notes), not be permitted or registered by the Note Transfer Agent, and, in the case of the Income Notes (other than the Regulation S Income Notes), not be permitted or registered by the Fiscal Agent or the Income Note Registrar. The purchaser further understands that the Issuers have the right to compel any beneficial owner of Securities that is a U.S. Person and is not a Qualified Purchaser to sell its interest in such Securities, or the Issuers may sell such Securities on behalf of such owner.

4. (a) With respect to the Class A Notes, Class B Notes, Class C Notes and Class D Notes, each purchaser will be deemed, by its purchase, to have represented and warranted that either (i) the purchaser is not and will not be an ERISA Plan (as defined herein), a plan that is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets include "plan assets" by reason of any such plan's investment in the entity ("Plan Assets") or (ii) the purchaser's purchase and holding of a Class A Note, Class B Note, Class C Note or

Class D Note do not and will not constitute or result in a prohibited transaction under Section 406 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code for which an exemption is not available. The purchaser understands and agrees that any purported transfer of a Class A Note, Class B Note, Class C Note or Class D Note to a purchaser that does not comply with the requirements of this paragraph (4)(a) shall be null and void *ab initio*.

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

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

6. In connection with the purchase of the Securities: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), the Issuer Administrator or the Share Trustee (as defined herein) is acting as a fiduciary or financial or investment adviser for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuers, the Initial Purchaser, the Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), the Issuer Administrator or the Share Trustee other than in this Offering Circular for such Securities and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, the Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), the Issuer Administrator or the Share Trustee has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, results, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Securities; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture and Fiscal Agency Agreement) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by Issuers, the Initial Purchaser, the Collateral Manager, the Trustee, the Agents, the Hedge Counterparty (or any guarantor thereof), the Issuer Administrator or the Share Trustee; (v) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Securities with a full understanding of all of the risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the purchaser is a sophisticated investor.

7. Pursuant to the terms of the Indenture, unless otherwise determined by the Issuers in accordance with the Indenture, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes sold to non-U.S. Persons in offshore transactions (the "Regulation S Class E Notes") will bear a legend to the following effect:

> THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE INITIAL PURCHASER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) TO A NON U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN A PRINCIPAL AMOUNT OF NOT LESS THAN $100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE

INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. EACH HOLDER HEREOF SHALL BE DEEMED TO MAKE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE INDENTURE (AS DEFINED HEREIN). ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUERS, THE NOTE TRANSFER AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUERS HAVE THE RIGHT, UNDER THE INDENTURE (AS DEFINED HEREIN), TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A RULE 144A GLOBAL NOTE (AS DEFINED IN THE INDENTURE) THAT IS A U.S. PERSON AND IS NOT BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTERESTS ON BEHALF OF SUCH OWNER.

THE HOLDER HEREOF, BY PURCHASING THE NOTES (OTHER THAN THE CLASS E NOTES) IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT EITHER (I) THE HOLDER IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY, OR (II) THE HOLDER'S PURCHASE AND HOLDING OF A NOTE DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE. ANY PURPORTED TRANSFER OF A NOTE TO A HOLDER THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH ABOVE SHALL BE NULL AND VOID *AB INITIO*.

THE PURCHASER OR TRANSFEREE OF A CLASS E NOTE IS DEEMED TO REPRESENT TO THE NOTE TRANSFER AGENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF ANY SUCH PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. THE TRUSTEE WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF CLASS E NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER,

THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

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

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

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

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

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE INITIAL PURCHASER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) TO A NON U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN $100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER

DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE NOTE TRANSFER AGENT. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE.

IF THE TRANSFER OF CLASS E NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS E NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (1) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER AND (2) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE OF THIS NOTE MUST DISCLOSE IN WRITING IN ADVANCE TO THE NOTE TRANSFER AGENT (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975 OF THE CODE AND SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF ANY SUCH PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); (ii) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF CLASS E NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN ENTITY REFERRED TO IN (C) ABOVE OR AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT WILL BE REQUIRED TO MAKE CERTAIN FURTHER AGREEMENTS THAT WOULD APPLY IN THE EVENT THAT SUCH MAXIMUM PERCENTAGE WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN A CLASS E NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE NOTE TRANSFER AGENT WITH A CLASS E NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. THE TRUSTEE WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF CLASS E NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE

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

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

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

9. The purchaser acknowledges that it is its intent and that it understands it is the intent of the Issuer that, for purposes of U.S. federal income, state and local income and franchise tax and any other income taxes, the Issuer will be treated as a corporation, the Notes (other than the Class E Notes, unless the Issuer determines to treat the Class E Notes as indebtedness on the date of exercise of the Class E Issuance Option) will be treated as indebtedness of the Issuer, and the Income Notes will be treated as equity in the Issuer; the purchaser agrees to such treatment and agrees to take no action inconsistent with such treatment.

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

11. Pursuant to the terms of the Fiscal Agency Agreement, unless otherwise determined by the Issuer in accordance with the Fiscal Agency Agreement, the Income Notes will bear a legend to the following effect:

THE INCOME NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MAY 31, 2007 AND SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN PROVISIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MAY 31, 2007 (THE "FISCAL AGENCY AGREEMENT") BY AND BETWEEN THE ISSUER AND ABN AMRO BANK N.V. (LONDON BRANCH), AS FISCAL AGENT AND TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS OF THE NOTES AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.

THE INCOME NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (3) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000. FURTHERMORE THE PURCHASER AND

EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (X) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, OR (Y) AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION AND (Z) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

WITH RESPECT TO THE INCOME NOTES REPRESENTED BY INCOME NOTE CERTIFICATES PURCHASED OR TRANSFERRED ON OR AFTER THE CLOSING DATE, THE PURCHASER OR TRANSFEREE MUST DISCLOSE IN WRITING IN ADVANCE TO THE FISCAL AGENT (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") AND SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR A PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); (ii) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS

THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN ENTITY REFERRED TO IN (C) ABOVE OR AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT WILL BE REQUIRED TO MAKE CERTAIN FURTHER AGREEMENTS THAT WOULD APPLY IN THE EVENT THAT SUCH MAXIMUM PERCENTAGE WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN AN INCOME NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. THE TRUSTEE OR FISCAL AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES (OTHER THAN THE INCOME NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

THE PURCHASER OR TRANSFEREE OF A REGULATION S INCOME NOTE IS DEEMED TO REPRESENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975 OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS");AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. THE TRUSTEE OR FISCAL AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES (OTHER THAN THE INCOME NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, NO PARTICIPANT TO THIS TRANSACTION SHALL BE LIMITED FROM DISCLOSING THE UNITED STATES TAX TREATMENT OR THE UNITED STATES TAX STRUCTURE OF THIS TRANSACTION.

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

[REGULATION S INCOME NOTES] TRANSFERS OF THIS INCOME NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS INCOME NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

12. The purchaser, if it is a Non-U.S. Holder, (i) represents that it is not purchasing the Securities in order to reduce any United States federal income tax liability or pursuant to a tax avoidance plan with respect to United States federal income taxes within the meaning of U.S. Treasury Regulation Section 1.881-3(a)(4) and (ii) agrees that it will (a) timely furnish the Issuer or its agents any United States federal income tax form or certification (such as IRS Form W-8BEN, Form W-8IMY, Form W-8ECI or Form W-9 or any successors to such forms) that the Issuer or its agents may reasonably request and to update or replace such form or certification in accordance with its terms or its subsequent amendments; (b) provide the Issuer, upon request, with such information as may reasonably be requested by the Issuer (including but not limited to information relating to the beneficial owner of the Note) in connection with the Issuer's fulfillment of its tax reporting, notification, withholding and similar obligations arising under the Code (as amended from time to time) or the Transaction Documents; and (c) treat the Issuer as not being engaged in the active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.

13. The purchaser agrees, in the case of the Notes (other than the Class E Notes), to treat the Notes as debt for United States federal, state and local income taxes and, in the case of the Income Notes, to treat such Income Notes as equity for United States federal, state and local income tax purposes. A purchaser of a Class E Note agrees to treat such Class E Note in accordance with the treatment accorded to it by the Issuer (as debt or equity as the case may be) on the date of exercise of the Class E Issuance Option.

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

The requirements set forth under "Notice to Investors" above apply only to Securities offered in the United States, except for the requirements set forth in Paragraphs (4), (5), (6), (9), (10), (12) and (13) and except that the Regulation S Securities will bear the legends set forth in Paragraphs (7) and (11) under "Notice to Investors" above.

THE ISSUERS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR EXCEPT IN RESPECT OF THE INFORMATION CONTAINED UNDER THE HEADING "THE COLLATERAL MANAGER", (OTHER THAN THE INFORMATION CONTAINED UNDER THE SUBHEADING "GENERAL"). THE ISSUERS HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR EXCEPT IN RESPECT OF THE INFORMATION CONTAINED UNDER THE HEADING "THE COLLATERAL MANAGER", (OTHER THAN THE INFORMATION CONTAINED UNDER THE SUBHEADING "GENERAL") IS TO THE BEST OF THEIR KNOWLEDGE, IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT ITS IMPORT. THE COLLATERAL MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED UNDER THE HEADING "THE COLLATERAL MANAGER", (OTHER THAN THE INFORMATION CONTAINED UNDER THE SUBHEADING "GENERAL"). THE COLLATERAL MANAGER HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT THE INFORMATION CONTAINED UNDER THE HEADING "THE COLLATERAL MANAGER", (OTHER THAN THE INFORMATION CONTAINED UNDER THE SUBHEADING "GENERAL") IS TO THE BEST OF THEIR KNOWLEDGE, IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT ITS IMPORT.

EACH PURCHASER OF THE SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH SECURITIES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH SECURITIES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUERS, THE INITIAL PURCHASER, THE COLLATERAL MANAGER, THE HEDGE COUNTERPARTY (OR ITS GUARANTOR) OR THEIR AGENTS SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with the resale of the Securities, the Issuers will be required under the Indenture and the Fiscal Agency Agreement, to furnish upon request to a holder or beneficial owner of a Security and to a prospective investor who is a Qualified Institutional Buyer designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) if, at the time of the request neither the Issuer nor the Co-Issuer, as applicable, is a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

To the extent the Trustee delivers any annual or other periodic report to the Holders of the Notes, the Trustee will include in such report a reminder that (1) each holder (other than those holders who are not U.S. Persons and have purchased their Notes outside the United States pursuant to Regulation S) is required to be (i) a Qualified Institutional Buyer and (ii) a Qualified Purchaser, in each case that can make all of the representations in the Indenture applicable to a holder that is a U.S. Person; (2) the Notes can only be transferred (i) to a transferee that is (a) a Qualified Institutional Buyer and (b) a Qualified Purchaser that can make all of the representations in the Indenture applicable to a holder who is a U.S. Person or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or 904 under Regulation S; and (3) the Issuers have the right to compel any holder who does not meet the transfer restrictions set forth in the Indenture to transfer its interest in the Notes to a person designated by the Issuers or sell such interests on behalf of the holder.

To the extent the Issuer or the Fiscal Agent delivers any annual or periodic reports to the Holders of the Income Notes, the Issuer or the Fiscal Agent, as applicable, will include in such report a reminder that (1) each holder (other than those holders who are not U.S. Persons and have purchased their Income Notes outside the United States pursuant to Regulation S) is required to be (i) (a) a Qualified Institutional Buyer, or (b) an Accredited Investor who has a net worth of not less than U.S.$10 million, and (ii) a Qualified Purchaser that can make all of the representations in the Income Notes Purchase and Transfer Letter applicable to a holder who is a U.S. Person; (2) the Income Notes can only be transferred to (i) a transferee that is (a) a Qualified Institutional Buyer, or (b) an Accredited Investor who has a net worth not less than U.S.$10 million, and (c) a Qualified Purchaser or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 under Regulation S; and (3) the Issuer has the right to compel any holder who does not meet the transfer restrictions set forth in the Fiscal Agency Agreement to transfer its Income Notes to a person designated by the Issuer or sell such Income Notes on behalf of the holder.

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

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SUMMARY

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

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

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

Altius IV Funding, Corp. (the "Co-Issuer" and, together with the Issuer, the "Issuers") is a corporation formed under the laws of the State of Delaware for the sole purpose of co-issuing the Notes (other than the Class E Notes).

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

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

The Collateral Manager..... Aladdin Capital Management LLC, a Delaware limited liability company ("Aladdin"), will select Collateral Assets to be purchased during the Ramp-Up Period and perform certain monitoring functions with respect to the Collateral Assets pursuant to a collateral management agreement to be dated

as of the Closing Date (the "Collateral Management Agreement") between the Issuer and Aladdin, as Collateral Manager (in such capacity, the "Collateral Manager"). In accordance with the Collateral Management Agreement, the Collateral Manager will also assist with limited reinvestment of Fixed Rate Securities to maintain alignment with the scheduled notional amounts on the Rate Swap Agreements. Aladdin is a registered investment adviser under the United States Investment Advisers Act of 1940, as amended. See "The Collateral Manager."

Securities Offered ..... On the Closing Date, the Issuer and the Co-Issuer will issue U.S.$644,850,000 principal amount of Class A-1F Floating Rate Notes Due 2042 (the "Class A-1F Notes"), U.S.$644,850,000 principal amount of Class A-1B Floating Rate Notes Due 2042 (the "Class A-1B Notes"), U.S.$300,000 principal amount of Class A-1V Floating Rate Notes Due 2042 (the "Class A-1V Notes" and, together with the Class A-1F Notes and the Class A-1B Notes, the "Class A-1 Notes"), U.S.$50,000,000 principal amount of Class A-2a Floating Rate Notes Due 2042 (the "Class A-2a Notes") U.S.$55,000,000 principal amount of Class A-2b Floating Rate Notes Due 2042 (the "Class A-2b Notes," and, together with the Class A-2a Notes, the "Class A-2 Notes," and the Class A-2 Notes together with the Class A-1 Notes, the "Class A Notes"), U.S.$66,000,000 principal amount of Class B Floating Rate Notes Due 2042 (the "Class B Notes"), U.S.$19,500,000 principal amount of Class C Floating Rate Deferrable Notes Due 2042 (the "Class C Notes") and U.S.$12,000,000 principal amount of Class D Floating Rate Deferrable Notes Due 2042 (the "Class D Notes") and the Issuer is authorized to issue on any Quarterly Payment Date up to U.S.$2,500,000 principal amount of Class E Floating Rate Deferrable Notes Due 2042 under the circumstances described herein (the "Class E Notes," and, together with the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the "Notes") pursuant to an Indenture (the "Indenture") dated on or about May 31, 2007 among the Issuers and LaSalle Bank National Association, as trustee and as securities intermediary (the "Trustee" and the "Securities Intermediary," respectively). Under the Indenture, LaSalle Bank National Association will also act as principal paying agent for the Notes (the "Principal Note Paying Agent"), as registrar (the "Note Registrar"), as calculation agent (the "Note Calculation Agent"), as transfer agent (the "Note Transfer Agent") and as paying agent for the Notes (the "Note Paying Agent" and, together with the Principal Note Paying Agent, the Note Registrar, the Note Calculation Agent, the Note Transfer Agent and the Listing and Paying Agent, the "Note Agents").

On the Closing Date, the Issuer will also issue U.S.$7,500,000 notional principal amount of Income Notes (the "Income Notes" and, together with the Notes, the "Securities"), pursuant to a deed of covenant (the "Deed of

Covenant"), dated on or about the Closing Date, executed by the Issuer and subject to the terms and conditions of the Income Notes (the "Terms and Conditions") appended thereto and a fiscal agency agreement (the "Fiscal Agency Agreement") dated on or about the Closing Date between the Issuer and ABN AMRO Bank N.V. (London Branch), as fiscal agent and transfer agent for the Income Notes (in such capacities, the "Fiscal Agent" and, together with the Note Agents, the "Agents"). The Notes (other than the Class E Notes) and the Income Notes (collectively, the "Offered Securities") are offered hereby.

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

Other Securities ..... On any Quarterly Payment Date, the principal balance of the Class E Notes may be increased up to the Maximum Issuance Amount if the Class E Issuance Option is exercised by the Holders of a Majority of the Income Notes as described herein. See "Description of the Notes and the Income Notes-Class E Issuance Option" herein.

Closing Date ..... The Issuer will issue the Class E Notes (with an initial zero principal balance) and the Income Notes and the Issuers will issue the other Notes on or about May 31, 2007 (the "Closing Date").

Status of the Securities ..... The Notes (other than the Class E Notes) will be limited recourse obligations of the Issuers and the Class E Notes and Income Notes will be limited recourse obligations of the Issuer. The Income Notes will not be secured obligations of the Issuer and will only be entitled to receive amounts available for distribution on any Quarterly Payment Date after payment of all amounts senior thereto under the Priority of Payments. Interest on the Class A-1 Notes will be paid *pro rata* with interest on the Class A-2 Notes. Principal on the Class A Notes will be paid, except under limited circumstances, *pro rata* to the Class A Notes (*provided, however*, that amounts payable to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes; *provided, further* that under certain circumstances amounts payable to the Class A-2 Notes will be paid *pro rata* to the Class A-2a Notes and the Class A-2b Notes), or up to the amount necessary to increase (or

maintain) the Class A Adjusted Overcollateralization Ratio to a specified target, as more fully described under "Description of the Notes and the Income Notes—Priority of Payments". The Class A Notes will be senior in right of payment on each Payment Date to the Class B Notes. The Class A Notes will be senior in right of payment on each Quarterly Payment Date to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class B Notes will be senior in right of payment on each Quarterly Payment Date to the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes; the Class C Notes will be senior in right of payment on each Quarterly Payment Date to the Class D Notes, the Class E Notes and the Income Notes; the Class D Notes will be senior in right of payment on each Quarterly Payment Date to the Class E Notes and the Income Notes; and the Class E Notes will be senior in right of payment on each Quarterly Payment Date to the Income Notes, each to the extent provided in the Priority of Payments. See "Description of the Notes and the Income Notes—Status and Security" and "—Priority of Payments."

Use of Proceeds ..... The net proceeds associated with the offering of the Offered Securities issued on the Closing Date (including an initial payment to the Issuer from the initial Rate Swap Counterparty), after the payment of applicable fees and expenses, are expected to equal approximately U.S.$1,499,840,000. Approximately U.S.$1,162,899,000 of the net proceeds will be used by the Issuer to purchase or enter into binding commitments to purchase Collateral Assets on the Closing Date described herein having an aggregate Principal Balance of approximately U.S.$1,443,219,000 (approximately 41% of which will be Fixed Rate Securities) and to purchase Default Swap Collateral having an aggregate principal balance of approximately U.S.$100,000,000. A portion of the remaining net proceeds equal to approximately U.S.$56,781,000 will be deposited on the Closing Date to the Collection Account to be used by the Issuer to purchase Collateral Assets during the Ramp-Up Period that together with the Collateral Assets purchased on the Closing Date will have an aggregate Principal Balance (without giving effect to any principal payments on or sales of Collateral Assets prior to such date) of approximately U.S.$1,500,000,000 (the "Ramp-Up Completion Date Balance") on the Ramp-Up Completion Date. In addition, approximately U.S.$274,705,000 will be deposited on the Closing Date into the Default Swap Collateral Account to be used by the Issuer to purchase Default Swap Collateral. See "Security for the Notes—Disposition of Collateral Assets" and "Use of Proceeds."

The Collateral Assets..... The Collateral Assets expected to be purchased on the Closing Date will be comprised of: [1]

(i) 20 issues of Commercial Mortgage-Backed Securities across 2 categories, constituting approximately 32.9% of the Collateral Assets (by Principal Balance),

(ii) 36 issues of Residential Mortgage-Backed Securities across 3 categories and the Synthetic Securities referencing such Residential Mortgage-Backed Securities, constituting approximately 49.0% of the Collateral Assets (by Principal Balance),

(iii) 7 issues of Asset-Backed Securities, constituting approximately 8.3% of the Collateral Assets (by Principal Balance),

(iv) 10 issues of CDO Securities and the Synthetic Securities referencing such CDO Securities, constituting approximately 9.8% of the Collateral Assets (by Principal Balance),

(v) 19.3% of the Collateral Assets (by Principal Balance) are Synthetic Securities, and

a. 53.0% of the Reference Obligations (by Principal Balance) of such Synthetic Securities are RMBS, and

b. 47.0% of the Reference Obligations (by Principal Balance) of such Synthetic Securities are CDO Securities. See "Security for the Notes—The Collateral Assets".

[1] Such figures are calculated as of the Reference Date (as defined herein).

Certain summary information about the Collateral Assets to be purchased by the Issuer on the Closing Date (other than those Collateral Assets which have not yet been issued) is set forth in Appendix B to this Offering Circular.

During the Ramp-Up Period, the Issuer, at the direction of the Collateral Manager, will apply Principal Proceeds on deposit in the Collection Account to purchase additional Collateral Assets if, after giving effect to the purchase of any such Collateral Asset, the Ramp-Up Criteria are satisfied. See "Security for the Notes—Ramp-Up Completion".

Interest Payments and Certain Distributions .....

The Notes (other than the Class E Notes) will accrue interest from the Closing Date and the Class E Notes will accrue interest from the date of the exercise of the Class E Issuance Option and such interest will be payable, in the case of the Class A Notes and the Class B Notes, on the second day of each calendar month, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Payment Date") commencing on September 4, 2007 and, in the case of the Class C Notes, the Class D Notes and the Class E Notes, on the second day of November, February, May and August of each year, or if any such date is not a Business Day, the immediately following Business Day (each such date, a "Quarterly Payment Date") commencing on November 2, 2007. Payments on the Income Notes will be payable in arrears on each Quarterly Payment Date, commencing on February 4, 2008 from

Proceeds available therefor. All payments on the Securities will be made from Proceeds in accordance with the Priority of Payments.

Each Class of Class A-1 Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-1 Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.23%.

The Class A-2a Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-2a Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.40%.

The Class A-2b Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class A-2b Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 0.80%.

The Class B Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class B Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 1.20%.

The Class C Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class C Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 2.50%.

The Class D Notes will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class D Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* 6.00%.

The Class E Notes, after the Class E Issuance Option has been exercised, will bear interest during each Interest Accrual Period at a *per annum* rate (the "Class E Note Interest Rate") equal to LIBOR for such Interest Accrual Period *plus* a margin equal to or less than 6.00% (the "Maximum Coupon") as determined on the date such option is exercised.

The Class A-1 Note Interest Rate, the Class A-2a Note Interest Rate, the Class A-2b Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate are collectively referred to herein as the "Note Interest Rates."

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

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

See "Description of the Notes and the Income Notes—Interest and Distributions" and "—Priority of Payments."

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

The "Interest Accrual Period" with respect to the Class A Notes and the Class B Notes and any Payment Date, is the period commencing on, and including, the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on, and including, the day immediately preceding such Payment Date, and with respect to the Class C Notes, the Class D Notes and the Class E Notes and any Quarterly Payment Date, the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of exercise of the Class E Issuance Option in the case of the first Interest Accrual Period and the Class E Notes) and ending on and including the day immediately preceding such Quarterly Payment Date.

The Holders of the Income Notes will be entitled to receive, on each Quarterly Payment Date, as interest on the Income Notes, all cash remaining after the payment of all other amounts required to be paid in accordance with the Priority of Payments.

Principal Payments ..... The Securities will mature on the Payment Date in November 2042 (each such date the "Stated Maturity"), unless redeemed or retired prior thereto. The average life of the

Notes and the duration of the Income Notes are expected to be substantially shorter than the number of years from issuance until Stated Maturity for each Class of Notes and the Income Notes. See "Description of the Notes and the Income Notes—Principal" and "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

"Shifting principal" will be payable on the Notes in accordance with the Priority of Payments on each Payment Date or on each Quarterly Payment Date with respect to the Class A Notes and the Class B Notes and on each Quarterly Payment Date with respect to the Class C Notes and the Class D Notes. With respect to the Class A Notes, such amounts will be paid *pro rata* to the Class A Notes (*provided, however*, that amounts payable to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and second, to the Class A-1B Notes until such Class is paid in full), until each such Class is paid in full but only up to an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, the payment of remaining principal will shift to the Holders of the Class B Notes which will receive principal only up to an amount required to increase (or maintain) the Class B Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, the payment of remaining principal will shift to the Holders of the Class C Notes which will receive principal only up to an amount required to increase (or maintain) the Class C Adjusted Overcollateralization Ratio to a specified target. After achieving and maintaining such target level, the payment of remaining principal will shift to the Holders of the Class D Notes which will receive principal until paid in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$450,000,000, then only the Principal Proceeds received or held during the related Due Period will be paid, such amount to be allocated, *first*, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however*, that amounts payable to the Class A-1F Notes and the Class A-1B Notes will be paid first to the payment of principal of all outstanding Class A-1F Notes and second to the payment of principal of all outstanding Class A-1B Notes), *second,* to the payment of principal of all outstanding Class A-2 Notes, *pro rata*, *third*, to the payment of principal of all outstanding Class B Notes, *fourth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class C Notes, and *fifth*, on Quarterly Payment Dates only, to the payment of all outstanding Class D Notes. After the payments described in the preceding sentence, Proceeds, including any Principal Proceeds, after the Class D Notes have been paid in full, will be applied to the other items specified in the Priority of Payments, including distributions to the Class E Notes and the Income Notes.

As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Status of the Securities" above, the Class B Notes may be entitled to receive certain payments of principal while the Class A Notes are outstanding, the Class C Notes may be entitled to receive certain payments of principal while the Class A Notes or the Class B Notes are outstanding, the Class D Notes may be entitled to receive certain payments of principal while the Class A Notes, the Class B Notes or the Class C Notes are outstanding and the Class E Notes may be entitled to receive certain payments of principal while the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes are outstanding. In addition, the Income Notes may be entitled to receive certain payments while one or more Classes of Notes are outstanding. See "Description of the Notes and the Income Notes—Priority of Payments."

In addition, to the extent funds are available therefor in accordance with the Priority of Payments, certain of the Notes (other than the Class E Notes) will be subject to mandatory redemption on any Payment Date or Quarterly Payment Date, as applicable, if the Coverage Tests are not satisfied. The Notes will be subject to mandatory redemption on any Payment Date if a Rating Confirmation Failure has occurred and is continuing as described herein to the extent necessary for the Issuer to receive a Rating Agency Confirmation from each Rating Agency or until each Class of Notes has been paid in full in accordance with the Priority of Payments. See "Description of the Notes and the Income Notes—Principal" and "—Mandatory Redemption."

Tax Redemption ..... Subject to certain conditions described herein, the Notes will be redeemed from Liquidation Proceeds, in whole but not in part, on any Payment Date upon the occurrence of a Tax Event, at the written direction of, or with the written consent of, Holders of at least 66-2/3% of the aggregate outstanding notional principal amount of the affected Income Notes or Holders of a Majority of any Class of Notes which, as a result of the occurrence of such Tax Event, have not received 100% of the aggregate amount of principal and interest or other amounts due and payable to such Holders (such redemption, a "Tax Redemption"). No such Tax Redemption will occur unless the expected Liquidation Proceeds equal or exceed the Total Redemption Amount. Upon the occurrence of a Tax Redemption, the Income Notes will be simultaneously redeemed.

With respect to a Tax Redemption as described above, the Notes will be redeemed at their Note Redemption Prices, respectively, as described herein. The amount payable as the final payment to the Income Notes following any Tax Redemption will be the Liquidation Proceeds remaining after the redemption of the Notes in full together with the payment of all other amounts required to be paid in accordance with the Priority of Payments.

See "Description of the Notes and the Income Notes—Tax Redemption."

Auction ..... Sixty days prior to the Payment Date occurring in August of each year (the "Auction Date"), commencing on the August 2015 Payment Date, the Collateral Manager shall take steps to conduct an auction (the "Auction") of the Collateral Assets, the Eligible Investments, the Default Swap Collateral and the Deliverable Obligations (the "Pledged Securities") that have been granted to the Trustee in accordance with the procedures specified in the Indenture. If the Collateral Manager receives one or more bids from Eligible Bidders not later than ten Business Days prior to the Auction Date equal to or greater than the Minimum Bid Amount, it will sell the Pledged Securities for settlement on or before the fifth Business Day prior to such Auction Date and the Notes will be redeemed in whole on such Auction Date (any such date, the "Auction Payment Date"). If a successful Auction occurs, the Income Notes will also be redeemed in full. If the highest single bid on the entire portfolio of Pledged Securities, or the aggregate amount of multiple bids with respect to individual items of Pledged Securities, does not equal or exceed the aggregate Minimum Bid Amount or if there is a failure at settlement, the Pledged Securities will not be sold and no redemption of Notes or Income Notes on the related Auction Date will be made.

Optional Redemption ..... The Notes may be redeemed by the Issuers from Liquidation Proceeds, in whole but not in part, on any Payment Date on or after the Payment Date occurring in August 2010 (the "Optional Redemption Date"), at the written direction of, or with the written consent of the Holders of a Majority of the Income Notes (an "Optional Redemption").

In the event of an Optional Redemption, the Notes will be redeemed at their Note Redemption Prices as described herein. The amount distributable as the final distribution to the Holders of the Income Notes in connection with any Optional Redemption will be the Liquidation Proceeds remaining after the redemption of the Notes together with the payment of all other amounts required to be paid in accordance with the Priority of Payments.

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

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

Mandatory Redemption ..... On any Payment Date on which a Rating Confirmation Failure has occurred and is continuing as of the preceding Determination Date and on any Payment Date on which any

of the Class A/B Overcollateralization Test, the Class C Overcollateralization Test or the Class D Overcollateralization Test is not satisfied as of the preceding Determination Date or on which the Class C Overcollateralization Ratio is less than 75% or the Class D Overcollateralization Ratio is less than 90% as of the preceding Determination Date and on any Quarterly Payment Date on which the Class A/B Interest Coverage Test, the Class C Interest Coverage Test or the Class D Interest Coverage Test is not satisfied as of the preceding Determination Date, certain of the Notes (other than the Class E Notes) will be subject to mandatory redemption in accordance with the Priority of Payments, until the applicable Notes have been paid in full or, in the case of a Rating Confirmation Failure, until each Rating Agency has delivered a Rating Agency Confirmation to the Issuer (a "Mandatory Redemption"). The Collateral Manager is not permitted to sell Collateral Assets to generate additional Proceeds to be applied to redeem the Notes except to the extent such Collateral Assets may, at the discretion of the Collateral Manager, be otherwise sold as Credit Risk Obligations, equity securities or Defaulted Obligations or in connection with a Rating Confirmation Failure. The Class E Notes and the Income Notes are not subject to mandatory redemption as a result of the failure of any Coverage Test. See "Description of the Notes and the Income Notes—Mandatory Redemption" and "—Priority of Payments."

Class E Issuance Option ..... On any Quarterly Payment Date, at the written direction of, or with the written consent of, the Holders of a Majority of the Income Notes, the option to issue the Class E Notes will be exercised (the "Class E Issuance Option") and the Issuer will sell up to U.S.$2,500,000 face amount of Class E Notes (the "Maximum Issuance Amount"). The Class E Notes may not be sold at a price less than 80% of their face amount. The net proceeds of the exercise of the Class E Issuance Option will be remitted to the Fiscal Agent for distribution to the Holders of the Income Notes and the interest and principal payments on the Class E Notes will be subordinate to interest and principal payments on the other Notes, but senior to any payments to Income Notes as described in the Priority of Payments. The Class E Issuance Option is a single option and may only be exercised one time. See "Description of the Notes and Income Notes—Class E Issuance Option".

The Class E Notes will be issued on the Closing Date with an initial principal balance of zero and the principal balance of the Class E Notes will only ever be increased if the Class E Issuance Option is exercised.

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

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

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

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

Coverage Test	Value at Which Test is Satisfied
Class A/B Overcollateralization Test	Class A/B Overcollateralization Ratio is equal to or greater than 101.20%
Class A/B Interest Coverage Test	Class A/B Interest Coverage Ratio is equal to or greater than 101.00%
Class C Overcollateralization Test	Class C Overcollateralization Ratio is equal to or greater than 100.60%
Class C Interest Coverage Test	Class C Interest Coverage Ratio is equal to or greater than 100.00%
Class D Overcollateralization Test	Class D Overcollateralization Ratio is equal to or greater than 100.30%
Class D Interest Coverage Test	Class D Interest Coverage Ratio is equal to or greater than 100.00%

On the Closing Date, the Class A/B Overcollateralization Ratio is expected to be 102.67%, the Class A/B Interest Coverage Ratio is expected to be 106.9%[1], the Class C Overcollateralization Ratio is expected to be 101.32%, the Class C Interest Coverage Ratio is expected to be 104.9%[1], the Class D Overcollateralization Ratio is expected to be 100.50% and the Class D Interest Coverage Ratio is expected to be 103.3%[1].

[1] Pro forma, assuming 30 days of interest on fully invested proceeds of the offering of the Securities, in accordance with the Collateral Assets Assumptions described herein. See "Yield Considerations."

The Offering..... The Offered Securities are being offered to non-U.S. Persons in offshore transactions in reliance on Regulation S, and in the United States to persons who are Qualified Institutional Buyers purchasing in reliance on the exemption from registration under Rule 144A or, with respect to Income Notes

only, Accredited Investors purchasing in transactions exempt from registration under the Securities Act. Each purchaser who is a U.S. Person must also be a Qualified Purchaser. Each Accredited Investor must have a net worth of at least U.S.$10 million. See "Description of the Notes and the Income Notes—Form of the Securities," "Underwriting" and "Notice to Investors."

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

Form of the Securities ..... Each Class of Notes sold in offshore transactions in reliance on Regulation S will initially be represented by one or more temporary global notes (each, a "Temporary Regulation S Global Note"). Each Temporary Regulation S Global Note will be deposited on the Closing Date with LaSalle Bank National Association as custodian for, and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), for the respective accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"). Beneficial interests in a Temporary Regulation S Global Note may be held only through Euroclear or Clearstream and may not be held at any time by a U.S. Person ("U.S. Person") (as such term is defined in Regulation S under the Securities Act).

Each Class of Rule 144A Notes (other than the Class E Notes) will be issued in the form of one or more global notes in fully registered form (the "Rule 144A Global Notes" and, together with the Temporary Regulation S Global Notes and the Regulation S Global Notes, the "Global Notes"), deposited with LaSalle Bank National Association as custodian for, and registered in the name of Cede & Co. as nominee of, DTC, which will credit the account of each of its participants with the principal amount of Notes being purchased by or through such participant. Beneficial interests in the Rule 144A Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants.

The Class E Notes (other than the Regulation S Class E Notes) will be evidenced by one or more notes in definitive, fully registered form, registered in the name of the owner thereof (each, a "Definitive Note").

Beneficial interests in the Global Notes and the Definitive Notes may not be transferred except in compliance with the transfer restrictions described herein. See "Description of the Notes and the Income Notes—Form of the Securities" and "Notice to Investors."

The Income Notes (other than the Regulation S Income Notes) will be evidenced by one or more notes in definitive, fully registered form, registered in the name of the owner

	thereof (each, an "Income Note Certificate"). The Regulation S Income Notes will be evidenced by a global note in fully registered form. The Income Notes may not be transferred except in compliance with the transfer restrictions described herein. See "Description of the Notes and the Income Notes—Form of the Securities" and "Notice to Investors."
Governing Law	The Indenture, the Notes, the Hedge Agreements, the Synthetic Securities and the Collateral Management Agreement will be governed by the laws of the State of New York. The Deed of Covenant, including the Terms and Conditions of the Income Notes, the Fiscal Agency Agreement and the Income Notes will be governed by the laws of the Cayman Islands.
Listing and Trading	There is currently no market for the Notes or Income Notes and there can be no assurance that such a market will develop. See "Risk Factors—Securities—Limited Liquidity and Restrictions on Transfer." Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange for the Offered Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that such admission will be granted or, if granted, maintained. See "Listing and General Information."
Ratings	It is a condition of the issuance of the Securities that the Class A Notes be rated "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be rated at least "A2" by Moody's and at least "A" by S&P, that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P and that the Class E Notes will be issued with an initial rating on the Closing Date of at least "Ba1" by Moody's and at least "BB+" by S&P assuming the Maximum Issuance Amount and the Maximum Coupon for the Class E Notes. The Income Notes will not be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See "Ratings of the Notes."
Tax Status	See "Income Tax Considerations."
ERISA Considerations	See "ERISA Considerations."

Securities Issued									
Class Designation	A-1F	A-1B	A-1V	A-2a	A-2b	B	C	D	Income Notes
Original Principal Amount	$644,850,000	$644,850,000	$300,000	$50,000,000	$55,000,000	$66,000,000	$19,500,000	$12,000.000	$7,500,000
Stated Maturity	November 2, 2042								
Minimum Denomination (Integral Multiples):									
Rule 144A	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)
Reg S	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)	$100,000 ($1)
Accredited Investors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$100,000
Applicable Investment Company Act of 1940 Exemption	3(c)(7)								
Initial Ratings:									
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	Aa2	A2	Baa2	N/A
S&P	AAA	AAA	AAA	AAA	AAA	AA	A	BBB	N/A
Deferred Interest	No	No	No	No	No	No	Yes	Yes	N/A
Pricing Date	April 27, 2007			May 15, 2007					
Closing Date	May 31, 2007								
Interest Rate	1 Month LIBOR+0.23%	1 Month LIBOR+0.23%	1 Month LIBOR+0.23%	1 Month LIBOR+0.40%	1 Month LIBOR+0.80%	1 Month LIBOR+1.20%	3 Month LIBOR+2.50%	3 Month LIBOR+6.00%	N/A
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating	N/A
Interest Accrual Period(1)	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	Floating Period	N/A
Dates of Payment	(i) the second day of each month and (ii) and any Redemption Date						(i) the second day of November, February, May and August of each year and (ii) any Redemption Date		
First Payment Date	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	September 4, 2007	November 2, 2007	November 2, 2007	February 4, 2008
Record Date	Business Day prior to the applicable Payment Date (or the 10th Business Day prior to the applicable Payment Date for Securities issued in definitive form)								
Frequency of Payments	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly	Quarterly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	N/A
Form of Securities:									
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Certificated	No	No	No	No	No	No	No	No	Yes
CUSIPS Rule 144A	021493AB7	021493AC5	021493AD3	021493AE1	021493AJ0	021493AF8	021493AG6	021493AH4	02149NAB3
CUSIPS Reg S	G0227HAB8	G0227HAC6	G0227HAD4	G0227HAE2	G0227HAJ1	G0227HAF9	G0227HAG7	G0227HAH5	G0227GAB0
ISIN Reg S	USG0227HAB80	USG0227HAC63	USG0227HAD47	USG0227HAE20	USG0227HAJ17	USG0227HAF94	USG0227HAG77	USG0227HAH50	USG0227GAB08
CUSIPS Accredited Investors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	02149NAC1
Common Code	030154703	030154576	030154711	030347854	030347897	030347919	030347935	030347960	030347986
Clearing Method:									
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	DTC	DTC	Physical
Reg S	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear	Euroclear

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

RISK FACTORS

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

Securities

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Securities. Although the Initial Purchaser has advised the Issuers that it intends to make a market in the Offered Securities, the Initial Purchaser is not obligated to do so, and any such market making with respect to the Offered Securities may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Holders of the Notes with liquidity of investment or that it will continue for the life of such Notes and consequently a purchaser must be prepared to hold the Notes until maturity. Consequently, a purchaser must be prepared to hold the Notes for an indefinite period of time or until Stated Maturity. Since it is likely that there will never be a secondary market for the Income Notes, a purchaser must be prepared to hold its Income Notes until the Stated Maturity.

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

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

Subordination of the Securities. Payments of principal on the Class A Notes will be paid (i) *pro rata* among the Class A Notes, (ii) first, *pro rata* among the Class A-1 Notes and second, *pro rata* among the Class A-2 Notes or (iii) first, *pro rata* among the Class A-1 Notes, second, to the Class A-2a Notes and third to the Class A-2b Notes, depending on the circumstances as more fully described in the Priority of Payments, and will be senior to payments of principal of the Class B Notes, Class C Notes, Class D Notes and Class E Notes and to payments to the Holders of the Income Notes on each Payment Date or

Quarterly Payment Date, as applicable. Payments of principal on the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until such Class is paid in full and then to the Class A-1B Notes. Payments of principal on the Class B Notes due on any Quarterly Payment Date will be senior to payments of principal on the Class C Notes, the Class D Notes and the Class E Notes and senior to the payments to the Holders of the Income Notes on such Quarterly Payment Date. Payments of principal on the Class C Notes due on any Quarterly Payment Date will be senior to payments of principal on the Class D Notes and the Class E Notes and senior to payments to the Holders of the Income Notes on such Quarterly Payment Date. Payments of principal on the Class D Notes due on any Quarterly Payment Date will be senior to payments of principal due on the Class E Notes and senior to payments to the Holders of the Income Notes on such Quarterly Payment Date. Payments of principal due on the Class E Notes will be senior to payments to the Holders of the Income Notes on such Quarterly Payment Date. As a result of the Priority of Payments, notwithstanding the subordination of the Notes described under "Description of the Notes and the Income Notes—Status and Security," the Class B Notes will be entitled to receive certain payments of principal while the Class A Notes are outstanding, the Class C Notes will be entitled to receive certain payments of principal while the Class A Notes or the Class B Notes are outstanding, the Class D Notes will be entitled to receive certain payments of principal while the Class A Notes, the Class B Notes or the Class C Notes are outstanding and the Class E Notes will be entitled to receive certain payments of principal while the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes are outstanding. In addition, the Income Notes will be entitled to receive certain payments while one or more Classes of Notes are outstanding. See "Description of the Notes and the Income Notes—Priority of Payments." To the extent that any losses are incurred by the Issuer in respect of any Collateral, such losses will be borne first by Holders of the Income Notes; then, by Holders of the Class E Notes; then, by Holders of the Class D Notes; then, by Holders of the Class C Notes; then, by Holders of the Class B Notes; then, by Holders of the Class A-2b Notes; then, by Holders of the Class A-2a Notes, and finally, by Holders of the Class A-1 Notes.

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

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

Holders of the Controlling Class may not be able to effect a liquidation of the Collateral in an Event of Default; Holders of other Classes of Notes and the Income Notes may be Adversely Affected by Actions of the Controlling Class. If an Event of Default occurs and is continuing, a Majority of the Controlling Class will be entitled to determine the remedies to be exercised under the Indenture; however,

the Majority of the Controlling Class will not be able to direct a sale or liquidation of the Collateral unless, among other things, the Trustee determines that the anticipated proceeds of such sale or liquidation (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to pay in full the sum of (A) the principal (including any Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Notes, (B) unpaid Administrative Expenses, (C) all amounts payable by the Issuer to any Hedge Counterparty (including any applicable termination payments other than Defaulted Hedge Termination Payments), net of all amounts payable to the Issuer by any Hedge Counterparty and (D) all other items in the Priority of Payments ranking prior to payments on the Notes; *provided,* that no deposit shall be made to the Expense Reserve Account. There can be no assurance that proceeds of a sale and liquidation, together with all other available funds, will be sufficient to pay in full such amount. In addition, even if the anticipated proceeds of such sale or liquidation would not be sufficient to pay in full such amount, the Holders of a SupraMajority of the Controlling Class, with the consent of each Hedge Counterparty (unless such Hedge Counterparty will be paid in full the amounts due to it other than any Defaulted Hedge Termination Payments at the time of distribution of the proceeds of any sale or liquidation of the Collateral) may direct the sale and liquidation of the Collateral.

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

CMBS Repackaging Securities May Defer Interest. As of the Closing Date, certain of the securities underlying the CMBS Repackaging Securities may defer interest or pay "in-kind". As a result thereof, the Issuer may have insufficient funds to make payments on the Notes or distributions in respect of the Income Notes.

Holders of Class A-1V Notes entitled to exercise voting rights of Class A-1 Notes. With respect to all matters for which the Holders of the Class A-1 Notes are permitted to vote or consent to under the Transaction Documents, so long as the unanimous consent of the Holders of the Class A-1F Notes or the Class A-1B Notes is not required, the Holders of the Class A-1V Notes will be entitled to exercise the voting rights of the Holders of the Class A-1F Notes, the Class A-1B Notes and the Class A-1V Notes, and the Holders of the Class A-1F Notes and the Class A-1B Notes shall have no voting power. The interests of, and remedies pursued by, the Holders of the Class A-1V Notes could be adverse to the interests of the Holders of the Class A-1F Notes and the Class A-1B Notes.

Status of the Income Notes. The Income Notes are unsecured debt obligations of the Issuer and are not secured by the Collateral Assets or the other Collateral securing the Notes. As such, the Holders of the Income Notes will rank behind the Holders of the Notes and any other secured creditors as set forth in the Indenture and *pari passu* with the unsecured creditors, whether secured or unsecured and known or unknown, of the Issuer. No person or entity other than the Issuer will be required to make any payments on the Income Notes. Except with respect to the obligations of the Issuer to make payments pursuant to the Priority of Payments, the Issuer does not expect to have any creditors. The funds available to be paid to the Fiscal Agent will depend in part on the weighted average of the Note Interest Rates. The Income Notes will not be rated.

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

Leveraged Investment. The Income Notes and, to a lesser extent and if the Class E Issuance Option is exercised, the Class E Notes, represent a leveraged investment in the underlying Collateral Assets. The use of leverage generally magnifies an investor's opportunities for gain and risk of loss. Therefore, changes in the market value of the Income Notes and the Class E Notes can be expected to be greater than changes in the market value of the underlying assets included in the Collateral Assets, which are also subject to credit, liquidity and interest rate risk.

Optional Redemption and Tax Redemption of Securities. Subject to the satisfaction of certain conditions, the Securities may be optionally redeemed in whole and not in part (i) on any Payment Date on or after the August 2010 Payment Date at the written direction of, or with the written consent of, Holders of a Majority of the Income Notes or (ii) on any Payment Date upon the occurrence of a Tax Event, at the written direction of, or with the written consent of, Holders of at least 66-2/3% of the aggregate outstanding notional principal amount of the affected Income Notes or the Holders of a Majority of any Class of Notes, if as a result of an occurrence of a Tax Event, such Class of Notes has not received 100% of the aggregate amount of principal and interest due and payable on such Class of Notes. If an Optional Redemption or Tax Redemption occurs, the Income Notes will be redeemed simultaneously.

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

Auction. There can be no assurance that an Auction of the Collateral Assets on any Auction Date will be successful. The failure of an Auction may lengthen the expected average lives of the Notes and the expected duration of the Income Notes and may reduce the yield to maturity of the Notes and may

adversely affect the yield on the Income Notes. A successful Auction of the Pledged Securities is not required to result in any proceeds for distribution to the Holders of the Income Notes. Accordingly, in the event of an Auction, Holders of Income Notes may have their Income Notes redeemed without receiving payments on such Income Notes. In addition, the success of an Auction will shorten the average lives of the Notes and the duration of the Securities and may reduce the yield to maturity of the Notes.

Mandatory Redemption of Notes. If a Rating Confirmation Failure has occurred and is continuing on any Determination Date, if the Class A/B Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date, if the Class A/B Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date or the Class C Overcollateralization Ratio is less than 75% on the Determination Date immediately preceding a Payment Date, then Proceeds that otherwise might have been distributed to the Holders of the Income Notes or to the Holders of the Class C Notes, Class D Notes and Class E Notes will be used to redeem the Class A Notes and the Class B Notes in accordance with the Priority of Payments. If the Class C Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date, the Class C Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date or the Class D Overcollateralization Ratio is less than 90% on the Determination Date immediately preceding a Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class D Notes and Class E Notes and/or the Holders of the Income Notes will be used to redeem the Class A Notes, the Class B Notes and the Class C Notes in accordance with the Priority of Payments. If the Class D Overcollateralization Test is not met on the Determination Date immediately preceding a Payment Date or the Class D Interest Coverage Test is not met on the Determination Date immediately preceding a Quarterly Payment Date, Proceeds that otherwise might have been distributed to the Holders of the Class E Notes and/or the Holders of the Income Notes will be used to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Priority of Payments. The foregoing redemptions could result in an elimination, deferral or reduction in the amounts available to make payments to the Holders of the Class C Notes, the Class D Notes and the Class E Notes and distributions to Holders of the Income Notes. See "Security for the Notes—The Coverage Tests." Any such redemptions will shorten the average life of the redeemed Notes, may lower the yield to maturity of the Notes and may adversely affect the yield on the Income Notes.

Collateral Accumulation. In anticipation of the issuance of the Securities, an affiliate of Goldman, Sachs & Co. has agreed to "warehouse" up to U.S.$1,500,000,000 aggregate principal amount of Collateral Assets and, in relation to Synthetic Securities, Default Swap Collateral selected by the Collateral Manager for resale to the Issuer pursuant to the terms of a forward purchase agreement. Of such amount, it is expected that a portion will be purchased from affiliates of Goldman, Sachs & Co. and a portion will be purchased from third parties. It is also expected that a portion of such amount will be represented by one or more Synthetic Securities entered into between the Issuer and Goldman, Sachs & Co. or an affiliate thereof wherein the Issuer will be selling credit protection. Pursuant to the terms of the forward purchase agreement, the Issuer will be obligated to purchase the "warehoused" assets *provided* that such Collateral Assets and Default Swap Collateral satisfy certain eligibility criteria on the Closing Date for a formula purchase price designed to reflect the yields or spreads (or premiums in the case of Synthetic Securities) at which the Collateral Assets and Default Swap Collateral were purchased (using the prepayment speed and other assumptions used to set the initial price of each individual asset), as adjusted for any hedging gain or loss and any loss or gain on any Collateral Assets and Default Swap Collateral sold to a party other than the Issuer during the warehousing period. Consequently, the market values of "warehoused" Collateral Assets and Default Swap Collateral at the Closing Date may be less than or greater than the formula purchase price paid by the Issuer. In addition, if a Collateral Asset becomes ineligible during the warehousing period and is not purchased by the Issuer on the Closing Date, or if a Collateral Asset is otherwise sold at the direction of the Collateral Manager or Goldman, Sachs & Co. (which sale may only occur with the consent of Goldman, Sachs & Co.'s affiliate), the Issuer will bear the loss or receive the gain on the sale of such Collateral Asset to a third party.

Disposition of Collateral Assets by the Collateral Manager Under Certain Circumstances. Under the Indenture, the Collateral Manager has the right, but is not obligated, to direct the Issuer to sell, at a price equal to the fair market value, Collateral Assets meeting the definition of Credit Risk Obligations,

Defaulted Obligations or equity securities subject to satisfaction of the conditions described herein. Such sales of Collateral Assets may result in losses by the Issuer, which losses may result in the reduction or withdrawal of the rating of any or all of the Notes by either of the Rating Agencies. In addition, if a Rating Confirmation Failure occurs, the Collateral Manager may direct the Issuer to sell Collateral Assets in order to receive a Rating Agency Confirmation from each of the Rating Agencies. On the other hand, circumstances may exist under which it is in the best interests of the Issuer or the Holders of the Securities to dispose of certain Collateral Assets but the Collateral Manager does not direct the Issuer to sell such Collateral Assets and the Issuer does not otherwise sell such Collateral Assets.

Fixed Rate Hedge Alignment. To maintain alignment with the scheduled notional amounts on the Rate Swap Agreements, certain Principal Proceeds from Fixed Rate Securities will automatically be directed to the Collection Account for investment in Eligible Investments pending a decision by the Collateral Manager to purchase additional Fixed Rate Securities or to apply such receipts to the payment of the Notes as otherwise provided in clause (xiii) of the Priority of Payments. However, there can be no assurance that the Collateral Manager will be able to maintain alignment between the actual amortization of the Fixed Rate Securities and the anticipated amortization on which the Rate Swap Agreements will be based. In addition, there may be substantial lags between the receipt of principal of the Fixed Rate Securities and the purchase of additional Fixed Rate Securities from such Principal Proceeds, during which the proceeds will be invested in lower yielding short term high quality investments. In the event of a decline, generally, in interest rates or in asset yields, the Collateral Manager may not be able to purchase Fixed Rate Securities with rates at least equal to the current yields on such assets. Any decrease in the yield on the Collateral Assets may have the effect of reducing the amounts available to make distributions on the Securities. Although the purchase of additional Fixed Rate Assets is subject to certain Hedge Alignment Purchase Criteria – see "Fixed Rate Hedge Alignment" - there can be no assurance that yields on Fixed Rate Assets that are eligible for purchase will be at the same levels as those replaced, there can be no assurance that the characteristics of any additional Fixed Rate Securities purchased will be the same as those replaced and there can be no assurance as to the timing of the purchase of any additional Fixed Rate Securities. Moreover, if the Collateral Manager is unable to purchase additional Fixed Rate Securities or if, in its discretion, it determines to apply the Principal Proceeds to the payment of the Securities, such early payments may shorten the expected average lives of the Notes and the duration of the Income Notes as described under "Weighted Average Life and Yield Considerations".

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

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

Some or all of the loans underlying the RMBS, CMBS or ABS Securities may be prepaid at any time (although certain of such mortgage loans may have "lockout" periods, defeasance provisions, prepayment penalties or other disincentives to prepayment). Defaults on and liquidations of the loans and other collateral underlying the RMBS, CMBS or Asset-Backed Securities may also lead to early repayment thereof. Prepayments on loans are affected by a number of factors. If prevailing rates for similar loans fall below the interest rates on such loans, prepayment rates would generally be expected to increase. Conversely, if prevailing rates for similar loans rise above the interest rates on such loans, prepayment rates would generally be expected to decrease. The existence and frequency of such prepayments, optional redemptions, defaults and liquidations will affect the average lives of, and credit support for, the Notes and the duration of the Income Notes. See "—Collateral Assets," "Weighted Average Life and Yield Considerations" and "Security for the Notes."

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

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

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

Dependence of the Issuer on the Collateral Manager. The Issuer has no employees and is dependent on the employees of the Collateral Manager to advise the Issuer in accordance with the terms of the Indenture and the Collateral Management Agreement. Consequently, the loss of one or more of the individuals employed by the Collateral Manager to administer the Collateral Assets or to provide disposition related services in respect of the Collateral Assets could have an adverse effect, which effect may be material, on the performance of the Issuer. See "The Collateral Manager" and "The Collateral Management Agreement."

Ramp-Up Period Purchases. The amount of Collateral Assets purchased on the Closing Date and the amount and timing of the purchase of additional Collateral Assets prior to the Ramp-Up Completion Date, will affect the return to holders of, and cash flows available to make payments on, the Offered Securities. Reduced liquidity and lower volumes of trading in certain Collateral Assets could result in periods of time during which the Issuer is unable to fully invest in Collateral Assets. During any such period, excess cash is expected to be invested in Eligible Investments. Because of the short term nature and credit quality of Eligible Investments, the interest rates payable on Eligible Investments tend to be significantly lower than the rates the Issuer would expect to earn on Collateral Assets. The longer the period before investment in Collateral Assets, the greater the adverse impact may be on aggregate Interest Proceeds collected and distributed by the Issuer, resulting in a lower yield than could have been obtained if the net proceeds associated with the offering of the Securities and all Principal Proceeds were immediately invested in Collateral Assets. In addition, the timing of the purchase of Collateral Assets prior to the Ramp-Up Completion Date, the amount of any purchased accrued interest, the scheduled interest payment dates of the Collateral Assets and the amount of the net proceeds associated with this offering invested in lower-yielding Eligible Investments, may have a material impact on the amount of Interest Proceeds collected during the first Due Period, which could adversely affect interest payments on the Securities.

Rating Confirmation Failure. Within 15 Business Days following the Ramp-Up Completion Date, the Issuer (or the Collateral Manager on behalf of the Issuer) is required to provide notice to each Rating Agency that the Ramp-Up Completion Date has occurred (the "Ramp-Up Notice"), provide a report to the Rating Agencies identifying the Collateral Assets purchased by the Issuer during the Ramp-Up Period and request a Rating Agency Confirmation from each Rating Agency. If the Issuer has not received a Rating Agency Confirmation from each of the Rating Agencies within 30 days of the Ramp-Up Notice, a "Rating Confirmation Failure" will occur and the Issuer will be required to apply Proceeds to the repayment of the Notes in accordance with the Priority of Payments as and to the extent necessary to obtain a Rating Agency Confirmation from each Rating Agency. See "*Description of the Notes and the Income Notes—Mandatory Redemption*" and "*—Priority of Payments*."

Recent Market Developments. Recently, there have been significant and well-publicized dislocations in the market for collateralized debt obligations, structured product securities, bank loans and other fixed income instruments. Such market changes include, but are not limited to, increased delinquencies and defaults in residential mortgage backed securities, particularly, but not limited to, securities backed by "sub-prime" mortgage loans, bankruptcy filings by a number of residential mortgage originators, significant changes in credit spreads, an increased rate of downgrades of assets underlying collateralized debt obligations, significantly reduced liquidity for both assets underlying collateralized debt obligations and for collateralized debt obligation securities, steep reductions in the market value or a lack of verifiable market quotes for both assets underlying collateralized debt obligations and for collateralized debt obligation securities and an inability of funds investing in similar assets to meet increasing investor redemption demands due to reduced liquidity and uncertain market values. Such changes may materially and adversely affect the performance of the portfolio of assets securing the , as well as the value, rating and liquidity of the Securities. INVESTORS SHOULD ASSESS FOR THEMSELVES THE EXTENT OF SUCH MARKET CHANGES AND THE LIKELY CONSEQUENCES OF SUCH MARKET CHANGES INCLUDING THE EFFECT OF SUCH CHANGES ON THE VALUE, LIQUIDITY AND PERFORMANCE OF THE SECURITIES.

Collateral Assets

General. The following description of the Collateral Assets and the underlying documents and the risks related thereto is general in nature, and prospective purchasers of the Securities should review the summaries of the Collateral Assets expected to be purchased on the Closing Date set forth in Appendix B to this Offering Circular.

Nature of Collateral. The Collateral is subject to credit, liquidity, prepayment and interest rate risks. The amount and nature of the Collateral securing the Notes has been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Collateral Assets. See "Ratings of the Notes." If any deficiencies exceed such assumed levels, however, payment of the Securities could be adversely affected. To the extent that a default occurs with respect to any Collateral Asset securing the Notes and the Collateral Manager exercises its right to cause the sale or other disposition of such Collateral Asset, it is not likely that the proceeds of such sale or other disposition will be equal to the amount of principal and interest owing to the Issuer in respect of such Collateral Asset.

The market value of the Collateral Assets generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the Collateral Assets, the credit quality of the underlying pool of assets in any Collateral Asset, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. None of the Issuer, the Co-Issuer, the Initial Purchaser, the Collateral Manager or the Trustee has any liability or obligation to the Holders of Securities as to the amount or value of, or decrease in the value of, the Collateral Assets from time to time.

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

Commercial Mortgage-Backed Securities. Approximately 32.9% of the Collateral Assets (by Principal Balance) will consist of Commercial Mortgage-Backed Securities ("CMBS") as of the Reference Date. The types of Commercial Mortgage Backed Securities that the Issuer will acquire on the Closing Date are expected to consist of CMBS Conduit Securities and CMBS Repackaging Securities.

Holders of CMBS bear various risks, including credit, market, interest rate, structural and legal risks. CMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or

commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. Risks affecting real estate investments include general economic conditions, the condition of financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The cyclicality and leverage associated with real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments. In addition, commercial mortgage loans generally lack standardized terms, tend to have shorter maturities than residential mortgage loans and may provide for the payment of all or substantially all of the principal only at maturity. Additional risks may be presented by the type and use of a particular commercial property. For instance, commercial properties that operate as hospitals and nursing homes may present special risks to lenders due to the significant governmental regulation of the ownership, operation, maintenance and financing of health care institutions. Hotel and motel properties are often operated pursuant to franchise, management or operating agreements which may be terminable by the franchisor or operator; and the transferability of a hotel's operating, liquor and other licenses upon a transfer of the hotel, whether through purchase or foreclosure, is subject to local law requirements. All of these factors increase the risks involved with commercial real estate lending. Commercial properties tend to be unique and are more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential one-to-four family lending since it typically involves larger loans to a single borrower than residential one-to-four family lending.

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

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

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

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

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

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

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

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

As of the Closing Date, the CMBS will not necessarily be the "controlling class" with respect to any Underlying CMBS Series. The inability of the Issuer or the Collateral Manager to exercise such discretion with respect to a CMBS may adversely affect the realization on such CMBS.

CMBS Repackaging Securities. "CMBS Repackaging Securities" which shall also include "CMBS Synthetic Repackaging Securities" are securities that entitle the holders thereof to receive payments that depend on the cashflow from a portfolio consisting primarily of commercial real estate securities, CMBS, REIT Debt Securities and other interests in commercial mortgage loans or similar commercial real estate interests which have been purchased by the issuer of such repackaging security or with respect to which the issuer of such repackaging security has entered into a credit default swap referencing such securities as seller of credit protection (such portfolio a "CMBS Repack Reference Portfolio"). The economic return on CMBS Repackaging Securities depends substantially upon the performance of the underlying portfolio or reference portfolio, as applicable. The performance of a CMBS Synthetic Repackaging Security will also be affected by the performance of the collateral assets held by the issuer of each such CMBS Synthetic Repackaging Security in support of its obligations thereunder. CMBS Repackaging Securities

generally have probability of default, recovery upon default and expected loss characteristics which are closely correlated to those of underlying portfolio or reference portfolio, as applicable, but CMBS Repackaging Securities may have different maturity dates, coupons, payment dates or other non-credit characteristics than its underlying portfolio of securities held or referenced. In addition to credit risks associated with Commercial Mortgage Backed Securities in general, with respect to CMBS Synthetic Repackaging Securities, the issuer will in most cases only have a contractual relationship with the related CMBS Repack Counterparty, and not with any of the CMBS Reference Obligors. A CMBS Repack Reference Portfolio may be illiquid or may not be terminable on demand (or terminable on demand only upon payment of a substantial fee by the issuer of the CMBS Synthetic Repackaging Security), and the Collateral Manager's ability to dispose of a CMBS Repackaging Security may be limited. The Issuer generally will have no right to directly enforce compliance by the issuer of a CMBS or a CMBS Reference Obligor with the terms of the related underlying CMBS or CMBS Reference Obligation or any rights of set off against a CMBS Reference Obligor, nor will the Issuer have any voting rights with respect to any such CMBS Reference Obligation or CMBS. The issuer of the CMBS Synthetic Repackaging Security will not directly benefit from the collateral supporting the CMBS Reference Obligations and will not have the benefit of the remedies that would normally be available to a holder of any such CMBS Reference Obligation. In addition, in the event of the insolvency of the CMBS Repack Counterparty, the issuer of the CMBS Synthetic Repackaging Security will be treated as a general creditor of such CMBS Repack Counterparty, and will not have any claim with respect to any CMBS Reference Obligor or CMBS Reference Obligation. Consequently, a CMBS Repackaging Security will be subject to the credit risk of the CMBS Synthetic Repack Counterparty as well as that of each CMBS Reference Obligor and CMBS Reference Obligation in the underlying CMBS Repack Reference Portfolio. As a result, concentrations of CMBS Synthetic Repack Securities with any single CMBS Repack Counterparty subject the Securities to an additional degree of risk with respect to defaults by such CMBS Repack Counterparty. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as a CMBS Repack Counterparty with respect to one or more CMBS Synthetic Repackaging Securities, which may create concentration risk and may create certain conflicts of interest.

Residential Mortgage-Backed Securities. Approximately 49.0% of the Collateral Assets (by Principal Balance) will consist of Residential Mortgage-Backed Securities ("RMBS") and the Synthetic Securities referencing such RMBS as of the Reference Date. The types of Residential Mortgage Backed Securities that the Issuer will acquire on the Closing Date are expected to consist of RMBS Prime Mortgage Securities, RMBS Alt-A Mortgage Securities and RMBS Bespoke Synthetic Repackaging Securities.

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

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

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

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

Certain of the loans underlying the RMBS were underwritten in accordance with underwriting standards for loans with respect to which either the credit characteristics of the related mortgagor or the documentation standards used in connection with the underwriting of the related mortgage loan do not meet the underwriting guidelines of more traditional lenders for "A" credit mortgagors. These credit characteristics include mortgagors whose creditworthiness and repayment ability do not satisfy such underwriting guidelines and mortgagors who may have a record of credit write-offs, outstanding judgments, prior bankruptcies and other credit items that do not satisfy such underwriting guidelines. These documentation standards may include mortgagors who provide limited or no documentation in connection with the underwriting of the related loan. Accordingly, loans underwritten under the related originator's credit underwriting standards are likely to experience rates of delinquency, foreclosure and loss that are higher, and may be substantially higher, than loans originated in accordance with the underwriting guidelines of more traditional lenders. Any resulting losses may shorten the average lives of the Notes and the duration of the Securities and may reduce the yield to maturity of the Notes and the yield on the Income Notes.

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

Bespoke Reference Obligation. The issuer of the RMBS Bespoke Security will not directly benefit from the collateral supporting the Bespoke Reference Obligations and will not have the benefit of the remedies that would normally be available to a holder of any such Bespoke Reference Obligation. In addition, in the event of the insolvency of the RMBS Bespoke Synthetic Repack Counterparty, the issuer of the RMBS Bespoke Security will be treated as a general creditor of such RMBS Bespoke Synthetic Repack Counterparty, and will not have any claim with respect to any Bespoke Reference Obligor or Bespoke Reference Obligation. Consequently, a RMBS Bespoke Security will be subject to the credit risk of the RMBS Bespoke Synthetic Repack Counterparty as well as that of each Bespoke Reference Obligor and Bespoke Reference Obligation in the underlying RMBS Bespoke Reference Portfolio. As a result, concentrations of RMBS Bespoke Securities with any single RMBS Bespoke Synthetic Repack Counterparty subject the Securities to an additional degree of risk with respect to defaults by such RMBS Bespoke Synthetic Repack Counterparty. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as a RMBS Bespoke Synthetic Repack Counterparty with respect to one or more RMBS Bespoke Security, which may create concentration risk and may create certain conflicts of interest. See "—Certain Conflicts of Interest" and "—Concentration Risk" herein.

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

RMBS may have structural characteristics that distinguish them from other asset-backed securities. The rate of interest payable on RMBS may be set or effectively capped at the weighted average net coupon of the underlying mortgage loans themselves. As a result of this cap, the return to investors is dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In general, early prepayments will have a greater impact on the yield to investors. RMBS may include certain interest rate cap and corridor contracts designed to alleviate, in part, the effective cap of the weighted average net coupon of the underlying mortgage loans. Pursuant to these agreements, the counterparty will agree to pay to the issuer an amount based on the excess of LIBOR over a scheduled floor, subject, in some cases, to a maximum rate, in exchange for a single fixed payment at the beginning of the interest rate cap or corridor. However, the amount payable by the counterparty under such interest rate cap or corridor will generally be based on a notional schedule which is based on an assumed rate of amortization on the underlying mortgage loans. Accordingly, if the actual amortization of the underlying mortgage loans occurs at a slower rate than the anticipated amortization schedule, the amount payable on any interest rate cap or corridor will be less than the amount of interest that would otherwise accrue at the excess of LIBOR over the scheduled floor. In addition, if LIBOR exceeds any certain maximum rate *per annum* as may be set forth in the interest rate cap corridor contract, no additional amounts are payable. Any such shortfalls will not be payable from any other source. Furthermore, investors are subject to the risk that the counterparty will default on all or a portion of its payment obligations under the interest rate cap or corridor contract.

Federal and state law may also affect the return to investors by capping the interest rates payable by certain mortgagors. The Servicemembers' Civil Relief Act of 2003 (the "Relief Act") provides relief for soldiers and members of the reserve called to active duty by capping the interest rates on their mortgage loans at 6% *per annum*. Certain RMBS may provide for the payment of only interest for a stated period of time.

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

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

Asset-Backed Securities. Approximately 8.3% of the Collateral Assets (by Principal Balance) will consist of Asset-Backed Securities as of the Reference Date.

The structure of an Asset-Backed Security and the terms of the investors' interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding Asset-Backed Securities include the relative seniority or subordination of the class of Asset-Backed Securities held by an investor, the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents, how credit losses affect the issuing vehicle and the return to investors, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed end, under what terms (including maturity of the asset backed instrument) any remaining balance in the accounts may revert to the issuing company and the extent to which the company that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors. With respect to some types of Asset-Backed Securities, the risk is more closely correlated with the default risk on corporate bonds of similar terms and maturities than with the performance of a pool of receivables. In addition, certain Asset-Backed Securities (particularly subordinated Asset-Backed Securities) provide that the non payment of interest in cash on such securities will not constitute an event of default in certain circumstances and the holders of such securities will not have available to them any associated default remedies. Interest not paid in cash will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the yield on such Asset-Backed Securities.

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

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

CDO Securities. Approximately 9.8% of the Collateral Assets (by principal balance or, in the case of Synthetic Securities, the Reference Obligations of which are Residential Mortgage Backed Securities, by notional balance) will consist of CDO Securities as of the Reference Date. CDO Securities generally

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

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

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

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

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

Subordination of Collateral Assets. All of the Collateral Assets to be acquired by the Issuer are investment grade as of the Closing Date. Some of the Collateral Assets owned by the Issuer will be subordinated to one or more other classes of securities of the same series for purposes of, among other

things, offsetting losses and other shortfalls with respect to the related underlying mortgage loans. The subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

Synthetic Securities. Approximately 19.3% of the Collateral Assets (by Principal Balance) will consist of Synthetic Securities as of the Reference Date. As of the Reference Date, approximately 53.0% of the Reference Obligations (by Principal Balance) will consist of RMBS and approximately 47.0% of the Reference Obligations (by Principal Balance) will consist of CDO Securities. The economic return on a Synthetic Security depends substantially upon the performance of the related Reference Obligation and partially upon the performance of the collateral on deposit in the Default Swap Collateral Account. Synthetic Securities generally have probability of default, recovery upon default and expected loss characteristics, which are closely correlated to the corresponding Reference Obligation, but may have different maturity dates, coupons, payment dates or other non credit characteristics than the corresponding Reference Obligation. In addition to the credit risks associated with holding the Reference Obligation, with respect to Synthetic Securities, the Issuer will usually have a contractual relationship only with the related Synthetic Security Counterparty, and not with the Reference Obligor of the Reference Obligation. Due to the fact that a Synthetic Security may be illiquid or may not be terminable on demand (or terminable on demand only upon payment of a substantial fee by the Issuer), the Collateral Manager's ability to dispose of a Synthetic Security may be limited. The Issuer generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The Issuer will not directly benefit from the collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the Synthetic Security Counterparty, the Issuer will be treated as a general creditor of such Synthetic Security Counterparty, and will not have any claim with respect to the Reference Obligor or the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the Synthetic Security Counterparty as well as that of the Reference Obligor and the Reference Obligation. As a result, concentrations of Synthetic Securities in any one Synthetic Security Counterparty subject the Securities to an additional degree of risk with respect to defaults by such Synthetic Security Counterparty. It is expected that Goldman Sachs International, an affiliate of Goldman, Sachs & Co., will act as the sole Synthetic Security Counterparty with respect to the Synthetic Securities, which creates concentration risk and may create certain conflicts of interest.

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

All of the Synthetic Securities are expected to be structured as "pay-as-you-go" credit default swaps. As a result, the Issuer will be required to purchase Default Swap Collateral and pledge to the Synthetic Security Counterparty a first priority security interest in such Default Swap Collateral. In the event a "credit event" occurs under a Synthetic Security, the item of Default Swap Collateral chosen by the Synthetic Security Counterparty after the application of any cash on deposit in the Default Swap Collateral Account will be sold by the Trustee at the direction of the Collateral Manager and any loss or write down amount owed to the Synthetic Security Counterparty will be paid by the Issuer from the liquidation proceeds of such Default Swap Collateral. In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Synthetic Security Collateral sold which is equal to the loss or write down amount. In addition, under certain circumstances upon the occurrence of a "credit event" or "floating amount event", the Default Swap Collateral chosen by the Synthetic Security Counterparty will instead be delivered to the Synthetic Security Counterparty in exchange for a Deliverable Obligation. Any Deliverable Obligation delivered to the Issuer whether or not it satisfies the definition of a Collateral Asset or an Eligible Investment in the business judgment of the Collateral Manager may be retained by the Collateral Manager or sold by the Collateral Manager at the sole discretion of the Collateral Manager without regard to whether such sale

would be permitted as a sale of a Defaulted Obligation or Credit Risk Obligation; *provided* that no Event of Default has occurred and is continuing. In the event that no "credit event" under a Synthetic Security occurs prior to the termination or scheduled maturity of such Synthetic Security, the related Default Swap Collateral will be released from the lien of the Synthetic Security Counterparty and be treated as a Collateral Asset or Eligible Investment to the extent it meets the definition of either such term, in the business judgment of the Collateral Manager, upon the termination or scheduled maturity of such Synthetic Security. If the Collateral Manager elects to sell or terminate a portion of a Synthetic Security prior to its scheduled maturity, the Synthetic Security Counterparty will choose the Default Swap Collateral to be liquidated to make any termination payments due to the Synthetic Security Counterparty after the application of cash available in the Default Swap Collateral Account and the Collateral Manager will cause such portion of the Default Swap Collateral to be sold and the liquidation proceeds equaling any such termination payment to be paid to the Synthetic Security Counterparty. The remaining portion of Default Swap Collateral not required to be pledged to such Synthetic Security Counterparty will be delivered to the Trustee free of such lien. The Collateral Manager, in accordance with the terms of the related Synthetic Security and the Indenture, may be able to sell or replace Default Swap Collateral prior to the termination or maturity of the related Synthetic Security. The Issuer may realize a loss upon any sale of any Default Swap Collateral.

"Pay-as-you-go" credit default swaps are a type of credit default swap developed to incorporate the unique structures of asset-backed securities. The International Swaps and Derivatives Association, Inc. ("ISDA") has published a form confirmation for "pay-as-you-go" credit default swaps referencing CDO Securities. The form confirmation expected to be used to document the Synthetic Securities is expected to be similar, but may differ substantially from the ISDA "pay-as-you-go" form. While ISDA has published its form confirmations and has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit default swap market, the credit default swap market is expected to change and the "pay-as-you-go" credit default swap forms and the Credit Derivatives Definitions and terms applied to credit derivatives are subject to interpretation and further evolution. ISDA is currently preparing forms for other types of asset-backed securities. There can be no assurance that such forms will be substantially similar to the form confirmation expected to be used for the Synthetic Securities. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution of the ISDA "pay-as-you-go" credit default swap forms, the confirmations used to document the Synthetic Securities may differ from the future market standard. Such a result may have a negative impact on the liquidity and market value of the Synthetic Securities.

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

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

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

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

Illiquidity of Collateral Assets; Certain Restrictions on Transfer. There may be a limited trading market for many of the Collateral Assets purchased by the Issuer, and in certain instances there may be effectively no trading market therefor.

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

The Issuer's investment in illiquid Collateral Assets may affect the Issuer's right to sell such investments if they become Credit Risk Obligations or Defaulted Obligations and the timing and price thereof. The value of illiquid Collateral Assets may be less than comparable, more liquid investments. The illiquidity of Collateral Assets and the restrictions on transfer of Collateral Assets, in each case as described above, may also affect the ability of the Issuer to conduct a successful Auction, to exercise redemptions and may also affect the amount and timing of receipt of proceeds from the sale of Collateral Assets in connection with the exercise of remedies following an Event of Default.

Volatility of Market Value of Collateral Assets. The market value of the Collateral Assets will generally fluctuate with, among other things, changes in prevailing interest rates, general economic

conditions, the condition of certain financial markets, developments or trends in any particular industry and the financial condition of the issuers of the Collateral Assets. A decrease in the market value of the Collateral Assets would adversely affect the proceeds that could be obtained upon the sale of the Collateral Assets and could ultimately affect the ability of the Issuer to effect an Auction, an Optional Redemption or a Tax Redemption, or to pay the principal of the Notes, or make payments on the Income Notes, upon a liquidation of the Collateral Assets following the occurrence of an Event of Default.

Interest Rate Risk; Hedge Agreements. There will be a floating/fixed rate or basis mismatch between the Notes and those underlying Collateral Assets that bear interest at a fixed rate and there will be a basis and timing mismatch between such Notes and the Collateral Assets and Default Swap Collateral which bear interest at a floating rate, since the interest rates on such Collateral Assets and Default Swap Collateral bearing interest at a floating rate may adjust more frequently or less frequently, on different dates and based on different indices, than the interest rate on the Notes. The fixed rates and the margins over LIBOR or other floating rates borne by Collateral Assets and Default Swap Collateral may be lower than those on sold or amortized Collateral Assets which could cause a significant decline in interest coverage for the Notes. An increase in LIBOR, and therefore in the interest rate borne by the Notes, could adversely impact the interest coverage for the Notes, and a decrease in LIBOR, although also a decrease in the interest rate borne by the Notes, could also adversely impact the interest coverage for the Notes because under the Rate Swap Agreements the Issuer will generally be paying a fixed rate to the Rate Swap Counterparty determined at closing and the fixed rates and spreads of the Collateral Assets may be lower.

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

The notional amounts of the Rate Swap Agreement entered into on the Closing Date will be based on amortization schedules derived from the anticipated amortization of those Collateral Assets that bear interest at a fixed rate that the Issuer expects to own as of the Closing Date. There can be no assurance that the actual amortization of the Collateral Assets will correspond to the anticipated amortization on which the Rate Swap Agreements will be based. The Collateral Assets are subject to prepayment and extension risk which may result in a further mismatch between the cash flow anticipated on the Collateral Assets and any Hedge Agreements.

The Issuer may only enter into or terminate a Hedge Agreement if the Rating Agency Condition is satisfied. In the event a Hedge Agreement is terminated, the Issuer has agreed to use reasonable efforts to enter into a substitute Hedge Agreement unless the Rating Agency Condition would not be satisfied by

a substitute Hedge Agreement, but there is no assurance that a substitute will be found or that the Rating Agency Condition will be satisfied. Any termination of a Hedge Agreement, whether in whole or in part, may require the Issuer to pay termination payments to the Hedge Counterparty, which amounts are payable in accordance with the Priority of Payments prior to any payments on the Notes unless such payments are Defaulted Hedge Termination Payments.

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

On the Closing Date, in order to provide an additional source of funds to pay closing fees and expenses, the Issuer will receive a gross upfront payment of U.S.$12,400,000 (the "Upfront Payment") from the Rate Swap Counterparty under the initial Rate Swap Agreement. As a result of such Upfront Payment, the amounts payable by the Issuer under the Rate Swap Agreement on each Payment Date will be more than such payments would have been if the Upfront Payment had not been made. Therefore, the funds available to pay interest on the Notes and distributions on the Income Notes will be less on each Payment Date than they would have been if the Upfront Payment had not been made. Moreover, in the event of an early termination of the Rate Swap Agreement, the Issuer is more likely to be required to make a termination payment to the Rate Swap Counterparty (and the amount of such termination payment is likely to be greater) as a result of the Upfront Payment.

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

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

AIG Financial Products Corp. AIG Financial Products Corp. ("AIG-FP") will be the initial Rate Swap Counterparty and the initial Cashflow Swap Counterparty and American International Group, Inc. ("AIG") will guarantee to the Issuer the payment obligations of AIG Financial Products Corp. under the Hedge Agreements.

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

Concentration Risk. The Issuer will invest in a portfolio of Collateral Assets. Payments on the Securities could be adversely affected by the concentration in the portfolio of any one issuer or any one servicer if such issuer or servicer were to default. With regard to the Collateral Assets or the securities underlying the CDO Securities with respect to any particular obligor, industry or country, the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one obligor would subject the Securities to a greater degree of risk with respect to defaults by such obligor, and the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one industry would subject the Securities to a greater degree of risk with respect to economic downturns relating to such industry. In addition, the concentration of the Collateral Assets (or the portfolios of securities underlying certain Collateral Assets) in any one country would subject the Securities to special risks related to regional economic conditions and sovereign risks. Further, the concentration of the Collateral Assets will change after the Closing Date as the underlying securities backing the Collateral Assets are sold, paid or redeemed and more Collateral Assets are purchased prior to the Ramp-Up Completion Date.

No single issuer will represent as of the Reference Date more than approximately 4.55% of the Collateral Assets by outstanding principal balance. For this purpose, trust issuers for CMBS with common or affiliated depositors are treated as different issuers. See "Security for the Notes—The Collateral Assets."

Other Considerations

Changes in Tax Law; No Gross-Up. Payments on the Collateral Assets generally are expected to be exempt under current United States tax law from the imposition of United States withholding tax. See "Income Tax Considerations—U.S. Federal Income Tax Consequences to the Issuer." However, the Issuer will not be making any independent investigation of the circumstances surrounding the individual assets composing the Collateral Assets and, as a result, there can be no assurance that the payments on the Collateral Assets will not be subject to withholding taxes imposed by the United States of America or another jurisdiction. In that event, if the obligors of such Collateral Assets were not then required to make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on, or distributions to, the Holders of the Securities would accordingly be reduced. No "gross-up" payments are required with respect to CMBS. There can be no assurance that remaining payments on the Collateral would be sufficient to make timely payments of interest on and payment of principal at the Stated Maturity of each Class of the Notes and, consequently, to make any payments on the Income Notes on the Stated Maturity.

In the event that any withholding tax is imposed on payments on the Securities, the Holders of such Securities will not be entitled to receive "grossed-up" amounts to compensate for such withholding tax. In addition, upon the occurrence of a Tax Event, the Issuer will redeem in whole but not in part, at applicable Note Redemption Prices specified herein, the Notes in accordance with the procedures described under "Description of the Notes and the Income Notes—Tax Redemption," "—Optional Redemption—Optional Redemption/Tax Redemption Procedures" herein.

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

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

If the SEC or a court of competent jurisdiction were to find that the Issuer or the Co-Issuer is required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer or the Co-Issuer could sue the Issuer or the Co-Issuer, as the case may be, and recover any damages caused by the violation; and (iii) any contract to which the Issuer or the Co-Issuer, as the case may be, is a party that is made in, or whose performance involves a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer or the Co-Issuer be subjected to any or all of the foregoing, the Issuer or the Co-Issuer, as the case may be, would be materially and adversely affected.

The Securities are only permitted to be transferred to Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A and, solely in the case of the Income Notes, to Accredited Investors having a net worth of not less than U.S.$10 million in transactions exempt from registration under the Securities Act, or in an offshore transaction, to a non-U.S. Person, complying with Rule 903 or Rule 904 of Regulation S. The Securities being offered in the United States are being offered only to persons that are also Qualified Purchasers. Any non-permitted transfer will be voided and the Issuers can require the transferee to sell its Securities to a permitted transferee, with such sale to be effected within 30 days after notice of such sale requirement is given. If such sale is not effected within such 30 day period, upon written direction from the Issuer, the Trustee will be authorized to conduct a commercially reasonable sale of such Securities to a permitted transferee and pending such transfer, no further payments will be made in respect of such Securities or any beneficial interest therein. See "Description of the Notes and the Income Notes—Form of the Securities" and "Notice to Investors."

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

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

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

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

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

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

The Collateral Manager and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for their respective accounts or for another entity, including other collateralized debt obligation vehicles, at the same time as it is purchasing or disposing of investments for the Issuer. Accordingly, conflicts may arise regarding the allocation of sale opportunities. The Collateral Manager may aggregate sales or purchases of securities placed with respect to the Collateral Assets with similar sales or purchases being made simultaneously for other clients or other accounts managed by the Collateral Manager or with accounts of the affiliates of the Collateral Manager, if in the Collateral Manager's reasonable business judgment such aggregation will result in an overall economic benefit to the Issuer, taking into consideration the advantageous sale or purchase price, brokerage commission and other related expenses. However, no provision of the Collateral Management Agreement requires the Collateral Manager or its affiliates to execute orders as part of concurrent authorizations or to aggregate sales. Nevertheless, the Collateral Manager may, in the allocation of business, take into consideration research and other brokerage services furnished to the Collateral Manager or its affiliates by brokers and dealers. Such services may be used by the Collateral Manager in connection with the Collateral Manager's other advisory services or investment operations.

No provision in the Collateral Management Agreement prevents the Collateral Manager or any of its affiliates from rendering services of any kind to the issuer of any Collateral Assets and its affiliates, the Trustee, the Holders of the Securities, the Hedge Counterparty or any other entity. Without prejudice to

the generality of the foregoing, the Collateral Manager and its affiliates, directors, officers, employees and agents may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for an issuer of any Collateral Assets; (b) receive fees for services rendered to the issuer of any Collateral Assets or any affiliate thereof; (c) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any Collateral Assets; (d) serve as a member of any "creditors' board" or "creditors' committee" with respect to any Collateral Asset which has become or may become a Defaulted Obligation or with respect to any commercial mortgage loan securing any Collateral Assets or the respective borrower for any such commercial mortgage loan; and (e) own or make loans to any borrower or affiliate of any borrower on any of the commercial mortgage loans securing the Collateral Assets. Under the terms of the Collateral Management Agreement, the Collateral Manager will be permitted to take whatever action is in the Collateral Manager's best interest regardless of the impact on the Collateral Assets.

The Collateral Manager or one or more clients of the Collateral Manager may at times purchase Notes and/or Income Notes. There is no assurance, however, that if so purchased the Collateral Manager or any of its clients will continue to hold any or all of such Notes or Income Notes.

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

The Initial Purchaser. Various potential and actual conflicts of interest may arise from the conduct by the Initial Purchaser and its affiliates in other transactions with the Issuer, including, without limitation, acting as counterparty with respect to any Hedge Agreements and Synthetic Securities. In addition, the Initial Purchaser and/or its affiliates will act as an initial Synthetic Security Counterparty. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

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

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

Anti Money Laundering Provisions. Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, imposes anti money laundering obligations on different types of financial institutions, including banks, broker dealers and investment companies. The USA PATRIOT Act requires the Secretary of the United States Department of the Treasury (the "Treasury") to prescribe regulations to define the types of investment companies subject to the USA PATRIOT Act and the related anti money laundering obligations. It is not clear whether Treasury will require entities such as the Issuer

to enact anti money laundering policies. It is possible that Treasury will promulgate regulations requiring the Issuers or the Initial Purchaser or other service providers to the Issuers, in connection with the establishment of anti money laundering procedures, to share information with governmental authorities with respect to investors in the Notes and/or the Income Notes. Such legislation and/or regulations could require the Issuers to implement additional restrictions on the transfer of the Notes and/or the Income Notes. As may be required, the Issuer reserves the right to request such information and take such actions as are necessary to enable it to comply with the USA PATRIOT Act.

The Issuer. The Issuer is a recently incorporated Cayman Islands exempted limited liability company and has no substantial prior operating history. The Issuer will have no significant assets other than the Collateral Assets, the Default Swap Collateral Account (subject to the lien of the Synthetic Security Counterparty), Eligible Investments, rights under the Hedge Agreements and certain other accounts and agreements entered into as described herein, and proceeds thereof, all of which have been pledged to the Trustee to secure the Issuer's obligations to the Holders of the Notes and the Hedge Counterparties. The Issuer will not engage in any business activity other than the issuance and sale of the Notes and the Income Notes as described herein, the issuance of the Ordinary Shares, the acquisition and disposition of the Collateral Assets, Default Swap Collateral and Eligible Investments as described herein, the entering into of, and the performance of its obligations under, the Indenture, the Hedge Agreements, the Account Control Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Fiscal Agency Agreement, the Deed of Covenant, any other applicable Transaction Document, the pledge of the Collateral as security for its obligations in respect of the Notes and otherwise for the benefit of the Secured Parties, certain activities conducted in connection with the payment of amounts in respect of the Notes and the Income Notes and the management of the Collateral and other activities incidental to the foregoing. Income derived from the Collateral Assets and other Collateral will be the Issuer's only source of cash.

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

Tax. See "Income Tax Considerations."

ERISA. See "ERISA Considerations."

DESCRIPTION OF THE NOTES AND THE INCOME NOTES

The Class E Notes will be issued by the Issuer and the other Notes will be issued by the Issuers pursuant to the Indenture. The Income Notes will be issued by the Issuer pursuant to the deed of covenant executed by the Issuer on May 31, 2007 (the "Deed of Covenant") and subject to the terms and conditions thereof (the "Terms and Conditions") and the Fiscal Agency Agreement. The following summary describes certain provisions of the Securities, the Indenture, the Fiscal Agency Agreement and the Deed of Covenant. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Securities, the Indenture, the Fiscal Agency Agreement and the Deed of Covenant. Copies of the Indenture may be obtained by prospective purchasers of the Notes upon request in writing to the Trustee at 181 West Madison Street, 32nd Floor, Chicago, Illinois 60602, Attention: CDO Trust Services Group – Altius IV Funding, Ltd., and, so long as any Securities are listed on a stock exchange, the Indenture will be available for inspection free of charge from the office of the Listing and Paying Agent. Copies of the Fiscal Agency Agreement and the Issuer’s Memorandum and Articles of Association may be obtained by prospective purchasers of Income Notes upon request in writing to the Fiscal Agent at 82 Bishopsgate, London EC2N 4BN, England, Attention: Global Trust Services Group – Altius IV Funding, Ltd.

Status and Security

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

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

Payments of interest on and principal of the Notes, and payments to the Holders of the Income Notes, will be made solely from the proceeds of the Collateral in accordance with the Priority of Payments.

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

Interest and Distributions

The Class A-1 Notes will bear interest during each Interest Accrual Period at the Class A-1 Note Interest Rate for such Interest Accrual Period. The Class A-2a Notes will bear interest during each Interest Accrual Period at the Class A-2a Note Interest Rate for such Interest Accrual Period. The Class A-2b Notes will bear interest during each Interest Accrual Period at the Class A-2b Note Interest Rate for such Interest Accrual Period. The Class B Notes will bear interest during each Interest Accrual Period at the Class B Note Interest Rate for such Interest Accrual Period. The Class C Notes will bear interest during each Interest Accrual Period at the Class C Note Interest Rate for such interest Accrual Period. The Class D Notes will bear interest during each Interest Accrual Period at the Class D Note Interest Rate for such Interest Accrual Period. The Class E Notes, if issued, will bear interest during each Interest Accrual Period at the Class E Note Interest Rate for such Interest Accrual Period. Interest with respect to the Class A Notes and the Class B Notes will be payable monthly in arrears on each Payment Date commencing on the September 2007 Payment Date and interest on the Class C Notes, the Class D Notes and the Class E Notes will be payable quarterly in arrears, commencing on the November 2007 Payment Date or, with respect to the Class E Notes, on the first Quarterly Payment Date following the date of the exercise of the Class E Issuance Option. LIBOR for the first Interest Accrual Period with respect to the Notes will be determined as of the second Business Day preceding the Closing Date or, with respect to the Class E Notes, the date of the exercise of the Class E Issuance Option. Calculations of interest on the Notes will be made based on a 360-day year and the actual number of days in each Interest Accrual Period. The Holders of the Income Notes will receive on each Quarterly Payment Date any amount of Proceeds that are available for payment thereon in accordance with the Priority of Payments on such Quarterly Payment Date. The "Interest Accrual Period," is (a) with respect to the Class A Notes and the Class B Notes and any Payment Date, the period commencing on and including the immediately preceding Payment Date (or the Closing Date in the case of the first Interest Accrual Period) and ending on and including the day immediately preceding such Payment Date and (b) with respect to the Class C Notes, the Class D Notes and the Class E Notes and any Quarterly Payment Date, the period commencing on and including the immediately preceding Quarterly Payment Date (or the Closing Date in the case of the first Interest Accrual Period, or the date of exercise of the Class E Issuance Option in the case of the first Interest Accrual Period and the Class E Notes) and ending on and including the day immediately preceding such Quarterly Payment Date.

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

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

Determination of LIBOR

For purposes of calculating each of the Note Interest Rates, the Issuers will appoint as agent LaSalle Bank National Association (in such capacity, the "Note Calculation Agent"). LIBOR shall be determined by the Note Calculation Agent in accordance with the following provisions:

(i) On the second Business Day prior to the commencement of an Interest Accrual Period (each such day, a "LIBOR Determination Date"), LIBOR ("LIBOR") shall equal the rate, as obtained by the Note Calculation Agent, for Eurodollar deposits for, with respect to the Class A Notes and the Class B Notes, a one-month period (or, in the case of a designated initial payment period of less than 25 days or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) and, for the Class C Notes, the Class D Notes and the Class E Notes, a three-month period (or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology), which appears on Reuters Screen LIBOR01, or such page as may replace Reuters Screen LIBOR01, as of 11:00 a.m. (London time) on such LIBOR Determination Date.

(ii) If, on any LIBOR Determination Date, such rate does not appear on Reuters Screen LIBOR01, or such page as may replace Reuters Screen LIBOR01, the Note Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for Eurodollar deposits for, with respect to the Class A Notes and the Class B Notes, a one-month period (or, in the case of a designated initial payment period of less than 25 days, or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) and, for the Class C Notes, the Class D Notes and the Class E Notes, a three-month period (or, in the case of the first Interest Accrual Period, the linear interpolation thereof, calculated in accordance with generally acceptable methodology) in an amount determined by the Note Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on the LIBOR Determination Date made by the Note Calculation Agent to the Reference Banks. If, on any LIBOR Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. If, on any LIBOR Determination Date, only one or none of the Reference Banks provide such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in the City of New York selected by the Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer) are quoting on the relevant LIBOR Determination Date for Eurodollar deposits for the applicable period in an amount determined by the Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer) by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the Note Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, LIBOR shall be LIBOR as determined on the most recent date LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Note Calculation Agent (after consultation with the Issuer or the Collateral Manager on behalf of the Issuer).

As soon as possible after 11:00 a.m. (New York time) on each LIBOR Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each LIBOR Determination Date, the Note Calculation Agent will cause notice of each of the Note Interest Rates for the next Interest Accrual Period and the amount of interest for such Interest Accrual Period payable in respect of each $1,000 principal amount of the Class A-1 Notes (the "Class A-1 Note Interest Amount"), of the Class A-2a Notes (the "Class A-2a Note Interest Amount"), of the Class A-2b Notes (the "Class A-2b Note Interest Amount"), of the Class B Notes (the "Class B Note Interest Amount"), of the Class C Notes (the "Class C Note Interest Amount"), of the Class D Notes (the "Class D Note Interest Amount") and of the Class E Notes (the "Class E Note Interest Amount") (collectively, the "Note Interest Amounts") (each rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date or Quarterly Payment Date, as applicable, to be communicated to the Issuers, DTC, Euroclear, Clearstream, the Note Paying Agents, the Trustee, the Collateral Manager, the Securities Intermediary and the Listing and Paying Agent for further delivery to any stock exchange so long as any of the Notes are listed thereon. In the last case, the Note Calculation Agent will furnish such information as soon as possible after its determination to the Listing and Paying Agent as long as any Notes are listed on any stock exchange. The Note Calculation Agent will also specify to the Issuers and the Collateral Manager the quotations upon which each of the Note Interest Rates are based. The Note Calculation Agent shall notify the Issuers and the Collateral Manager before 3:00 p.m. (New York time) on any LIBOR Determination Date if it has not determined and is not in the process of determining the applicable Note Interest Rates and Note Interest Amounts (collectively, the "Interest Calculations"), together with its reasons therefor. With respect to the Notes, "Business Day" means any day other than (x) Saturday or Sunday or (y) a day on which commercial banking institutions are authorized or obligated by law, regulation or executive order to close in New York, New York, London, England or the city in which the Trustee's corporate trust office is located; *provided, however*, that for the sole purpose of determining LIBOR, "Business Day" shall be defined as any day on which dealings in deposits in U.S. Dollars are transacted in the London interbank market and *provided further*, that to the extent action is required of the Listing and Paying Agent, the location of the Listing and Paying Agent shall be considered in determining the "Business Day" for purposes of determining when such Listing and Paying Agent action is required.

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

Payments on Income Notes

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

Principal

The Notes and the Income Notes will mature on the Payment Date in November 2042 (the "Stated Maturity"), in each case unless redeemed or retired prior thereto. The average life of each Class of Notes and the duration of the Income Notes are expected to be substantially shorter than the number of years from issuance until the Stated Maturity for such Class of Notes or Income Notes. See "Risk Factors—Securities—Average Lives, Duration and Prepayment Considerations."

Principal will be payable on certain of the Notes on each Payment Date and Quarterly Payment Date, as applicable, in accordance with the Priority of Payments.

On any Payment Date or Quarterly Payment Date, as applicable, on which certain conditions are satisfied as of the related Determination Date, including (i) the Coverage Tests are satisfied, (ii) the Notes have not been accelerated due to an Event of Default, (iii) the Net Outstanding Portfolio Collateral Balance is equal to or greater than U.S.$450,000,000 and (iv) a Rating Confirmation Failure is not continuing, principal will be paid to the Holders of the Class A Notes *pro rata* (*provided, however*, that amounts payable to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and second, to the Class A-1B Notes until such Class is paid in full) only in an amount required to increase (or maintain) the Class A Adjusted Overcollateralization Ratio to a specified target of 108.30%. After achieving and maintaining such target level, the payment of remaining Principal Proceeds will shift to the Holders of the Class B Notes until such Holders have been paid an amount required to increase (or maintain) the Class B Adjusted Overcollateralization Ratio to a specified target of 102.90%. After achieving and maintaining such target level, the payment of remaining Principal Proceeds will shift to the Holders of the Class C Notes until such Holders have been paid an amount required to increase (or maintain) the Class C Adjusted Overcollateralization Ratio to a specified target of 101.40%. After achieving and maintaining such target level, the payment of remaining Principal Proceeds will shift to the Holders of the Class D Notes which will receive principal until such Notes are paid in full. The foregoing "shifting principal" method permits Holders of the Class B Notes, the Class C Notes and the Class D Notes to receive payments of principal in accordance with the Priority of Payments while more senior Classes of Notes remain outstanding and permits distributions of Principal Proceeds to the Holders of the Class E Notes and the Income Notes, to the extent funds are available in accordance with the Priority of Payments and the Class D Notes have been paid in full, while more senior Notes are outstanding. Amounts properly paid pursuant to the Priority of Payments to a junior Class of Notes or to the Income Notes will not be recoverable in the event of a subsequent shortfall in the amount required to pay a more senior Class of Notes.

Subject to the availability of funds therefor in accordance with the Priority of Payments, if any of the Coverage Tests are not satisfied on any applicable Determination Date or a Rating Confirmation Failure has occurred and is continuing, the Notes will be subject to mandatory redemption on the related Payment Date or Quarterly Payment Date, as applicable, until paid in full. See "—Mandatory Redemption" and the Priority of Payments for a description of the order in which such Notes are paid in connection with the failure of a Coverage Test or a Rating Confirmation Failure.

Stated Maturity of Income Notes

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

Auction

Sixty days prior to the Payment Date occurring in August of each year (each, an "Auction Date") commencing on the August 2015 Payment Date, the Collateral Manager will take steps to conduct an auction (the "Auction") of the Pledged Securities in accordance with procedures specified in the Indenture. If the Collateral Manager receives one or more bids from Eligible Bidders not later than ten Business Days prior to the Auction Date equal to or greater than the Minimum Bid Amount, the Issuer will sell the Pledged Securities for settlement on or before the fifth Business Day prior to such Auction Date and the Notes and the Income Notes will be redeemed in whole on such Auction Date (any such date, an "Auction Payment Date"). The Collateral Manager and its affiliates shall be considered Eligible Bidders. If the highest single bid on the entire portfolio of Pledged Securities, or the aggregate amount of multiple bids with respect to individual items of Collateral, does not equal or exceed the Minimum Bid Amount or if there is a failure at settlement, then the redemption of Notes and the Income Notes on the related Auction Date will not occur.

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

Tax Redemption

Subject to certain conditions described herein, the Securities may be redeemed by the Issuers at any time, in whole but not in part upon the occurrence of a Tax Event at their Note Redemption Prices at the written direction of, or with the written consent of, (i) the Holders of at least 66-2/3% of the aggregate outstanding notional principal amount of the affected Income Notes or (ii) the Holders of a Majority of any Class of Notes which, as a result of the occurrence of a Tax Event, has not received 100% of the aggregate amount of principal and interest or other amounts then due and payable on such Notes on any Payment Date (such redemption, a "Tax Redemption"); *provided* that no such redemption shall be effected unless the expected Liquidation Proceeds equal or exceed the sum of all amounts due as of the Redemption Date pursuant to clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) of the Priority of Payments for Final Payment Dates, which will include the Note Redemption Prices for the Notes (the "Total Redemption Amount"). If a Tax Redemption occurs, the Income Notes will be redeemed simultaneously.

In connection with a Tax Redemption, the Issuers (in the case of the Notes other than the Class E Notes) and the Issuer (in the case of the Class E Notes and the Income Notes) shall notify the Trustee of such Tax Redemption and the Payment Date which is the date for redemption (the "Tax Redemption Date") and direct the Trustee, in writing, to sell, in the manner determined by the Collateral Manager, and in accordance with the Indenture, any Pledged Securities and upon any such sale the Trustee shall release the lien upon such Pledged Securities pursuant to the Indenture; *provided, however*, that the Issuer may not direct the Trustee to sell (and the Trustee shall not be obligated to release the lien upon) any Pledged Securities except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Collateral Manager shall have forwarded to the Trustee binding agreements or certificates evidencing that the Liquidation Proceeds anticipated from the disposition of the Pledged Securities and other assets of the Issuer will equal or exceed the Total Redemption Amount.

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

Optional Redemption

Subject to certain conditions described herein, the Notes (other than the Class E Notes) may be redeemed by the Issuers, and the Class E Notes (if the Class E Issuance Option has been exercised) and the Income Notes may be redeemed by the Issuer, in whole but not in part at the applicable redemption

prices on any Payment Date on or after the August 2010 Payment Date, at the written direction of, or with the written consent of, the Holders of a Majority of the Income Notes (including Income Notes held by the Collateral Manager or any affiliate thereof) (such redemption, an "Optional Redemption"); *provided* that no Optional Redemption shall be effected unless the expected Liquidation Proceeds will equal or exceed the Total Redemption Amount. If the Holders of the Income Notes so elect to cause an Optional Redemption, the Income Notes will be redeemed simultaneously.

In connection with an Optional Redemption, the Issuers (in the case of the Notes other than the Class E Notes) and the Issuer (in the case of the Class E Notes and the Income Notes) shall notify the Trustee of such Optional Redemption and the Optional Redemption Date and direct the Trustee, in writing, to sell, in the manner determined by the Collateral Manager, and in accordance with the Indenture, any Pledged Securities and upon any such sale the Trustee shall release the lien upon such Pledged Securities pursuant to the Indenture; *provided, however*, that the Issuer may not direct the Trustee to sell (and the Trustee shall not be obligated to release the lien upon) any Pledged Securities except in accordance with the procedures set forth in the Indenture including, without limitation, the requirement that the Collateral Manager shall have forwarded to the Trustee binding agreements or certificates evidencing that the Liquidation Proceeds anticipated from the disposition of the Pledged Securities and other assets of the Issuer will equal or exceed the Total Redemption Amount.

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

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

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

The Trustee will provide notice of any Optional Redemption or Tax Redemption by first-class mail, postage prepaid, mailed not less than ten (10) Business Days prior to the scheduled Tax Redemption Date or Optional Redemption Date, as applicable, to the Principal Note Paying Agent, to the Fiscal Agent, to each Hedge Counterparty, to each Noteholder at such Holder's address in the register maintained by the Note Registrar under the Indenture, and to each Holder of an Income Note at such Holder's address in the register maintained by the Income Note Registrar pursuant to the Fiscal Agency Agreement and, as long as any Notes or Income Notes are listed on any stock exchange, the Trustee will also give notice to the Listing and Paying Agent.

Notes called for redemption must be surrendered at the office of any paying agent appointed under the Indenture in order to receive the Note Redemption Price. The initial paying agents for the Notes are LaSalle Bank National Association, as Principal Note Paying Agent, and, so long as any Notes are listed on a stock exchange, the Listing and Paying Agent.

Income Notes called for redemption must be surrendered at the office of any paying agent appointed under the Fiscal Agency Agreement. The initial paying agent for the Income Notes is ABN AMRO Bank N.V. (London Branch).

Any such notice of redemption may be withdrawn by the Issuers (with respect to the Notes other than the Class E Notes) and the Issuer (with respect to the Class E Notes and the Income Notes) on or prior to the seventh Business Day prior to the scheduled redemption date by written notice from the

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

Class E Issuance Option

On any Quarterly Payment Date, at the written direction of, or with the written consent of, the Holders of a Majority of the Income Notes, the option to increase the principal balance of the Class E Notes (the "Class E Issuance Option") will be exercised and the Issuer will sell up to U.S.$2,500,000 face amount of Class E Notes (the "Maximum Issuance Amount") on the related Quarterly Payment Date. The Class E Notes may not be sold at a price less than 80% of their face amount. The net proceeds of the exercise of the Class E Issuance Option will be remitted to the Fiscal Agent for distribution to the Holders of the Income Notes and the interest and principal payments on the Class E Notes will be subordinate to all payments to the existing Notes, but senior to any payments to the Income Notes. The Class E Notes will be issued with a zero balance on the Closing Date and the principal balance of the Class E Notes will only ever be increased if the Class E Issuance Option is exercised. The Class E Issuance Option is a single option and may only be exercised one time.

Mandatory Redemption

On any Payment Date on which the Class A/B Overcollateralization Test was not satisfied on the last Business Day of the immediately preceding Due Period (such Business Day, the "Determination Date"), or on which the Class C Overcollateralization Ratio is less than 75% on the related Determination Date, or on any Quarterly Payment Date on which the Class A/B Interest Coverage Test was not satisfied on the related Determination Date, the Class A Notes and the Class B Notes will be redeemed at par *plus* accrued interest or paid in full as follows:

If the Class A/B Overcollateralization Test is not satisfied on any Determination Date related to a Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to clauses (vii), (ix), (xi) and (xiii) of the Priority of Payments for Payment Dates other than Final Payment Dates), the Class A/B Interest Coverage Test (together, the "Class A/B Coverage Tests") is not satisfied on any Determination Date related to a Quarterly Payment Date, or the Class C Overcollateralization Ratio is less than 75% on any Determination Date related to a Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to clauses (vii), (ix), (xi) and (xiii) of the Priority of Payments for Payment Dates other than Final Payment Dates), Proceeds net of amounts payable under clauses (i) through (vi) of the Priority of Payments will be used, (a) if the Class A-1 Overcollateralization Ratio is greater than or equal to 105% on such Determination Date, first, *pro rata* (i) to redeem the Class A-1 Notes, *pro rata* (*provided, however*, that amounts payable to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), and (ii) to redeem the Class A-2 Notes, *pro rata* (*provided*, *however*, that if the Class A-2 Overcollateralization Ratio is less than 106%, the portion allocated to the Class A-2 Notes will be paid first to the Class A-2a Notes until the Class A-2a Notes are paid in full, and then to the Class A-2b Notes), until the Class A Notes have been paid in full, and *second,* to redeem the Class B Notes until the Class B Notes are paid in full and (b) if the Class A-1 Overcollateralization Ratio is less than 105% on such Determination Date, *first*, to redeem the Class A-1 Notes, *pro rata,* (*provided, however,* that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes

are paid in full, and then to the Class A-1B Notes), until the Class A-1 Notes are paid in full, *second*, to redeem the Class A-2a Notes until the Class A-2a Notes have been paid in full, *third,* to redeem the Class A-2b Notes until the Class A-2b Notes are paid in full, and *fourth*, to redeem the Class B Notes until the Class B Notes are paid in full. The Class C Notes, the Class D Notes, the Class E Notes and the Income Notes will not be subject to mandatory redemption as a result of the failure of any Class A/B Coverage Test.

On any Payment Date on which the Class C Overcollateralization Test was not satisfied on the related Determination Date or on which the Class D Overcollateralization Ratio is less than 90% on the related Determination Date or on any Quarterly Payment Date on which the Class C Interest Coverage Test (together with the Class C Overcollateralization Test, the "Class C Coverage Tests") was not satisfied on the related Determination Date, the Class A Notes, the Class B Notes and the Class C Notes will be redeemed at par *plus* accrued interest or paid in full as follows:

If the Class C Overcollateralization Test is not satisfied on any Determination Date related to a Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to clauses (ix), (xi) and (xiii) of the Priority of Payments for Payment Dates other than Final Payment Dates), if the Class C Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, or if the Class D Overcollateralization Ratio is less than 90% on any Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to clauses (ix), (xi) and (xiii) of the Priority of Payments for Payment Dates other than Final Payment Dates), then (a) the Principal Proceeds only will be used to pay *pro rata* (i) the principal of all outstanding Class A Notes (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes) and all outstanding Class B Notes and (ii) on Quarterly Payment Dates, the principal of all outstanding Class C Notes and, on Payment Dates other than Quarterly Payment Dates to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes, until the Class A Notes, the Class B Notes, and the Class C Notes are paid (or, in the case of the Class C Notes and Payment Dates (other than Quarterly Payment Dates), amounts equal thereto are paid to the Collection Account) in full; *provided, however,* that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$750,000,000, then such amount shall be paid *first*, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however,* that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes) until the Class A-1 Notes are paid in full, *second*, to the payment of principal of all outstanding Class A-2 Notes, *pro rata,* until the Class A-2 Notes are paid in full, *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, and fourth, on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account an amount equal to the outstanding principal amount of the Class C Notes; and (b) on Quarterly Payment Dates, any remaining Proceeds will be applied to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) any remaining Proceeds will be credited to the Collection Account in an amount equal to the outstanding principal amount of all Class C Notes taking into account amounts paid to the Collection Account in accordance with clause (a) hereof.

On any Payment Date on which the Class D Overcollateralization Test was not satisfied on the related Determination Date or on any Quarterly Payment Date on which the Class D Interest Coverage Test (together with the Class D Overcollateralization Test, the "Class D Coverage Tests" and, together with the Class A/B Coverage Tests and the Class C Coverage Tests, the "Coverage Tests") was not satisfied on the related Determination Date, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be redeemed at par *plus* accrued interest or paid in full as follows:

If the Class D Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to clauses (xi) and (xiii) of the Priority of Payments for

Payment Dates other than Final Payment Dates) or if the Class D Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then (a) Principal Proceeds only will be used to pay *pro rata* (i) the principal of all outstanding Class A Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and second to the Class A-1B Notes), (ii) the principal of all outstanding Class B Notes, (iii) on Quarterly Payment Dates, the principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account an amount equal to the outstanding principal amount of the Class C Notes and (iv) on Quarterly Payment Dates, the principal of all outstanding Class D Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class D Notes, until the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (or, in the case of the Class C Notes and the Class D Notes and Payment Dates other than Quarterly Payment Dates amounts equal thereto are paid to the Collection Account) are paid in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$750,000,000, then such amount shall be paid *first*, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes) until the Class A-1 Notes are paid in full, *second,* to the payment of principal of all outstanding Class A-2 Notes, *pro rata,* until the Class A-2 Notes are paid in full, *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, *fourth,* on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes, and *fifth,* on Quarterly Payment Dates, to the payment of all outstanding Class D Notes until the Class D Notes are paid in full and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class D Notes until the Class D Notes are paid in full; and, (b) on Quarterly Payment Dates, any remaining Proceeds will be applied to the payment of principal of all outstanding Class D Notes and, on Payment Dates (other than Quarterly Payment Dates) any remaining Proceeds will be credited to the Collection Account in an amount equal to the outstanding principal amount of all Class D Notes taking into account amounts paid to the Collection Account in accordance with clause (a) hereof.

In addition, on any Payment Date on which a Rating Confirmation Failure has occurred and is continuing, the Notes will be redeemed at par *plus* accrued interest until each Rating Agency has delivered a Rating Agency Confirmation to the Issuer or until each Class of Notes has been paid in full in accordance with the Priority of Payments.

Cancellation

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

Payments

Payments on any Payment Date in respect of principal of and interest on the Notes issued as Global Notes will be made to the person in whose name the relevant Global Note is registered at the close of business on the Business Day prior to such Payment Date. For the Securities issued in definitive form, payments on any Payment Date in respect of principal, interest and other distributions will be made to the person in whose name the relevant Security is registered as of the close of business 10 Business Days prior to such Payment Date. Payments on the Global Notes will be payable by wire transfer in immediately available funds to a U.S. Dollar account maintained by DTC or its nominee (in the case of the Global Notes) or each Holder (in the case of individual Definitive Notes) to the extent practicable or otherwise by U.S. Dollar check drawn on a bank in the United States sent by mail either to DTC or its nominee (in the case of the Global Notes), or to each Holder at its address appearing in the applicable register. Final payments in respect of principal on the Notes will be made only against surrender of the Notes at the office of any Paying Agent. None of the Issuers, the Securities Intermediary, the Trustee,

the Collateral Manager or any Hedge Counterparty or any Paying Agent will have any responsibility or liability for any aspects of the records maintained by DTC or its nominee or any of its participants relating to, or for payments made thereby on account of beneficial interests in, a Global Note.

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

If any payment on a Note is due on a day that is not a Business Day, then payment will not be made until the next succeeding Business Day.

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

Priority of Payments

With respect to any Payment Date (other than a Final Payment Date), all Proceeds received on the Collateral during the related Due Period and all Hedge Receipt Amounts received prior to the related Payment Date will be applied by the Trustee in the priority set forth below (the "Priority of Payments"). For purposes of the Priority of Payments, amounts paid as interest, fees or distributions on the Notes on a "*pro rata*" basis shall be *pro rata* based on the amount of interest due on such Class or subclass of Notes or fees, amounts paid as principal shall be paid *pro rata* based on the amount of principal then outstanding on such Class or subclass of Notes and unless stated otherwise, Proceeds not constituting Principal Proceeds will be assumed to be applied prior to any Principal Proceeds.

On the Business Day prior to each Payment Date (other than a Final Payment Date), the Trustee will transfer all funds then on deposit in the Collection Account (other than amounts received after the end of the related Due Period and other than amounts applied in accordance with clause (xii) below on prior Payment Dates which are being held for the purchase of additional Fixed Rate Securities into the Payment Account. On each Payment Date (other than a Final Payment Date), amounts in the Payment Account will be applied by the Trustee in the manner and order of priority set forth below:

i. to the payment of taxes and filing and registration fees owed by the Issuers, if any;

ii. to the payment of accrued and unpaid fees of the Trustee up to a maximum amount on any Payment Date equal to the greater of U.S.$2,083 and 0.00042% of the Monthly Asset Amount for the related Due Period (or, in the case of the first Due Period, as such amounts are adjusted based on the number of days in such Due Period);

iii. *first*, (a) to the payment of any remaining accrued and unpaid Administrative Expenses of the Issuers, excluding any indemnities (and legal expenses related thereto) payable by the Issuers first, to the Trustee, the Collateral Administrator, and the Fiscal Agent and then, *pro rata*, to any other parties entitled thereto; *second*, (b) to the payment of any indemnities (and legal expenses related thereto) payable by the Issuers first, to the Trustee, the Collateral Administrator and the Fiscal Agent and then, *pro rata*, to any other parties entitled thereto; and *third*, (c) to the Expense Reserve Account the lesser of U.S.$25,000 and the amount necessary to bring the balance of such account to U.S.$275,000; *provided, however*, that the aggregate payments pursuant to subclauses

(a) through (c) of this clause (iii) on any Payment Date shall not exceed U.S.$400,000 and the total distributions in subclauses (a) and (b) of this clause (iii) and the prior eleven Payment Dates shall not exceed U.S.$533,334;

iv. to the payment of amounts (*pro rata* based on amounts due), if any, to be paid to the Hedge Counterparties pursuant to the Hedge Agreements, including any termination and partial termination payments (other than the Defaulted Hedge Termination Payments payable under clause (xix) below);

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

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

vii. if a Rating Confirmation Failure has occurred and is continuing on the Determination Date with respect to the related Payment Date, if the Class A/B Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to this clause (vii) or clauses (ix), (xi) and (xiii) below), if the Class A/B Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, or if the Class C Overcollateralization Ratio is less than 75% on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to this clause (vii) or clauses (ix), (xi) and (xiii) below), then (x) if a Rating Confirmation Failure has occurred and is continuing, *first,* to the payment of principal of all outstanding Class A Notes and Class B Notes in the order and priority set forth in clause (y) (B) below, *second*, to the payment of principal of all outstanding Class C Notes, third, to the payment of principal of all outstanding Class D Notes, and fourth, to the payment of principal of all outstanding Class E Notes until each Rating Agency has delivered a Rating Agency Confirmation to the Issuer*,* or (y) (A) if the Class A-1 Overcollateralization Ratio is greater than or equal to 105% on the Determination Date with respect to the related Payment Date, first, *pro rata* (i) to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided*, *however,* that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and second to the Class A-1B Notes) and (ii) to the payment of principal of all outstanding Class A-2 Notes, *pro rata* (*provided*, *however*, that if the Class A-2 Overcollateralization Ratio is less than 106%, the portion allocated to the Class A-2 Notes will be paid first to the Class A-2a Notes until such Class is paid in full, and then to the Class A-2b Notes) until the Class A-1 Notes and the Class A-2 Notes are paid in full, and *second*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full and (B) if the Class A-1 Overcollateralization Ratio is less than 105% on the Determination Date with respect to the related Payment Date, first, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes) until the Class A-1 Notes are paid in full, second, to the payment of principal of all outstanding Class A-2a Notes until the Class A-2a Notes are paid in full, third, to the payment of principal of all outstanding Class A-2b Notes until the Class A-2b Notes are paid in full and fourth, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full;

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

ix. if the Class C Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to this clause (ix) or clauses (xi) and (xiii) below), if the Class C Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, or if the Class D Overcollateralization Ratio is less than 90% on any Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to this clause (ix) or clauses (xi) and (xiii) below), then, (a) *pro rata*, Principal Proceeds only (i) to the payment of principal of all outstanding Class A Notes (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), (ii) to the payment of principal of all outstanding Class B Notes and (iii) on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes, until the Class A Notes, the Class B Notes, and the Class C Notes are paid (or, in the case of the Class C Notes and Payment Dates other than Quarterly Payment Dates amounts equal thereto are paid to the Collection Account) in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$750,000,000, then such amount shall be paid *first*, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), *second*, to the payment of principal of all outstanding Class A-2 Notes, *pro rata,* until the Class A-2 Notes are paid in full, *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, and *fourth*, on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes until the Class C Notes are paid in full; and (b) on Quarterly Payment Dates, any remaining Proceeds to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) any remaining Proceeds to the Collection Account in an amount equal to the outstanding principal amount of all Class C Notes taking into account amounts paid to the Collection Account in accordance with clause (a) hereof;

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

xi. if the Class D Overcollateralization Test is not satisfied on the Determination Date with respect to the related Payment Date after giving effect to all payments of principal on such Payment Date (but without giving effect to any payments pursuant to this clause (xi) or clause (xiii) below) or if the Class D Interest Coverage Test is not satisfied on the Determination Date with respect to the related Quarterly Payment Date, then, (a) *pro rata*, from Principal Proceeds only (i) to the payment of principal of all outstanding Class A Notes (*provided*, *however*, that portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), (ii) to the payment of principal of all outstanding Class B Notes, (iii) on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates)

to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes and (iv) on Quarterly Payment Dates, to the payment of principal of all outstanding Class D Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class D Notes, until the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (or, in the case of the Class C Notes and the Class D Notes and Payment Dates other than Quarterly Payment Dates amounts equal thereto are paid to the Collection Account) are paid in full; *provided, however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$750,000,000, then such amount shall be paid first, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided*, *however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), *second*, to the payment of principal of all outstanding Class A-2 Notes, *pro rata,* until the Class A-2 Notes are paid in full, *third*, to the payment of principal of all outstanding Class B Notes until the Class B Notes are paid in full, *fourth*, on Quarterly Payment Dates, to the payment of principal of all outstanding Class C Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class C Notes until the Class C Notes are paid in full, and *fifth*, on Quarterly Payment Dates, to the payment of all outstanding Class D Notes and, on Payment Dates (other than Quarterly Payment Dates) to the Collection Account in an amount equal to the outstanding principal amount of the Class D Notes until the Class D Notes are paid in full; and, (b) on Quarterly Payment Dates, any remaining Proceeds to the payment of principal of all outstanding Class D Notes and, on Payment Dates (other than Quarterly Payment Dates) any remaining Proceeds to the Collection Account in an amount equal to the outstanding principal amount of all Class D Notes taking into account amounts paid to the Collection Account in accordance with clause (a) hereof;

xii. to the Collection Account, for investment in Eligible Investments pending a decision by the Collateral Manager to purchase additional Fixed Rate Securities subject to the Hedge Alignment Purchase Criteria or to apply such amounts as provided in clause (xiii) below, an amount (designated by the Collateral Manager by notice to the Trustee on or before the related Determination Date) up to the lesser of (x) Principal Proceeds from Fixed Rate Securities and (y) the excess, if any, of (1) the aggregate scheduled notional amounts under the Rate Swap Agreements on such date over (2) the aggregate Principal Balance of the Fixed Rate Securities on such date;

xiii. *first*, to the payment of principal of the Class A Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), up to the amount specified in clause (b)(1) below, *second*, the Class B Notes up to the amount specified in clause (b)(2) below, *third*, on Quarterly Payment Dates only, the Class C Notes up to the amount specified in clause (b)(3) below, and *fourth*, on Quarterly Payment Dates only, the Class D Notes up to the amount specified in clause (b)(4) below in an aggregate amount equal to the lesser of (a) Principal Proceeds received or held during the related Due Period, and (b) the sum of (1) the amount necessary to increase the Class A Adjusted Overcollateralization Ratio to or maintain it at 108.30%, *plus* (2) the amount necessary to increase the Class B Adjusted Overcollateralization Ratio to or maintain it at 102.90%, *plus* (3) on Quarterly Payment Dates only, the amount necessary to increase the Class C Adjusted Overcollateralization Ratio to or maintain it at 101.40%, *plus* (4) on Quarterly Payment Dates only, the amount necessary to pay the Class D Notes in full; *provided*, *however*, that if the Net Outstanding Portfolio Collateral Balance is less than U.S.$450,000,000, then only the amount described in sub-clause (a) of this clause (xiii) will be paid, such amount to be allocated, *first*, to the payment of principal of all outstanding Class A-1 Notes, *pro rata* (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes

will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), *second*, to the payment of principal of all outstanding Class A-2 Notes, *pro rata*, *third*, to the payment of principal of all outstanding Class B Notes, *fourth*, on Quarterly Payment Dates only, to the payment of principal of all outstanding Class C Notes, and *fifth,* on Quarterly Payment Dates only, to the payment of all outstanding Class D Notes;

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

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

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

xvii. on Quarterly Payment Dates only, and only after the Quarterly Payment Date occurring in August 2015, *first*, to the payment of principal of all outstanding Class C Notes until the Class C Notes are paid in full, *second*, to the payment of principal of all outstanding Class D Notes until the Class D Notes are paid in full and, *third*, to the payment of principal of all outstanding Class E Notes until the Class E Notes are paid in full;

xviii. on Quarterly Payment Dates only, *first*, to the payment of principal of the Class E Notes in an amount equal to that portion of the principal of the Class E Notes comprised of Class E Deferred Interest unpaid after giving effect to payments under clauses (xvi) and (xvii) above (amounts will be considered unpaid for this purpose if the principal balance of the Class E Notes after giving effect to clauses (xvi) and (xvii) above exceeds any previous lowest amount outstanding) and *second*, to the payment of principal of the Class E Notes, in an amount equal to the greater of (a) all remaining Principal Proceeds until paid in full and (b) the Class E Notes Amortizing Principal Amount, until the Class E Notes are paid in full;

xix. on Quarterly Payment Dates only, to the payment of any Defaulted Hedge Termination Payments, with respect to the Hedge Agreements, *pro rata*, based on the amount owed;

xx. on Quarterly Payment Dates only, *first* (a) to the payment of any remaining accrued and unpaid Administrative Expenses of the Issuers not paid pursuant to clauses (ii) and (iii) above (as the result of the limitations on amounts set forth therein) in the same order of priority set forth above in clause (iii) excluding any indemnities (and legal expenses related thereto) payable by the Issuers; *second*, (b) to the payment, *pro rata*, of any indemnities (and legal expenses related thereto) payable by the Issuers not paid pursuant to clause (iii) above (as the result of the limitation on amounts set forth therein) in the same order of priority set forth above in clause (iii); and *third*, (c) to the Expense Reserve Account until the balance of such account reaches U.S.$275,000 (after giving effect to any deposits made therein on such Quarterly Payment Date under clause (iii)

above); *provided, however*, that the aggregate payments pursuant to subclause (c) of this clause (xx) and subclause (c) of clause (iii) on any Payment Date shall not exceed U.S.$25,000;

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

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

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

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

ii. *first*, *pro rata*, to the payment to the Class A-1 Notes (*provided, however*, that the portion allocated to the Class A-1F Notes and the Class A-1B Notes will be paid first to the Class A-1F Notes until the Class A-1F Notes are paid in full, and then to the Class A-1B Notes), *second,* to the payment to the Class A-2a Notes, and *third*, to the payment to the Class A-2b Notes, in each case, the amount necessary to pay the outstanding principal amounts of such Class of Notes in full;

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

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

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

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

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

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

Upon payment in full of the last outstanding Note, the Issuer (or the Collateral Manager acting pursuant to the Collateral Management Agreement on behalf of the Issuer) will liquidate any remaining Pledged Securities, the Hedge Agreements and any other items comprising the Collateral and deposit the proceeds thereof in the Collection Account. The net proceeds of such liquidation and all available cash (other than the U.S.$250 of capital contributed by the owners of the Issuer Ordinary Shares in accordance with the Issuer's Memorandum and Articles of Association and U.S.$250 representing a transaction fee to the Issuer) will be distributed in accordance with the Priority of Payments for Final Payment Dates and all

amounts remaining thereafter (the "Income Notes Redemption Price") will be paid to the Holders of the Income Notes as a redemption payment (the "Income Notes Redemption Payment"), which shall be distributed as principal on the Income Notes, whereupon all of the Notes and the Income Notes will be canceled.

Income Notes

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

The Indenture and the Fiscal Agency Agreement

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

Indenture

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

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

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

(iii) the failure on any Payment Date to disburse amounts (except as provided in (i) and (ii) above) available in the Payment Account in excess of $500 in accordance with the Priority of Payments and a continuation of such failure for a period of 7 days after such failure has been recognized;

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

(v) a default, which has a material adverse effect on the Holders of the Notes (as determined by at least 50% in aggregate principal amount of the Controlling Class), in the performance, or breach, of any covenant, representation, warranty or other agreement of the Issuers in the Indenture (it being understood that a failure to satisfy a Coverage Test is not a default or breach) or in any certificate or writing delivered pursuant to the Indenture, or if any representation or warranty of the Issuers made in the Indenture or in any certificate or writing delivered pursuant thereto proves to be incorrect in any material respect when made, and the continuation of such default or breach for a period of 30 days after notice thereof shall have been given to the Issuers and the Collateral Manager by the Trustee or to the Issuers, the Collateral Manager and the Trustee by the Holders of at least 50% in aggregate outstanding principal amount of the Controlling Class; and

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

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

If an Event of Default should occur and be continuing, the Trustee is required to retain the Collateral intact and collect all payments in respect of the Collateral and continue making payments in the manner described under Priority of Payments unless (a) the Trustee determines (which determination will be based upon a certificate from the Collateral Manager) that the anticipated proceeds of a sale or liquidation of the Collateral based on an estimate obtained from a nationally recognized investment banking firm (which estimate takes into account the time elapsed between such estimate and the anticipated sale of the Collateral) would equal the amount necessary to pay in full (after deducting the reasonable expenses of such sale or liquidation) the sum of (i) the principal (including any Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest) and accrued interest (including all Defaulted Interest, and interest thereon) and any other amounts due with respect to all the outstanding Notes; (ii) unpaid Administrative Expenses; (iii) all amounts payable by the Issuer to any Hedge Counterparty (including any applicable termination payments other than Defaulted Hedge Termination Payments), net of all amounts payable to the Issuer by any Hedge Counterparty; and (iv) all other items in the Priority of Payments ranking prior to payments on the Notes (*provided*, that no deposit shall be made to the Expense Reserve Account), and, in any case, the Holders of a Majority of the Controlling Class agree with such determination or (b) the Holders of at least 66-2/3% of the aggregate outstanding principal amount of the Controlling Class, with the consent of each Hedge Counterparty (other than any Hedge Counterparty which will be paid in full the amounts due to it, including any applicable termination payments other than Defaulted Hedge Termination Payments at the time of distribution of the proceeds of any sale or liquidation of the Collateral), direct, subject to the provisions of the Indenture, the sale and liquidation of the Collateral.

The Holders of a Majority of the Controlling Class will have the right to direct the Trustee in writing in the conduct of any proceedings or in the sale of any or all of the Collateral, but only if (i) such direction will not conflict with any rule of law or the Indenture (including the limitations described in the paragraph above) and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has received an indemnity which is reasonably acceptable to the Trustee against any such liability).

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

Furthermore, any declaration of acceleration of maturity of the Notes may be revoked and annulled by the Holders of a Majority of the Controlling Class before a judgment or decree for the payment of money has been obtained by the Trustee or the Collateral has been sold or foreclosed in whole or in part, by notice to the Issuers, the Trustee and any Hedge Counterparty, if (a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay, in accordance with the Priority of Payments, the principal and accrued interest (including all Defaulted Interest and the interest thereon), discount or

other unpaid amounts with respect to the outstanding Notes and any other administrative expenses, fees or other amounts that, under the Transaction Documents and pursuant to the Priority of Payments, are payable prior to the payment of the principal of and interest on the outstanding Notes, and (b) the Trustee has determined that all Events of Default, other than the non-payment of the interest on or principal of the outstanding Notes that have become due solely by such acceleration, have been cured and the Holders of a Majority of the Controlling Class by notice to the Trustee have agreed with such determination (which agreement shall not be unreasonably withheld) or waived such Event of Default in accordance with the provisions set forth in the Indenture.

Only the Trustee may pursue the remedies available under the Indenture and the Notes, and no Holder of a Note will have the right to institute any proceeding with respect to the Indenture, the Notes, or otherwise unless (i) such Holder previously has given to the Trustee written notice of a continuing Event of Default; (ii) except in the case of a default in the payment of principal or interest, the Holders of at least 25%, by aggregate outstanding principal amount, of the Controlling Class have made a written request upon the Trustee to institute such proceedings in its own name as Trustee and such Holders have offered the Trustee an indemnity which is reasonably acceptable to the Trustee; (iii) the Trustee has for 30 days failed to institute any such proceeding; and (iv) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Holders of a Majority of the Controlling Class.

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

Notices. Notices to the Holders of the Notes shall be given by first-class mail, postage prepaid, to each Noteholder at the address appearing in the applicable note register.

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

Without the written consent of the Holders of each adversely affected Note, each adversely affected Income Note and each adversely affected Hedge Counterparty, and unless the Rating Agency Condition is satisfied, no supplemental indenture may be entered into which would (i) change the Stated Maturity of the principal of or the due date of any installment of interest or discount on a Note; reduce the principal amount thereof or the rate of interest thereon, or the applicable Note Redemption Price with respect thereto; change the earliest date on which a Note may be redeemed; change the provisions of the Indenture relating to the application of proceeds of any Collateral to the payment of principal of or interest or discount on Notes or change any place where, or the coin or currency in which, Notes or the principal thereof or interest or discount thereon are payable; or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or other due date thereof (or, in the case of redemption, on or after the Redemption Date); (ii) reduce the percentage in aggregate principal amount or number of shares, as applicable, of Holders of the Notes of each Class and Holders of the Income Notes whose consent is required for the authorization of any supplemental indenture or for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder or their consequences; (iii) impair or adversely affect the Collateral except as otherwise permitted by the Indenture; (iv) permit the creation of any security interest ranking prior to or on a parity with the security interest created by the Indenture with respect to any part of the Collateral (it being understood that the addition of the Hedge

Counterparties having the benefit of the Indenture pursuant to its terms does not require consent under this clause) or terminate such security interest on any property at any time subject thereto or deprive the Holder of any Note, the Trustee or any other Secured Party of the security afforded by the Indenture; (v) reduce the percentage of Holders of the Notes of each Class whose consent is required to request the Trustee to preserve the Collateral or rescind the Trustee's election to preserve the Collateral or to sell or liquidate the Collateral pursuant to the Indenture; (vi) modify any of the provisions of the Indenture with respect to supplemental indentures, except to increase the percentage of outstanding Notes whose Holders' consent is required for any such action or to provide that other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note adversely affected thereby; (vii) modify the definition of the term "Outstanding" or the Priority of Payments set forth in the Indenture; (viii) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest or discount on or principal of any Note or modify any amount distributable to the Fiscal Agent for payment to the Holders of the Income Notes on any Quarterly Payment Date or to affect the right of the Holders of the Notes or the Trustee to the benefit of any provisions for the redemption of such Notes contained therein; (ix) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated by the Indenture relating to the institution of proceedings for the Issuer or the Co-Issuer to be adjudicated as bankrupt or insolvent, or the consent of the Issuer or the Co-Issuer to the institution of bankruptcy or insolvency proceedings against it, or the filing with respect to the Issuer or the Co-Issuer of a petition or answer or consent seeking reorganization, arrangement, moratorium or liquidation proceedings, or other proceedings under the United States Bankruptcy Code or any similar laws, or the consent of the Issuer or the Co-Issuer to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or the Co-Issuer or any substantial part of its property, respectively; (x) increase the amount of the Collateral Management Fees payable to the Collateral Manager beyond the amount provided for in the original Collateral Management Agreement; (xi) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated thereby that provides that the obligations of the Issuers or the Issuer, as the case may be, are limited recourse obligations of the Issuers or the Issuer, respectively, payable solely from the Collateral in accordance with the terms of the Indenture; (xii) at the time of execution of such supplemental indenture, cause the Issuer, any Hedge Counterparty, the Collateral Manager or any Paying Agent to become subject to withholding or other taxes, fees or assessments or cause the Issuer to be treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis; or (xiii) at the time of execution of such supplemental indenture, result in a deemed sale or exchange of any of the Notes under Section 1001 of the Code (items (i) through (xiii) above collectively, the "Reserved Matters").

Except as provided above, the Issuers and the Trustee may also enter into one or more supplemental indentures, without obtaining the consent of Holders of the Notes or the Income Notes but with satisfaction of the Rating Agency Condition, (i) if such supplemental indentures would have no material adverse effect on any of the Noteholders or Holders of the Income Notes (as evidenced by an officer's certificate delivered by the Issuer, or the Collateral Manager on behalf of the Issuer, to the Trustee) or (ii) for any of the following purposes: (a) to evidence the succession of any person to either the Issuer or Co-Issuer and the assumption by any such successor of the covenants of the Issuer or Co-Issuer in the Notes, the Income Notes, the Fiscal Agency Agreement and the Indenture; (b) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes or the Income Notes or to surrender any right or power conferred upon the Issuers; (c) to convey, transfer, assign, mortgage or pledge any property to the Trustee, or add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Notes or the Income Notes; (d) to evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee; (e) to correct or amplify the description of any property at any time subject to the security interest created by the Indenture, or to better assure, convey, and confirm unto the Trustee any property subject or required to be subject to the security interest created by the Indenture (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security interest created by the Indenture any additional property; (f) to cure any ambiguity or manifest error or correct or supplement any provisions contained in

the Indenture which may be defective or inconsistent with any provision contained in the Indenture or make any modification that is of a formal, minor or technical nature or which is made to correct a manifest error; (g) to take any action necessary or advisable to prevent the Issuer, the Trustee, any Note Paying Agent or the Fiscal Agent from becoming subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise being subject to United States federal, state or local income tax on a net income basis; (h) to conform the Indenture to the descriptions thereof in the final Offering Circular; (i) to comply with any reasonable requests made by any stock exchange in order to list or maintain the listing of any Notes or Income Notes on such stock exchange; or (j) to enter into any additional agreements not expressly prohibited by any of the Indenture or the other Transaction Documents, as well as any amendment, modification or waiver if the Issuer determines that entering into such an agreement or such amendment, modification or waiver thereof would not, upon or after becoming effective, materially and adversely affect the rights or interests of Holders of any Class of Notes or Income Notes or any Hedge Counterparty. The Trustee may, consistent with the written advice of counsel or an officer's certificate, at the expense of the Issuer, determine whether or not the Holders of Notes, the Income Notes, the Collateral Manager, any Hedge Counterparty or any Synthetic Security Counterparty would be adversely affected or materially adversely affected by any supplemental indenture or amendment or modification to the Indenture (after giving notice of such change to the Holders of Notes, the Income Notes, the Collateral Manager, any Hedge Counterparty or any Synthetic Security Counterparty, it being understood that after the giving of such a notice, only those Classes and counterparties that affirmatively respond on or before the return date indicated in such notice that they would be adversely affected or materially adversely affected, as applicable, by such change will be deemed to be adversely affected or materially adversely affected, as applicable, by such change and all Classes and counterparties that fail to respond to any such notice on or before the return date indicated in such notice shall be deemed to be not adversely affected or materially adversely affected by such change and the Trustee and any opinion of counsel may rely on the results of any such notice) and may require the delivery of an opinion of counsel or an officer's certificate delivered by the Issuer to the Trustee, reasonably satisfactory to it, at the expense of the Issuer, that such supplemental indenture or amendment or modification is permitted under the terms of the Indenture. Such determination shall be conclusive and binding on all present and future Holders of Notes, the Income Notes, the Collateral Manager, any Hedge Counterparty or any Synthetic Security Counterparty.

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

Under the Indenture, the Trustee will, for so long as any of the Securities are outstanding and rated by the Rating Agencies, deliver a copy of any proposed supplemental indenture (whether or not required to be approved by the Holders of any Notes or Income Notes) to the Rating Agencies, each Hedge Counterparty and each Synthetic Security Counterparty not later than 20 Business Days prior to the execution of such proposed supplemental indenture, and no such supplemental indenture shall be entered into unless the Rating Agency Condition is met; *provided* that the Trustee shall, with the consent of the Holders of 100% of the aggregate outstanding amount of Notes of each Class and the Income Notes, each Synthetic Security Counterparty and each Hedge Counterparty, enter into any such supplemental indenture notwithstanding any potential reduction or withdrawal of the ratings of any outstanding Class of Notes. The Trustee must provide notice of any amendment or modification of the Indenture (whether or not required to be approved by the Holders of any Notes or Income Notes) to the Holders of the Notes and Income Notes, each Hedge Counterparty, each Synthetic Security Counterparty, and, for so long as any Notes or Income Notes are listed on any stock exchange, the Listing and Paying Agent, promptly upon the execution of such supplemental indenture.

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

Jurisdictions of Incorporation and Formation. Under the Indenture, the Issuer and the Co-Issuer will be required to maintain their rights and franchises as a company incorporated under the laws of the Cayman Islands and a corporation formed under laws of the State of Delaware, respectively, to comply with the provisions of their respective organizational documents and to obtain and preserve their qualification to do business as foreign corporations in each jurisdiction in which such qualifications are or shall be necessary to protect the validation and enforceability of the Indenture, the Notes or any of the Collateral; *provided, however*, that the Issuers shall be entitled to change their jurisdictions of incorporation from the Cayman Islands or Delaware, as applicable, to any other jurisdiction reasonably selected by such Issuer or Co-Issuer, as applicable, and approved by its common shareholders, so long as (i) the Issuer or Co-Issuer, as applicable, does not believe such change is disadvantageous in any material respect to such entity or the Holders of any Class of Notes or any Hedge Counterparty; (ii) written notice of such change shall have been given by the Issuer or Co-Issuer, as applicable to the other of the Issuer or Co-Issuer, as applicable, the Trustee, the Note Paying Agent, the Collateral Manager, each Hedge Counterparty, the Holders of each Class of Notes and each of the Rating Agencies at least thirty (30) Business Days prior to such change of jurisdiction; and (iii) on or prior to the 25th Business Day following such notice the Trustee shall not have received written notice from Holders of a Majority of the Controlling Class, the Collateral Manager or any Counterparty or, so long as any Notes or Income Notes are listed thereon, any stock exchange objecting to such change.

Petitions for Bankruptcy. The Indenture will provide that neither (i) any Hedge Counterparty, the Paying Agents, the Note Registrar, or the Trustee, in its own capacity, or on behalf of any Noteholder, nor (ii) the Noteholders may, prior to the date which is one year and one day (or, if longer, the applicable preference period then in effect) after the payment in full of all Securities, institute against, or join any other person in instituting against, the Issuer or Co-Issuer any bankruptcy, reorganization, arrangement, moratorium, liquidation or similar proceedings under the laws of any jurisdiction.

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

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

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

On April 22, 2007, ABN AMRO Holding N.V. agreed to sell ABN AMRO North America Holding Company, the indirect parent of LaSalle Bank National Association, to Bank of America Corporation. The proposed sale currently includes all parts of the Global Securities and Trust Services Group within LaSalle Bank engaged in the business of acting as trustee, securities administrator, master servicer, custodian, collateral administrator, securities intermediary, fiscal agent and issuing and paying agent in connection with securitization transactions. The contract between ABN AMRO Bank N.V. and Bank of America Corporation contains a 14 calendar day "go shop" clause which continued until 11:59 PM New York time on May 6, 2007. ABN AMRO Bank N.V. filed a copy of this contract on Form 6-K with the Securities and Exchange Commission on April 25, 2007. The contract provides that the sale of LaSalle Bank National Association is subject to regulatory approvals and other customary closing conditions.

The contract referenced above was entered into by ABN AMRO Bank N.V. without shareholder approval. In response to a challenge of the sale by a shareholders group, a judge in the Enterprise Chamber of the Amsterdam Superior Court in the Netherlands ruled on May 3, 2007 that ABN AMRO Holding N.V. was not permitted to proceed with the sale of LaSalle Bank without shareholder approval. As of the date hereof, a shareholder's meeting to vote on the proposed sale of LaSalle Bank National Association has not occurred. Various interested parties have filed or have indicated that they will file an appeal of the ruling. On May 4, 2007, Bank of America Corporation filed a lawsuit against ABN AMRO Bank N.V. and ABN AMRO Holding N.V. in the U.S. District Court for the Southern District of New York (Manhattan) seeking, among other things, an injunction prohibiting ABN AMRO Bank N.V. and ABN AMRO Holding N.V. from negotiating a sale of LaSalle Bank National Association or selling LaSalle Bank National Association to any third party other than as provided for in the contract referenced above, monetary damages and specific performance.

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

Listing and Paying Agent. For so long as any of the Notes or the Income Notes are listed on any stock exchange and the rules of such exchange shall so require, the Issuers will have a Listing and Paying Agent (which shall be the "Listing and Paying Agent") for the Securities. The Issuers and their affiliates may maintain other relationships in the ordinary course of business with the Listing and Paying Agent. The payment of the fees and expenses of the Listing and Paying Agent relating to the Securities is solely the obligation of the Issuers. The Indenture contains provisions for the indemnification of the Listing and Paying Agent for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on their respective parts arising out of or in connection with the acceptance or administration of the Indenture.

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

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

Fiscal Agency Agreement

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

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

The Indenture, the Notes, the Hedge Agreements, the Synthetic Securities and the Collateral Management Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof. Under the Indenture, the Fiscal Agency Agreement, the Hedge Agreements and the Collateral Management Agreement, the Issuers have submitted irrevocably to the non-exclusive jurisdiction of the courts of the State of New York and the courts of the United States of America in the State of New York (in each case sitting in the County of New York) for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Indenture, the Notes, the Fiscal Agency Agreement, the Hedge Agreements and the Collateral Management Agreement. The Fiscal Agency Agreement, the Deed of Covenant and the Income Notes will be governed by, and construed in accordance with, the laws of the Cayman Islands.

Form of the Securities

The Notes. Each Class of Notes (other than the Class E Notes) sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Notes and will be deposited with LaSalle Bank National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC. The Rule 144A Notes which are Class E Notes will be issued in definitive, fully registered form, registered in the name of the owner thereof ("Definitive Notes"). The Rule 144A Global Notes and the Definitive Notes (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer as set forth under "Notice to Investors."

Each Class of Notes sold in offshore transactions in reliance on Regulation S will initially be represented by a Temporary Regulation S Global Note deposited on the Closing Date with LaSalle Bank National Association as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC, for the respective accounts of Euroclear and Clearstream. Beneficial interests in a Temporary Regulation S Global Note may be held only through Euroclear or Clearstream. Beneficial interests in a Temporary Regulation S Global Note will be exchanged for beneficial interests in a permanent Regulation S Global Note for the related Class of Notes in definitive, fully registered form upon the later of (i) the expiration of the Distribution Compliance Period and (ii) the first date on which the requisite certifications (in the form provided in the Indenture) are provided to the Trustee. The Regulation S Global Notes will be registered in the name of Cede & Co., a nominee of DTC, and deposited with LaSalle Bank National Association as custodian for DTC for credit to the accounts of Euroclear and Clearstream for the respective accounts of the Holders of such Notes. Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream.

A beneficial interest in a Regulation S Global Note or a Temporary Regulation S Global Note may be transferred, whether before or after the expiration of the Distribution Compliance Period, to a U.S. person only, with respect to the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, in the form of a beneficial interest in a Rule 144A Global Note, with respect to any Regulation S Class E Note, in the form of a Class E Note that is a Definitive Note, and, with respect to any Regulation S Income Note, in the form of an Income Note Certificate, and only upon receipt by the Note Transfer Agent (or Fiscal Agent, in the case of the Income Notes) of a written certification from the transferor (in the form provided in the Indenture) to the effect that the transfer is being made to a person the transferor

reasonably believes is a Qualified Institutional Buyer and a Qualified Purchaser. In addition, transfers of a beneficial interest in a Regulation S Global Note or Temporary Regulation S Global Note to a person who takes delivery in the form of an interest in a Rule 144A Global Note may occur only in denominations greater than or equal to the minimum denominations applicable to the Rule 144A Global Notes.

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

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

Except in the limited circumstances described below, owners of beneficial interests in any Global Note will not be entitled to receive a Definitive Note. The Notes are not issuable in bearer form.

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

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

So long as DTC, or its nominee, is the registered owner or Holder of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of each Class of the Notes represented by such Global Notes for all purposes under the Indenture and such Notes. Unless DTC notifies the Issuers that it is unwilling or unable to continue as depositary for a global note or ceases to be a "Clearing Agency" registered under the Exchange Act, owners of the beneficial interests in the Global Notes will not be entitled to have any portion of such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in certificated form and will not be considered to be the owners or Holders of any Notes under the Indenture. In addition, no beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

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

Payments of the principal of and interest on the Global Notes will be made to DTC or its nominee, as the registered owner thereof. Neither the Issuers, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for any notice permitted or required to be given to Holders of Notes or any consent given or actions taken by DTC as Holder of Notes. The Issuers expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note representing any Notes held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective interests in the principal amount of such Global Notes as shown on the records of DTC or its nominee. The Issuers also expect that payments by participants to owners of interests in such Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

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

Subject to compliance with the transfer restrictions applicable to the Notes described above, cross-market transfers between DTC participants, on the one hand, and, directly or indirectly through Euroclear or Clearstream account holders, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in a Temporary Regulation S Global Note or a Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for a same-day funds settlement applicable to DTC. Clearstream and Euroclear account holders may not deliver instructions directly to the depositaries for Clearstream or Euroclear.

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

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

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

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

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

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

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

Distributions with respect to the Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by Clearstream.

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

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

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

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

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

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

(c) receipts of payments with respect to securities in the Euroclear System.

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

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

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Notes and in the Rule 144A Global Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures, and the procedures may be discontinued at any time. Neither the Issuers nor the Trustee will have any responsibility for the performance by DTC, Clearstream, Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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

Individual Definitive Notes. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Regulation S Class E Notes will be initially issued in global form. The Class E Notes other than the Regulation S Class E Notes will not be global and will be represented by one or more Definitive Notes. If DTC or any successor to DTC advises the Issuer in writing that it is at any time unwilling or unable to continue as a depositary for the reasons described in "—Global Notes" and a successor depositary is not appointed by the Issuers within ninety (90) days or as a result of any amendment to or change in, the laws or regulations of the Cayman Islands or the State of Delaware, as applicable, or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which become effective on or after the Closing Date, the Issuers or the Note Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive form and the Issuers will issue Definitive Notes in registered form in exchange for the Regulation S Global Notes and the Rule 144A Global Notes, as the case may be. Upon receipt of such notice from DTC, the Issuers will use their best efforts to make arrangements with DTC for the exchange of interests in the Global Notes for individual Definitive Notes and cause the requested individual Definitive Notes to be executed and delivered to the Note Registrar in sufficient quantities and authenticated by or on behalf of the Note Transfer Agent for delivery to Holders of the Notes. Persons exchanging interests in a Global Note for

individual Definitive Notes will be required to provide to the Note Transfer Agent, through DTC, Clearstream or Euroclear, (i) written instructions and other information required by the Issuers and the Note Transfer Agent to complete, execute and deliver such individual Definitive Notes, (ii) in the case of an exchange of an interest in a Rule 144A Global Note, such certification as to Qualified Institutional Buyer status and that such Holder is a Qualified Purchaser, as the Issuers shall require and (iii) in the case of an exchange of an interest in a Regulation S Global Note, such certification as the Issuers shall require as to non-U.S. Person status. In all cases, individual Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in denominations in compliance with the minimum denominations specified for the applicable Global Notes, requested by DTC.

Individual Definitive Notes will bear, and be subject to, such legend as the Issuers require in order to assure compliance with any applicable law. Individual Definitive Notes will be transferable subject to the minimum denomination applicable to the Rule 144A Global Notes and Regulation S Global Notes, in whole or in part, and exchangeable for individual Definitive Notes of the same Class at the office of the Note Paying Agent, Note Transfer Agent or the office of any transfer agent, upon compliance with the requirements set forth in the Indenture. Individual Definitive Notes may be transferred through any transfer agent upon the delivery and duly completed assignment of such Notes. Upon transfer of any individual Definitive Note in part, the Note Transfer Agent will issue in exchange therefor to the transferee one or more individual Definitive Notes in the amount being so transferred and will issue to the transferor one or more individual Definitive Notes in the remaining amount not being transferred. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge may be required. The Holder of a restricted individual Definitive Note may transfer such Note, subject to compliance with the provisions of the legend thereon. Upon the transfer, exchange or replacement of Notes bearing the legend, or upon specific request for removal of the legend on a Note, the Issuer will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. Payments of principal and interest on individual Definitive Notes shall be payable by the Note Paying Agents by U.S. Dollar check drawn on a bank in the United States of America and sent by mail to the registered Holder thereof, by wire transfer in immediately available funds. In addition, for so long as any Notes are listed on any stock exchange and the rules of such exchange shall so require, in the case of a transfer or exchange of individual Definitive Notes, a Holder thereof may effect such transfer or exchange by presenting such Notes at, and obtaining a new individual Definitive Note from the office of the Listing and Paying Agent, in the case of a transfer of only a part of an individual Definitive Note, a new individual Definitive Note in respect of the balance of the principal amount of the individual Definitive Note not transferred will be delivered at the office of applicable stock exchange, and in the case of a replacement of any lost, stolen, mutilated or destroyed individual Definitive Notes, a Holder thereof may obtain a new individual Definitive Note from the Listing and Paying Agent.

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

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

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

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

Income Notes (other than Regulation S Income Notes) may be transferred only upon receipt by the Issuer and the Fiscal Agent of an Income Notes Purchase and Transfer Letter to the effect that the transfer is being made (i)(a) to a Qualified Institutional Buyer that has acquired an interest in the Income Notes in a transaction meeting the requirements of Rule 144A, or (b) to an Accredited Investor having a net worth of not less than U.S.$10 million in a transaction exempt from registration under the Securities Act, who is a Qualified Purchaser, or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S. The transferee must also make certain other representations applicable to such transferee, as set forth in the Income Notes Purchase and Transfer Letter.

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

USE OF PROCEEDS

The gross proceeds associated with the offering of the Offered Securities (including the Upfront Payment from the initial Rate Swap Counterparty) are expected to equal approximately U.S.$1,508,207,000. Approximately U.S.$8,092,000 of such gross proceeds will be applied by the Issuer to pay upfront fees and expenses associated with the offering of the Offered Securities (including an upfront fee to the Collateral Manager). In addition, approximately $275,000 of such gross proceeds will be deposited on the Closing Date into the Expense Reserve Account. On the Closing Date or promptly thereafter as is consistent with customary settlement procedures, pursuant to agreements to purchase entered into on or before the Closing Date, the Issuer will apply the net proceeds to purchase the Collateral Assets described herein having an aggregate Principal Balance of approximately U.S.$1,443,219,000 (approximately 41% of which will be Fixed Rate Securities), to purchase Default Swap Collateral having an aggregate principal balance of approximately U.S.$100,000,000 and to deposit approximately U.S.$274,705,000 on the Closing Date in the Default Swap Collateral Account to be used by the Issuer to purchase Default Swap Collateral. A portion of the remaining net proceeds equal to approximately U.S.$56,781,000 will be deposited on the Closing Date to the Collection Account to be used by the Issuer to purchase Collateral Assets during the Ramp-Up Period that together with the Collateral Assets purchased on the Closing Date will have an aggregate Principal Balance (without giving effect to any principal payments on or sales of Collateral Assets prior to such date) of approximately U.S.$1,500,000,000 (the "Ramp-Up Completion Date Balance") on the Ramp-Up Completion Date.

RATINGS OF THE NOTES

It is a condition to the issuance of the Notes that the Class A Notes be rated "Aaa" by Moody's and "AAA" by S&P, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by S&P, that the Class C Notes be rated at least "A2" by Moody's and at least "A" by S&P, that the Class D Notes be rated at least "Baa2" by Moody's and at least "BBB" by S&P and that the Class E Notes be issued with an initial rating on the Closing Date of at least "Ba1" by Moody's and at least "BB+" by S&P assuming the Maximum Issuance Amount and the Maximum Coupon for the Class E Notes. The Income Notes will not be rated. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Moody's Ratings

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

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

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

S&P Ratings

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

S&P's analysis includes the application of its proprietary default expectation computer model, the S&P CDO Monitor (which will be provided to the Collateral Manager and the Trustee, along with the assumptions and instructions to use in connection therewith), which is used to estimate the default rate the portfolio is likely to experience. The S&P CDO Monitor calculates the projected cumulative default rate of a pool of Collateral Assets consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The S&P CDO Monitor takes into consideration the rating of each issuer or obligor, the number of issuers or obligors, the issuer or obligor industry concentration and the remaining weighted average maturity of each of the Collateral Assets and Eligible Investments included in the portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand.

Credit enhancement to support a particular rating is then provided based, in part, on the results of the S&P CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of

overcollateralization/subordination, cash collateral/reserve account, excess spread/interest and amortization. A transaction-specific cash flow model (the "Transaction-Specific Cash Flow Model") is used to evaluate the portfolio and determine whether it can withstand an estimated level of default while fully repaying the class of debt under consideration.

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

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

SECURITY FOR THE NOTES

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

On the Closing Date, the Issuer expects to acquire approximately U.S.$1,443,219,000 in aggregate Principal Balance of Collateral Assets. The Issuer and the Collateral Manager will seek to invest the proceeds deposited to the Collection Account on the Closing Date in additional Collateral Assets prior to the Ramp-Up Completion Date in accordance with the guidelines described herein and in the Indenture. The Collateral Assets will consist of Residential Mortgage-Backed Securities, Commercial Mortgage-Backed Securities, Asset-Backed Securities, CDO Securities and Synthetic Securities. This information was provided by or derived from information provided by the issuers, underwriters and/or the servicers for each underlying Collateral Asset to be purchased by the Issuer on the Closing Date. None of the Issuers, the Initial Purchaser, the Collateral Manager, the Hedge Counterparty (or any guarantor thereof), the Trustee or any party on their behalf has made any independent review or verification as to the accuracy and completeness of the information contained below or is making any representation or warranty regarding, or assuming any responsibility for, the accuracy, completeness, or applicability of such information. Accordingly, prospective purchasers must make their own evaluation regarding the extent to which they will rely on such information in making an investment decision. The following section describing the Collateral Assets does not contain any information regarding the Collateral Assets expected to be purchased by the Issuer after the Reference Date but prior to the Ramp-Up Completion Date.

The Collateral Assets

The Collateral Assets had an aggregate principal balance (an aggregate "Collateral Asset Principal Balance") on or about May 22, 2007 (the "Reference Date") of approximately U.S.$1,321,826,924. The Reference Date balances of the Collateral Assets reflect their principal balances after giving effect to distributions received on May 22, 2007 and (without duplication) after application of all payments due on the Collateral Assets before the Reference Date, whether or not received. However, the first distributions on the Collateral Assets available to make payments on the Notes will be those made from the Closing Date through the end of the first Due Period. The use of a later Reference Date could result in a lower Reference Date balance for certain Collateral Assets and, consequently, a lower aggregate Collateral Asset Principal Balance. The Collateral Assets on the Reference Date are expected to consist of:

1. 20 issues across 2 categories of CMBS, constituting approximately 32.9% of the Collateral Assets (by Principal Balance),

2. 36 issues across 3 categories of RMBS and the Synthetic Securities referencing such RMBS, constituting approximately 49.0% of the Collateral Assets (by Principal Balance),

3. 7 issues of Asset-Backed Securities, constituting approximately 8.3% of the Collateral Assets (by Principal Balance), and

4. 10 issues of CDO Securities and the Synthetic Securities referencing such CDO Securities, constituting approximately 9.8% of the Collateral Assets (by Principal Balance).

For purposes of the information set forth herein, unless otherwise specified, Synthetic Securities included in the Collateral Assets are treated in the category in which the related Reference Obligation would be treated. As of the Reference Date, 53.0% of the Synthetic Securities (by Principal Balance), constituting approximately 10.2% of the Collateral Assets (by Principal Balance), have Reference Obligations which are RMBS and 47.0% of the Synthetic Securities (by Principal Balance), constituting approximately 9.1% of the Collateral Assets (by Principal Balance), have Reference Obligations which are CDO Securities.

CMBS. The Collateral Assets include 23 whole and partial classes of commercial mortgage pass-through certificates as of the Reference Date. The following is a list of the respective classes and series of CMBS included in the Collateral Assets as of the Reference Date:

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of CMBS	Ratings (Moody's/ S&P)	Coupon Type	Weighted Average Life
CSMC 2006-C5 C	CMBS Conduit	$20,021,000.00	5.1%	Aa2/AA	fixed	9.8
CSMC 2006-C5 D	CMBS Conduit	$18,585,000.00	4.7%	Aa3/AA-	fixed	9.8
JPMCC 2006-LDP9 B	CMBS Conduit	$23,799,000.00	6.1%	Aa2/AA	fixed	8.5
JPMCC 2006-LDP9 C	CMBS Conduit	$12,750,000.00	3.2%	Aa3/AA-	fixed	10.0
MEZZ 2006-C4 A	CMBS Conduit	$7,016,164.82	1.8%	-/AAA	fixed	4.5
CGCMT 2006-C5 C	CMBS Conduit	$11,237,000.00	2.9%	Aa3/-	fixed	9.6
MLCFC 2006-4 B	CMBS Conduit	$11,306,000.00	2.9%	Aa1/AA+	fixed	9.5
CSMC 2006-C4 D	CMBS Conduit	$14,389,000.00	3.7%	Aa3/AA-	fixed	4.9
JPMCC 2006-CB17 AJ	CMBS Conduit	$40,000,000.00	10.2%	Aaa/AAA	fixed	9.8
CWCI 2006-C1 AJ	CMBS Conduit	$40,000,000.00	10.2%	-/AAA	fixed	9.8
CGCMT 2006-C4 AJ	CMBS Conduit	$43,957,000.00	11.2%	Aaa/-	fixed	9.3
CD 2006-CD3 C	CMBS Conduit	$15,000,000.00	3.8%	Aa2/AA	fixed	9.8
CD 2006-CD3 D	CMBS Conduit	$15,500,000.00	4.0%	Aa3/AA-	fixed	9.8
CSMC 2006-C4 AJ	CMBS Conduit	$8,877,000.00	2.3%	Aaa/AAA	fixed	9.6
BACM 2007-1 D	CMBS Conduit	$17,521,000.00	4.5%	Aa3/-	fixed	10.0
BACM 2007-1 E	CMBS Conduit	$5,000,000.00	1.3%	A2/-	fixed	10.0
MSC 2007-HQ11 AJ	CMBS Conduit	$8,000,000.00	2.0%	Aaa/AAA	fixed	9.9
MSC 2007-HQ11 D	CMBS Conduit	$14,000,000.00	3.6%	Aa3/AA-	fixed	7.8
GCCFC 2007-GG9 AJ	CMBS Conduit	$18,393,000.00	4.7%	Aaa/AAA	fixed	9.9
GCCFC 2007-GG9 D	CMBS Conduit	$8,000,000.00	2.0%	Aa3/AA-	fixed	9.9
GCCFC 2007-GG9 G	CMBS Conduit	$10,000,000.00	2.5%	A3/A-	fixed	9.9
GSMS 2006-RR2 A1	CMBS Conduit	$20,000,000.00	5.1%	Aaa/AAA	fixed	7.8
JPMCC 2007-CB18 E	CMBS Conduit	$9,000,000.00	2.3%	A3/A-	fixed	10.0

As of the Reference Date, the CMBS evidence direct and indirect interests in 15 separate segregated pools (each, an "Underlying CMBS Trust Fund") of commercial and multifamily mortgage loans and/or participations and other certificated interests in commercial and multifamily mortgage loans (the "Commercial Mortgage Loans"). The Commercial Mortgage Loans are secured by liens on the respective borrowers' fee and/or leasehold interests in commercial and multifamily mortgaged properties (each, a "Commercial Mortgaged Property"). Each series of certificates of which a CMBS included in the Collateral Assets is a part (each, an "Underlying CMBS Series") collectively represents the entire beneficial ownership interest in, or is secured by, an Underlying CMBS Trust Fund. Each Commercial Mortgage Loan is evidenced by a promissory note, bond or other evidence of indebtedness of the related borrower (as to such loan, the "Commercial Mortgagor") and is secured by one or more mortgages, deeds of trust or similar security instruments (each, a "Commercial Mortgage") that, in each case, creates a lien on a fee simple or leasehold interest of the related Commercial Mortgagor in the related Commercial Mortgaged Property. As described below, any particular Commercial Mortgage Loan: (i) may provide for the accrual of interest thereon at an interest rate (a "Commercial Mortgage Rate") that is fixed over its remaining term or that adjusts in relation to an index or in connection with the exercise of an extension option; (ii) may provide for level Monthly Payments to maturity; (iii) may be fully amortizing over its term to maturity or, alternatively, may provide for no amortization prior to maturity or for an amortization schedule that is significantly longer than its remaining term, thereby having a substantial principal amount due and payable on such loan's maturity, unless prepaid prior thereto; or (iv) may prohibit voluntary prepayments of principal for a specified period or may require payment of a prepayment premium or yield maintenance payment (in either case, a "Prepayment Premium") in connection with a voluntary prepayment of principal. In general, the Commercial Mortgage Loans constitute nonrecourse obligations of the related Commercial Mortgagors and, upon any such Commercial Mortgagor's default in the payment of any amount due under the related loan, the holder thereof may look only to the related Commercial Mortgaged Property or Properties or, with respect to Commercial Mortgage Loans as to which a defeasance has taken place, the U.S. government obligations that have been substituted therefor for satisfaction of the Commercial Mortgagor's obligation. In addition, in those cases where recourse to a Commercial Mortgagor or guarantor is permitted by the loan documents, the Issuer has not undertaken an evaluation of the financial condition of any such person, and prospective investors should thus consider all the Commercial Mortgage Loans to be nonrecourse.

Each Underlying CMBS Series included in the Collateral Assets as of the Reference Date is serviced by a servicer or special servicer. As of the Reference Date, LNR Partners Inc. is the special servicer with respect to approximately 17.45%, by Principal Balance, of the Collateral Assets and J.E. Roberts Company, Inc. is the special servicer with respect to approximately 10.06%, by Principal Balance, of the Collateral Assets.

For further information about the CMBS included in the Collateral Assets as of the Reference Date, investors should refer to the information in Appendix B to this Offering Circular.

CMBS Repackaging Securities. The Collateral Assets include 6 whole and partial classes of CMBS Repackaging Securities, representing 3.2% of the Principal Balance of the Collateral Assets as of the Reference Date. The following is a list of the respective classes and series of CMBS Repackaging Securities included in the Collateral Assets as of the Reference Date:

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of CMBS Repackagings	Ratings (Moody's/ S&P)	Coupon Types	Weighted Average Life
SEAWL 2006-4A C	CMBS Repack	$837,000.00	2.0%	A3/A-	LIBOR01M	9.7
ABAC 2006-17A E	CMBS Repack	$13,500,000.00	31.8%	A1/A+	LIBOR01M	9.9
NEWCA 2006-8A 5	CMBS Repack	$8,000,000.00	18.9%	A1/-	LIBOR01M	7.5
CLARI SV07-1 B	CMBS Repack	$7,000,000.00	16.5%	Aa2/AA	LIBOR01M	9.5
MSC 2007-SRR3 C	CMBS Repack	$7,055,000.00	16.6%	Aa2/AA	LIBOR01M	9.0
MSC 2007-SRR3 D	CMBS Repack	$6,000,000.00	14.2%	Aa3/AA-	LIBOR01M	9.0

Each of the CMBS Repackaging Securities are debt securities issued by a special purpose issuer, all of the assets of which are pledged to repay the CMBS Repackaging Securities and other classes of securities issued by such issuer. While the classes of CMBS Repackaging Securities included in the Collateral Assets are each rated investment grade as of the date hereof, certain of the CMBS Repackaging Securities are subordinate in right of payment and rank junior to other securities in the same issuance, and all of the CMBS Repackaging Securities are senior to other more subordinate securities of the same issuance. Certain of the classes of CMBS Repackaging Securities included in the Collateral Assets provide for the deferral of interest under certain circumstances and the failure to pay current interest on such classes of CMBS Repackaging Securities generally will not be an event of default so long as any more senior classes of securities are outstanding. The deferral of interest payments, if it occurs, would adversely affect the cash flow available to the Issuer. The CMBS Reference Obligations referenced in the CMBS Repack Reference Portfolio have characteristics and risks similar to the characteristics of the CMBS described herein.

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

RMBS. The Collateral Assets include 47 whole and partial classes of residential mortgage pass-through certificates and Synthetic Securities referencing RMBS as of the Reference Date. The following is a list of the respective classes and series of RMBS included in the Collateral Assets as of the Reference Date:

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of RMBS	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
INDX 2007-AR5 4A22	RMBS Alt-A	$9,142,000.00	1.4%	Aaa/AAA	fixed	7.3
INDX 2006-AR15 M7	RMBS Alt-A	$4,443,000.00	0.7%	A3/A	LIBOR01M	4.0
DBALT 2007-AR1 M5	RMBS Alt-A	$980,000.00	0.2%	A2/A+	LIBOR01M	4.6
DBALT 2007-AR1 M6	RMBS Alt-A	$980,000.00	0.2%	A3/A	LIBOR01M	4.5
RESIF 2007-A B3	RMBS Alt-A	$3,443,472.20	0.5%	A2/A-	LIBOR01M	9.8
BALTA 2007-1 1M1	RMBS Alt-A	$6,493,000.00	1.0%	Aa2/AA	LIBOR01M	9.3
BAFC 2007-A M4	RMBS Alt-A	$1,797,000.00	0.3%	A1/AA	LIBOR01M	5.3
BAFC 2007-A M5	RMBS Alt-A	$1,797,000.00	0.3%	A2/AA-	LIBOR01M	5.3
BAFC 2007-2 TM2	RMBS Alt-A	$2,775,000.00	0.4%	A2/A+	LIBOR01M	9.9
MARM 2007-2 M2	RMBS Alt-A	$8,460,000.00	1.3%	Aa2/AA+	LIBOR01M	5.3
MARM 2007-2 M3	RMBS Alt-A	$7,050,000.00	1.1%	Aa3/AA	LIBOR01M	5.3
MARM 2007-2 M4	RMBS Alt-A	$2,820,000.00	0.4%	A1/AA-	LIBOR01M	5.3
MARM 2007-2 M5	RMBS Alt-A	$2,350,000.00	0.4%	A2/AA-	LIBOR01M	5.3
JPALT 2007-A1 1M2	RMBS Alt-A	$2,843,000.00	0.4%	Aa2/AA+	LIBOR01M	4.4
JPALT 2007-A1 1M4	RMBS Alt-A	$835,000.00	0.1%	A1/AA-	LIBOR01M	4.4
JPALT 2007-A1 1M5	RMBS Alt-A	$1,699,000.00	0.3%	A2/A+	LIBOR01M	9.9
IMSA 2007-1 M2	RMBS Alt-A	$3,000,000.00	0.5%	Aa2/AA+	LIBOR01M	9.9
IMSA 2007-1 M4	RMBS Alt-A	$3,000,000.00	0.5%	A1/AA-	LIBOR01M	4.7
IMSA 2007-1 M5	RMBS Alt-A	$1,650,000.00	0.3%	A2/A+	LIBOR01M	4.7
IMSA 2007-1 M6	RMBS Alt-A	$2,500,000.00	0.4%	A3/A	LIBOR01M	4.7

GSAA 2007-5 2M5	RMBS Alt-A	$6,227,000.00	1.0%	A2/AA-	LIBOR01M	4.4
GSAA 2006-12 M4	RMBS Alt-A	$3,211,000.00	0.5%	A2/AA-	LIBOR01M	3.8
GSAA 2006-12 M3	RMBS Alt-A	$5,000,000.00	0.8%	A1/AA	LIBOR01M	3.8
BAFC 2007-3 TM2	RMBS Alt-A	$8,388,000.00	1.3%	A2/AA-	LIBOR01M	5.4
HVMLT 2006-11 B5	RMBS Alt-A	$3,328,000.00	0.5%	A3/AA-	LIBOR01M	4.0
BCAP 2007-AA3 M2	RMBS Alt-A	$3,000,000.00	0.5%	Aa2/AA+	LIBOR01M	5.2
BCAP 2007-AA3 M3	RMBS Alt-A	$1,782,000.00	0.3%	Aa3/AA	LIBOR01M	5.2
TBW 2007-2 M1	RMBS Alt-A	$7,500,000.00	1.2%	Aa2/AA	LIBOR01M	5.3
BAFC 2007-4 TM2	RMBS Alt-A	$10,000,000.00	1.6%	A2/A	synthetic sprd	5.4
ARMT 2005-1 5M2	RMBS Alt-A	$10,000,000.00	1.6%	A2/A	synthetic sprd	4.6
BSABS 2006-AC4 M3	RMBS Alt-A	$15,000,000.00	2.4%	A2/A	synthetic sprd	4.6
DBALT 2007-AR1 M6	RMBS Alt-A	$15,000,000.00	2.4%	A3/A	synthetic sprd	4.6
ARMT 2005-5 6M2	RMBS Alt-A	$10,000,000.00	1.6%	A2/A	synthetic sprd	4.6
DBALT 2006-AR6 M5	RMBS Alt-A	$15,000,000.00	2.4%	A2/AA-	synthetic sprd	4.7
INDX 2006-AR29 M5	RMBS Alt-A	$15,000,000.00	2.4%	Aa3/A	synthetic sprd	4.8
LXS 2005-1 M2	RMBS Alt-A	$15,000,000.00	2.4%	A2/A	synthetic sprd	5.6
MSM 2006-16AX M5	RMBS Alt-A	$15,000,000.00	2.4%	A2/A+	synthetic sprd	4.6
TMTS 2006-7 2M2	RMBS Alt-A	$15,000,000.00	2.4%	A2/AA-	synthetic sprd	4.9
CMLTI 2007-AR4 1A1B	RMBS Prime	$16,468,412.70	2.6%	Aa1/-	fixed	3.9
FHR 3300 A	RMBS Prime	$60,167,000.00	9.4%	Aaa/AAA	fixed	9.2
FNR 2007-26 N	RMBS Prime	$60,000,000.00	9.4%	Aaa/AAA	fixed	8.3
WAMU 2007-HY3 3A4	RMBS Prime	$24,888,339.88	3.9%	AAA/AAA	fixed	3.2
FHR 3316 JA	RMBS Prime	$30,000,000.00	4.7%	Aaa/AAA	fixed	10.5
FHR 3326 JA	RMBS Prime	$24,000,000.00	3.8%	Aaa/AAA	fixed	10.5
CWALT 2007-2CB 2A7	RMBS Prime	$58,132,149.12	9.1%	Aaa/AAA	LIBOR01M	7.0
CWALT 2007-6 A6	RMBS Prime	$59,880,748.20	9.4%	Aaa/AAA	LIBOR01M	1.8
CWALT 2007-5CB 1A15	RMBS Prime	$59,917,212.60	9.4%	Aaa/AAA	LIBOR01M	1.5
CWALT 2007-HY3 M3	RMBS Prime	$2,743,000.00	0.4%	Aa3/AA+	LIBOR01M	5.3

The RMBS on the Reference Date evidence direct and indirect interests in 35 separate segregated pools (each, an "Underlying RMBS Trust Fund") of residential mortgage loans and/or participations and other certificated interests in residential mortgage loans (the "Residential Mortgage Loans"). The Residential Mortgage Loans are secured by liens on the respective borrowers' fee simple and/or leasehold interests in residential mortgaged properties (each, a "Residential Mortgaged Property"). Each series of certificates of which a RMBS included in the Collateral Assets is a part (each, an "Underlying RMBS Series") collectively represents the entire beneficial ownership interest in, or is secured by, an Underlying RMBS Trust Fund. Each Residential Mortgage Loan is evidenced by a promissory note, bond or other evidence of indebtedness of the related borrower (as to such loan, the "Residential Mortgagor") and is secured by one or more mortgages, deeds of trust or similar security instruments (each, a "Residential Mortgage") that, in each case, creates a lien on a fee simple or leasehold interest of the related Residential Mortgagor in the related Residential Mortgaged Property. As described below, any particular Residential Mortgage Loan: (i) may provide for the accrual of interest thereon at an interest rate that is fixed over its remaining term or that adjusts in relation to an index; (ii) may provide for level Monthly Payments to maturity or (iv) may be fully amortizing over its term to maturity or, alternatively, may provide for an amortization schedule that is longer than its remaining term. The Residential Mortgage Loans generally do not restrict prepayments or require the payment of prepayment penalties. The origination and servicing of the Residential Mortgage Loans may be subject to various federal and state laws and regulations with respect to interests rates and other charges, or may require certain disclosures, required licensing of originators and regulate debt collection practices.

Each Underlying RMBS Series included in the Collateral Assets as of the Reference Date is serviced by a primary servicer. As of the Reference Date, Countrywide Home Loans Servicing LP is the primary servicer with respect to approximately 16.58%, by Principal Balance, of the Collateral Assets and Wells Fargo Bank, N.A. is the primary servicer with respect to approximately 7.40%, by Principal Balance, of the Collateral Assets.

For further information about the RMBS included in the Collateral Assets as of the Reference Date, investors should refer to the information in Appendix B to this Offering Circular.

RMBS Bespoke Synthetic Repackaging Securities. The Collateral Assets include one whole class of RMBS Bespoke Synthetic Repackaging Securities, representing 0.76% of the Principal Balance of the Collateral Assets as of the Reference Date. The following is a list of the respective classes and series of RMBS Bespoke Synthetic Repackaging Securities included in the Collateral Assets as of the Reference Date:

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of RMBS Bespokes	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
ABAC 2006-14A AS2	RMBS Bespoke	$10,000,000.00	100.0%	Aa1/AAA	LIBOR01M	6.9

Each of the RMBS Bespoke Synthetic Repackaging Securities are debt securities issued by a special purpose issuer, all of the assets of which are pledged to repay the RMBS Bespoke Securities and other classes of securities issued by such issuer. While the classes of RMBS Bespoke Securities included in the Collateral Assets are each rated investment grade as of the date hereof, certain of the RMBS Bespoke Securities are subordinate in right of payment and rank junior to other securities in the same issuance, and all of the RMBS Bespoke Securities are senior to other more subordinate securities of the same issuance. None of the classes of RMBS Bespoke Securities included in the Collateral Assets provide for the deferral of interest and the failure to pay current interest on such classes of RMBS Bespoke Securities generally will be an event of default. The deferral of interest payments, if it occurs, would adversely affect the cash flow available to the Issuer. The Bespoke Reference Obligations referenced in the RMBS Bespoke Reference Portfolio have characteristics and risks similar to the characteristics of the CMBS and RMBS described herein.

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

Asset-Backed Securities. The Collateral Assets include 7 partial classes of Asset-Backed Securities, representing approximately 8.3% of the Principal Balance of the Collateral Assets as of the Reference Date.

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of Asset-Backed Securities	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
NCSLT 2006-4 C	ABS Student Loan	$20,000,000.00	18.2%	A3/A	LIBOR01M	13.0
LTLRN 2006-1A B	ABS Student Loan	$8,788,000.00	8.0%	A1/A	LIBOR01M	14.2
SLCLT 2006-A C	ABS Student Loan	$20,000,000.00	18.2%	A2/A-	LIBOR03M	8.5
NCSLT 2007-1 C	ABS Student Loan	$19,400,000.00	17.7%	A3/A	LIBOR01M	13.3
NCSLT 2004-2 C	ABS Student Loan	$3,000,000.00	2.7%	A3/A	LIBOR01M	10.8
COLLE 2005-2 B	ABS Student Loan	$18,500,000.00	16.9%	A3/A	LIBOR03M	10.5
ACCSS 2007-A B	ABS Student Loan	$20,000,000.00	18.2%	A3/A	LIBOR03M	12.6

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

CDO Securities. The Collateral Assets include 10 partial classes of CDO Securities and Synthetic Securities referencing CDO Securities, representing approximately 9.8% of the Principal Balance of the Collateral Assets as of the Reference Date.

Collateral Asset	Category	Principal Balance as of Reference Date	Percentage of CDO Securities	Ratings (Moody's/S&P)	Coupon Types	Weighted Average Life
WESTC 2006-1A B	CDO RMBS	$10,000,000.00	7.7%	Aa2/AA	LIBOR01M	7.5
PAMP 2006-1A B	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	8.0
GLCR 2006-4A B	CDO RMBS	$14,709,315.92	11.3%	Aa2/AA	synthetic sprd	4.9
DVSQ 2005-5A B	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	7.8
LHILL 2006-1A A2	CDO RMBS	$10,000,000.00	7.7%	Aa2/AA	synthetic sprd	6.8
KLRRE 2006-3A A2	CDO RMBS	$ 4,996,108.82	3.9%	Aa2/AA	synthetic sprd	6.1
DUKEF 2006-12A A2	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	6.5
ICM 2006-HG1A A2	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	7.4
TAZ 2006-1A B	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	5.8
BFCSL 2006-1A C	CDO RMBS	$15,000,000.00	11.6%	Aa2/AA	synthetic sprd	8.0

Each of the CDO Securities is a debt security issued by a special purpose issuer, all of the assets of which are pledged to repay the CDO Securities and other classes of securities issued by such issuer. Certain CDO Securities provide for a revolving period during which certain proceeds of the underlying assets are reinvested in additional assets, and for a lockout period during which the CDO Securities will be redeemed or receive principal payments only in limited circumstances. While the classes of CDO Securities included in the Collateral Assets are each rated investment grade as of the date hereof, certain of the CDO Securities are subordinate in right of payment and rank junior to other securities in the same issuance, and all of the CDO Securities are senior to other more subordinate securities of the same issuance.

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

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

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

Ramp-Up Completion

On the Closing Date, the Issuer expects to acquire at least 90% in the aggregate of the Ramp-Up Completion Date Balance. The Issuer is expected to purchase additional Collateral Assets comprising the remaining portion of the Ramp-Up Completion Date Balance satisfying the Ramp-Up Criteria during the period from the Closing Date to and including the 30th day following the Closing Date (the "Ramp-Up Period"). The Issuer (or the Collateral Manager acting on behalf of the Issuer) will notify each Rating Agency in writing within 15 Business Days of the date that is the earlier of (a) 30 days following the Closing Date and (b) the first date on which the Issuer has purchased Collateral Assets in an amount such that the aggregate Principal Balance of all Collateral Assets (without giving effect to any principal payments on or sales of Collateral Assets on or prior to such date) equals or exceeds the Ramp-Up Completion Date Balance (the "Ramp-Up Completion Date"). If the Issuer has not received a Rating Agency Confirmation from each of the Rating Agencies within 30 days of the Ramp-Up Notice, a "Rating Confirmation Failure" will occur. In the event of a Rating Confirmation Failure, the Issuer will redeem the Notes on the next Payment Date at par *plus* accrued interest in accordance with the Priority of Payments to the extent necessary for the Issuer to receive a Rating Agency Confirmation from each of the Rating Agencies. If a Ramp Up Completion Failure occurs and is continuing, the Issuer may take any action directed by the Rating Agencies as necessary to cause each of the Rating Agencies to deliver to the Issuer a Rating Agency Confirmation, including, but not limited to, selling or otherwise disposing of Collateral Assets and purchasing additional Collateral Assets.

During the Ramp-Up Period, the Collateral Manager will direct the Issuer to apply Principal Proceeds on deposit in the Collection Account to purchase additional Collateral Assets if, after giving effect to the purchase of any such Collateral Asset, the Ramp-Up Criteria are satisfied. The "Ramp-Up Criteria" include the following:

(1) none of the Collateral Assets purchased after the Closing Date are serviced by Impac Funding Corporation;

(2) the Moody's Maximum Rating Distribution is 55 or below;

(3) not more than 10% of the aggregate Principal Balance of the Collateral Assets are CDO Securities and RMBS Bespoke Securities;

(4) none of the Collateral Assets purchased after the Closing Date are RMBS Subprime Mortgage Securities;

(5) none of the Collateral Assets are CMBS large loans;

(6) none of the Collateral Assets purchased after the Closing Date are negatively amortizing securities, indices (ABX), cap corridors, toggle floaters, non-LIBOR floaters, inverse floaters or interest only securities;

(7) not more than 40% of the aggregate Principal Balance of the Collateral Assets (including Collateral Assets that may be split-rated) are rated below "Aa3" by Moody's or "AA-" by S&P;

(8) not more than 30% of the aggregate Principal Balance of the Collateral Assets are CMBS;

(9) not more than 6% of the aggregate Principal Balance of the CMBS (including CMBS that may be split-rated) are rated below "Aa3" by Moody's or "AA-" by S&P;

(10) the additional Collateral Assets are 100% U.S. Dollar denominated; and

(11) the Weighted Average Spread is 0.65% or above.

The Coverage Tests

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

The Class A/B Overcollateralization Test

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

The "Class A/B Overcollateralization Test" will be satisfied on any Determination Date on which any Class A Notes or Class B Notes remain outstanding if the Class A/B Overcollateralization Ratio on such Determination Date is equal to or greater than 101.20%. As of the Closing Date, the Class A/B Overcollateralization Ratio is expected to be equal to 102.67%.

The Class A/B Interest Coverage Test

The "Class A/B Interest Coverage Test" will be satisfied as of any Determination Date if the Class A/B Interest Coverage Ratio is equal to or greater than 101.00%. As of the Closing Date, the Class A/B Interest Coverage Ratio is expected to be equal to 106.9%.

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

(A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement less any amounts scheduled to be paid to any Hedge Counterparty (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by

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

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

The Class A-1 Overcollateralization Ratio

The "Class A-1 Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *plus* the balance in the Collection Account held for the purpose of reinvesting in Fixed Rate Securities by (ii) the sum of the aggregate outstanding principal amount of the Class A-1 Notes, *minus* Principal Proceeds expected to be available prior to clause (xii) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

As of the Closing Date, the Class A-1 Overcollateralization Ratio is expected to be equal to 116.28%.

The Class A-2 Overcollateralization Ratio

The "Class A-2 Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *plus* the balance in the Collection Account held for the purpose of reinvesting in Fixed Rate Securities by (ii) the sum of the aggregate outstanding principal amount of the Class A Notes, *minus* Principal Proceeds expected to be available prior to clause (xii) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

As of the Closing Date, the Class A-2 Overcollateralization Ratio is expected to be equal to 107.53%.

The Class C Overcollateralization Test

The "Class C Overcollateralization Ratio" as of any Determination Date will equal the ratio (expressed as a percentage) obtained by dividing (i) the Net Outstanding Portfolio Collateral Balance on such Determination Date (for the purposes of such calculation, the Net Outstanding Portfolio Collateral Balance will not include Principal Proceeds held as cash and Eligible Investments) *plus* the balance in the

Collection Account held for the purpose of reinvesting in Fixed Rate Securities by (ii) the sum of the aggregate outstanding principal amount of the Class A Notes, the Class B Notes and the Class C Notes (including Class C Deferred Interest), *minus* Principal Proceeds expected to be available prior to clause (xii) of the Priority of Payments on the related Payment Date assuming that the Coverage Tests are satisfied.

The "Class C Overcollateralization Test" will be satisfied on any Determination Date on which any Class C Notes remain outstanding if the Class C Overcollateralization Ratio on such Determination Date is equal to or greater than 100.60%. As of the Closing Date, the Class C Overcollateralization Ratio is expected to be equal to 101.32%.

Class C Interest Coverage Test

The "Class C Interest Coverage Test" will be satisfied as of any Determination Date if the Class C Interest Coverage Ratio is equal to or greater than 100.00%. As of the Closing Date, the Class C Interest Coverage Ratio is expected to be equal to 104.9%.

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

(A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement less any amounts scheduled to be paid to any Hedge Counterparty (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by

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

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

The Class D Overcollateralization Test

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

The "Class D Overcollateralization Test" will be satisfied on any Determination Date on which any Class D Notes remain outstanding if the Class D Overcollateralization Ratio on such Determination Date is equal to or greater than 100.3%. As of the Closing Date, the Class D Overcollateralization Ratio is expected to be equal to 100.5%.

Class D Interest Coverage Test

The "Class D Interest Coverage Test" will be satisfied as of any Determination Date if the Class D Interest Coverage Ratio is equal to or greater than 100.00%. As of the Closing Date, the Class D Interest Coverage Ratio is expected to be equal to 103.3%.

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

> (A) the sum of (a) the cash interest payments (or any purchase discount in the case of Eligible Investments or premiums in the case of Synthetic Securities) received in the related Due Period on the Collateral Assets and the Eligible Investments (other than Defaulted Obligations and Deferred Interest PIK Bonds) held in any of the Accounts, *plus* (b) prepayment premiums received, *plus* (c) without duplication, amounts scheduled to be received by the Issuer from any Hedge Counterparty under any Hedge Agreement less any amounts scheduled to be paid to any Hedge Counterparty (in each case, other than termination payments and termination receipts related to such Hedge Agreements), *minus* (d) the amounts expected to be paid on the related Payment Date under clauses (i), (ii), (iii) and (v) of the Priority of Payments *minus* amounts on deposit in the Expense Reserve Account on the Determination Date; by
>
> (B) an amount not less than U.S.$1.00 equal to the sum of interest payments due on the Class A Notes, Class B Notes, Class C Notes and Class D Notes on the related Payment Date.

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

Disposition of Collateral Assets

The Collateral Assets may be retired prior to their respective final maturities due to, among other things, the existence and frequency of exercise of any optional or mandatory redemption features of such Collateral Assets. In addition, pursuant to the Indenture and subject to the restrictions contained therein, so long as no Event of Default has occurred and is continuing, the Collateral Manager may direct the Issuer to sell Credit Risk Obligation, Defaulted Obligation or equity securities. The sale price for any such disposition of a Collateral Asset will equal the fair market value of such Collateral Asset. The fair market value of any such Collateral Asset will be the highest bid received by the Collateral Manager after attempting to solicit a bid from up to three independent third parties making a market in such Collateral Assets, at least one of which is not from the Collateral Manager; *provided* that, if upon commercially reasonable efforts of the Collateral Manager, bids from three independent third parties making a market in such Collateral Assets are not available, the higher of the bids from two such third parties may be used; *provided, further* that, if upon commercially reasonable efforts of the Collateral Manager, bids from two independent third parties making a market in such Collateral Assets are not available, one such bid may be used so long as it is not from the Collateral Manager. The proceeds from any such sale of Collateral Assets will be applied as Principal Proceeds on the next succeeding Payment Date. A "Credit Risk Obligation" is a Collateral Asset (i) the rating of which has been downgraded, qualified or withdrawn by any Rating Agency or has been put on "negative credit watch" or similar status for possible downgrading,

qualification or withdrawal from the ratings that were in place as of the date the Issuer purchased such Collateral Asset and in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, it has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation, (ii) that bears interest at a fixed rate which the Collateral Manager believes has become under hedged and in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation or (iii) in respect of which the Collateral Manager believes that, since such Collateral Asset was purchased by the Issuer, it has a material risk of declining in credit quality or, with a lapse of time, a risk of becoming a Defaulted Obligation. The proceeds from the disposition of a Collateral Asset may not be reinvested in other Collateral Assets.

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

In addition, if a Rating Confirmation Failure occurs, the Collateral Manager may direct the Issuer to sell Collateral Assets in order to receive a Rating Agency Confirmation from each of the Rating Agencies.

Fixed Rate Hedge Alignment

To maintain alignment with the scheduled notional amounts on the Rate Swap Agreements, certain Principal Proceeds from Fixed Rate Securities will automatically be directed to the Collection Account for investment in Eligible Investments pending a decision by the Collateral Manager to purchase additional Fixed Rate Securities or to apply such receipts as otherwise provided in clause (xiii) of the Priority of Payments. The amount of any additional Fixed Rate Securities that may be purchased on any date will be limited to an aggregate amount equal to (i) the aggregate scheduled notional amounts under the Rate Swap Agreements on such date less (ii) the aggregate Principal Balance of the Fixed Rate Securities on such date.

In addition, the following criteria must be satisfied with respect to the purchase of any additional Fixed Rate Security: (i) such additional Fixed Rate Security is a Collateral Asset other than a Synthetic Security; (ii) such additional Fixed Rate Security is rated "AAA" by S&P and "Aaa" by Moody's, (iii) the Weighted Average Coupon of all Fixed Rate Securities purchased by the Issuer since the Closing Date, after giving effect to the purchase of such additional Fixed Rate Security, is greater than or equal to 5.20% and the level of the Weighted Average Coupon must be maintained or improved as a result of such purchase, (iv) no Event of Default has occurred and is continuing on such date, (v) the remaining expected average life of the Fixed Rate Securities must not increase as a result of such purchase, and (vi) the Moody's Asset Correlation Factor, after giving effect to the purchase of such additional Fixed Rate Security, is equal to or less than 16%; *provided, however*, that if immediately prior to such purchase the Moody's Asset Correlation Factor is larger than 16%, the Moody's Asset Correlation Factor must be maintained or improved as a result of such purchase (such criteria, the "Hedge Alignment Purchase Criteria").

Accounts

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

On the Closing Date, approximately U.S.$ 56,781,000 will be deposited to the Collection Account from the proceeds of the offering of the Securities and will be used by the Issuer to purchase additional Collateral Assets, not including any accrued interest thereon, during the Ramp-Up Period. All distributions on the Collateral Assets and any proceeds received from the disposition of any Collateral Assets, all net proceeds from and associated with the issuance of the Securities not used on the Closing Date or during the Ramp-Up Period to purchase Collateral Assets or to enter into Hedge Agreements or to be deposited to the Default Swap Collateral Account, the Upfront Payment pursuant to the initial Rate Swap Agreement, any Hedge Receipt Amounts received prior to the Business Day prior to a Payment Date and any other amounts transferred to the Collection Account from other Accounts as provided for in the Indenture will be remitted to an account (the "Collection Account") and will be available, together with reinvestment earnings thereon, for application in accordance with the Priority of Payments.

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

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

On the Closing Date, U.S.$275,000 from the net proceeds of the offering of the Securities will be deposited by the Trustee into a single, segregated account established and maintained by the Trustee under the Indenture (the "Expense Reserve Account"). On each Payment Date, to the extent that funds are available for such purpose in accordance with and subject to the limitations of the Priority of Payments, the Trustee will deposit into the Expense Reserve Account an amount from Proceeds such that the amount on deposit in the Expense Reserve Account (after giving effect to such deposit) will equal U.S.$275,000. Amounts on deposit in the Expense Reserve Account may be withdrawn from time to time to pay accrued and unpaid Administrative Expenses of the Issuers. With respect to the first Payment Date, funds on deposit in the Expense Reserve Account in excess of U.S.$275,000 will be transferred by the Trustee to the Payment Account for application as Interest Proceeds. All funds on deposit in the Expense Reserve Account at the time when substantially all of the Issuer's assets have been sold or otherwise disposed of will be transferred by the Trustee to the Payment Account for application as Proceeds on the immediately succeeding Payment Date.

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

In the event any Hedge Counterparty fails to maintain the ratings required under the Hedge Agreement, such Hedge Counterparty will be required to (i) post collateral under the terms of the related Hedge Agreement; (ii) transfer its rights and obligations to a replacement Hedge Counterparty having the

required ratings in accordance with the related Hedge Agreement subject to satisfaction of the Rating Agency Condition; (iii) obtain a guarantor for such Hedge Counterparty's obligations meeting the ratings requirements set forth in the related Hedge Agreement; or (iv) take such other steps as each Rating Agency may require. The Hedge Collateral pledged by such Hedge Counterparty will be deposited by the Trustee into a segregated account (the "Hedge Collateral Account") established in the name of the Trustee and held therein pursuant to the terms of the related Hedge Agreement. Each item of collateral deposited in the Hedge Collateral Account will be deposited in a separate sub-account relating to the Hedge Agreement for which the related Hedge Counterparty has pledged such collateral.

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

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

Synthetic Securities

Each Synthetic Security is expected to be structured as a pay-as-you-go credit default swap. As part of the purchase of each Synthetic Security on the Closing Date, the Issuer will be required to purchase or post cash, securities or other collateral for the benefit of the Synthetic Security Counterparty, including without limitation an up-front payment of cash or delivery of securities by the Issuer (the "Default Swap Collateral") which satisfies the eligibility criteria set forth in the related Synthetic Security and the Indenture and the inclusion of which has been consented to by the Synthetic Security Counterparty. Under the terms of the Indenture, all Default Swap Collateral is required to be deposited in the Default Swap Collateral Account. The Issuer will also grant to the Trustee for the benefit of the Secured Parties, a security interest in any Default Swap Collateral, subject to the lien of the related Synthetic Security Counterparty, and shall notify the Synthetic Security Counterparty of such security interest. The Issuer must obtain the consent of the Synthetic Security Counterparty with respect to any initial Default Swap Collateral purchased by the Issuer and any Default Swap Collateral purchased thereafter. The amount payable by the Issuer to the Synthetic Security Counterparty under a Synthetic Security shall not exceed the Default Swap Collateral.

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

In the event a Synthetic Security is terminated prior to its scheduled maturity without the occurrence of a "credit event," the Collateral Manager on behalf of the Issuer shall cause such portion of the related Default Swap Collateral chosen by the Synthetic Security Counterparty as may be required to make any required termination payment owed to the Synthetic Security Counterparty, to be liquidated and any such termination payments paid to the Synthetic Security Counterparty. The remaining related Default Swap Collateral to the extent not required to be pledged to the related Synthetic Security Counterparty shall be released from the lien of the Synthetic Security Counterparty and delivered to the Trustee free of such lien. In the event that no "credit event" under a Synthetic Security has occurred prior to the scheduled maturity of the Synthetic Security, upon the scheduled maturity of the Synthetic Security,

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

Upon the occurrence of a "credit event" or a "floating amounts event" under a Synthetic Security, the Default Swap Collateral chosen by the Synthetic Security Counterparty after the application of any cash on deposit in the Default Swap Collateral Account will be sold by the Collateral Manager in a sale arranged by the Collateral Manager and any loss or writedown owed to the Synthetic Security Counterparty will be paid by the Issuer from the liquidation proceeds of such Default Swap Collateral. In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Default Swap Collateral sold which is equal to the loss or write-down amount. In addition, under certain circumstances upon the occurrence of a "credit event" or a "floating amounts event", the Default Swap Collateral chosen by the Synthetic Security Counterparty will instead be delivered to the Synthetic Security Counterparty in exchange for a Deliverable Obligation. Any Deliverable Obligation delivered to the Issuer whether or not it qualifies as a Collateral Asset or an Eligible Investment in the business judgment of the Collateral Manager may be retained or sold by the Issuer at the sole discretion of the Collateral Manager without regard to whether such sale would be permitted as a sale of a Defaulted Obligation or Credit Risk Obligation; *provided* that no Event of Default has occurred and is continuing. In the event such liquidation proceeds are less than par, the Synthetic Security Counterparty will accept the liquidation proceeds applicable to the face amount of Synthetic Security Collateral sold which is equal to the loss or write down amount. In the event a "credit event" or a "floating amounts event" has occurred and the Issuer is required to liquidate Default Swap Collateral and deliver cash to the Synthetic Security Counterparty, the Synthetic Security Counterparty will bear any market risk on the liquidation of the Default Swap Collateral.

Synthetic Security Counterparty Payments

Each Synthetic Security Counterparty will be required to pay a fixed amount to the Issuer with respect to each Payment Date based on interest payments made on the underlying Reference Obligation in accordance with such Synthetic Security. If there is an interest shortfall on a Reference Obligation, such fixed payment to the Issuer will be reduced but not below zero. So long as the long-term ratings of the guarantor of the Synthetic Security Counterparty's obligation under a Synthetic Security are equal to or higher than "A1" by Moody's (and, if rated "A1" by Moody's, is not on watch for possible downgrade) and "A" by S&P (and, if rated "A" by S&P, is not on watch for possible downgrade), the fixed payment due by the Synthetic Security Counterparty will be payable in arrears, however, if the long-term ratings of the Synthetic Security Counterparty fall below any such levels, the Synthetic Security Counterparty will be required to pay the fixed payment due under the Synthetic Security in advance. The failure of any Synthetic Security Counterparty to make the fixed payment in advance if such rating levels are no longer satisfied will constitute a termination event under the terms of the related Synthetic Security with such Synthetic Security Counterparty as the sole "Affected Party" under such Synthetic Security.

Initial Synthetic Security Counterparty

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

The Investors in the Securities are encouraged to review the Annual Report on Form 10-K for the fiscal year ended November 24, 2006 filed by GS Group with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

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

GS Group's filings with the SEC are available to the public through the SEC's Internet site at http://www.sec.gov, and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which GS Group's common stock is listed. Websites do not form a part of and will not be included in this Offering Circular.

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

Reports

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

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

Hedge Agreements

General. From time to time the Issuer will enter into one or more Rate Swap Agreements or Cashflow Swap Agreements (collectively, "Hedge Agreements") in order to protect against interest rate risk and mismatches in the timing of cash flows received from the Collateral Assets and the Payment Dates on the Notes during certain periods. On the Closing Date, the Issuer will enter into a Rate Swap Agreement and a Cashflow Swap Agreement with AIG Financial Products Corp. ("AIG-FP") as initial Cashflow Swap Counterparty and initial Rate Swap Counterparty. The Issuer shall not enter into any additional Rate Swap Agreements or Cashflow Swap Agreements without obtaining the consent of the Initial Cashflow Swap Counterparty (which consent shall not be unreasonably withheld) and subject to certain other restrictions specified in the initial Rate Swap Agreements and initial Cashflow Swap Agreement, as applicable, as long as AIG-FP remains a Hedge Counterparty, and unless the Rating Agency Condition is satisfied.

The Issuer shall ensure that each Hedge Agreement shall provide that (i) the Issuer will have the option to terminate any Hedge Agreement without cause, in whole or in part, at any time upon payment (or receipt) of a make-whole payment and upon satisfaction of the Rating Agency Condition, and with the consent of the initial Hedge Counterparty (such consent not to be unreasonably withheld) if the initial Hedge Counterparty is still a Hedge Counterparty at such time and if the termination of such Hedge

Agreement is not in connection with a default by the Hedge Counterparty under the terms of the Hedge Agreement or a termination event in which the Issuer is an Affected Party (as defined in the Hedge Agreement), (ii) the Hedge Counterparty will agree (a) that the Issuer's obligations under the Hedge Agreements are limited recourse obligations of the Issuer payable solely from the Collateral and subordinated as set forth in the Priority of Payments and (b) to a standard non-petition clause, and (iii) such Hedge Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

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

The initial Hedge Agreements entered into between the Issuer and AIG-FP on the Closing Date shall generally provide that if (A)(i) the long-term senior unsecured debt rating from S&P of the Hedge Counterparty's guarantor falls below "A+" or no such long-term rating from S&P exists and (ii) the short-term rating of the Hedge Counterparty's guarantor falls below "A-1" or no such short-term rating from S&P exists, (B) the long-term senior unsecured debt rating from Moody's of the Hedge Counterparty's guarantor falls to "A2" or "A3" if the Hedge Counterparty and its guarantor have no short-term rating or (C) the long-term senior unsecured debt rating of the Hedge Counterparty's guarantor from Moody's falls to "A3", or the short-term senior unsecured debt rating of the Hedge Counterparty's guarantor from Moody's falls to "P-2" (any such event, a "Collateralization Event"), then the Hedge Counterparty shall generally be required to within 30 days, (i) provide sufficient collateral as required under the Hedge Agreement, (ii) transfer its rights and obligations upon 5 days prior notice to a replacement Hedge Counterparty who satisfies the Hedge Counterparty Ratings Requirement, *provided* that (1) the Rating Agency Condition is satisfied and (2) certain other requirements set forth in the Hedge Agreement are satisfied, (iii) obtain a guarantor for the Hedge Counterparty's obligations under the Hedge Agreement who satisfies the Hedge Counterparty Ratings Requirement, or (iv) take such other steps to allow the Issuer (as confirmed by the Collateral Manager in writing) to satisfy conditions of the Rating Agencies. If the Hedge Counterparty fails to comply with at least one of the obligations as set forth in clauses (i) through (iv) of the preceding sentence, or if certain further downgrades occur, a substitution event shall have occurred (a "Hedge Substitution Event"). Upon the occurrence of a Hedge Substitution Event, the Hedge Counterparty will generally be required to assign its rights and obligations under such Hedge Agreement to a new Hedge Counterparty in accordance with the terms of the Hedge Agreement, *provided* that such substitute Hedge Counterparty or its guarantor satisfies the Hedge Counterparty Ratings Requirement and the Rating Agency Condition is satisfied with respect to such assignment. Parallel collateralization events and substitution events in Hedge Agreements entered into after the Closing Date, if any, will comply with the requirements set forth in the Indenture and may differ significantly from the foregoing.

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

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

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

The Collateral Manager may cause the Issuer, promptly following the early termination of a Hedge Agreement (other than with respect to a Final Payment Date) and to the extent possible through application of funds available in the Hedge Termination Receipts Account, to enter into a replacement Hedge Agreement (a "Replacement Hedge Agreement") which may have different terms, including different notional amounts, *provided* that the Rating Agency Condition is satisfied.

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

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

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

In order to effect an Optional Redemption, Tax Redemption, Auction or liquidation of the Collateral following an Event of Default, the Hedge Agreements must be terminated and the proceeds from such termination and from the liquidation of the remaining Pledged Securities must be sufficient to

pay any termination payment owing to the Hedge Counterparties in addition to any amounts owing under the Notes and certain other expenses. In connection with the Mandatory Redemption, the Issuer may terminate a portion of any Hedge Agreement in accordance with the terms thereof upon satisfaction of the Rating Agency Condition.

The initial Rate Swap Counterparty and the initial Cashflow Swap Counterparty is AIG-FP. The registered address of AIG-FP is 50 Danbury Road, Wilton, Connecticut 06897-4448. Affiliates of the Initial Purchaser or the Collateral Manager may also act as Hedge Counterparties from time to time, which may create certain conflicts of interest. See "Risk Factors—Other Considerations—Certain Conflicts of Interest."

The Hedge Counterparty ratings requirements and the required consents and actions described herein are subject to modification prior to the Closing Date, and may be revised thereafter upon satisfaction of the Rating Agency Condition. The description of the provisions of the Hedge Agreements herein may vary from the actual Hedge Agreements to be entered into by the Issuer and AIG-FP on the Closing Date.

Rate Swap Agreements. As of the Closing Date, the Issuer will enter into a Rate Swap Agreement with AIG-FP as initial Rate Swap Counterparty that will provide for the Issuer to pay the initial Rate Swap Counterparty an amount equal to 5.760% *per annum* from the October 2007 Payment Date to and including the July 2013 Payment Date, and 5.326% *per annum* from the August 2013 Payment Date to and including the September 2018 Payment Date in exchange for payments equal to LIBOR on a schedule of amortizing notional amounts with an initial notional amount of U.S.$608,000,000 (as of the September 2007 Payment Date) and an ending notional amount of U.S.$30,000,000 (as of the August 2018 Payment Date). On the Closing Date, in order to provide an additional source of funds to pay closing fees and expenses, the Issuer will receive the Upfront Payment from the initial Rate Swap Counterparty under the Rate Swap Agreement.

After the Closing Date, the Issuer may enter into additional Rate Swap Agreements with AIG-FP or other counterparties (each, a "Rate Swap Counterparty") which may consist of interest rate swaps and/or interest rate caps, as described below.

Pursuant to any additional Rate Swap Agreements that are interest rate swap agreements ("Rate Swap Agreements"), the Issuer will generally agree to pay to the Rate Swap Counterparty an amount equal to interest on the notional amount at a fixed interest rate specified therein and the Rate Swap Counterparty will agree to pay the Issuer an amount equal to interest on the notional amount at LIBOR. The Issuer may also enter into offsetting Rate Swap Agreements, subject to satisfaction of the Rating Agency Condition, pursuant to which the Rate Swap Counterparty will agree to pay to the Issuer an amount equal to interest on the notional amount at a fixed interest rate specified therein and the Issuer will agree to pay the Rate Swap Counterparty an amount equal to interest on the notional amount at LIBOR. Only a single net payment will be made under a Rate Swap Agreement with respect to each Payment Date.

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

The Issuer has agreed to enter into Rate Swap Agreements in notional amounts based on amortization schedules derived from the anticipated amortization as reasonably determined by the Collateral Manager of those Collateral Assets that bear interest at a fixed rate that the Issuer expects to own as of the Closing Date. However, there can be no assurance that the actual amortization of the Collateral Assets will correspond to the anticipated amortization on which the Rate Swap Agreements will be based.

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

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS

The Stated Maturity of the Notes and the Income Notes is the Payment Date in November 2042. However, the principal of the Notes is expected to be paid in full prior to the Stated Maturity. Average life refers to the average amount of time that will elapse from the date of delivery of a security until each dollar of the principal of such security will be paid to the investor. The average lives of the Notes will be determined by the amount of principal payments which are dependent on a number of factors, including when the Collateral Assets are repaid.

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

The table set forth below entitled "Class A-1, A-2a, A-2b, B, C, D and E Note Constant Default Rate Stress Tests" shows the Constant Default Rate ("CDR") and Cumulative Defaults for each Class of Notes under three stress scenarios, assuming a 35% loss severity on defaulted Collateral Assets. In column one ("First Dollar of Loss"), CDR represents the CDR starting on the March 2009 Payment Date that would result in the first dollar of principal loss to the respective Class of Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate principal balance of the Collateral Assets as of the Closing Date. In column two ("Flat Return"), CDR represents the CDR starting on the March 2009 Payment Date that would result in a yield equivalent to a zero discount margin over one-month LIBOR for the Class A-1 Notes, Class A-2a Notes, Class A-2b Notes and Class B Notes, and three-month LIBOR for the Class C Notes, Class D Notes and Class E Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate principal balance of the Collateral Assets as of the Closing Date. In column three ("Return of Investment, (0% return)"), the CDR represents the CDR starting on the March 2009 Payment Date that would result in an approximate 0.0% return for the Class A Notes, the Class B

Notes, the Class C Notes, the Class D Notes and the Class E Notes. Cumulative Defaults represent the sum of such defaults divided by the aggregate principal balance of the Collateral Assets as of the Closing Date. Results are based on the following assumptions (the "Collateral Assets Assumptions"):

i. Forward 1-month LIBOR curve and 3-month LIBOR curve as of May 23, 2007 are assumed;

ii. the Closing Date is May 31, 2007, the first Payment Date is September 2, 2007 and the first Quarterly Payment Date is November 2, 2007;

iii. all of the net proceeds of the offering of the Offered Securities are assumed to have been fully invested as of the Closing Date in Collateral Assets and Default Swap Collateral;

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

v. expenses due under clauses (i), (ii) and (iii) of the Priority of Payments are paid on each Payment Date and will be the greater of (i) U.S.$14,500 on each Payment Date and (ii) 0.013% *per annum* of the outstanding Principal Balance of the Collateral Assets and the Collateral Management Fee is 0.05% *per annum* of the outstanding Principal Balance of the Collateral Assets;

vi. each Collateral Asset will pay monthly on the 25th day of the month in which such payment is due and receipts will be reinvested for 8 days at a rate equal to one-month LIBOR *minus* 0.25% prior to distribution on the immediately succeeding Payment Date;

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

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

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

x. the Class E Notes are issued with an aggregate outstanding amount of U.S.$2,500,000 and Maximum Coupon on November 2, 2009;

xi. there are no sales;

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

xiii. there is no Optional Redemption, Tax Redemption or Auction Call;

xiv. all Classes of Notes are issued at par;

xv. the Expense Reserve Account will remain fully funded at $275,000 on each Payment Date;

xvi. defaults are incurred at the constant annual default rates and are applied on each Payment Date to the outstanding Principal Balance of the Collateral Assets as of such Payment Date commencing on the Payment Date in March 2009; and

xvii. each Hedge Counterparty makes all required payments to the Issuer on a timely basis.

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

Constant Annual Default Rate at 35% Loss Severity	First Dollar of Loss		Flat Return		Return of Investment (0% return)	
	CDR	Cumulative Defaults	CDR	Cumulative Defaults	CDR	Cumulative Defaults
Class A-1	2.6%	12.767%	4.2%	19.638%	31.6%	73.609%
Class A-2a	2.6%	12.767%	6.6%	28.725%	13.9%	49.288%
Class A-2b	2.6%	12.767%	4.0%	18.817%	6.9%	29.767%
Class B	1.1%	5.661%	1.9%	9.535%	4.9%	22.432%
Class C	0.4%	2.105%	0.9%	4.661%	1.2%	6.156%
Class D	0.2%	1.059%	0.6%	3.137%	0.7%	3.648%
Class E	0.1%	0.531%	0.1%	0.531%	0.2%	1.059%

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

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

THE COLLATERAL MANAGER

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

General

Certain management, administrative and advisory functions with respect to the Collateral Assets will be performed by Aladdin Capital Management LLC, a Delaware limited liability company ("Aladdin"), as the Collateral Manager under a Collateral Management Agreement between the Issuer and Aladdin dated as of the Closing Date (the "Collateral Management Agreement"). Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will (i) select the Collateral Assets to be purchased prior to the Ramp-Up Completion Date, (ii) monitor the Collateral Assets and provide certain information with respect to the Collateral Assets to the Trustee, (iii) direct the disposition of the Collateral Assets under the limited circumstances described herein, (iv) direct the reinvestment of the proceeds therefrom in Eligible Investments and (v) monitor all Hedge Agreements and determine whether and when the Issuer should exercise any rights available under any Hedge Agreement. The Collateral Manager will perform its duties in accordance with the requirements set forth in the Indenture and in accordance with the provisions of the Collateral Management Agreement. The Collateral Manager is also subject to certain other conflicts of interest. See "Risk Factors–Other Considerations–Certain Conflicts of Interest" and "Risk Factors–Other Considerations–The Collateral Manager."

Aladdin Capital Management LLC.

Aladdin was established in 1999 and began operations in 2000. Since the commencement of operations, Aladdin has managed credit funds representing various asset classes with various types of investment strategies. At present, assets managed by Aladdin, including in CDOs, various investment funds and separate accounts, total approximately $18.7 billion in assets.

Aladdin is registered as an investment adviser under the Advisers Act. Additional information regarding Aladdin is contained in its most recent Form ADV, Part I of which has been filed with the SEC. Part II of such Form ADV is available upon request from the Issuer, the Collateral Manager or the Initial Purchaser.

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

Key Personnel

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

Collateral Management Team

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

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

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

Harumi Aoto, Senior Managing Director. Prior to joining Aladdin, Ms. Aoto was a Senior Vice President in DLJ's International Fixed Income Department where she dealt with Japanese clients globally on investment grade fixed income instruments in both the cash and derivative markets. Previously she was with the derivatives marketing team at the Hong Kong and Shanghai Banking Corporation where she served Japanese clients. Ms. Aoto began her Wall Street career in 1990 at Lehman Brothers. She received her MA from Tohoku University in Japan and her MBA from UCLA.

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

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

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

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

Nunzio Masone, Senior Managing Director. Prior to joining Aladdin, Nunzio was a Senior Portfolio Manager at AIG Global Investment Corp. ("AIGGIC"), where he managed the residential mortgage-backed (RMBS) and asset-backed securities (ABS) credit portfolio. Before joining AIGGIC, he was with GMAC-RFC, the largest RMBS and ABS issuer globally, where he structured and sold mortgage-backed and asset-backed securities worldwide. Prior to GMAC-RFC, he worked for PaineWebber and Prudential Securities where he underwrote RMBS and ABS deals. Nunzio has also advised financial institutions on the use of insurance as a form of capital while at Aon Risk Services. He is a graduate of Syracuse University and has an MBA from the Columbia University Graduate School of Business. Nunzio is a Chartered Financial Analyst and a member of the CFA Institute and the New York Society of Securities Analysts.

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

Conflicts of Interest

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

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

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

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

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

Nevertheless, the Collateral Manager may, in the allocation of business, take into consideration research and other brokerage services furnished to the Collateral Manager or its affiliates by brokers and dealers. Such services may be used by the Collateral Manager in connection with the Collateral Manager's other advisory services or investment operations.

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

The Collateral Manager or one or more clients of the Collateral Manager may at times purchase Notes and/or Income Notes. There is no assurance, however, that if so purchased the Collateral Manager or any of its clients will continue to hold any or all of such Notes or Income Notes.

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

THE COLLATERAL MANAGEMENT AGREEMENT

General

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

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

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

The Collateral Manager may be removed for cause by a Majority of each Class of Notes, each voting separately upon 20 calendar days written notice to the Collateral Manager; *provided, however*, that any such vote will exclude any Securities held by the Collateral Manager, any affiliate of the Collateral Manager or any Securities over which the Collateral Manager or any of its affiliates has discretionary voting authority (the "Collateral Manager Securities"). For purposes of the Collateral Management

Agreement, "cause" will mean (i) the Collateral Manager knowingly and intentionally violates any provision of the Collateral Management Agreement or the Indenture applicable to it, excluding any violation of an administrative or ministerial obligation, the breach of which could not reasonably be expected to materially and adversely affect the Company or its rated obligations if such violation is capable of being cured, and is actually cured, within 15 calendar days after notice is provided to the Collateral Manager of such violation, (ii) certain events of bankruptcy or insolvency in respect of the Collateral Manager, (iii) the occurrence and continuation of an Event of Default under the Indenture which directly results from any breach by the Collateral Manager of its duties under the Indenture or the Collateral Management Agreement, (iv) the Collateral Manager or any of the executive officers of the Collateral Manager or any senior investment personnel primarily responsible for the management of the Collateral has been convicted for fraud or of a felony in connection with the Collateral Manager's investment management business and (v) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management Agreement or the Indenture to be correct in any material respect when made if such failure (a) has a material adverse effect on either of the Co-Issuers, the Noteholders, the Holders of the Income Notes and (b) if such failure can be cured, such failure is not cured within 60 days after the Collateral Manager acquires actual knowledge of or receives notice from the Trustee of such violation.

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

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

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

No later than 60 days after the occurrence of a Key Manager Event, the Collateral Manager shall submit a Proposed Key Manager or slate of Proposed Key Managers, and a ballot, to the Trustee. Upon receipt of such written proposal and ballot from the Collateral Manager, the Trustee and the Fiscal Agent will be required to promptly send any such proposal and the ballot to each of the Holders of the Controlling Class and the Holders of the Income Notes, respectively. The number of Proposed Key Managers that the Collateral Manager may propose may not exceed the number of departed Key

Managers. The ballot will request that the Holders of the Controlling Class and the Holders of the Income Notes vote on the matter below. Such votes shall be requested at the same time and calculated at the same time by the Trustee and the Fiscal Agent, as applicable, but with separate and independent results. The results of the ballot shall be calculated as follows: if a Majority of the Controlling Class and a Majority-in-Interest of the Income Noteholders (excluding any Collateral Manager Securities) affirmatively object to the Proposed Key Manager or slate of Proposed Key Managers within 90 days after the ballot is sent, then the Collateral Manager shall be removed (subject to the prior satisfaction of the requirements for a successor collateral manager). If a Majority of the Controlling Class and a Majority-in-Interest of the Income Noteholders (excluding any Collateral Manager Securities) do not affirmatively object to the Proposed Key Manager or slate of Proposed Key Managers within 90 days after the ballot is sent, the Proposed Key Manager or slate of Proposed Key Managers shall be deemed approved, each Proposed Key Manager shall be considered a New Key Manager and the Collateral Manager shall not be removed.

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

The Collateral Manager and its affiliates, and each of their respective partners, shareholders, members, officers, directors, managers, employees, agents, accountants and attorneys will be entitled to indemnification by the Issuer from and against any claims that may be made against such party by third parties and any damages, losses, claims, liabilities, costs or expenses (including all reasonable legal and other expenses) which such party may incur or become subject to as a result of, or in connection with, any act or omission in the performance by or on behalf of the Collateral Manager of the Collateral Manager's obligations and services under the Collateral Management Agreement, except for liability that is directly attributable to willful misconduct, bad faith, gross negligence or reckless disregard of the obligations of the Collateral Manager under the Collateral Management Agreement and the Indenture.

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

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

In the event that the Collateral Manager has been removed, terminated or resigned and a successor Collateral Manager meeting the Replacement Manager Conditions has not been appointed on or prior to (i) in the case of removal of the Collateral Manager "for cause," the date that is 60 days following the date of notice of removal delivered in accordance with the Collateral Management Agreement and (ii) in the case of any other removal or resignation of the Collateral Manager, the date of removal or resignation specified in the relevant notice, the resigning or removed Collateral Manager shall be entitled to appoint a successor Collateral Manager and shall so appoint a replacement manager

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

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

Compensation

As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled to receive a fee in accordance with the Priority of Payments, payable in arrears on each Payment Date, of 0.05% *per annum* (the "Collateral Management Fee") times the Aggregate Principal Amount, measured as of the beginning of the Due Period preceding such Payment Date.

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

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

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

On the Closing Date, the Collateral Manager will receive an upfront fee from the Issuer.

THE ISSUERS

General

The Issuer was incorporated on February 27, 2007 under the laws of the Cayman Islands with the registered number 182872. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093 GT, Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands, (345)

945-7099. The Issuer has no prior operating history. The Issuer's Memorandum of Association sets out the objects of the Issuer, which are unrestricted and therefore include the business to be carried out by the Issuer in connection with the Securities.

The Co-Issuer was incorporated on March 7, 2007 under the laws of the State of Delaware with the registered number 4313215. The registered office of the Co-Issuer is at Donald J. Puglisi, Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware, 19711, (302) 738-6680. The Co-Issuer has no prior operating history. Article 3 of the Co-Issuer's Certificate of Incorporation sets out the purposes of the Co-Issuer, which include the business to be carried out by the Co-Issuer in connection with the issuance of the Notes (other than the Class E Notes).

The Notes (other than the Class E Notes) are obligations only of the Issuers, and the Class E Notes and Income Notes are obligations only of the Issuer, and not of the Trustee, the Fiscal Agent, the Collateral Manager, the Initial Purchaser, the Issuer Administrator, the Collateral Manager, the Holders of the Income Notes, the Agents, the Share Trustee or any directors, managers or officers of the Issuers or any of their respective affiliates. The Income Notes are debt obligations of the Issuer for purposes of Cayman Islands law.

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

Capitalization of the Issuer

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

	Amount
Class A-1F Notes	$644,850,000
Class A-1B Notes	$644,850,000
Class A-1V Notes	$300,000
Class A-2a Notes	$50,000,000
Class A-2b Notes	$55,000,000
Class B Notes	$66,000,000
Class C Notes	$19,500,000
Class D Notes	$12,000,000
Class E Notes	$0
Income Notes	$7,500,000
Total Debt	$1,500,000,000
Issuer Ordinary Shares	250
Total Equity	$250
Total Capitalization	$1,500,000,250

Capitalization of the Co-Issuer

The Co-Issuer will be capitalized only to the extent of its common equity of U.S.$10, will have no assets other than its equity capital and will have no debt other than as Co-Issuer of the Notes. The Co-Issuer has agreed to co-issue the Notes as an accommodation to the Issuer, and the Co-Issuer is

receiving no remuneration for so acting. Because the Co-Issuer has no assets, and is not permitted to have any assets, Holders of Securities will not be able to exercise their rights against any assets of the Co-Issuer. Holders of Notes must rely on the Collateral held by the Issuer and pledged to the Trustee for payment on their respective Notes, in accordance with the Priority of Payments.

Flow of Funds

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

Gross Proceeds	
Class A-1F Notes	$644,850,000
Class A-1B Notes	$644,850,000
Class A-1V Notes	$300,000
Class A-2a Notes	$50,000,000
Class A-2b Notes	$54,930,000
Class B Notes	$64,184,000
Class C Notes	$18,464,000
Class D Notes	$11,004,000
Class E Notes	$0
Income Notes	$7,225,000
Proceeds from initial Rate Swap Agreement	$12,400,000
Total:	$1,508,207,000
Expenses	
Third Party Expenses	$1,801,000
Goldman, Sachs & Co.	$5,941,000
Upfront Fee to Aladdin	$350,000
Expense Reserve Accounts	$275,000
Total:	$8,367,000
Collateral Assets	
Net Proceeds	$1,499,840,000
Par Value of Collateral Assets	$1,443,219,000
Clean Price of Collateral Assets, Defaulted Swap Collateral	$1,162,899,000
Purchase Accrued Interest on Collateral Assets and Defaulted Swap Collateral	$3,900,000
Cash Deposited in Collection Account to Purchase Additional Collateral Assets During the Ramp-Up Period	$56,781,000
Cash Deposited in Default Swap Collateral Account	$274,705,000
First Period Interest Reserve	$1,555,000

Business

The Issuers will not undertake any business other than the issuance of the Notes (other than the Class E Notes) and, in the case of the Issuer, the issuance of the Income Notes and the Class E Notes, the acquisition and management of the Collateral and, in each case, other related transactions. Neither of the Issuers will have any subsidiaries.

The Issuer Administrator will act as the administrator of the Issuer. The office of the Issuer Administrator will serve as the general business office of the Issuer. Through such office and pursuant to the terms of an agreement to be dated on or about the Closing Date by and between the Issuer Administrator and the Issuer (the "Administration Agreement"), the Issuer Administrator will perform various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Issuer Administrator will receive various fees and other charges payable by the Issuer at rates agreed upon from time to time *plus* expenses. The directors of the Issuer listed below are also officers and/or employees of the Issuer Administrator and may be contacted at the address of the Issuer Administrator.

Upon the occurrence of either of such events, the Issuer will use reasonable commercial endeavors to promptly appoint a successor administrator.

The Issuers have each been established as a special purpose entity for the purpose of issuing the Securities, the acquisition and management of the collateral assets and other related transactions.

The Issuer Administrator will be subject to the overview of the Issuer's Board of Directors. The Administration Agreement may be terminated by either the Issuer or the Issuer Administrator upon 3 months' written notice (or, upon the occurrence of certain events, 14 days' written notice).

The Issuer Administrator's principal office is Maples Finance Limited, P.O. Box 1093 GT, Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands.

Directors

The Directors of the Issuer are Steven O'Connor and Wendy Ebanks, each having an address at Maples Finance Limited, P.O. Box 1093 GT, Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands.

The sole director of the Co-Issuer is Donald Puglisi, and he may be contacted at the address of the Co-Issuer.

INCOME TAX CONSIDERATIONS

United States Tax Considerations

The following is a summary of certain of the United States federal income tax consequences of an investment in the Notes and Income Notes by purchasers that acquire their Notes or Income Notes in the initial offering. The discussion and the opinions referenced below are based upon laws, regulations, rulings, and decisions currently in effect and avoidable on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the United States Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following summary does not deal with all United States federal income tax consequences applicable to any given investor, nor does it address the United States federal income tax considerations applicable to categories of investors subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain United States expatriates, banks, REITs, RICs, insurance companies, grantor trusts, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, natural persons, cash method taxpayers, S corporations, estates and trusts, investors that hold their Notes or Income Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address alternative minimum tax consequences, estate or gift tax consequences or the indirect effects on persons who hold equity interests in either a U.S. Holder or a Non-U.S. Holder (as these terms are defined below). In addition, this summary is generally limited to investors that acquire their Notes or Income Notes on the Closing Date (and, in the case of Notes, acquire

their Notes for the issue price applicable to such Notes) and who will hold their Notes or Income Notes as "capital assets" within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the United States federal, state, local, and other tax consequences of the purchase, ownership, and disposition of the Notes and Income Notes.

As used herein, "U.S. Holder" means a beneficial owner of a Note or Income Note that is an individual citizen or resident of the United States for United States federal income tax purposes, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). "Non-U.S. Holder" generally means any owner (or beneficial owner) of a Note or Income Note that is not a U.S. Holder other than a partnership. If a partnership holds Notes or Income Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partnerships (and their partners) that hold Notes or Income Notes should consult their own tax advisors regarding the tax consequences of an investment in the Notes and Income Notes (including their status as U.S. Holders or Non-U.S. Holders).

Tax Treatment of Issuer

Upon the issuance of the Notes, Orrick, Herrington & Sutcliffe LLP, special U.S. tax counsel to the Issuer, will deliver an opinion generally to the effect that under current law, and assuming compliance with the Indenture (and certain other documents) and based on certain factual representations made by the Issuer, although the matter is not free from doubt, the Issuer's permitted activities will not result in the Issuer being engaged in the conduct of a trade or business in the United States. Accordingly, the Issuer does not expect to be subject to net income taxation in the United States. Prospective investors should be aware that opinions of counsel are not binding on the IRS and the IRS might seek to treat the Issuer as engaged in a United States trade or business, in which event the Issuer would be subject, inter alia, to a 35% tax on such of its income as was effectively connected to the U.S. trade or business as well as a 30% "branch profits" tax when such income is viewed as having been repatriated to the Cayman Islands (thereby materially adversely effecting the Issuer's ability to make payments on the Securities). In addition, payments on the Notes and Income Notes to a Non-U.S. Holder could, in such circumstances, be subject to United States federal income tax.

The opinion of special U.S. tax counsel is subject to several considerations. Thus, the Issuer and Collateral Manager are entitled to rely upon advice of counsel with respect to deviations from the investment guidelines set forth in the Collateral Management Agreement; the foregoing opinion assumes (except in instances where Orrick, Herrington & Sutcliffe LLP is providing the advice) that any such advice will be correct and complete. Additionally, the United States Treasury Department and the IRS recently announced that they are considering taxpayer requests for specific guidance on, among other things, whether a foreign person may be treated as engaged in a trade or business in the United States by virtue of entering into credit default swaps. No guidance has been issued to date. If any future guidance concludes that foreign persons entering into certain credit default swaps will be treated as engaged in a trade or business in the United States, such guidance would adversely impact the Issuer's ability to pay principal and interest on the Notes. Further, it should be noted that gain or loss on a disposition by a foreign person of a United States real property interest may be subject to United States federal income tax as if the foreign person were engaged in a United States trade or business (even if the foreign person is not, in fact, so engaged). The determination of whether an asset constitutes a United States real property interest is made periodically and, therefore, notwithstanding that the Issuer is prohibited from acquiring an asset that constitutes a United States real property interest (or, more precisely, from investing in a security the income from which is treated or is deemed treated, for United States federal income tax purposes, as arising from a United States trade or business), it is possible that an asset that was not a United States real property interest at the time it was acquired by the Issuer could, thereafter,

become a United States real property interest. Finally, if the Issuer accepted a new security in exchange for an existing security or if the terms of an existing security were modified, the new or modified security might cause the Issuer to become engaged in a United States trade or business for United States federal income tax purposes.

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

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

Tax Treatment of U.S. Holders of the Notes

The Issuer has agreed and, by its acceptance of a Note, each Holder of a Note (other than a Class E Note) will be deemed to have agreed, to treat its Notes as debt of the Issuer for United States federal income tax purposes (although this shall not prevent a U.S. Holder from making a QEF election, as defined below, on a protective basis or from making protective filings under Section 6038, 6038B or 6046 of the Code). By its acceptance of a Class E Note, each U.S. Holder of a Class E Note will be deemed to have agreed to treat the Class E Note in accordance with the treatment accorded to it by the Issuer (as debt or equity, as the case may be) on the date of the exercise of the Class E Issuance Option. In the event that the Class E Notes constitute debt for United States federal income tax purpose, the tax considerations set forth under "Tax Treatment of U.S. Holders of the Notes" will apply to U.S. Holders of the Class E Notes (with it being likely that such Notes will be issued with OID, as defined below, especially if they are issued for less than their face amount), while if the Class E Notes constitute equity for United States federal income tax purposes, the tax considerations set forth under "Tax Treatment of U.S. Holders of Income Notes" will apply to U.S. Holders of the Class E Notes. Upon the issuance of the Notes, Orrick, Herrington & Sutcliffe LLP will deliver an opinion generally to the effect that, assuming compliance with the Indenture (and certain other documents) and based on certain factual representations made by the Issuer, the Class A Notes,the Class B Notes, and the Class C Notes will, and the Class D Notes should, be characterized as debt for United States federal income tax purposes. Prospective investors should be aware that opinions of counsel are not binding on the IRS, and there can be no assurance that the IRS will not seek to characterize any Class of Notes as other than indebtedness. Except as provided under "—Alternative Characterization of the Notes" below, the balance of this discussion assumes that the Class A, Class B, Class C and Class D Notes will be characterized as debt for United States federal income tax purposes.

Each U.S. Holder will include interest on the Class A, Class B, Class C or Class D Notes in income in accordance with its regular method of accounting for United States federal income tax purposes unless the Notes are viewed as having been issued with original issue discount ("OID") in which case, generally, each U.S. Holder would be required to accrue interest on the Note on an accrual basis under a constant yield methodology, based on the original yield to maturity of the Note. Because interest on the Class C and Class D may be deferred without giving rise to an Event of Default, all interest (including interest on accrued but unpaid interest) will be treated as OID unless the likelihood of deferral is remote. The Issuer has not determined whether the likelihood of interest being deferred is remote for this purpose and, hence, will treat the interest on the Class C Notes and Class D Notes as OID. (Additionally, the Issuer will treat any Class of Notes as having been issued with OID if (A) such Class is issued at a discount equal to or in excess of the product of 0.25% of the stated redemption price at maturity of such Class of Notes and the anticipated weighted average life of such Class as having been issued with OID or (B) in the case of certain Classes of Notes that bear interest at a floating rate, the issue price of such

Class exceeds the principal amount thereof by more than the lesser of (i) 15% or (ii) 0.015 multiplied by the anticipated weighted average maturity of the Class of Notes.) Any accrued but unpaid OID included in income by a U.S. Holder will increase the U.S. Holder's basis in a Class A, Class B, Class C or Class D Note and thereby reduce the amount of gain or increase the amount of loss recognized by the U.S. Holder on a subsequent sale or other disposition of the Note.

If any of the Class A, Class B, Class C or Class D Notes are viewed as having been issued with OID, the OID may well be accruable under the special rules set forth in Section 1272(a)(6) of the Code (which apply to debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). If Section 1272(a)(6) does not apply, the Class A, Class B, Class C and Class D Notes might be treated as "contingent payment debt instruments" ("CPDIs") within the meaning of Treasury Regulation Section 1.1275-4. If any such Class of Notes were considered CPDIs, among other consequences, gain on the sale of such Notes that might otherwise be capital gain would be ordinary income. Prospective investors should consult their own tax advisors regarding the potential application of Section 1272(a)(6) of the Code to the Class A, Class B, Class C and Class D Notes and the rules governing CPDIs.

In general, a U.S. Holder of a Class A, Class B, Class C or Class D Note will have a basis in such Note equal to the cost of such Note increased by any OID and any market discount that the U.S. Holder has elected to include in income on a current basis and reduced by any amortized premium and payments of principal and OID. Upon a sale, exchange or other disposition of such a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or other disposition (less any accrued and unpaid interest, which would be taxable as such) and the U.S. Holder's tax basis in such Note (as reduced by any accrued and unpaid interest). Such gain or loss generally will be long term capital gain or loss (other than accrued market discount if the U.S. Holder has not elected to include such discount in income on a current basis) assuming that the U.S. Holder has held the Class A, Class B, Class C or Class D Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders that are individuals may be entitled to preferential treatment for net long term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

Alternative Characterization of the Notes. Notwithstanding special U.S. tax counsel's opinion, U.S. Holders should recognize that there is some uncertainty regarding the appropriate classification of instruments such as the Notes. It is possible, for example, that the IRS may contend that the Class D Notes and, possibly other Classes of Notes should be treated as equity interests (or as part-debt, part-equity) in the Issuer. Such a recharacterization might result in materially adverse tax consequences to U.S. Holders. As a result, U.S. Holders of Notes may wish to consider the advisability of making "QEF election" provided in Section 1295 of the Code on a "protective" basis (although this election may not be respected since the current QEF regulations do not authorize protective QEF elections for debt that may be recharacterized as equity). Additionally, any such characterization might necessitate those U.S. Holders of a Class of Notes that is characterized as equity to file information returns with the IRS with respect to their acquisition of the Notes (and be subject to significant penalties for failure to do so). For the consequences that would apply if any Class of Notes were characterized as equity for United States federal income tax purposes, see below under "– Tax Treatment of U.S. Holders of Income Notes."

Tax Treatment of U.S. Holders of the Income Notes

The Income Notes, although in the form of debt, will likely be characterized as equity for U.S. federal income tax purposes. In addition, the Issuer has agreed, and, by its acceptance of an Income Note, each Holder of an Income Note will be deemed to have agreed, to treat the Income Notes as equity for U.S. federal income tax purposes. For purposes of this discussion, it is assumed that the Income Notes will be so characterized. It is noted, however, that in the event that the Income Notes were to be characterized as debt for United States federal income tax purposes, they would constitute contingent payment debt instruments; among the consequences that would result from an application of the rules applicable to contingent payment debt instruments of the Income Notes is that gain on the sale of the Income Notes that might otherwise be capital gain would constitute ordinary income.

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

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

Under the PFIC rules, U.S. Holders of the Income Notes (other than U.S. Holders that make a timely "QEF election", as described below) will be subject to special rules relating to the taxation of "excess distributions" – with excess distributions being defined to include certain distributions made by a PFIC on its stock as well as gain recognized on a disposition of PFIC stock. (For this purpose, a U.S. Holder that uses its Income Notes as security for an obligation will be treated as having made a disposition of PFIC stock.) In general, Section 1291 of the Code provides that the amount of any "excess distribution" will be allocated ratably to each day of the U.S. Holder's holding period for its PFIC stock. The amount allocated to the current year will be included in the U.S. Holder's gross income for the current year as ordinary income. With respect to amounts allocated to prior years, the tax imposed for the current year will be increased by the "deferred tax amount," which is an amount calculated with respect to each prior year by multiplying the amount allocated to such year by the highest rate of tax in effect for such year, together with an interest charge as though the amounts of tax were overdue.

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

The Issuer may be treated as holding securities issued by non-U.S. corporations that are characterized as equity in one or more PFICs for United States federal income tax purposes, such as Asset Backed Securities. In that event, U.S. Holders of the Income Notes would be treated as holding an

interest in these indirectly-owned PFICs. Because the U.S. Holder – and not the Issuer – would be required to make any QEF election with respect any such indirectly-owned PFIC, and because PFIC information statements necessary for any such election may not be made available by the PFIC, there can be no assurance that a U.S. Holder would be able to make a QEF election with respect to any particular indirectly-held PFIC. If the U.S. Holder of any Income Notes has not made a QEF election with respect to an indirectly-owned PFIC, the U.S. Holder would be subject to the consequences described above with respect to the excess distributions of such PFIC (including gain indirectly realized with respect to such PFIC on the sale of the Issuer's interest in the PFIC and with respect to the sale by the U.S. Holder of its Income Notes). Alternatively, if the U.S. Holder has made a QEF election with respect to the indirectly-owned PFIC, the U.S. Holder would be required to include in income its share of the indirectly-owned PFIC's ordinary earnings and net capital gain.

U.S. tax law also contains special provisions relating to CFCs. A foreign corporation is a CFC if "U.S. Shareholders" in the aggregate own, directly or indirectly, more than 50% of the voting power or value of the stock of such corporation. For this purpose, a United States person that owns, directly or indirectly, ten percent or more of the voting stock of a CFC is considered a "U.S. Shareholder" with respect to the CFC. Complex attribution rules apply for purposes of determining ownership of stock in a foreign corporation such as the Issuer. If any U.S. Holder of Income Notes were properly viewed as a U.S. Shareholder of the Issuer under the CFC rules, the U.S. Holder would be subject each year to U.S. income tax (at ordinary income rates) on its pro rata share of the income of the Issuer (assuming that the Issuer is properly classified as a CFC for the year and that the U.S. Holder holds its Income Notes as of the end of the year), regardless of the amount of cash distributions received by the U.S. Holder with respect to its Income Notes during the year. Earnings subject to tax to a U.S. Holder under the CFC rules would generally not be taxed again when distributed to the U.S. Holder. In addition, if the Issuer is a CFC and a U.S. Holder is a U.S. Shareholder with respect to the Issuer, all or a portion of the income that otherwise would be characterized as capital gain upon a sale of U.S. Holder's Income Notes may be classified as ordinary income.

Certain income generated by a corporation conducting a banking, financing, insurance, or other similar business is not includible in a U.S. Shareholder's income under the CFC rules. However, by its acceptance of an Income Note, each Holder will be deemed to have agreed that the Issuer is not engaged in any such business. Accordingly, if the CFC rules were to apply, a U.S. Holder of Income Notes that constitutes a U.S. Shareholder under the CFC rules would generally be subject to tax on its share of all of the Issuer's income.

Prospective investors should be aware that in computing the Issuer's earnings for purposes of the CFC rules, losses on dispositions of securities in bearer form may not be allowed, and in computing the Issuer's ordinary earnings and net capital gains for purposes of the PFIC rules, losses on dispositions of securities in bearer form may not be allowed and any gain on such dispositions of securities may be ordinary rather than capital. Prospective investors should also be aware that in the event that any of the Notes is not fully paid upon maturity (other than Notes, if any, classified as equity for U.S. federal income tax purposes), the Issuer may recognize cancellation of indebtedness income for U.S. federal income tax purposes, without any corresponding offsetting loss (due to tax character differences or otherwise). In such circumstances, U.S. Holders of the Income Notes (and any Class of Notes treated as equity for U.S. federal income tax purposes, if any) may also need to recognize phantom income (pursuant to the QEF or CFC rules described above), as to which an offsetting loss may not be available to the U.S. Holders.

Tax Treatment of Non-U.S. Holders

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

Information Reporting Requirements

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

Prospective investors should consult with their own tax advisors regarding whether they are required to file an IRS Form 8886 in respect of this transaction (relating to certain "reportable transactions"). Thus, for example, if a U.S. Holder were to sell its Notes or Income Notes at a loss, it is possible that this loss could constitute a reportable transaction and need to be reported on Form 8886. As another example, a transaction may be reportable if it is offered under conditions of confidentiality. In this regard, each Holder and beneficial holder of a Note and Income Note (and each of their respective employees, representatives or other agents) is hereby advised that it is permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described herein (including the ownership and disposition of the Notes or Income Notes) except where confidentiality is reasonably necessary to comply with the securities laws of any applicable jurisdiction. In addition, if the Issuer participates in a reportable transaction, a U.S. Holder of Income Notes and of any Class of Notes characterized as equity for United States federal income tax purposes that is a "reporting shareholder" of the Issuer will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Issuer's activities generally are not expected to give rise to reportable transactions, the Issuer nevertheless may participate in certain types of transactions that could be treated as reportable transactions. A U.S. Holder of Income Notes and of any Class of Notes characterized as equity for United States federal income tax purposes will be treated as a "reporting shareholder" of the Issuer if (a) such U.S. Holder owns 10% or more (by vote or value) of the equity of the Issuer as determined for United States federal income tax purposes and makes a QEF election with respect to the Issuer or (b) the Issuer is treated as a CFC and such U.S. Holder is a U.S. Shareholder (as defined above) with respect to the Issuer. Significant penalties apply for failure to file Form 8886 when required, and U.S. Holders are therefore urged to consult their own tax advisors.

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

Circular 230

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

i. Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;

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

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

Cayman Islands Tax Considerations

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

Under existing Cayman Islands laws:

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

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

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

THE TAX CONCESSIONS LAW

(1999 REVISION)

UNDERTAKING AS TO TAX CONCESSIONS

In accordance with Section 6 of the Tax Concessions Law (1999 Revision) the Governor in Cabinet undertakes with Altius IV Funding, Ltd. (the "Company"):

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

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

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

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

These concessions shall be for a period of twenty years from the 27th day of March 2007.

ERISA CONSIDERATIONS

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

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "Parties in Interest")) having certain relationships to such Plans, unless a statutory, regulatory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

The U.S. Department of Labor ("DOL") has promulgated a regulation, 29 C.F.R. Section 2510.3-101, describing what constitutes the assets of a Plan ("Plan Assets") with respect to the Plan's investment in an entity for purposes of applying ERISA and Section 4975 of the Code. Section 3(42) of ERISA also describes what constitutes Plan Assets. Section 3(42) of ERISA and 29 C.F.R. Section 2510.3-101 are collectively the "Plan Asset Regulation." Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "significant." Section 3(42) of ERISA modified the Plan Asset Regulation to exclude plans not subject to Title I of ERISA or Section 4975 of the Code from the Benefit Plan Investor definition.

Prohibited transactions may arise under Section 406 of ERISA or Section 4975 of the Code if Securities are acquired with Plan Assets with respect to which the Issuer, the Initial Purchaser, the Collateral Manager, or any of their respective affiliates, is a Party in Interest. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, including a statutory exemption under Section 408(b)(17) of ERISA for transactions involving "adequate consideration" with persons who are Parties in Interest solely by reason of their (or their affiliate's) status as a service provider to the Plan involved and none of whom is a fiduciary with respect to the Plan Assets involved (or an affiliate of such a fiduciary). In addition, an administrative exemption may be available, depending in part on the type of Plan fiduciary making the decision to acquire a Security and the circumstances under which such decision is made. Included among these exemptions are: DOL Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by independent "qualified professional asset managers." There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Securities, or that, if available, the exemption would cover all possible prohibited transactions.

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

Any insurance company proposing to invest assets of its general account in the Securities should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the DOL for transactions involving insurance company general accounts in PTCE 95-60 and the regulations issued by the DOL, 29 C.F.R. Section 2550.401c-1 (January 5, 2000). Certain additional information regarding general accounts is set forth below.

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

The sale of any Security to a Plan, or to a person using Plan Assets to effect its purchase of any Security, is in no respect a representation by the Issuers, the Initial Purchaser or the Collateral Manager that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Class A Notes, Class B Notes, Class C Notes and Class D Notes

For purposes of the Plan Asset Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Because the Notes (other than the Class E Notes) (a) are expected to be treated as indebtedness under local law and for federal tax purposes (see "Income Tax Considerations" herein), and (b) should not be deemed to have any "substantial equity features," purchases of the Notes with Plan Assets should not be treated as equity investments and, therefore, the Collateral Assets should not be deemed to be Plan Assets of the investing Plans. Those conclusions are based, in part, upon the traditional debt features of the Notes, including the reasonable expectation of purchasers of the Notes that the Notes will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. However, if the Notes were nevertheless treated as equity interests for purposes of the Plan Asset Regulation and if the assets of the Issuer were deemed to constitute Plan Assets of an investing Plan, (i) transactions involving the assets of the Issuer could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, (ii) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, and (iii) the fiduciary causing the Plan to make an investment in the Notes could be deemed to have delegated its responsibility to manage Plan Assets.

By its purchase of any Class A Note, Class B Note, Class C Note or Class D Note, the purchaser thereof will be deemed to have represented and warranted either that (i) it is not and will not be a Plan or an entity whose underlying assets include Plan Assets by reason of any Plan's investment in the entity; or (ii) its purchase and holding of a Class A Note, Class B Note, Class C Note or Class D Note are eligible for the exemptive relief available under any of Section 408(b)(17) of ERISA, PTCE 84-14, 90-1, 91-38, 95-60, 96-23, or a similar exemption for which an exemption is not available.

Class E Notes and Income Notes

Equity participation in an entity by Benefit Plan Investors is "significant" under the Plan Asset Regulation (see above) if 25% or more of the value of any class of equity interest in the entity is held by Benefit Plan Investors. If equity participation in the Issuer by Benefit Plan Investors is "significant," the assets of the Issuer could be deemed to be Plan Assets of Plans investing in the equity. If the assets of the Issuer were deemed to constitute Plan Assets of an investing Plan, (i) transactions involving the assets of the Issuer could be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, (ii) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, and (iii) the fiduciary causing the Plan to make an equity investment in the Issuer could be deemed to have delegated its responsibility to manage Plan Assets. The term "Benefit Plan Investor" includes (i) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to the provisions of Title I of ERISA, (ii) a plan described in and subject to Section 4975 of the Code and (iii) any entity whose underlying assets include Plan Assets by reason of any such plan's investment in the entity (a "Plan Asset Entity"). For purposes of making the 25% determination, the value of any equity interests in the Issuer held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the Issuer, any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person (any of the foregoing, a "Controlling Person"), are disregarded. Under the Plan Asset Regulation, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person, other than an individual, means the power to exercise a controlling influence over the management or policies of such person.

Although the Income Notes are indebtedness under Cayman Islands law, they will be treated as equity interests for purposes of applying ERISA and Section 4975 of the Code. Because the Class E Notes may be deemed to have "substantial equity features," the Class E Notes may be deemed to constitute equity interests for such purposes. Accordingly, purchases and transfers of Class E Notes and Income Notes will be limited, so that less than 25% of the value of each of the Class E Notes and the Income Notes will be held by Benefit Plan Investors, by requiring each purchaser or transferee of a Class E Note or Income Note to make certain representations and agree to additional transfer restrictions described under "Notice to Investors." Benefit Plan Investors and Controlling Persons will not be permitted to purchase Regulation S Class E Notes or Regulation S Income Notes. No purchase of a Class E Note (other than a Regulation S Class E Note) or Income Note (other than a Regulation S Income Note) by, or proposed transfer to, a person that has represented that it is a Benefit Plan Investor or a Controlling Person will be permitted to the extent that such purchase or transfer would result in persons that have represented that they are Benefit Plan Investors owning 25% or more of either of the outstanding Class E Notes or Income Notes immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulation and the Indenture and the Fiscal Agency Agreement), based upon the representations made by investors. In addition, the Initial Purchaser, the Collateral Manager and the Trustee agree that neither they nor any of their respective affiliates will acquire any Class E Notes or Income Notes unless such acquisition would not, as determined by the Trustee, result in persons that have acquired Class E Notes or Income Notes and represented that they are Benefit Plan Investors owning 25% or more of either of the outstanding Class E Notes or Income Notes immediately after such acquisition by the Initial Purchaser, the Collateral Manager or the Trustee. Class E Notes and Income Notes held as principal by the Initial Purchaser, the Collateral Manager, the Trustee, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with the 25% limitation to the extent that such a Controlling Person is not a Benefit Plan Investor. Any Benefit Plan Investor that acquires Class E Notes (other than a Regulation S Class E Note) or Income Notes (other than a Regulation S Income Note) will be required to represent and agree that the acquisition and holding of the Class E Notes (other than a Regulation S Class E Note) or Income Notes (other than a Regulation S Income Note) do not and will not constitute a prohibited transaction under ERISA or Section 4975 of the Code for which an exemption is not available.

The U.S. Supreme Court, in *John Hancock* (noted above), held that those funds allocated to the general account of an insurance company pursuant to a contract with an employee benefit plan which vary with the investment experience of the insurance company are "plan assets." In the preamble to PTCE 95-60 (also noted above), the DOL noted that, for purposes of calculating the 25% threshold under the significant participation test of the Plan Asset Regulation, only the proportion of an insurance company general account's equity investment in the entity that represents Plan Assets should be taken into account in calculating that portion of the general account that is a Benefit Plan Investor. Insurance companies using general account assets that are Plan Assets may not purchase Regulation S Class E Notes or Regulation S Income Notes. Any Plan Asset Entity or insurance company using general account assets to purchase Class E Notes (other than Regulation S Class E Notes) or Income Notes (other than Regulation S Income Notes) will be asked (i) to identify the maximum percentage of its assets or the assets of the general account, as applicable, that may be or become Plan Assets, (ii) whether it is a "Controlling Person" (defined above), and (iii) without limiting the remedies that may be available in the event that the maximum percentage is thereafter exceeded, to agree to notify the Issuer, and dispose of Class E Notes or Income Notes as instructed by the Issuer, before the specified maximum percentage is exceeded.

CERTAIN LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investments in the Notes and the Income Notes. Any such institution should consult its legal advisors in determining whether and to what extent there may be restrictions on its ability to invest in the Notes and the Income Notes. Without limiting the foregoing, any financial institution that is subject to the jurisdiction of the Comptroller of Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, any state insurance commission, or any other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the Notes or the Income Notes. Depository institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities, which has been adopted by the respective federal regulators.

None of the Issuers or the Initial Purchaser make any representation as to the proper characterization of the Notes or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes or Income Notes for legal investment or other purposes, or as to the ability of particular investors to purchase the Notes or Income Notes under applicable investment restrictions. The Issuers understand that certain state insurance regulators, in response to a request for guidance, may be considering the characterization (as U.S. domestic or foreign (non-U.S.)) of certain collateralized debt obligation securities co-issued by a non-U.S. issuer and a U.S. co-issuer. There can be no assurance as to the nature of any guidance or other action that may result from such consideration. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes, or Income Notes) may affect the liquidity of the Notes, or Income Notes. Accordingly, all institutions whose activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Notes or Income Notes are subject to investment, capital or other restrictions.

LISTING AND GENERAL INFORMATION

i. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange for the Offered Securities to be admitted to the Official List and trading on its regulated market. Electronic copies of this Offering Circular, the Memorandum and Articles of Association of the Issuer and the organization documents of the Co-Issuer, the Indenture, the Collateral Management Agreement, the Fiscal Agency Agreement and any Hedge Agreements will be deposited with the Note Paying Agents, the Listing and Paying Agent and at the registered office of the Issuer, where copies thereof may be obtained, free of charge, upon request for the life of the Prospectus.

ii. Such approval relates only to the Offered Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. The current estimate of total costs of listing the Offered Securities on the Irish Stock Exchange is approximately €25,000.

iii. Electronic copies of the Memorandum and Articles of Association of the Issuer, the organizational documents of the Co-Issuer, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Securities, and the execution of the Indenture, the Deed of Covenant, the Fiscal Agency Agreement, the Collateral Management Agreement and the Hedge Agreements and the resolutions of the sole member of the Co-Issuer authorizing the issuance of the Notes, and the execution of the Indenture may be obtained free of charge upon request at the office of a Paying Agent on behalf of the Issuer for the life of the Prospectus.

iv. Each of the Issuers represents that there has been no material adverse change in its financial position since its date of creation, and that no financial statements have been made up. Each of the Issuers also represents that it has not commenced operations in relation to what is already stated.

v. The Issuer is not required by Cayman Islands law, and the Issuer does not intend, to publish annual reports and accounts. The Co-Issuer is not required by Delaware law, and the Co-Issuer does not intend, to publish annual reports and accounts. The Indenture, however, requires the Issuer to deliver to the Trustee a Director's Certificate stating, as to each signatory thereof, that (a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under the Indenture has been made under his supervision; and (b) to the best of his knowledge, based on such review, the Issuer has fulfilled all of its obligations under the Indenture throughout the prior year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof.

vi. The Issuers are not, and have not since incorporation or formation, as applicable, been, involved in any litigation, arbitration or governmental proceedings relating to claims in amounts which may have or have had a material effect on the Issuers nor, so far as each of the Co-Issuers is aware, are any such governmental, litigation or arbitration proceedings involving it pending or threatened.

vii. The issuance of the Offered Securities will be authorized by the Board of Directors of the Issuer by resolutions passed on or about the Closing Date. The issuance of the Notes will be authorized by the sole member of the Co-Issuer by action by written consent of the sole member passed on or about the Closing Date. Since incorporation or formation, as applicable, neither the Issuer nor the Co-Issuer has commenced trading and no financial statements have been made up as at the date of this Prospectus.

viii. The Notes sold in offshore transactions in reliance on Regulation S and represented by the Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear under the Common Codes indicated herein. The CUSIP Numbers and International Securities Identification Numbers ("ISIN") for the Notes represented by Regulation S Global Notes and Rule 144A Global Notes are also indicated below:

	Regulation S Global Notes		Rule 144A Global Notes
	CUSIP	ISIN	CUSIP
Class A-1F	G0227HAB8	USG0227HAB80	021493AB7
Class A-1B	G0227HAC6	USG0227HAC63	021493AC5
Class A-1V	G0227HAD4	USG0227HAD47	021493AD3
Class A-2a	G0227HAE2	USG0227HAE20	021493AE1
Class A-2b	G0227HAJ1	USG0227HAJ17	021493AJ0
Class B	G0227HAF9	USG0227HAF94	021493AF8
Class C	G0227HAG7	USG0227HAG77	021493AG6
Class D	G0227HAH5	USG0227HAH50	021493AH4
Income Notes	G0227GAB0	USG0227GAB08	02149NAB3

LEGAL MATTERS

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

UNDERWRITING

The Offered Securities will be offered by Goldman, Sachs & Co. (the "Initial Purchaser"), from time to time at varying prices in negotiated transactions subject to prior sale, when, as and if issued. Subject to the terms and conditions set forth in the Purchase Agreement (the "Purchase Agreement") dated as of May 31, 2007 among Goldman, Sachs & Co. and the Issuers, the Issuers have agreed to sell to the Initial Purchaser and the Initial Purchaser has agreed to purchase certain of the Notes (other than the Class E Notes) and the Income Notes.

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

The Offered Securities purchased from the Issuers by the Initial Purchaser will be offered by them from time to time for sale in negotiated transactions or otherwise at varying prices to be determined at the time of sale *plus* accrued interest, if any, from the Closing Date.

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

The Issuers have been advised by the Initial Purchaser that (a) it proposes to resell the Offered Securities outside the United States (in part, by Goldman, Sachs & Co., through its selling agent) in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) it proposes to resell the Offered Securities in the United States only to (1) Qualified Institutional Buyers in reliance on Rule 144A purchasing for their own accounts or for the accounts of Qualified Institutional Buyers or (2) in the case of the Income Notes only, Accredited Investors, which have a net worth of not less than U.S.$10 million each of which purchasers or accounts is a Qualified Purchaser. The Initial Purchaser's discount will be the same for the Regulation S Notes and the Rule 144A Notes offered hereby and for the Income Notes within each Class of Offered Securities.

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

With respect to the Offered Securities initially sold pursuant to Regulation S, until the expiration of (x) 40 days after the commencement of the distribution of the offering of the Notes by the Initial Purchaser, with respect to offers or sales of the Notes and (y) one year after the commencement of the distribution of the Income Notes, with respect to offers or sales of the Income Notes purchased by Goldman, Sachs & Co., an offer or sale of Offered Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

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

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

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and the Initial Purchaser has agreed that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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

Buyers of Regulation S Securities sold by the selling agent of Goldman, Sachs & Co. may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the purchase price.

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

The Securities are a new issue of securities with no established trading market. The Issuers have been advised by the Initial Purchaser that the Initial Purchaser may make a market in the Offered Securities it is offering but is not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Securities. There can be no assurance that any secondary market for any of the Securities will develop, or, if a secondary market does develop, that it will provide the Holders of the Securities with liquidity of investment or that it will continue for the life of the Securities.

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under DIrective 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange for the Offered Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that such admission will be granted or, if granted, maintained.

The Issuers have agreed to indemnify the Initial Purchaser, the Collateral Manager, the Issuer Administrator and the Trustee against certain liabilities, including in the case of the Initial Purchaser, liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In addition, the Issuers have made certain representations and warranties to the Initial Purchaser and have agreed to reimburse the Initial Purchaser for certain of their expenses.

The Initial Purchaser may, from time to time as principal or through one or more investment funds that it manages, make investments in the equity securities of one or more of the issuers of Collateral Assets with the result that one or more of such issuers may be or may become controlled by the Initial Purchaser.

INDEX OF DEFINED TERMS

APPENDIX A
Certain Definitions

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

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

"Actual Rating" means with respect to any Collateral Asset or Eligible Investment, the actual expressly monitored outstanding public rating assigned by a Rating Agency without reference to any other rating by another Rating Agency, and which rating by its terms addresses the full scope of the payment promise of the obligor on such Collateral Asset or Eligible Investment, after taking into account any applicable guarantee or insurance policy or if no such rating is available from a Rating Agency, any "credit estimate" or "shadow rating" assigned by such Rating Agency. For purposes of this definition, (i) the rating of "Aaa" assigned by Moody's to a Collateral Asset or an Eligible Investment placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by Moody's by one subcategory and any other rating assigned by Moody's to a Collateral Asset or an Eligible Investment placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by Moody's by two subcategories, (ii) the rating assigned by S&P to a Collateral Asset or an Eligible Investment placed on watch for possible downgrade by S&P will be deemed to have been downgraded by S&P by one subcategory, and (iii) the rating assigned by Moody's or S&P to a Collateral Asset or Eligible Investment placed on watch for possible upgrade by such Rating Agency will be deemed to have been upgraded by such Rating Agency by one subcategory.

"Adjusted Net Outstanding Portfolio Collateral Balance" means, on any Determination Date, the Net Outstanding Portfolio Collateral Balance reduced by the excess, if any, of (i) the product of (a) the Statistical Loss Amount and (b) the lesser of 1 and a fraction the numerator of which is U.S.$1,500,000,000 and the denominator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date over (ii) the product of (a) U.S.$3,120,000 and (b) the lesser of 1 and a fraction the numerator of which is the Net Outstanding Portfolio Collateral Balance as of such Determination Date and the denominator of which is U.S.$1,500,000,000.

"Administrative Expenses" means amounts (including indemnities) due or accrued with respect to any Payment Date and payable by the Issuer and/or the Co-Issuer to (i) the Trustee pursuant to the Indenture or any co-trustee appointed pursuant to the Indenture; (ii) the Issuer Administrator pursuant to the Administration Agreement; (iii) the independent accountants, agents (including the Note Agents under the Indenture, the Fiscal Agent under the Fiscal Agency Agreement, the Income Note Registrar under the Fiscal Agency Agreement and the Collateral Administrator under the Collateral Administration Agreement) and counsel of the Issuer for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Issuers); (iv) the Collateral Manager pursuant to the Collateral Management Agreement (other than the Collateral Management Fee); (v) the Rating Agencies for fees and expenses in connection with any rating or credit estimate (including the fees payable to the Rating Agencies for the monitoring of any rating or credit estimate) of the Notes, including fees and expenses, if any, due or accrued in connection with any rating of the Collateral Assets; (vi) any other person in respect of any governmental fee, charge or tax in relation to the Issuer or the Co-Issuer; (vii) to the liquidator(s) of the Issuer for the fees and expenses of liquidating the Issuer following the redemption of all of the Notes and Income Notes; (viii) any stock exchange listing any Securities at the request of the Issuer; and (ix) any other person in respect of any other fees or expenses (including indemnities and fees relating to the provision of the Issuer's registered office) permitted under the Transaction Documents; *provided* that Administrative Expenses shall not include (a) any amounts due or accrued with respect to the actions

taken on or in connection with the Closing Date, (b) amounts payable in respect of the Notes and the Income Notes, (c) amounts payable under any Hedge Agreement and (d) any Collateral Management Fee payable pursuant to the Collateral Management Agreement.

"Aggregate Calculation Amount of Defaulted Obligations and Deferred Interest PIK Bonds" means the least of (a) the Aggregate Moody's Recovery Value of all Defaulted Obligations and Deferred Interest PIK Bonds, (b) the Aggregate S&P Recovery Value of all Defaulted Obligations and Deferred Interest PIK Bonds, and (c) the aggregate of the Market Values of all Defaulted Obligations and Deferred Interest PIK Bonds.

"Aggregate Moody's Recovery Value" means, with respect to Defaulted Obligations and Deferred Interest PIK Bonds, the aggregate of (a) the Moody's Recovery Rate for each such asset multiplied by (b) the Principal Balance of such asset.

"Aggregate Principal Amount" means the aggregate of the Principal Balances of all Collateral Assets and Eligible Investments purchased with Principal Proceeds and the amount of any cash which constitutes Principal Proceeds.

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

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

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

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

"Balance" means, on any date, with respect to Cash or Eligible Investments in any account, the aggregate of the (i) current balance of Cash, demand deposits, time deposits, certificates of deposit and federal funds; (ii) principal amount of interest bearing corporate and government securities, money market accounts and repurchase obligations; and (iii) purchase price or accreted value (but not greater than the face amount) of non interest bearing government and corporate securities and commercial paper.

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

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

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

"Calculation Amount" means, with respect to any Defaulted Obligation or Deferred Interest PIK Bond at any time, the lesser of (a) the Market Value of such Defaulted Obligation or Deferred Interest PIK Bond or (b) the Applicable Recovery Rate multiplied by the Principal Balance of such Defaulted Obligation or Deferred Interest PIK Bond. For purposes of determining the Calculation Amount, the Principal Balance of a Defaulted Obligation shall be deemed to be its outstanding principal amount and the Principal Balance of a Deferred Interest PIK Bond shall be deemed to be its outstanding principal amount without regard to any deferred or capitalized interest.

"CDO Securities" mean the collateralized debt obligations (including, without limitation, any synthetic collateralized debt obligations) at any time on deposit in the Collateral Account.

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

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

"Class A Note Redemption Price" means the Class A-1F Note Redemption Price, Class A-1B Note Redemption Price, Class A-1V Note Redemption Price, Class A-2a Note Redemption Price and Class A-2b Note Redemption Price.

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

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

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

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

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

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

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

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

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

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

"Class D Notes Amortizing Principal Amount" means, (A) with respect to the first Quarterly Payment Date, any amounts remaining after payment of all amounts payable under clauses (i) through (xiv) of the Priority of Payments, (B) with respect to the second, third and fourth Quarterly Payment Dates, U.S.$150,000, (C) with respect to any other Quarterly Payment Date on or before the Quarterly Payment Date in February 2013, an amount equal to the lesser of (a) U.S.$100,000 and (b) the remaining principal balance of the Class D Notes (including any Deferred Interest and any Defaulted Interest and interest thereon) and (D) with respect to any other Quarterly Payment Date, zero.

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

"Class E Notes Amortizing Principal Amount" means, an amount equal to the lesser of (a) U.S.$75,000 and (b) the remaining principal balance of the Class E Notes (including any Deferred Interest and any Defaulted Interest and interest thereon).

"CMBS Conduit Securities" means Commercial Mortgage Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage Backed Securities) on the cash flow from a pool of commercial mortgage loans.

"CMBS Reference Obligation" means a CMBS or other security for the CMBS Repack Reference Portfolio.

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

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

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

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

"CMBS Synthetic Repackaging Securities" means a security that entitles the holders thereof to receive payments that depend primarily on the cash flow from a portfolio of credit default swaps that reference CMBS, REIT Debt Securities and other interests in commercial mortgage loans or similar commercial real estate interests which have been entered into by the issuer of such security as seller of credit protection.

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

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

"Collateral Administrator" means LaSalle Bank National Association, or any successor Collateral Administrator under the Collateral Administration Agreement.

"Commercial Mortgage-Backed Securities" or "CMBS" means securities backed by obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers and shall include, without limitation, CMBS Conduit Securities and CMBS Repackaging Securities.

"Controlling Class" will be the Class A Notes, for so long as any Class A Notes are outstanding; if no Class A Notes are outstanding, then the Class B Notes, so long as any Class B Notes are outstanding; if no Class A Notes and Class B Notes are outstanding, then the Class C Notes, so long as any Class C Notes are outstanding, if no Class A Notes, Class B Notes and Class C Notes are outstanding, then the Class D Notes, so long any Class D Notes are outstanding; and if no Class A Notes, Class B Notes, Class C Notes and Class D Notes are outstanding, then the Class E Notes, so long as any Class E Notes are outstanding; provided, that (except for matters as to which unanimous consent of all Holders of the Class A-1F Notes or the Class A-1B Notes is required under the Transaction Documents, assuming for this purpose, in the case of any limitation on voting rights with respect to a matter that adversely affects Noteholders, that each Noteholder is adversely affected) so long as any Class A-1V Notes are outstanding, the Holders of the Class A 1V Notes will have a voting power equal to the aggregate outstanding amount of the Class A-1F Notes, the Class A-1B Notes and the Class A-1V Notes, collectively, and the Holders of the Class A-1F Notes and the Class A-1B Notes shall have no voting power; provided, further, that for so long as any Class A-1 Notes remain outstanding and the aggregate outstanding amount of the Class A-1V Notes is less than U.S.$1, the aggregate outstanding amount of the Class A-1V Notes shall be deemed to be U.S.$1 for purposes of voting power. Each Class of Notes having the same Stated Maturity and same priority, and the Income Notes as a single class, is referred to herein as a "Class."

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

"Deep Discount Obligation" means, solely with respect to the calculation of the Overcollateralization Ratios, any Collateral Asset which was purchased at a price equal to or less than 85% of the Principal Balance thereof.

"Deep Discount Obligation Calculation Amount" means, solely with respect to the calculation of the Overcollateralization Ratios, an amount equal to the original purchase price of such Collateral Asset.

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

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

(i) the issuer thereof has defaulted in the payment of principal or interest without regard to any applicable grace period or waiver; *provided* that a Collateral Asset will not be classified as a "Defaulted Obligation" under this clause (i) if (i) the Collateral Manager certifies in

writing to the Trustee, in its reasonable business judgment, that such payment default is due to non-credit and non-fraud related reasons and such default does not continue for more than five Business Days (or, if earlier, until the next succeeding Determination Date) or (ii) such payment default has been cured by the payment of all amounts that were originally scheduled to have been paid; *provided, further, however*, that, notwithstanding the foregoing, any Collateral Asset that is in default with respect to the payment of interest or principal as of a Determination Date shall not be a Defaulted Obligation if such default is cured through the payment of all past due interest and principal within 3 Business Days after such Determination Date (and the Collateral Manager shall determine whether a default has occurred and is continuing on or prior to the second Business Day prior to the Payment Date) or such Collateral Asset shall not be treated as a Defaulted Obligation if the Collateral Manager believes the default on such Collateral Asset will be cured as of the next Determination Date, such Collateral Asset does not have an S&P Rating of "CC" or lower, "D" or "SD" and the Rating Agency Condition has been satisfied relative to such treatment;

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

(iii) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer of such Collateral Asset and is unstayed and undismissed; *provided*, that, if such proceeding is an involuntary proceeding, the condition of this clause (iii) will not be satisfied until the earliest of the following: (I) the issuer consents to such proceeding, (II) an order for relief under the United States Bankruptcy Code, or any similar order under a proceeding not taking place under the United States Bankruptcy Code, has been entered, and (III) such proceeding remains unstayed and undismissed for 60 days;

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

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

(vi) if such Collateral Asset is a Synthetic Security, either (x) the related Reference Obligation would be a Defaulted Obligation were it a Collateral Asset or (y) it is a Synthetic Security Counterparty Defaulted Obligation; or

(vii) the Collateral Manager knows the issuer thereof is (or is reasonably expected by the Collateral Manager to be, as of the next scheduled payment distribution date) in default (if, in the Collateral Manager's judgment, such default is due to non-credit related reasons, beyond the lesser of (i) the number of days until the next Determination Date and (ii) five Business Days) as to payment of principal and/or interest on another obligation (and such default has not been cured through the payment of all past due interest and principal), but only if one of conditions (I) or (II) is met: (I) (A) both such other obligation and the Collateral Asset are full recourse unsecured obligations and the other obligation is senior to or pari passu with the Collateral Asset in right of payment or (B) (x) such other obligation is a full recourse secured obligation and the Collateral Asset is a full recourse secured obligation or (y) the Collateral Asset is a full recourse unsecured obligation and the other obligation is senior to or pari passu (except that it is secured) with the Collateral Asset in right of payment; or (II) all of the following conditions (A), (B) and (C) are satisfied: (A) both such other obligation and the Collateral Asset are full recourse secured obligations secured by common collateral; (B) the security interest securing the other obligation is senior to or pari passu with the security interest securing the Collateral Asset; and (C) the other obligation is senior to or pari passu with the Collateral Asset in right of payment, except that a Collateral Asset shall not constitute a "Defaulted Obligation" under this clause (vii) if (a) the Collateral Manager has notified each Rating Agency in writing of its decision not to treat the Collateral Asset as a Defaulted Obligation, and the Rating Agency Condition with respect to S&P

has been satisfied or (b) the Collateral Manager certifies to the Trustee (such certification subject to certain constraints and provisions as detailed in the Indenture), with notice to the Rating Agencies, that, on the next scheduled distribution date of such Collateral Asset, such issuer will make payments required to be made on such Collateral Asset on such date, *provided*, *however*, that this exception will not apply where the issuer of such Collateral Asset is (or is reasonably expected by the Collateral Manager to be) in default as to payment of principal and/or interest of another obligation that is senior in right of payment to such security.

"Deferred Interest PIK Bond" means a PIK Bond that (1) has an Actual Rating of "Baa3" or above by Moody's and makes payments less frequently than monthly and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of two payment periods or one year, or (2) has an Actual Rating of "Baa3" or above by Moody's and makes payments on a monthly basis and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of (i) one year and (ii) the longer of (A) the number of months between any two consecutive deferrals of interest and (B) six months or (3) has an Actual Rating of "Ba1" or below by Moody's and makes payments less frequently than monthly and has deferred interest in an amount equal to the amount of interest that would accrue over the shorter of one payment period or six months, or (4) has an Actual Rating of "Ba1" or below by Moody's and makes payments on a monthly basis and has deferred interest in an amount equal to the amount of interest that would accrue over three months; *provided* that such PIK Bond would no longer be a Deferred Interest PIK Bond once payment of interest has resumed and all capitalized or deferred interest has been paid in full in accordance with the underlying documents.

"Deliverable Obligation" means a debt obligation that may be or is delivered to the Issuer upon the occurrence of a "credit event" or "floating amount event" under a Synthetic Security.

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

"Double B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Double B Rated Asset and (ii) 90%.

"Double B Rated Asset" means any Collateral Asset with an Actual Rating or Implied Rating from S&P less than "BBB-" but with an Actual Rating greater than "B+" or with an Actual Rating from Moody's less than "Baa3" but with an Actual Rating or Implied Rating greater than "B1".

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

"Eligible Depositary" shall be a financial institution organized under the laws of the United States or any state thereof, authorized to accept deposits, having a combined capital and surplus of at least U.S.$200,000,000, and having (or if its obligations are guaranteed by its parent company, its parent having), a long term debt rating of at least "Baa1" by Moody's (and if rated "Baa1", such rating is not on watch for downgrade) and "BBB+" by S&P and a short term debt rating of "P-1" by Moody's (and not on watch for downgrade) and at least "A-1" by S&P.

"Eligible Investment" means any U.S. Dollar-denominated investment that, at the time it is delivered to the Trustee, is one or more of the following obligations or securities (including security entitlements with respect thereto): (i) direct Registered obligations of, and Registered obligations fully guaranteed by, the United States or any agency or instrumentality of the United States the obligations of which are expressly backed by the full faith and credit of the United States; (ii) demand and time deposits in, certificates of deposit of, or banker's acceptances issued by, any depository institution or trust company incorporated in the United States or any state thereof, which depository institution or trust company is subject to supervision and examination by federal or state authorities, with a maturity not in

excess of 183 days; and with a credit rating by S&P of at least "A-1+" or at least "AA-", as applicable, a credit rating by Moody's of at least "P-1" or at least "Aa3" (and if rated "Aa3", not on watch for downgrade), as applicable, in the case of a maturity in excess of 30 days, or a credit rating by S&P of at least "A-1" and a credit rating by Moody's of at least "P-1" (and not on watch for downgrade) in the case of a maturity of less than 30 days; (iii) repurchase obligations with respect to (a) any security described in clause (i) above or (b) any other security issued or guaranteed by an agency or instrumentality of the United States, entered into with a depository institution or trust company described in clause (ii) above or entered into with a corporation whose long-term senior unsecured rating is at least "A1" (and if rated "A1", not on watch for downgrade) by Moody's and "A+" by S&P and whose short-term credit rating is "P-1" (and not on watch for downgrade) by Moody's and "A-1" by S&P at the time of such investment, with a term not in excess of 91 days; (iv) Registered debt securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof that have a credit rating of at least "Aa3" (and if rated "Aa3", not on watch for downgrade) or "P-1" (and not on watch for downgrade) by Moody's and "AA-" or "A-1" by S&P; (v) commercial paper or other short-term obligations of a corporation, partnership, limited liability company or trust, or any branch or agency thereof located in the United States or any of its territories, such commercial paper or other short-term obligations having a credit rating of "P-1" (and not on watch for downgrade) by Moody's and "A-1" by S&P, and that are Registered and either are interest bearing or are sold at a discount from the face amount thereof and have a maturity of not more than 91 days from their date of issuance; and (vi) offshore money market funds which have a credit rating of not less than "Aaa/MR1+" by Moody's and "AAA" or "AAAm" or "AAAm-G" by S&P, *provided howevер*, that each rating in clauses (iii) through (vi) above by Moody's or S&P shall be an Actual Rating, and *provided further*, that, except with respect to overnight time deposits offered by LaSalle Bank National Association for so long as it serves as Trustee, any such investment purchased on the basis of S&P's short term rating of "A-1" shall mature not later than thirty days after the date of purchase and may not exceed 20% of the aggregate outstanding amount of the Notes rated by S&P. Eligible Investments shall not include any RMBS, CMBS, any inverse floater, any security subject to withholding tax if owned by the Issuer (unless the issuer thereof is required to make gross-up payments to cover the full amount of withholding), any security subject to an offer, any interest only security, any principal only security (other than treasury bills or commercial paper), any security with a price in excess of 100% of par or any security the repayment of which is dependent on substantial non-credit related risk as determined by the Collateral Manager or any security the acquisition (including the manner of acquisition), ownership or disposition of which would cause the Issuer to be treated as engaged in a trade or business within the United States for United States federal income tax purposes. Each such Eligible Investment shall mature no later than the second Business Day immediately preceding the Payment Date next following the Due Period in which the date of investment occurs, unless such Eligible Investment is issued by the institution acting as Securities Intermediary, in which event such Eligible Investment may mature on the Business Day preceding such Payment Date. Eligible Investments may include those investments with respect to which the Securities Intermediary, the Trustee, the Collateral Manager or the Initial Purchaser or an affiliate of the Trustee, the Collateral Manager or the Initial Purchaser provides services. As used in this definition, ratings may not include ratings with an "r", "p", "q", "pi" or "t" subscript.

"Extraordinary Resolution" means a resolution passed at a meeting of Holders of each affected Class of Notes duly convened and held in accordance with the terms of the Indenture and the Notes by not less than a SupraMajority of each such Class of Notes.

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

"Fixed Rate Security" means any Collateral Asset which is not a Floating Rate Security.

"Floating Rate Security" means any Collateral Asset, the interest rate on which resets pursuant to an index after the date of purchase by the Issuer or is a Synthetic Security in a default swap contract.

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

"Hedge Counterparty" means Rate Swap Counterparties and Cashflow Swap Counterparties; AIG Financial Products Corp. shall be the initial Rate Swap Counterparty and the initial Cashflow Swap Counterparty.

"Hedge Counterparty Ratings Requirement" means (i) with respect to the rating of a Hedge Counterparty or its guarantor (or any replacement pursuant to the relevant Hedge Agreement), as an issuer or with respect to (A) the long-term senior unsecured debt of such party, "A3" or better by Moody's, if no short-term senior unsecured debt rating from Moody's is available or (B) the long-term senior unsecured debt of such party, as applicable, "A3" or better by Moody's and the short-term debt senior unsecured debt rating of a Hedge Counterparty or its guarantor (or any replacement pursuant to the relevant Hedge Agreement), "P-2" by Moody's; and (ii) with respect to a Hedge Counterparty or its guarantor (with the relevant guaranty meeting S&P's then current publicly-available criteria on guarantees) (or any replacement pursuant to the relevant Hedge Agreement) as an issuer or with respect to the short-term unsecured debt of such party, "A-1" by S&P or, if no such short-term rating is available, the long-term senior unsecured debt of such party, "A+" by S&P (so long as any of the Notes outstanding hereunder are rated by such Rating Agency); *provided*, that should a Rating Agency effect an overall downward adjustment of its required ratings for hedge counterparties in collateralized debt obligation transactions, then the applicable Hedge Counterparty Ratings Requirement shall be adjusted downward accordingly; *provided further*, that any adjustment to the Hedge Counterparty Ratings Requirement will be subject to the satisfaction of the Rating Agency Condition with respect to the applicable Rating Agency.

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

"Implied Rating" means, in the case of a rating of a Collateral Asset by a Rating Agency, a rating that is determined by reference to any publicly available, fully monitored rating by another rating agency that, by its terms, addresses the full scope of the payment promise of the obligor.

"Income Note Registrar" means the Fiscal Agent, as income note registrar for the Income Notes.

"Income Noteholder" means a Holder of Income Notes.

"Interest Proceeds" means Proceeds other than Principal Proceeds.

"Issue" of a Collateral Asset means any such Collateral Asset issued by the same issuer, having the same terms and conditions (as to, among other things, coupon, maturity, security and subordination) and otherwise being fungible with one another.

"Liquidation Proceeds" with respect to any Optional Redemption or Tax Redemption include, without duplication, (i) all Sale Proceeds from Collateral Assets sold in connection with such redemption, (ii) the aggregate amount received by the Issuer on or prior to the Business Day immediately preceding the relevant Payment Date from the termination of any Hedge Agreement in connection with such redemption, and (iii) cash and Eligible Investments on deposit in the Accounts, to the extent available therefor, including any amounts designated by the Collateral Manager as retained for reinvestment in Eligible Investments (and also including any payments received under any Hedge Agreements on or prior to the day preceding the Payment Date, but only to the extent that such payments are required to be paid as a result of an Optional Redemption or Tax Redemption of Notes), in each case as determined by the Collateral Manager.

"Majority" means (a) with respect to any Class or Classes of Notes, the Holders of more than 50% of the aggregate outstanding principal amount of such Class or Classes of Notes and (b) with respect to the Income Notes, more than 50% of the notional principal amount of the Income Notes; provided, that (except for matters as to which unanimous consent of all Holders of the Class A-1F Notes or the Class A 1B Notes is required under the Transaction Documents, assuming for this purpose, in the case of any limitation on voting rights with respect to a matter that adversely affects Noteholders, that each Noteholder is adversely affected) the Holders of the Class A-1V Notes will have a voting power equal to the aggregate outstanding amount of the Class A-1F Notes, the Class A-1B Notes and the Class A-1V Notes, collectively, and the Holders of the Class A-1F Notes and the Class A-1B Notes will have no voting power; provided, further, that for so long as any Class A-1 Notes remain outstanding and the aggregate outstanding amount of the Class A-1V Notes is less than U.S.$1, the aggregate outstanding amount of the Class A-1V Notes shall be deemed to be U.S.$1 for purposes of voting power.

"Market Value" means, with respect to the Collateral Assets and/or Eligible Investments, (i) the average of three bona fide bids for such Collateral Asset or Eligible Investment obtained by the Collateral Manager at such time from any three nationally recognized dealers, which dealers are Independent from one another and from the Collateral Manager, or (ii) if the Collateral Manager is unable to obtain three such bids, the lesser of two bona fide bids for such Collateral Asset or Eligible Investment obtained by the Collateral Manager at such time from any two nationally recognized dealers acceptable to the Collateral Manager, which dealers are Independent from one another and from the Collateral Manager, or (iii) in the event the Collateral Manager is unable to obtain two such bids, the price on such date provided to the Collateral Manager by an Independent pricing service reasonably selected by the Collateral Manager, or (iv) in the event the Collateral Manager cannot in good faith determine the market value of such Collateral Asset or Eligible Investment using commercially reasonable efforts to apply the methods specified in clauses (i) through (iii) above, as determined in good faith by the Collateral Manager using commercially reasonable efforts to apply its reasonable business judgment. If the method of determining Market Value is based solely on the Collateral Manager's determination, such Market Value shall not exceed the lesser of the Moody's Recovery Rate and the S&P Recovery Rate, multiplied by the Principal Balance of the Collateral Asset and/or Eligible Investment, and shall be considered zero after 30 days or until such time as the Collateral Manager obtains a bid for such Collateral Asset or Eligible Investment.

"Minimum Bid Amount" is an amount equal to the sum of (a) the Note Redemption Price with respect to the Auction Payment Date, (b) any amount payable by the Issuer to the Hedge Counterparties upon termination of the Hedge Agreements less any amounts payable by the Hedge Counterparty to the Issuer upon the termination of the Hedge Agreements, (c) accrued and unpaid Collateral Management Fees and (d) 101% of all unpaid expenses of the Issuer, less amounts (which would not include amounts on deposit in the Default Swap Collateral Account due to the Synthetic Security Counterparty including termination payments) on deposit in the Accounts which are available to redeem the Notes or pay amounts provided in clauses (a) through (c) above.

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

"Moody's Asset Correlation Factor" means a single number determined by the Trustee in accordance with the asset correlation methodology provided from time to time to the Collateral Manager by Moody's (a copy of which the Collateral Manager shall promptly provide to the Trustee); *provided, however*, that the calculation of the asset correlation factor shall be based on a number of assets equal to 107.

"Moody's 'Idealized' Cumulative Expected Loss Rate" has the meaning set forth in Schedule G to the Indenture.

"Moody's Maximum Rating Distribution" means, on any date of determination, the number obtained by dividing (i) the summation of the series of products obtained for any Collateral Asset that is not a Defaulted Obligation by multiplying (a) the Principal Balance on such Measurement Date of each

such Collateral Asset by (b) its respective Moody's Rating Factor on such Measurement Date by (ii) the aggregate Principal Balance on such Measurement Date of all Collateral Assets that are not Defaulted Obligations and rounding the result to the nearest whole number.

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

"Moody's Rating Factor" relating to any Collateral Asset is the number set forth in the table below opposite the Moody's Rating of such Collateral Asset.

Moody's Rating	Moody's Rating Factor	Moody's Rating	Moody's Rating Factor
Aaa	1	Ba1	940
Aa1	10	Ba2	1,350
Aa2	20	Ba3	1,766
Aa3	40	B1	2,220
A1	70	B2	2,720
A2	120	B3	3,490
A3	180	Caa1	4,770
Baa1	260	Caa2	6,500
Baa2	360	Caa3	8,070
Baa3	610	Ca or lower	10,000

The correlation coefficient's methodology may be updated from time to time by Moody's as demonstrated by a published report distributed by Moody's and applied across all collateralized debt obligation transactions.

If a Collateral Asset does not have a Moody's Rating assigned to it at the date of acquisition, the Moody's Rating Factor with respect to such Collateral Asset shall be 10,000 for a period of 90 days from the acquisition of such Collateral Asset. After such 90 day period, if such Collateral Asset is not rated by Moody's and no other security or obligation of the issuer thereof or obligor thereon is rated by Moody's and the Issuer or the Investment Advisor seeks to obtain an estimate of a Moody's Rating Factor, then the Moody's Rating Factor of such Collateral Asset will be deemed to be such estimate thereof as may be assigned by Moody's upon the request of the Issuer or the Collateral Manager.

"Moody's Recovery Rate" means, with respect to a Collateral Asset, an amount equal to the percentage for such Collateral Asset set forth in the recovery rate assumptions for Moody's attached as Part I of Schedule D to the Indenture; *provided, however*, that (A) Defaulted Obligations which exceed 2.5% of the Aggregate Principal Amount and have been defaulted for more than one year will be deemed to have a Moody's Recovery Rate of 0%, (B) Defaulted Obligations which exceed 1.00% of the Aggregate Principal Amount and have been defaulted for more than 2 years shall be deemed to have a Moody's Recovery Rate of 0%; and (C) Defaulted Obligations which have been defaulted for more than 3 years shall be deemed to have a Moody's Recovery Rate of 0%.

"Net Outstanding Portfolio Collateral Balance" means, on any Determination Date, an amount equal to (i) the aggregate Principal Balance on such Determination Date of all Collateral Assets, *plus* (ii) the aggregate Principal Balance of all Principal Proceeds held as cash and Eligible Investments purchased with Principal Proceeds, *minus* (iii) the aggregate Principal Balance on such date of determination of all Collateral Assets that are (A) Defaulted Obligations, (B) Deferred Interest PIK Bonds, (C) Double B Rated Assets, (D) Single B Rated Assets, (E) Triple C Rated Assets and (F) Deep Discount Obligations, *plus* (iv) the Aggregate Calculation Amount of Defaulted Obligations and Deferred Interest PIK Bonds, the Double B Calculation Amount, the Single B Calculation Amount, the Triple C Calculation Amount and the Deep Discount Obligation Calculation Amount, *minus* (v) 25% of the projected Principal Balance of each Collateral Asset other than a Defaulted Obligation, Deferred Interest PIK Bond, Double B

Rated Asset, Single B Rated Asset or Triple C Rated Asset that is expected to be paid after the Stated Maturity of the Class B Notes, *minus* (vi) any appraisal reductions applicable to any class of CMBS (other than any CMBS which are Defaulted Obligations) held by the Issuer to the extent such appraisal reduction is intended to reduce the interest payable to such Collateral Asset and only in proportion to such interest reduction. For purposes of calculating the Net Outstanding Portfolio Collateral Balance, if any Collateral Asset falls within more than one category described in clauses (A) through (F) above, such Collateral Asset shall be treated in the category that results in the greatest discount.

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

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

"PIK Bond" means a RMBS Bespoke Synthetic Repackaging Security or a CDO Security on which the deferral of interest does not constitute an event of default pursuant to the terms of the related underlying instruments (while any other senior debt obligation is outstanding if so provided by the related indenture or other underlying instruments).

"Pledged Securities" means on any Determination Date, the Collateral Assets, the Eligible Investments, the Default Swap Collateral and the Deliverable Obligations that have been granted to the Trustee.

"Principal Balance" means, with respect to any Collateral Asset or Eligible Investment, as of any date of determination, the outstanding principal amount of such Collateral Asset or Eligible Investment; subject to the following exceptions: (i) the Principal Balance of a Collateral Asset received upon acceptance of an offer to exchange a Collateral Asset for such Collateral Asset shall be deemed to be the percentage of the outstanding principal amount equal to the least of (a) the Moody's Recovery Rate and (b) the S&P Recovery Rate for such Collateral Asset until such time as Proceeds are first received when due with respect to such Collateral Asset; (ii) the Principal Balance of each Defaulted Obligation shall be deemed to be zero, except (A) for purposes of the calculation of the Coverage Tests, in which case, the Principal Balance of Defaulted Obligations shall equal their respective outstanding principal amount (unless otherwise indicated in such tests), (B) for purposes of determining whether an Event of Default described in clause (vi) of the definition thereof has occurred, Defaulted Obligations shall be included at their Applicable Recovery Rate, (C) for purposes of calculating any trustee fees and the Collateral Management Fee, the Principal Balance of each Defaulted Obligation shall equal the Calculation Amount for such Defaulted Obligations and (D) as otherwise expressly indicated; (iii) the Principal Balance of any cash shall be the amount of such cash; (iv) the Principal Balance of any Collateral Assets and any Eligible Investments in which the Trustee does not have a perfected security interest shall be deemed to be zero; (v) the Principal Balance of any Collateral Asset that is an equity security shall be deemed to be zero; (vi) the Principal Balance of a Synthetic Security shall be the notional amount of such Synthetic Security; (vii) the Principal Balance of any Default Swap Collateral shall be deemed to be zero as long as the related Synthetic Security is outstanding; and (viii) for purposes of calculating the Class A/B Overcollateralization Ratio, the Class C Overcollateralization Ratio and the Class D Overcollateralization Ratio, the Principal Balance of any RMBS that is experiencing negative amortization shall be deemed to be its outstanding principal amount without regard to any deferred or capitalized interest.

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of: (i) all payments of principal on the Collateral Assets and Eligible Investments received in cash by the Issuer during such Due Period including prepayments or mandatory sinking fund payments, or payments in respect of optional redemptions, exchange offers, tender offers (other than payments of principal of Eligible Investments acquired with Proceeds other than Principal Proceeds), recoveries on Defaulted

Obligations and principal payments received on any Default Swap Collateral if the related Synthetic Security has terminated and the Issuer has no further payment obligations thereunder; (ii) Sale Proceeds received by the Issuer during such Due Period (excluding accrued interest on sold or disposed Collateral Assets or Eligible Investments); (iii) all amendment, waiver, late payment fees, restructuring and other fees and commissions collected during the related Due Period in respect of Defaulted Obligations up to the par amount; (iv) any proceeds resulting from the termination, replacement and liquidation of any Hedge Agreement to the extent such proceeds exceed the cost of entering into a replacement Hedge Agreement; and (v) all payments received in cash by the Issuer during such Due Period that represent call, prepayment or redemption premiums but not in excess of the purchase premium paid thereon; *provided, however*, that Principal Proceeds shall not include any accrued interest or any funds from the Income Note Payment Account and all funds deposited in or credited thereto, transaction fees payable to the Issuer and its share capital on account of its ordinary shares held in its account in the Cayman Islands.

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

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

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

"Ramp-Up Completion Date" means the date that is the earlier of (a) 30 days following the Closing Date and (b) the first date on which the Issuer has purchased Collateral Assets in an amount such that the aggregate Principal Balance of all Collateral Assets (without giving effect to any principal payments on or sales or Collateral Assets on or prior to such date) equals or exceeds the Ramp-Up Completion Date Balance.

"Ramp-Up Completion Date Balance" means $1,500,000,000.

"Ramp-Up Period" means the period from the Closing Date to and including the 30th day following the Closing Date.

"Rating Agency Condition" with respect to any action taken or to be taken under the Transaction Documents, a condition that is satisfied when one or both Rating Agencies, as applicable, has confirmed in writing to the Issuer and the Collateral Manager that such action will not result in the immediate withdrawal, reduction or other adverse action with respect to any then-current long-term rating (including any private or confidential rating) of the the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. As specified in the Transaction Documents, the Rating Agency Condition may apply only with respect to a particular Rating Agency, and Holders of a Class of Notes may waive satisfaction of the Rating Agency Condition with respect to their Class of Securities. Unless otherwise specified, if a provision requires satisfaction of the Rating Agency Condition, it shall be presumed that such Rating Agency Condition must be satisfied with regard to both Rating Agencies.

"Rating Agency Confirmation" written confirmation from each of the Rating Agencies that it has not reduced or withdrawn (and not restored) the rating assigned by it on the Closing Date to any Class of Notes.

"Rating Confirmation Failure" means a Rating Agency Confirmation has not been received by the Issuer with respect to each Rating Agency within 30 days after the Ramp-Up Notice.

"Redemption Date" means any Tax Redemption Date, Optional Redemption Date or Auction Payment Date.

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

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

"Registered" means, with respect to any debt obligation or debt security, a debt obligation or debt security that is issued after July 18, 1984, and that is in registered form within the meaning of Section 881(c)(2)(B)(i) of the Code and the Treasury regulations promulgated thereunder.

"REIT Debt Security" means a security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision).

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

"Reuters Screen LIBOR01" has the meaning set forth in the International Swaps and Derivatives Association, Inc. Annex to the 2006 ISDA Definitions.

"RMBS Alt-A Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Prime Mortgage Securities and RMBS Subprime Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Mortgage-Backed Securities) on the cash flow from residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used) and that were originated in connection with "Alt-A" underwriting criteria.

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

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

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

"RMBS Prime Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Alt-A Mortgage Securities and RMBS Subprime Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Mortgage-Backed Securities) on the cash flow from prime residential mortgage loans secured (on a first priority basis, subject to permitted liens,

easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), and originated in connection with "prime" underwriting criteria.

"RMBS Subprime Mortgage Securities" means Residential Mortgage-Backed Securities (other than RMBS Alt-A Mortgage Securities and RMBS Prime Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Mortgage-Backed Securities) on the cash flow from subprime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by 1- to 4-family residential real estate, the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used).

"RMBS Reference Entity" means the issuer of a RMBS Reference Obligation.

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

"S&P Rating" means the rating determined in accordance with the methodology described in the Indenture.

"S&P Recovery Rate" means, with respect to a Collateral Asset on any Determination Date, an amount equal to the percentage for such Collateral Asset set forth in the S&P Recovery Rate Matrix attached as Part II of Schedule D to the Indenture in (x) the applicable table set forth therein, (y) the row in such table opposite the S&P Rating (determined in accordance with procedures prescribed by S&P for such Collateral Asset on the date of its purchase by the Issuer or, in the case of a Defaulted Obligation, the S&P Rating immediately prior to default) and (z) under the relevant column.

"Sale Proceeds" means all amounts representing Proceeds (including accrued interest) from the sale or other disposition of any Collateral Asset or Eligible Investment received during such Due Period, net of any reasonable amounts expended by the Collateral Manager or the Trustee in connection with such sale or other disposition.

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

"Single B Calculation Amount" means the sum of the products of (i) the Principal Balance of each Single B Rated Asset and (ii) 70%.

"Single B Rated Asset" means any Collateral Asset, that is not a Triple C Rated Asset, with an Actual Rating from S&P less than "BB-" or with an Actual Rating from Moody's less than "Ba3".

"Spread" of a Collateral Asset that is a Floating Rate Security, as of any Measurement Date, will equal any of (i) if such security is a Floating Rate Security that accrues interest at a stated margin above 1-month LIBOR or 3-month LIBOR, the stated margin at which interest accrues on such Floating Rate Security , (ii) if such security is a Floating Rate Security that bears interest based on a non-LIBOR based floating rate index or otherwise accrues interest on a basis other than a stated margin above 1-month LIBOR or 3-month LIBOR, the stated spread shall be deemed to be the greater of (a) zero, (b) the base rate applicable to such Floating Rate Security as of the determination date *plus* the rate at which such Floating Rate Security accrues interest in excess of such base rate *minus* 1-month LIBOR as of the determination date and (c) the current interest rate on the security *minus* 1-month LIBOR as of the Determination Date, or (iii) if such security is a Synthetic Security, the premium payable on the default swap contract *plus* or *minus* the spread on the collateralized asset in the Default Swap Collateral Account.

"Statistical Loss Amount" means, as of any Determination Date, the sum of, for each Collateral Asset, the product of (i) the Principal Balance of such Collateral Asset and (ii) the Moody's "Idealized" Cumulative Expected Loss Rate as set forth in the Indenture for such Collateral Asset. For purposes of the calculation of the Statistical Loss Amount on any Determination Date with respect to Single B Rated Assets, Deferred Interest PIK Bonds, Double B Rated Assets, Triple C Rated Assets, Defaulted Obligations and the principal amount of any Collateral Assets expected to be paid in full after the November 2042 Payment Date, the principal amount thereof expected to be paid after the Payment Date related to such Determination Date shall be excluded.

"SupraMajority" means (a) with respect to any Class of Notes, the Holders of more than 66-2/3% of the aggregate outstanding principal amount of such Class of Notes, and (b) with respect to the Income Notes, more than 66-2/3% of the aggregate outstanding notional principal amount of the Income Notes; provided, that (except for matters as to which unanimous consent of all Holders of the Class A-1F Notes or the Class A-1B Notes is required under the Transaction Documents, assuming for this purpose, in the case of any limitation on voting rights with respect to a matter that adversely affects Noteholders, that each Noteholder is adversely affected) the Holders of the Class A-1V Notes will have a voting power equal to the aggregate outstanding amount of the Class A-1F Notes, the Class A-1B Notes and the Class A-1V Notes, collectively, and the Holders of the Class A-1F Notes and the Class A-1B Notes will have no voting power; provided, further, that for so long as any Class A-1 Notes remain outstanding and the aggregate outstanding amount of the Class A-1V Notes is less than U.S.$1, the aggregate outstanding amount of the Class A-1V Notes shall be deemed to be U.S.$1 for purposes of voting power.

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

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

"Synthetic Security Counterparty Defaulted Obligation" means a Synthetic Security with respect to which (a) the long-term debt obligations of the relevant Synthetic Security Counterparty are rated less than "A3" by Moody's (including being rated "A3" and on watch for possible downgrade) or the short-term debt obligations of such Synthetic Security Counterparty are rated "D" or "SD" by Standard & Poor's, or cease to be rated; or (b) such Synthetic Security Counterparty has defaulted in the performance of any of such Synthetic Security Counterparty's payment obligations under such Synthetic Security.

"Tax Event" means (i) the adoption of, or a change in, any tax statute (including the Code), treaty, regulation (whether temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in withholding tax payments representing in excess of 3% of the aggregate interest due and payable on the Collateral Assets during the Due Period in which such event occurs as a result of the imposition of U.S. or other withholding tax with respect to which the obligors are not required to make gross-up payments that cover the full amount of such withholding taxes on an after-tax basis or (ii) the adoption of, or change in, any tax statute (including the Code), treaty, regulation (whether temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in taxation of the Issuer's net income in an amount equal to 3% or more of the net income of the Issuer during any Due Period in which such event occurs.

"Total Redemption Amount" means the sum of all amounts due as of the Redemption Date pursuant to clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) of the Priority of Payments for Final Payment Dates, which will include the Note Redemption Prices for the Notes.

"Transparency Directive" means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to

information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

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

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

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

"Weighted Average Coupon" means the sum (expressed as a percentage, rounded up to the next 0.01%) of (a) the number obtained by (i) summing the products obtained by multiplying (x) the stated rate at which interest accrues on each Fixed Rate Security (other than a Defaulted Obligation) as of such date by (y) the Principal Balance of such Fixed Rate Security (other than a Defaulted Obligation) as of such date, and (ii) dividing such amount by the aggregate Principal Balance of all Fixed Rate Securities (excluding all Defaulted Obligations).

"Weighted Average Spread" means as of any date of determination will equal a fraction (expressed as a percentage) obtained by dividing (I) by (II) where (I) equals the sum of the products obtained by multiplying (x) the Spread (adjusted for any withholding tax withheld on the Collateral Asset during the related period) on each Collateral Asset that is a Floating Rate Security (other than a Defaulted Obligation) as of such date by (y) the Principal Balance of each such Collateral Asset and (II) equals the aggregate Principal Balance of all Collateral Assets that are Floating Rate Security (excluding all Defaulted Obligations) held by the Issuer as of such date.

APPENDIX B

Collateral Asset Descriptions and Transaction Summaries

RMBS Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Coupon/Margin	Maturity
45669EAN6	INDX 2007-AR5 4A22	INDX 2007-AR5	$9,142,000	1.0000	$9,142,000	$9,142,000	$422,171,409	3/29/07	fixed	5.75%	5/25/2037
456610AK0	INDX 2006-AR15 M7	INDX 2006-AR15	$4,443,000	1.0000	$4,443,000	$4,443,000	$1,269,421,177	5/30/06	LIBOR01M	0.50%	7/25/2036
25151RAN4	DBALT 2007-AR1 M5	DBALT 2007-AR1	$980,000	1.0000	$980,000	$2,717,000	$599,531,726	1/31/07	LIBOR01M	0.45%	1/25/2047
25151RAP9	DBALT 2007-AR1 M6	DBALT 2007-AR1	$980,000	1.0000	$980,000	$2,717,000	$599,531,726	1/31/07	LIBOR01M	0.48%	1/25/2047
74951RAA2	RESIF 2007-A B3	RESIF 2007-A	$3,449,000	0.9984	$3,443,472	$6,699,000	$13,399,716,603	2/8/07	LIBOR01M	0.38%	2/15/2039
07386XAC0	BALTA 2007-1 1M1	BALTA 2007-1	$6,493,000	1.0000	$6,493,000	$12,986,000	$405,812,921	1/31/07	LIBOR01M	0.29%	1/25/2047
05952DAG3	BAFC 2007-A M4	BAFC 2007-A	$1,797,000	1.0000	$1,797,000	$3,594,000	$718,728,214	1/31/07	LIBOR01M	0.38%	2/20/2047
05952DAH1	BAFC 2007-A M5	BAFC 2007-A	$1,797,000	1.0000	$1,797,000	$3,594,000	$718,728,214	1/31/07	LIBOR01M	0.42%	2/20/2047
05951GAJ1	BAFC 2007-2 TM2	BAFC 2007-2	$2,775,000	1.0000	$2,775,000	$5,551,000	$427,006,778	2/27/07	LIBOR01M	0.55%	3/25/2037
576429AF1	MARM 2007-2 M2	MARM 2007-2	$8,460,000	1.0000	$8,460,000	$8,460,000	$940,082,460	2/27/07	LIBOR01M	0.28%	3/25/2047
576429AG9	MARM 2007-2 M3	MARM 2007-2	$7,050,000	1.0000	$7,050,000	$7,050,000	$940,082,460	2/27/07	LIBOR01M	0.32%	3/25/2047
576429AH7	MARM 2007-2 M4	MARM 2007-2	$2,820,000	1.0000	$2,820,000	$5,639,000	$940,082,460	2/27/07	LIBOR01M	0.38%	3/25/2047
576429AJ3	MARM 2007-2 M5	MARM 2007-2	$2,350,000	1.0000	$2,350,000	$4,699,000	$940,082,460	2/27/07	LIBOR01M	0.41%	3/25/2047
466287AG4	JPALT 2007-A1 1M2	JPALT 2007-A1	$2,843,000	1.0000	$2,843,000	$6,893,000	$725,522,999	2/28/07	LIBOR01M	0.28%	3/25/2037
466287AJ8	JPALT 2007-A1 1M4	JPALT 2007-A1	$835,000	1.0000	$835,000	$3,265,000	$725,522,999	2/28/07	LIBOR01M	0.37%	3/25/2037
466287AK5	JPALT 2007-A1 1M5	JPALT 2007-A1	$1,699,000	1.0000	$1,699,000	$2,539,000	$725,522,999	2/28/07	LIBOR01M	0.39%	3/25/2037
452559AF4	IMSA 2007-1 M2	IMSA 2007-1	$3,000,000	1.0000	$3,000,000	$12,000,000	$1,000,000,857	2/22/07	LIBOR01M	0.28%	3/25/2037
452559AH0	IMSA 2007-1 M4	IMSA 2007-1	$3,000,000	1.0000	$3,000,000	$6,000,000	$1,000,000,857	2/22/07	LIBOR01M	0.41%	3/25/2037
452559AJ6	IMSA 2007-1 M5	IMSA 2007-1	$1,650,000	1.0000	$1,650,000	$5,000,000	$1,000,000,857	2/22/07	LIBOR01M	0.43%	3/25/2037
452559AK3	IMSA 2007-1 M6	IMSA 2007-1	$2,500,000	1.0000	$2,500,000	$5,000,000	$1,000,000,857	2/22/07	LIBOR01M	0.47%	3/25/2037
3622ECAZ9	GSAA 2007-5 2M5	GSAA 2007-5	$6,227,000	1.0000	$6,227,000	$6,227,000	$1,132,343,282	4/30/07	LIBOR01M	1.25%	4/25/2047
362381AH8	GSAA 2006-12 M4	GSAA 2006-12	$3,211,000	1.0000	$3,211,000	$6,211,000	$1,035,238,369	7/28/06	LIBOR01M	0.41%	8/25/2036
362381AG0	GSAA 2006-12 M3	GSAA 2006-12	$5,000,000	1.0000	$5,000,000	$10,352,000	$1,035,238,369	7/28/06	LIBOR01M	0.38%	8/25/2036
059515AM8	BAFC 2007-3 TM2	BAFC 2007-3	$8,388,000	1.0000	$8,388,000	$8,388,000	$599,140,562	4/30/07	LIBOR01M	1.30%	4/25/2037
41162GAG7	HVMLT 2006-11 B5	HVMLT 2006-11	$3,328,000	1.0000	$3,328,000	$3,328,000	$415,964,635	11/13/06	LIBOR01M	0.45%	12/19/2036
BCAP 2007-AA3 M2	BCAP 2007-AA3 M2	BCAP 2007-AA3	$3,000,000	1.0000	$3,000,000	$5,527,000	$578,882,000	5/31/07	LIBOR01M	0.38%	4/27/2037
BCAP 2007-AA3 M3	BCAP 2007-AA3 M3	BCAP 2007-AA3	$1,782,000	1.0000	$1,782,000	$3,782,000	$578,882,000	5/31/07	LIBOR01M	0.48%	4/27/2037
TBW 2007-2 M1	TBW 2007-2 M1	TBW 2007-2	$7,500,000	1.0000	$7,500,000	$15,071,000	$646,742,000	5/30/07	LIBOR01M	0.55%	no info
BAFC 2007-4 A	BAFC 2007-4 TM2	BAFC 2007-4	$10,000,000	1.0000	$10,000,000	$5,336,000	$500,545,000	no info	synthetic sprd	1.00%	no info
007036FY7	ARMT 2005-1 5M2	ARMT 2005-1	$10,000,000	1.0000	$10,000,000	$10,210,000	$416,590,179	1/27/05	synthetic sprd	0.75%	5/25/2035
07388WAF3	BSABS 2006-AC4 M3	BSABS 2006-AC4	$15,000,000	1.0000	$15,000,000	$2,360,000	$363,151,282	6/30/06	synthetic sprd	1.20%	7/25/2036
25151RAP9	DBALT 2007-AR1 M6	DBALT 2007-AR1	$15,000,000	1.0000	$15,000,000	$2,717,000	$599,531,726	1/31/07	synthetic sprd	2.50%	1/25/2047
007036MA1	ARMT 2005-5 6M2	ARMT 2005-5	$10,000,000	1.0000	$10,000,000	$13,315,000	$484,201,136	5/27/05	synthetic sprd	0.70%	9/25/2035
25150RAN5	DBALT 2006-AR6 M5	DBALT 2006-AR6	$15,000,000	1.0000	$15,000,000	$6,174,000	$1,764,105,675	12/15/06	synthetic sprd	2.00%	2/25/2037
45662DAL9	INDX 2006-AR29 M5	INDX 2006-AR29	$15,000,000	1.0000	$15,000,000	$4,178,000	$835,631,507	9/29/06	synthetic sprd	0.85%	11/25/2036
86359DKP1	LXS 2005-1 M2	LXS 2005-1	$15,000,000	1.0000	$15,000,000	$11,452,000	$636,211,341	6/30/05	synthetic sprd	1.25%	7/25/2035
617487AM5	MSM 2006-16AX M5	MSM 2006-16AX	$15,000,000	1.0000	$15,000,000	$3,237,000	$719,424,827	10/31/06	synthetic sprd	2.00%	11/25/2036
88156PBB6	TMTS 2006-7 2M2	TMTS 2006-7	$15,000,000	1.0000	$15,000,000	$6,750,000	$250,000,830	7/25/06	synthetic sprd	0.95%	8/25/2037
002560AD2	ABAC 2006-14A AS2	ABAC 2006-14A	$10,000,000	1.0000	$10,000,000	$10,000,000	$242,116,875	5/29/07	LIBOR01M	1.40%	10/30/2045
17311WAB3	CMLTI 2007-AR4 1A1B	CMLTI 2007-AR4	$17,000,000	0.9687	$16,468,413	$32,142,000	$892,808,714	2/28/07	fixed	6.00%	3/25/2037
31397GQC7	FHR 3300 A	FHR 3300	$60,167,000	1.0000	$60,167,000	$60,167,000	$295,000,001	4/30/07	fixed	5.86%	4/15/2037
31396VNM6	FNR 2007-26 N	FNR 2007-26	$60,000,000	1.0000	$60,000,000	$60,000,000	$300,000,001	3/30/07	fixed	5.83%	8/25/2034
933634AH0	WAMU 2007-HY3 3A4	WAMU 2007-HY3	$25,201,000	0.9876	$24,888,340	$25,201,000	$386,896,032	2/27/07	fixed	5.87%	3/25/2037
FHR 3316 JA	FHR 3316 JA	FHR 3316	$30,000,000	1.0000	$30,000,000	$30,000,000	$200,000,000	5/30/07	fixed	5.90%	NA
FHR 3326 JA	FHR 3326 JA	FHR 3326	$24,000,000	1.0000	$24,000,000	$24,000,000	$80,000,000	6/29/07	fixed	5.90%	NA
02149HAX8	CWALT 2007-2CB 2A7	CWALT 2007-2CB	$60,000,000	0.9689	$58,132,149	$60,000,000	$474,691,189	1/30/07	LIBOR01M	0.40%	3/25/2037
02150AAF8	CWALT 2007-6 A6	CWALT 2007-6	$60,000,000	0.9980	$59,880,748	$60,000,000	$370,965,058	2/27/07	LIBOR01M	0.35%	4/25/2047
02150EAQ6	CWALT 2007-5CB 1A15	CWALT 2007-5CB	$60,000,000	0.9986	$59,917,213	$60,000,000	$1,431,457,250	2/27/07	LIBOR01M	0.40%	4/25/2037
02148DAK6	CWALT 2007-HY3 M3	CWALT 2007-HY3	$2,743,000	1.0000	$2,743,000	$5,485,000	$997,240,134	2/28/07	LIBOR01M	0.38%	3/25/2047

RMBS Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer/Collateral Manager
45669EAN6	INDX 2007-AR5 4A22	RMBS Alt-A	Aaa	Aaa	AAA	AAA	-	7.3	IndyMac Bank, F.S.B
456610AK0	INDX 2006-AR15 M7	RMBS Alt-A	A3	A3	A	A	-	4.0	IndyMac Bank, F.S.B
25151RAN4	DBALT 2007-AR1 M5	RMBS Alt-A	A2	A2	A+	A+	-	4.6	GMAC Mortgage, LLC
25151RAP9	DBALT 2007-AR1 M6	RMBS Alt-A	A3	A3	A	A	-	4.5	GMAC Mortgage, LLC
74951RAA2	RESIF 2007-A B3	RMBS Alt-A	A2	A2	A-	A-	AA-	9.8	Bank of America, N.A.
07386XAC0	BALTA 2007-1 1M1	RMBS Alt-A	Aa2	Aa2	AA	AA	-	9.3	EMC Mortgage Corporation
05952DAG3	BAFC 2007-A M4	RMBS Alt-A	A1	A1	AA	AA	AA	5.3	Bank of America, N.A.
05952DAH1	BAFC 2007-A M5	RMBS Alt-A	A2	A2	AA-	AA-	AA-	5.3	Bank of America, N.A.
05951GAJ1	BAFC 2007-2 TM2	RMBS Alt-A	A2	A2	A+	A+	-	9.9	Wells Fargo Bank, N.A.
576429AF1	MARM 2007-2 M2	RMBS Alt-A	Aa2	Aa2	AA+	AA+	-	5.3	Countrywide Home Loans Servicing LP
576429AG9	MARM 2007-2 M3	RMBS Alt-A	Aa3	Aa3	AA	AA	-	5.3	Countrywide Home Loans Servicing LP
576429AH7	MARM 2007-2 M4	RMBS Alt-A	A1	A1	AA-	AA-	-	5.3	Countrywide Home Loans Servicing LP
576429AJ3	MARM 2007-2 M5	RMBS Alt-A	A2	A2	AA-	AA-	-	5.3	Countrywide Home Loans Servicing LP
466287AG4	JPALT 2007-A1 1M2	RMBS Alt-A	Aa2	Aa2	AA+	AA+	-	4.4	JPMorgan Chase Bank, National Association
466287AJ8	JPALT 2007-A1 1M4	RMBS Alt-A	A1	A1	AA-	AA-	-	4.4	JPMorgan Chase Bank, National Association
466287AK5	JPALT 2007-A1 1M5	RMBS Alt-A	A2	A2	A+	A+	-	9.9	JPMorgan Chase Bank, National Association
452559AF4	IMSA 2007-1 M2	RMBS Alt-A	Aa2	Aa2	AA+	AA+	-	9.9	Impac Funding Corporation
452559AH0	IMSA 2007-1 M4	RMBS Alt-A	A1	A1	AA-	AA-	-	4.7	Impac Funding Corporation
452559AJ6	IMSA 2007-1 M5	RMBS Alt-A	A2	A2	A+	A+	-	4.7	Impac Funding Corporation
452559AK3	IMSA 2007-1 M6	RMBS Alt-A	A3	A3	A	A	-	4.7	Impac Funding Corporation
3622ECAZ9	GSAA 2007-5 2M5	RMBS Alt-A	A2	A2	AA-	AA-	-	4.4	Countrywide Home Loans Servicing LP
362381AH8	GSAA 2006-12 M4	RMBS Alt-A	A2	A2	AA-	AA-	-	3.8	Countrywide Home Loans Servicing LP
362381AG0	GSAA 2006-12 M3	RMBS Alt-A	A1	A1	AA	AA	-	3.8	Countrywide Home Loans Servicing LP
059515AM8	BAFC 2007-3 TM2	RMBS Alt-A	A2	A2	AA-	AA-	-	5.4	Wells Fargo Bank, N.A.
41162GAG7	HVMLT 2006-11 B5	RMBS Alt-A	A3	A3	AA-	AA-	-	4.0	Countrywide Home Loans Servicing LP
BCAP 2007-AA3 M2	BCAP 2007-AA3 M2	RMBS Alt-A	Aa2	Aa2	AA+	AA+	-	5.2	no info
BCAP 2007-AA3 M3	BCAP 2007-AA3 M3	RMBS Alt-A	Aa3	Aa3	AA	AA	-	5.2	no info
TBW 2007-2 M1	TBW 2007-2 M1	RMBS Alt-A	Aa2	Aa2	AA	AA	-	5.3	Taylor Bean & Whitaker Mortgage Group
BAFC 2007-4 A	BAFC 2007-4 TM2	RMBS Alt-A	A2	A2	A	A	-	5.4	Wells Fargo Bank, N.A.
007036FY7	ARMT 2005-1 5M2	RMBS Alt-A	A2	A2	A	A	-	4.6	Select Portfolio Servicing LP
07388WAF3	BSABS 2006-AC4 M3	RMBS Alt-A	A2	A2	A	A	-	4.6	EMC Mortgage Corporation
25151RAP9	DBALT 2007-AR1 M6	RMBS Alt-A	A3	A3	A	A	-	4.6	GMAC
007036MA1	ARMT 2005-5 6M2	RMBS Alt-A	A2	A2	A	A	-	4.6	Select Portfolio Servicing LP
25150RAN5	DBALT 2006-AR6 M5	RMBS Alt-A	A2	A2	AA-	AA-	-	4.7	GMAC Mortgage, LLC
45662DAL9	INDX 2006-AR29 M5	RMBS Alt-A	Aa3	Aa3	A	A	-	4.8	IndyMac Bank, F.S.B
86359DKP1	LXS 2005-1 M2	RMBS Alt-A	A2	A2	A	A	-	5.6	Aurora Loan Services LLC
617487AM5	MSM 2006-16AX M5	RMBS Alt-A	A2	A2	A+	A+	-	4.6	GMAC Mortgage, LLC
88156PBB6	TMTS 2006-7 2M2	RMBS Alt-A	A2	A2	AA-	AA-	-	4.9	JP Morgan Chase Bank, National Association
002560AD2	ABAC 2006-14A AS2	RMBS Bespoke	Aa1	Aa1	AAA	AAA	-	6.9	LaSalle
17311WAB3	CMLTI 2007-AR4 1A1B	RMBS Prime	Aa1	Aa1	-	AA-	AAA	3.9	Wells Fargo Bank, N.A.
31397GQC7	FHR 3300 A	RMBS Prime	Aaa	Aaa	AAA	AAA	-	9.2	Wells Fargo Bank, N.A.
31396VNM6	FNR 2007-26 N	RMBS Prime	Aaa	Aaa	AAA	AAA	-	8.3	no info
933634AH0	WAMU 2007-HY3 3A4	RMBS Prime	AAA	AAA	AAA	AAA	AAA	3.2	Washington Mutual Bank
FHR 3316 JA	FHR 3316 JA	RMBS Prime	Aaa	Aaa	AAA	AAA	-	10.5	ABN ARMO Mortgage Group
FHR 3326 JA	FHR 3326 JA	RMBS Prime	Aaa	Aaa	AAA	AAA	-	10.5	ABN ARMO Mortgage Group
02149HAX8	CWALT 2007-2CB 2A7	RMBS Prime	Aaa	Aaa	AAA	AAA	AAA	7.0	Countrywide Home Loans Servicing LP
02150AAF8	CWALT 2007-6 A6	RMBS Prime	Aaa	Aaa	AAA	AAA	AAA	1.8	Countrywide Home Loans Servicing LP
02150EAQ6	CWALT 2007-5CB 1A15	RMBS Prime	Aaa	Aaa	AAA	AAA	AAA	1.5	Countrywide Home Loans Servicing LP
02148DAK6	CWALT 2007-HY3 M3	RMBS Prime	Aa3	Aa3	AA+	AA+	-	5.3	Countrywide Home Loans Servicing LP

RMBS Assets

CUSIP	Name	Avg. FICO	Avg. LTV	% IO	% Fixed	% 2nd Lien	% Hybrid	Avg Loan Balance	% Occupancy	% Refinanced	% Cash Out	% Purchase
45669EAN6	INDX 2007-AR5 4A22	706	74.4%	90.2%	0.0%	53.0%	100.0%	446,270	83.9%	15.8%	38.6%	45.6%
456610AK0	INDX 2006-AR15 M7	705	76.0%	86.9%	0.0%	no info	100.0%	307,440	89.7%	11.7%	26.0%	62.3%
25151RAN4	DBALT 2007-AR1 M5	714	75.8%	87.9%	0.0%	0.0%	100.0%	306,185	89.1%	15.7%	23.4%	61.0%
25151RAP9	DBALT 2007-AR1 M6	714	75.8%	87.9%	0.0%	0.0%	100.0%	306,185	89.1%	15.7%	23.4%	61.0%
74951RAA2	RESIF 2007-A B3	745	70.1%	56.2%	43.5%	0.0%	56.6%	428,065	90.5%	21.5%	26.1%	52.4%
07386XAC0	BALTA 2007-1 1M1	696	78.1%	87.4%	0.0%	0.0%	100.0%	305,484	60.3%	7.9%	24.4%	67.7%
05952DAG3	BAFC 2007-A M4	719	73.8%	86.1%	0.0%	0.0%	100.0%	521,952	81.6%	26.1%	32.1%	41.9%
05952DAH1	BAFC 2007-A M5	719	73.8%	86.1%	0.0%	0.0%	100.0%	521,952	81.6%	26.1%	32.1%	41.9%
05951GAJ1	BAFC 2007-2 TM2	702	75.9%	47.1%	100.0%	0.0%	0.0%	206,535	74.1%	11.9%	33.8%	54.3%
576429AF1	MARM 2007-2 M2	711	72.7%	93.9%	0.0%	0.0%	100.0%	700,977	83.2%	25.0%	37.7%	37.3%
576429AG9	MARM 2007-2 M3	711	72.7%	93.9%	0.0%	0.0%	100.0%	700,977	83.2%	25.0%	37.7%	37.3%
576429AH7	MARM 2007-2 M4	711	72.7%	93.9%	0.0%	0.0%	100.0%	700,977	83.2%	25.0%	37.7%	37.3%
576429AJ3	MARM 2007-2 M5	711	72.7%	93.9%	0.0%	0.0%	100.0%	700,977	83.2%	25.0%	37.7%	37.3%
466287AG4	JPALT 2007-A1 1M2	707	75.8%	90.0%	0.0%	0.0%	100.0%	476,696	80.7%	18.1%	22.5%	59.4%
466287AJ8	JPALT 2007-A1 1M4	707	75.8%	90.0%	0.0%	0.0%	100.0%	476,696	80.7%	18.1%	22.5%	59.4%
466287AK5	JPALT 2007-A1 1M5	707	75.8%	90.0%	0.0%	0.0%	100.0%	476,696	80.7%	18.1%	22.5%	59.4%
452559AF4	IMSA 2007-1 M2	704	74.8%	68.1%	32.6%	4.6%	67.4%	302,847	80.3%	21.5%	34.3%	44.2%
452559AH0	IMSA 2007-1 M4	704	74.8%	68.1%	32.6%	4.6%	67.4%	302,847	80.3%	21.5%	34.3%	44.2%
452559AJ6	IMSA 2007-1 M5	704	74.8%	68.1%	32.6%	4.6%	67.4%	302,847	80.3%	21.5%	34.3%	44.2%
452559AK3	IMSA 2007-1 M6	704	74.8%	68.1%	32.6%	4.6%	67.4%	302,847	80.3%	21.5%	34.3%	44.2%
3622ECAZ9	GSAA 2007-5 2M5	706	76.4%	91.6%	0.0%	0.0%	100.0%	443,258	84.5%	23.8%	29.6%	46.6%
362381AH8	GSAA 2006-12 M4	710	77.3%	90.1%	0.0%	0.0%	100.0%	303,587	82.4%	8.4%	22.7%	68.9%
362381AG0	GSAA 2006-12 M3	710	77.3%	90.1%	0.0%	0.0%	100.0%	303,587	82.4%	8.4%	22.7%	68.9%
059515AM8	BAFC 2007-3 TM2	700	75.5%	57.3%	100.0%	0.0%	0.0%	239,178	79.4%	11.8%	40.1%	48.2%
41162GAG7	HVMLT 2006-11 B5	707	74.5%	92.7%	0.0%	0.0%	100.0%	663,892	83.6%	18.6%	37.0%	44.4%
BCAP 2007-AA3 M2	BCAP 2007-AA3 M2	729	72.9%	85.3%	0.0%	0.0%	100.0%	375,349	56.1%	21.1%	34.2%	44.7%
BCAP 2007-AA3 M3	BCAP 2007-AA3 M3	729	72.9%	85.3%	0.0%	0.0%	100.0%	375,349	56.1%	21.1%	34.2%	44.7%
TBW 2007-2 M1	TBW 2007-2 M1	704	76.0%	28.1%	100.0%	44.8%	0.0%	188,131	76.1%	25.0%	38.0%	37.0%
BAFC 2007-4 A	BAFC 2007-4 TM2	700	72.6%	49.9%	98.7%	0.0%	1.3%	235,882	73.2%	18.6%	44.7%	36.8%
007036FY7	ARMT 2005-1 5M2	696	79.0%	46.2%	0.0%	0.0%	100.0%	256,112	66.0%	6.7%	25.2%	68.2%
07388WAF3	BSABS 2006-AC4 M3	693	75.2%	35.2%	100.0%	0.0%	0.0%	216,936	71.6%	9.2%	29.6%	61.1%
25151RAP9	DBALT 2007-AR1 M6	714	75.8%	87.9%	0.0%	0.0%	100.0%	306,185	89.1%	15.7%	23.4%	61.0%
007036MA1	ARMT 2005-5 6M2	703	77.8%	69.6%	0.0%	0.0%	100.0%	270,970	76.7%	8.9%	20.5%	70.5%
25150RAN5	DBALT 2006-AR6 M5	709	76.5%	87.1%	0.0%	0.0%	100.0%	317,000	82.4%	15.3%	22.8%	61.9%
45662DAL9	INDX 2006-AR29 M5	710	76.3%	88.3%	0.0%	0.0%	100.0%	339,136	88.6%	10.3%	22.4%	67.3%
86359DKP1	LXS 2005-1 M2	713	76.6%	86.6%	0.0%	0.0%	100.0%	236,510	54.1%	4.1%	15.4%	80.5%
617487AM5	MSM 2006-16AX M5	699	77.9%	89.7%	0.0%	0.0%	100.0%	211,352	57.7%	22.5%	40.2%	37.3%
88156PBB6	TMTS 2006-7 2M2	686	74.4%	68.4%	51.2%	0.0%	48.8%	250,251	87.5%	8.2%	38.8%	53.0%
002560AD2	ABAC 2006-14A AS2	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info	no info
17311WAB3	CMLTI 2007-AR4 1A1B	746	70.3%	90.7%	0.0%	0.0%	100.0%	744,793	85.8%	25.0%	20.9%	54.1%
31397GQC7	FHR 3300 A	680	72.0%	100.0%	100.0%	0.0%	0.0%	236,248	88.1%	55.2%	no info	44.8%
31396VNM6	FNR 2007-26 N	708	78.5%	100.0%	100.0%	0.0%	0.0%	241,400	87.0%	53.6%	no info	46.4%
933634AH0	WAMU 2007-HY3 3A4	739	76.4%	97.9%	0.0%	0.0%	100.0%	873,354	99.9%	35.8%	43.2%	20.9%
FHR 3316 JA	FHR 3316 JA	732	32.0%	no info	no info	no info	no info	no info	no info	65.7%	no info	34.3%
FHR 3326 JA	FHR 3326 JA	733	17.0%	no info	no info	no info	no info	no info	no info	66.1%	no info	33.9%
02149HAX8	CWALT 2007-2CB 2A7	723	68.4%	49.8%	no info	0.0%	no info	239,622	91.0%	21.4%	42.9%	35.8%
02150AAF8	CWALT 2007-6 A6	710	71.6%	5.8%	100.0%	0.0%	0.0%	277,046	95.2%	24.2%	56.3%	19.5%
02150EAQ6	CWALT 2007-5CB 1A15	715	70.1%	38.0%	100.0%	0.0%	0.0%	219,280	83.4%	22.1%	42.0%	35.9%
02148DAK6	CWALT 2007-HY3 M3	723	71.8%	91.9%	0.0%	0.0%	100.0%	754,119	84.3%	30.1%	36.3%	33.6%

RMBS Assets

CUSIP	Name	Top States	% Full Doc	% Stated Income	% Limited Doc	% Alt Doc	% No Doc	Neg Amort
45669EAN6	INDX 2007-AR5 4A22	CA-56.11% NY-10.17% IL-5.30% FL-4.61% MD-4.55%	17.0%	46.8%	0.0%	0.7%	35.5%	0.0%
456610AK0	INDX 2006-AR15 M7	CA-44.32% FL-8.43% VA-6.25% IL-5.34% MD-4.65%	17.4%	67.3%	0.0%	0.2%	15.1%	0.0%
25151RAN4	DBALT 2007-AR1 M5	CA-44.34% FL-7.57% NY-5.49% VA-5.02% IL-4.24	12.8%	70.7%	0.1%	0.0%	16.4%	0.0%
25151RAP9	DBALT 2007-AR1 M6	CA-44.34% FL-7.57% NY-5.49% VA-5.02% IL-4.24%	12.8%	70.7%	0.1%	0.0%	16.4%	0.0%
74951RAA2	RESIF 2007-A B3	CA-43.24% FL-6.32% NY-4.52% VA-4.25% MD- 3.35%	32.6%	7.7%	13.0%	46.7%	0.1%	0.0%
07386XAC0	BALTA 2007-1 1M1	CA-24.22% FL-12.10% MD-5.78% IL-5.39% VA-5.23%	3.5%	52.6%	11.7%	0.7%	31.6%	0.0%
05952DAG3	BAFC 2007-A M4	CA-52.55% FL-9.20% WA-3.76% VA-3.16% AZ-3.00%	20.1%	40.36%	29.0%	5.9%	4.7%	0.0%
05952DAH1	BAFC 2007-A M5	CA-52.55% FL-9.20% WA-3.76% VA-3.16% AZ-3.00%	20.1%	40.36%	29.0%	5.9%	4.7%	0.0%
05951GAJ1	BAFC 2007-2 TM2	FL-14.52% CA-10.95% VA-6.66% MD-6.03% NY-5.83%	12.6%	39.7%	0.0%	15.4%	32.4%	0.0%
576429AF1	MARM 2007-2 M2	CA-60.12% FL-7.81% VA-3.23% AZ-2.71% WA-2.63%	7.5%	3.5%	78.9%	0.0%	10.2%	0.0%
576429AG9	MARM 2007-2 M3	CA-60.12% FL-7.81% VA-3.23% AZ-2.71% WA-2.63%	7.5%	3.5%	78.9%	0.0%	10.2%	0.0%
576429AH7	MARM 2007-2 M4	CA-60.12% FL-7.81% VA-3.23% AZ-2.71% WA-2.63%	7.5%	3.5%	78.9%	0.0%	10.2%	0.0%
576429AJ3	MARM 2007-2 M5	CA-60.12% FL-7.81% VA-3.23% AZ-2.71% WA-2.63%	7.5%	3.5%	78.9%	0.0%	10.2%	0.0%
466287AG4	JPALT 2007-A1 1M2	CA-47.10% FL-13.19% NV-6.19% NY-3.85% AZ-3.59%	9.2%	41.8%	10.9%	22.1%	16.1%	0.0%
466287AJ8	JPALT 2007-A1 1M4	CA-47.10% FL-13.19% NV-6.19% NY-3.85% AZ-3.59%	9.2%	41.8%	10.9%	22.1%	16.1%	0.0%
466287AK5	JPALT 2007-A1 1M5	CA-47.10% FL-13.19% NV-6.19% NY-3.85% AZ-3.59%	9.2%	41.8%	10.9%	22.1%	16.1%	0.0%
452559AF4	IMSA 2007-1 M2	CA-49.71% FL-8.32% AZ-4.74% NY-4.48% MD-4.06%	17.5%	0.0%	59.2%	12.7%	10.6%	0.0%
452559AH0	IMSA 2007-1 M4	CA-49.71% FL-8.32% AZ-4.74% NY-4.48% MD-4.06%	17.5%	0.0%	59.2%	12.7%	10.6%	0.0%
452559AJ6	IMSA 2007-1 M5	CA-49.71% FL-8.32% AZ-4.74% NY-4.48% MD-4.06%	17.5%	0.0%	59.2%	12.7%	10.6%	0.0%
452559AK3	IMSA 2007-1 M6	CA-49.71% FL-8.32% AZ-4.74% NY-4.48% MD-4.06%	17.5%	0.0%	59.2%	12.7%	10.6%	0.0%
3622ECAZ9	GSAA 2007-5 2M5	CA-52.16% FL-6.74% AZ-4.41% NV-3.24% IL-3.08%	9.3%	78.6%	0.0%	0.0%	12.1%	0.0%
362381AH8	GSAA 2006-12 M4	CA-45.23% FL-8.31% 5.25% MD-5.16% AZ-4.61%	42.0%	52.1%	0.0%	0.0%	6.0%	0.0%
362381AG0	GSAA 2006-12 M3	CA-45.23% FL-8.31% 5.25% MD-5.16% AZ-4.61%	42.0%	52.1%	0.0%	0.0%	6.0%	0.0%
059515AM8	BAFC 2007-3 TM2	CA-17.03% FL-12.69% NY-7.68% MD-5.30% NJ-4.78%	11.7%	58.3%	0.0%	1.1%	28.9%	0.0%
41162GAG7	HVMLT 2006-11 B5	CA-55.19% FL 7.99% AZ-3.53% WA-2.98% CO-2.98%	7.3%	2.6%	79.8%	3.1%	7.2%	0.0%
BCAP 2007-AA3 M2	BCAP 2007-AA3 M2	CA-43.94% FL-8.51% NY-5.02% NJ-4.35% WA-3.77%	20.9%	63.0%	9.3%	0.0%	6.7%	0.0%
BCAP 2007-AA3 M3	BCAP 2007-AA3 M3	CA-43.94% FL-8.51% NY-5.02% NJ-4.35% WA-3.77%	20.9%	63.0%	9.3%	0.0%	6.7%	0.0%
TBW 2007-2 M1	TBW 2007-2 M1	GA-12.20% FL-9.90% IL-8.20% MA-6.60% CA-6.20%	17.3%	15.7%	0.0%	43.7%	23.3%	0.0%
BAFC 2007-4 A	BAFC 2007-4 TM2	CA-19.72% FL-10.05% NY-9.24% NJ-4.49% VA-3.96%	8.6%	44.3%	0.5%	14.7%	32.0%	0.0%
007036FY7	ARMT 2005-1 5M2	CA-29.33% NV-14.22% FL-8.19% NY-7.49% NJ-6.21%	13.4%	13.9%	58.8%	0.0%	13.9%	0.0%
07388WAF3	BSABS 2006-AC4 M3	CA-12.55% GA-10.11% FL-9.88% TX-8.21% MD-6.98%	18.9%	49.4%	0.4%	0.0%	31.4%	0.0%
25151RAP9	DBALT 2007-AR1 M6	CA-44.34% FL-7.57% NY-5.49% VA-5.02% IL-4.24%	12.8%	70.7%	0.1%	0.0%	16.4%	0.0%
007036MA1	ARMT 2005-5 6M2	CA-39.13% FL-10.38% NV-8.75% NY-4.78% NY-4.53%	11.5%	21.3%	55.5%	0.0%	11.6%	0.0%
25150RAN5	DBALT 2006-AR6 M5	CA-43.30% FL-8.09% NV-6.03% AZ-4.62% VA-4.15%	16.2%	62.1%	1.2%	0.0%	20.4%	0.0%
45662DAL9	INDX 2006-AR29 M5	CA-48.60% FL-5.92% MD-5.29% IL-4.61% NV-3.69%	14.2%	60.2%	0.0%	1.4%	24.2%	0.0%
86359DKP1	LXS 2005-1 M2	CA-25.41% AZ-12.87% FL-11.12% NV-5.34% TX-4.48%	26.1%	0.0%	54.1%	0.0%	19.8%	0.0%
617487AM5	MSM 2006-16AX M5	CA-25.62% FL-10.56% AZ-6.77% IL-6.08% WA-5.43%	19.2%	10.4%	70.5%	0.0%	0.0%	0.0%
88156PBB6	TMTS 2006-7 2M2	CA-32.71% AZ-11.34% FL-10.48% WA-5.42% NV-5.31%	16.7%	9.1%	34.0%	0.0%	40.2%	0.0%
002560AD2	ABAC 2006-14A AS2	no info	no info	no info	no info	no info	no info	no info
17311WAB3	CMLTI 2007-AR4 1A1B	CA-39.72% FL-7.50% NY-6.63% NJ-4.84% CO-4.49%	0.0%	63.6%	35.5%	0.2%	0.7%	0.0%
31397GQC7	FHR 3300 A	CA-20.57% FL-11.46% AZ-8.57% CO-5.69% MD-5.36%	no info	no info	no info	no info	no info	no info
31396VNM6	FNR 2007-26 N	CA-21.2%, FL-10.3%, AZ-5.9%, NJ-5.2%, NY-4.7%	no info	no info	no info	no info	no info	no info
933634AH0	WAMU 2007-HY3 3A4	CA-69.95% NY-8.13% CT-3.84% WA-2.63% FL-1.96%	10.5%	0.0%	89.5%	0.0%	0.0%	0.0%
FHR 3316 JA	FHR 3316 JA	CA-20.9% FL-8.75% WA-6.80 AZ-6.51% VA- 5.31%	no info	no info	no info	no info	no info	no info
FHR 3326 JA	FHR 3326 JA	CA-21.00% FL-8.60% WA-6.99% AZ-6.64% VA-5.08%	no info	no info	no info	no info	no info	no info
02149HAX8	CWALT 2007-2CB 2A7	CA-30.24% FL-6.93% VA-4.33% AZ-4.29% WA-3.63%	26.6%	10.6%	32.7%	17.6%	12.5%	0.0%
02150AAF8	CWALT 2007-6 A6	CA-46.13% FL-7.79% NY-5.31% MD-3.73% AZ 3.52%	55.0%	2.9%	22.9%	15.1%	4.1%	0.0%
02150EAQ6	CWALT 2007-5CB 1A15	CA-22.68% FL-10.69% AZ-5.35% TX-4.40% WA-4.06%	19.3%	7.6%	45.4%	10.5%	17.2%	0.0%
02148DAK6	CWALT 2007-HY3 M3	CA-57% FL-6% WA-4% NJ-4% IL-3%	11.4%	0.3%	60.6%	22.0%	5.7%	0.0%

CMBS Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Coupon/Margin	Maturity
22545LAM1	CSMC 2006-C5 C	CSMC 2006-C5	$20,021,000	1.0000	$20,021,000	$60,021,000	$3,429,773,367	12/22/06	fixed	5.47%	12/15/2039
22545LAP4	CSMC 2006-C5 D	CSMC 2006-C5	$18,585,000	1.0000	$18,585,000	$38,585,000	$3,429,773,367	12/22/06	fixed	5.49%	12/15/2039
46629PAG3	JPMCC 2006-LDP9 B	JPMCC 2006-LDP9	$23,799,000	1.0000	$23,799,000	$72,799,000	$4,854,254,296	12/21/06	fixed	5.48%	5/15/2047
46629PAH1	JPMCC 2006-LDP9 C	JPMCC 2006-LDP9	$12,750,000	1.0000	$12,750,000	$22,750,000	$4,854,254,296	12/21/06	fixed	5.51%	5/15/2047
59317AAA9	MEZZ 2006-C4 A	MEZZ 2006-C4	$7,030,000	0.9980	$7,016,165	$64,030,000	$88,930,891	12/22/06	fixed	5.66%	7/15/2045
17310MAK6	CGCMT 2006-C5 C	CGCMT 2006-C5	$11,237,000	1.0000	$11,237,000	$21,237,000	$2,123,772,692	11/21/06	fixed	5.58%	10/15/2049
55312VAM0	MLCFC 2006-4 B	MLCFC 2006-4	$11,306,000	1.0000	$11,306,000	$11,306,000	$4,522,709,155	12/12/06	fixed	5.30%	12/12/2049
22545MAK3	CSMC 2006-C4 D	CSMC 2006-C4	$14,389,000	1.0000	$14,389,000	$37,389,000	$4,273,091,953	9/28/06	fixed	5.62%	9/15/2039
46630EAH3	JPMCC 2006-CB17 AJ	JPMCC 2006-CB17	$40,000,000	1.0000	$40,000,000	$202,952,000	$2,536,896,226	11/28/06	fixed	5.49%	12/12/2043
190749AJ0	CWCI 2006-C1 AJ	CWCI 2006-C1	$40,000,000	1.0000	$40,000,000	$208,821,000	$2,531,161,488	12/21/06	fixed	5.29%	8/15/2048
17309DAG8	CGCMT 2006-C4 AJ	CGCMT 2006-C4	$43,957,000	1.0000	$43,957,000	$164,107,000	$2,263,536,038	6/29/06	fixed	5.72%	3/15/2049
14986DAN0	CD 2006-CD3 C	CD 2006-CD3	$15,000,000	1.0000	$15,000,000	$53,571,000	$3,571,360,873	10/30/06	fixed	5.75%	10/15/2048
14986DAP5	CD 2006-CD3 D	CD 2006-CD3	$15,500,000	1.0000	$15,500,000	$31,249,000	$3,571,360,873	10/30/06	fixed	5.79%	10/15/2048
22545MAG2	CSMC 2006-C4 AJ	CSMC 2006-C4	$8,877,000	1.0000	$8,877,000	$341,847,000	$4,273,091,953	9/28/06	fixed	5.54%	9/15/2039
059497AC1	BACM 2007-1 D	BACM 2007-1	$17,521,000	1.0000	$17,521,000	$27,521,000	$3,145,214,397	2/27/2007	fixed	5.59%	1/15/2049
059497AD9	BACM 2007-1 E	BACM 2007-1	$5,000,000	1.0000	$5,000,000	$39,315,000	$3,145,214,397	2/27/2007	fixed	5.63%	1/15/2049
61751NAH5	MSC 2007-HQ11 AJ	MSC 2007-HQ11	$8,000,000	1.0000	$8,000,000	$190,389,000	$2,417,646,575	2/28/07	fixed	5.51%	2/12/2044
61751NAL6	MSC 2007-HQ11 D	MSC 2007-HQ11	$14,000,000	1.0000	$14,000,000	$24,177,000	$2,417,646,575	2/28/07	fixed	5.59%	2/12/2044
20173QAH4	GCCFC 2007-GG9 AJ	GCCFC 2007-GG9	$18,393,000	1.0000	$18,393,000	$575,393,000	$6,575,923,864	3/8/07	fixed	5.51%	3/10/2039
20173QAL5	GCCFC 2007-GG9 D	GCCFC 2007-GG9	$8,000,000	1.0000	$8,000,000	$41,100,000	$6,575,923,864	3/8/07	fixed	5.58%	3/10/2039
20173QAQ4	GCCFC 2007-GG9 G	GCCFC 2007-GG9	$10,000,000	1.0000	$10,000,000	$57,539,000	$6,575,923,864	3/8/07	fixed	5.66%	3/10/2039
36298JAA1	GSMS 2006-RR2 A1	GSMS 2006-RR2	$20,000,000	1.0000	$20,000,000	$501,130,000	$770,970,610	7/24/06	fixed	5.69%	6/23/2046
46629YAQ2	JPMCC 2007-CB18 E	JPMCC 2007-CB18	$9,000,000	1.0000	$9,000,000	$39,041,000	$3,904,137,781	3/7/07	fixed	5.56%	6/12/2047
81273YAD7	SEAWL 2006-4A C	SEAWL 2006-4A	$837,000	1.0000	$837,000	$9,000,000	$300,000,000	8/3/06	LIBOR01M	0.85%	10/18/2047
002578AF9	ABAC 2006-17A E	ABAC 2006-17A	$13,500,000	1.0000	$13,500,000	$13,500,000	$267,000,000	12/21/06	LIBOR01M	0.70%	12/28/2047
651060AH8	NEWCA 2006-8A 5	NEWCA 2006-8A	$8,000,000	1.0000	$8,000,000	$28,500,000	$862,125,000	11/16/06	LIBOR01M	0.75%	11/25/2052
18060PAG8	CLARI SV07-1 B	CLARI SV07-1	$7,000,000	1.0000	$7,000,000	$25,000,000	$2,500,000,000	3/22/07	LIBOR01M	0.60%	12/31/2049
78466MAC8	MSC 2007-SRR3 C	MSC 2007-SRR3	$7,055,000	1.0000	$7,055,000	$14,055,000	$187,400,000	3/20/07	LIBOR01M	0.45%	12/20/2049
78466MAD6	MSC 2007-SRR3 D	MSC 2007-SRR3	$6,000,000	1.0000	$6,000,000	$14,055,000	$187,400,000	3/20/07	LIBOR01M	0.50%	12/20/2049

CMBS Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer/Collateral Manager
22545LAM1	CSMC 2006-C5 C	CMBS Conduit	Aa2	Aa2	AA	AA	-	9.8	LNR Partners, Inc.
22545LAP4	CSMC 2006-C5 D	CMBS Conduit	Aa3	Aa3	AA-	AA-	-	9.8	LNR Partners, Inc.
46629PAG3	JPMCC 2006-LDP9 B	CMBS Conduit	Aa2	Aa2	AA	AA	AA	8.5	J.E. Robert Company, Inc.
46629PAH1	JPMCC 2006-LDP9 C	CMBS Conduit	Aa3	Aa3	AA-	AA-	AA-	10.0	J.E. Robert Company, Inc.
59317AAA9	MEZZ 2006-C4 A	CMBS Conduit	-	Aa2	AAA	AAA	AAA	4.5	Wachovia Bank
17310MAK6	CGCMT 2006-C5 C	CMBS Conduit	Aa3	Aa3	-	A	AA-	9.6	LNR Partners, Inc.
55312VAM0	MLCFC 2006-4 B	CMBS Conduit	Aa1	Aa1	AA+	AA+	-	9.5	LNR Partners, Inc.
22545MAK3	CSMC 2006-C4 D	CMBS Conduit	Aa3	Aa3	AA-	AA-	AA-	4.9	LNR Partners, Inc.
46630EAH3	JPMCC 2006-CB17 AJ	CMBS Conduit	Aaa	Aaa	AAA	AAA	AAA	9.8	LNR Partners, Inc.
190749AJ0	CWCI 2006-C1 AJ	CMBS Conduit	-	Aa2	AAA	AAA	AAA	9.8	CWCapital Asset Management LLC
17309DAG8	CGCMT 2006-C4 AJ	CMBS Conduit	Aaa	Aaa	-	AA	AAA	9.3	J.E. Robert Company, Inc.
14986DAN0	CD 2006-CD3 C	CMBS Conduit	Aa2	Aa2	AA	AA	-	9.8	J.E. Robert Company, Inc.
14986DAP5	CD 2006-CD3 D	CMBS Conduit	Aa3	Aa3	AA-	AA-	-	9.8	J.E. Robert Company, Inc.
22545MAG2	CSMC 2006-C4 AJ	CMBS Conduit	Aaa	Aaa	AAA	AAA	AAA	9.6	LNR Partners, Inc.
059497AC1	BACM 2007-1 D	CMBS Conduit	Aa3	Aa3	-	A	AA-	10.0	LNR Partners, Inc.
059497AD9	BACM 2007-1 E	CMBS Conduit	A2	A2	-	BBB+	A	10.0	LNR Partners, Inc.
61751NAH5	MSC 2007-HQ11 AJ	CMBS Conduit	Aaa	Aaa	AAA	AAA	-	9.9	J.E. Robert Company, Inc.
61751NAL6	MSC 2007-HQ11 D	CMBS Conduit	Aa3	Aa3	AA-	AA-	-	7.8	J.E. Robert Company, Inc.
20173QAH4	GCCFC 2007-GG9 AJ	CMBS Conduit	Aaa	Aaa	AAA	AAA	AAA	9.9	LNR Partners, Inc.
20173QAL5	GCCFC 2007-GG9 D	CMBS Conduit	Aa3	Aa3	AA-	AA-	AA-	9.9	LNR Partners, Inc.
20173QAQ4	GCCFC 2007-GG9 G	CMBS Conduit	A3	A3	A-	A-	A-	9.9	LNR Partners, Inc.
36298JAA1	GSMS 2006-RR2 A1	CMBS Conduit	Aaa	Aaa	AAA	AAA	-	7.8	LNR Partners, Inc.
46629YAQ2	JPMCC 2007-CB18 E	CMBS Conduit	A3	A3	A-	A-	-	10.0	ARCap Servicing
81273YAD7	SEAWL 2006-4A C	CMBS Repack	A3	A3	A-	A-	-	9.7	LNR Partners, Inc.
002578AF9	ABAC 2006-17A E	CMBS Repack	A1	A1	A+	A+	A+	9.9	LNR Partners, Inc.
651060AH8	NEWCA 2006-8A 5	CMBS Repack	A1	A1	-	N/A	A+	7.5	NAP
18060PAG8	CLARI SV07-1 B	CMBS Repack	Aa2	Aa2	AA	AA	-	9.5	no info
78466MAC8	MSC 2007-SRR3 C	CMBS Repack	Aa2	Aa2	AA	AA	AA	9.0	LNR Partners, Inc.
78466MAD6	MSC 2007-SRR3 D	CMBS Repack	Aa3	Aa3	AA-	AA-	AA-	9.0	LNR Partners, Inc.

CMBS Assets

CUSIP	Name	Current Support %	Top 5 States	Property Type	LTV	DSCR	Net Wac	Master Servicer
22545LAM1	CSMC 2006-C5 C	9.51%	NY-23.87% CA-12.97% TX-10.44% FL-5.58% ...	MF-23.95% OF-23.75% RT-21.82% HT-13.83% ...	67.2%	1.70	6.0%	Keycorp Real Estate Capital Markets
22545LAP4	CSMC 2006-C5 D	8.38%	NY-23.87% CA-12.97% TX-10.44% FL-5.58% ...	MF-23.95% OF-23.75% RT-21.82% HT-13.83% ...	67.2%	1.70	6.0%	Keycorp Real Estate Capital Markets
46629PAG3	JPMCC 2006-LDP9 B	9.26%	IL-14.20% CA-13.58% TX-10.47% NY-9.30% ...	OF-32.72% RT-29.14% MF-18.41% IN-8.25% ...	68.8%	1.53	5.8%	Midland Loan Services / Capmark Finance
46629PAH1	JPMCC 2006-LDP9 C	8.63%	IL-14.20% CA-13.58% TX-10.47% NY-9.30% ...	OF-32.72% RT-29.14% MF-18.41% IN-8.25% ...	68.8%	1.53	5.8%	Midland Loan Services / Capmark Finance
59317AAA9	MEZZ 2006-C4 A	no info	no info	no info	no info	no info	no info	no info
17310MAK6	CGCMT 2006-C5 C	8.89%	HI-42.57% CA-10.66% NY-4.78% GA-4.16% ...	RT-53.16% OF-24.34% MF-9.60% HT-5.75% ...	67.8%	1.45	5.8%	Midland Loan Services / Wachovia Bank
55312VAM0	MLCFC 2006-4 B	11.39%	CA-32.64% TX-12.02% IL-9.61% NY-4.44% ...	RT-48.24% MF-18.43% OF-15.92% HT-8.74% ...	69.9%	1.11	5.9%	Midland Loan Services / Wells Fargo Bank
22545MAK3	CSMC 2006-C4 D	9.01%	NY-36.69% TX-8.52% FL-7.66% CA-5.85% ...	OF-44.40% MF-19.82% RT-17.90% HT-12.65% ...	66.8%	1.21	6.1%	Keycorp Real Estate Capital Markets
46630EAH3	JPMCC 2006-CB17 AJ	12.02%	TX-13.50% GA-12.38% NY-11.70% FL-8.27% ...	RT-37.81% OF-32.57% MF-12.73% HT-10.03% ...	71.3%	no info	6.0%	Wells Fargo Bank
190749AJ0	CWCI 2006-C1 AJ	11.76%	HI-39.70% IL-6.61% CA-6.56% TX-5.38% ...	RT-54.56% OF-23.92% MF-10.47% HT-4.79% ...	69.2%	0.48	5.8%	Wachovia Bank
17309DAG8	CGCMT 2006-C4 AJ	12.80%	CA-15.57% VA-7.33% WI-7.14% PA-6.82% ...	OF-32.55% RT-31.15% MF-17.05% HT-10.63% ...	71.4%	1.52	5.7%	Midland Loan Services
14986DAN0	CD 2006-CD3 C	9.65%	HI-31.33% CA-7.70% MA-6.63% NY-6.10% ...	RT-48.21% OF-24.57% HT-11.40% MF-8.41% ...	69.8%	1.45	6.0%	Capmark Finance
14986DAP5	CD 2006-CD3 D	8.77%	HI-31.33% CA-7.70% MA-6.63% NY-6.10% ...	RT-48.21% OF-24.57% HT-11.40% MF-8.41% ...	69.8%	1.45	6.0%	Capmark Finance
22545MAG2	CSMC 2006-C4 AJ	12.02%	NY-36.69% TX-8.52% FL-7.66% CA-5.85% ...	OF-44.40% MF-19.82% RT-17.90% HT-12.65% ...	66.8%	1.21	6.1%	Keycorp Real Estate Capital Markets
059497AC1	BACM 2007-1 D	8.88%	CA-18.56% NY-13.04% VA-12.83% TX-10.19% ...	OF-32.05% MF-20.45% RT-17.00% IN-14.60% ...	71.0%	1.58	5.7%	Bank of America
059497AD9	BACM 2007-1 E	7.63%	CA-18.56% NY-13.04% VA-12.83% TX-10.19% ...	OF-32.05% MF-20.45% RT-17.00% IN-14.60% ...	71.0%	1.58	5.7%	Bank of America
61751NAH5	MSC 2007-HQ11 AJ	12.13%	NY-24.53% VA-9.08% PA-7.84% TX-6.42% ...	OF-34.37% RT-33.35% MF-14.23% HT-11.93% ...	69.4%	1.51	5.7%	Capmark Finance
61751NAL6	MSC 2007-HQ11 D	8.88%	NY-24.53% VA-9.08% PA-7.84% TX-6.42% ...	OF-34.37% RT-33.35% MF-14.23% HT-11.93% ...	69.4%	1.51	5.7%	Capmark Finance
20173QAH4	GCCFC 2007-GG9 AJ	11.25%	NY-21.97% CA-11.71% MA-10.03% TX-6.54% ...	OF-59.56% RT-15.01% MF-7.37% IN-7.27% ...	66.4%	1.64	5.8%	Wachovia Bank
20173QAL5	GCCFC 2007-GG9 D	8.63%	NY-21.97% CA-11.71% MA-10.03% TX-6.54% ...	OF-59.56% RT-15.01% MF-7.37% IN-7.27% ...	66.4%	1.64	5.8%	Wachovia Bank
20173QAQ4	GCCFC 2007-GG9 G	6.25%	NY-21.97% CA-11.71% MA-10.03% TX-6.54% ...	OF-59.56% RT-15.01% MF-7.37% IN-7.27% ...	66.4%	1.64	5.8%	Wachovia Bank
36298JAA1	GSMS 2006-RR2 A1	35.00%	no info	no info	no info	no info	5.9%	no info
46629YAQ2	JPMCC 2007-CB18 E	6.50%	NY-12.56% IL-10.33% CA-9.98% TX-8.18% ...	RT-31.94% OF-23.09% HT-17.49% IN-12.54% ...	72.9%	no info	5.7%	Capmark Finance
81273YAD7	SEAWL 2006-4A C	no info	no info	no info	no info	no info	5.4%	no info
002578AF9	ABAC 2006-17A E	no info	no info	no info	no info	no info	no info	no info
651060AH8	NEWCA 2006-8A 5	no info	no info	MX-71.32% K-4.63% H-4.19% M10-3.88% ...	no info	no info	7.7%	no info
18060PAG8	CLARI SV07-1 B	no info	no info	no info	no info	no info	0.0%	no info
78466MAC8	MSC 2007-SRR3 C	no info	no info	no info	no info	no info	5.8%	no info
78466MAD6	MSC 2007-SRR3 D	no info	no info	no info	no info	no info	5.8%	no info

CDO Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Coupon/Margin	Maturity
952186AE4	WESTC 2006-1A B	WESTC 2006-1A	$10,000,000	1.0000	$10,000,000	$54,000,000	$2,710,000,000	7/26/06	LIBOR01M	0.50%	11/2/2041
697728AC7	PAMP 2006-1A B	PAMP 2006-1A	$15,000,000	1.0000	$15,000,000	$43,750,000	$187,500,000	10/19/06	synthetic sprd	3.45%	11/11/2051
37638NAC5	GLCR 2006-4A B	GLCR 2006-4A	$15,000,000	0.9806	$14,709,316	$23,000,000	$401,250,000	4/12/06	synthetic sprd	1.95%	10/12/2045
239156AC6	DVSQ 2005-5A B	DVSQ 2005-5A	$15,000,000	1.0000	$15,000,000	$96,000,000	$2,278,000,000	9/30/05	synthetic sprd	2.70%	10/8/2040
54266TAD4	LHILL 2006-1A A2	LHILL 2006-1A	$10,000,000	1.0000	$10,000,000	$140,000,000	$800,000,000	3/7/06	synthetic sprd	1.45%	10/7/2045
49858NAC3	KLRRE 2006-3A A2	KLRRE 2006-3A	$5,000,000	0.9992	$4,996,109	$70,000,000	$1,000,000,000	11/17/06	synthetic sprd	2.80%	12/1/2046
26442AAC2	DUKEF 2006-12A A2	DUKEF 2006-12A	$15,000,000	1.0000	$15,000,000	$192,000,000	$787,000,000	11/30/06	synthetic sprd	1.17%	12/9/2046
464267AC7	ICM 2006-HG1A A2	ICM 2006-HG1A	$15,000,000	1.0000	$15,000,000	$17,000,000	$1,189,500,000	3/6/06	synthetic sprd	1.20%	3/8/2046
878046AE1	TAZ 2006-1A B	TAZ 2006-1A	$15,000,000	1.0000	$15,000,000	$42,000,000	$1,481,500,000	6/1/06	synthetic sprd	3.00%	9/8/2046
08861KAB2	BFCSL 2006-1A C	BFCSL 2006-1A	$15,000,000	1.0000	$15,000,000	$56,250,000	$300,000,000	10/31/06	synthetic sprd	2.55%	11/14/2046

CDO Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer/Collateral Manager
952186AE4	WESTC 2006-1A B	CDO RMBS	Aa2	Aa2	AA	AA	-	7.5	TCW Asset Management
697728AC7	PAMP 2006-1A B	CDO RMBS	Aa2	Aa2	AA	AA	-	8.0	Vertical Capital, LLC
37638NAC5	GLCR 2006-4A B	CDO RMBS	Aa2	Aa2	AA	AA	-	4.9	Terwin Money Management LLC.
239156AC6	DVSQ 2005-5A B	CDO RMBS	Aa2	Aa2	AA	AA	-	7.8	TCW Asset Management
54266TAD4	LHILL 2006-1A A2	CDO RMBS	Aa2	Aa2	AA	AA	-	6.8	Alliance Capital Management L.P.,
49858NAC3	KLRRE 2006-3A A2	CDO RMBS	Aa2	Aa2	AA	AA	-	6.1	Strategos Capital Management LLC
26442AAC2	DUKEF 2006-12A A2	CDO RMBS	Aa2	Aa2	AA	AA	-	6.5	Duke Funding Management LLC.
464267AC7	ICM 2006-HG1A A2	CDO RMBS	Aa2	Aa2	AA	AA	-	7.4	Ischus Capital Management
878046AE1	TAZ 2006-1A B	CDO RMBS	Aa2	Aa2	AA	AA	-	5.8	Terwin Money Management LLC
08861KAB2	BFCSL 2006-1A C	CDO RMBS	Aa2	Aa2	AA	AA	-	8.0	Braddock Financial Corporation

ABS Assets

CUSIP	Name	Issuer	Original Face	Factor	Current Face	Tranche Par	Total Deal Par	Issue Date	Coupon Index	Coupon/Margin	Maturity
63543WAG6	NCSLT 2006-4 C	NCSLT 2006-4	$20,000,000	1.0000	$20,000,000	$51,000,000	$1,025,000,000	12/7/06	LIBOR01M	0.45%	5/25/2032
50246NAD0	LTLRN 2006-1A B	LTLRN 2006-1A	$8,788,000	1.0000	$8,788,000	$9,788,000	$270,857,000	12/13/06	LIBOR01M	0.50%	10/15/2028
784419AG8	SLCLT 2006-A C	SLCLT 2006-A	$20,000,000	1.0000	$20,000,000	$213,833,000	$3,054,755,000	12/15/06	LIBOR03M	0.45%	7/15/2036
63543XAG4	NCSLT 2007-1 C	NCSLT 2007-1	$19,400,000	1.0000	$19,400,000	$49,400,000	$1,125,300,000	3/8/07	LIBOR01M	0.50%	12/25/2033
63543PBB1	NCSLT 2004-2 C	NCSLT 2004-2	$3,000,000	1.0000	$3,000,000	$56,800,000	$1,123,015,000	10/28/04	LIBOR01M	0.80%	12/26/2033
194266AE2	COLLE 2005-2 B	COLLE 2005-2	$18,500,000	1.0000	$18,500,000	$56,000,000	$56,000,000	10/18/05	LIBOR03M	0.49%	1/15/2037
00432CDK4	ACCSS 2007-A B	ACCSS 2007-A	$20,000,000	1.0000	$20,000,000	$89,000,000	$845,000,000	3/14/07	LIBOR03M	0.55%	2/25/2037

ABS Assets

CUSIP	Name	Asset Type	Moody's	Moody's Notch	S&P	S&P Notch	Fitch	Avg Life	Primary Servicer/Collateral Manager
63543WAG6	NCSLT 2006-4 C	ABS Student Loan	A3	A3	A	A	A	13.0	Pennsylvania Higher Education Assistance Agency
50246NAD0	LTLRN 2006-1A B	ABS Student Loan	A1	A1	A	A	-	14.2	EduCap.
784419AG8	SLCLT 2006-A C	ABS Student Loan	A2	A2	A-	A-	A	8.5	Student Loan Corporation
63543XAG4	NCSLT 2007-1 C	ABS Student Loan	A3	A3	A	A	A	13.3	Pennsylvania Higher Education Assistance Agency
63543PBB1	NCSLT 2004-2 C	ABS Student Loan	A3	A3	A	A	A+	10.8	Pennsylvania Higher Education Assistance Agency
194266AE2	COLLE 2005-2 B	ABS Student Loan	A3	A3	A	A	A+	10.5	ACS Education Services, Inc
00432CDK4	ACCSS 2007-A B	ABS Student Loan	A3	A3	A	A	A	12.6	Kentucky High Education Student Loan Corporation

ANNEX A-1

FORM OF INCOME NOTES PURCHASE AND TRANSFER LETTER

ABN AMRO Bank N.V. (London Branch)
82 Bishopsgate
London EC2N 4BN
England
Tel: 44 207-678-2015
Telefax: 44 207-678-4470
Attention: Global Trust Services Group– Altius IV Funding, Ltd.

Re: Altius IV Funding, Ltd.
Income Notes

Ladies and Gentlemen:

Reference is hereby made to the Income Notes (the "Income Notes") issued by Altius IV Funding, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated May 29, 2007 ("Offering Circular") to be purchased and held by us in definitive certificated form. We (the "Purchaser") are purchasing U.S.$[____] aggregate notional amount of Income Notes (the "Purchaser's Income Notes"). Terms defined or referenced in the Offering Circular and not otherwise defined or referenced herein shall have the meanings set forth in the Offering Circular.

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

(a) (i) The Purchaser is (check one) (x) __ a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) (a "Qualified Institutional Buyer"), (y) __ a non-U.S. Person (as defined in Regulation S under the Securities Act) that is acquiring the Purchaser's Income Notes in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S of the Securities Act or (z) __ an "accredited investor" (as defined in Rule 501(a) under the Securities Act) (an "Accredited Investor") who has a net worth of not less than U.S.$10 million that is purchasing the Income Notes for its own account; (ii) The Purchaser, in the case of clauses (x) or (z) above, is a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (a "Qualified Purchaser"); (iii) The Purchaser, in the case of clause (z) above, is not acquiring the Income Notes with a view to any resale or distribution thereof, other than in accordance with the restrictions set forth below; (iv) The Purchaser is aware that the sale of the Purchaser's Income Notes to the Purchaser is being made in reliance on an exemption from registration under the Securities Act; (v) The Purchaser (unless otherwise permitted under the Fiscal Agency Agreement) is acquiring not less than U.S.$100,000 aggregate notional amount of Income Notes with integral multiples of U.S.$1 in excess thereof; (vi) With respect to any transferee, the Purchaser also understands that, in conjunction with any transfer of the Purchaser's ownership of any Purchaser's Income Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Income Notes without obtaining from the transferee a certificate substantially in the form of this Income Notes Purchase and Transfer Letter; (vii) The Purchaser will provide notice of the transfer restrictions described to any subsequent transferees.

(b) The Purchaser is purchasing the Purchaser's Income Notes in an amount equal to or exceeding the minimum denomination thereof for its own account (or, if the Purchaser is a Qualified Institutional Buyer, for the account of another Qualified Institutional Buyer with respect to which

the Purchaser exercises sole investment discretion) for investment purposes only and not for sale in connection with any distribution thereof, but nevertheless subject to the understanding that the disposition of its property shall at all times be and remain within its control (subject to the restrictions set forth in the Offering Circular, the note in respect of the Purchaser's Income Notes and the Fiscal Agency Agreement).

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

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Income Notes is a U.S. Person (as defined in Regulation S under the Securities Act) the following representations shall be true and correct: The Purchaser (or if the Purchaser is acquiring the Purchaser's Income Notes for any account, each such account) is acquiring the Purchaser's Income Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The Purchaser and each such account: (a) was not formed for the specific purpose of investing in the Income Notes (except when each beneficial owner of the Purchaser and each such account is a Qualified Purchaser), (b) to the extent the Purchaser is a private investment company formed before April 30, 1996, the Purchaser has received the necessary consent from its beneficial owners, (c) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made; and (d) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers. Further, the Purchaser agrees: (i) that neither it nor such account shall hold the Purchaser's Income Notes for the benefit of any other person and such purchaser of such account shall be the sole beneficial owner thereof for all purposes; and (ii) that neither it nor such account shall sell participation interests in the Purchaser's Income Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Purchaser's Income Notes. The Purchaser understands and agrees that any purported transfer of the Purchaser's Income Notes to a Purchaser that does not comply with the requirements of this clause (d) will not be permitted or registered by the Fiscal Agent or the Income Note Registrar.

(e) In connection with the purchase of the Purchaser's Income Notes: (i) none of the Issuers, the Initial Purchaser, the Collateral Manager, the Issuer Administrator, the Fiscal Agent, or the Income Note Registrar is acting as a fiduciary or financial or investment adviser for the Purchaser; (ii) the Purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuers, the Initial Purchaser, the Collateral Manager, the Issuer Administrator, the Fiscal Agent or the Income Note Registrar other than in the Offering Circular and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager, the Issuer Administrator, the Fiscal Agent or the Income Note Registrar has given to the Purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal,

regulatory, tax, financial, accounting or otherwise) as to an investment in the Purchaser's Income Notes; (iv) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture and the Fiscal Agency Agreement) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, any Hedge Counterparty, the Collateral Manager, the Issuer Administrator, the Fiscal Agent or the Income Note Registrar; (v) the Purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Purchaser's Income Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the Purchaser is a sophisticated investor.

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

> THE INCOME NOTES ARE CONSTITUTED BY THE DEED OF COVENANT EXECUTED BY THE ISSUER ON OR ABOUT MAY 31, 2007 AND SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND CERTAIN PROVISIONS OF THE FISCAL AGENCY AGREEMENT, DATED ON OR ABOUT MAY 31, 2007 (THE "FISCAL AGENCY AGREEMENT") BY AND BETWEEN THE ISSUER AND ABN AMRO BANK N.V. (LONDON BRANCH), AS FISCAL AGENT AND TRANSFER AGENT. COPIES OF THE DEED OF COVENANT, THE TERMS AND CONDITIONS AND THE FISCAL AGENCY AGREEMENT MAY BE OBTAINED FROM THE FISCAL AGENT.
>
> THE INCOME NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE INCOME NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH INCOME NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (3) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN EACH CASE IN A MINIMUM DENOMINATION OF U.S.$100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES. FURTHERMORE THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS ACTING AS A PURCHASER, OTHER THAN IN THE CASE OF CLAUSE (A)(3) ABOVE, REPRESENTS FOR THE BENEFIT OF THE ISSUER THAT IT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS

BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE FISCAL AGENT OR THE INCOME NOTE REGISTRAR. EACH TRANSFEROR OF THE INCOME NOTES WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF AN INCOME NOTE THAT IS A U.S. PERSON AND IS NOT (A) A QUALIFIED PURCHASER AND (B) EITHER A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION TO SELL SUCH INCOME NOTES, OR MAY SELL SUCH INCOME NOTES ON BEHALF OF SUCH OWNER.

IF THE TRANSFER OF INCOME NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OR (A)(2) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE INCOME NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE FISCAL AGENT AN INCOME NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (X) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, OR (Y) AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) WHO HAS A NET WORTH OF NOT LESS THAN U.S.$10 MILLION AND (Z) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

WITH RESPECT TO THE INCOME NOTES (THAT ARE NOT REGULATION S INCOME NOTES) PURCHASED OR TRANSFERRED ON OR AFTER THE CLOSING DATE, THE PURCHASER OR TRANSFEREE MUST DISCLOSE IN WRITING IN ADVANCE TO THE FISCAL AGENT (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF ANY SUCH PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); (ii) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF INCOME NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS

NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN ENTITY REFERRED TO IN (C) ABOVE OR AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT, AS APPLICABLE, THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT WILL BE REQUIRED TO MAKE CERTAIN FURTHER AGREEMENTS THAT WOULD APPLY IN THE EVENT THAT SUCH MAXIMUM PERCENTAGE WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN AN INCOME NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE FISCAL AGENT WITH AN INCOME NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. THE TRUSTEE OR FISCAL AGENT WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES (OTHER THAN THE INCOME NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

PAYMENTS TO THE HOLDERS OF THE INCOME NOTES ARE SUBORDINATE TO THE PAYMENT ON EACH QUARTERLY PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE NOTES OF THE ISSUERS AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.

THE PURCHASER OR TRANSFEREE OF A REGULATION S INCOME NOTE IS DEEMED TO REPRESENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975 OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS");AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. THE TRUSTEE OR FISCAL AGENT WILL NOT

PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF INCOME NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING INCOME NOTES (OTHER THAN THE INCOME NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE FISCAL AGENCY AGREEMENT).

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, NO PARTICIPANT TO THIS TRANSACTION SHALL BE LIMITED FROM DISCLOSING THE UNITED STATES TAX TREATMENT OR THE UNITED STATES TAX STRUCTURE OF THIS TRANSACTION.

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

[REGULATION S INCOME NOTES] TRANSFERS OF THIS INCOME NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS INCOME NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

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

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

The Purchaser is _____ is not _____ [check one] the Issuer or any other person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer, a person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Issuer, or any "affiliate" (within the meaning of 29 C.F.R. Section 2510.3-101(f)(3)) of any such person (any such person described in this paragraph being referred to as a "Controlling Person").

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

(h) The Purchaser understands and acknowledges that neither the Fiscal Agent nor the Income Note Registrar will register any purchase or transfer of Income Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Income Notes that has, in either case, represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the outstanding Income Notes. For purposes of this determination, Income Notes held by the Collateral Manager, the Trustee, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding. The Purchaser understands and agrees that any purported purchase or transfer of the Purchaser's Income Notes to a Purchaser that does not comply with the requirements of this clause (h) will not be permitted or registered by the Fiscal Agent or the Income Note Registrar.

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

(j) The Purchaser, if a Non-U.S. Holder, is not purchasing the Purchaser's Income Notes in order to reduce any United States federal income tax liability or pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3(a)(4).

(k) The Purchaser agrees to treat the Purchaser's Income Notes as equity for United States federal, state and local income tax purposes.

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

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

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

(o) The Purchaser acknowledges that the Issuer is not authorized to engage in activities that could cause it to constitute a finance or lending business for federal income tax purposes and agrees that it will report its investment in the Income Notes in a manner consistent with such limitation,

and in particular, will not treat the Issuer as an "eligible foreign corporation" for purposes of Section 954(h) of the Code.

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

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

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

Receipt acknowledged as of date set forth above,

_____
(Signature and Addresses)

ANNEX A-2

FORM OF CLASS E NOTES PURCHASE AND TRANSFER LETTER

LaSalle Bank National Association
181 West Madison Street, 32nd Floor
Chicago, Illinois 60602
Attention: CDO Trust Services Group – Altius IV Funding, Ltd.

Re: Altius IV Funding, Ltd.
Class E Notes

Dear Sirs:

Reference is hereby made to the Class E Notes (the "Class E Notes") issued by Altius IV Funding, Ltd. (the "Issuer"), described in the Issuer's Offering Circular dated May 29, 2007 ("Offering Circular") to be purchased and held by us in definitive certificated form. We (the "Purchaser") are purchasing U.S.$[_____] Class E Notes (the "Purchaser's Class E Notes"). Terms defined or referenced in the Offering Circular and not otherwise defined or referenced herein shall have the meanings set forth in the Offering Circular.

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

(a) (i) The Purchaser is (check one) (x) __ a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) (a "Qualified Institutional Buyer") or (y) __ a non-U.S. Person (as defined in Regulation S under the Securities Act) that is acquiring the Purchaser's Class E Notes in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S of the Securities Act; (ii) The Purchaser, in the case of clause (x) above, is a "qualified purchaser" for the purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (a "Qualified Purchaser"); (iii) The Purchaser is aware that the sale of the Purchaser's Class E Notes to the Purchaser is being made in reliance on an exemption from registration under the Securities Act; (iv) The Purchaser is acquiring not less than U.S.$100,000 of Purchased Notes; (v) With respect to any transferee, the Purchaser also understands that, in conjunction with any transfer of the Purchaser's ownership of any Purchaser's Class E Notes purchased hereunder, it will not transfer or cause the transfer of such Purchaser's Class E Notes without obtaining from the transferee a certificate substantially in the form of this Class E Notes Purchase and Transfer Letter; (vi) The Purchaser will provide notice of the transfer restrictions described to any subsequent transferees.

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

(c) The Purchaser understands that the Purchaser's Class E Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, are being offered only in a transaction not involving any public offering, and may be reoffered, resold or pledged or otherwise transferred only in accordance with the restrictions on transfer set forth herein and in the Indenture. The Purchaser understands and agrees that any purported transfer of Class E Notes to a purchaser

that does not comply with the requirements herein will not be permitted or registered by the Note Transfer Agent. The Purchaser further understands that the Issuer has the right to compel any beneficial owner of Class E Notes that is a U.S. Person and is not (a) either a Qualified Institutional Buyer and (b) a Qualified Purchaser, to sell its interest in such Class E Notes, or the Issuer may sell such Class E Notes on behalf of such owner.

(d) If the Purchaser or any account for which the Purchaser is purchasing the Purchaser's Class E Notes is a U.S. Person (as defined in Regulation S under the Securities Act) the following representations shall be true and correct: The Purchaser (or if the Purchaser is acquiring the Purchaser's Class E Notes for any account, each such account) is acquiring the Purchaser's Class E Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The Purchaser and each such account: (a) was not formed for the specific purpose of investing in the Class E Notes (except when each beneficial owner of the Purchaser and each such account is a Qualified Purchaser), (b) to the extent the Purchaser is a private investment company formed before April 30, 1996, the Purchaser has received the necessary consent from its beneficial owners, (c) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made; and (d) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers. Further, the Purchaser agrees: (i) that neither it nor such account shall hold the Purchaser's Class E Notes for the benefit of any other person and such purchaser of such account shall be the sole beneficial owner thereof for all purposes; and (ii) that neither it nor such account shall sell participation interests in the Purchaser's Class E Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Purchaser's Class E Notes. The Purchaser understands and agrees that any purported transfer of the Purchaser's Class E Notes to a Purchaser that does not comply with the requirements of this clause (d) will not be permitted or registered by the Note Transfer Agent.

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

(f) The certificates in respect of the Class E Notes (other than the Regulation S Class E Notes) will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Indenture and applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE INITIAL PURCHASER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) TO A NON U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN $100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY PURPORTED TRANSFER IN VIOLATION OF THE FOREGOING WILL NOT BE PERMITTED OR REGISTERED BY THE NOTE TRANSFER AGENT. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE.

IF THE TRANSFER OF CLASS E NOTES IS TO BE MADE PURSUANT TO CLAUSE (A)(1) OF THE PRECEDING PARAGRAPH, THE TRANSFEREE OF THE CLASS E NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE, STATING THAT AMONG OTHER THINGS, THE TRANSFEREE IS (1) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER AND (2) A QUALIFIED PURCHASER FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT.

THE PURCHASER OR TRANSFEREE OF THIS NOTE MUST DISCLOSE IN WRITING IN ADVANCE TO THE NOTE TRANSFER AGENT (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) SUBJECT

TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); (ii) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OR TRANSFER AND HOLDING OF CLASS E NOTES DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR UNDER ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE) FOR WHICH AN EXEMPTION IS NOT AVAILABLE; AND (iii) WHETHER OR NOT IT IS THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. IF A PURCHASER IS AN ENTITY REFERRED TO IN (C) ABOVE OR AN INSURANCE COMPANY ACTING ON BEHALF OF ITS GENERAL ACCOUNT, AS APPLICABLE, IT WILL BE PERMITTED TO SO INDICATE, AND REQUIRED TO IDENTIFY A MAXIMUM PERCENTAGE OF ITS ASSETS OR THE ASSETS IN ITS GENERAL ACCOUNT THAT MAY BE OR BECOME PLAN ASSETS, IN WHICH CASE IT WILL BE REQUIRED TO MAKE CERTAIN FURTHER AGREEMENTS THAT WOULD APPLY IN THE EVENT THAT SUCH MAXIMUM PERCENTAGE WOULD THEREAFTER BE EXCEEDED. THE PURCHASER AGREES THAT, BEFORE ANY INTEREST IN A CLASS E NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, THE TRANSFEREE WILL BE REQUIRED TO PROVIDE THE NOTE TRANSFER AGENT WITH A CLASS E NOTES PURCHASE AND TRANSFER LETTER (SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE) STATING, AMONG OTHER THINGS, WHETHER THE TRANSFEREE IS A BENEFIT PLAN INVESTOR. THE TRUSTEE WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF CLASS E NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

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

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

(g) The certificates in respect of the Regulation S Class E Notes will bear a legend to the following effect unless the Issuer determines otherwise in compliance with the Indenture and applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES

INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE INITIAL PURCHASER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) TO A NON U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN $100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, TO A PURCHASER THAT, OTHER THAN IN THE CASE OF CLAUSE (2), (V) IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. EACH HOLDER HEREOF SHALL BE DEEMED TO MAKE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE INDENTURE (AS DEFINED HEREIN). ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUERS, THE NOTE TRANSFER AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUERS HAVE THE RIGHT, UNDER THE INDENTURE (AS DEFINED HEREIN), TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A RULE 144A GLOBAL NOTE (AS DEFINED IN THE INDENTURE) THAT IS A U.S. PERSON AND IS NOT BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTERESTS ON BEHALF OF SUCH OWNER.

EACH TRANSFEREE OF A CLASS E NOTE WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE NOTE TRANSFER AGENT A CLASS E NOTES PURCHASE AND TRANSFER LETTER, SUBSTANTIALLY IN THE FORM ATTACHED TO THE INDENTURE.

THE PURCHASER OR TRANSFEREE OF A CLASS E NOTE IS DEEMED TO REPRESENT (i) THAT IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975 OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (ALL SUCH PERSONS AND ENTITIES DESCRIBED IN CLAUSES (A) THROUGH (C) BEING REFERRED TO HEREIN AS "BENEFIT PLAN INVESTORS"); AND (ii) THAT IT IS NOT THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON. THE TRUSTEE WILL NOT PERMIT OR REGISTER ANY PURCHASE OR TRANSFER OF CLASS E NOTES TO THE EXTENT THAT THE PURCHASE OR TRANSFER WOULD RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE OUTSTANDING CLASS E NOTES (OTHER THAN THE CLASS E NOTES OWNED BY THE COLLATERAL MANAGER, THE TRUSTEE AND THEIR AFFILIATES) IMMEDIATELY AFTER SUCH PURCHASE OR TRANSFER (DETERMINED IN ACCORDANCE WITH SECTION 3(42) OF ERISA, 29 C.F.R. SECTION 2510.3-101 AND THE INDENTURE).

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

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

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

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

(x) The Purchaser is __ is not __ [check one] (i) an "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")), subject to the provisions of Title I of ERISA, (ii) a "plan" described in subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or (iii) an entity whose underlying assets include assets of any such employee benefit plan or plan (for purposes of

ERISA or Section 4975 of the Code) by reason of a plan's investment in the entity (such persons and entities described in clauses (i) through (iii) being referred to herein as "Benefit Plan Investors"); and (y) if the Purchaser is a Benefit Plan Investor, the Purchaser's purchase and holding of a Class E Note do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

The Purchaser is _____ is not _____ [check one] the Issuer or any other person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer, a person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Issuer, or any "affiliate" (within the meaning of 29 C.F.R. Section 2510.3-101(f)(3)) of any such person (any such person described in this paragraph being referred to as a "Controlling Person").

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

(i) The Purchaser understands and acknowledges that the Note Transfer Agent will not register any purchase or transfer of Class E Notes either to a proposed initial purchaser or to a proposed subsequent transferee of Class E Notes that has, in either case, represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the outstanding Class E Notes. For purposes of this determination, Class E Notes held by the Collateral Manager, the Trustee, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding. The Purchaser understands and agrees that any purported purchase or transfer of the Purchaser's Class E Notes to a Purchaser that does not comply with the requirements of this clause (i) will not be permitted or registered by the Note Transfer Agent.

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

(k) The Purchaser, if not a Non-U.S. Holder, is not purchasing the Purchaser's Class E Notes in order to reduce any United States federal income tax liability or pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3(a)(4).

(l) The Purchaser agrees to treat the Purchaser's Class E Notes in accordance with the treatment accorded to it by the Issuer (as debt or equity as the case may be) on the date of exercise of the Class E Issuance Option.

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

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

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

(p) The Purchaser acknowledges that the Issuer is not authorized to engage in activities that could cause it to constitute a finance or lending business for federal income tax purposes and agrees that it will report its investment in the Income Notes in a manner consistent with such limitation, and in particular, will not treat the Issuer as an "eligible foreign corporation" for purposes of Section 954(h) of the Code.

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

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

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

Receipt acknowledged as of date set forth above,

_____
(Signature and Addresses)

REGISTERED OFFICES OF THE ISSUERS

Altius IV Funding, Ltd.
c/o Maples Finance Limited
P.O. Box 1093 GT
Boundary Hall, Cricket Square
George Town
Grand Cayman, Cayman Islands

Altius IV Funding, Corp.
850 Library Avenue, Suite 204
Newark, Delaware 19711

TRUSTEE, PRINCIPAL NOTE PAYING AGENT, NOTE PAYING AGENT, NOTE TRANSFER AGENT AND NOTE REGISTRAR
LaSalle Bank National Association
181 West Madison Street, 32nd Floor
Chicago, Illinois 60602

FISCAL AGENT
ABN AMRO Bank N.V. (London Branch)
82 Bishopsgate
London EC2N 4BN
England

COLLATERAL MANAGER
Aladdin Capital Management LLC
Six Landmark Square
6th Floor
Stamford, Connecticut 06901

IRISH LISTING AND PAYING AGENT
Grant Thornton
City House
Herbert Street
Dublin 2
Ireland

LEGAL ADVISORS

To the Collateral Manager

Kleinberg, Kaplan, Wolff & Cohen, PC
551 Fifth Avenue
New York, New York 10176

To the Issuers
As to matters of United States Law

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

To Goldman, Sachs & Co. as Initial Purchaser

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

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

Kennedy Covington Lobdell & Hickman, L.L.P.
214 North Tryon Street, 47th Floor
Charlotte, North Carolina 28202

To the Issuer
As to matters of Cayman Islands Law

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

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

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OFFERING CIRCULAR

Goldman, Sachs & Co.