U.S.$365,000,000 Class A-1 First Priority Delayed Draw Senior Secured Floating Rate Notes Due 2036
U.S.$59,000,000 Class A-2A Second Priority Senior Secured Floating Rate Notes Due 2036
U.S.$3,000,000 Class A-2B Second Priority Senior Secured Fixed/Floating Rate Notes Due 2036
U.S.$51,000,000 Class B-1 Deferrable Third Priority Secured Floating Rate Notes Due 2036
U.S.$7,000,000 Class B-2 Deferrable Third Priority Secured Fixed/Floating Rate Notes Due 2036
U.S.$54,000,000 Class C-1 Deferrable Fourth Priority Mezzanine Secured Floating Rate Notes Due 2036
U.S.$48,500,000 Class C-2 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$12,500,000 Class C-3 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$7,000,000 Class C-4 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$28,000,000 Class D-1 Deferrable Fifth Priority Subordinate Secured Floating Rate Notes Due 2036
U.S.$4,000,000 Class D-2 Deferrable Fifth Priority Subordinate Secured Fixed/Floating Rate Notes Due 2036
44,400 Preferred Shares (U.S.$44,400,000 Aggregate Liquidation Preference)
U.S.$20,000,000 Combination Notes Due 2036

ALESCO Preferred Funding IX, Ltd.
ALESCO Preferred Funding IX, Inc.

ALESCO Preferred Funding IX, Ltd., an exempted company incorporated under the laws of the Cayman Islands (the "Issuer"), and ALESCO Preferred Funding IX, Inc., a corporation incorporated under the laws of the State of Delaware (the "Co-Issuer" and, together with the Issuer, the "Co-Issuers"), will issue U.S.$365,000,000 Class A-1 First Priority Delayed Draw Senior Secured Floating Rate Notes due June 23, 2036 (the "Class A-1 Notes"); U.S.$59,000,000 Class A-2A Second Priority Senior Secured Floating Rate Notes due June 23, 2036 (the "Class A-2A Notes"); U.S.$3,000,000 Class A-2B Second Priority Senior Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class A-2B Notes" and, together with the Class A-2A Notes, the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"); U.S.$51,000,000 Class B-1 Deferrable Third Priority Secured Floating Rate Notes due June 23, 2036 (the "Class B-1 Notes"); U.S.$7,000,000 Class B-2 Deferrable Third Priority Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class B-2 Notes" and, together with the Class B-1 Notes, the "Class B Notes"); U.S.$54,000,000 Class C-1 Deferrable Fourth Priority Mezzanine Secured Floating Rate Notes due June 23, 2036 (the "Class C-1 Notes"); U.S.$48,500,000 Class C-2 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class C-2 Notes"); U.S.$12,500,000 Class C-3 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class C-3 Notes"); U.S.$7,000,000 Class C-4 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class C-4 Notes" and, together with the Class C-1 Notes, Class C-2 Notes and Class C-3 Notes, the "Class C Notes"); U.S.$28,000,000 Class D-1 Deferrable Fifth Priority Subordinate Secured Floating Rate Notes due June 23, 2036 (the "Class D-1 Notes"); and U.S.$4,000,000 Class D-2 Deferrable Fifth Priority Subordinate Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class D-2 Notes" and, together with the Class D-1 Notes, the "Class D Notes"). The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are herein collectively referred to as the "Rated Notes". The Rated Notes will be issued and secured pursuant to an Indenture, dated as of December 15, 2005 (the "Indenture"), between the Co-Issuers and U.S. Bank National Association, as trustee (the "Trustee"). Concurrently with the issuance of the Rated Notes, the Issuer will issue 44,400 Preferred Shares, par value U.S.$0.01 per share, issued at an issue price (and having a liquidation preference) of U.S.$1,000 per share (the "Preferred Shares") pursuant to the Memorandum and Articles of Association of the Issuer (the "Issuer Charter") and in accordance with the Preferred Share Paying Agency Agreement dated as of December 15, 2005 (the "Preferred Share Paying Agency Agreement") between the Issuer and U.S. Bank National Association, as preferred share paying agent (in such capacity, the "Preferred Share Paying Agent"). On the Closing Date, the Issuer will also issue the Combination Notes (as hereinafter defined). The Rated Notes, Preferred Shares and Combination Notes being offered hereby are referred to herein as the "Offered Securities". The Collateral (as defined herein) securing the Rated Notes and the Combination Notes, will be managed by Cohen Bros. Financial Management, LLC, a Delaware limited liability company ("Cohen Bros. Management" or the "Collateral Manager").

It is a condition to the issuance of the Offered Securities that the Class A-1 Notes be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and "AAA" by Fitch, Inc. ("Fitch" and, together with Moody's and Standard & Poor's, the "Rating Agencies"), that the Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by Fitch, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by Fitch, that the Class C Notes be rated at least "A3" by Moody's and at least "A-" by Fitch, that the Class D Notes be rated at least "BBB" by Fitch, and that the Combination Notes be rated at least "AA-" by Fitch. The ratings of the Class A Notes address the ultimate payment of principal of, and the timely payment of interest on, such Notes. The ratings of the Class B Notes, the Class C Notes and the Class D Notes address the ultimate payment of principal of, and interest on, each of the Class B Notes, the Class C Notes and the Class D Notes. The ratings of the Combination Notes apply only to the ultimate payment of the Combination Notes Rated Balance.

Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA") for the Offering Circular to be approved and to the Irish Stock Exchange for the admittance of the Rated Notes and the Combination Notes to the Official List. There can be no assurance that such admission and listing will be granted. Application has been made to list the Preferred Shares on the Channel Islands Stock Exchange. There can be no assurance that such listing will be granted.

(Continues on next page)

SEE "RISK FACTORS" IN THIS OFFERING CIRCULAR (THE "OFFERING CIRCULAR") FOR A DESCRIPTION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE OFFERED SECURITIES.

THE PLEDGED ASSETS OF THE ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE OFFERED SECURITIES. THE OFFERED SECURITIES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE TRUSTEE, COHEN BROS. FINANCIAL MANAGEMENT, LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE OFFERED SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND NEITHER THE ISSUER NOR THE CO-ISSUER HAS BEEN OR WILL BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"). THE OFFERED SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S 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 RATED NOTES AND COMBINATION NOTES ARE BEING OFFERED HEREBY ONLY (A) TO QUALIFIED PURCHASERS (AS DEFINED FOR PURPOSES OF SECTION 3(c)(7) OF THE 1940 ACT) ("QUALIFIED PURCHASERS") THAT ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT ("QUALIFIED INSTITUTIONAL BUYERS") IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A (OR, IN THE CASE OF THE INITIAL SALE OF SUCH RATED NOTES OR COMBINATION NOTES, TO "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT) ("ACCREDITED INVESTORS") IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW OR (B) TO CERTAIN NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW. THE PREFERRED SHARES ARE BEING OFFERED HEREBY ONLY (A) TO QUALIFIED PURCHASERS THAT ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, (2) ACCREDITED INVESTORS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW OR (B) TO CERTAIN NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW. EACH PURCHASER OF OFFERED SECURITIES IN MAKING ITS PURCHASE WILL BE REQUIRED TO MAKE OR BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH UNDER "TRANSFER RESTRICTIONS". NO TRANSFER OF ANY OFFERED SECURITY MAY BE MADE WHICH WOULD CAUSE THE ISSUER, THE CO-ISSUER OR THE COLLATERAL TO BECOME SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE 1940 ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY OFFERED SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

The Offered Securities are offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Cohen Bros. & Company, LLC as the placement agents ("Placement Agents"), subject to prior sale, when, as and if issued at varying prices to be determined in each case at the time of sale. The Placement Agents reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that a portion of the Offered Securities will be delivered on or about December 15, 2005 (the "Closing Date"), through the facilities of The Depository Trust Company ("DTC") and a portion of the Offered Securities will be delivered in certificated form. It is a condition to the issuance of the Offered Securities that all Offered Securities be issued concurrently.

Merrill Lynch & Co.

Dated January 5, 2006

Subject in each case to the Priority of Payments, (a) holders of the Class A-1 Notes will be entitled to receive interest at a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 0.36%, (b) holders of the Class A-2A Notes will be entitled to receive interest at a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 0.45%, (c) holders of the Class A-2B Notes will be entitled to receive interest at a fixed rate per annum equal to 5.468% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 0.45% at all times thereafter, (d) holders of the Class B-1 Notes will be entitled to receive interest at a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 0.70%, (e) holders of the Class B-2 Notes will be entitled to receive interest at a fixed rate per annum equal to 5.602% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 0.70% at all times thereafter, (f) holders of the Class C-1 Notes will be entitled to receive interest at a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 1.27%, (g) holders of the Class C-2 Notes will be entitled to receive interest at a fixed rate per annum equal to 6.172% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 1.27% at all times thereafter, (h) holders of the Class C-3 Notes will be entitled to receive interest at a fixed rate per annum equal to 6.115% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 1.27% at all times thereafter, (i) holders of the Class C-4 Notes will be entitled to receive interest at a fixed rate per annum equal to 6.288% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 1.27% at all times thereafter, (j) holders of the Class D-1 Notes will be entitled to receive interest at a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 2.85% and (k) holders of the Class D-2 Notes will be entitled to receive interest at a fixed rate per annum equal to 7.752% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 and a floating rate per annum equal to the applicable London interbank offered rate, reset quarterly, plus 2.85% at all times thereafter. See "Description of the Rated Notes—Priority of Payments".

On the Closing Date, the Issuer will issue U.S.$20,000,000 notional amount of Combination Notes (the "Combination Notes") due June 23, 2036. The Combination Notes will consist of two components, one representing an interest in U.S.$16,000,000 Class C-2 Notes (the "Class C-2 Component") and the other representing an interest in U.S.$4,000,000 Class D-2 Notes (the "Class D-2 Component"). The Class C-2 Component and Class D-2 Component are herein collectively referred to as the "Components". The Combination Notes will not bear interest at a stated rate, and will be entitled only to the payments to which the securities represented by their Components are entitled.

Interest and the Commitment Fee on the Rated Notes will be payable in U.S. Dollars quarterly in arrears on each March 23, June 23, September 23 and December 23, commencing March 23, 2006 (each, a "Distribution Date"); *provided*, that (i) the final Distribution Date with respect to the Rated Notes shall be June 23, 2036 and (ii) if any such date is not a Business Day, the relevant Distribution Date will be the next succeeding Business Day. Payments of principal of and interest and the Commitment Fee on the Rated Notes and Combination Notes on any Distribution Date will be made if and to the extent that funds are available on such Distribution Date in accordance with the Priority of Payments set forth herein. See

"Description of the Rated Notes—Interest" and "Description of the Rated Notes—Principal". The Combination Notes will not bear a stated rate of interest or dividend and will be entitled to such payments only to the extent of payments to which the Securities represented by their Components are entitled. See "Description of the Combination Notes". The principal of each of the Class A-1 Notes, Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes, Class D-1 Notes and Class D-2 Notes (each, a "Class" of Notes) is payable on each Distribution Date and is required to be paid by their applicable Stated Maturity, unless redeemed or repaid prior thereto. See "Description of the Rated Notes—Principal".

All of the Class A-1 Notes are entitled to receive payments *pari passu* among themselves, all of the Class A-2A Notes and Class A-2B Notes are entitled to receive payments *pari passu* among themselves, all of the Class B-1 Notes and Class B-2 Notes are entitled to receive payments *pari passu* among themselves, all of the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes are entitled to receive payments *pari passu* among themselves, all of the Class D-1 Notes and Class D-2 Notes are entitled to receive payments *pari passu* among themselves and all of the Combination Notes are entitled to receive distributions *pari passu* among themselves. Except as otherwise described herein (e.g. the application of Interest Proceeds in accordance with the Priority of Payments upon the failure to satisfy either of the Class B/C/D Coverage Tests), the relative order of seniority of payment of each Class of Rated Notes on each Distribution Date is as follows: *first*, Class A-1 Notes (including payment of the Commitment Fee with respect to the Class A-1 Notes), *second*, Class A-2A Notes and Class A-2B Notes, *third*, Class B-1 Notes and Class B-2 Notes, *fourth*, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes and *fifth*, Class D-1 Notes and Class D-2 Notes with (a) each Class of Rated Notes in such list (other than the Class D-1 Notes and Class D-2 Notes) being "Senior" to each other Class of Rated Notes that follows such Class of Rated Notes in such list *(e.g.*, the Class A-1 Notes are Senior to the Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes, Class D-1 Notes and Class D-2 Notes) and (b) each Class of Rated Notes in such list (other than the Class A-1 Notes) being "Subordinate" to each other Class of Rated Notes that precedes such Class of Rated Notes in such list *(e.g.*, the Class D-1 Notes and Class D-2 Notes are Subordinate to the Class A-1 Notes, Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes). No payment of interest on any Class of Rated Notes will be made until all accrued and unpaid interest on the Rated Notes of each Class that is Senior to such Class and that remains outstanding has been paid in full. Except as otherwise described herein (e.g. the application of Interest Proceeds in accordance with the Priority of Payments upon the failure to satisfy either of the Class B/C/D Coverage Tests), no payment of principal of any Class of Rated Notes will be made until all principal of, and accrued and unpaid interest on, the Rated Notes of each Class that is Senior to such Class and that remains outstanding has been paid in full. See "Description of the Rated Notes—Priority of Payments".

Each holder of a Combination Note will, to the extent of the Class C-2 Component, be entitled to the same rights with respect to such Class C-2 Component as if such holder directly held a Class C-2 Note in principal amount equal to the amount of such Class C-2 component and will, to the extent of the Class D-2 Component, be entitled to the same rights with respect to such Class D-2 Component as if such holder directly held a Class D-2 Note in principal amount equal to the amount of such Class D-2 component. Each purchaser of a Combination Note should therefore carefully review each provision of this Offering Circular relating to the Class C-2 Notes and the Class D-2 Notes before deciding whether or not to purchase a Combination Note.

The Rated Notes are subject to optional, tax, mandatory and auction call redemption under the circumstances described under "Description of the Rated Notes—Mandatory Redemption," "—Optional Redemption and Tax Redemption," "—Auction Call Redemption" and "—Priority of Payments".

On each Distribution Date, to the extent funds are available therefor, Interest Proceeds will be released from the lien of the Indenture for payment to the Preferred Share Paying Agent for distribution to the holders of the Preferred Shares (the "Preferred Shareholders") only after the payment of interest on the Rated Notes and certain other amounts in accordance with the Priority of Payments. Any Interest Proceeds permitted to be released from the lien of the Indenture on any Distribution Date in accordance with the Priority of Payments and paid to the Preferred Share Paying Agent will be distributed by the Preferred Share Paying Agent to the Preferred Shareholders on such Distribution Date in accordance with the Issuer Charter and the Preferred Share Paying Agency Agreement. Until the Rated Notes have been paid in full, Principal Proceeds will not be available to make distributions in respect of the Preferred Shares. Subject to provisions of the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands governing the declaration and payment of dividends (as described herein), after the Rated Notes have been paid in full, Interest Proceeds and Principal Proceeds remaining after all other applications under the Priority of Payments will be released from the lien of the Indenture in accordance with the Priority of Payments and paid to the Preferred Share Paying Agent for distribution to the Preferred Shareholders and the holders of the Combination Notes (to the extent of the Components thereof consisting of Preferred Shares) on each Distribution Date. Distributions (other than certain liquidating distributions described herein) will be made in cash. The Directors of the Issuer currently intend, in the event that the Preferred Shares are not redeemed at the option of a Majority-in-Interest of Preferred Shareholders following the repayment in full of the Rated Notes, to liquidate all of the Issuer's remaining investments in an orderly manner and distribute the proceeds of such liquidation to the Preferred Shareholders and the holders of the Combination Notes (to the extent of the Components thereof consisting of Preferred Shares) subject to the provisions of the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands. See "Description of the Preferred Shares—Distributions".

Rated Notes sold in the United States to Qualified Purchasers that are also Qualified Institutional Buyers will be issued in the form of one or more permanent global Rated Notes in definitive, fully registered form without interest coupons (the "Restricted Global Rated Notes"), deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee. Interests in Restricted Global Rated Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants. Rated Notes sold in the United States to persons that are Qualified Purchasers that are also Accredited Investors (that are not also Qualified Institutional Buyers and are sold only in connection with the initial sale of Rated Notes), may be issued in the form of certificated Rated Notes in definitive, fully registered form without interest coupons (each, a "Restricted Definitive Rated Note"). The Rated Notes offered by the Co-Issuers outside the United States to Non-U.S. Persons will be offered in reliance upon Regulation S under the Securities Act ("Regulation S Rated Notes") and will be represented by one or more global Rated Notes ("Regulation S Global Rated Notes") in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee. See "Description of the Rated Notes—Form, Denomination, Registration and Transfer". The Preferred Shares offered by the Issuer outside the United States to Non-U.S. Persons will be offered in reliance upon Regulation S under the Securities Act and will be represented by one or more global share certificates ("Regulation S Preferred Shares") in fully registered form without interest coupons deposited with the Preferred Share Paying Agent as custodian for, and registered in the name of, DTC (or its nominee). Preferred Shares offered by the Issuer in the United States in reliance upon an exemption from the registration requirements of the Securities Act ("Restricted Preferred Shares") will be issued in the form of certificated Preferred Shares, in definitive, fully registered form without interest coupons and registered in the name of the beneficial owner thereof. See "Description of the Preferred Shares—Form, Registration and Transfer". The Combination Notes offered by the Issuer outside the United States to Non-U.S. Persons will be offered in reliance upon Regulation S under the Securities Act ("Regulation S Combination Notes") and will be represented by one or more Global Rated Notes ("Regulation S Global Combination Notes") in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, DTC (or its nominee). Combination

Notes sold in the United States to Qualified Purchasers that are also Qualified Institutional Buyers or, in connection with the initial sale of Combination Notes only, Accredited Investors ("Restricted Definitive Combination Notes") will be issued in the form of certificated Combination Notes, in definitive, fully registered form without interest coupons and registered in the name of the beneficial owner thereof. See "Description of the Combination Notes—Form, Denomination, Registration and Transfer".

Each prospective investor (and each employee, representative, or other agent of such prospective investor) may disclose to any and all persons, without limitations of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure. Any such disclosure of the tax treatment, tax structure and other tax-related materials shall not be made for the purpose of offering to sell the Offered Securities offered hereby or soliciting an offer to purchase any such Offered Securities to the extent such disclosure for such purpose would be in violation of applicable securities laws. For purposes of this paragraph, the terms "tax treatment," "tax structure," and "tax analyses" have the meaning given to such terms under Treasury Regulation Section 1.6011-4(c).

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 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 ATTORNEY GENERAL OR THE SECRETARY OF STATE 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 ATTORNEY GENERAL OR 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 PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER, THE COLLATERAL MANAGER, OR THE PLACEMENT AGENTS OR THE HEDGE COUNTERPARTY OR ANY OF THEIR RESPECTIVE AFFILIATES. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OFFERED SECURITY IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND THE OFFERING OF THE OFFERED SECURITIES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR COMES ARE REQUIRED BY THE ISSUER AND THE PLACEMENT AGENTS TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS. IN PARTICULAR, THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS OFFERING CIRCULAR, AND THE OFFER AND SALE OF OFFERED SECURITIES, IN THE UNITED STATES OF AMERICA,

THE UNITED KINGDOM AND THE CAYMAN ISLANDS. SEE "PLAN OF DISTRIBUTION". NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR THE SALE OF ANY SECURITY OFFERED HEREBY SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS GIVEN HEREIN. THE ISSUER AND THE PLACEMENT AGENTS RESERVE THE RIGHT, FOR ANY REASON, TO REJECT ANY OFFER TO PURCHASE IN WHOLE OR IN PART, TO ALLOT TO ANY OFFEREE LESS THAN THE FULL AMOUNT OF OFFERED SECURITIES SOUGHT BY SUCH OFFEREE OR TO SELL LESS THAN THE AGGREGATE STATED PRINCIPAL AMOUNT OF ANY CLASS OF RATED NOTES OR THE NUMBER OF PREFERRED SHARES.

THE OFFERED SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE OFFERED SECURITIES ARE TO BE PURCHASED FOR INVESTMENT ONLY AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED BY AN INVESTOR DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY OFFERED SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. FOR CERTAIN RESTRICTIONS ON RESALE, SEE "DESCRIPTION OF THE RATED NOTES—FORM, DENOMINATION, REGISTRATION AND TRANSFER," "DESCRIPTION OF THE PREFERRED SHARES—FORM, REGISTRATION AND TRANSFER," "DESCRIPTION OF THE COMBINATION NOTES—FORM, DENOMINATION, REGISTRATION AND TRANSFER," AND "TRANSFER RESTRICTIONS". A TRANSFER OF OFFERED SECURITIES IS SUBJECT TO THE RESTRICTIONS DESCRIBED HEREIN, INCLUDING THAT NO SALE, PLEDGE, TRANSFER OR EXCHANGE MAY BE MADE OF A OFFERED SECURITY (1) EXCEPT AS PERMITTED UNDER (A) THE SECURITIES ACT PURSUANT TO AN EXEMPTION FROM REGISTRATION AS DESCRIBED HEREIN, (B) APPLICABLE STATE SECURITIES LAWS AND (C) APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION, (2) EXCEPT IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SET FORTH IN THE INDENTURE AND IN THE ISSUER CHARTER AND THE PREFERRED SHARE PAYING AGENCY AGREEMENT, RESPECTIVELY, AND (3) IN A DENOMINATION LESS THAN THE REQUIRED MINIMUM DENOMINATION. THE OFFERED SECURITIES ARE SUBJECT TO FURTHER RESTRICTIONS ON TRANSFER. SEE "TRANSFER RESTRICTIONS".

NONE OF THE ISSUER, THE CO-ISSUER OR THE COLLATERAL HAS BEEN REGISTERED UNDER THE 1940 ACT, BY REASON OF THE EXEMPTION FROM REGISTRATION CONTAINED IN SECTION 3(c)(7) THEREOF. NO TRANSFER OF RATED NOTES, COMBINATION NOTES OR PREFERRED SHARES WHICH WOULD HAVE THE EFFECT OF REQUIRING THE ISSUER, THE CO-ISSUER OR THE COLLATERAL TO REGISTER AS AN INVESTMENT COMPANY UNDER THE 1940 ACT WILL BE PERMITTED. ANY TRANSFER OF A DEFINITIVE RATED NOTE MAY BE EFFECTED ONLY ON THE NOTE REGISTER MAINTAINED BY THE NOTE REGISTRAR PURSUANT TO THE INDENTURE. ANY TRANSFER OF AN INTEREST IN A RESTRICTED GLOBAL RATED NOTE, A REGULATION S GLOBAL

RATED NOTE, A REGULATION S GLOBAL COMBINATION NOTE OR A REGULATION S PREFERRED SHARE WILL BE SHOWN ON, AND TRANSFERS THEREOF WILL BE EFFECTED ONLY THROUGH, RECORDS MAINTAINED BY DTC AND ITS DIRECT AND INDIRECT PARTICIPANTS (INCLUDING, IN THE CASE OF REGULATION S GLOBAL RATED NOTES, REGULATION S PREFERRED SHARES AND REGULATION S GLOBAL COMBINATION NOTES, EUROCLEAR AND CLEARSTREAM, LUXEMBOURG). ANY TRANSFER OF RESTRICTED PREFERRED SHARES MAY BE EFFECTED ONLY ON THE PREFERRED SHARE REGISTER MAINTAINED BY THE PREFERRED SHARE REGISTRAR PURSUANT TO THE PREFERRED SHARE PAYING AGENCY AGREEMENT. ANY TRANSFER OF RESTRICTED DEFINITIVE COMBINATION NOTES MAY BE EFFECTED ONLY ON THE NOTE REGISTER MAINTAINED BY THE NOTE REGISTRAR PURSUANT TO THE TERMS OF THE INDENTURE.

EACH PURCHASER OF A RATED NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT (OR, IN CERTAIN CIRCUMSTANCES, BE DEEMED TO REPRESENT AND WARRANT) EITHER THAT (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH RATED NOTE WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH RATED NOTE WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, A "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHICH IS DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING OR A FOREIGN OR GOVERNMENTAL PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (B) ITS PURCHASE AND OWNERSHIP OF SUCH RATED NOTE WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A FOREIGN OR GOVERNMENTAL PLAN, ANY SIMILAR LAW).

THE ACQUISITION OF A RESTRICTED PREFERRED SHARE BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY INITIAL PURCHASER THAT REPRESENTS AND WARRANTS THAT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUBJECT TO ERISA, AND INCLUDING, WITHOUT LIMITATION, FOREIGN AND GOVERNMENTAL PLANS, (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (D) THE ISSUER, THE CO-ISSUER, ANY PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS, OR ANY "AFFILIATE" (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101(F)(3)) OF ANY SUCH PERSON (EACH A "CONTROLLING PERSON") WILL NOT BE EFFECTIVE, AND THE ISSUER, PREFERRED SHARE PAYING AGENT AND PREFERRED SHARE REGISTRAR WILL NOT RECOGNIZE SUCH ACQUISITION, IF SUCH ACQUISITION WOULD RESULT IN (A) BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE PREFERRED SHARES (DETERMINED PURSUANT TO 29 C.F.R. SECTION 2510.3-101) OR (B) A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH INITIAL PURCHASER OF A RESTRICTED PREFERRED SHARE SHALL BE REQUIRED TO CERTIFY (A) WHETHER OR NOT IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (B) IF IT IS A BENEFIT PLAN INVESTOR, THAT ITS ACQUISITION AND HOLDING OF THE RESTRICTED PREFERRED SHARE WILL NOT RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH TRANSFEREE (OTHER THAN THE INITIAL PURCHASERS) OF A RESTRICTED PREFERRED SHARE WILL BE REQUIRED TO REPRESENT, WARRANT AND CERTIFY THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE ACTING ON BEHALF OF), ANY BENEFIT PLAN INVESTOR OR CONTROLLING PERSON.

EACH PURCHASER AND TRANSFEREE OF A REGULATION S PREFERRED SHARE (OR ANY INTEREST THEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE OR INTEREST THEREIN WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF), ANY BENEFIT PLAN INVESTOR OR CONTROLLING PERSON.

EACH PURCHASER OF A COMBINATION NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT (OR IN CERTAIN CIRCUMSTANCES, DEEMED TO REPRESENT AND WARRANT) THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH COMBINATION NOTE WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH COMBINATION NOTE WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING, OR A FOREIGN OR GOVERNMENTAL PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND OWNERSHIP OF SUCH COMBINATION NOTE WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A FOREIGN OR GOVERNMENTAL PLAN, ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW).

NONE OF THE OFFERED SECURITIES AND THE COLLATERAL SECURING THE CO-ISSUED NOTES IS INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY.

THIS DOCUMENT WILL COMPRISE THE LISTING DOCUMENT FOR THE PURPOSE OF THE LISTING OF THE PREFERRED SHARES ON THE CHANNEL ISLANDS STOCK EXCHANGE. NEITHER THE ADMISSION OF THE PREFERRED SHARES TO THE OFFICIAL LIST, NOR THE APPROVAL OF THIS LISTING DOCUMENT PURSUANT TO THE LISTING REQUIREMENTS OF THE CHANNEL ISLANDS STOCK EXCHANGE SHALL CONSTITUTE A WARRANTY OR REPRESENTATION BY THE CHANNEL ISLANDS STOCK EXCHANGE AS TO THE COMPETENCE OF THE SERVICE PROVIDERS TO OR ANY OTHER PARTY CONNECTED WITH THE ISSUER, THE ADEQUACY AND ACCURACY OF INFORMATION CONTAINED IN THIS LISTING DOCUMENT OR THE SUITABILITY OF THE ISSUER FOR INVESTMENT OR FOR ANY OTHER PURPOSE.

THE OFFERED SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION, AND NONE OF THE FOREGOING AUTHORITIES HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Offering Circular has been prepared by the Co-Issuers solely for use in connection with the offering of the Offered Securities described herein (the "Offering") and for listing purposes. The Co-Issuers accept responsibility for the information contained in this Offering Circular (excluding the information appearing in the section "The Collateral Manager"). To the best of the knowledge and belief of the Co-Issuers the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Co-Issuers accept responsibility accordingly. The Co-Issuers disclaim any obligation to update such information and do not intend to do so. None of the Placement Agents, the Hedge Counterparty or any of their respective affiliates makes any representation or warranty as to, or has independently verified or assumes any responsibility for, the accuracy or completeness of the information contained herein. Neither the Collateral Manager nor any of its affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for, the accuracy and completeness of the information contained herein other than the material accuracy and completeness of the information appearing in the section "The Collateral Manager". The Collateral Manager disclaims any obligation to update such information and does not intend to do so. Nothing contained in this Offering Circular is or should be relied upon as a promise or representation as to future results or events. The Trustee has not participated in the preparation of this Offering Circular and assumes no responsibility for its contents.

This Offering Circular contains summaries of certain documents. The summaries do not purport to be complete and are qualified in their entirety by reference to such documents, copies of which will be made available to offerees upon request. Requests and inquiries regarding this Offering Circular or such documents should be directed to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 4 World Financial Center, New York, New York 10080, Attention: Global Credit Structured Products Group. Copies of such documents may also be obtained free of charge from RSM Robson Rhodes in its capacity as Irish paying agent located in Dublin, Ireland (in such capacity, the "Irish Paying Agent").

The Co-Issuers will make available to any offeree of the Offered Securities, prior to the issuance thereof, the opportunity to ask questions of and to receive answers from the Co-Issuers or a person acting on their behalf concerning the terms and conditions of the Offering, the Co-Issuers or any other relevant matters and to obtain any additional information to the extent the Co-Issuers possess such information or can obtain it without unreasonable expense.

Each purchaser of a Rated Note or Combination Note offered and sold in the United States will be required (or, in certain circumstances, deemed) to represent to the Co-Issuers or the Issuer, as applicable, and the applicable Placement Agent that it is a Qualified Purchaser that is (x) a Qualified Institutional Buyer purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) in the case of the initial purchase of Rated Notes or Combination Notes only, an Accredited Investor. Each purchaser of a Preferred Share offered and sold in the United States will be required (or, in certain circumstances, deemed) to represent to the Issuer and the applicable Placement Agent that it is a Qualified Purchaser that is either (x) a Qualified Institutional Buyer, purchasing for its own account, to whom

notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) an Accredited Investor. Each purchaser of a Rated Note, a Preferred Share or a Combination Note offered and sold in reliance on Regulation S will be required (or, in certain circumstances, deemed) to represent to the Co-Issuers and the applicable Placement Agent that it is not a U.S. Person, as such term is defined in Regulation S (a "U.S. Person"), and is acquiring the Rated Note, Preferred Share or Combination Note in an offshore transaction in accordance with Regulation S, for its own account and not for the account or benefit of a U.S. Person. Each purchaser of the Rated Notes or Combination Notes will also be required (or, in certain circumstances, be deemed) to acknowledge that the Rated Notes or Combination Notes, as applicable, have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (a) to (i) a U.S. Person that is a Qualified Purchaser and a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (ii) to a Non-U.S. Person acquiring the Rated Notes or Combination Notes, as applicable, in an offshore transaction in accordance with Regulation S, for its own account and not for the account or benefit of a U.S. Person, (b) in compliance with the certification and other requirements set forth in the Indenture, and (c) in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction. Each purchaser of the Preferred Shares will also be required (or, in certain circumstances, be deemed) to acknowledge that the Preferred Shares have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (a) to (i) a U.S. Person that is a Qualified Purchaser and (x) a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) an Accredited Investor in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (ii) to a Non-U.S. Person acquiring the Preferred Shares in an offshore transaction in accordance with Regulation S, for its own account and not for the account or benefit of a U.S. Person, (b) in compliance with the certification and other requirements set forth in the Issuer Charter and the Preferred Share Paying Agency Agreement, and (c) in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction. Each purchaser of a Rated Note, a Combination Note or a Preferred Share that is a U.S. Person will be required (or, in certain circumstances, deemed) to represent that it is a Qualified Purchaser. Without limiting the foregoing, each initial purchaser of an interest in a Regulation S Preferred Share or Regulation S Combination Note will be required to execute and deliver to the Issuer, the Trustee and the Preferred Share Paying Agent, as applicable, a letter in the form attached as an exhibit to the Indenture or the Preferred Share Paying Agency Agreement, as applicable, to the effect that such initial purchaser will not transfer such interest except in compliance with the transfer restrictions set forth in the Indenture or the Preferred Share Paying Agency Agreement, as applicable, (including the requirement that any subsequent transferee execute and deliver such letter). For a description of these and certain other restrictions on offers and sales of the Offered Securities and distribution of this Offering Circular, see "Transfer Restrictions".

Although either or both of the Placement Agents may from time to time make a market in any of the Rated Notes, Combination Notes or the Preferred Shares, neither Placement Agent is under any obligation to do so. In the event that either Placement Agent commences any market-making, such Placement Agent may discontinue such market-making at any time. There can be no assurance that a secondary market for any of the Rated Notes, Combination Notes or the Preferred Shares will develop, or if a secondary market does develop, that it will provide the holders of the Rated Notes, the holders of the Combination Notes or the holders of the Preferred Shares with liquidity of investment or that it will continue for the life of such Class of Rated Notes, Combination Notes or Preferred Shares.

INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE ISSUER AND THE PLACEMENT AGENT OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS OFFERING CIRCULAR IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT INTENDED TO BE RELIED UPON ALONE AS THE BASIS FOR AN INVESTMENT DECISION. IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CO-ISSUERS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED AND MUST NOT RELY UPON INFORMATION PROVIDED BY OR STATEMENTS MADE BY THE PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE OFFERED SECURITIES FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE ISSUER, THE CO-ISSUER, THE COLLATERAL MANAGER, THE PLACEMENT AGENT OR THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF OFFERED SECURITIES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS OR THE PROPER CLASSIFICATION OF SUCH AN INVESTMENT THEREUNDER.

THE CONTENTS OF THIS OFFERING CIRCULAR ARE NOT TO BE CONSTRUED AS LEGAL, ACCOUNTING, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, ACCOUNTANT, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, ACCOUNTING, BUSINESS AND TAX ADVICE.

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

Offers, sales and deliveries of the Offered Securities are subject to certain restrictions in the United States, the United Kingdom, the Cayman Islands and other jurisdictions. See “Plan of Distribution” and “Transfer Restrictions”.

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

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE OFFERED SECURITIES MAY NOT BE OFFERED OR SOLD AND, PRIOR TO THE EXPIRY OF THE PERIOD OF SIX MONTHS FROM THE CLOSING DATE, WILL NOT BE OFFERED OR SOLD TO PERSONS IN THE UNITED KINGDOM EXCEPT TO PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSE OF THEIR BUSINESS OR OTHERWISE IN CIRCUMSTANCES THAT HAVE NOT RESULTED AND WILL NOT RESULT IN AN OFFER TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995. THIS OFFERING CIRCULAR AND ANY OTHER DOCUMENT IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE OFFERED SECURITIES MAY ONLY BE ISSUED OR PASSED ON TO A PERSON OF A KIND DESCRIBED IN ARTICLE 49(2) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 OR IS A PERSON TO WHOM THIS OFFERING CIRCULAR OR ANY OTHER SUCH DOCUMENT MAY OTHERWISE LAWFULLY BE ISSUED OR PASSED ON (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NOTICE TO RESIDENTS OF THE NETHERLANDS

THE OFFERED SECURITIES MAY BE OFFERED, SOLD, TRANSFERRED OR DELIVERED IN OR FROM THE NETHERLANDS AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, EXCLUSIVELY TO INDIVIDUALS OR ENTITIES, WHO OR WHICH TRADE OR INVEST IN SECURITIES IN THE CONDUCT OF A PROFESSION OR A BUSINESS WITHIN THE MEANING OF ARTICLE 1 OF THE REGULATION OF 9 OCTOBER 1990 ISSUED PURSUANT TO ARTICLE 14 OF THE ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS (WET TOEZICHT BELEGGINGSINSTELLINGEN), WHICH INCLUDES BANKS, PENSION FUNDS, INSURANCE COMPANIES, SECURITIES FIRMS, INVESTMENT INSTITUTIONS, CENTRAL GOVERNMENTS, LARGE INTERNATIONAL AND SUPRANATIONAL INSTITUTIONS AND OTHER COMPARABLE ENTITIES, INCLUDING TREASURIES AND FINANCE COMPANIES OF LARGE ENTERPRISES, WHICH TRADE OR INVEST IN SECURITIES IN THE CONDUCT OF A PROFESSION OR A BUSINESS.

NOTICE TO RESIDENTS OF GERMANY

THE OFFERED SECURITIES MAY ONLY BE DISTRIBUTED OR ACQUIRED WITHIN THE FEDERAL REPUBLIC OF GERMANY IN ACCORDANCE WITH THE GERMAN INVESTMENT ACT (*INVESTMENTGESETZ* – "**IA**") AND THE GERMAN SECURITIES PROSPECTUS ACT (*WERTPAPIERPROSPEKTGESETZ* – "**WPPG**") AND ANY OTHER LAWS AND REGULATIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY GOVERNING THE ISSUE, OFFERING, DISTRIBUTION AND SALE OF INVESTMENT SCHEME INTERESTS OR SECURITIES.

THE DISTRIBUTION OF THE OFFERED SECURITIES HAS NOT BEEN NOTIFIED AND THE OFFERED SECURITIES ARE NOT REGISTERED OR AUTHORISED FOR PUBLIC DISTRIBUTION IN THE FEDERAL REPUBLIC OF GERMANY. THIS OFFERING CIRCULAR HAS NOT BEEN FILED OR DEPOSITED WITH THE FEDERAL FINANCIAL SUPERVISORY

AUTHORITY (*BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT –BAFIN*). THEREFORE, THE OFFERED SECURITIES MUST NOT BE DISTRIBUTED (I) BY WAY OF A PUBLIC OFFER, PUBLIC ADVERTISEMENT OR IN ANY SIMILAR MANNER WITHIN THE MEANING OF SECTION 2 (11) OF THE IA OR (II) BY THE WAY OF PUBLIC OFFERING WITHIN THE MEANING OF SECTION 2 NO. 4 OF THE WPPG NOR SHALL THIS OFFERING CIRCULAR CONSTITUTE SUCH PUBLIC OFFER, PUBLIC ADVERTISEMENT OR SIMILAR OFFER. NO GERMAN PROSPECTUS WITHIN THE MEANING OF THE IA OR THE WPPG HAS BEEN OR WILL BE PREPARED, PUBLISHED OR OTHERWISE PROVIDED.

THIS OFFERING CIRCULAR SHALL ONLY BE ADDRESSED TO RECIPIENTS TO WHOM THIS CIRCULAR IS PERSONALLY ADDRESSED AND DOES NOT CONSTITUTE AN OFFER OR ADVERTISEMENT TO THE PUBLIC NOR MAY IT BE SUPPLIED TO THE PUBLIC IN THE FEDERAL REPUBLIC OF GERMANY OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OF THE OFFERED SECURITIES TO THE PUBLIC IN GERMANY.

UPON THE REQUEST OF A GERMAN INVESTOR, THE ISSUER WILL (I) MAKE AVAILABLE TO THE GERMAN INVESTORS THE INFORMATION REQUIRED PURSUANT TO § 5 (1) SENTENCE 1 NOS. 1 AND 2 IN CONNECTION WITH SENTENCE 2, § 5 (1) SENTENCE NO. 4 AND § 5 (3) SENTENCE 1 OF THE *INVESTMENTSTEUERGESETZ* (THE "GERMAN INVESTMENT TAX ACT"), (II) FURNISH TO THE GERMAN FEDERAL TAX OFFICE (*BUNDESAMT FÜR FINANZEN*) UPON ITS REQUEST WITHIN THREE MONTHS PROOF OF THE CORRECTNESS OF THE INFORMATION REFERRED TO UNDER CLAUSE (I) ABOVE IN ACCORDANCE WITH § 5 (1) SENTENCE 1 NO. 5 OF THE GERMAN INVESTMENT TAX ACT AND (III) MAKE THE PUBLICATION IN THE ELECTRONIC EDITION OF THE FEDERALGAZETTE (*ELEKTRONISCHER BUNDESANZEIGER*) REQUIRED PURSUANT TO § 5 (1) SENTENCE 1 NO. 3 OF THE GERMAN INVESTMENT TAX ACT IN THE GERMAN LANGUAGE. ALL PROSPECTIVE GERMAN INVESTORS ARE URGED TO SEEK INDEPENDENT TAX ADVICE. THIS OFFERING CIRCULAR DOES NOT CONTAIN ANY TAX INDICATIONS OR AN EXPLANATION ABOUT THE POSSIBLE TAX CONSEQUENCES OF AN INVESTMENT.

NOTICE TO RESIDENTS OF FRANCE

THE OFFERED SECURITIES ARE *ORGANISMES DE PLACEMENTS COLLECTIFS EN VALEURS MOBILIÈRES* ISSUED BY A RESIDENT OF A NON-EC STATE. ACCORDINGLY, PURSUANT TO THE PROVISIONS OF DECREE NO. 89-624 OF 6 SEPTEMBER 1989, THE OFFERED SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN FRANCE WITHOUT THE PRIOR APPROVAL OF THE FRENCH MINISTRY OF FINANCE.

EACH OF THE CO-ISSUERS AND THE PLACEMENT AGENTS REPRESENTS AND AGREES THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, ANY OF THE OFFERED SECURITIES BY WAY OF A PUBLIC OFFERING IN FRANCE (AN *APPEL PUBLIC À L'ÈPARGNE,* AS DEFINED IN ARTICLE 61 OF *ORDONNANCE* NO. 67-883 OF 28 SEPTEMBER 1967, AS AMENDED BY LAW NO. 98 - 546 OF 2 JULY 1998).

NOTICE TO RESIDENTS OF SWEDEN

THE RIGHT TO PURCHASE THE OFFERED SECURITIES DESCRIBED IN THIS DOCUMENT IS OFFERED TO A LIMITED AND PERSONALLY INVITED CIRCLE OF POTENTIAL INVESTORS ONLY. THE INVITED INVESTORS ARE NOT ALLOWED TO ASSIGN OR OTHERWISE TRANSFER THEIR OFFERED RIGHT TO SUBSCRIBE FOR THE OFFERED SECURITIES.

THE ISSUE OF THE OFFERED SECURITIES DESCRIBED IN THIS DOCUMENT IS NOT MADE TO THE PUBLIC IN SWEDEN AND IS THEREFORE NOT ENCOMPASSED BY THE PROSPECTUS REGULATIONS IN THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (LAG 1991:980 OM HANDEL MED FINANSIELLA INSTRUMENT). THIS DOCUMENT HAS NOT BEEN SUBMITTED FOR APPROVAL BY OR REGISTRATION WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY (FINANSINSPEKTIONEN).

NOTICE TO RESIDENTS OF THE REPUBLIC OF IRELAND

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

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

NOTICE TO RESIDENTS OF PORTUGAL

THE OFFERING OF THE OFFERED SECURITIES HAS NOT AND WILL NOT BE REGISTERED UNDER THE PORTUGUESE SECURITIES CODE AS A PUBLIC OFFERING. NO OFFER OR SALE OF THE OFFERED SECURITIES MAY BE MADE IN PORTUGAL EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH THE APPLICABLE LAWS THEREOF.

NOTICE TO RESIDENTS OF AUSTRIA

THIS OFFERING CIRCULAR HAS BEEN PRODUCED FOR THE SOLE PURPOSE OF PROVIDING INFORMATION ABOUT THE OFFERED SECURITIES TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS IN AUSTRIA. THIS MEMORANDUM IS MADE AVAILABLE ON THE CONDITION THAT IT IS FOR THE USE ONLY BY RECIPIENTS AS A SOPHISTICATED POTENTIAL AND INDIVIDUALLY SELECTED INVESTOR AND MAY NOT BE PASSED ON TO ANY OTHER PERSON OR REPRODUCED IN WHOLE OR PART. THIS DOES NOT CONSTITUTE A PUBLIC OFFER (ÖFFENTLICHES ANGEBOT) IN AUSTRIA AND MUST NOT BE USED TOGETHER WITH A PUBLIC OFFER IN AUSTRIA, AND, THEREFORE, THE PROVISIONS OF THE INVESTMENT FUND ACT OF 1993 (INVESTMENTFONDSGESETZ 1993) DO NOT APPLY. CONSEQUENTLY, NO PUBLIC OFFERS OR PUBLIC SALES MUST BE MADE IN AUSTRIA IN RESPECT OF THE OFFERED SECURITIES. THE OFFERED SECURITIES ARE NOT REGISTERED IN AUSTRIA. AUSTRIAN INVESTORS THUS WILL NOT BENEFIT FROM A MORE ADVANTAGEOUS TAX REGIME APPLICABLE TO REGISTERED UNITS IN A COLLECTIVE INVESTMENT SCHEME. ALL PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK INDEPENDENT TAX ADVICE. MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND ITS AFFILIATES DO NOT GIVE TAX ADVICE.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

SECTION 194 OF THE COMPANIES LAW (2004 REVISION) OF THE CAYMAN ISLANDS PROVIDES THAT AN EXEMPTED COMPANY (SUCH AS THE ISSUER) THAT IS NOT LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE IS PROHIBITED FROM MAKING ANY INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR ANY OF ITS SECURITIES. EACH PURCHASER OF THE SECURITIES AGREES THAT NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE SECURITIES.

NOTICE TO RESIDENTS OF AUSTRALIA

ANY OFFER OF SECURITIES, INVITATION TO SUBSCRIBE FOR SECURITIES OR ISSUE OF THE SECURITIES IN AUSTRALIA THAT IS REGULATED BY THE CORPORATIONS LAW MUST CONSTITUTE AN EXCLUDED OFFER, EXCLUDED INVITATION, OR EXCLUDED ISSUE WITHIN THE MEANING GIVEN TO THOSE EXPRESSIONS IN THE CORPORATIONS LAW.

NOTICE TO INVESTORS IN HONG KONG

EACH INVESTOR WILL AGREE TO SUBSCRIBE FOR THE OFFERED SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR ON THE CONDITION THAT, UPON ITS SUBSCRIPTION FOR THE OFFERED SECURITIES, IT HAS THE PRESENT INTENTION OF HOLDING THE OFFERED SECURITIES TO MATURITY, IT WILL NOT, IN ANY EVENT, RESELL ANY SUCH OFFERED SECURITIES WITHIN SIX MONTHS OF THE DATE OF THEIR ISSUANCE AND THAT IT WILL NOT SELL ANY SUCH OFFERED SECURITIES OTHER THAN TO PERSONS WHOM IT REASONABLY BELIEVES (AND WHO HAVE CONFIRMED THE SAME TO IT IN WRITING) TO HAVE THE PRESENT INTENTION OF HOLDING SUCH OFFERED SECURITIES TO MATURITY AND WHO HAVE CONFIRMED TO IT IN WRITING THAT THEY WILL NOT RESELL ANY SUCH OFFERED SECURITIES WITHIN SIX MONTHS OF THE DATE OF THEIR ISSUANCE.

NOTICE TO INVESTORS IN JAPAN

THE OFFERED SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN. NEITHER THE OFFERED SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE ACCOUNT 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 SALE, 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 LAW, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

GENERAL RESTRICTIONS

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 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 ISSUER, THE CO-ISSUER, THE COLLATERAL MANAGER OR EITHER PLACEMENT AGENT SHALL HAVE ANY RESPONSIBILITY THEREFOR.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Offered Securities, the Co-Issuers (or, in the case of the Combination Notes and the Preferred Shares, the Issuer) will be required to furnish, upon request of a holder of a Rated Note, a Combination Note or a Preferred Share, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request any of the Co-Issuers or the Issuer, as applicable, is not a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Such information may be obtained, (a) in the case of the Rated Notes or Combination Notes, from the Trustee or, if and for so long as any Rated Notes or any Combination Notes are listed on the Irish Stock Exchange, the Irish Paying Agent located in Dublin, Ireland, or (b) in the case of the Preferred Shares, the Preferred Share Paying Agent. It is not contemplated that the Issuer or the Co-Issuer will be such a reporting company or so exempt.

Upon receipt or completion, the Issuer shall supply to Intex Solutions, Inc. and The Bond Market Association certain monthly and quarterly reports prepared in accordance with the Indenture.

FORWARD-LOOKING STATEMENTS

Any projections, forecasts and estimates contained herein are forward-looking statements and are based upon certain assumptions that the Co-Issuers consider reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only an estimate. 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 and dispositions of Collateral Debt Securities, the timing and frequency of defaults on the Collateral Debt Securities, mismatches between the timing of accrual and receipt of Interest Proceeds and Principal Proceeds from the Collateral Debt Securities (particularly prior to the Ramp-Up Completion Date), defaults under Collateral Debt Securities, the availability of Collateral Debt Securities for purchase prior to the Ramp-Up Completion Date and the terms thereof, the effectiveness of the Hedge Agreements and whether or not the Issuer enters into additional Hedge Agreements after the Closing Date, among others. In addition, after the Closing Date and prior to the Ramp-Up Completion Date, while the Issuer will be permitted to purchase additional Collateral Debt Securities, the ability of the Issuer to purchase Collateral Debt Securities will be limited such that the Issuer will be able to purchase Collateral Debt Securities only as permitted under the Indenture and, if the Issuer is unable to effect such purchases in accordance with the terms of the Indenture, the Issuer will not be authorized to purchase any additional Collateral Debt Securities. Consequently, the inclusion of projections herein should not be regarded as a representation by the Co-Issuers, the Collateral Manager, the Trustee, the Placement Agents or any of their respective affiliates or any other person or entity of the results that will actually be achieved.

None of the Issuer, the Co-Issuer, the Collateral Manager, the Placement Agents or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions prove not to be accurate.

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SUMMARY OF TERMS

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. A glossary of certain defined terms used herein (the "Glossary") appears as Annex A to this Offering Circular, and an index of certain defined terms used herein appears as Annex B hereto.

The Issuer:

ALESCO Preferred Funding IX, Ltd. (the "Issuer") is an exempted company incorporated under The Companies Law (2004 Revision) of the Cayman Islands pursuant to the Issuer Charter. The Issuer has no prior operating history. The entire share capital of the Issuer consists of (a) 1,000 ordinary shares, par value U.S.$1.00 per share, each of which will be held in trust for charitable purposes by Walkers SPV Limited in the Cayman Islands (the "Share Trustee") under the terms of a declaration of trust and (b) 44,400 Preferred Shares, par value U.S.$0.01 per share, issued at an issue price of U.S.$1,000 per share. The Indenture and the Issuer Charter will provide that the activities of the Issuer are limited to (1) investing in and disposing of Collateral Debt Securities and Eligible Investments, (2) entering into and performing its obligations under the Indenture, the Collateral Management Agreement, the Hedge Agreements, the Collateral Administration Agreement, the Preferred Share Paying Agency Agreement and the Placement Agreement (and any other agreements and instruments anticipated thereby), (3) issuing and selling the Rated Notes and Combination Notes, (4) issuing Preferred Shares, (5) pledging the Collateral as security for its obligations in respect of the Rated Notes and the Combination Notes and otherwise for the benefit of the Secured Parties, (6) owning and managing the Co-Issuer, (7) conducting any business or activity incidental and necessary to the foregoing and paying the expenses of the Issuer incurred in the ordinary course of its business otherwise permitted under the Indenture, and (8) doing or performing any action or thing which is required by or ancillary to the attainment of the objects specified in clauses (1) to (7) above, including supplementing or restructuring the transactions contemplated by the objects specified in clauses (1) to (7) above or any of the agreements, deeds or other documents entered into by the Issuer pursuant thereto, and entering into further agreements, understandings and contracts and executing certificates, affidavits, notices and any other documentation in respect of the transactions contemplated by the objects specified in clauses (1) to (7) above.

The Issuer will not have any material assets other than the Collateral Debt Securities, Eligible Investments and rights under the Hedge Agreements, and under certain other agreements entered into as described herein. These assets will be the only source of funds available to make payments on the Offered Securities.

The Co-Issuer:	ALESCO Preferred Funding IX, Inc., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Co-Issuers"), was incorporated for the sole purpose of co-issuing the Rated Notes. The entire authorized share capital of the Co-Issuer is owned by the Issuer. The Co-Issuer will not have any assets (other than the proceeds of its shares, being U.S.$1,000) and will not pledge any assets to secure the Rated Notes. The Co-Issuer will not have any interest in the Collateral Debt Securities held by the Issuer and will have no claim against the Issuer in respect of the Collateral Debt Securities or otherwise.
Offered Securities:	U.S.$365,000,000 aggregate principal amount Class A-1 First Priority Delayed Draw Senior Secured Floating Rate Notes due June 23, 2036 (the "Class A-1 Notes"). U.S.$59,000,000 aggregate principal amount Class A-2A Second Priority Senior Secured Floating Rate Notes due June 23, 2036 (the "Class A-2A Notes"). U.S.$3,000,000 aggregate principal amount Class A-2B Second Priority Senior Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class A-2B Notes" and, together with the Class A-2A Notes, the "Class A-2 Notes" and, together with the Class A-1 Notes, the "Class A Notes"). U.S.$51,000,000 aggregate principal amount Class B-1 Deferrable Third Priority Secured Floating Rate Notes due June 23, 2036 (the "Class B-1 Notes"). U.S.$7,000,000 aggregate principal amount Class B-2 Deferrable Third Priority Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class B-2 Notes" and, together with the Class B-1 Notes, the "Class B Notes"). U.S.$54,000,000 aggregate principal amount of Class C-1 Deferrable Fourth Priority Mezzanine Secured Floating Rate Notes due June 23, 2036 (the "Class C-1 Notes"). U.S.$48,500,000 aggregate principal amount Class C-2 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class C-2 Notes"). U.S.$12,500,000 aggregate principal amount Class C-3 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class C-3 Notes"). U.S.$7,000,000 aggregate principal amount Class C-4 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes

due June 23, 2036 (the "Class C-4 Notes" and, together with the Class C-1 Notes, Class C-2 Notes and Class C-3 Notes, the "Class C Notes").

U.S.$28,000,000 aggregate principal amount Class D-1 Deferrable Fifth Priority Subordinate Secured Floating Rate Notes due June 23, 2036 (the "Class D-1 Notes").

U.S.$4,000,000 aggregate principal amount Class D-2 Deferrable Fifth Priority Subordinate Secured Fixed/Floating Rate Notes due June 23, 2036 (the "Class D-2 Notes" and, together with the Class D-1 Notes, the "Class D Notes").

The Class A Notes, Class B Notes, Class C Notes and Class D Notes are collectively referred to herein as the "Rated Notes".

Concurrently with the issuance of the Rated Notes, the Issuer will issue 44,400 Preferred Shares, par value U.S.$0.01 per share, issued at an issue price (and having a liquidation preference) of U.S.$1,000 per share (the "Preferred Shares") pursuant to the Memorandum and Articles of Association of the Issuer (collectively, the "Issuer Charter") and in accordance with the Preferred Share Paying Agency Agreement dated as of December 15, 2005 (the "Preferred Share Paying Agency Agreement") between the Issuer and U.S. Bank National Association, as preferred share paying agent (in such capacity, the "Preferred Share Paying Agent").

On the Closing Date, the Issuer will also issue U.S.$20,000,000 notional amount of Combination Notes (the "Combination Notes") due June 23, 2036. The Combination Notes will consist of two components, one representing an interest in U.S.$16,000,000 Class C-2 Notes (the "Class C-2 Component") and the other representing an interest in U.S.$4,000,000 Class D-2 Notes (the "Class D-2 Component"). The Class C-2 Component and Class D-2 Component are herein collectively referred to as the "Components". The Combination Notes will not bear interest at a stated rate, and will be entitled only to the payments to which the securities represented by their Components are entitled.

The Notes, Preferred Shares and Combination Notes being offered hereby are referred to herein as the "Offered Securities".

The Collateral (as defined herein) securing the Rated Notes and the Combination Notes will be managed by Cohen Bros. Financial Management, LLC, a Delaware limited liability company ("Cohen Bros. Management" or the "Collateral Manager").

	The Rated Notes and Combination Notes will be issued and secured pursuant to an Indenture dated as of December 15, 2005 (the "Indenture"), among the Issuer, the Co-Issuer and U.S. Bank National Association, a national banking association organized under the laws of the United States, as trustee (in such capacity, together with its permitted successors in such capacity, the "Trustee"). The Hedge Counterparty will be an express third party beneficiary of the Indenture. The Rated Notes will be non-recourse debt obligations of the Co-Issuers, and the Combination Notes will be non-recourse obligations of the Issuer, secured solely by a pledge of the Collateral by the Issuer to the Trustee pursuant to the Indenture for the benefit of the holders from time to time of the Rated Notes, the holders from time to time of the Combination Notes, the Collateral Manager, the Trustee, the Collateral Administrator, the Preferred Shares Paying Agent and the Hedge Counterparty (collectively, the "Secured Parties"). The Preferred Shares will not be secured by a pledge of Collateral. See "Description of the Rated Notes—Status and Security" and "Description of the Combination Notes". The Rated Notes and the Combination Notes are payable solely from the Collateral. All of the Class A-1 Notes are entitled to receive payments *pari passu* among themselves, all of the Class A-2A Notes and Class A-2B Notes are entitled to receive payments *pari passu* among themselves, all of the Class B-1 Notes and Class B-2 Notes are entitled to receive payments *pari passu* among themselves, all of the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes are entitled to receive payments *pari passu* among themselves, all of the Class D-1 Notes and Class D-2 Notes are entitled to receive payments *pari passu* among themselves, all of the Preferred Shares are entitled to receive payments *pari passu* among themselves and all of the Combination Notes are entitled to receive distributions *pari passu* among themselves. Except as otherwise described herein, the relative order of seniority of payment of each Class of Rated Notes is as follows: *first*, Class A-1 Notes, *second*, Class A-2A Notes and Class A-2B Notes, *third*, Class B-1 Notes and Class B-2 Notes, *fourth*, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes and *fifth*, Class D-1 Notes and Class D-2 Notes and with (a) each Class of Rated Notes (other than the Class D-1 Notes and Class D-2 Notes) in such list being "Senior" to each other Class of Rated Notes that follows such Class of Rated Notes in such list and (b) each Class of Rated Notes (other than the Class A-1 Notes) in such list being "Subordinate" to each other Class of Rated Notes that precedes such Class of Rated Notes in such list.
Drawdown of the Class A-1 Notes:	Pursuant to one or more Class A-1 Note Purchase Agreements dated December 15, 2005 (collectively, the "Class A-1 Note Purchase Agreement") among the Issuer, the Co-Issuer, the Trustee, one or more holders of the Class A-1 Notes identified

	therein and a distribution agent identified therein, the holders of the Class A-1 Notes (or the Liquidity Provider(s) with respect to any such holder) will commit to make (on a pro rata basis) advances under the Class A-1 Notes in an aggregate principal amount up to but not exceeding the amount of their respective Commitments, on and subject to the terms and conditions specified therein, *provided* that the aggregate principal amount advanced under the Class A-1 Notes will not exceed U.S.$365,000,000. Subject to compliance with certain borrowing conditions specified in the Class A-1 Note Purchase Agreement and described herein under "Description of the Notes—Drawdown—Class A-1 Notes," the Co-Issuers may borrow amounts under the Class A-1 Notes only once in each month on the 28th day of each such month (or if any such day is not a Business Day, the next succeeding Business Day) during the Commitment Period unless otherwise provided in the Class A-1 Note Purchase Agreement. The aggregate principal amount that may be borrowed on any such day (except for any borrowing of the entire aggregate undrawn amount of the Commitments then outstanding under the Class A-1 Note Purchase Agreement) will be at least U.S.$5,000,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of the Notes—Drawdown—Class A-1 Notes." Prior to the Commitment Period Termination Date, each holder of Class A-1 Notes (or its Liquidity Provider[s]) will be required to satisfy the Rating Criteria. Unless otherwise agreed by a holder of Class A-1 Notes and the Co-Issuers, if any holder of Class A-1 Notes (or its liquidity provider) fails at any time during the Commitment Period to comply with the Rating Criteria, then, not later than 30 days after the date on which such holder first obtains knowledge that it (or any of its Liquidity Providers) does not satisfy the Rating Criteria, such holder must (A) transfer all of its rights and obligations in respect of all Class A-1 Notes held by it to a holder that satisfies the Rating Criteria on the date of such transfer or (B) in accordance with the provisions of the Class A-1 Note Purchase Agreement and subject to certain limitations provided therein, cause a designated account to be established, credit to such account cash or eligible investments, the aggregate outstanding amount of which is equal to such holder's unfunded Commitment at such time and enter into a prepayment account control agreement in relation to such account. See "Description of the Notes—Drawdown—Class A-1 Notes."
Collateral Manager:	Cohen Bros. Financial Management, LLC, a Delaware limited liability company, will monitor the Collateral under a Collateral Management Agreement to be entered into between the Issuer and the Collateral Manager (the "Collateral Management Agreement"). Pursuant to the Collateral Management Agreement and in accordance with the Indenture, the Collateral

	Manager will administer, and advise with respect to the acquisition and disposition of, the Collateral Debt Securities prior to the Ramp-Up Completion Date and to the limited extent permitted by the Indenture, following the Ramp-Up Completion Date (including exercising rights and remedies associated with the Collateral Debt Securities), based on the restrictions set forth in the Indenture (including the Collateral Debt Security Criteria and Eligibility Criteria described herein) and on the Collateral Manager's research, credit analysis and judgment. The Collateral Manager will also monitor the Hedge Agreements. For a summary of the provisions of the Collateral Management Agreement and certain other information concerning the Collateral Manager, including key individuals associated therewith who will be administering the Issuer's portfolio, see "The Collateral Manager" and "The Collateral Management Agreement".
Use of Proceeds:	The gross proceeds received from the issuance and sale of the Offered Securities will be approximately U.S.$683,400,000 (after giving effect to and assuming the making of all Borrowings under the Class A-1 Notes after the Closing Date) and the anticipated gross proceeds as of the Closing Date will be approximately U.S.$528,400,000. A portion of such proceeds will be used to pay the organizational expenses of the Co-Issuers (including, without limitation, the legal fees and expenses of counsel to the Co-Issuers, the Placement Agents and the Collateral Manager), to pay expenses relating to the acquisition of the Collateral Debt Securities, to pay the expenses of offering the Offered Securities (including placement agency fees payable in connection with the placement of the Offered Securities), to make an initial deposit into the Expense Account of U.S. $100,000 and to make an initial deposit into the "First Distribution Date Reserve Account" of U.S.$500,000, as well as to pay any upfront payments made or received in respect of the Hedge Agreements. The net proceeds received from the sale and issuance of the Offered Securities will be approximately U.S.$671,335,000 (after giving effect to and assuming the making of all Borrowings under the Class A-1 Notes after the Closing Date) and will be used by the Issuer to purchase a portfolio of Collateral Debt Securities. Any such proceeds not invested in Collateral Debt Securities or deposited into the Expense Account on the Closing Date will be deposited by the Trustee in the Uninvested Proceeds Account and invested in Eligible Investments pending the use of such proceeds in accordance with the terms of the Indenture. See "Security for the Rated Notes".
Commitment Fee on the Class A-1 Notes:	A commitment fee ("Commitment Fee") will accrue on the aggregate undrawn amount of the Commitments for each day from and including the Closing Date to but excluding the date

	the undrawn amount of the Commitments is reduced to zero, at a rate per annum equal to 0.18%. The Commitment Fee will be payable quarterly in arrears on each Distribution Date and will rank *pari passu* with the payment of interest on the Class A-1 Notes. The Commitment Fee will be computed on the basis of a 360-day year and the actual number of days elapsed. No Class of Notes other than the Class A-1 Notes will be entitled to a Commitment Fee. See "Description of the Notes—Commitment Fee on Class A-1 Notes."
Interest Payments on the Notes:	The Class A-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR (determined as described herein) plus 0.36%. The Holders of the Class A-2A Notes will be entitled to receive interest at a floating rate per annum equal to three-month LIBOR plus 0.45%. The Class A-2B Notes will bear interest at a fixed rate per annum equal to 5.468% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, and a floating rate per annum equal to three-month LIBOR plus 0.45% thereafter. The Class B-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 0.70%. The Class B-2 Notes will bear interest at a fixed rate per annum equal to 5.602% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 0.70% thereafter. The Class C-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 1.27%. The Class C-2 Notes will bear interest at a fixed rate per annum equal to 6.172% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class C-3 Notes will bear interest at a fixed rate per annum equal to 6.115% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class C-4 Notes will bear interest at a fixed rate per annum equal to 6.288% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class D-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 2.85%. The Class D-2 Notes will bear interest at a fixed rate per annum equal to 7.752% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 2.85% thereafter. The Combination Notes will not bear interest

at a stated rate, and will be entitled only to the payments to which the Securities represented by their Components are entitled. Interest on the Rated Notes will be computed on the basis of a 360-day year and the actual number of days elapsed; *provided,* that (i) interest on the Class C-3 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008 with respect to the Class C-3 Notes will be computed on the basis of a 360-day year of twelve 30-day months, (ii) interest on the Class B-2 Notes, Class C-2 Notes and Class D-2 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 with respect to the Class B-2 Notes, Class C-2 Notes and Class D-2 Notes will be computed on the basis of a 360-day year of twelve 30-day months, and (iii) interest on the Class A-2B Notes and Class C-4 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015 with respect to the Class A-2B Notes and Class C-4 Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Interest on the Rated Notes will accrue from the Closing Date (or with respect to any Borrowing under the Class A-1 Notes after the Closing Date, from the date of such Borrowing). Accrued and unpaid interest will be payable quarterly in arrears on each Distribution Date, if and to the extent that funds are available on such Distribution Date in accordance with the Priority of Payments set forth herein; *provided*, that in the event that any date identified as a Distribution Date (other than a Redemption Date or at Stated Maturity) falls on a day other than a Business Day, the Distribution Date shall be deemed to be the next succeeding Business Day and (i) with respect to any Rated Notes, other than as set forth in clause (ii) below, interest shall accrue on such payment for the period from and after any such identified date to such next succeeding Business Day and (ii) (a) with respect to the Class C-3 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day, (b) with respect to the Class B-2 Notes, Class C-2 Notes, Class D-2 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, no interest shall accrue on such payment for the period from and after such identified date

to such next succeeding Business Day, and (c) with respect to the Class A-2B Notes, Class C-4 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day.

Any interest on the Class B Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class B Deferred Interest"). Any interest so deferred will be added to the aggregate outstanding principal amount of the Class B Notes and thereafter interest will accrue on the aggregate outstanding principal amount of such Class B Notes, as so increased. So long as any Class A Note remains outstanding (or the Commitment Period Termination Date has not occurred), failure to make payment in respect of interest on the Class B Notes on any Distribution Date by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Upon the payment of Class B Deferred Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class B Notes will be reduced by the amount of such payment.

Any interest on the Class C Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class C Deferred Interest"). Any interest so deferred will be added to the aggregate outstanding principal amount of the Class C Notes and thereafter interest will accrue on the aggregate outstanding principal amount of such Class C Notes, as so increased. So long as any Class A Note or Class B Note remains outstanding (or the Commitment Period Termination Date has not occurred), failure to make payment in respect of interest on the Class C Notes on any Distribution Date by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Upon the payment of Class C Deferred Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class C Notes will be reduced by the amount of such payment.

Any interest on the Class D Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class D Deferred Interest"). Any interest so deferred will be added to the aggregate outstanding principal amount of the Class D Notes and thereafter interest will accrue on the aggregate outstanding principal amount of such Class D Notes, as so increased. So long as any Class A Note, Class B Note or Class C Notes remains outstanding (or the Commitment Period Termination Date has

not occurred), failure to make payment in respect of interest on the Class D Notes on any Distribution Date by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Upon the payment of Class D Deferred Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class D Notes will be reduced by the amount of such payment.

So long as any Class A Notes are outstanding (or the Commitment Period Termination Date has not occurred), if either Class A Coverage Test is not satisfied on any Determination Date related to any Distribution Date, then funds that would otherwise be used to make distributions on the Preferred Shares and payments in respect of interest on the Class B Notes, Class C Notes, or Class D Notes will be used instead to redeem, *first*, the Class A-1 Notes and *second*, the Class A-2A Notes and Class A-2B, until each applicable Coverage Test is satisfied. See "Description of the Rated Notes—Priority of Payments," "—Mandatory Redemption" and "Ratings of the Offered Securities".

Additionally, so long as any Class B Notes, Class C Notes or Class D Notes are outstanding, if either Class B/C/D Coverage Test is not satisfied on any Determination Date related to any Distribution Date, then funds that would otherwise be used to make distributions on the Preferred Shares will be used instead to redeem, *pro rata*, the Class B Notes, the Class C Notes and the Class D Notes, until each applicable Coverage Test is satisfied. See "Description of the Rated Notes—Priority of Payments," "—Mandatory Redemption" and "Ratings of the Offered Securities".

In the event of a Ramp-Up Ratings Confirmation Failure, Uninvested Proceeds, and, to the extent that Uninvested Proceeds are insufficient, Interest Proceeds and Principal Proceeds that would otherwise be used to make payments in respect of interest on the Rated Notes, may be used to make payments in respect of principal on the Rated Notes. See "Description of the Rated Notes—Mandatory Redemption" and "—Priority of Payments".

Subordination of the Preferred Shares:

On each Distribution Date, to the extent funds are available therefor, Interest Proceeds will be released from the lien of the Indenture for payment to the Preferred Shareholders only after the payment of interest on the Rated Notes and the payment of certain other amounts in accordance with the Priority of Payments and subject always to the Issuer Charter and the laws of the Cayman Islands governing the declaration and payment of dividends. See "Description of the Rated Notes—Principal," "—

	Mandatory Redemption" and "—Priority of Payments—Interest Proceeds". Until the Rated Notes have been paid in full, Principal Proceeds not used to redeem Rated Notes, to purchase additional Collateral Debt Securities prior to the Ramp-Up Completion Date in accordance with the terms of the Indenture, or to make other payments in accordance with the Priority of Payments are not permitted to be released from the lien of the Indenture and will not be available to make distributions in respect of the Preferred Shares. On each Distribution Date on and prior to the Distribution Date in December 2008, funds in an amount equal to U.S.$83,333, which funds would otherwise potentially be available for distributions in respect of the Preferred Shares and the payment of certain other amounts, will instead be deposited into the Interest Reserve Account. In addition, on each Distribution Date thereafter on which any Rated Notes are outstanding and the amount on deposit in the Interest Reserve Account is not at least $1,000,000, 15% of the Interest Proceeds remaining following payment of interest on the Rated Notes will be deposited into the Interest Reserve Account until the amount on deposit therein equals $1,000,000.
Maturity; Average Life:	The stated maturity of the Rated Notes is June 23, 2036 (with respect to each Class of Rated Notes, the "Stated Maturity"). Each Class of Rated Notes will mature at the Stated Maturity unless redeemed or repaid prior thereto. The average life of each Class of Rated Notes may be less than the number of years until their Stated Maturity. See "Maturity, Prepayment and Yield Considerations" and "Risk Factors—Projections, Forecasts and Estimates".
Principal Repayment of the Notes:	Principal Proceeds will be applied on each Distribution Date in accordance with the Priority of Payments to pay principal of each Class of Notes. The amount and frequency of principal payments on a Class of Notes will depend upon, among other things, the amount and frequency of payments of such principal and interest received with respect to the Collateral Debt Securities. The Co-Issuers may redeem the Rated Notes, in whole but not in part, at the applicable Redemption Price therefor on any Distribution Date occurring on or after the Distribution Date occurring in December 2010 under the circumstances described in "Description of the Rated Notes—Optional Redemption," "—Mandatory Redemption," "—Auction Call Redemption" and "—Priority of Payments—Interest Proceeds".

Mandatory Redemption:	Each Class of Rated Notes shall, on any Distribution Date, be subject to mandatory redemption in the event that any Coverage Test applicable to such Class of Rated Notes or any Class of Rated Notes Subordinate to such Class is not satisfied on the related Determination Date. Any such redemption will be effected from Interest Proceeds, to the extent necessary to cause each applicable Coverage Test to be satisfied. Any such redemption will be applied to each outstanding Class of Rated Notes in accordance with the Priority of Payments as described below under "Description of the Rated Notes—Priority of Payments". In the event of a Ramp-Up Ratings Confirmation Failure, the Issuer will be required to apply on the first Distribution Date, Uninvested Proceeds, Interest Proceeds and Principal Proceeds to the repayment of, *first*, the Class A-1 Notes *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata* , *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata* in accordance with the Priority of Payments as, and to the extent, necessary to obtain a Ratings Confirmation. See "Description of the Rated Notes—Mandatory Redemption". On the Distribution Date occurring in March 2016 and on each Distribution Date thereafter, if the Rated Notes are not redeemed in full on or prior to such date, 60% of the Interest Proceeds that would otherwise be released from the lien of the Indenture and paid to the Issuer for distribution to the Preferred Shareholders will be applied to pay principal of the Rated Notes, in order of seniority in accordance with the Priority of Payments, until each Class of Rated Notes has been paid in full. See "Description of the Rated Notes—Principal," "—Mandatory Redemption" and "—Priority of Payments—Interest Proceeds". Upon any redemption of the Class C-2 Notes, the Combination Notes will receive *pro rata* payment with respect to the Class C-2 Component. Thereafter (to the extent the Class D-2 Notes constituting the Class D-2 Component have not been redeemed), the Combination Notes will represent only the Class D-2 Component and shall be fully redeemed when the Class D-2 Notes constituting the Class D-2 Component have been fully redeemed. Upon any redemption of the Class D-2 Notes, the Combination Notes will receive *pro rata* payment with respect to the Class D-2 Component. Thereafter (to the extent the Class C-2 Notes constituting the Class C-2 Component have not been redeemed), the Combination Notes will represent only the Class C-2 Component and shall be fully redeemed when the Class C-2

	Notes constituting the Class C-2 Component have been fully redeemed.
Auction Call Redemption:	If the Rated Notes have not been redeemed in full prior to the Distribution Date occurring in December 2015, then an auction of the Collateral Debt Securities will be conducted by the Collateral Manager on behalf of the Co-Issuers and, *provided* that certain conditions are satisfied, the Collateral Debt Securities will be sold and the Rated Notes will be redeemed on such Distribution Date. If such conditions are not satisfied and the auction is not successfully conducted on such Distribution Date, the Collateral Manager will conduct auctions on a quarterly basis until the Rated Notes are redeemed in full. See "Description of the Rated Notes—Auction Call Redemption".
Optional Redemption and Tax Redemption:	Subject to certain conditions described herein, on any Distribution Date occurring on or after the Distribution Date occurring in December 2010, the Issuer may redeem the Rated Notes (such redemption, an "Optional Redemption"), in whole but not in part, at the direction of a Majority-in-Interest of Preferred Shareholders at the applicable Redemption Price therefor. The Preferred Shares may not be redeemed so long as any Rated Notes remain outstanding and will be subject to optional redemption, only after all of the Rated Notes have been redeemed or repaid in full, at the applicable Redemption Price. See "Description of the Rated Notes—Optional Redemption and Tax Redemption". In addition, upon the occurrence of a Tax Event, the Issuer may redeem the Rated Notes (such redemption, a "Tax Redemption") on any Distribution Date, in whole but not in part, at the direction of the holders of a Majority-in-Interest of Preferred Shareholders or the majority in aggregate outstanding principal amount of the Affected Class of Rated Notes then outstanding. Any such redemption may only be effected on a Distribution Date and only from (a) the sale proceeds of the Collateral and (b) all other funds in the Interest Collection Account, Principal Collection Account and the Payment Account on such Distribution Date, at the applicable Redemption Price. No Tax Redemption may be effected, however, unless (i) all sale proceeds (up to the amount required) under clause (a) above are used to make such Tax Redemption, (ii) a Tax Event shall have occurred and (iii) the Tax Materiality Condition is satisfied. See "Description of the Rated Notes—Optional Redemption and Tax Redemption".
Security for the Rated Notes And Combination Notes:	Pursuant to the Indenture, the Rated Notes and the Combination Notes, together with the Issuer's obligations to the Hedge Counterparty under the Hedge Agreements, will be secured by:

	(i) the Collateral Debt Securities; (ii) the rights of the Issuer under the Hedge Agreements; (iii) amounts on deposit in the Payment Account, the Interest Collection Account, the Interest Reserve Account, the First Distribution Date Reserve Account, the Custodial Account, the Principal Collection Account, the Uninvested Proceeds Account, the Hedge Counterparty Collateral Account and the Expense Account and Eligible Investments purchased with funds on deposit in such accounts; (iv) the rights of the Issuer under the Collateral Management Agreement and the Collateral Administration Agreement; (v) all cash and money delivered to the Trustee; and (vi) all proceeds of the foregoing (collectively, the "Collateral"). In the event of any realization on the Collateral, proceeds will be allocated to the payment of each Class of Rated Notes (including the Class C-2 Component and Class D-2 Component thereof) in accordance with the respective priorities established by the Priority of Payments. As the Preferred Shares constitute part of the share capital of the Issuer, they are not secured obligations of the Issuer.
Acquisition of Collateral:	On the Closing Date, the Issuer expects to purchase or enter into binding agreements to purchase, Collateral Debt Securities having an aggregate principal balance of not less than U.S.$511,261,000. Following the Closing Date and on or prior to the Ramp-Up Completion Date, the Issuer will be permitted in accordance with the terms of the Indenture to use Uninvested Proceeds to purchase additional Collateral Debt Securities. The Issuer expects that, no later than the 120th day following the Closing Date, it will have purchased Collateral Debt Securities having an aggregate principal balance of approximately U.S.$ 667,000,000 (the "Aggregate Ramp-Up Par Amount"). The Collateral Debt Securities purchased by the Issuer will have the characteristics and satisfy the criteria set forth herein under "Security for the Rated Notes—Eligibility Criteria for Collateral Debt Securities". Although the Issuer expects that the Collateral Debt Securities purchased by it in the manner set forth above will, on the 120th day following the Closing Date (or if earlier, the day on which it will have purchased Collateral Debt Securities pursuant to the terms of the Indenture having an aggregate principal balance at least equal to the Aggregate Ramp-Up Par Amount), satisfy the Coverage Tests and the Collateral Quality Tests described herein, there is no assurance that such tests will be satisfied on such date. Failure to satisfy such tests on or following the Ramp-Up Completion Date may result in the repayment or redemption of a portion of the Rated Notes (according to the priority specified in the Priority of Payments). See "Description of the Rated Notes—Mandatory Redemption".

	No investment will be made in Collateral Debt Securities after the Closing Date, other than (i) the settlement of purchases of Collateral Debt Securities pursuant to agreements entered into on or prior to the Closing Date, (ii) the acquisition of Collateral Debt Securities with, if there has been any event of realization on the Collateral, proceeds of such realization prior to the 120th day following the Closing Date and the settlement of such purchases, (iii) the acquisition of Collateral Debt Securities prior to the Ramp-Up Completion Date and (iv) in certain limited circumstances thereafter, in each case as described herein under "Security for the Rated Notes—Acquisition of Collateral Debt Securities after the Closing Date".
Collateral Debt Securities:	"Collateral Debt Securities" consist of U.S. dollar denominated (a) trust preferred securities (the "Bank Trust Preferred Securities") issued by trust subsidiaries (each, a "Bank Trust Preferred Securities Issuer") of bank holding companies and thrift holding companies (each, an "Affiliated Financial Institution"), (b) trust preferred securities (the "Insurance Trust Preferred Securities") issued by trust subsidiaries (each, an "Insurance Trust Preferred Securities Issuer") of holding companies of insurance companies (each, an "Affiliated Insurance Institution"), (c) subordinated notes (the "Bank Subordinated Notes") issued by banks, thrifts or other depository institutions or holding companies of banks, thrifts or other depository institutions (each, a "Bank Subordinated Note Issuer"), (d) subordinated notes (the "Insurance Subordinated Notes") issued by holding companies of insurance companies (each, an "Insurance Subordinated Note Issuer"), (e) surplus notes (the "Surplus Notes") issued by insurance companies (each, a "Surplus Note Issuer") and (f) senior securities (the "Senior Securities") issued by holding companies of one or more insurance companies or insurance intermediaries (each, a "Senior Security Issuer"). The Bank Trust Preferred Securities and the Insurance Trust Preferred Securities are referred to herein collectively as the "Trust Preferred Securities". The Bank Subordinated Notes and the Insurance Subordinated Notes are referred to herein collectively as the "Subordinated Notes". The Trust Preferred Securities, Subordinated Notes, Surplus Notes and Senior Securities are referred to herein collectively as the "Collateral Debt Securities"; *provided* that, in order for a security to be a Collateral Debt Security when purchased, it must satisfy the Collateral Debt Security Criteria and Eligibility Criteria applicable to such security. The Bank Trust Preferred Securities Issuers and the Insurance Trust Preferred Securities Issuers are referred to herein collectively as the "Trust Preferred Securities Issuers". The Bank Subordinated Note Issuers and the Insurance Subordinated Note Issuers are referred to herein collectively as the "Subordinated Note Issuers". The Trust Preferred Securities Issuers, the Subordinated Note Issuers, the Surplus Note Issuers and the Senior Security Issuers are referred

	to herein collectively as the "Collateral Debt Securities Issuers". The Affiliated Financial Institutions and the Affiliated Insurance Institutions are referred to herein collectively as the "Affiliated Institutions". If the junior subordinated deferrable interest debt securities issued by an Affiliated Institution (the "Corresponding Debentures") are exchanged for related Trust Preferred Securities, thereafter such Corresponding Debentures will become Collateral Debt Securities and the issuers thereof will become "Collateral Debt Securities Issuers".
Liquidation of Collateral Debt Securities:	In June 2036, or in connection with any Optional Redemption, Tax Redemption or Auction Call Redemption, the Collateral Debt Securities, Eligible Investments and other collateral will be liquidated. All net proceeds from such liquidation and all available cash will be applied to the payment (in the order of the respective priorities set forth under "Description of the Rated Notes—Priority of Payments") of all (i) fees, (ii) expenses (including the amounts due to the Hedge Counterparty) and (iii) principal of and interest on (including Defaulted Interest and interest on Defaulted Interest and, with respect to the Class B Notes, Class C Notes and Class D Notes Deferred Interest) the Rated Notes. After all payments required pursuant to the Indenture and the payment of the costs and expenses of such liquidation, the establishment of adequate reserves to meet all contingent, unliquidated liabilities or obligations of the Co-Issuers, the payment to the Preferred Shareholders of the aggregate liquidation preference of the Preferred Shares, the return to the owner of the Issuer's ordinary shares of the U.S.$1,000 of capital contributed to the Issuer in respect of such ordinary shares and the payment of a U.S.$1,000 profit fee to such owner, net proceeds from such liquidation and available cash remaining will be distributed to the Preferred Shareholders in accordance with the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands. The Issuer Charter provides that the holders of the ordinary shares in the Issuer shall pass a special resolution to cause the Issuer to be wound up on the earliest to occur of (i) at any time on or after the date falling one year and two days after the Stated Maturity of the Rated Notes, upon the Directors' determination to dissolve the Issuer, (ii) at any time after the sale or other disposition of all of the Issuer's assets, upon the Directors' determination to dissolve the Issuer, (iii) at any time after the Rated Notes are paid in full, upon the Directors' determination to dissolve the Issuer, and (iv) on the date of a winding up pursuant to the provisions of or as contemplated by The Companies Law of the Cayman Islands as then in effect. The Directors of the Issuer currently intend, in the event that the Preferred Shares are not redeemed at the option of a Majority-in-

	Interest of Preferred Shareholders following the repayment in full of the Rated Notes, to liquidate all of the Issuer's remaining investments in an orderly manner and distribute the proceeds of such liquidation to the Preferred Shareholders.
Interest Reserve Account:	Amounts on deposit in the Interest Reserve Account will be available on any Distribution Date only to pay interest on the Rated Notes to the extent that Interest Proceeds are insufficient therefor on such Distribution Date. See "Description of the Rated Notes—Priority of Payments".
Placement:	The Offered Securities are being offered for sale (i) in the United States only (A) to Qualified Purchasers that are either (x) Qualified Institutional Buyers, purchasing for their own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) subject to the restrictions set forth herein, Accredited Investors in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and (ii) outside the United States to certain Non-U.S. Persons in offshore transactions in reliance on Regulation S and, in each case, in accordance with any other applicable law. See "Plan of Distribution" and "Transfer Restrictions".
Ratings:	It is a condition to the issuance of the Rated Notes that the Class A-1 Notes be rated "Aaa" by Moody's, "AAA" by Standard & Poor's and "AAA" by Fitch, that the Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by Fitch, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by Fitch, that the Class C Notes be rated at least "A3" by Moody's and "A-" by Fitch, that the Class D Notes be rated at least "BBB" by Fitch and that the Combination Notes be rated at least "AA-" by Fitch. The ratings of the Class A Notes address the ultimate payment of principal of, and the timely payment of interest on, the Class A Notes. The ratings of the Class B Notes address the ultimate payment of principal of, and interest on, the Class B Notes. The ratings of the Class C Notes address the ultimate payment of principal of, and interest on, the Class C Notes. The ratings of the Class D Notes address the ultimate payment of principal of, and interest on, the Class D Notes. The ratings of the Combination Notes apply only to the ultimate payment of the Combination Notes Rated Balance.
Minimum Denominations:	The Rated Notes will be issuable in a minimum denomination of U.S.$250,000 and will be offered only in such minimum denomination or an integral multiple of U.S.$1,000 in excess

	thereof. The Combination Notes will be issuable in a minimum denomination of U.S. $250,000, and will be offered only in such minimum denomination or an integral multiple of U.S.$1,000 in excess thereafter. After issuance, (i) a Rated Note or Combination Note may fail to be in compliance with the minimum denomination requirement stated above as a result of the repayment of principal thereof in accordance with the Priority of Payments or in connection with any repayment of principal required by the Rating Agencies following a Ramp-Up Ratings Confirmation Failure, (ii) Class A-1 Notes may fail to be in compliance with the minimum denomination requirements stated above as a result of Borrowings with respect thereto and (iii) Class B Notes, Class C Notes and Class D Notes may fail to be in an amount which is an integral multiple of U.S.$1,000 due to the addition to the principal amount thereof of Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest , as applicable. The Issuer is authorized to issue 44,400 Preferred Shares, par value U.S.$0.01 per share, and will issue each Preferred Share at an initial issue price of U.S.$1,000 per share. The minimum number of Preferred Shares to be issued to an investor shall initially be 250 representing an original capital contribution of U.S.$250,000; *provided* that a limited number of investors purchasing from the Placement Agents in their respective initial distribution may hold Preferred Shares in a minimum number of 100. Preferred Shares may not be transferred if, after giving effect to such transfer, the transferee (or, if the transferor retains any Preferred Shares, the transferor) would own less than 250 Preferred Shares.
Form, Registration and Transfer of the Rated Notes and Combination Notes:	The Rated Notes offered in reliance upon Regulation S (the "Regulation S Rated Notes") will be represented by one or more global Rated Notes (the "Regulation S Global Rated Notes") in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, The Depository Trust Company ("DTC") (or its nominee) and deposited with or on behalf of DTC initially for the accounts of Euroclear Bank S.A./N.V. ("Euroclear Bank"), as operator of the Euroclear System ("Euroclear"), and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Regulation S Global Rated Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants (including Euroclear and Clearstream, Luxembourg). The Combination Notes offered in reliance upon Regulation S (the "Regulation S Combination Notes") will be represented by one or more global Combination Notes (the "Regulation S

Global Combination Notes") in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, DTC (or its nominee) and deposited with or on behalf of DTC initially for the accounts of Euroclear Bank S.A./N.V. and/or Clearstream Banking, société anonyme. Interests in the Regulation S Global Combination Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants (including Euroclear and Clearstream, Luxembourg).

Rated Notes sold in the United States to Qualified Institutional Buyers that are also Qualified Purchasers will be issued in the form of one or more permanent global Rated Notes in definitive, fully registered form without interest coupons (the "Restricted Global Rated Notes"), deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee. Interests in Restricted Global Rated Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants. Rated Notes sold in the United States to persons that are Qualified Purchasers and Accredited Investors (that are not also Qualified Institutional Buyers and are sold only in connection with the initial sale of the Rated Notes, may be issued in the form of certificated Rated Notes in definitive, fully registered form without interest coupons (each, a "Restricted Definitive Rated Note").

Combination Notes sold in the United States to persons that are Qualified Purchasers and Qualified Institutional Buyers or, in connection with the initial sale of Combination Notes only, Accredited Investors, will be issued in the form of certificated Combination Notes in definitive registered form without interest coupons (each, a "Restricted Definitive Combination Note").

The Regulation S Global Rated Notes, the Restricted Global Rated Notes and the Regulation S Global Combination Notes are collectively referred to herein as the "Global Rated Notes".

No Rated Note or Combination Note (or any interest therein) may be transferred to a transferee acquiring an interest in a Restricted Definitive Rated Note, Restricted Global Rated Note or Restricted Definitive Combination Note except (a) to a Qualified Purchaser that is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A, (b) in compliance with the certification (if any) and other requirements set forth in the Indenture and (c) in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

No Rated Note or Combination Note (or any interest therein) may be transferred to a transferee acquiring an interest in a Regulation S Global Rated Note or Regulation S Global Combination Note except (a) to a transferee that is a Non-U.S. Person acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (b) in compliance with the certification (if any) and other requirements set forth in the Indenture and (c) in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

No Rated Note or Combination Note (or any interest therein) may be transferred, and neither the Trustee nor the Note Registrar will recognize any such transfer, unless (a) such transfer is made in a manner exempt from registration under the Securities Act, (b) such transfer is made in denominations greater than or equal to the minimum denomination therefor, (c) such transfer would not have the effect of requiring the Issuer, the Co-Issuer or the Collateral to register as an investment company under the 1940 Act and (d) the transferee is able to make all applicable certifications and representations required by the Indenture. Notwithstanding the foregoing, (x) an owner of a beneficial interest in a Regulation S Global Rated Note or Regulation S Global Combination Note may transfer such interest in the form of a beneficial interest in such Regulation S Global Rated Note or Regulation S Global Combination Note without the provision of written certification and (y) an owner of a beneficial interest in a Restricted Global Rated Note may transfer such interest in the form of a beneficial interest in such Restricted Global Rated Note without the provision of written certification; *provided*, that in each such case, the transferee shall be deemed to have made certain representations set forth in the Indenture. See "Description of the Rated Notes—Form, Denomination, Registration and Transfer", "Description of the Combination Notes—Form, Denomination, Registration and Transfer" and "Transfer Restrictions".

The Indenture provides that if, notwithstanding the restrictions on transfer contained therein, either of the Co-Issuers determines that any beneficial owner of a Restricted Definitive Rated Note, Restricted Definitive Combination Note or an interest in a Restricted Global Rated Note (or any interest therein) (A) is a U.S. Person and (B) was not a Qualified Purchaser and a Qualified Institutional Buyer (or in the case of an investor that purchased such Rated Note or Combination Note from either Placement Agent as part of its initial distribution of the Rated Notes or Combination Notes, an Accredited Investor) at the time of its acquisition thereof, then either of the Co-Issuers may require, by notice to such holder, that such holder sell all of its right, title and interest in such Restricted Definitive Rated Note or Restricted Definitive Combination Note or such Restricted

Global Rated Note (or interest therein) to a Person that is both a Qualified Institutional Buyer and a Qualified Purchaser with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Trustee (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Rated Note or Combination Note to be transferred in a commercially reasonable sale (conducted by the Trustee in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Trustee, the Co-Issuers and the Collateral Manager, in connection with such transfer, that such person is a both Qualified Institutional Buyer and a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Rated Note or Combination Note held by such beneficial owner.

No Rated Note (or interest therein) may be transferred to a transferee, except to a transferee that represents and warrants (or, in certain circumstances, is deemed to represent and warrant) either (a) that it is not (and for so long as it holds such Rated Note will not be), it is not acting on behalf of (and for so long as it holds such Rated Note will not be acting on behalf of) and it is not using the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA which is subject to Title I of ERISA, a "plan" described in Section 4975 of the Code, an entity which is deemed to hold plan assets of any of the foregoing or a foreign or governmental plan which is subject to a law substantially similar to ERISA or Section 4975 of the Code or (b) that its acquisition, ownership and disposition of the Rated Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar applicable law).

No Combination Note (or interest therein) may be transferred to a transferee, except to a transfer that represents and warrants (or, in certain circumstances, is deemed to represent and warrant) that either (a) it is not (and for so long as it holds such Combination Note will not be), and is not acting on behalf of (and for so long as it holds such Combination Note will not be acting on behalf of), an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in Section 4975 of the Code, an entity deemed to hold plan assets of any of the foregoing, or a foreign or governmental plan that is subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code or (b) its purchase, ownership and disposition of such Combination Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the

	case of a foreign or governmental plan, any substantially similar applicable law). Interests in (a) the Class C-2 Notes included in the Class C-2 Component and (b) the Class D-2 Notes included in the Class D-2 Component will not be separately issued and will be represented only by the certificates evidencing the related Combination Notes.
Form, Registration and Transfer of the Preferred Shares:	The Preferred Shares offered by the Issuer in the United States in reliance upon an exemption from the registration requirements of the Securities Act ("Restricted Preferred Shares") will be represented by certificates in fully registered, definitive form registered in the name of the legal and beneficial owner thereof (or a nominee acting on behalf of the disclosed legal and beneficial owner thereof). Owners of beneficial interests in the Preferred Shares will not be considered to be the owners or holders of any Preferred Share under the Issuer Charter. The Preferred Shares offered in reliance upon Regulation S ("Regulation S Preferred Shares") will be represented by one or more global certificates in fully registered form deposited with, and registered in the name of DTC (or its nominee) and deposited with the Preferred Share Paying Agent as custodian on behalf of DTC initially for the accounts of Euroclear Bank, as operator of Euroclear, and/or Clearstream, Luxembourg. Interests in the Regulation S Preferred Shares will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants (including Euroclear and Clearstream, Luxembourg). Interests in a Regulation S Preferred Share may be held only through Euroclear or Clearstream, Luxembourg. Under certain limited circumstances described herein, definitive registered share certificates may be issued in exchange for Regulation S Preferred Shares. No Preferred Shares (or interest therein) may be transferred to a transferee acquiring Restricted Preferred Shares except (a) to a transferee (x) whom the seller reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or (y) who is an Accredited Investor in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (b) to a

transferee that is a Qualified Purchaser, (c) to a transferee that represents, warrants and covenants that it is not (and for so long as it holds such Restricted Preferred Share will not be), and it is not acting on behalf of (and for so long as it holds such Restricted Preferred Share will not be acting on behalf of), a Benefit Plan Investor or a Controlling Person, (d) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (e) if such transfer is made in compliance with the certification and other requirements set forth in the Issuer Charter and the Preferred Share Paying Agency Agreement and (f) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

No Preferred Share (or any interest therein) may be transferred to a transferee acquiring Regulation S Preferred Shares except (a) to a transferee that is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (b) to a transferee that is not a U.S. Person, (c) to a transferee that represents and warrants (or, in certain circumstances, is deemed to represent and warrant) that it is not (and for so long as it holds such Regulation S Preferred Share will not be), and it is not acting on behalf of (and for so long as it holds such Regulation S Preferred Share will not be acting on behalf of), a Benefit Plan Investor or a Controlling Person, (d) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (e) if such transfer is made in compliance with the certification, if any, and other requirements set forth in the Issuer Charter and the Preferred Share Paying Agency Agreement and (f) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

No Preferred Share (or any interest therein) may be transferred, and none of the Trustee, the Issuer and the Preferred Share Registrar will recognize any such transfer, unless (a) such transfer is made in a manner exempt from registration under the Securities Act, (b) such transfer is of a number of Preferred Shares that is greater than or equal to the minimum number of Preferred Shares permitted to be held pursuant to the Preferred Share Paying Agency Agreement, (c) such transfer would not have the effect of requiring either of the Co-Issuers or the Collateral to register as an investment company under the 1940 Act or (d) the transferee is able to make all applicable certifications and representations required by the Issuer Charter and/or the Preferred Share Paying Agency Agreement. See “Description of the Preferred Shares—Form, Registration and Transfer” and “Transfer Restrictions”.

	The Issuer Charter and/or the Preferred Share Paying Agency Agreement provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of a Preferred Share or an interest in a Preferred Share (or any interest therein) (A) is a U.S. Person and (B) was not a Qualified Purchaser and a Qualified Institutional Buyer (or in the case of an investor that purchased such Preferred Share from the Placement Agents as part of their respective initial distribution of the Preferred Shares, an Accredited Investor) at the time of its acquisition thereof, then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest in such Preferred Share (or interest therein) to a Person that is both a Qualified Institutional Buyer and a Qualified Purchaser with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon written direction from the Issuer, the Preferred Share Paying Agent (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Preferred Share to be transferred in a commercially reasonable sale (conducted by the Administrator in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Preferred Share Paying Agent, the Issuer and the Collateral Manager, in connection with such transfer, that such person is a both Qualified Institutional Buyer and a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Preferred Share held by such beneficial owner.
Listing:	Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA") for the Offering Circular to be approved and to the Irish Stock Exchange for the admittance of the Rated Notes and the Combination Notes to the Official List. Initially, no application will be made to list the Rated Notes and the Combination Notes on any other stock exchange. Application has been made to list the Preferred Shares on the Channel Islands Stock Exchange but there can be no assurance that such admission will be granted. The Co-Issuers, therefore, reserve the right to list the Preferred Shares on a stock exchange outside the European Union that is a member of the International Federation of Stock Exchanges ("IFSE") and is organized or incorporated in a state that is a member of the Organization for Economic Cooperation and Development ("OECD"). Initially, no application will be made to list the Preferred Shares on any other stock exchange. The issuance and settlement of the Offered Securities on the Closing Date are not conditioned on the listing of the Rated Notes and the Combination Notes on the Irish Stock Exchange or the listing of the Preferred Shares on the Channel Islands Stock Exchange. See "Listing and General Information".

Irish Listing Agent and Irish Paying Agent:	RSM Robson Rhodes.
Channel Islands Listing Agent:	Bailhache Labesse Securities Limited.
The Trustee:	U.S. Bank National Association will be the Trustee under the Indenture.
The Administrator:	Walkers SPV Limited will act as administrator (in such capacity, the "Administrator") and will perform certain administrative services for the Issuer.
Legal Investment:	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 Rated Notes.
Governing Law:	The Rated Notes, the Combination Notes (other than the terms and conditions of the Preferred Shares Component), the Indenture, the Collateral Management Agreement, the Collateral Administration Agreement, the Preferred Share Paying Agency Agreement, the Hedge Agreement and the Placement Agreement will be governed by, and construed in accordance with, the law of the State of New York. The Issuer Charter, the Administration Agreement and the Preferred Shares will be governed by, and construed in accordance with, the law of the Cayman Islands.
Tax Matters:	See "Certain Income Tax Considerations".
ERISA Matters:	See "Certain ERISA Considerations".

RISK FACTORS

An investment in the Offered Securities involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Offering Circular, prior to investing in the Offered Securities.

Limited Liquidity. There is currently no market for the Offered Securities. Although each Placement Agent may from time to time make a market in any Class of Rated Notes, the Combination Notes or the Preferred Shares, the Placement Agents are under no obligation to do so. In the event that either Placement Agent commences any market-making, it may discontinue such market-making at any time. There can be no assurance that a secondary market for any of the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of such Offered Securities with liquidity, or that it will continue for the life of the Offered Securities. In addition, the Offered Securities are subject to certain transfer restrictions and can only be transferred to certain transferees as described under "Transfer Restrictions". Consequently, an investor in the Offered Securities must be prepared to hold its Offered Securities for an indefinite period of time or until the Stated Maturity of the Rated Notes (or, in the case of the Preferred Shares, liquidation or winding up of the Issuer).

Non-Recourse Obligations. The Rated Notes are non-recourse obligations of the Co-Issuers. The Combination Notes are non-recourse obligations of the Issuer. The Rated Notes (including the interests therein represented by the Class C-2 Component and Class D-2 Component) are payable solely from the Collateral Debt Securities and other Collateral pledged by the Issuer to secure the Rated Notes and the Combination Notes. None of the security holders, members, officers, directors, managers or incorporators of the Issuer, the Co-Issuer, the Trustee, the Preferred Share Paying Agent, the Administrator, any Rating Agency, the Collateral Manager, the Placement Agents, any of their respective affiliates or any other person or entity will be obligated to make payments on the Offered Securities. Consequently, the holders of the Offered Securities must rely solely on amounts received in respect of the Collateral Debt Securities and other Collateral pledged to secure the Rated Notes and the Combination Notes for the payment of principal thereof and interest and the Commitment Fee thereon. There can be no assurance that the distributions on the Collateral Debt Securities and other Collateral pledged by the Issuer to secure the Rated Notes will be sufficient to make payments on any Class of Rated Notes, in particular after making payments on more Senior Classes of Rated Notes and certain other required amounts ranking Senior to such Class. The Co-Issuers' ability to make payments in respect of any Class of Rated Notes will be constrained by the terms of the Rated Notes of Classes more Senior to such Class and the Indenture. If distributions on the Collateral are insufficient to make payments on the Rated Notes, no other assets will be available for payment of the deficiency and, following liquidation of all the Collateral, the obligations of the Co-Issuers to pay such deficiencies will be extinguished.

The Preferred Shares will be part of the issued share capital of the Issuer and will not be secured pursuant to the lien of the Indenture or by any Collateral securing the Rated 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. None of the security holders, members, officers, directors, managers or incorporators of the Issuer, the Co-Issuer, the Trustee, the Administrator, any Rating Agency, the Collateral Manager, the Placement Agents, any of their respective affiliates or any other person or entity will be obligated to make payments on the Preferred Shares. There can be no assurance that the distributions on the Collateral Debt Securities and other Collateral pledged by the Issuer to secure the Rated Notes will be sufficient to make payments on the Rated Notes and, therefore, there can be no assurance that any funds will be available for distribution to the Preferred Shareholders following payments of interest and principal on the Rated Notes. The Co-Issuers' ability to make payments in respect of the Preferred Shares will be constrained by the terms of the Rated Notes, the Indenture, the Preferred Shares, the Preferred Share Paying Agency Agreement, the Issuer Charter and Cayman Islands law.

Subordination of each Class of Subordinate Notes. No payment of interest on any Class of Rated Notes will be made until all accrued and unpaid interest and the Commitment Fee on the Rated Notes of each Class that is Senior to such Class and that remain outstanding has been paid in full. Except as otherwise described herein (e.g. the application of Interest Proceeds in accordance with the Priority of Payments upon the failure to satisfy either of the Class B/C/D Coverage Tests), no payment of principal of any Class of Rated Notes will be made until all principal of, and all accrued and unpaid interest and the Commitment Fee on, the Rated Notes of each Class that is Senior to such Class and that remain outstanding have been paid in full. See "Description of the Rated Notes—Priority of Payments". If an Event of Default occurs, so long as any Rated Notes are outstanding, the holders of a majority in aggregate outstanding principal amount of Rated Notes of the Controlling Class will be entitled to determine the remedies to be exercised under the Indenture. So long as any Class A Notes are outstanding, the failure on any Distribution Date to make payment in respect of interest on the Class B Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Any interest on the Class B Notes that is not paid when due by operation of the Priority of Payments will be deferred. So long as any Class B Notes are outstanding, the failure on any Distribution Date to make payment in respect of interest on the Class C Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Any interest on the Class C Notes that is not paid when due by operation of the Priority of Payments will be deferred. So long as any Class C Notes are outstanding, the failure on any Distribution Date to make payment in respect of interest on the Class D Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Any interest on the Class D Notes that is not paid when due by operation of the Priority of Payments will be deferred. In the event of any realization on the Collateral, proceeds will be allocated to the Rated Notes and other amounts in accordance with the Priority of Payments prior to any distribution to the Preferred Shareholders. See "Description of the Rated Notes—The Indenture" and "—Priority of Payments". Remedies pursued by holders of a majority in aggregate outstanding principal amount of Rated Notes of the Controlling Class could be adverse to the interest of the holders of the Classes of Rated Notes subordinate to the Class A-1 Notes. To the extent that any losses are suffered by the holders of any Offered Securities, such losses will be borne, *first*, by the Preferred Shareholders, *second*, by the holders of the Class D Notes, *third*, by the holders of the Class C Notes, *fourth*, by the holders of the Class B Notes, *fifth*, by the holders of the Class A-2 Notes and *sixth*, by the holders of the Class A-1 Notes.

Ongoing Commitments—Class A-1 Notes. Holders of the Class A-1 Notes will be obligated during the Commitment Period, subject to compliance by the Issuer with certain borrowing conditions specified in the Class A-1 Note Purchase Agreement, to advance (on a pro rata basis) funds to the Co-Issuers until the aggregate principal amount advanced under the Class A-1 Notes equals the aggregate amount of Commitments to make advances under the Class A-1 Note Purchase Agreement; *provided* that (i) the aggregate amount advanced under the Class A-1 Notes may not in any event exceed U.S.$365,000,000 and (ii) at the time of and immediately after giving effect to such Borrowing, no Event of Default or Default has occurred and is continuing or would result from such Borrowing. See "Description of the Notes—Drawdown—Class A-1 Notes."

Payments in Respect of the Preferred Shares. The Issuer, pursuant to the Indenture, has pledged substantially all of its assets (but excluding its share capital and the profit fee paid to it) to secure the Rated Notes and certain other obligations of the Issuer. The proceeds of such assets will be available to make payments in respect of the Preferred Shares only as and when such proceeds are released from the lien of the Indenture in accordance with the Priority of Payments and the other terms of the Indenture. There can be no assurance that, after payment of principal and interest and the Commitment Fee on the Rated Notes and other fees and expenses of the Co-Issuers in accordance with the Priority of Payments, the Issuer will have funds remaining to make distributions in respect of the Preferred Shares. See "Description of the Rated Notes—Priority of Payments".

Any amounts that are released from the lien of the Indenture for distribution to the Preferred Shares in accordance with the Priority of Payments on any Distribution Date will not be available to make payments in respect of the Rated Notes on any subsequent Distribution Date.

Volatility of the Preferred Shares. The Preferred Shares represent a leveraged investment in the underlying Collateral. Therefore, it is expected that changes in the value of the Preferred Shares will be greater than the change in the value of the underlying Collateral Debt Securities, which themselves are subject to credit, liquidity, interest rate and other risks. Such utilization of leverage increases the risk of losses to the Issuer and, therefore, increases the risk of losses to the Preferred Shareholders. The indebtedness of the Issuer under the Rated Notes will result in interest expense and other costs incurred in connection with such indebtedness that may not be covered by proceeds received from the Collateral. The use of leverage generally magnifies the Issuer's opportunities for gain and risk of loss.

Nature of the Collateral

Trust Preferred Securities

General. The Collateral Debt Securities pledged to secure the Rated Notes are expected to consist primarily of Trust Preferred Securities which meet the criteria necessary to qualify as a Collateral Debt Security and, at the time of purchase, satisfy the Collateral Debt Security Criteria and the Eligibility Criteria applicable thereto. The Trust Preferred Securities are trust preferred securities that have characteristics that are common both to preferred stock and debt securities. For a description of the structure of the Trust Preferred Securities and the documentation related thereto, see "Security for the Rated Notes".

As a general matter (i) in the case of Trust Preferred Securities purchased upon original issuance thereof, the proceeds of the issuance of the Offered Securities will finance the purchase of all or a portion of the Trust Preferred Securities, either directly or indirectly, from each Trust Preferred Securities Issuer, which in turn will finance the purchase by that Trust Preferred Securities Issuer of the Corresponding Debentures from the applicable Affiliated Institution and (ii) in the case of Trust Preferred Securities purchased in the secondary market, proceeds of the issuance of the Offered Securities will finance the purchase of the Trust Preferred Securities from third party sellers. The availability of funds in the Collection Accounts to pay amounts payable with respect to the Offered Securities is dependent upon the frequency and amount of payments made by the Trust Preferred Securities Issuers, as well as by the Affiliated Institutions pursuant to their Limited Guaranties and Corresponding Debentures. Certain risks associated with the frequency and amount of payments to be made by the Trust Preferred Securities Issuers and the Affiliated Institutions, including risks associated with the nature of the Limited Guaranties, are discussed below.

Subordination of Affiliated Institutions' Obligations under Corresponding Debentures, and Limited Guaranties. The only source of cash for each Trust Preferred Securities Issuer to make payments on its Trust Preferred Securities will be payments it receives from its parent Affiliated Institution on the Corresponding Debentures. Obligations of an Affiliated Institution under its Corresponding Debentures generally are unsecured, subordinated and will rank junior in priority of payment to its Senior Indebtedness (as defined herein), whether now existing or hereafter incurred, and effectively will rank junior to all existing and future liabilities, obligations and preferred equity of its subsidiaries, if any. No payment of principal of, or premium, if any, or interest or any other payment due on, the related Corresponding Debentures may be made if (i) any Senior Indebtedness of the applicable Affiliated Institution is not paid when due and any applicable grace period with respect to such default is not cured or waived or ceases to exist or (ii) the maturity of any Senior Indebtedness of the applicable Affiliated Institution has been accelerated due to a default and such acceleration has not been rescinded or cancelled or such Senior Indebtedness had not been paid in full. In the event of the bankruptcy, liquidation or

dissolution of an Affiliated Institution, its assets would be available to pay obligations under the Corresponding Debentures only after all payments have been made on its Senior Indebtedness. In addition, Affiliated Institutions may be parties to agreements with holders of Senior Indebtedness that have the practical effect of further subordinating the rights of holders of the related Corresponding Debentures to such holders of Senior Indebtedness under certain circumstances.

An Affiliated Institution's obligations under its related Limited Guarantee generally are unsecured, subordinated and will rank in right of payment (i) junior to all other liabilities of such Affiliated Institution, except the liabilities made equal with or subordinate to such obligations by their respective terms, (ii) equal with such Affiliated Institution's most senior preferred and preference stock now or hereafter issued and equal with its obligations under other similar trust guarantees, and (iii) senior to such Affiliated Institution's common stock. Therefore, no Affiliated Institution will be able to make any payments on any such guarantee if it defaults on a payment of any of its other liabilities, except those liabilities made equal with or subordinate to such guaranties by their respective terms. In the event of the bankruptcy, liquidation or dissolution of an Affiliated Institution, its assets would be available to pay obligations under such guaranties only after all payments had been made on its other liabilities, except those liabilities made equal with or subordinate to such guaranties by their respective terms.

The Trust Preferred Securities, the Corresponding Debentures and the Limited Guaranties generally will not limit the ability of the related Affiliated Institution or any of its subsidiaries to incur additional indebtedness, including indebtedness that ranks senior to the Corresponding Debentures and the Limited Guaranties.

The Corresponding Debentures and the Limited Guaranties issued in respect of Bank Trust Preferred Securities will be obligations exclusively of the respective Affiliated Financial Institution thereof and are not deposits or other obligations of any bank or other depositary institution and are not insured by the FDIC or any governmental agency or instrumentality thereof. The Corresponding Debentures and the Limited Guaranties issued in respect of Insurance Trust Preferred Securities will be obligations exclusively of the respective Affiliated Insurance Institution thereof, are not insurance policies of such Affiliated Insurance Institution and are not insured or guaranteed by any insurance regulatory authority, any governmental agency or instrumentality or any insurance guaranty fund.

Since the operations of many Affiliated Institutions are generally conducted through subsidiaries, their cash flow, and consequent ability to service debt, including the Corresponding Debentures and to satisfy their other obligations, including those under a Limited Guarantee are generally dependent upon the earnings of such Affiliated Institutions' subsidiaries and the dividend or other distribution of such earnings to such Affiliated Institutions. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to Corresponding Debentures or Limited Guarantees or to make funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to an Affiliated Institution by its subsidiaries may be subject to statutory, regulatory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations.

In particular, payments of dividends or other distributions to an Affiliated Insurance Institution or its respective affiliates by an Affiliated Insurance Institution's U.S. insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries. Such laws typically vary from state to state. Certain states generally require that any statutory surplus following any dividend or distribution be reasonable in relation to such subsidiary's outstanding liabilities and adequate to meet its financial needs and permit the payment of dividends only out of statutory earned (unassigned), as opposed to contributed, surplus, unless such payment is approved by the applicable state insurance regulatory authority and any successor regulatory authority having regulatory power over such insurance subsidiary (each such regulatory authority, an

"Applicable Insurance Regulator"). In addition, states generally prohibit an insurance company, without prior notice to and approval of the Applicable Insurance Regulator, from declaring or paying an extraordinary dividend, which in many states is defined as any dividend or distribution of cash or other property whose fair market value together with other dividends or distributions made within the preceding 12 months exceeds the greater of such subsidiary's statutory net gain from operations of the preceding calendar year or 10% of statutory surplus as of the preceding December 31. For insurance regulatory purposes, the surplus of an insurer is determined on the basis of Statutory Accounting Principles ("SAP") rather than generally accepted accounting principles ("GAAP"). Generally, SAP is more conservative than GAAP regarding the measurement of an insurance company's surplus. In addition, certain agreements, loans, exchanges of assets and other transactions between an insurance company subsidiary and its affiliates may require prior notice to or approval of the Applicable Insurance Regulator. Such restrictions and requirements may affect the permissibility and timing of distributions to an Affiliated Insurance Institution from its insurance company subsidiaries.

Any right of an Affiliated Institution to receive assets of any of its subsidiaries upon their liquidation or reorganization (and the right of the holder(s) of the Corresponding Debentures or a party seeking to enforce a Limited Guarantee to participate in those assets) will be effectively subordinated to the claims of that subsidiary's preferred equity holders and creditors (including trade creditors and depositors) and, in the case of Affiliated Insurance Institutions, such subsidiary's policyholders, except to the extent that such Affiliated Institution is itself recognized as a creditor of such subsidiary, in which case the claims of such Affiliated Institution would be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by such Affiliated Institution.

Payments on Trust Preferred Securities Are Entirely Dependent on Affiliated Institutions Making Payments on Corresponding Debentures; Limited Guarantees Cover Payments Only if Applicable Trust Preferred Securities Issuer Has Cash Available. The ability of a Trust Preferred Securities Issuer to timely pay distributions on, or other amounts payable upon redemption of, Trust Preferred Securities or upon liquidation of such Trust Preferred Securities Issuer is dependent upon the Affiliated Institution making the related payments on the Corresponding Debentures when due.

If an Affiliated Institution defaults on its obligation to pay principal of or interest on Corresponding Debentures the applicable Trust Preferred Securities Issuer will not have sufficient funds to pay distributions or other amounts payable upon the redemption of the Trust Preferred Securities or upon liquidation of the Trust Preferred Securities Issuer. Furthermore, a holder of a Trust Preferred Security will not be able to rely upon the Limited Guarantee for payment of these amounts. Instead, a holder of a Trust Preferred Security may directly sue such Affiliated Institution or seek other remedies to collect its pro rata share of payments owed or rely on the relevant trustee to enforce the Trust Preferred Securities Issuer's rights under the subject Corresponding Debentures.

In addition to the above, a default in the payment of principal of, or premium, if any, or interest on, or a deferral of interest payments on any Corresponding Debentures will decrease the amount of cash available to the Issuer to make payments on the Offered Securities and therefore may result in a default in the amount due on the Rated Notes, a deferral of interest on the Class B Notes, Class C Notes and Class D Notes or a smaller distribution, or no distribution, on the Preferred Shares, with holders thereof potentially incurring a loss on their investment.

Prospective purchasers of the Offered Securities should consider for themselves the likely level of defaults, the likely level and timing of recoveries and the likely levels of interest rates on the Trust Preferred Securities in the Trust Estate and the likely levels of interest rates during the terms of the Rated Notes.

There Are Limitations Regarding the Enforcement of Certain Rights by Holders of Trust Preferred Securities. If an event of default under Corresponding Debentures occurs and is continuing, such event would also be an event of default under the Trust Preferred Securities related to such Corresponding Debentures. In that case, the holders of the Trust Preferred Securities may rely on the enforcement by the relevant trustee of its rights as holder of the Corresponding Debentures against the related Affiliated Institution. Generally, the holders of a majority in liquidation amount of the Trust Preferred Securities will have the right to direct the Trust Preferred Securities Issuer to exercise its remedies. If an event of default under the Trust Preferred Securities occurs that is attributable to an Affiliated Institution's failure to pay interest or principal on the Corresponding Debentures, any holder of the Trust Preferred Securities may proceed directly against such Affiliated Institution to collect its pro rata share of unpaid principal and interest. The holders of Trust Preferred Securities will not be able to exercise directly any other remedies available to the holders of the Corresponding Debentures unless the applicable trustee fails to do so.

An Affiliated Institution's Ability to Defer Interest Payments Has Consequences for Holders of Trust Preferred Securities and the Offered Securities. So long as no event of default under the Corresponding Debentures has occurred and is continuing, the Affiliated Institution has the right, at one or more times, to defer interest payments on the Corresponding Debentures for up to five (5) consecutive years, but not beyond the maturity date or date of earlier redemption of the Corresponding Debentures. There can be no assurance that such Affiliated Institutions will not in fact exercise their rights to defer interest payments as provided pursuant to the terms of the Corresponding Debentures.

If the Affiliated Institution defers interest payments on the Corresponding Debentures, the Trust Preferred Securities Issuer will also defer distributions on the related Trust Preferred Securities. While it is not expected that a deferral of interest payments by any one Affiliated Institution would have a material adverse effect on the ability of the Co-Issuers to pay current interest on the Rated Notes, such a deferral by a number of Affiliated Institutions could have a material adverse effect on the ability of the Co-Issuers to pay current interest on the Rated Notes. Any such material adverse effect could result in a default with respect to payments of current interest on the Class A-1 Notes or Class A-2 Notes and would decrease the aggregate amount of funds then available for distribution to the Holders of the Class B Notes, Class C Notes, Class D Notes and Preferred Shares. In addition, notwithstanding the fact that a deferral of interest payments on certain Trust Preferred Securities will not, in and of itself, be an event of default under the terms of such Trust Preferred Securities, for the purposes of performing the Coverage Tests, a Trust Preferred Security that is deferring interest as of the relevant date of determination will be treated as if it were a Defaulted Security. Therefore, the deferral of interest payments on Trust Preferred Securities could result in a failure to satisfy the requirements of either or both of the Coverage Tests which, in turn, would result in the early amortization of all or a portion of the most senior Class of Notes then outstanding until the relevant Coverage Tests are satisfied. The early amortization of the most senior Class of Notes then outstanding would have the effect of diverting to such Class cash flow which would otherwise have been available for distribution to the holders of the Class or Classes of Notes which are junior in priority of payment to the most senior Class of Notes, thereby delaying or reducing the payment of amounts with respect to such junior Class or Classes.

In addition, the deferral of interest payments on the Trust Preferred Securities will reduce the Issuer's cash available to make distributions to the Preferred Shareholders but such reduction will not result in a corresponding reduction in the taxable income of the Preferred Shareholders that are subject to U.S. federal income tax and that are treated as owning shares in a controlled foreign corporation or that are treated as owning shares in a passive foreign investment company and have made an election to treat their interest in such Preferred Shares as shares in a qualified electing fund. As a result, the share of the Issuer's income attributable to any Preferred Shareholders may, on account of the deferral of interest payments on the Corresponding Debentures (and certain other factors), be greater than the distributions received by such Holder. See "Certain Income Tax Considerations—Tax Treatment of U.S. Holders of

Preferred Shares." The deferral of interest payments on the Trust Preferred Securities could also result in the deferral of payments of interest on the Class B Notes, Class C Notes or Class D Notes. If interest on the Class B Notes, the Class C Notes or the Class D Notes is deferred, U.S. Holders of the Class B Notes, the Class C Notes or the Class D Notes, as applicable, will be subject to the original issue discount rules and such Holders (including cash basis Holders) will nonetheless be required to accrue original issue discount into income with respect to the Class B Notes, the Class C Notes or the Class D Notes on a current basis and, therefore could recognize income in a taxable year in amounts greater than the distributions received from the Issuer in respect of such Notes in such taxable year. See "Certain Income Tax Considerations—Tax Treatment of U.S. Holders of Rated Notes—*Interest Income*."

Trust Preferred Securities May Be Redeemed if a Special Event Occurs. The occurrence of (i) certain adverse tax consequences to an Affiliated Institution, (ii) certain adverse regulatory treatment of the funds raised by an Affiliated Institution with respect to its Corresponding Debentures or (iii) the Trust Preferred Securities Issuer being considered an "investment company" under the 1940 Act would constitute a "Special Event". At any time that a Special Event occurs and is continuing, an Affiliated Institution has the right to redeem its Corresponding Debentures in whole but not in part. The redemption of the Corresponding Debentures will cause a mandatory redemption of an equivalent liquidation amount of the applicable Trust Preferred Securities at an amount equal to the redemption price of the Trust Preferred Securities. In turn, such a redemption of Trust Preferred Securities will, absent the occurrence of an Event of Default under the Indenture, result in the prepayment of all or a portion of the Rated Notes.

Trust Preferred Securities and Corresponding Debentures May Be Redeemed at the Option of Affiliated Institution. Generally, at the option of each Affiliated Institution, such Affiliated Institution's Corresponding Debentures may be redeemed, in whole or in part, prior to their stated maturities. The holders of the Offered Securities should assume that each Affiliated Institution will exercise its redemption option if it is able to refinance its obligations at a lower interest rate or it is otherwise beneficial to such Affiliated Institution to redeem the Corresponding Debentures. If the Corresponding Debentures are redeemed, the applicable Trust Preferred Securities Issuer must redeem Trust Preferred Securities having an aggregate liquidation amount equal to the aggregate principal amount of Corresponding Debentures so redeemed.

Trust Preferred Securities—Limited Voting Rights. A holder of Trust Preferred Securities (including the Issuer) will have limited voting rights primarily in connection with directing the activities of the applicable Trust Preferred Securities Issuer as the holder of the Corresponding Debentures and will not be entitled to vote to appoint, remove or replace, or to increase or decrease the number of, trustees, which voting rights are vested in the holder of the common securities of the Trust Preferred Securities Issuer, except upon the occurrence of an event of default in connection with the Corresponding Debentures. Furthermore, because the Issuer may own less than 100% of the Principal Balance of the Trust Preferred Securities issued by a Trust Preferred Securities Issuer, the Issuer may not be able to control any matters in respect of such Trust Preferred Securities as to which holders thereof are entitled to vote, give their consent or take action.

Trust Preferred Securities—Credit Risk and General Liquidity Considerations. Trust Preferred Securities are subject to credit, interest rate and liquidity risk. Adverse changes in the financial condition or results of operations of an Affiliated Institution or in general economic conditions or both may impair its ability to make payments of principal and interest on Corresponding Debentures. Debt obligations are also subject to liquidity risk and the risk of market price fluctuations. Adverse changes in the financial condition, results of operations or prospects of an Affiliated Institution may affect the liquidity of the market for its securities and may reduce the market price of such securities. In addition, changes in general economic conditions may affect the liquidity of the market for Trust Preferred Securities in general and may reduce the market prices of some or all of such securities.

Little or no publicly available information may be available with respect to privately placed Trust Preferred Securities, which Trust Preferred Securities are likely to comprise a substantial portion or most of the aggregate amount of Collateral Debt Securities.

If at any time the Trustee, in accordance with the terms of the Indenture, is instructed to sell or otherwise dispose of any Collateral Debt Securities, it may be difficult or impossible to sell or dispose of such securities in a timely manner, and it is unlikely that the proceeds will be equal to the unpaid principal thereof and interest thereon.

Additional Liquidity Considerations—Certain Adverse Consequences to Holders Upon Deferral of Interest on Trust Preferred Securities. If an Affiliated Institution exercises the right to defer interest payments, the market price of the Trust Preferred Securities may not fully reflect the value of accrued but unpaid interest on the Corresponding Debentures. Therefore, if the Issuer sells a Trust Preferred Security during an interest deferral period, the Issuer may receive a lower return on its investment than someone who continued to hold such Trust Preferred Security.

Additional Liquidity Considerations—Distribution of Corresponding Debentures. A Trust Preferred Securities Issuer may be terminated at any time before its expiration date at the option of the Affiliated Institution which, in some cases, requires that such termination does not result in a taxable event to holders of the related Trust Preferred Securities. As a result, and subject to the terms of the relevant declaration of trust or trust agreement, the Trust Preferred Securities Issuer may distribute the Corresponding Debentures to the holders of the Trust Preferred Securities and the common equity holders of the Trust Preferred Securities Issuer. In such a case, the Issuer would hold the Corresponding Debentures so distributed. However, there can be no assurance that a liquid trading market will develop in the Corresponding Debentures. The market prices for the Corresponding Debentures that may be distributed cannot be predicted with certainty. Accordingly, the Corresponding Debentures that are received upon a distribution thereof (or the Trust Preferred Securities held pending such a distribution) may trade at a discount to the price paid to purchase such Trust Preferred Securities.

Considerations Regarding Affiliated Institutions. Certain criteria must be met on the Closing Date with respect to the Affiliated Institutions. See "Security for the Rated Notes—Portfolio Limitations". However, such Affiliated Institutions are under no obligation to maintain such criteria after the Closing Date, and none of the Affiliated Institutions nor either Placement Agent makes any representation to the contrary.

Subordinated Notes

General. The Collateral Debt Securities pledged to secure the Rated Notes will consist, in part, of obligations referred to as Subordinated Notes. Subordinated Notes will be debt securities issued (i) in the case of Bank Subordinated Notes, by banks, thrifts or other depository institutions or holding companies of banks, thrifts or other depository institutions that meet the applicable requirements set forth in the Eligibility Criteria and (ii) in the case of Insurance Subordinated Notes, by insurance companies or holding companies of insurance companies that meet the applicable requirements set forth in the Eligibility Criteria. Subordinated Notes will be subordinated to the claims of general creditors of the related Subordinated Note Issuers, including the claims of holders of senior debt obligations of Subordinated Note Issuers, and are unsecured. For a description of the structure of the Subordinated Notes and the documentation related thereto, see "Security for the Rated Notes".

As a general matter, the proceeds of the issuance of the Offered Securities will finance the purchase of Subordinated Notes, either directly or indirectly, from a Subordinated Note Issuer. The availability of funds in the Collection Accounts to pay amounts payable with respect to the Offered Securities is dependent upon the frequency and amount of payments made by a Subordinated Note Issuer

in respect of its Subordinated Notes. Certain risks associated with the frequency and amount of payments to be made by Subordinated Note Issuers are discussed below.

Subordination of Subordinated Note Issuers' Obligations. Obligations of a Subordinated Note Issuer under its Subordinated Notes will be unsecured and will rank junior in priority of payment to its Senior Indebtedness (whether now existing or hereafter incurred) and effectively will rank junior to all existing and future liabilities, obligations and preferred equity of its subsidiaries, if any. Therefore, a Subordinated Note Issuer generally will not be able to make any payments of principal (including redemption payments) or interest on its Subordinated Notes or redeem, exchange, retire, purchase or otherwise acquire any Subordinated Notes if it defaults on a payment on its Senior Indebtedness or if the maturity of its Senior Indebtedness is accelerated. In the event of the bankruptcy, liquidation or dissolution of a Subordinated Note Issuer, its assets would be available to pay obligations under its Subordinated Notes only after all payments had been made on its Senior Indebtedness. In addition, a Subordinated Note Issuer may be a party to agreements with holders of its Senior Indebtedness that have the practical effect of further subordinating the rights of holders of the related Subordinated Notes to such holders of Senior Indebtedness under certain circumstances.

Subordinated Notes will not limit the ability of the related Subordinated Note Issuer or any of its subsidiaries to incur additional indebtedness, including indebtedness that ranks senior to the Subordinated Notes.

Subordinated Notes are solely the obligations of the respective Subordinated Note Issuers and are neither obligations of, nor guaranteed by, any other entity. In particular, Subordinated Notes which are Bank Subordinated Notes do not evidence deposits of the related Bank Subordinated Note Issuer and are not, and will not be, insured by the FDIC or any governmental agency or instrumentality thereof, or any other insurer.

Since the operations of many Subordinated Note Issuers are conducted through subsidiaries, their cash flow, and consequent ability to service debt, including the Subordinated Notes, and to satisfy their other obligations, are generally dependent upon the earnings of such Subordinated Note Issuers' subsidiaries and the dividend or other distribution of such earnings to such Subordinated Note Issuers. Usually, such subsidiaries will be separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Subordinated Notes or to make funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to a Subordinated Note Issuer by its subsidiaries may be subject to statutory, regulatory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations.

Any right of a Subordinated Note Issuer to receive assets of any of its subsidiaries upon their liquidation or reorganization (and the right of the holder(s) of Subordinated Notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's preferred equity holders and creditors (including trade creditors and depositors), except to the extent that such Subordinated Note Issuer is itself recognized as a creditor of such subsidiary, in which case the claims of such Subordinated Note Issuer would be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by such Subordinated Note Issuer.

Upon the bankruptcy, liquidation or dissolution of a Bank Subordinated Note Issuer, and subject to the applicable subordination provisions, generally the principal of and all unpaid interest on the Subordinated Notes of such Bank Subordinated Note Issuer may be accelerated, with the approval of the Applicable Regulator, by the holders of not less than 25% in aggregate principal amount of such Bank Subordinated Notes. However, holders of Bank Subordinated Notes may have no right to accelerate payment in the case of a default in the payment of principal of or interest on the Bank Subordinated Notes

and will have no right to accelerate payment in the case of a default in the performance of any other covenant contained in the Bank Subordinated Notes or the indenture relating to the Bank Subordinated Notes.

Upon the bankruptcy, liquidation or dissolution of an Insurance Subordinated Note Issuer, and subject to the applicable subordination provisions, generally the principal of and all unpaid interest on the Insurance Subordinated Notes of such Subordinated Note Issuer will become immediately due and payable without further action. In the case of a default in the payment of principal of or interest on the Insurance Subordinated Notes or in the performance of any other covenant contained in the Insurance Subordinated Notes or the indenture relating to the Insurance Subordinated Notes, generally the principal of and all unpaid interest on the Insurance Subordinated Notes of such Insurance Subordinated Note Issuer may be accelerated by the holders of not less than 25% in aggregate principal amount of such Subordinated Notes.

In addition to the above, a default in the payment of principal of, or premium, if any, or interest on, any Subordinated Note will decrease the amount of cash available to the Issuer to make payments on the Offered Securities and therefore may result in a default in the amount due on the Rated Notes, a deferral of interest on the Class B Notes, the Class C Notes and the Class D Notes or a smaller distribution, or no distribution, on the Preferred Shares, with holders thereof potentially incurring a loss on their investment.

Prospective purchasers of the Offered Securities should consider for themselves the likely level of defaults, the likely level and timing of recoveries and the likely levels of interest rates on Subordinated Notes in the Trust Estate and the likely levels of interest rates during the terms of the Notes.

Subordinated Notes—Credit Risk and General Liquidity Considerations. Subordinated Notes are subject to credit, interest rate and liquidity risk. Adverse changes in the financial condition or results of operations of a Subordinated Note Issuer or in general economic conditions or both may impair its ability to make payments of principal and interest on its Subordinated Notes. Debt obligations are also subject to liquidity risk and the risk of market price fluctuations. Adverse changes in the financial condition, results of operations or prospects of a Subordinated Note Issuer may affect the liquidity of the market for an issuer's securities and may reduce the market price of such securities. In addition, changes in general economic conditions may affect the liquidity of the market for Subordinated Notes in general and may reduce the market prices of some or all of such securities.

In addition to the above, Subordinated Notes acquired by the Issuer most likely will not be rated and, if any of such Subordinated Notes are rated, they may be rated below investment grade and will accordingly be subject to more risk than investment grade obligations. Such risks may include (among others): (i) limited liquidity and secondary market support, (ii) substantial market price volatility resulting from changes in prevailing interest rates, (iii) subordination to the prior claims of banks and other senior lenders, (iv) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates, (v) the possibility that earnings of the issuer thereof may be insufficient to meet its debt service and (vi) the declining creditworthiness and potential for insolvency of the issuer thereof during periods of rising interest rates and economic downturn. An economic downturn or an increase in interest rates could severely disrupt the market for such Subordinated Notes and adversely affect the value of such Subordinated Notes and the ability of the issuers thereof to repay principal and interest.

Since Subordinated Notes most likely will not be rated or, if rated, may be rated below investment grade, the Subordinated Note Issuers may be highly leveraged and may not have more traditional methods of financing available to them. The risk associated with acquiring the securities of such issuers generally is greater than is the case with highly rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of such Subordinated Notes may

be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, timely service of debt obligations may also be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of such Subordinated Notes because such securities may be unsecured and may be subordinated to other creditors of the issuer of such securities.

Downward movements in interest rates could also adversely affect the performance of the Subordinated Notes. Subordinated Notes may have call or redemption features that would permit the Subordinated Note Issuers to repurchase them from the Issuer prior to their stated maturities, including upon the occurrence of a Subordinated Note Special Event. If a call or redemption right were exercised by the issuer of such Subordinated Notes during a period of declining interest rates, the average life of the Notes will be impacted.

As a result of the limited liquidity of securities similar to Subordinated Notes that are not rated or that are rated below investment grade, their prices at times have experienced significant and rapid decline when a substantial number of holders decided to sell. In addition, the Issuer may have difficulty disposing of such Subordinated Notes because there may be a thin trading market for such securities. To the extent that a secondary trading market for such Subordinated Notes does exist, it is generally not as liquid as the secondary market for highly rated securities. Reduced secondary market liquidity may have an adverse impact on market price and the Issuer's ability to dispose of particular issues when required under the terms of the Indenture. If at any time the Trustee, in accordance with the terms of the Indenture, is instructed to sell or otherwise dispose of any Subordinated Notes, it may be difficult or impossible to sell or dispose of such securities in a timely manner, and it is unlikely that the proceeds will be equal to the unpaid principal thereof and interest thereon. Further, bankruptcy and similar laws applicable to a Subordinated Note Issuer may limit the amount of any recovery in respect of its Subordinated Notes if it is insolvent, and may also adversely affect the timing of receipt of any such recovery to which the Issuer may be entitled.

Little or no publicly available information may be available with respect to Subordinated Notes that are not issued by reporting companies under the Securities Exchange Act of 1934, and non-reporting companies are likely to comprise a substantial portion, most or all of Subordinated Notes purchased by the Issuer.

Considerations Regarding Subordinated Note Issuers. Certain criteria must be met on the Closing Date with respect to any Subordinated Note Issuer. See "Security for the Rated Notes—Portfolio Limitations". However, any such Subordinated Note Issuer is under no obligation to maintain such criteria after the Closing Date, and none of the Subordinated Note Issuers nor either Placement Agent makes any representation to the contrary.

Additional Liquidity Considerations – Certain Transfer Restrictions: It is anticipated that, as of the Ramp-Up Completion Date, up to approximately 3% of the Aggregate Ramp-Up Par Amount may consist of a security issued by a Swiss insurance company the terms of which are similar to the terms of the Subordinated Notes described above. However, the terms of such security will include limitations on transfer which provide that, for so long as Swiss law requires, the security may only be transferred to and held by financial institutions which are banks or up to no more than three transferees which are not banks. The limits on transferability may adversely affect the liquidity, and therefore perhaps the sales price, of such security, including in connection with an Auction.

Surplus Notes

General. The Collateral Debt Securities pledged to secure the Rated Notes are expected to consist, in part, of Surplus Notes which, at the time of purchase, meet the Collateral Debt Security Criteria and satisfy the Eligibility Criteria. The Surplus Notes will be securities issued by insurance companies that meet the applicable requirements set forth in the Eligibility Criteria (each, a "Surplus Note Issuer").

Subordination of Surplus Note Issuers' Obligations. The Surplus Notes are unsecured obligations that are expressly subordinate in right of payment to all Senior Indebtedness and Policyholder Claims (each as defined below) of the applicable Surplus Note Issuer, and will be subject to state laws that establish the priority of distribution in the event of the rehabilitation, liquidation, conservation, dissolution or receivership of the Surplus Note Issuer. In the event that a Surplus Note Issuer becomes subject to such a proceeding, holders of Senior Indebtedness and Policyholder Claims would be afforded a higher priority than the Issuer as the holder of the Surplus Notes and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to the Issuer.

Generally, the terms of the Surplus Notes do not limit the ability of any Surplus Note Issuer to incur additional indebtedness, liabilities or obligations, including indebtedness that ranks senior to the Surplus Notes. Generally, there are no limits or restrictions prohibiting a Surplus Note Issuer from issuing any future Surplus Notes or any other similarly subordinated obligations. Unless expressly subordinated to the Surplus Notes, any future Surplus Notes or other similarly subordinated obligations issued by such Surplus Note Issuer would rank *pari passu* or senior in right of payment to the Surplus Notes issued by such Surplus Note Issuer. The Surplus Notes will be obligations exclusively of the related Surplus Note Issuer.

Surplus Notes—Regulatory Considerations. Each payment of principal of and interest on a Surplus Note is subject to certain regulatory restrictions, including receipt of prior approval of the Surplus Note Issuer's Applicable Insurance Regulator, if then required under applicable law or the regulations of such Applicable Insurance Regulator. The regulation and authority for the issuance of the Surplus Notes is governed by the laws of the states having jurisdiction over the respective Surplus Note Issuers. Certain states' insurance statutes and regulations do not specifically authorize the issuance of Surplus Notes or their accounting treatment or repayment terms. Nevertheless, authority for the issuance of Surplus Notes in such states may be relied upon in light of the adoption by such states of the SAP accounting guidelines, which provide for accounting treatment of Surplus Notes. In all states, the Surplus Notes can only be issued pursuant to the approval of the Applicable Insurance Regulator. The insurance statutes and regulations of certain states also provide caps and other limits on the interest rate that can be paid on Surplus Notes. A regulatory order approving the issuance of a Surplus Note may also impose regulatory restrictions or limitations on the applicable Surplus Note Issuer, including limitations on the rate of interest that can be paid on such Surplus Note. Further, each payment of principal, including premium, if any, and interest on the Surplus Notes is subject to the prior approval of the Applicable Insurance Regulator, which approval may be subject to a determination by the Applicable Insurance Regulator that the financial condition of such Surplus Note Issuer warrants the making of such payments. In most states, the Applicable Insurance Regulator will have broad discretion in determining whether to allow payments to be made on the Surplus Notes. The funds available to make payments on the Surplus Notes on any given date, whether with respect to principal, premium, if any, or interest, will be determined by the Applicable Insurance Regulator and may be limited by various factors, including, but not limited to, requirements under a given state's insurance laws affecting the relative level of surplus, such as minimum surplus requirements and the National Association of Insurance Commissioners' Risk-Based Capital standards specifying minimum capital levels. For the purposes of determining compliance with such surplus requirements, the surplus of an insurer is determined on the basis of SAP rather than GAAP. SAP is generally a more conservative measure of an insurance company's surplus. Accordingly, because a

Surplus Note Issuer's ability to make scheduled payments on its Surplus Notes is subject to the Applicable Insurance Regulator's prior approval, there can be no assurance as to whether or when any such payments will be made.

The approval of the issuance of Surplus Notes by the Applicable Insurance Regulator does not constitute a guarantee or recommendation of such Surplus Notes by the Applicable Insurance Regulator or approval of any payments to be made in respect of such Surplus Notes.

From time to time, the Applicable Insurance Regulator of a Surplus Note Issuer may issue rules or regulations that may impact the regulatory capital treatment of its Surplus Notes. There can be no assurance that such rules or regulations, if issued, would not adversely affect the regulatory capital treatment of such Surplus Notes. Such action may provide an incentive for such Surplus Note Issuer to redeem its Surplus Notes in accordance with their terms. Any such redemptions would result in earlier payments on the Notes.

Surplus Notes—Credit Risk and General Liquidity Considerations. Any Surplus Note with respect to which the Surplus Note Issuer fails to make a scheduled payment of interest on the Surplus Note and such failure continues for at least 30 days will be a "Defaulted Security" under the Indenture, even though such failure may not constitute an event of default under the related Surplus Note Agreement.

A default in the payment of principal of or premium, if any, or interest, or the failure to make any payment as a result of any Payment Restriction, on any Surplus Notes will decrease the amount of cash available to the Issuer to make payments on the Notes and therefore may result in a default in the amount due on the Rated Notes and will result in a smaller distribution, or no distribution, on the Preferred Shares, with the holders thereof potentially incurring a loss on their investment.

Surplus Notes are subject to credit, interest rate and liquidity risk. Adverse changes in the financial condition of an issuer of Surplus Notes or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Such obligations are also subject to liquidity risk and the risk of market price fluctuations. Adverse changes in the financial condition of an issuer may affect the liquidity of the market for an issuer's securities and may reduce the market price of such securities. In addition, changes in general economic conditions may affect the liquidity of the market for Surplus Notes in general and may reduce the market prices of some or all of such securities.

Senior Securities

General. The Collateral Debt Securities pledged to secure the Rated Notes are expected to consist, in part of Senior Securities which, at the time of purchase, meet the Collateral Debt Security Criteria and satisfy the Eligibility Criteria. The obligations of any Senior Security Issuer under any Senior Security are unsecured and will rank *pari passu* in priority of payment to its senior indebtedness (whether then existing or thereafter incurred).

Certain Risks Applicable to the Senior Securities. No Senior Security is insured or guaranteed by any insurance regulatory authority, any governmental agency or instrumentality or any insurance guaranty fund. Each Senior Security is an obligation exclusively of the related Senior Security Issuer. If a Senior Security Issuer is a holding company for insurance subsidiaries, its cash flows, and consequent ability to service debt, including the related Senior Security, and to satisfy its other obligations are partially dependent upon the earnings of each such entity's subsidiaries and the dividend or other distribution of such earnings to such entity. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the related Senior Security, or to make funds available therefor, whether by dividends, loans or other payments. There are also various

legal and regulatory limitations on the extent to which any Senior Security Issuer's insurance company subsidiaries may extend credit, pay dividends or otherwise supply funds to such entities. In particular, payments of dividends or other distributions to any Senior Security Issuer by its U.S. insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries. Such laws typically vary from state to state. Certain states generally require that any statutory surplus following any dividend or distribution be reasonable in relation to such subsidiary's outstanding liabilities and adequate to meet its financial needs and permit the payment of dividends only out of statutory earned (unassigned), as opposed to contributed, surplus, unless such payment is approved by the Applicable Insurance Regulator. In addition, states generally prohibit an insurance company, without prior notice to and approval of the Applicable Insurance Regulator, from declaring or paying an extraordinary dividend, which in many states is defined as any dividend or distribution of cash or other property whose fair market value together with other dividends or distributions made within the preceding 12 months exceeds the greater of such subsidiary's statutory net gain from operations of the preceding calendar year or 10% of statutory surplus as of the preceding December 31. For insurance regulatory purposes, the surplus of an insurer is determined on the basis of SAP rather than GAAP. As described above, SAP is more conservative than GAAP regarding the measurement of an insurance company's surplus. In addition, certain agreements, loans, exchanges of assets and other transactions between an insurance company subsidiary and its affiliates may require prior notice to or approval of the Applicable Insurance Regulator. Such restrictions and requirements may affect the permissibility and timing of distributions to each Senior Security Issuer from their respective insurance company subsidiaries. In addition, the right of each Senior Security Issuer to participate in any distribution of assets of any subsidiary upon liquidation, reorganization or otherwise will be subject to the prior claims of the policyholders and creditors of such subsidiary, except to the extent that any Senior Security Issuer is a creditor of the subsidiary recognized as such. Accordingly, each Senior Security will effectively be subordinated to all existing and future liabilities and obligations of each Senior Security Issuer's subsidiaries.

The Senior Securities are each subject to credit, interest rate and liquidity risk. Adverse changes in the financial condition of an issuer of such securities or in general economic conditions or both may impair the ability of the issuer thereof to make payments of principal and interest. Debt obligations are also subject to liquidity risk and the risk of market price fluctuations. Adverse changes in the financial condition of an issuer may affect the liquidity of the market for an issuer's securities and may reduce the market price of such securities. In addition, changes in general economic conditions may affect the liquidity of the market for such securities in general and may reduce the market prices of some or all of such securities.

General

Ramp-Up Ratings Confirmation Failure: Mandatory Redemption. The board of directors of the Issuer (the "Board") or a board member authorized to act on behalf of the Board, acting on behalf of the Issuer from its offices outside the United States, will notify or cause the Collateral Manager to notify each Rating Agency in writing of the occurrence of the Ramp-Up Completion Date within seven business days after the occurrence of the Ramp-Up Completion Date (such notice a "Ramp-Up Notice"). The Board or such authorized individual, will request or cause the Collateral Manager to request that each Rating Agency confirm within 30 days after receipt of a Ramp-Up Notice that it has not reduced or withdrawn the rating (including shadow, private or confidential ratings, if any) assigned by it on the Closing Date to any Class of Rated Notes (such confirmation, together with any confirmation deemed to have been made in accordance with the following sentence, a "Ratings Confirmation"). The Issuer will be deemed to have obtained a confirmation of the ratings assigned by a Rating Agency (other than Standard & Poor's) on the Closing Date if (i) such Rating Agency does not notify the Issuer in writing within 30 days after receipt of a Ramp-Up Notice that any such rating (including shadow, private or confidential ratings, if any) has been reduced or withdrawn and (ii) all Coverage Tests and Collateral Quality Tests are satisfied on the Ramp-

Up Completion Date. If the Issuer is unable to obtain a Ratings Confirmation from each Rating Agency (a "Ramp-Up Ratings Confirmation Failure"), on the first Distribution Date after such Ramp-Up Ratings Confirmation Failure the Issuer will be required to apply Uninvested Proceeds, and, to the extent that Uninvested Proceeds are insufficient, Interest Proceeds and Principal Proceeds, in each case in accordance with the Priority of Payments, to the repayment of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, as, and to the extent, necessary to obtain a Ratings Confirmation from each Rating Agency. See "Description of the Rated Notes—Mandatory Redemption" and "—Priority of Payments".

Default Rates of Collateral Debt Securities; Acquisition of Collateral Prior to the Ramp-Up Completion Date. The Issuer is not aware of a central source for relevant data or standardized method for measuring default rates of securities similar to the Trust Preferred Securities, Subordinated Notes or Surplus Notes. Furthermore, past performance of securities similar to the Trust Preferred Securities is not necessarily indicative of the future performance of such securities, past performance of securities similar to the Subordinated Notes is not necessarily indicative of the future performance of such securities and past performance of securities similar to the Surplus Notes is not necessarily indicative of the future performance of such securities. In certain circumstances, it is possible that investors in some Classes of Rated Notes will not recover their original investment. Defaults and losses on Collateral Debt Securities will reduce the amounts that would otherwise have been available for payments in respect of the Rated Notes. To the extent the effect of such defaults and losses is greater than the amount that would have been available for distributions in respect of the Preferred Shares, the Holders of the Class D Notes will be directly affected before the Holders of the Class C Notes, the Holders of the Class C Notes will be directly affected before the Holders of the Class B Notes, the Holders of the Class B Notes will be directly affected before the Holders of the Class A-2 Notes, and the Holders of the Class A-2 Notes will be directly affected before the Holders of the Class A-1 Notes. The credit risk associated with the Collateral Debt Securities will be heightened to the extent the Collateral Debt Securities are concentrated in particular issuers that are adversely affected by the factors described in "—Nature of the Collateral," "Trust Preferred Securities—Credit Risk and General Liquidity Considerations", "Subordinated Notes—Credit Risk and General Liquidity Considerations", "Surplus Notes" and "Senior Securities" above. The Collateral Debt Securities will be concentrated in one country and in two industries and therefore will be subject to a heightened level of risk of being adversely affected to the extent such country or industries are adversely affected by such factors. Prospective purchasers of the Rated Notes should consider and assess for themselves the likely level of defaults and the likely level and timing of recoveries on the Collateral Debt Securities. In addition, a portion of the Collateral will be acquired by the Issuer after the Closing Date. While the Issuer will be permitted pursuant to the Indenture to purchase additional Collateral Debt Securities, the availability and terms of such securities is uncertain.

Certain Payments Senior to Payments in Respect of Rated Notes. On each Distribution Date, in accordance with the priority of payment provisions described herein, certain collections on the Collateral Debt Securities will be used to make certain payments free and clear of the lien of the Indenture, including payment of certain fees to the Collateral Manager, the Collateral Administrator, the Trustee, the Preferred Shares Paying Agent and the Hedge Counterparty. To the extent that any such distributions are made rather than retained as additional collateral for the Rated Notes (including the interests therein represented by the Class C-2 Component and Class D-2 Component), the amounts so distributed will not be available to support payments of principal and interest subsequently payable in respect of such Rated Notes.

Sale of Collateral Upon Default on Rated Notes. A portion of the Collateral Debt Securities securing the Rated Notes (including the interests therein represented by the Class C-2 Component and Class D-2 Component) may have fixed interest rates that remain constant until a specified date or their

maturity, and a portion of the Collateral Debt Securities securing the Rated Notes will bear interest based on a fixed margin over a reference rate, which margin will generally remain constant until the maturity of such Collateral Debt Securities. Accordingly, the market value of the fixed rate Collateral Debt Securities will generally decrease as market rates of interest increase. The market value of such Collateral Debt Securities will also generally fluctuate with, among other things, general economic conditions, world political events, developments or trends in any particular industry, the conditions of financial markets and the financial condition, results of operations and prospects of the Collateral Debt Securities Issuers and the Affiliated Institutions. Therefore, if an Event of Default occurs with respect to the Rated Notes, there can be no assurance that the proceeds of any sale by the Trustee of Collateral Debt Securities and other collateral securing the Rated Notes will be sufficient to pay in full any expenses of the Issuer or any amounts payable to the Trustee, the Collateral Administrator, the Preferred Shares Paying Agent or the Hedge Counterparty (all of which amounts are payable prior to payments in respect of the Rated Notes) and the principal of and interest on the Rated Notes. However, certain conditions set forth in the Indenture must be satisfied before the Trustee is permitted to sell Collateral Debt Securities and other collateral pledged as security for the Rated Notes following an Event of Default. See "Legal Structure—The Indenture—Events of Default".

The impact of any remedies pursued by the holders of a majority in aggregate outstanding principal amount of Rated Notes of the Controlling Class could be adverse to the interests of the Holders of the Classes of Rated Notes subordinate to the Controlling Class.

Interest Deductions; Recharacterization Redemption. From time to time, the IRS has challenged taxpayers' treatment as indebtedness of securities issued with characteristics similar to the Corresponding Debentures and Trust Preferred Securities. To date, the only known challenge that has advanced as far as litigation was settled short of trial, with a resolution favorable to the taxpayer's position. However, if any challenge by the IRS were to be upheld, such event could give rise to the redemption of the Trust Preferred Securities and the amortization of the Rated Notes prior to the Stated Maturity thereof.

Concentration Risk. The Issuer will invest in a portfolio of Collateral Debt Securities consisting primarily of securities of Collateral Debt Securities Issuers in the banking and financial services industry and the insurance industry. Although on the Ramp-Up Completion Date no significant concentration with respect to any particular obligor in excess of an amount equal to 3% of the aggregate Principal Balance of all Collateral Debt Securities on the Ramp-Up Completion Date is expected to exist, the concentration of the portfolio in any one obligor would subject the Rated Notes to a greater degree of risk with respect to collateral defaults by such obligor, and the concentration of the portfolio in any one region would subject the Rated Notes to a greater degree of risk with respect to economic downturns relating to such region. See "Security for the Rated Notes—Collateral Debt Securities". In addition to the above, a material portion of the Collateral Debt Securities will be purchased following the Closing Date and, therefore, the concentration with respect to any particular obligor or any particular region on the Closing Date may be greater than such concentration on the Ramp-Up Completion Date. Such higher levels of concentration in a single obligor or in a single region on the Closing Date would subject the Notes to a greater degree of risk with respect to collateral defaults by such obligor and to a greater degree of risk with respect to economic downturns relating to such region. As stated above, the Collateral Debt Securities will be concentrated in one country and will primarily be concentrated in two industries and will therefore be subject to risk with respect to economic downturns relating to such country and such industries. Finally, the concentration with respect to any particular obligor or any particular region may increase subsequent to the Closing Date and/or the Ramp-Up Completion Date. See "Security for the Rated Notes".

Furthermore, adverse developments with respect to the banking and financial services industry in general may adversely affect the rating on the Rated Notes and/or the Combination Notes, the ability of the Issuer and the Co-Issuer to make payments in respect of the Offered Securities (and hence the Combination Notes) and/or the market value of the Offered Securities.

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 and, therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of the Collateral Debt Securities will be used by the Collateral Manager only as a indicator of investment quality. Investments in non-investment grade and comparable unrated obligations will be more dependent on the Collateral Manager's credit analysis than would be the case with investments in investment-grade debt obligations.

Dependence on Key Personnel. Because the composition of the Collateral Debt Securities will vary over time, the performance of the Collateral Debt Securities depends heavily on the skills of the Collateral Manager in analyzing and managing the Collateral Debt Securities. As a result, the Issuer will be highly dependent on the financial and managerial experience of the Collateral Manager and certain of its affiliates' respective employees to whom the task of managing the Collateral has been assigned. In the event that one or more of the investment professionals of the Collateral Manager or its affiliates were to leave the Collateral Manager or its affiliates, the Collateral Manager and/or its affiliates would have to reassign responsibilities internally and/or hire one or more replacement employees and such a loss could have a material adverse effect on the performance of the Issuer. See "The Collateral Management Agreement" and "The Collateral Manager".

Confidentiality; Limitations on Available Information. In connection with the purchase of certain Collateral Debt Securities, the Issuer may be required to enter into one or more confidentiality agreements regarding certain information received with respect to the Trust Preferred Securities Issuers, the Subordinated Note Issuers, the Surplus Note Issuers, the Senior Security Issuers and/or certain other parties relating to such Collateral Debt Securities. As a result thereof, the ability of the Co-Issuers, or the Collateral Manager on behalf of the Co-Issuers, to provide certain information to Holders regarding the Collateral Debt Securities may be restricted or limited. The Co-Issuers or the Collateral Manager on behalf of the Co-Issuers will be obligated to provide certain non-confidential information regarding the Collateral Debt Securities and the issuers thereof to Holders upon their request therefor.

International Investing. A portion of the Limited Guaranties issued in connection with the Insurance Trust Preferred Security may be issued by non-U.S. entities or obligors outside of the United States. In addition, Senior Securities may be obligations issued by United Kingdom or Switzerland insurance holding companies. Investing in non-U.S. entities or entities that are located outside the United States may involve greater risks than investing in U.S. entities or entities that are located in the United States. These risks include, among other risks: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction; and (iv) uncertainties as to the status, interpretation and application of laws. Moreover, foreign companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.

Certain Conflicts of Interest

The activities of the Collateral Manager, the Placement Agents and their respective affiliates may result in certain conflicts of interest.

Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall, advisory, investment and other activities of the Collateral Manager and its affiliates for their own accounts or for their respective client accounts. The Collateral Manager, its affiliates and their respective clients may invest in securities that would be appropriate as security for the

Rated Notes, and they have no duty in making such investments to act in a way that is favorable to the Issuer, the holders of the Offered Securities. Such investments or purchases may be different from those made on behalf of the Issuer. The Collateral Manager and/or its affiliates may also have ongoing relationships with, render services to or engage in transactions with other issuers of collateralized debt obligations who invest in assets of a similar nature to those of the Issuer, and with companies whose securities are pledged to secure the Rated Notes, and may own equity or debt securities issued by issuers of and other obligors on Collateral Debt Securities. As a result, officers or affiliates of the Collateral Manager may possess information relating to issuers of Collateral Debt Securities which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Debt Securities and performing the other obligations under the Collateral Management Agreement. The Collateral Manager may in the future serve as collateral manager or advisor for other collateralized bond obligation vehicles and/or collateralized loan obligation vehicles (or similar entities). In addition, affiliates and clients of the Collateral Manager may invest in securities that are senior to, or have interests different from or adverse to, the securities that are pledged to secure the Rated Notes. The Collateral Manager and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for their respective accounts, the Issuer, any similar entity for which it serves as manager or advisor and for its other clients or affiliates. Collateral Debt Securities purchased during the accumulation period and sold to the Issuer on the Closing Date and Collateral Debt Securities purchased after the Closing Date and on or prior to the Ramp-Up Completion Date, in each case, will be purchased by the Issuer at the prices determined as described below under "Purchase of Collateral Debt Securities; Warehousing Arrangements; Master Forward Sale Agreement".

Neither the Collateral Manager nor any of its affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to account to the Issuer for (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its affiliates manage or advise. Furthermore, the Collateral Manager and/or its affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity or making any investment on behalf of the Issuer. The Collateral Manager and/or its affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its affiliates manage or advise. Furthermore, the Collateral Manager and its affiliates may make an investment on their own behalf without offering the investment opportunity to, or the Collateral Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby the Collateral Manager and/or its affiliates are obligated to offer certain investments to funds or accounts that they manage or advise before or without the Collateral Manager offering those investments to the Issuer. The Collateral Manager and its affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves. The Collateral Manager may make investments on behalf of the Issuer in securities, or other assets, that it has declined to invest in for its own account, the account of any of its affiliates or the account of its other clients. The Collateral Manager will endeavor to resolve conflicts with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances.

Although the professional staff of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate to perform its duties in accordance with the Collateral Management Agreement, the staff may have conflicts in allocating its time and services among the Issuer and the Collateral Manager's other accounts. The Indenture places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Debt Securities. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable as a result of such restrictions to buy or sell securities or to take other actions which it might consider to be in the best interests of the Issuer, the holders of the Offered Securities.

The Collateral Manager and/or its affiliates may (for their own accounts or for the accounts of others) purchase Offered Securities at any time. In addition, upon the removal or resignation of the Collateral Manager, a Majority-in-Interest of Preferred Shareholders may appoint a replacement collateral manager which is not affiliated with Cohen Bros. Management so long as the holders of a majority in aggregate outstanding principal amount of each Class of Rated Notes do not disapprove such replacement collateral manager. At all times that Cohen Bros. Management or any of its affiliates is acting as Collateral Manger, Securities, if any, held by, or with respect to which discretionary voting rights are held by, Cohen Bros. Management and its affiliates will have no voting rights with respect to any vote in connection with the removal of the Collateral Manager and will be deemed not to be outstanding in connection with any such vote. However, any Securities held by, or with respect to which discretionary voting rights are held by, Cohen Bros. Management and its affiliates or their respective employees will have voting rights with respect to all other matters as to which the holders of the Offered Securities are entitled to vote, including, without limitation, any vote in connection with the appointment of a replacement collateral manager which is not affiliated with Cohen Bros. Management in accordance with the Collateral Management Agreement and in connection with an Optional Redemption. See "The Collateral Management Agreement".

Cohen Bros. & Company, LLC, an affiliate of Cohen Bros. Management, is acting as a Placement Agent for the Offered Securities. In addition, Cohen Bros. & Company, LLC has acted or may act as a placement agent on behalf of certain Collateral Debt Securities Issuers for a portion of the Collateral Debt Securities purchased by the Issuer. In such capacity as a placement agent, Cohen Bros. & Company, LLC may be paid origination fees by the Collateral Debt Securities Issuers. This represents a conflict of interest because of Cohen Bros. & Company, LLC's desire to receive origination fees and sell the Collateral Debt Securities at the highest price for the benefit of the Collateral Debt Securities Issuers, while at the same time the Collateral Manager desires to acquire Collateral Debt Securities for the Issuer. Upon the advice of the Collateral Manager, the Issuer will be acquiring Collateral Debt Securities based upon aggregate principal balances and consistent with the investment guidelines and objectives and the restrictions contained in the Indenture and not primarily with a view to acquiring Collateral Debt Securities at the best prices available to it. In addition, Cohen Bros. Management and/or its affiliates may own equity or other securities of the Collateral Debt Securities Issuers and/or the Affiliated Financial Institutions and may have provided advisory and other services to the Collateral Debt Securities Issuers and/or the Affiliated Financial Institutions and may have received certain fees for its advisory and other services which may include, without limitation, appointing and/or having an officer or other representative of Cohen Bros. Management on the board of directors of the Collateral Debt Securities Issuers and/or the Affiliated Financial Institutions. The Issuer may invest in the securities of companies affiliated with Cohen Bros. Management and its affiliates and in which Cohen Bros. Management and its affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of Cohen Bros. Management's and its affiliates' own investments in such companies.

The Collateral Manager may also effect client cross transactions where the Collateral Manager causes a transaction to be effected between the Issuer and another account advised by it or any of its affiliates. In addition, the Collateral Manager may enter into agency cross transactions where it or any of its affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted by applicable law, in which case any such affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction. By purchasing an Offered Security of the Issuer, a Holder is deemed to have consented to the Collateral Manager effecting client cross-transactions and agency cross-transactions under the circumstances described herein and the procedures described herein relating to principal transactions with the Collateral Manager and/or its Affiliates. Also with the prior authorization of the Issuer and in accordance with Section 11(a) of the Exchange Act and regulation 11a2-2T thereunder (or any similar rule that may be adopted in the future), the Collateral Manager may effect transactions for the Issuer on a national

securities exchange of which any of its affiliates is a member and retain commissions in connection therewith. Although the affiliates of the Collateral Manager anticipate that the commissions, mark-ups and mark-downs charged by the affiliates will generally be competitive, the Collateral Manager may have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favorable commission rates, mark-ups and mark-downs.

There is no limitation or restriction on Cohen Bros. Management or any of its affiliates with regard to acting as collateral manager (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager and its affiliates may give rise to additional conflicts of interest.

Conflicts of Interest Involving Cohen Bros. & Company, LLC. Certain of the Collateral Debt Securities acquired or to be acquired by the Issuer will consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which Cohen Bros. & Company, LLC or an affiliate thereof has acted as underwriter, agent, placement agent or dealer or for which Cohen Bros. & Company, LLC or an affiliate thereof has acted as lender or provided other commercial or investment banking services. Cohen Bros. & Company, LLC or an affiliate thereof may structure issues of Collateral Debt Securities and arrange to place such Collateral Debt Securities with the Issuer. In addition, Cohen Bros. & Company, LLC or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the Issuer, and Cohen Bros. & Company, LLC or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the Issuer. These activities may create certain conflicts of interest, and there can be no assurance that the terms on which the Issuer entered into (or enters into) any of the foregoing transactions with Cohen Bros. & Company, LLC (or an affiliate thereof) were or are the most favorable terms available in the market at the time from other potential counterparties

Conflicts of Interest Involving Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). Certain of the Collateral Debt Securities acquired or to be acquired by the Issuer will consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which the Merrill Lynch or an affiliate thereof has acted as underwriter, agent, placement agent or dealer or for which the Merrill Lynch or an affiliate thereof has acted as lender or provided other commercial or investment banking services. Merrill Lynch or an affiliate thereof may structure issues of Collateral Debt Securities and arrange to place such Collateral Debt Securities with the Issuer. The Placement Agent or an affiliate thereof may also act as counterparty with respect to one or more synthetic securities. In its role as counterparty with respect to synthetic securities, Merrill Lynch or one or more of its affiliates may manage a pool of reference obligations with respect to the synthetic securities and make determinations regarding those reference obligations. In addition, an affiliate of Merrill Lynch may act as Hedge Counterparty under one or more Hedge Agreements with the Issuer. Moreover, Merrill Lynch or its affiliates may from time to time enter into derivative transactions with third parties with respect to the Offered Securities or with respect to Collateral Debt Securities acquired by the Issuer, and Merrill Lynch or its affiliates may, in connection therewith, acquire (or establish long, short or derivative financial positions with respect to) Offered Securities, Collateral Debt Securities or one or more portfolios of financial assets similar to the portfolio of Collateral Debt Securities acquired by (or intended to be acquired by) the Issuer. These activities may create certain conflicts of interest, and there can be no assurance that the terms on which the Issuer entered into (or enters into) any of the foregoing transactions with Merrill Lynch (or an affiliate thereof) were or are the most favorable terms available in the market at the time from other potential counterparties.

Projections, Forecasts and Estimates. Any projections, forecasts and estimates contained herein are forward-looking statements and are based upon certain assumptions that the Co-Issuers consider

reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only an estimate. 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 Collateral Debt Securities, the occurrence, timing and frequency of defaults on the Collateral Debt Securities, mismatches between the timing of accrual and receipt of Interest Proceeds and Principal Proceeds from the Collateral Debt Securities (particularly prior to the Ramp-Up Completion Date), defaults under Collateral Debt Securities, the availability of Collateral Debt Securities for purchase prior to the Ramp-Up Completion Date and the terms thereof, whether or not the Issuer enters into Hedge Agreements and the effectiveness of the Hedge Agreements, among others. In addition, after the Closing Date and prior to the Ramp-Up Completion Date, while the Issuer will be permitted to purchase additional Collateral Debt Securities, the ability of the Issuer to purchase securities will be limited such that the Issuer will be able to purchase only those securities permitted to be purchased in accordance with the Indenture and, if the Issuer is unable to effect such purchases in accordance with the terms of the Indenture, the Issuer will not be authorized to purchase any additional Collateral Debt Securities. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Co-Issuer, the Collateral Manager, the Trustee, the Placement Agents or any of their respective affiliates or any other person or entity of the results that will actually be achieved.

None of the Issuer, the Co-Issuer, the Collateral Manager, the Trustee, the Placement Agents, any of their respective affiliates and any other person 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.

1940 Act. None of the Issuer, the Co-Issuer or the Collateral has been registered with the United States Securities and Exchange Commission (the "SEC") as an investment company pursuant to the 1940 Act. The Co-Issuers have not so registered in reliance on an exemption from registration contained in Section 3(c)(7) thereof. Counsel for the Co-Issuers will opine, in connection with the issuance of the Offered Securities, that on the Closing Date the Co-Issuers are not an investment company required to be registered under the 1940 Act (assuming, for the purposes of such opinion, that the Offered Securities are sold in accordance with the terms of the Indenture, the Preferred Share Paying Agency Agreement, the Issuer Charter and the Placement Agreement and, that the Collateral Manager manages the Collateral Debt Securities and other assets of the Issuer in accordance with the terms of the Collateral Management 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 1940 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 1940 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 nonenforcement and would not be inconsistent with the purposes of the 1940 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 adversely affected.

Each purchaser of a beneficial interest in a Restricted Definitive Rated Note, Restricted Global Rated Note or Restricted Definitive Combination Note will be deemed to represent at the time of purchase that: (a) the purchaser is both (i) a Qualified Institutional Buyer or an Accredited Investor and (ii) a Qualified Purchaser; (b) the purchaser is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such purchaser owns and invests on a discretionary basis at least U.S.$25,000,000 in securities of issuers that are not affiliated persons of the dealer; and (c) the purchaser 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, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan; (d) the transferee and each account for which it is purchasing, is required to hold and transfer at least the minimum denominations of the Notes specified in the Indenture; and (e) the purchaser will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any transferee.

The Indenture provides that if, notwithstanding the restrictions on transfer contained therein, either of the Co-Issuers determines that any beneficial owner of a Restricted Definitive Rated Note, Restricted Definitive Combination Note or Restricted Global Rated Note (or any interest therein) (A) is a U.S. Person and (B) was not a Qualified Purchaser at the time of its acquisition thereof, then either of the Co-Issuers may require, by notice to such holder, that such holder sell all of its right, title and interest in such Restricted Definitive Rated Note, Restricted Definitive Combination Note or such Restricted Global Rated Note (or interest therein) to a Person that is both a Qualified Institutional Buyer and a Qualified Purchaser with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon written direction from the Issuer, the Trustee (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Rated Note to be transferred in a commercially reasonable sale (conducted by the Trustee in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Trustee, the Co-Issuers and the Collateral Manager, in connection with such transfer, that such person is a both Qualified Institutional Buyer and a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Rated Note held by such beneficial owner.

The Issuer Charter provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of Preferred Shares (A) is a U.S. Person (within the meaning of Regulation S under the Securities Act) and (B) was not a Qualified Purchaser at the time of its acquisition thereof, then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest to such Preferred Shares (or interest therein) to a Person that is both (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Preferred Share Paying Agent (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Preferred Share to be transferred in a commercially reasonable sale (conducted by the Administrator in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Preferred Share Paying Agent, the Issuer and the Collateral Manager, in connection with such transfer, that such person is both a Qualified Institutional Buyer and (ii) pending such transfer, no further payments will be made in respect of such Preferred Share held by such beneficial owner.

Purchase of Collateral Debt Securities; Warehousing Arrangements; Master Forward Sale Agreement. Certain of the Collateral Debt Securities purchased by the Issuer on the Closing Date will be purchased from one or more portfolios of Collateral Debt Securities held by third parties (each such third party a "Warehouser"). Similarly, certain of the Collateral Debt Securities purchased by the Issuer after the Closing Date but on or prior to the Ramp-Up Completion Date may be purchased pursuant to one or more master forward sale agreements between the Issuer and one or more Warehousers (the "Master Forward Sale Agreement") from one or more portfolios of Collateral Debt Securities held by such

Warehousers. Some of such Collateral Debt Securities were originally acquired by Merrill Lynch or an affiliate from the Collateral Manager, one or more of its affiliates or any of their respective clients. The Issuer will purchase Collateral Debt Securities from each Warehouser only to the extent the Collateral Manager determines that such purchases are consistent with the investment guidelines and objectives of the Issuer, the restrictions contained in the Indenture and applicable law. All purchases of such Collateral Debt Securities by the Issuer on the Closing Date will be purchased at a price determined by the Issuer, based upon advice of the Collateral Manager consistent with the investment guidelines and objectives of the Issuer, the restrictions contained in the Indenture and applicable law, and will include accrued and unpaid interest thereon and may be adjusted for hedging losses or gains with respect to such Collateral Debt Security; provided that, pursuant to the terms of any Master Forward Sale Agreements, purchases made thereunder shall be subject to the terms thereof including, without limitation, the purchase by the Issuer at a purchase price equal to the purchase price paid by the Warehouser (adjusted for accrued interest and principal prepayments) and the payment of a financing fee to any provider of financing to such Warehouser; provided further that, although the Issuer may or may not have entered into agreements with Warehousers in connection with the purchase of Collateral Debt Securities on the Closing Date, typically financing arrangements entered into or provided by Warehousers will provide that assets eligible to be purchased by the Issuer (or investment vehicles similar to the Issuer) will be sold by such Warehousers on terms substantially similar to the terms described immediately above with respect to Master Forward Sale Agreements. The Placement Agents, the Collateral Manager and the Trustee and their respective affiliates may be (or may be providing financing arrangements to) Warehousers which will sell Collateral Debt Securities to the Issuer on the Closing Date.

If a Warehouser or an affiliate thereof were to become the subject of a case or proceeding under the United States Bankruptcy Code or another applicable insolvency law, the trustee in bankruptcy or other liquidator could assert that Collateral Debt Securities acquired from such entity are property of the insolvency estate of such entity. Property that the Warehouser or such affiliate has pledged or assigned, or in which the Warehouser or such affiliate has granted a security interest, as collateral security for the payment or performance of an obligation, would be property of the estate of the Warehouser or such affiliate, as the case may be. Property that the Warehouser or such affiliate has sold or absolutely assigned and transferred to another party, however, is not property of the estate of the Warehouser or such affiliate. The Issuer does not expect that the purchase by the Issuer of Collateral Debt Securities, under the circumstances contemplated by this Offering Circular, will be deemed to be a pledge or collateral assignment (as opposed to the sale or other absolute transfer of such Collateral Debt Securities to the Issuer).

Mandatory Repayment of the Rated Notes. If any Coverage Test applicable to a Class of Rated Notes or any Class of Rated Notes Subordinate to such Class is not satisfied as of a Determination Date, Interest Proceeds will be used, to the extent that funds are available in accordance with the Priority of Payments and to the extent necessary to restore the relevant Coverage Test(s) to certain minimum required levels, to repay principal of the Rated Notes in accordance with the Priority of Payments. The foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or the principal repayments made to the holders of one or more Classes of Rated Notes, which could adversely impact the returns of such holders.

In the event of a Ramp-Up Ratings Confirmation Failure, as described under "Description of the Rated Notes—Mandatory Redemption," the Issuer will be required to apply on the first Distribution Date, Uninvested Proceeds, Interest Proceeds and Principal Proceeds to the repayment of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, in accordance with the Priority of Payments as, and to the extent, necessary to obtain a Ratings Confirmation.

Auction Call Redemption. If the Rated Notes have not been redeemed in full prior to the Distribution Date occurring in December 2015, then an auction of the Collateral Debt Securities will be conducted in accordance with the terms of the Indenture and, *provided* that certain conditions are satisfied, the Collateral Debt Securities will be sold and the Rated Notes will be redeemed (in whole, but not in part) on such Distribution Date. If such conditions are not satisfied and the auction is not successfully conducted on such Distribution Date, the Collateral Manager will conduct auctions on a quarterly basis until the Rated Notes are redeemed in full. See "Description of the Rated Notes—Redemption Price" and "—Auction Call Redemption". The Hedge Agreements will terminate upon an Auction Call Redemption.

On and after the Distribution Date occurring in March 2016, 60% of the Interest Proceeds that would otherwise be released from the lien of the Indenture and distributed to the Preferred Shareholders will be applied to redeem the Rated Notes, in order of seniority in accordance with the Priority of Payments. Because such redemption of the Rated Notes will reduce the amount available for the payment of dividends to Preferred Shareholders on and after the Distribution Date occurring in March 2016, until such time as the Rated Notes have been paid in full, the Preferred Shareholders will have a strong incentive to require that the Rated Notes be redeemed on or prior to such Distribution Date.

Optional Redemption. Subject to satisfaction of certain conditions, a Majority-in-Interest of Preferred Shareholders may require that the Rated Notes be redeemed in whole and not in part as described under "Description of the Rated Notes—Optional Redemption"; *provided*, that such optional redemption may only occur on any Distribution Date occurring on or after the Distribution Date occurring in December 2010. See "Description of the Rated Notes—Optional Redemption and Tax Redemption". The Hedge Agreements will terminate upon any Optional Redemption.

An Optional Redemption may require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Collateral Debt Securities sold. Moreover, the Collateral Manager may be required in an Optional Redemption to aggregate Collateral Debt Securities to be sold together in one block transaction, thereby possibly resulting in a lower realized value for the Collateral Debt Securities sold.

Tax Redemption. Subject to satisfaction of certain conditions, upon the occurrence of a Tax Event, the Issuer may redeem the Rated Notes, in whole but not in part, on any Distribution Date at the direction of the holders of a Majority-in-Interest of the Preferred Shares or a majority in aggregate outstanding principal amount of the Affected Class of Rated Notes, and only from (a) the sale proceeds of the Collateral and (b) all other funds in the Interest Collection Account, Principal Collection Account and the Payment Account on such Distribution Date, at the direction of holders of a majority in aggregate outstanding principal amount of any Affected Class of Rated Notes, at the applicable Redemption Price. No Tax Redemption may be effected, however, unless (i) all sale proceeds under clause (a) above are used to make such Tax Redemption, (ii) a Tax Event shall have occurred and (iii) the Tax Materiality Condition is satisfied. See "Description of the Rated Notes—Optional Redemption and Tax Redemption". The Hedge Agreements will terminate upon any Tax Redemption.

Interest Rate Risk. The Rated Notes bear interest at a rate based on three-month LIBOR (except for (i) the Class C-3 Notes prior to the Interest Period commencing on the Distribution Date in December 2008, (ii) the Class B-2 Notes, Class C-2 Notes and Class D-2 Notes prior to the Interest Period commencing on the Distribution Date in December 2010 and (iii) the Class A-2B Notes and Class C-4 Notes prior to the Interest Period commencing on the Distribution Date in December 2015) as determined on the relevant LIBOR Determination Date. The Collateral Debt Securities will include obligations that bear interest at fixed rates or at floating rates that are not the same as the rate or rates on the Rated Notes. In addition, a portion of the Collateral Debt Securities may bear interest at a fixed rate for a specified period of time and then bear interest at a floating rate until their maturity. Accordingly, the Rated Notes

are subject to interest rate risk to the extent that there is an interest rate mismatch between the floating rate at which interest accrues on the Rated Notes and the rates at which interest accrues on the Collateral Debt Securities. In addition, any payments of principal of or interest on Collateral Debt Securities received during a Due Period will be reinvested in Eligible Investments maturing not later than the Business Day immediately preceding the next Distribution Date. There is no requirement that Eligible Investments bear interest at LIBOR, and the interest rates available for Eligible Investments are inherently uncertain. As a result of these mismatches, an increase in three-month LIBOR could adversely impact the ability of the Issuer to make payments on the Rated Notes (including by reason of a decline in the value of previously issued fixed rate Collateral Debt Securities as LIBOR increases). With a view towards mitigating a portion of such interest rate mismatch, the Issuer will on the Closing Date, and may at any time prior to the Ramp-Up Completion Date, enter into one or more Hedge Agreements. However, there can be no assurance that the Collateral Debt Securities and Eligible Investments, together with the Hedge Agreements, will generate sufficient Interest Proceeds to make timely payments of interest on the Rated Notes. Moreover, the benefits of the Hedge Agreements may not be achieved in the event of the early termination of the Hedge Agreements, including termination upon the failure of the Hedge Counterparty to perform its obligations thereunder. See "Security for the Rated Notes—The Hedge Agreements".

Subject to satisfaction of the Rating Condition with respect to such reduction, the Collateral Manager may on any Distribution Date direct the Issuer to reduce the notional amount of any interest rate swap or cap outstanding under any Hedge Agreement. In the event of any such reduction, the Hedge Counterparty or the Issuer may be required to make a termination payment in respect of such reduction to the other party. See "Security for the Rated Notes—The Hedge Agreements".

Average Life of the Rated Notes and Prepayment Considerations. The average life of each Class of Rated Notes is expected to be shorter than the number of years until the Stated Maturity thereof. See "Maturity, Prepayment and Yield Considerations".

The average life of each Class of Rated Notes will be affected by the financial condition of the issuers of the Collateral Debt Securities and the characteristics of the Collateral Debt Securities, including the existence and frequency of exercise of any redemption or sinking fund features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any Defaulted Securities, the frequency of tender or exchange offers for the Collateral Debt Securities and any sales of Collateral Debt Securities and any dividends or other distributions received in respect of Equity Securities. See "Maturity, Prepayment and Yield Considerations" and "Security for the Rated Notes".

Distributions on the Preferred Shares; Investment Term; Non-Petition Agreement. Prior to the payment in full of the Rated Notes and all other amounts owing under the Indenture, Preferred Shareholders will be entitled to receive distributions only to the extent permissible under the Indenture, the Issuer Charter and Cayman Islands law (as described herein). The timing and amount of distributions payable to Preferred Shareholders and the duration of the Preferred Shareholders' investment in the Issuer therefore will be affected by the average life of the Rated Notes. See "—Average Life of the Rated Notes and Prepayment Considerations" above. Each initial purchaser of Preferred Shares will be deemed to covenant, and each transferee of Preferred Shares will be deemed to covenant, that it will not cause the filing of a petition in bankruptcy against the Issuer before one year and one day have elapsed since the payment in full of the Rated Notes or, if longer, the applicable preference period then in effect. In addition, each initial purchaser of a Rated Note and a Combination Note and each transferee thereof will be deemed to covenant and agree not to cause the filing of a petition for winding up on a petition in bankruptcy against the Issuer before a period equal to one year and one day has elapsed since the final payment to the holders of each Class of Rated Notes (or to the holders of the Combination Notes in respect of the Class C-2 Component and Class D-2 Component) senior to the Class of Rated Notes or Combination Notes held by such holder or, if longer, the applicable preference period then in effect, including any period established pursuant to the laws of the Cayman Islands. If such provision failed to

be enforceable under applicable bankruptcy laws, then the filing of such a petition could result in one or more payments on the Rated Notes made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate.

Adverse Effect of Determination of U.S. Trade or Business. Prior to the issuance of the Offered Securities, the Issuer will receive an opinion from Weil, Gotshal & Manges LLP, special U.S. federal tax counsel to the Issuer, to the effect that, in its judgment, although no activity closely comparable to that contemplated by the Issuer has been the subject of any U.S. Treasury regulation, revenue ruling or judicial decision, the Issuer will not be treated as having income that is effectively connected with a trade or business within the United States and, consequently, the Issuer's profits will not be subject to U.S. federal income tax on a net income basis (including the branch profits tax). The opinion is based on the assumption that the Issuer and other transaction parties will comply with the terms of the Indenture, the Collateral Management Agreement and the other transaction documents, as well as certain assumptions and certain representations and agreements of such parties. The opinion represents only special tax counsel's professional judgment, and is not binding on the Internal Revenue Service. There can be no assurance that the Internal Revenue Service would not assert a contrary position. If, notwithstanding special tax counsel's opinion, it were determined that the Issuer was engaged in a U.S. trade or business and had taxable income that is effectively connected with such U.S. trade or business, then the Issuer would be subject under the U.S. Internal Revenue Code to the regular corporate income tax on such effectively connected taxable income and to the 30% branch profits tax as well. Such taxes would reduce the amounts available to make payments on the Offered Securities. There can be no assurance that in such circumstance remaining payments on the Collateral Debt Securities would be sufficient to make timely payments of interest on, and payment of principal at the applicable Stated Maturity of, the Rated Notes or payment of any dividend and amounts in redemption of the Preferred Shares. In addition, interest paid on the Rated Notes and distributions paid with respect to the Preferred Shares to a Non-U.S. Holder (as defined herein in "Certain Income Tax Considerations") could in such circumstance be subject to a 30% U.S. withholding tax.

Changes in Tax Law; Withholding on the Collateral Debt Securities. Although a limited amount of Collateral Debt Securities not to exceed 10% of the aggregate Principal Balance of Collateral Debt Securities as of the Ramp-Up Completion Date may not have been issued with opinions rendered to such effect, the Issuer reasonably believes that, for U.S. federal income tax purposes (i) the Corresponding Debentures will be treated as indebtedness, (ii) each Trust Preferred Securities Issuer will be treated as a grantor trust and, accordingly, the Issuer generally will be considered the owner of a *pro rata* undivided interest in the Corresponding Debentures and (iii) the Subordinated Notes, Surplus Notes and Senior Securities will be treated as indebtedness of the issuers thereof. Accordingly, the Issuer does not expect that payments on the Trust Preferred Securities, Subordinated Notes, Surplus Notes and Senior Securities securing the Rated Notes will, as of the time of the Issuer's acquisition of such Collateral Debt Securities, be subject to the imposition of U.S. withholding tax. If the Corresponding Debentures, Subordinated Notes, Surplus Notes or Senior Securities do not constitute indebtedness for U.S. federal income tax purposes, the Issuer expects that payments of interest (and possibly other payments) on the Corresponding Debentures, Subordinated Notes, Surplus Notes or Senior Securities, as the case may be, would be subject to a 30% U.S. withholding tax and could possibly subject U.S. Holders of Preferred Shares to other adverse U.S. tax consequences. There can be no assurance that payments on the Collateral Debt Securities will not in the future become subject to U.S. or other withholding tax, as a result of a change in any applicable law, treaty, rule or regulation or interpretation thereof or otherwise. In the event of imposition of such withholding tax, it is not anticipated that any gross-up payments will be made to compensate for such taxes, unless, in the case of Trust Preferred Securities, such imposition results from a change in law. The application of any withholding tax to payments on the Collateral Debt Securities therefore would reduce the amounts available to make payments on the Rated Notes. In such event, there can be no assurance that the remaining payments on the Collateral Debt Securities would be sufficient to

make timely payments of interest on and payment of principal at the applicable Stated Maturity of the Rated Notes or to make distributions in respect of, and redemptions at the liquidation preference of, the Preferred Shares. The imposition of withholding taxes on payments on the Collateral Debt Securities or determination of the non-debt status of the Corresponding Debentures or Subordinated Notes, Surplus Notes or Senior Securities could result in the occurrence of a Tax Event, in which event the Rated Notes may be redeemed in whole but not in part, at the applicable redemption price set forth herein, at the direction of a Majority-in-Interest of Preferred Shareholders or Holders of the Affected Class of Rated Notes, as described under "Description of the Rated Notes—Optional Redemption and Tax Redemption".

Withholding on the Rated Notes. The Issuer expects that payments of principal and interest by the Issuer in respect of the Rated Notes will not be subject to any withholding tax in the Cayman Islands, the United States or any other jurisdiction. See "Certain Income Tax Considerations". In the event that withholding or deduction of any taxes from payments of principal or interest in respect of the Rated Notes is required by law in any jurisdiction, neither of the Co-Issuers shall be under any obligation to make any additional payments to the holders of any Rated Notes in respect of such withholding or deduction.

ERISA Considerations. Each purchaser and transferee of a Rated Note that is acting on behalf of, or that is using the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA which is subject to Title I of ERISA, a "plan" described in Section 4975 of the Code, an entity which is deemed to hold plan assets of any of the foregoing or a foreign or governmental plan which is subject to a law substantially similar to ERISA or Section 4975 of the Code will be deemed to have represented and warranted (or required to represent and warrant) that its acquisition, ownership and disposition of the Rated Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar applicable law).

No purchase of a Restricted Preferred Share by an initial purchaser that has represented that it is, is acting on behalf of, or using the assets of a Benefit Plan Investor or Controlling Person will be effective, and the Issuer, Preferred Share Paying Agent and Preferred Share Registrar will not recognize such acquisition, if such acquisition would result in (a) Benefit Plan Investors owning 25% or more of the Preferred Shares (determined pursuant to 29 C.F.R. Section 2510.3-101) or (b) a nonexempt prohibited transaction under ERISA, Section 4975 of the Code or any substantially similar applicable law.

Each initial purchaser of a Restricted Preferred Share shall be required to certify (a) whether or not it is a Benefit Plan Investor or Controlling Person and (b) if it is a Benefit Plan Investor, that its acquisition and holding of the Restricted Preferred Share will not result in a nonexempt prohibited transaction under ERISA, Section 4975 of the Code or any substantially similar applicable law.

Each transferee (other than the initial purchasers) of a Restricted Preferred Share will be required to represent, warrant and covenant that it is not (and for so long as it holds such Restricted Preferred Share will not be), and it is not acting on behalf of (and for so long as it holds such Restricted Preferred Share will not be acting on behalf of), any Benefit Plan Investor or Controlling Person.

Each purchaser and transferee of a Regulation S Preferred Share (or interest therein) will be deemed to represent and warrant that it is not (and for so long as it holds such Regulation S Preferred Share or interest therein will not be), and it is not acting on behalf of (and for so long as it holds such Regulation S Preferred Share or interest therein will not be acting on behalf of), any Benefit Plan Investor or Controlling Person.

Each purchaser and transferee of a Combination Note that is acting on behalf of, or is using the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in Section 4975 of the Code, an entity deemed to hold plan assets of any of

the foregoing, or a foreign or governmental plan that is subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code will be deemed to have represented and warranted (or required to represent and warrant) that its acquisition, ownership and disposition of the Combination Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar applicable law).

See "Certain ERISA Considerations" herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Offered Securities.

Regulatory and Accounting Treatment. Prospective investors should consult their own accounting advisors concerning the accounting treatment that would be given to any Offered Security held by such investors, and any other consequences that investing in Offered Securities may have on the accounting treatment of such entities. Recent accounting developments may impact whether or not certain holders of Offered Securities are required to consolidate certain assets and liabilities on their financial statements.

From time to time, the Applicable Bank Regulator or Applicable Insurance Regulator of a Collateral Debt Securities Issuer or its regulated Affiliate (including its Affiliated Institution) may issue rules or regulations that may impact the regulatory capital treatment (or other regulatory treatment) of the Collateral Debt Securities. There can be no assurance that such rules or regulations, if issued, would not adversely affect the regulatory capital treatment (or other regulatory treatment) of the Collateral Debt Securities. Such action may permit a Collateral Debt Securities Issuer or its regulated Affiliated Institution, upon the receipt of any required regulatory approval, to directly or indirectly cause a redemption of the Collateral Debt Securities in whole but not in part. In addition, there can be no assurance that such rules or regulations, if issued, would not provide an incentive for a Collateral Debt Securities Issuer or its regulated Affiliated Institution to redeem, directly or indirectly, the Collateral Debt Securities in accordance with their terms. Any such redemptions would result in earlier payments on the Notes.

In January 2003, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities and, in December 2003, FASB issued a revised version of such interpretation (collectively, "FIN 46"). Interpreting FIN 46, most accounting authorities have come to the conclusion that, under generally accepted accounting principles, affiliated sponsor companies (such as Affiliated Institutions) of trusts issuing trust preferred securities must deconsolidate such trusts in such companies' financial statements. As a consequence, an affiliated sponsor (such as an Affiliated Institution) may no longer reflect on its balance sheet the trust preferred securities issued out of the trust, but instead must reflect the underlying subordinated debentures that the holding company issued to the deconsolidated trust. The FASB also recently issued Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liability and Equity ("FAS 150"), which provides accounting guidance for the appropriate financial reporting balance sheet classification of trust preferred securities. Certain Affiliated Institutions may not have accounted for previous trust preferred issuances as debt. Accordingly, the FAS 150 requirement to treat trust preferred issuances by such Affiliated Institutions as debt will increase their leverage, which may, among other matters, have an adverse impact on their ability to borrow under their credit facilities.

In light of the accounting deconsolidation implications of FIN 46 and FAS 150 described above, there could be changes to the regulatory treatment accorded by the Applicable Bank Regulators and Applicable Insurance Regulators to trust preferred securities issued by companies such as Affiliated Financial Institutions and Affiliated Insurance Institutions, respectively. Specifically, the Applicable Bank Regulators or Applicable Insurance Regulators could withdraw or modify existing rules or guidance which provide favorable regulatory capital treatment to funds raised through the issuance of trust preferred securities. While Applicable Insurance Regulators have not, to date, issued any formal proposals with respect to such existing rules, the Federal Reserve issued a rulemaking on February 28, 2005 entitled "Risk-Based Capital Standards: Trust Preferred Securities and the Definition of Capital" (12 CFR Parts 208 and 225) (the "Rule"), which is described below.

Historically, trust preferred securities have been treated as eligible for "Tier 1 Capital" treatment by bank holding companies under Federal Reserve rules and regulations relating to minority interests in equity accounts of consolidated subsidiaries. The Rule enables bank holding companies to continue to include issuances of trust preferred securities in their Tier 1 Capital (notwithstanding the currently prevailing interpretation of FIN 46 described above), subject to stricter quantitative limits and qualitative standards, and subject to a transition period, as described below. The Rule limits the aggregate amount of "restricted core capital elements" that a bank holding company could include as Tier 1 Capital for regulatory capital purposes. The term "restricted core capital elements," as defined in the Rule, includes, among other capital elements, "qualifying trust preferred securities." The Rule outlines the specific requirements that must be satisfied for trust preferred securities to qualify as "qualifying trust preferred securities."

Under the Rule, the aggregate amount of restricted core capital elements that a bank holding company may include in its Tier 1 Capital may not exceed 25% of the sum of the bank holding company's "core capital elements," net of goodwill. By netting goodwill from the calculation of the 25% limit, the proposal would tighten the current 25% limit, which, under pre-existing Federal Reserve regulatory capital standards, did not require the deduction of goodwill as part of the calculation. Under the Rule, internationally active banking organizations would generally be expected to limit the aggregate amount of restricted core capital elements included in Tier 1 Capital to 15% of the sum of all core capital elements, including restricted core capital elements, net of goodwill.

The Rule provides a five-year transition period for bank holding companies to meet the new, stricter 25% limitation within regulatory capital by proposing that the limits on restricted core capital elements, including trust preferred securities, become fully effective as of March 31, 2007. During the interim period, any bank holding company with restricted core capital elements (including trust preferred securities) in excess of the 25% limit would be required to consult with the Federal Reserve on a plan for ensuring that the banking organization is not unduly relying upon restricted core capital elements in its capital base and, where appropriate, for reducing such reliance. Bank holding companies will generally be required to comply with the pre-Rule Tier 1 Capital limit during the interim period.

There can be no assurance that the current Rule as adopted by the Federal Reserve or that any other action by the Federal Reserve (whether a revision of the rule or otherwise) would not result in the occurrence of a "Capital Treatment Event." If a "Capital Treatment Event" were to occur, any Affiliated Financial Institution would be able to redeem its Corresponding Debentures, thereby causing a mandatory redemption of the related Trust Preferred Securities.

In addition, any disallowance of Tier 1 Capital treatment for the Trust Preferred Securities or other trust preferred securities issued by an Affiliated Financial Institution's trust subsidiaries might, depending on the amount of its other regulatory capital, cause such Affiliated Financial Institution to fail to meet its minimum regulatory capital requirements. Any such failure might adversely affect the Affiliated Financial Institution's ability to make payments on its Corresponding Debentures.

The Rule, and hence the above discussion of the Rule, relates only to entities which are subject to regulation by the Federal Reserve, which includes Affiliated Financial Institutions but does not include Affiliated Insurance Institutions.

European Union Transparency Directive and Prospectus Directive. The European Union is currently evaluating and considering the adoption of a Transparency Obligations Directive and, as of July 1, 2005, has adopted a Prospectus Directive (collectively, the "Directives"), which, if or as adopted, as applicable, could impose financial reporting requirements on the Issuer. At the current time, neither the final form of the Transparency Directive nor the final form of the implementing rules to be adopted by any European Union member country is known. It is anticipated, however, that the Transparency Directive and the rules implementing such directive will require, at a minimum, the delivery of semi-annual and annual financial reports prepared in accordance with International Accounting Standards or other equivalent accounting standards. While the Indenture will require that semi-annual and annual reports be prepared regarding the Issuer, there can be no assurance that such reporting will meet the requirements of the Transparency Directive and, therefore, additional reporting may be required. If the Issuer were to become subject to additional reporting requirements, the Issuer would incur certain costs and expenses that it would not otherwise incur. Such costs will be included as administrative expenses of the Issuer and will reduce the amount of funds otherwise available to the holders of the Offered Securities (subject to the terms of the Priority of Payments).

Furthermore, the Directives do not allow European exchanges to list Preferred Shares as a type of debt under the specialist security rules. The Preferred Shares do not fall within the definition of non-equity under the new Directives' definitions. The impact of the Directives is that Preferred Shares cannot be listed under the specialist security rules by any competent authority of Europe. For this reason, application has been made to list the Preferred Shares on the Channel Islands Stock Exchange, a stock exchange outside the European Union, to which the Prospectus Directive does not apply, and to which the Transparency Obligations Directive will not apply. The Channel Islands Stock Exchange is a member of the International Federation of Stock Exchanges and holds "recognized" stock exchange or equivalent status from the UK Financial Services Authority, UK Inland Revenue, the U.S. Securities and Exchange Commission, among others. Also, the Channel Islands Stock Exchange is organized in Guernsey, a state that is a member of the Organization for Economic Cooperation and Development ("OECD").

The Issuer may, but shall not be under any obligation to, elect to terminate the listing of the Rated Notes and the Combination Notes on the Irish Stock Exchange or the Preferred Shares on the Channel Islands Stock Exchange (in which event the Issuer will use reasonable efforts to seek a replacement listing on a stock exchange outside the European Union that is a member of the International Federation of Stock Exchanges and is organized or incorporated in a state that is a member of the OECD, so long as obtaining or maintaining a listing on such stock exchange does not require the Issuer to restate its accounts and is not otherwise unduly burdensome on the Issuer.

Although no assurance is made as to the liquidity of the Preferred Shares as a result of listing on the Channel Islands Stock Exchange, delisting the Preferred Shares from the Channel Islands Stock Exchange may have a material effect on a holder's ability to resell the Preferred Shares in the secondary market.

USA PATRIOT Act—Money Laundering and Terrorism Prevention. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, requires that financial institutions, a term that includes banks, broker-dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the U.S. Treasury (the "Treasury") to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Federal Reserve Board, the Treasury

and the SEC are currently studying what types of investment vehicles should be required to adopt anti-money laundering procedures, and it is unclear at this time whether such procedures will apply to pooled investment vehicles such as the Co-Issuers. It is possible that there could be promulgated legislation or regulations that would require the Issuer, the Co-Issuer or the Placement Agents or other service providers to the Co-Issuers, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to investors in the Notes. Such legislation and/or regulations could require the Co-Issuers to implement additional restrictions on the transfer of the Notes. The Co-Issuers reserve the right to request such information as is necessary to verify the identity of investors in the Notes and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by Financial Crimes Enforcement Network and/or the SEC or as is required under any anti-money laundering legislation and regulation of the Cayman Islands. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of Notes and the subscription monies relating thereto may be refused. See "Anti-Money Laundering and Anti-Terrorism Requirements and Disclosures".

Certain Legal Investment Considerations. None of the Issuer, the Co-Issuer, the Collateral Manager and either Placement Agent makes any representation as to the proper characterization of the Offered Securities for legal investment or other purposes, as to the ability of particular investors to purchase Offered Securities for legal investment or other purposes or as to the ability of particular investors to purchase Offered Securities under applicable investment restrictions. All institutions the activities of which 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 Offered Securities are subject to investment, capital or other restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Co-Issuer, the Collateral Manager and either Placement Agent makes any representation as to the characterization of the Offered Securities as a U.S.-domestic or foreign (non-U.S.) investment under any state insurance code or related regulations, and they are not aware of any published precedent that addresses such characterization. Although they are not making any such representation, the Co-Issuers understand that the New York State Insurance Department, in response to a request for guidance, has been 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 advice 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 Offered Securities) may affect the liquidity of the Offered Securities.

DESCRIPTION OF THE RATED NOTES

The Notes will be issued pursuant to the Indenture. The following summary describes certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture. Copies of the Indenture may be obtained by prospective investors upon request to the Trustee at U.S. Bank National Association, One Federal Street, Boston, Massachusetts 02110, Attention: CDO Unit or to the Irish Paying Agent at RSM Robson Rhodes, RSM House, Herbert Street, Dublin 2, Ireland if and for so long as any Rated Notes are listed on the Irish Stock Exchange.

Status and Security

The Rated Notes will be non-recourse debt obligations of the Co-Issuers. All of the Class A-1 Notes are entitled to receive payments *pari passu* among themselves, all of the Class A-2A Notes and Class A-2B Notes are entitled to receive payments *pari passu* among themselves, all of the Class B-1 Notes and Class B-2 Notes are entitled to receive payments *pari passu* among themselves, all of the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes are entitled to receive payments *pari passu* among themselves, and all of the Class D-1 Notes and Class D-2 Notes are entitled to receive payments *pari passu* among themselves. Except as otherwise described herein (e.g. the application of Interest Proceeds in accordance with the Priority of Payments upon the failure to satisfy either of the Class B/C/D Coverage Tests), the relative order of seniority of payment of each Class of Rated Notes is as follows: *first*, Class A-1 Notes (including payment of the Commitment Fee with respect to the Class A-1 Notes), *second*, Class A-2A Notes and Class A-2B Notes, *third*, Class B-1 Notes and Class B-2 Notes, *fourth*, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes and *fifth*, Class D-1 Notes and Class D-2 Notes with (a) each Class of Rated Notes in such list (other than the Class D-1 Notes and Class D-2 Notes) being "Senior" to each other Class of Rated Notes that follows such Class of Rated Notes in such list and (b) each Class of Rated Notes in such list (other than the Class A-1 Notes) being "Subordinate" to each other Class of Rated Notes that precedes such Class of Rated Notes. No payment of interest on any Class of Rated Notes will be made until all accrued and unpaid interest and the Commitment Fee on the Rated Notes of each Class that is Senior to such Class and that remain outstanding has been paid in full. Except as otherwise described herein (e.g. the application of Interest Proceeds in accordance with the Priority of Payments upon the failure to satisfy either of the Class B/C/D Coverage Tests), no payment of principal of any Class of Rated Notes will be made until all principal of, and all accrued and unpaid interest and the Commitment Fee on, the Rated Notes of each Class that is Senior to such Class and that remain outstanding have been paid in full. See "Description of the Rated Notes—Priority of Payments".

Under the terms of the Indenture, the Issuer will grant to the Trustee for the benefit of the Secured Parties a first priority security interest in the Collateral described herein to secure the Issuer's obligations under the Indenture and the Rated Notes.

Subject to the following sentence, payments of principal of and interest and the Commitment Fee on the Rated Notes will be made solely from the proceeds of the Collateral, in accordance with the priorities described under "Description of the Rated Notes—Priority of Payments" herein. If the amounts received in respect of the Collateral (net of certain expenses) are insufficient to make payments on the Rated Notes no other assets will be available for payment of the deficiency and, following liquidation of all the Collateral, the obligations of the Co-Issuers to pay any such deficiency will be extinguished.

Drawdown

Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes, Class D-1 Notes and Class D-2 Notes

All of the Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes, Class D-1 Notes and Class D-2 Notes will be issued on the Closing Date. The entire principal amount of the Class A-2A Notes, Class A-2B Notes, Class B-1 Notes, Class B-2 Notes, Class C-1 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes, Class D-1 Notes and Class D-2 Notes will be advanced on the Closing Date.

Class A-1 Notes

All of the Class A-1 Notes will be authorized on the Closing Date. U.S.$210,000,000 of the principal amount of the Class A-1 Notes will be advanced on the Closing Date. For each advance, Class A-1 Notes will be issued in a principal amount equal to the principal amount of the advance. Pursuant to one or more Class A-1 Note Purchase Agreement dated December 15, 2005, among the Issuer, the Co-Issuer, the Trustee, one or more holders of the Class A-1 Notes identified therein and a distribution agent identified therein, and subject to compliance with the conditions set forth therein, the Co-Issuers may, from time to time during the Commitment Period, request the borrowing of, and the holders of the Class A-1 Notes (or the Liquidity Provider(s) with respect to such holders) will be obligated to make, on a pro rata basis, in accordance with their respective Commitments, advances under the Class A-1 Notes up to but not exceeding the amount of their respective Commitments until the aggregate principal amount advanced under the Class A-1 Notes equals U.S.$365,000,000. The Commitment Period (the "Commitment Period") is the period starting on and including the Closing Date and ending on and excluding the date (the "Commitment Period Termination Date") that is the earliest of (i) the first Business Day after the Ramp-Up Completion Date; (ii) the redemption of the Class A-1 Notes in full; (iii) the first date on which the aggregate outstanding unfunded Commitments have been reduced to zero; (iv) the date of the occurrence of an Event of Default specified in clauses (iv) or (vi) of the definition thereof; or (v) the sale, foreclosure or other disposition of the Collateral under the Indenture. Any reference herein to "Commitments" in respect of any Class A-1 Notes at any time shall mean the maximum aggregate principal amount of advances (whether at the time funded or unfunded) that the holder (or the Liquidity Provider(s) with respect to such holder) of such Class A-1 Note is obligated from time to time under the Class A-1 Note Purchase Agreement to make to the Co-Issuers.

During the Commitment Period, the Co-Issuers (at the direction of the Collateral Manager) may borrow amounts under the Class A-1 Notes (a "Borrowing" and the date of any such Borrowing, a "Borrowing Date") only once in each month on the 28th day of each month (or if any such day is not a Business Day, the next succeeding Business Day) during the Commitment Period unless otherwise provided in the Class A-1 Note Purchase Agreement, *provided* that (i) the aggregate amount of Borrowings may not in any event exceed the aggregate amount of Commitments in respect of the Class A-1 Notes and (ii) at the time of and immediately after giving effect to such Borrowing, no Event of Default or Default has occurred and is continuing or would result from any Borrowing. Notwithstanding the foregoing, each of the Ramp-Up Completion Date and the Closing Date may also be the date of a Borrowing, (ii) there may be no more than five Borrowings prior to and including the Ramp-Up Completion Date (excluding any Borrowing made on the Closing Date), and (iii) the final Borrowing may be made in the same month as another Borrowing and may be made on any Business Day.

The aggregate principal amount of advances made in respect of any Borrowing (taken as a whole) (except for any borrowing of the entire aggregate undrawn amount of the Commitments then outstanding under the Class A-1 Note Purchase Agreement) will be at least U.S.$5,000,000 and an integral multiple of U.S.$1,000 in excess thereof. On or prior to the fifth Business Day immediately preceding each

Borrowing Date, the Collateral Manager on behalf of the Co-Issuers will submit a Borrowing request to the Trustee specifying the aggregate amount of the requested Borrowing and the Trustee will forward such request to each holder of a Class A-1 Note together with details of the amount of such holder's respective advance to be made as part of the requested Borrowing.

In the event that the Commitment Period Termination Date shall not have occurred on or prior to the Ramp-Up Completion Date, the undrawn Commitments of the Holders shall be drawn in full not later than the Ramp-Up Completion Date.

Prior to the Commitment Period Termination Date, each holder of Class A-1 Notes will be required to satisfy the Rating Criteria specified in the Class A-1 Note Purchase Agreement. Unless otherwise agreed by a holder of Class A-1 Notes and the Co-Issuers, if any holder of Class A-1 Notes (or its liquidity provider) fails at any time during the Commitment Period to comply with the Rating Criteria, then, not later than 30 days after the date on which such holder first obtains knowledge that it (or any of its Liquidity Provider[s]) does not satisfy the Rating Criteria, such holder must (A) transfer all of its rights and obligations in respect of all Class A-1 Notes held by it to a holder that satisfies the Rating Criteria on the date of such transfer or (B) in accordance with the provisions of the Class A-1 Note Purchase Agreement and subject to certain limitations provided therein, cause a designated account to be established, credit to such account cash or eligible investments, the aggregate outstanding amount of which is equal to such holder's unfunded Commitment at such time and enter into a prepayment account control agreement in relation to such account. The "Rating Criteria" will be satisfied on any date with respect to any holder of the Class A-1 Notes if (a) the short-term debt, deposit or similar obligations of such holder, or an affiliate of such holder that unconditionally and absolutely guarantees (with such form of guarantee satisfying Standard & Poor's then-published criteria with respect to guarantees) the obligations of such holder, are on such date rated at least "A-1" by Standard & Poor's, "P-1" by Moody's and "F1" by Fitch or the long-term debt obligations of such holder, or any affiliate of such holder that unconditionally and absolutely guarantees (with such form of guarantee satisfying Standing & Poor's then-published criteria with respect to guarantees) the obligations of such holder, are on such date rated at least "AAA" by Standard & Poor's, "Aaa" by Moody's and "AAA" by Fitch or (b) such holder is then entitled under a Liquidity Facility to borrow loans from, or sell interests in Class A-1 Notes to, one or more financial institutions (each, a "Liquidity Provider"); *provided*, that the short-term debt, deposit or similar obligations of each such Liquidity Provider are rated on such date at least "A-1" by Standard & Poor's, "P-1" by Moody's and "F1" by Fitch. A "Liquidity Facility" (as to any holder as of any date) is a liquidity loan or asset purchase agreement in a form reasonably acceptable to the Collateral Manager (on behalf of the Issuer) and each Rating Agency pursuant to which the Liquidity Provider[s] party thereto have committed (for the express benefit of the holder, the Co-Issuers and the Trustee) to make loans to, or purchase interests in Class A-1 Notes from, such holder in an aggregate principal amount at any one time outstanding equal to or greater than the Commitment of such holder (which commitments are not scheduled to terminate, or which may be drawn in their entirety upon a failure to extend such commitments, prior to the Commitment Period Termination Date). The purchase of Class A-1 Notes (whether in connection with the initial placement or in a subsequent transfer) by any person who does not satisfy the Rating Criteria set forth in clause (a) of the definition thereof at the time of such purchase but who is then entitled to the benefit of a Liquidity Facility described in clause (b) of such definition will be subject to the requirement that each Rating Agency shall have confirmed that the acquisition by such person will not result in a downgrade or withdrawal of its then-current rating, if any, of any of the Notes. Pursuant to the Class A-1 Note Purchase Agreement, any purchaser of Class A-1 Notes that is entitled under a Liquidity Facility to borrow loans from Liquidity Providers may delegate to such Liquidity Providers, and such Liquidity Providers may severally agree to each perform their ratable share (determined in accordance with their respective commitments under the relevant Liquidity Facility) of, all of the purchaser's obligations under the Class A-1 Note Purchase Agreement in respect of the Class A-1 Notes held by such purchaser.

Interest

The Class A-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR (determined as described herein) plus 0.36%. The Holders of the Class A-2A Notes will be entitled to receive interest at a floating rate per annum equal to three-month LIBOR plus 0.45%. The Class A-2B Notes will bear interest at a fixed rate per annum equal to 5.468% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, and a floating rate per annum equal to three-month LIBOR plus 0.45% thereafter. The Class B-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 0.70%. The Class B-2 Notes will bear interest at a fixed rate per annum equal to 5.602% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 0.70% thereafter. The Class C-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 1.27%. The Class C-2 Notes will bear interest at a fixed rate per annum equal to 6.172% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class C-3 Notes will bear interest at a fixed rate per annum equal to 6.115% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class C-4 Notes will bear interest at a fixed rate per annum equal to 6.288% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, and a floating rate per annum equal to three-month LIBOR plus 1.27% thereafter. The Class D-1 Notes will bear interest at a floating rate per annum equal to three-month LIBOR plus 2.85%. The Class D-2 Notes will bear interest at a fixed rate per annum equal to 7.752% for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, and a floating rate per annum equal to three-month LIBOR plus 2.85% thereafter. Interest on the Rated Notes will be computed on the basis of a 360-day year and the actual number of days elapsed; *provided,* that (i) interest on the Class C-3 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008 will be computed on the basis of a 360-day year of twelve 30-day months, (ii) interest on the Class B-2 Notes, Class C-2 Notes, Class D-2 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 will be computed on the basis of a 360-day year of twelve 30-day months, and (iii) interest on the Class A-2B Notes, Class C-4 Notes and interest on Defaulted Interest in respect thereof, accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015 will be computed on the basis of a 360-day year of twelve 30-day months.

Interest will accrue on the outstanding principal amount of each Class of Rated Notes (determined as of the first day of each Interest Period and after giving effect to any redemption or other payment of principal occurring on such day) from the Closing Date. Interest accruing for any Interest Period will accrue for the period from and including the first day of such Interest Period to and including the last day of such Interest Period. In the event that any date identified as a Distribution Date (other than a Redemption Date or at Stated Maturity) falls on a day other than a Business Day, the Distribution Date shall be deemed to be the next succeeding Business Day and (i) with respect to any Rated Notes, other than as set forth in clause (ii) below, interest shall accrue on such payment for the period from and after any such identified date to such next succeeding Business Day and (ii) (a) with respect to the Class C-3 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day, (b) with respect to the Class B-2 Notes, Class C-2 Notes, Class D-2 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to

the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day, and (c) with respect to the Class A-2B Notes, Class C-4 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day.

Payments of interest on the Rated Notes will be payable in U.S. dollars quarterly in arrears on each March 23, June 23, September 23 and December 23, commencing March 23, 2006 (each a "Distribution Date")*; provided*, that if any such date is not a Business Day, the relevant Distribution Date will be the next succeeding Business Day.

So long as any Class A Notes are outstanding, if either Class A Coverage Test applicable to such Class of Rated Notes is not satisfied on any Determination Date relating to any Distribution Date, then Interest Proceeds that would otherwise be used to make payments in respect of interest on any Class of Rated Notes Subordinate to such Class will be used instead to redeem, *first*, the Class A-1 Notes (if any) and, *second*, the Class A-2 Notes, until each applicable Coverage Test is satisfied. See "Description of the Rated Notes—Priority of Payments".

So long as any Class of Rated Notes is outstanding, if either Class B/C/D Coverage Test applicable to such Class of Notes is not satisfied on any Determination Date relating to any Distribution Date, then Interest Proceeds that would otherwise be used to make payments of certain expenses and distributions to the Preferred Shareholders will be used instead to redeem, *pro rata*, the Class B Notes, the Class C Notes and the Class D Notes until each applicable Class B/C/D Coverage Test is satisfied. See "Description of the Rated Notes—"Priority of Payments."

Any interest on the Class B Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class B Deferred Interest"); *provided*, that no accrued interest on the Class B Notes shall become Class B Deferred Interest unless a more Senior Class of Rated Notes is then outstanding. Any interest so deferred will be added to the aggregate outstanding principal amount of the Class B Notes and thereafter interest will accrue on the aggregate outstanding principal amount of the Class B Notes, as so increased. So long as any Class A-1 Notes or Class A-2 Notes are outstanding (or the Commitment Period Termination Date has not occurred), the failure on any Distribution Date to make payment in respect of interest on the Class B Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Unless otherwise specified herein, any reference to the principal amount of a Class B Note includes any Class B Deferred Interest added thereto. Upon the payment of Class B Deferred Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class B Notes will be reduced by the amount of such payment.

Any interest on the Class C Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class C Deferred Interest"); *provided*, that no accrued interest on the Class C Notes shall become Class C Deferred Interest unless a more Senior Class of Rated Notes is then outstanding. Any interest so deferred will be added to the aggregate outstanding principal amount of the Class C Notes and thereafter interest will accrue on the aggregate outstanding principal amount of the Class C Notes, as so increased. So long as any Class A-1 Notes, Class A-2 Notes or Class B Notes are outstanding (or the Commitment Period Termination Date has not occurred), the failure on any Distribution Date to make payment in respect of interest on the Class C Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Unless otherwise specified herein, any reference to the principal amount of a Class C Note includes any Class C Deferred Interest added thereto. Upon the payment of Class C Deferred

Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class C Notes will be reduced by the amount of such payment.

Any interest on the Class D Notes that is not paid when due by operation of the Priority of Payments will be deferred (such interest being referred to herein as "Class D Deferred Interest"); *provided*, that no accrued interest on the Class D Notes shall become Class D Deferred Interest unless a more Senior Class of Rated Notes is then outstanding. Any interest so deferred will be added to the aggregate outstanding principal amount of the Class D Notes and thereafter interest will accrue on the aggregate outstanding principal amount of the Class D Notes, as so increased. So long as any Class A-1 Notes, Class A-2 Notes, Class B Notes or Class C Notes are outstanding (or the Commitment Period Termination Date has not occurred), the failure on any Distribution Date to make payment in respect of interest on the Class D Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Unless otherwise specified herein, any reference to the principal amount of a Class D Note includes any Class D Deferred Interest added thereto. Upon the payment of Class D Deferred Interest previously capitalized as additional principal, the aggregate outstanding principal amount of the Class D Notes will be reduced by the amount of such payment.

Interest will cease to accrue on each Rated Note or, in the case of a partial repayment, on such part, from the date of repayment or Stated Maturity unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payments. To the extent lawful and enforceable, interest on any Defaulted Interest on any Rated Note will accrue at the interest rate applicable to such Rated Note until paid.

With respect to each Interest Period, "LIBOR" for purposes of calculating the interest rate for the Rated Notes for such Interest Period will be determined by the Trustee, as calculation agent (the "Calculation Agent"), in accordance with the following provisions:

(i) On the second LIBOR Business Day (*provided* that on such day commercial banks are open for business (including dealings in foreign currency deposits) in London (a "LIBOR Banking Day"), and otherwise the next preceding LIBOR Business Day that is also a LIBOR Banking Day) prior to each March 23, June 23, September 23 and December 23 and, with respect to the Class A-1 Notes only, the Borrowing Date (each such day, a "LIBOR Determination Date"), LIBOR shall equal the rate, as obtained by the Calculation Agent, for three-month U.S. Dollar deposits in Europe which appears on Telerate (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions) Page 3750 or such other page as may replace such Page 3750, as of 11:00 a.m. (London time) on such LIBOR Determination Date, as reported by Bloomberg Financial Markets Commodities News or any successor service ("Telerate Page 3750"); *provided* that, in the case of the initial Interest Period, LIBOR will be determined by interpolating linearly between (i) three-month LIBOR and (ii) four-month LIBOR. "LIBOR Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banking institutions in New York, New York, or Wilmington, Delaware are authorized or obligated by law or executive order to be closed. If such rate is superseded on Telerate Page 3750 by a corrected rate before 12:00 noon (London time) on such LIBOR Determination Date, the corrected rate as so substituted will be LIBOR for such LIBOR Determination Date.

(ii) If, on such LIBOR Determination Date, such rate does not appear on Telerate Page 3750, the Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks (as defined below) to leading banks in the London interbank market for three-month U.S. Dollar deposits in Europe in an amount determined by the Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on such LIBOR Determination Date made by the Calculation Agent to the Reference Banks. If, on such

LIBOR Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal the arithmetic mean of such quotations. If, on such LIBOR Determination Date, only one or none of the Reference Banks provides such a quotation, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that at least two leading banks in The City of New York selected by the Calculation Agent are quoting on such LIBOR Determination Date for three-month U.S. Dollar deposits in Europe at approximately 11:00 a.m. (London time) in an amount determined by the Calculation Agent; *provided* that if the Calculation Agent is required but is unable to determine LIBOR in accordance with at least one of the procedures provided above, LIBOR shall be LIBOR in effect for the immediately preceding Interest Period. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Calculation Agent.

For so long as any Floating Rate Note remains outstanding, the Issuer will at all times maintain an agent appointed to calculate LIBOR in respect of each Interest Period. As soon as possible after 11:00 a.m. (London time) on each LIBOR Determination Date, but in no event later than 11:00 a.m. (London time) on the Business Day immediately following each LIBOR Determination Date, the Calculation Agent will calculate the interest rate for the Rated Notes for the related Interest Period and the amount of interest for such Interest Period payable in respect of each U.S.$1,000 in principal amount of each Class of Rated Notes (other than (a) the Class C-3 Notes for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, (b) the Class B-2 Notes, Class C-2 Notes and Class D-2 Notes for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010 and (c) the Class A-2B Notes and Class C-4 Notes for the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015) (in each case rounded to the nearest cent, with half a cent being rounded upward) on the related Distribution Date and will communicate such rates and amounts and the related Distribution Date to the Issuer, the Trustee, each Paying Agent (other than the Preferred Share Paying Agent), Euroclear Bank, Clearstream, Luxembourg, DTC, the Irish Stock Exchange (for so long as any Class of Rated Notes is listed on the Irish Stock Exchange) and the Channel Islands Stock Exchange (for so long as any Combination Notes or Preferred Shares are listed on he Channel Islands Stock Exchange).

The Calculation Agent may be removed by the Issuer at any time. If the Calculation Agent is unable or unwilling to act as such, is removed by the Issuer or fails to determine the interest rate for any Class of Rated Notes or the amount of interest payable in respect of any Class of Rated Notes for any Interest Period, the Issuer will promptly appoint as a replacement Calculation Agent a leading bank that is engaged in transactions in U.S. Eurodollar deposits in the international Eurodollar market and which does not control and is not controlled by or under common control with the Issuer, the Co-Issuer or any of their respective affiliates. The Calculation Agent may not resign its duties without a successor having been duly appointed. The determination of the interest rate for Rated Notes for each Interest Period by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

Commitment Fee on Class A-1 Notes

A commitment fee (the "Commitment Fee") will accrue on the aggregate undrawn amount of the Commitments for each day from and including the Closing Date to but excluding the Commitment Period Termination Date, at a rate per annum equal to 0.18%. The Commitment Fee will be payable quarterly in arrears on each Distribution Date and will rank *pari passu* with the payment of interest on the Class A-1 Notes. The Commitment Fee will be computed on the basis of a 360-day year and the actual number of days elapsed. No Class of Notes other than the Class A-1 Notes will be entitled to a commitment fee.

Principal

The Stated Maturity of the Rated Notes is June 23, 2036. Each Class of Rated Notes will mature at the applicable Stated Maturity unless redeemed or repaid prior thereto. However, the Rated Notes may be paid in full prior to their Stated Maturity. See "Risk Factors— Average Life of the Rated Notes and Prepayment Considerations" and "Maturity, Prepayment and Yield Considerations". Any payment of principal with respect to any Class of Rated Notes (including any payment of principal made in connection with an Auction Call Redemption, Optional Redemption or Tax Redemption) will be made by the Trustee on a *pro rata* basis on each Distribution Date among the Rated Notes of such Class according to the respective unpaid principal amounts thereof outstanding immediately prior to such payment. The Trustee shall, so long as any Class of Rated Notes is listed on the Irish Stock Exchange, notify the Irish Stock Exchange not later than the second Business Day preceding each Distribution Date of the amount of principal payments to be made on the Rated Notes of each such Class on such Distribution Date, the aggregate outstanding principal amount (including Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest) of the Rated Notes of each such Class and the percentage of the original aggregate outstanding principal amount of the Rated Notes of such Class after giving effect to the principal payments, if any, on such Distribution Date.

Principal Proceeds will be applied on each Distribution Date in accordance with the Priority of Payments to pay, among other things, principal of each Class of Rated Notes, with principal of each Class of Rated Notes being paid prior to the payment of principal of each other Class of Rated Notes then outstanding that is Subordinate to the Class of Rated Notes being paid.

Mandatory Redemption

Each Class of Rated Notes shall, on any Distribution Date, be subject to mandatory redemption in the event that any Coverage Test applicable to such Class of Rated Notes is not satisfied on the related Determination Date. Any such redemption will be effected from Interest Proceeds to the extent necessary to cause each applicable Coverage Test to be satisfied. Any such redemption will be applied to each outstanding Class of Rated Notes in accordance with the Priority of Payments as described below under "Description of the Rated Notes—Priority of Payments". The Combination Notes will be redeemed with respect to the Class C-2 Component and Class D-2 Component, as applicable, by allocation of payments in respect of such Class C-2 Component and Class D-2 Component, as applicable.

In addition, the Board or a board member authorized to act on behalf of the Board, acting on behalf of the Issuer from its offices outside the United States, will notify or cause the Collateral Manager to notify the Trustee, each Rating Agency and each Hedge Counterparty in writing (each notice a "Ramp-Up Notice") of the occurrence of the date that is the earlier of (a) 120 days following the Closing Date and (b) the first day on which the aggregate par amount of the Collateral Debt Securities held by the Issuer is at least equal to the Aggregate Ramp-Up Par Amount (such date, the "Ramp-Up Completion Date") within seven business days after the occurrence of the Ramp-Up Completion Date. The Board or such authorized individual will request or will cause the Collateral Manager to request that each Rating Agency confirm within 30 days after receipt of a Ramp-Up Notice that it has not reduced or withdrawn the rating (including shadow, private or confidential ratings, if any) assigned by it, if any, on the Closing Date to any Class of Notes (such confirmation, together with any confirmation deemed to have been made in accordance with the following sentence, a "Ratings Confirmation"). The Issuer will be deemed to have obtained a Ratings Confirmation from a Rating Agency (other than Standard & Poor's) if (i) such Rating Agency does not notify the Issuer in writing within 30 days after receipt of a Ramp-Up Notice that any such rating (including shadow, private or confidential ratings, if any) has been reduced or withdrawn and (ii) all Coverage Tests and Collateral Quality Tests are satisfied on the Ramp-Up Completion Date. In the event that the Issuer is unable to obtain a Ratings Confirmation after the Ramp-Up Completion Date occurs (a "Ramp-Up Ratings Confirmation Failure"), the Issuer will be required to apply Uninvested

Proceeds, and, to the extent that Uninvested Proceeds are insufficient, Interest Proceeds and Principal Proceeds to the repayment of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, in accordance with the Priority of Payments as, and to the extent, necessary to obtain a Ratings Confirmation from each Rating Agency.

Auction Call Redemption

In accordance with the procedures set forth in the Indenture (the "Auction Procedures"), the Collateral Manager shall, at the expense of the Co-Issuers, conduct an auction (an "Auction") of the Collateral Debt Securities if, on or prior to the Distribution Date occurring in December 2015 the Rated Notes have not been redeemed in full. The Auction shall be conducted not later than (1) the date that is ten (10) Business Days prior to the Distribution Date occurring in December 2015 and (2) if the Rated Notes are not redeemed in full on such Distribution Date, each Distribution Date thereafter until all of the Collateral Debt Securities have been sold (each such date, an "Auction Date"). Any of the Collateral Manager, the Preferred Shareholders, the Trustee or their respective affiliates may, but shall not be required to, bid at the Auction. The Collateral Manager shall sell and transfer, or shall instruct the Trustee to sell and transfer, the Collateral Debt Securities to the highest bidder therefor (or the highest bidders therefor, in the event the pool of Collateral Debt Securities is divided and sold in subpools) at the Auction; *provided*, that:

(i) the Auction has been conducted in accordance with the Auction Procedures;

(ii) the Collateral Manager has received bids for the Collateral Debt Securities (or for each of the related subpools) from at least two prospective purchasers (including the winning bidder) identified on a list of qualified bidders (such bidders, "Qualified Bidders") furnished by the Collateral Manager to the Trustee in accordance with the Indenture; *provided*, that the Issuer will be entitled to enter into an agreement for the purchase of the Collateral Debt Securities (or the relevant subpool) with a Person other than a Qualified Bidder in the event that (a) such Person provides a bid in an amount greater than the highest bid received from any Qualified Bidder, (b) the Rating Condition is satisfied with respect thereto and (c) such Person provides credit support in respect of its purchase obligation in the form and amount requested, if any, by the Collateral Manager, the Issuer or any Rating Agency (including, without limitation, in the form of a letter of credit if so requested); *provided, further*, that in the event the Collateral Manager, the Preferred Shareholders, the Trustee or their respective affiliates has met the requirements set forth in subclauses (b) and (c) of the preceding proviso, the Collateral Manager, the Preferred Shareholders, the Trustee, the Placement Agents or their respective affiliates shall be entitled to purchase the Collateral Debt Securities, or any portion thereof, at a purchase price equal to the highest bid received therefor; and *provided, still further*, that, in accordance with the Auction Procedures, if the Trustee receives fewer than two bids to purchase all of the Collateral Debt Securities or to purchase each subpool, the Trustee may, if a Majority-in-Interest of the Preferred Shareholders consents thereto in writing, and in accordance with the provisions of the Indenture, accept such bid as the winning bid;

(iii) the Collateral Manager certifies that the highest bid(s) would result in the sale of all of the Collateral Debt Securities (or the related subpools constituting all of the Collateral Debt Securities) for a purchase price (paid in cash) which together with the balance of all Eligible Investments and cash held by the Issuer (other than Eligible Investments and cash held in any Hedge Counterparty Collateral Account), together with the principal balance of any subpools of Collateral Debt Securities that are not sold on or prior to such date, will be at least equal to the sum of (x) the Total Senior Redemption Amount, plus (y) an amount equal to the greater of (1)(A) the aggregate original purchase price of the Preferred Shares on the Closing Date, minus (B) the aggregate amount of all cash distributions on the Preferred Shares (whether in respect of dividends or redemption payments made to the Preferred Share Paying

Agent for distribution to the Preferred Shareholders on or prior to the relevant Auction Date) and (2) zero; and

(iv) subject to the proviso in paragraph (ii) above, the highest Qualified Bidder(s) enter(s) into a written agreement with the Issuer (which the Issuer shall execute if the conditions set forth above and in the Indenture are satisfied which execution shall constitute certification by the Issuer that such conditions have been satisfied) that obligates the highest bidder (or the highest bidder for each subpool) to purchase all of the Collateral Debt Securities (or the relevant subpool) and provides for payment in full (in cash) of the purchase price to the Trustee on or prior to the sixth Business Day following the relevant Auction Date.

Provided that all of the conditions set forth in clauses (i) through (iv) have been met, the Collateral Manager shall sell and transfer, or shall instruct the Trustee to sell and transfer, all of the Collateral Debt Securities (or the related subpool), without representation, warranty or recourse, to such highest bidder (or the highest bidder for each subpool, as the case may be) in accordance with and upon completion of the Auction Procedures. The Trustee shall deposit amounts received in respect of the purchase price for the Collateral Debt Securities in the Collection Accounts and the Rated Notes and, to the extent funds are available therefor, the Preferred Shares, shall be redeemed on the Distribution Date immediately following the relevant Auction Date (such redemption, the "Auction Call Redemption") in accordance with the Priority of Payments.

If any of the foregoing conditions is not met with respect to any Auction or if the highest bidder (or the highest bidder for any subpool, as the case may be) fails to pay the purchase price before the sixth Business Day following the relevant Auction Date (and, in the case of any credit support provided in connection with a sale described in paragraph (v) above), the provider of such credit support shall default in its payment obligations thereunder, (a) no Auction Call Redemption shall occur on the Distribution Date following the relevant Auction Date, (b) the Collateral Manager shall give notice to the Trustee of the withdrawal, (c) subject to clause (d) below, the Collateral Manager or the Trustee, as the case may be, shall decline to consummate such sale and shall not solicit any further bids or otherwise negotiate any further sale of Collateral Debt Securities in relation to such Auction, and (d) unless the Rated Notes are redeemed in full prior to the next succeeding Auction Date, the Collateral Manager shall conduct another Auction on the next succeeding Auction Date.

Optional Redemption and Tax Redemption

Subject to certain conditions described herein, the Issuer may redeem the Rated Notes (such redemption, an "Optional Redemption"), in whole but not in part, at the direction of a Majority-in-Interest of Preferred Shareholders at the applicable Redemption Price therefor on any Distribution Date; *provided,* that no such Optional Redemption may be effected prior to the Distribution Date occurring in December 2010.

In addition, upon the occurrence of a Tax Event, the Issuer may redeem the Rated Notes (such redemption, a "Tax Redemption") on any Distribution Date, in whole but not in part, at the applicable Redemption Price therefore at the direction of the holders of a Majority-in-Interest of Preferred Shareholders or a majority of the aggregate outstanding principal amount of the Affected Class of Rated Notes then outstanding. Any such redemption may only be effected on a Distribution Date and only from (a) the sale proceeds of the Collateral and (b) all other funds in the Interest Collection Account, Principal Collection Account and the Payment Account on any Distribution Date, at the applicable Redemption Price (exclusive of installments of principal and interest due on or prior to such date; *provided*, payment of which shall have been made or duly provided for, to the holders of the Rated Notes as provided for in the Indenture). No Tax Redemption may be effected, however, unless a Tax Event shall have occurred and the Tax Materiality Condition is satisfied.

Notwithstanding the foregoing paragraph, in connection with any Tax Redemption, Holders of at least 66-2/3% of the aggregate outstanding principal amount of an Affected Class of Rated Notes (other than the Class A-1 Notes) may elect to receive less than 100% of the portion of the Total Senior Redemption Amount that would otherwise be payable to Holders of such Affected Class (and the minimum funding requirements specified in the immediately preceding paragraph will be reduced accordingly).

A "Tax Event" will occur if (a) any obligor or paying agent is required to deduct or withhold from any payment under any Collateral Debt Security to the Issuer or under any Corresponding Debenture or in respect of any Limited Guarantee for or on account of any tax for whatever reason, whether or not as a result of any change in law or interpretation, and the related obligor or paying agent is not required to pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer (free and clear of taxes, whether assessed against such obligor or the Issuer) will equal the full amount that the Issuer would have received had no such deduction or withholding occurred or (b) a net income, profits or similar tax is imposed on the Issuer.

The "Tax Materiality Condition" will be satisfied during any 12-month period if the sum of (i) the aggregate amount deducted or withheld during such 12-month period for or on account of any tax by all obligors or paying agents from payments to the Issuer under any Collateral Debt Security or under any Corresponding Debenture or in respect of any Limited Guarantee (net of any gross-up payment made by such obligor to the Issuer) and (ii) the aggregate amount of any net income, profits or similar tax imposed on the Issuer during such 12-month period exceeds U.S.$1,500,000.

Unless a Majority-in-Interest of the Preferred Shareholders have directed the Issuer to redeem the Preferred Shares on such Distribution Date, the amount of Collateral sold in connection with such Optional Redemption or Tax Redemption shall not exceed the amount necessary for the Issuer to obtain the aggregate amount necessary to pay all amounts (including fees and expenses incurred by the Trustee and the Collateral Manager in connection with such sale) due and payable by the Issuer under the Priority of Payments prior to the payment of the Rated Notes, to pay any accrued and unpaid amounts (including any termination payments) payable by the Issuer pursuant to the Hedge Agreements, any fees and expenses incurred by the Trustee and the Collateral Manager in connection with such sale of Collateral Debt Securities and to redeem the Rated Notes on the scheduled Redemption Date at the applicable Redemption Price therefor, together with all accrued interest to the date of redemption (such aggregate amount, the "Total Senior Redemption Amount").

Redemption Procedures

Notice of any Auction Call Redemption, Optional Redemption or Tax Redemption will be given by first-class mail, postage prepaid, mailed not less than ten Business Days prior to the date scheduled for redemption (with respect to such Auction Call Redemption, Optional Redemption or Tax Redemption, the "Redemption Date"), to each holder of Rated Notes at such holder's address in the register maintained by the registrar under the Indenture, to the Hedge Counterparty, and to each Rating Agency. In addition, the Trustee will, if and for so long as any Class of Rated Notes to be redeemed is listed on the Irish Stock Exchange, (i) cause notice of such Auction Call Redemption, Optional Redemption or Tax Redemption to be delivered to the Company Announcements Office of the Irish Stock Exchange not less than ten Business Days prior to the Redemption Date and (ii) promptly notify the Irish Stock Exchange of any Auction Call Redemption, Optional Redemption or Tax Redemption. Rated Notes must be surrendered at the offices of any Paying Agent under the Indenture in order to receive the applicable Redemption Price, unless the holder provides (i) an undertaking to surrender such Rated Note thereafter and (ii) in the case of a holder that is not a Qualified Institutional Buyer, such security or indemnity as may be required by the Issuer or the Trustee.

The Rated Notes may not be redeemed pursuant to an Auction Call Redemption, Optional Redemption or Tax Redemption unless at least four Business Days before the scheduled Redemption Date, the Collateral Manager shall have furnished to the Trustee and the Credit Enhancer evidence, in form satisfactory to the Trustee, that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a Qualified Bidder, or other Person with respect to whom the Rating Condition shall have been satisfied, to sell, not later than the Business Day immediately preceding the scheduled Redemption Date, in immediately available funds, all or part of the Collateral Debt Securities at a purchase price, when added to all cash and Eligible Investments maturing on or prior to the scheduled Redemption Date credited to the Interest Collection Account, the Principal Collection Account, the Uninvested Proceeds Account, the Interest Reserve Account, the Expense Account, the First Distribution Date Reserve Account and the Payment Account on the relevant Distribution Date, will equal or exceed the Total Senior Redemption Amount.

Any such notice of an Auction Call Redemption, an Optional Redemption or a Tax Redemption may be withdrawn by the Issuer up to the fourth Business Day prior to the scheduled Redemption Date by written notice to the Trustee, the Hedge Counterparty and the Collateral Manager only if the Collateral Manager is unable to deliver the sale agreement or agreements referred to above in form satisfactory to the Trustee. Notice of any such withdrawal shall be given by the Trustee to each holder of Notes at such holder's address in the Note Register maintained by the Note Registrar under the Indenture by overnight courier guaranteeing next-day delivery, sent not later than the third Business Day prior to the scheduled Redemption Date. In addition, the Trustee will, if any Class of Rated Notes to have been redeemed was listed on the Irish Stock Exchange, (i) deliver a notice of such withdrawal to the Company Announcements Office of the Irish Stock Exchange not less than three Business Days prior to the scheduled Redemption Date and (ii) promptly notify the Irish Stock Exchange of such withdrawal.

Upon any redemption of the Class C-2 Notes, the Combination Notes will receive *pro rata* payment with respect to the Class C-2 Component. Thereafter (to the extent the Class D-2 Notes constituting the Class D-2 Component have not been redeemed), the Combination Notes will represent only the Class D-2 Component and shall be fully redeemed when the Class D-2 Notes constituting the Class D-2 Component have been fully redeemed.

Upon any redemption of the Class D-2 Notes, the Combination Notes will receive *pro rata* payment with respect to the Class D-2 Component. Thereafter (to the extent the Class C-2 Notes constituting the Class C-2 Component have not been redeemed), the Combination Notes will represent only the Class C-2 Component and shall be fully redeemed when the Class C-2 Notes constituting the Class C-2 Component have been fully redeemed.

Redemption Price

The amount payable to a Holder of a Rated Note in connection with any Auction Call Redemption, Optional Redemption or Tax Redemption of such Rated Note (with respect to each Class of Rated Notes, the "Redemption Price") will be an amount equal to the sum of (i) 100% of the outstanding principal amount of each such Rated Note being redeemed plus (ii) accrued interest through such Redemption Date (including any Defaulted Interest and interest on Defaulted Interest and any Deferred Interest and interest on any Deferred Interest, as applicable) thereon.

Cancellation

All Rated 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 in respect of principal of and interest or the Commitment Fee on any Rated Note will be made to the person in whose name such Rated Note is registered fifteen days prior to the applicable Distribution Date (the "Record Date"). Payments on each Rated Note will be payable by wire transfer in immediately available funds to a Dollar account maintained by the holder thereof in accordance with wire transfer instructions received by any paying agent appointed under the Indenture (each, a "Paying Agent") on or before the Record Date or, if no wire transfer instructions are received by a Paying Agent in respect of such Rated Note, by a Dollar check drawn on a bank in the United States mailed to the address of the holder of such Rated Note as it appears on the Note Register at the close of business on the Record Date for such payment. Final payments in respect of principal of the Rated Notes will be made against surrender of such Rated Notes at the office of the Paying Agent.

If any date identified as a Distribution Date (other than a Redemption Date or at Stated Maturity) falls on a day other than a Business Day, the Distribution Date shall be deemed to be the next succeeding Business Day and interest shall accrue on such payment for the period from and after any such identified date to such next succeeding Business Day and (i) with respect to any Rated Notes, other than as set forth in clause (ii) below, interest shall accrue on such payment for the period from and after any such identified date to such next succeeding Business Day and (ii) (a) with respect to the Class C-3 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2008, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day, (b) with respect to the Class B-2 Notes, Class C-2 Notes, Class D-2 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2010, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day and (c) with respect to the Class A-2B Notes, Class C-4 Notes and interest on Defaulted Interest in respect thereof accruing during the period from the Closing Date to the last day of the Interest Period ending immediately prior to the Distribution Date in December 2015, no interest shall accrue on such payment for the period from and after such identified date to such next succeeding Business Day. No additional interest shall accrue on the Rated Notes if a Redemption Date or Stated Maturity does not fall on a Business Day. To the extent action is required of the Issuer that has not been delegated to the Trustee, the Collateral Manager or any agent of the Issuer located outside of the Cayman Islands, the Cayman Islands shall be considered in determining "Business Day" for purposes of determining when such Issuer action is required. To the extent action is required of the Irish Paying Agent, Dublin, Ireland shall be considered in determining "Business Day" for purposes of determining when such Paying Agent action is required.

For so long as any Rated Notes are listed on the Irish Stock Exchange and the rules of such exchange shall so require, the Co-Issuers will maintain an Irish listing agent and an Irish paying agent with respect to such Notes with an office located in Dublin, Ireland. For so long as the Preferred Shares and Combination Notes are listed on the Channel Islands Stock Exchange and the rules of such exchange shall so require, the Issuer will maintain a Channel Islands listing agent with respect to such Preferred Shares and Combination Notes with an office in Jersey, Channel Islands.

Except as otherwise required by applicable law, any money deposited with the Trustee or any Paying Agent in trust for the payment of principal of or interest or the Commitment Fee on any Rated Note and remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Issuer upon request by the Issuer therefor, and the holder of such Rated Note shall thereafter, as an unsecured general creditor, look to the Issuer for payment of such amounts and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease. The Trustee or the Paying Agent, before being required to make any such release of payment may, but shall

not be required to, adopt and employ, at the expense of the Issuer, any reasonable means of notification of such release of payment, including mailing notice of such release to holders whose Rated Notes have been called but have not been surrendered for redemption or whose right to or interest in monies due and payable but not claimed is determinable from the records of any Paying Agent, at the last address of record of each such holder.

Priority of Payments

With respect to any Distribution Date, collections received during each Due Period in respect of the Collateral will be divided into Interest Proceeds and Principal Proceeds and applied in the order of priority set forth below under "—Interest Proceeds" and "—Principal Proceeds," respectively (collectively, the "Priority of Payments"). "Due Period" means, with respect to any Distribution Date, the period commencing immediately following the fifth Business Day prior to the preceding Distribution Date (or on the Closing Date, in the case of the Due Period relating to the first Distribution Date) and ending on the fifth Business Day prior to such Distribution Date (without giving effect to any Business Day adjustment thereto), except that in the case of the Due Period that is applicable to the Distribution Date relating to the Stated Maturity of the Rated Notes, such Due Period shall end on the day preceding the Stated Maturity; *provided* that "London" shall be excluded from the definition of Business Day when such term is used in the phrase "fifth Business Day" above.

Interest Proceeds. On each Distribution Date, Interest Proceeds with respect to the related Due Period will be applied in the order of priority set forth below:

(1) (a) *first*, to the payment of taxes and filing and registration fees owed by the Issuer, if any; and (b) *second*, to the retention in the Interest Collection Account of an amount equal to (x) the Interest Holdback Amount for such Distribution Date minus (y) the Interest Holdback Distribution Amount for such Distribution Date;

(2) (a) *first*, to the payment, in the following order, to the Trustee, the Preferred Share Paying Agent, the Note Registrar and the Collateral Administrator of accrued and unpaid fees and expenses (including amounts in respect of indemnities) owing to them under the Indenture, the Preferred Share Paying Agency Agreement and the Collateral Administration Agreement, as applicable; (b) *second*, to the payment of all other accrued and unpaid administrative expenses of the Issuer payable under the Indenture (excluding fees and expenses described in clause (a) above, the Collateral Management Fee and principal of and interest on the Rated Notes but including other amounts for which the Collateral Manager may claim reimbursement pursuant to the Collateral Management Agreement); *provided*, that all payments made on such Distribution Date pursuant to clauses (a) and (b), together with amounts disbursed from the Expense Account during the Due Period corresponding to such Distribution Date, do not exceed the Expense Cap; and (c) *third*, after application of the amounts under clauses (a) and (b) of this paragraph (2) and if such date is not the Stated Maturity or a Redemption Date, if the balance of all Eligible Investments and cash in the Expense Account on the related Determination Date is less than U.S.$100,000, for deposit to the Expense Account an amount equal to such amount as will cause the balance of all Eligible Investments and cash in the Expense Account immediately after such deposit to equal U.S.$100,000;

(3) to the payment to the Collateral Manager of accrued and unpaid Base Collateral Management Fee;

(4) to the payment of any amount scheduled to be paid to the Hedge Payment Amounts pursuant to the Hedge Agreements, together with any Qualified Termination Payments,

in each case net of any payments to be received from the Hedge Counterparty pursuant to the Hedge Agreements;

(5) to the payment of, *first*, accrued and unpaid interest on the Class A-1 Notes (including Defaulted Interest and any interest thereon) and the Commitment Fee on the Class A-1 Notes and *second*, accrued and unpaid interest on the Class A-2A Notes and Class A-2B Notes, *pro rata* (including, in each case, Defaulted Interest and any interest thereon);

(6) (a) if either Class A Coverage Test is not satisfied on the related Determination Date and if any Class A Note remains outstanding, to the payment of principal of, *first*, the Class A-1 Notes and *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, to the extent necessary to cause each of the Class A Coverage Tests to be satisfied on the related Determination Date, and (b) on the first Distribution Date after the occurrence of a Ramp-Up Ratings Confirmation Failure, in the event that the Issuer is unable to obtain a Ratings Confirmation after the application of Uninvested Proceeds to pay principal of the Rated Notes, to the payment of principal of, *first*, the Class A-1 Notes and, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, to the extent specified by each Rating Agency in order to obtain a Ratings Confirmation;

(7) to the *pro rata* payment of, *first*, accrued and unpaid interest on the Class B-1 Notes and Class B-2 Notes (including Defaulted Interest and interest thereon, if any) and, *second*, any Class B Deferred Interest;

(8) to the *pro rata* payment of, *first*, accrued and unpaid interest on the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes (including Defaulted Interest and interest thereon, if any) and, *second*, any Class C Deferred Interest;

(9) to the *pro rata* payment of, *first*, accrued and unpaid interest on the Class D-1 Notes and Class D-2 Notes (including Defaulted Interest and interest thereon, if any) and, *second*, any Class D Deferred Interest;

(10) (a) if either Class B/C/D Coverage Test is not satisfied on the related Determination Date and if any Rated Notes remain outstanding, to the *pro rata* payment of principal of the Class B Notes, the Class C Notes and the Class D Notes to the extent necessary to cause the applicable Class B/C/D Coverage Tests to be satisfied on the related Determination Date, and (b) on the first Distribution Date after the occurrence of a Ramp-Up Ratings Confirmation Failure, in the event that the Issuer is unable to obtain a Ratings Confirmation after the application of Uninvested Proceeds and Interest Proceeds (in accordance with paragraph (6) above) to the payment of principal of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, to the extent specified by each Rating Agency in order to obtain a Ratings Confirmation;

(11) on each Distribution Date on and prior to the Distribution Date in December 2008, $83,333 shall be deposited into the Interest Reserve Account, and on each Distribution Date after such Distribution Date in December 2008, on which Rated Notes remain outstanding and the balance in the Interest Reserve Account is less than $1,000,000, 15% of all remaining amounts shall be deposited into the Interest Reserve Account until the balance therein equals $1,000,000;

(12) to the payment of all other accrued and unpaid administrative expenses of the Issuer (excluding any Collateral Management Fee) not paid pursuant to paragraph (2) above, whether as the result of the limitations on amounts set forth therein or otherwise, *pro rata*;

(13) to the payment of any Non-Qualified Termination Payments payable by the Issuer pursuant to any Hedge Agreement;

(14) to the payment to the Collateral Manager of accrued and unpaid Subordinate Collateral Management Fee;

(15) on any Distribution Date on or after the Distribution Date in March 2016, to the payment of principal of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, until each such Class has been paid in full; *provided*, that all payments made pursuant to this paragraph (15) shall not exceed on any Distribution Date an amount equal to 60% of the Interest Proceeds that would otherwise be released from the lien of the Indenture and distributed to the Preferred Share Paying Agent for distribution to the Preferred Shareholders in accordance with paragraph (16) below (assuming solely for such purpose that no payments are to be made pursuant to this paragraph (15)); and

(16) the remainder, to be released from the lien of the Indenture and, to the fullest extent permitted under Cayman Islands law, paid to the Preferred Share Paying Agent for distribution to the Preferred Shareholders as a dividend on the Preferred Shares or as a return of capital of the Preferred Shares as provided in the Issuer Charter.

On each Distribution Date, after the application of Interest Proceeds as provided above, any Interest Holdback Amount will be applied to the payment of the amounts referred to in sub-clauses (2), (3), (4), (5), (7), (8), (9), (12), (13) and (14) above, in such order of priority, to the extent such amounts are not paid in full with Interest Proceeds as described above.

The "Aggregate Interest Holdback Distribution Amount" for any Distribution Date, is the sum of all Interest Holdback Distribution Amounts as of such Distribution Date; provided, that the Aggregate Interest Holdback Distribution Amount on any Distribution Date shall not exceed the Interest Holdback Amount as of such Distribution Date.

The "Interest Holdback Amount" for any Distribution Date, is (i) the sum of all interest payments received on Collateral Debt Securities which pay scheduled interest less frequently than quarterly during all previous Due Periods (including, for the avoidance of doubt, the Due Period corresponding to such Distribution Date), less (ii) the sum of the Aggregate Interest Holdback Distribution Amounts on all prior Distribution Dates; provided, that for the initial Distribution Date, the Interest Holdback Amount shall be zero.

The "Interest Holdback Distribution Amount" for a Collateral Debt Security that pays scheduled interest less frequently than quarterly, is an amount equal to (A) with respect to each such Collateral Debt Security that is a floating rate Collateral Debt Security, the product of (1) the actual number of days in the related Due Period divided by 360, (2) the sum of (I) three-month LIBOR, as of the immediately preceding Determination Date, and (II) the spread, as of the immediately preceding Determination Date, on such Collateral Debt Security and (3) the principal balance of such Collateral Debt Security as of the immediately preceding Determination Date plus (B) with respect to each such Collateral Debt Security

that is a fixed rate Collateral Debt Security, the product of (1) 0.25, (2) the coupon, as of the immediately preceding Determination Date, on such Collateral Debt Security expressed as a percentage and (3) the principal balance of such Collateral Debt Security as of the immediately preceding Determination Date.

Principal Proceeds. On each Distribution Date other than the Distribution Date related to the Stated Maturity of the Notes, Principal Proceeds with respect to the related Due Period (other than Principal Proceeds as are reinvested (or allocated by the Collateral Manager for reinvestment) in Additional Collateral Debt Securities pursuant to and in compliance with the provisions of the Indenture ("Substitution Principal Proceeds")), will be distributed in the order of priority set forth below:

(1) to the payment of the amounts referred to in paragraphs (1) to (5) under "Priority of Payments—Interest Proceeds" above in the same order of priority specified therein, but only to the extent not paid in full thereunder;

(2) to the payment of principal to the Class A-1 Notes until the Class A-1 Notes have been paid in full;

(3) to the *pro rata* payment of principal to the Class A-2A Notes and Class A-2B Notes, until the Class A-2A Notes and Class A-2B Notes have been paid in full;

(4) so long as no Class A Notes are outstanding, to the payment of the amounts referred to in clause *first* of paragraph (7) under "Priority of Payments—Interest Proceeds", but only to the extent not paid in full thereunder;

(5) to the *pro rata* payment of principal of the Class B-1 Notes and Class B-2 Notes (including, to the extent not paid in full pursuant to paragraph (7) under "Priority of Payments—Interest Proceeds", Class B Deferred Interest), until the Class B-1 Notes and Class B-2 Notes have been paid in full;

(6) so long as no Class A Notes or Class B Notes are outstanding, to the payment of the amount referred to in clause *first* of paragraph (8) under "Priority of Payments—Interest Proceeds", but only to the extent not paid in full thereunder;

(7) to the *pro rata* payment of principal of the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and the Class C-4 Notes (including, to the extent not paid in full pursuant to paragraph (8) under "Priority of Payments—Interest Proceeds", Class C Deferred Interest), until the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes have been paid in full;

(8) so long as no Class A Notes, Class B Notes or Class C Notes are outstanding, to the payment of the amount referred to in clause *first* of paragraph (9) under "Priority of Payments—Interest Proceeds", but only to the extent not paid in full thereunder;

(9) to the *pro rata* payment of principal of the Class D-1 Notes and Class D-2 Notes (including, to the extent not paid in full pursuant to paragraph (9) under "Priority of Payments—Interest Proceeds", Class D Deferred Interest), until the Class D-1 Notes and Class D-2 Notes have been paid in full;

(10) so long as no Rated Notes are outstanding, to the payment of the amounts referred to in paragraphs (12), (13) and (14) of "Priority of Payments—Interest Proceeds", in the same order of priority specified therein, but only to the extent not paid in full thereunder; and

(11) the remainder, to be released from the lien of the Indenture and, to the fullest extent permitted under Cayman Islands law, paid to the Preferred Share Paying Agent for distribution to the Preferred Shareholders as a dividend on the Preferred Shares or as a return of capital on the Preferred Shares as provided in the Issuer Charter.

On the Distribution Date related to the Stated Maturity of the Rated Notes, Principal Proceeds will be distributed in the following order of priority (a) to the payment of the amounts referred to in paragraphs (1) through (4) under "Priority of Payments – Interest Proceeds" in the same order of priority specified therein, but only to the extent not paid in full thereunder, (b) to the payment of unpaid interest and the Commitment Fees, if any on, and principal of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and, *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, and (c) to the payment of the amounts referred to in paragraphs (10) and (11) under "Priority of Payments – Principal Proceeds" in the same order of priority specified therein.

On the first Distribution Date after the occurrence of a Ramp-Up Ratings Confirmation Failure, Uninvested Proceeds and, as necessary, Interest Proceeds (including Uninvested Interest Proceeds) and Principal Proceeds will be applied to the payment of principal of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, to the extent specified by each Rating Agency in order to obtain a Ratings Confirmation.

"Expense Cap" means, as of any Determination Date, U.S.$100,000.

Except as otherwise expressly provided in the Priority of Payments, if on any Distribution Date, the amount available in the Payment Account from amounts received in the related Due Period are insufficient to make the full amount of the disbursements in accordance with the Priority of Payments, the Trustee will make the disbursements called for by each such paragraph ratably in accordance with the respective amounts of such disbursements then due and payable to the extent funds are available therefor. In respect of payments to be made *pro rata* as provided above, such payments shall be made (i) as to accrued and unpaid interest, *pro rata* based on the amount of accrued and unpaid interest then due and payable and (ii) as to principal (including Deferred Interest), *pro rata* based on aggregate outstanding principal amount.

If the Offered Securities have not been redeemed prior to June 2036, it is expected that the Issuer (or the Collateral Manager acting pursuant to the Collateral Management Agreement on behalf of the Issuer) will sell all of the Collateral Debt Securities and all Eligible Investments and sell or liquidate all other Collateral, and all net proceeds from such sales and liquidations and all available cash after the payment (in the order of priorities set forth above) of all (i) fees, (ii) expenses and (iii) interest (including any Defaulted Interest and interest on Defaulted Interest, any Deferred Interest and interest on any Deferred Interest) on and principal of the Rated Notes, and (a) the aggregate liquidation preference of the Preferred Shares, (b) the return to the owner of the Issuer's ordinary shares of the U.S.$1,000 of capital contributed to the Issuer in respect of such ordinary shares and (c) the payment of a U.S.$1,000 profit fee to such owner, will be distributed to the Preferred Shareholders in accordance with the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands.

The Coverage Tests

The Coverage Tests consist of the Class A Interest Coverage Test, the Class A Overcollateralization Test, the Class B/C/D Interest Coverage Test and the Class B/C/D

Overcollateralization Test. On the Ramp-Up Completion Date and on the date of any acquisition of Additional Collateral Debt Security following the Ramp-Up Completion Date, after giving effect to the purchase of the Collateral Debt Securities to be included in the Collateral, the Coverage Tests must be met. The Coverage Tests applicable to a Class of Rated Notes will be used primarily to determine whether and to what extent Interest Proceeds may be used to pay interest on Classes of Notes Subordinate to such Class and certain other expenses. In the event that any Class A Coverage Test is not satisfied on any Distribution Date, funds that would otherwise be used to make distributions on the Preferred Shares and to pay interest on the Class B Notes, Class C Notes, and Class D Notes, and certain other expenses must instead be used to pay principal of the Class A-1 Notes and then the Class A-2 Notes, to the extent necessary to cause each Class A Coverage Test to be satisfied. In the event that either Class B/C/D Coverage Test is not satisfied on any Distribution Date, funds that would otherwise be used to make distributions on the Preferred Shares and pay certain other expenses must instead be used to pay principal, on a *pro rata* basis, of the Class B Notes, the Class C Notes and the Class D Notes, to the extent necessary to cause each Class B/C/D Coverage Test to be satisfied.

The "Class A Coverage Tests" will consist of the Class A Overcollateralization Test and the Class A Interest Coverage Test. The "Class B/C/D Coverage Tests" will consist of the Class B/C/D Overcollateralization Test and the Class B/C/D Interest Coverage Test.

None of the Coverage Tests will apply prior to the Ramp-Up Completion Date.

The Class A Overcollateralization Test:

The "Class A Overcollateralization Test" will be satisfied on any Measurement Date occurring on or after the Ramp-Up Completion Date and on which any Class A Notes remain outstanding (or the Commitment Period Termination Date has not occurred) if the Class A Overcollateralization Ratio on such Measurement Date is equal to or greater than 146.2%. It is expected that, on the Ramp-Up Completion Date, the Class A Overcollateralization Ratio will be approximately 156.2%.

The Class B/C/D Overcollateralization Test:

The "Class B/C/D Overcollateralization Test" will be satisfied on any Measurement Date occurring on or after the Ramp-Up Completion Date and on which any Class B Notes, Class C Notes or Class D Notes remain outstanding if the Class B/C/D Overcollateralization Ratio on such Measurement Date is equal to or greater than 101.5%. It is expected that, on the Ramp-Up Completion Date, the Class B/C/D Overcollateralization Ratio will be approximately 104.4%.

The Interest Coverage Tests:

The Interest Coverage Ratio with respect to the Class A Notes (the "Class A Interest Coverage Ratio") or the Class B Notes, Class C Notes and Class D Notes (the "Class B/C/D Interest Coverage Ratio") as of any Measurement Date will be calculated by dividing:

(a) the sum of (i) the scheduled interest payments due (in each case regardless of whether the due date for any such interest payment has yet occurred) in the Due Period in which such Measurement Date occurs on (x) the Collateral Debt Securities (excluding Interest Proceeds received from Collateral Debt Obligations that pay interest less frequently than quarterly) and (y) any Eligible Investments held in the Collection Accounts (whether such Eligible Investments were purchased with Interest Proceeds or Principal Proceeds), plus (ii) any fees actually received by the Issuer during such Due Period that constitute Interest Proceeds, plus (iii) the net amount, if any, scheduled to be paid to the Issuer by the Hedge Counterparty under the Hedge Agreements on the Distribution Date relating to such Due Period, plus (iv) the amount, if any, in the First

Distribution Date Reserve Account, plus (v) the Aggregate Interest Holdback Distribution Amount for the immediately following Distribution Date; minus (vi) the amount, if any, scheduled to be paid during such Due Period or on the Distribution Date relating to such Due Period for taxes and filing and registration fees owed by the Issuer, minus (vii) the amount, if any, scheduled to be paid during such Due Period or on the Distribution Date relating to such Due Period, (x) to the Trustee, the Preferred Share Paying Agent, the Collateral Administrator and the Note Registrar of accrued and unpaid fees and expenses owing to them under the Indenture, the Preferred Share Paying Agency Agreement and the Collateral Administration Agreement and (y) for other accrued and unpaid administrative expenses of the Issuer (excluding Collateral Management Fee and principal of and interest on the Rated Notes), to the extent all such payments pursuant to this clause (vii) do not exceed for any three-month calendar period an amount equal to U.S.$100,000, minus (viii) the amount, if any, scheduled to be paid on the Distribution Date relating to such Due Period to the Collateral Manager in respect of accrued and unpaid Base Collateral Management Fee; by

(b) an amount equal to (i) the net amount, if any, scheduled to be paid to the Hedge Counterparty by the Issuer under the Hedge Agreements on the Distribution Date relating to such Due Period, plus (ii) (A) in the case of the Class A Interest Coverage Ratio, the scheduled interest on the Class A-1 Notes and Class A-2 Notes (including any Defaulted Interest thereon and any accrued interest on such Defaulted Interest) and the Commitment Fee Amount for the Class A-1 Notes payable on the Distribution Date relating to such Due Period and (B) in the case of the Class B/C/D Interest Coverage Ratio, the scheduled interest on the Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes (including any Defaulted Interest thereon, as applicable, any accrued interest on such Defaulted Interest, any accrued interest on Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest, but excluding any Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest) and the Commitment Fee Amount for the Class A-1 Notes payable on the Distribution Date relating to such Due Period.

For the purpose of determining compliance with any Interest Coverage Test, there will be excluded all scheduled payments of interest or principal on Defaulted Securities and Deferred Interest Collateral Debt Securities and any payment, including any net amount payable to the Issuer by the Hedge Counterparty, that will not be made in cash or received when due, as determined by the Collateral Manager in its reasonable judgment. For purposes of calculating any Interest Coverage Ratio, (i) the expected interest income on floating rate, fixed rate and fixed/floating rate Collateral Debt Securities and Eligible Investments and under the Hedge Agreements and the expected interest payable on the Rated Notes will be calculated using the interest rates applicable thereto on the applicable Measurement Date, (ii) accrued original issue discount on Eligible Investments will be deemed to be a scheduled interest payment thereon due on the date such original issue discount is scheduled to be paid and (iii) it will be assumed that no principal payments are made on the Rated Notes during the applicable periods.

The "Class A Interest Coverage Test" will be satisfied on any Measurement Date occurring on or after the Ramp-Up Completion Date and on which any Class A Notes remain outstanding (or the Commitment Period Termination Date has not occurred) if the Class A Interest Coverage Ratio on such Measurement Date is equal to or greater than 125.0%.

The "Class B/C/D Interest Coverage Test" will be satisfied on any Measurement Date occurring on or after the Ramp-Up Completion Date and on which any Class B Notes, Class C Notes or Class D Notes remain outstanding if the Class B/C/D Interest Coverage Ratio on such Measurement Date is equal to or greater than 102.5%.

Form, Denomination, Registration and Transfer

General

(i) Regulation S Rated Notes, which will be sold to Non-U.S. Persons in offshore transactions in accordance with Regulation S, will be represented by one or more permanent Regulation S Global Rated Notes in definitive, fully registered form, without interest coupons, and deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee, initially for the accounts of Euroclear and Clearstream, Luxembourg. By acquisition of a beneficial interest in a Regulation S Global Rated Note, any purchaser thereof will be deemed to represent that it is not a U.S. Person and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest only in an offshore transaction in accordance with Regulation S or to a person who takes delivery in the form of a Restricted Definitive Rated Note or an interest in a Restricted Global Rated Note. Beneficial interests in each Regulation S Rated Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants, including Euroclear and Clearstream, Luxembourg.

(ii) Rated Notes sold in the United States to Qualified Institutional Buyers that are also Qualified Purchasers will be issued in the form of one or more permanent Global Rated Notes in definitive, fully registered form without interest coupons (the "Restricted Global Rated Notes") deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee. Beneficial interests in Restricted Global Rated Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants.

(iii) Rated Notes sold in the United States to persons that are both Accredited Investors and Qualified Purchasers, but that are not Qualified Institutional Buyers and are sold only in connection with the initial sale of the Rated Notes, may be issued in the form of certificated Rated Notes, in definitive, fully registered form without interest coupons (each, a "Restricted Definitive Rated Note").

(iv) The Rated Notes are subject to the restrictions on transfer set forth herein under "Transfer Restrictions".

(v) Owners of beneficial interests in Regulation S Global Rated Notes and Restricted Global Rated Notes will be entitled or required, as the case may be, under certain limited circumstances described below, to receive physical delivery of certificated Rated Notes (the "Definitive Rated Notes") in fully registered, definitive form. No owner of an interest in a Regulation S Global Rated Note will be entitled to receive a Definitive Rated Note unless (1) for a person other than a distributor (as defined in Regulation S), such person provides certification that the Definitive Rated Note is beneficially owned by a person that is not a U.S. Person (as defined in Regulation S) or (2) for a person that is a U.S. Person, such person provides certification that any interest in such Definitive Rated Note was purchased in a transaction that did not require registration under the Securities Act. The Rated Notes are not issuable in bearer form.

(vi) Pursuant to the Indenture, the Trustee has been appointed and will serve as the registrar with respect to the Rated Notes (in such capacity, the "Note Registrar") and will provide for the registration of Rated Notes and the registration of transfers of Rated Notes in the register maintained by it (the "Note Register"). The Trustee has been appointed as a transfer agent with respect to the Rated Notes (in such capacity, the "Transfer Agent").

(vii) The Rated Notes will be issuable in a minimum denomination of U.S.$250,000 and will be offered only in such minimum denomination or an integral multiple of U.S.$1,000 in excess thereof.

(viii) After issuance, (i) a Rated Note may fail to be in compliance with the minimum denomination requirement stated above as a result of the repayment of principal thereof in accordance with the Priority of Payments or in connection with any repayment of principal required by Rating Agencies following a Ramp-Up Confirmation Failure, (ii) Class A-1 Notes may fail to be in compliance with the minimum denomination requirements stated above as a result of Borrowings with respect thereto and (iii) Class B Notes, Class C Notes and Class D Notes may fail to be in an amount which is an integral multiple of U.S.$1,000 due to the addition to the principal amount thereof of Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest, as applicable.

Global Rated Notes

(i) So long as the depositary for a Global Rated Note, or its nominee, is the registered holder of such Global Rated Note, such depositary or such nominee, as the case may be, will be considered the absolute owner or holder of such Global Rated Note, as the case may be, represented by such Global Rated Note for all purposes under the Indenture and the Rated Notes and members of, or participants in, the depositary (the "Participants") as well as any other persons on whose behalf Participants may act (including Euroclear and Clearstream, Luxembourg and account holders and participants therein) will have no rights under the Indenture or under a Rated Note. Owners of beneficial interests in a Global Rated Note will not be considered to be the owners or holders of any Rated Note under the Indenture or the Rated Notes. In addition, no beneficial owner of an interest in a Global Rated Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the depositary and, in the case of a Regulation S Global Rated Note, Euroclear or Clearstream, Luxembourg (in addition to those under the Indenture), in each case to the extent applicable (the "Applicable Procedures").

(ii) Investors may hold their interests in a Regulation S Global Rated Note directly through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in Regulation S Global Rated Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in such Regulation S Rated Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in a Restricted Global Rated Note directly through DTC, if they are participants in such system, or indirectly through organizations which are participants in such system.

(iii) Payments of the principal of, and interest on, an individual Global Rated Note registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the Global Rated Note. None of the Issuer, the Trustee, the Note Registrar and 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 Global Rated Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(iv) With respect to the Global Rated Notes, the Issuer expects that the depositary for any Global Rated Note or its nominee, upon receipt of any payment of principal of or interest on such Global Rated Note, will immediately credit the accounts of Participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Rated Note as shown on the records of the depositary or its nominee. The Issuer also expects that payments by Participants to owners of beneficial interests in such Global Rated Note 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 name of nominees for such customers. Such payments will be the responsibility of such Participants.

Definitive Rated Notes

Interests in a Regulation S Global Rated Note or a Restricted Global Rated Note will be exchangeable or transferable, as the case may be, for a Regulation S Rated Note that is a Definitive Rated Note or a Restricted Definitive Rated Note if (a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Rated Note, (b) DTC ceases to be a "Clearing Agency" registered under the Exchange Act, and a successor depositary is not appointed by the Issuer within 30 days, (c) the transferee of an interest in such Global Rated Note is required by law to take physical delivery of securities in definitive form or (d) the transferee is otherwise unable to pledge its interest in a Global Rated Note. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause Definitive Rated Notes bearing an appropriate legend regarding restrictions on transfer to be delivered. Upon the transfer, exchange or replacement of Definitive Rated Notes bearing a legend, or upon specific request for removal of a legend on a Rated Note, the Issuer shall deliver through the Trustee or any Paying Agent (other than the Preferred Share Paying Agent) to the holder and the transferee, as applicable, one or more Definitive Rated Notes in certificated form corresponding to the principal amount of Definitive Rated Notes surrendered for transfer, exchange or replacement 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 U.S. counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein is required to ensure compliance with the provisions of the Securities Act or the 1940 Act. Definitive Rated Notes will be exchangeable or transferable for interests in other Definitive Rated Notes as described below.

Transfer and Exchange of Rated Notes

(i) Transfers by a holder of a beneficial interest in a Regulation S Global Rated Note to a transferee who takes delivery of such interest through a Restricted Global Rated Note will be made only in accordance with the Applicable Procedures and upon receipt by the Note Registrar of written certifications (a) from the transferor of the beneficial interest in the form provided in the Indenture to the effect that, among other things, such transfer is being made (x) to a Person that the transferor reasonably believes is a Qualified Institutional Buyer to whom notice is given that the transfer is being made in reliance on the exemption of the registration requirements of the Securities Act provided by Rule 144A, (y) to a Qualified Purchaser, and (z) in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (b) from the transferee in the form provided for in the Indenture that such transferee is both a Qualified Institutional Buyer and a Qualified Purchaser.

(ii) An owner of a beneficial interest in a Restricted Global Rated Note may transfer such interest in the form of a beneficial interest in such Restricted Global Rated Note without the provision of written certification if the transferee is a Qualified Institutional Buyer and a Qualified Purchaser.

(iii) An owner of a beneficial interest in a Regulation S Global Rated Note may transfer such interest in the form of a beneficial interest in such Regulation S Global Rated Note without the provision of written certification if the Transferee is an non-U.S. Person.

(iv) Transfers by a holder of a beneficial interest in a Restricted Global Rated Note to a transferee who takes delivery of such interest through a Regulation S Global Rated Note will be made only in accordance with the Applicable Procedures and upon receipt by the Note Registrar of written certification from the transferor in the form provided in the Indenture to the effect that such transfer is being made in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S.

(v) Exchanges or transfers by a holder of a Rated Note represented by a Restricted Definitive Rated Note to a transferee who takes delivery of such Rated Note through a Restricted Global Rated Note

will be made no later than 60 days after the receipt by the Note Registrar or Transfer Agent, as the case may be, of the Restricted Definitive Rated Note to be so exchanged or transferred only in accordance with the Applicable Procedures, and, if applicable, upon receipt by the Note Registrar of a written certification from the transferor in the form provided in the Indenture.

(vi) Exchanges or transfers by a holder of a Rated Note represented by a Definitive Rated Note to a transferee who takes delivery of such Rated Note through a Regulation S Global Rated Note will be made no later than 60 days after the receipt by the Note Registrar or Transfer Agent, as the case may be, of the Definitive Rated Notes to be so exchanged or transferred only in accordance with the Applicable Procedures, and, if applicable, upon receipt by the Note Registrar of a written certification from the transferor in the form provided in the Indenture.

(vii) A Restricted Definitive Rated Note or a beneficial interest in a Global Rated Note may be transferred to a person who takes delivery in the form of a Restricted Definitive Rated Note, only upon receipt by the Trustee of written certifications that, among other things, the transferee is both a Qualified Institutional Buyer and a Qualified Purchaser.

(viii) A Restricted Definitive Rated Note or a beneficial interest in a Global Rated Note may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Rated Note only upon receipt by the Trustee of a written certification in the form required by the Indenture to the effect that that such transfer is being made to a person who is a Qualified Institutional Buyer and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Restricted Definitive Rated Notes and beneficial interests in a Global Rated Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Rated Note only upon receipt by the Trustee of a written certification in the form required by the Indenture to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

(ix) A Restricted Definitive Rated Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Rated Note only upon receipt by the Trustee of a written certification from the transferor in the form required by the Indenture to the effect that such transfer is being made in accordance with Regulation S under the Securities Act, as applicable.

(x) The Indenture provides that if, notwithstanding the restrictions on transfer contained therein, either of the Co-Issuers determines that any beneficial owner of a Restricted Definitive Rated Note or an interest in a Restricted Global Rated Note (or any interest therein) (A) is a U.S. Person and (B) was not a Qualified Purchaser at the time of its acquisition thereof, then either of the Co-Issuers may require, by notice to such holder, that such holder sell all of its right, title and interest in such Restricted Definitive Rated Note or such Restricted Global Rated Note (or interest therein) to a Person that is both a Qualified Institutional Buyer and a Qualified Purchaser with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Trustee (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Rated Note to be transferred in a commercially reasonable sale (conducted by the Trustee in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Trustee, the Co-Issuers and the Collateral Manager, in connection with such transfer, that such person is a both Qualified Institutional Buyer and a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Rated Note held by such beneficial owner.

(xi) Transfers between Participants in DTC will be effected in the ordinary way in accordance with the Applicable Procedures and will be settled in immediately available funds. Transfers between

participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

(xii) Rated Notes in the form of Definitive Rated Notes may be exchanged or transferred in whole or in part in the principal amount of authorized denominations by surrendering such Definitive Rated Notes at the office of the Note Registrar or any Transfer Agent with a written instrument of transfer as provided in the Indenture. In addition, if the Definitive Rated Notes being exchanged or transferred contain a legend, additional certifications to the effect that such exchange or transfer is in compliance with the restrictions contained in such legend may be required. With respect to any transfer of a portion of a Definitive Rated Note, the transferor will be entitled to receive, at any aforesaid office, a new Definitive Rated Note representing the principal amount retained by the transferor after giving effect to such transfer. Definitive Rated Notes issued upon any such exchange or transfer (whether in whole or in part) will be made available at the office of the Transfer Agent.

(xiii) No service charge will be made for exchange or registration of transfer of any Rated Note but the Trustee may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith and expenses of delivery (if any) not made by regular mail.

(xiv) Definitive Rated Notes issued upon any exchange or registration of transfer of securities shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits, as the Definitive Rated Notes surrendered upon exchange or registration of transfer.

(xv) The Note Registrar will effect transfers of Global Rated Notes and, along with the Transfer Agent, will effect exchanges and transfers of Definitive Rated Notes. In addition, the Note Registrar will keep in the Note Register records of the ownership, exchange and transfer of any Rated Note in definitive form.

(xvi) The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, any transfer of beneficial interests in a Rated Note represented by a Global Rated Note to such persons may require that such interests in a Global Rated Note be exchanged for Definitive Rated Notes. Because DTC can only act on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Rated Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may require that such interest in a Global Rated Note be exchanged for Definitive Rated Notes. Interests in a Global Rated Note will be exchangeable for Definitive Rated Notes only as described above.

(xvii) Subject to compliance with the transfer restrictions applicable to the Rated Notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, Luxembourg, 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 Regulation S Global Rated Note in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositaries of Euroclear or Clearstream, Luxembourg.

(xviii) Because of time zone differences, cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Regulation S Global Rated Note by or through a Euroclear or Clearstream, Luxembourg 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, Luxembourg cash account only as of the business day following settlement in DTC.

(xix) DTC has advised the Co-Issuers that it will take any action permitted to be taken by a holder of Rated Notes (including, without limitation, the presentation of Rated Notes for exchange as described above) only at the direction of one or more Participants to whose account with the DTC interests in the Global Rated Notes are credited and only in respect of such portion of the aggregate outstanding principal amount of the Rated Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Rated Notes, DTC will exchange the Global Rated Notes for Definitive Rated Notes, legended as appropriate, which it will distribute to its Participants.

(xx) DTC has advised the Co-Issuers as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York 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").

(xxi) Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in Global Rated Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Co-Issuer or the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

No Gross-Up

All payments made by the Co-Issuers under the Rated Notes will be made without any deduction or withholding for or on the account of any tax unless such deduction or withholding is required by applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If the Issuer is so required to deduct or withhold, then the Issuer will not be obligated to pay any additional amounts in respect of such withholding or deduction.

The Indenture

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

Events of Default

An "Event of Default" is defined in the Indenture as:

(i) a default in the payment of any interest (or with respect to the Class A-1 Notes, the Commitment Fee, if any) (A) on any Class A-1 Note or Class A-2 Note or (B) if there are no Class A Notes outstanding and the Commitment Period Termination Date has occurred, on any Class B Note or (C) if there are no Class B Notes outstanding, on any Class C Notes or (D) if there are no Class C Notes outstanding, on any Class D Notes, when the same becomes due and payable, in each case which default continues for a period of three (3) Business Days, such three Business Day period not to be abridged or extended unless the consent of all Holders of Outstanding Rated Notes is obtained (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, a Paying Agent (other than the Preferred Share Paying Agent) or the Note Registrar, such default continues for a period of seven days after written notice thereof);

(ii) a default in the payment of principal of any Rated Note when the same becomes due and payable at its Stated Maturity or Redemption Date (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, a Paying Agent (other than the Preferred Share Paying Agent) or the Note Registrar, such default continues for a period of seven days after written notice thereof);

(iii) the failure on any Distribution Date to disburse amounts available in the Interest Collection Account or Principal Collection Account in accordance with the order of priority set forth above under "Description of the Rated Notes—Priority of Payments" (other than a default in payment described in clause (i) or (ii) above), which failure continues for a period of three Business Days, such three Business Day period not to be abridged or extended unless the consent of all Holders of Outstanding Rated Notes is obtained (or, in the case of a failure resulting solely from an administrative error or omission by the Trustee, a Paying Agent (other than the Preferred Share Paying Agent) or the Note Registrar, such default continues for a period of seven days after written notice thereof);

(iv) the Issuer, the Co-Issuer or the pool of Collateral becomes an investment company required to be registered under the 1940 Act;

(v) (i) a default in the performance, or a breach, of any other covenant or other agreement (other than the covenant to satisfy the Coverage Tests and the Collateral Quality Tests) of the Issuer or the Co-Issuer under the Indenture or any other Transaction Document or (ii) any representation or warranty of the Issuer or the Co-Issuer made in the Indenture or any other Transaction Document or in any certificate or other writing delivered pursuant thereto or in connection therewith proves to be incorrect in any material respect when made, and, in the case of both clauses (i) and (ii) above, the continuation of such default or breach for a period of 30 days (or, if such default or breach has an adverse effect on the validity, perfection or priority of the security interest granted hereunder, 15 days) after the Issuer, the Co-Issuer or the Collateral Manager has actual knowledge that such default or breach has occurred or after written notice thereof to the Issuer, the Co-Issuer and the Collateral Manager by the Trustee, or to the Issuer, the Co-Issuer, the Collateral Manager and the Trustee or the Holders of at least 25% in Aggregate Outstanding Principal Amount of Rated Notes of the Controlling Class or the Hedge Counterparty;

(vi) certain events of bankruptcy, insolvency, receivership or reorganization of the Issuer (as set forth in the Indenture);

(vii) one or more final judgments being rendered against the Issuer or the Co-Issuer that exceed, in the aggregate, U.S.$5,000,000 and which remain unstayed, undischarged and unsatisfied for 30 days after such judgment(s) becomes nonappealable, unless adequate funds have been reserved or set aside for the payment thereof, and unless the Rating Condition shall have been satisfied; or

(viii) the failure, on any Measurement Date, to cause the Class A Overcollateralization Ratio to be equal to or greater than 100%.

If either the Issuer or the Co-Issuer shall obtain actual knowledge that a Default or an Event of Default has occurred and is continuing, the Issuer or the Co-Issuer, as applicable, shall promptly notify the Trustee, the Collateral Manager, the Noteholders, the Preferred Share Paying Agent, the Hedge Counterparty and each Rating Agency in writing of such Default or Event of Default.

If an Event of Default occurs and is continuing (other than an Event of Default described in clause (vi) under "Events of Default" above), with the consent of the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class, the Trustee may, and, at the written direction of the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class, the Trustee shall, (a) declare the principal of and accrued and unpaid interest and the Commitment Fee on all of the Rated Notes to be immediately due and payable and (b) reduce the unfunded Commitments to zero. If an Event of Default described in clause (vi) above under "Events of Default" occurs, such an acceleration and reduction of Commitments will occur automatically and without any further action.

The "Controlling Class" will be the outstanding amount of the Class A Notes voting together or, if there are no Class A Notes outstanding (or the Commitment Period Termination Date has not occurred), the Class B Notes voting together; or, if there are no Class B Notes outstanding, the Class C Notes voting together; or, if there are no Class C Notes outstanding, the Class D Notes voting together. Action to be taken by the Controlling Class will be effected through the consent or direction of the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class, unless otherwise specified in the Indenture.

If an Event of Default occurs and is continuing when any Rated Note is outstanding, the Trustee will retain the Collateral intact and collect all payments in respect of the Collateral and continue making payments in the manner described under "Description of the Rated Notes—Priority of Payments" unless:

(A) the Trustee determines that the anticipated net proceeds of a sale or liquidation of such Collateral would be sufficient to discharge in full the amounts then due and unpaid on the Rated Notes for principal and interest (including, if any, Defaulted Interest and interest on Defaulted Interest, and with respect to the Class B Notes, Deferred Interest) and the Commitment Fee, certain due and unpaid administrative expenses and any accrued and unpaid amounts payable by the Issuer pursuant to the Hedge Agreements, including termination payments (assuming, for this purpose, that each Hedge Agreement has been terminated by reason of an event of default or termination with respect to the Issuer); or

(B) if the holders of at least 66 2/3% in aggregate outstanding principal amount of each Class of Rated Notes voting as a separate Class direct, subject to the provisions of the Indenture, the sale and liquidation of the Collateral.

The holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class will have the right to direct the Trustee in the conduct of any proceedings for any remedy available to the Trustee*; provided,* that: (i) such direction will not conflict with any rule of law or

the Indenture; (ii) the Trustee may take any other action not inconsistent with such direction; (iii) the Trustee has been provided with indemnity reasonably satisfactory to it (and the Trustee need not take any action that it determines might involve it in liability unless it has received such indemnity against such liability); and (iv) any direction to undertake a sale of the Collateral may be made only as described in the preceding paragraph.

Pursuant to the Indenture, as security for the payment by the Issuer of the compensation and expenses of the Trustee and any sums the Trustee may be entitled to receive as indemnification by the Issuer, the Issuer will grant the Trustee a lien on the Collateral, which lien is senior to the lien of the Secured Parties. The Trustee's lien will be exercisable by the Trustee only if the Rated Notes have been declared due and payable following an Event of Default and such acceleration has not been rescinded or annulled.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request of any holders of any of the Rated Notes, unless such holders have offered to the Trustee reasonable security or indemnity.

The holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class, acting with the consent of the Hedge Counterparty, may, prior to the time a judgment or decree for the payment of money due has been obtained by the Trustee, waive any past default on behalf of the holders of all the Rated Notes and its consequences, except a default in the payment of the principal of any Rated Note or in the payment of interest (including any Defaulted Interest, interest on Defaulted Interest or, in the case of the Class B Notes, Class C Notes, or Class D Notes, interest on Class B Deferred Interest, Class C Deferred Interest, or Class D Deferred Interest) and the Commitment Fee on the Class A-1 Notes or Class A-2 Notes, or, after the Class A Notes have been paid in full, the Class B Notes, or, after the Class B Notes have been paid in full, the Class C Notes, or after the Class C Notes have been paid in full, the Class D Notes, or 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 Rated Note affected thereby, or arising as a result of an Event of Default described in clause (vi) above under "Events of Default".

No Holder of a Rated Note or Combination Note will have the right to institute any proceeding with respect to the Indenture unless (i) such Holder previously has given to the Trustee written notice of an Event of Default, (ii) except in certain cases of a default in the payment of principal or interest, the holders of at least 25% in aggregate outstanding principal amount of the Rated Notes 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 reasonable indemnity, (iii) the Trustee has for 30 days failed to institute any such proceeding and (iv) except in certain cases of a default in the payment of principal or interest, no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class.

If the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of holders of the Rated Notes of the Controlling Class regarding the institution of any such proceedings, each representing less than a majority of the Controlling Class, the Trustee shall follow the instructions of the group representing the higher percentage of interest in the Controlling Class.

Unless otherwise expressly provided, in determining whether the holders of the requisite percentage of any Securities have given any direction, notice or consent, Securities owned by the Issuer, the Co-Issuer or any affiliate thereof shall be disregarded and deemed not to be outstanding.

Notices

Notices to the holders of the Notes will be given by first-class mail, postage prepaid, to the registered holders at their address appearing in the Note Register. In addition, for so long as any Class of Rated Notes is listed on the Irish Stock Exchange and the rules of such exchange so require, notice will also be given to the Company Announcements Office of the Irish Stock Exchange.

Modification of the Indenture

The Indenture provides that the Trustee may not enter into any supplemental indenture unless the Rating Condition shall have been satisfied with respect to such supplemental indenture.

With the consent of (x) the Holders of a majority in aggregate outstanding principal amount of Rated Notes of each Class materially adversely affected thereby and a Majority-in-Interest of Preferred Shareholders (if the Preferred Shares are materially adversely affected thereby) and (y) the Hedge Counterparty (if materially adversely affected thereby) (delivered by the Hedge Counterparty to the Trustee and the Co-Issuers), the Trustee and the Co-Issuers may, subject to the requirement provided herein with respect to the ratings of the Notes, enter into one or more indentures supplemental to the Indenture to add any provisions to, or change in any manner or eliminate any of the provisions of, the Indenture or modify in any manner the rights of the holders of the Rated Notes of such Class, the Preferred Shares, the Combination Notes or the Hedge Counterparty, as the case may be, under the Indenture; *provided* that, notwithstanding anything in the Indenture to the contrary, no such supplemental indenture shall be entered into without the consent of (i) each Holder of each outstanding Rated Note of each Class, (ii) each Preferred Shareholder and (iii) the Hedge Counterparty (if the Hedge Counterparty is adversely affected thereby), if such supplemental indenture proposes to (i) change the Stated Maturity of the principal of or the due date of any installment of interest on any Rated Note, reduces the principal amount thereof or the rate of interest thereon, or the redemption price with respect thereto, change the earliest date on which the Co-Issuers may redeem any Rated Note, change the provisions of the Indenture relating to the application of proceeds of any collateral to the payment of principal of or interest on the Rated Notes, change any place where, or the coin or currency in which, any Rated Note or the principal thereof or interest thereon or any Preferred Share or distribution thereon, is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the applicable Redemption Date), (ii) reduces the percentage of the aggregate outstanding principal amount or notional amount, as applicable, of holders of Rated Notes or Preferred Shares of each Class or Combination Notes, as applicable, 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 provided for in the Indenture, (iii) impair or adversely affect the Collateral, except as otherwise permitted thereby, (iv) permit the creation of any lien ranking prior to or on a parity with the lien created by the Indenture with respect to any part of the Collateral, or terminates such lien on any property at any time subject thereto (other than in connection with the sale thereof in accordance with the Indenture) or deprives the Holder of any Rated Note, of the security afforded by the lien created by the Indenture, (v) reduce the percentage of the aggregate outstanding principal amount of holders of Rated Notes of each Class whose consent is required to request that the Trustee preserve the Collateral pledged under the Indenture or rescind the Trustee's election to preserve the Collateral pursuant to the Indenture, 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 requiring the consent of the holders of the Rated Notes or Preferred Shares except to increase the percentage of outstanding Rated Notes or Preferred Shares 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 Rated Note or Preferred Share affected thereby, (vii) modify the definition of the term "Outstanding" or the subordination provisions of the Indenture, (viii) change the permitted minimum denominations of any Class of Rated Notes or Combination Notes or (ix) 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 Commitment Fee on or principal of any Rated Note or distribution on any Preferred Share or Combination Note or the rights of the holders of Rated Notes, Preferred Shares or Combination Notes to the benefit of any provisions for the redemption of such Rated Notes, Preferred Shares or Combination Notes contained therein except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby; *provided further* that, with respect to matters which pertain solely to the rights and obligations of the Combination Notes (and therefore, so as to avoid doubt, are not related to the Components, which are included in the aggregate outstanding amount of the relevant Class of Rated Notes or Preferred Shares with the rights described above), any such supplemental indenture will require only the consent of the Holders of the Combination Notes materially and adversely affected thereby so long as such supplemental indenture would not otherwise require the consent of the parties specified above.

The Co-Issuers, when authorized by Board Resolutions, and the Trustee may also enter into supplemental indentures without obtaining the consent of the holders of any Rated Notes, the Preferred Shareholders, the Holders of Combination Notes or any Hedge Counterparty in order to (i) evidence the succession of any person to the Issuer or the Co-Issuer and the assumption by such successor person of the covenants of the Issuer or the Co-Issuer in the Indenture and the Notes, (ii) add to the covenants of the Issuer, the Co-Issuer or the Trustee for the benefit of the holders of all of the Notes or to surrender any right or power conferred upon the Issuer or the Co-Issuer in the Indenture, (iii) convey, transfer, assign, mortgage or pledge any property to or with the Trustee, (iv) evidence and provide for the acceptance of appointment under the Indenture by a successor trustee that meets the requirements of the Indenture and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee, (v) correct or amplify the description of any property at any time subject to the lien created by the Indenture, or to better assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien created by the Indenture (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or to subject to the lien created by the Indenture any additional property, (vi) modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any changes in any applicable law or regulation (or the interpretation thereof) or to enable the Co-Issuers to rely upon any less restrictive exemption from registration under the Securities Act or the 1940 Act or to remove restrictions on resale and transfer to the extent not required thereunder, (vii) correct any inconsistency, defect or ambiguity in the Indenture, including so as to conform the terms of the Indenture to the disclosure set forth in this Offering Circular, (viii) to make non-material administrative changes as the Co-Issuers deem appropriate, (ix) to avoid imposition of tax on the net income of the Issuer or the Co-Issuer or to avoid the Issuer or the Co-Issuer being required to register as an investment company under the 1940 Act, (x) to evidence or implement any change to the Indenture required by regulations or guidelines enacted to support the USA PATRIOT Act or any other similar applicable laws and regulations in the Cayman Islands, or (xi) to facilitate the listing of any of the Offered Securities on any exchange and to authorize the appointment of any listing agent, transfer agent, paying agent, or additional registrar for any Class of Rated Notes or Combination Notes appropriate in connection with the listing of any Notes or Combination Notes on any stock exchange, and otherwise to amend the Indenture to incorporate any changes required or requested by any governmental authority, stock exchange authority, listing agent, transfer agent, paying agent, or additional registrar for any Class of Rated Notes or Combination Notes in connection with its appointment, so long as the supplemental indenture would not materially and adversely affect any Holder of Notes or Combination Notes; *provided,* that the Trustee shall not enter into any supplemental indenture described in clauses (i) through (ix) above, if, as a result of such supplemental indenture the interests of any Holder of Rated Notes, any Preferred Shareholders, any Holders of Combination Notes or the Hedge Counterparty would be materially adversely affected thereby.

Unless notified by (i) holders of a majority in aggregate outstanding principal amount of Rated Notes of any Class or by a Majority-in-Interest of Preferred Shareholders, that such Class or Preferred Shareholders will be materially adversely affected, (ii) a majority of the aggregate outstanding notional amount of any Combination Notes, that such Combination Notes will be materially adversely affected, or (iii) the Hedge Counterparty that the Hedge Counterparty will be materially adversely affected, the Trustee shall be entitled to rely on the written advice of counsel as to whether or not the interests of any holders of Rated Notes, Preferred Shareholders, the holders of any Combination Notes or the Hedge Counterparty, as applicable, would be materially adversely affected by any such supplemental indenture (after giving notice of such change to each Holder of Rated Notes, each Preferred Shareholder and the Hedge Counterparty).

The Trustee may not enter into any supplemental indenture which could reasonably be expected to materially adversely affect the Collateral Manager unless the Collateral Manager gives written consent to the Trustee and the Issuer to such supplemental indenture.

The Trustee shall not enter into any such supplemental indenture if, with respect to such supplemental indenture, the Rating Condition would not be satisfied; *provided*, that the Trustee may, with the consent of the holders of 100% of the aggregate outstanding principal amount or notional amount, as applicable, of Rated Notes of each Class, or Combination Notes, as applicable, and (if adversely affected thereby) the Hedge Counterparty, enter into any such supplemental indenture notwithstanding any such reduction or withdrawal of the ratings of any outstanding Class of Rated Notes or the Combination Notes.

Modification of Certain Other Documents

Prior to entering into any amendment to the Collateral Management Agreement, the Collateral Administration Agreement or any Hedge Agreement, the Issuer is required by the Indenture to obtain the written confirmation of each Rating Agency that the entry by the Issuer into such amendment satisfies the Rating Condition. Prior to entering into any waiver in respect of any of the foregoing agreements, the Issuer is required to provide each Rating Agency, the Hedge Counterparty and the Trustee with written notice of such waiver. The amendment to and waiver of provisions of the Collateral Management Agreement are also subject to additional restrictions as described herein under "Collateral Management—The Collateral Management Agreement".

Consolidation, Merger or Transfer of Assets

Except under the limited circumstances set forth in the Indenture, the Issuer may not 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 entity.

Petitions for Bankruptcy

The Indenture provides that the holders of the Rated Notes agree not to cause the filing of a petition for winding up or a petition in bankruptcy against the Issuer before a period equal to one year and one day has elapsed since the payment in full of the Rated Notes final payments to the holders of the Controlling Class (or to the holders of the Combination Notes in respect of the Class C-2 Component and Class D-2 Component) or, if longer, the applicable preference period then in effect, including any period established pursuant to the laws of the Cayman Islands.

Satisfaction and Discharge of Indenture

The Indenture will be discharged with respect to the Collateral upon delivery to the Trustee for cancellation of all of the Rated Notes, or, within certain limitations (including the obligation to pay

principal and interest, including Defaulted Interest and interest on Defaulted Interest), upon deposit with the Trustee of funds sufficient for the payment or redemption of the Rated Notes and the payment by the Issuer of all other amounts due under the Rated Notes, the Indenture, the Hedge Agreements, the Collateral Management Agreement, the Collateral Administration Agreement, the Preferred Share Paying Agency Agreement, the Administration Agreement and the other documents executed in connection with the Indenture.

Trustee

U.S. Bank National Association, a national banking association organized under the laws of the United States, will be the Trustee under the Indenture. The Issuer, the Collateral Manager and their respective 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 is solely the obligation of the Issuer. The Trustee and its affiliates may receive compensation in connection with the investment of trust assets in certain Eligible Investments as provided in the Indenture. Eligible Investments may include investments for which the Trustee and/or its affiliates provide services. 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. Pursuant to the Indenture, the Issuer has granted to the Trustee a lien senior to that of the holders of the Rated Notes to secure payment by the Issuer of the compensation and expenses of the Trustee and any sums the Trustee may be entitled to receive as indemnification by the Issuer under the Indenture (subject to the dollar limitations set forth in the Priority of Payments with respect to any Distribution Date), which lien the Trustee is entitled to exercise only under certain circumstances. In the Indenture, the Trustee will agree not to cause the filing of a petition for winding up or a petition in bankruptcy against the Issuer for nonpayment to the Trustee of amounts payable thereunder until at least one year and one day or, if longer, the applicable preference period then in effect, after the payment in full of all of the Rated Notes.

Pursuant to the Indenture, the Trustee may resign at any time by providing 30 days' notice and the Trustee may be removed at any time by the holders of a majority in aggregate outstanding principal amount of each Class of Rated Notes or at any time when an Event of Default shall have occurred and be continuing by the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class. However, no resignation or removal of the Trustee will become effective until the acceptance of appointment by a successor trustee pursuant to the terms of the Indenture. The Indenture will require that any successor trustee or additional trustee (i) be a bank, (ii) have at all times an aggregate capital, surplus and undivided profits of at least U.S.$200,000,000 (*provided*, that if such trustee publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, for purposes of such requirement, the aggregate capital, surplus and undivided profits of such trustee shall be deemed to be its aggregate capital, surplus and undivided profits as set forth in its most recent report of condition so published), (iii) is not affiliated (as such term is defined in Rule 405 under the Securities Act) with the Issuer or with any person involved with the organization or operation of the Issuer, (iv) does not offer or provide credit or credit enhancement to the Issuer, and (v) enter into an Indenture that provides that the Trustee shall not resign until either (a) the Pledged Securities have been completely liquidated and the proceeds of such liquidation have been distributed to the holders of the Rated Notes or (b) a successor trustee meeting the requirements of the Indenture has been designated and has accepted such trusteeship.

Characterization of the Rated Notes

The Issuer intends to treat the Rated Notes as indebtedness of the Issuer for U.S. Federal, state and local income tax purposes. The Indenture will provide that each holder, by accepting a Rated Note,

agrees to such treatment and agrees to report all income (or loss) in accordance with such characterization.

Governing Law

The Indenture, the Rated Notes, the Combination Notes, the Collateral Management Agreement, the Preferred Share Paying Agency Agreement, the Class A-1 Note Purchase Agreement, the Hedge Agreements and the Collateral Administration Agreement will be governed by, and construed in accordance with, the law of the State of New York. The Issuer Charter, the Administration Agreement and the Preferred Shares will be governed by, and construed in accordance with, the law of the Cayman Islands.

DESCRIPTION OF THE PREFERRED SHARES

The Preferred Shares will be issued pursuant to the Issuer Charter and in accordance with a Preferred Share Paying Agency Agreement (the "Preferred Share Paying Agency Agreement") between U.S. Bank National Association, as Preferred Share Paying Agent (in such capacity, the "Preferred Share Paying Agent") and the Issuer. The following summary describes certain provisions of the Preferred Shares, the Issuer Charter and the Preferred Share Paying Agency Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Issuer Charter and the Preferred Share Paying Agency Agreement. Copies of the Issuer Charter and the Preferred Share Paying Agency Agreement may be obtained by prospective investors upon request in writing to the Trustee at Trustee at One Federal Street, Third Floor, Boston, Massachusetts 02110, Attention: Michael Quaile, CDO Group – ALESCO IX or to Bailhache Labesse Securities Limited if and for so long as any Preferred Shares are listed on the Channel Islands Stock Exchange.

Status

The Issuer is authorized to issue $44,400 Preferred Shares, par value U.S.$0.01 per share, at an issue price of U.S.$1,000 per share. The Preferred Shares are participating shares in the capital of the Issuer and will rank *pari passu* among themselves with respect to distributions.

Distributions

On each Distribution Date, to the extent funds are lawfully available therefor, Interest Proceeds will be released from the lien of the Indenture for payment to the Preferred Shareholders only after the payment of interest on the Rated Notes and the payment of certain other amounts in accordance with the Priority of Payments.

Subject to provisions of the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands governing the declaration and payment of dividends, after the Rated Notes and certain other amounts have been paid in full, Interest Proceeds and Principal Proceeds remaining after all other applications under the Priority of Payments will be released from the lien of the Indenture and distributed by Preferred Share Paying Agent to the Preferred Shareholders on each Distribution Date. Cayman Islands law provides that dividends may only be paid by the Issuer if the Issuer has funds lawfully available for such purpose. Dividends may be paid out of profit and (subject to the Issuer Charter) out of the Issuer's share premium account (which includes subscription monies in excess of the par value of each share), *provided* that the Issuer is able to pay its debts as they fall due in the ordinary course of business immediately after making such payment.

Distributions on any Preferred Share will be made to the person in whose name such Preferred Share is registered on the Record Date prior to the applicable Distribution Date. Payments will be made

by wire transfer in immediately available funds to a Dollar account maintained by the holder thereof appearing in the Preferred Share Register in accordance with wire transfer instructions received from such holder by the Preferred Share Paying Agent on or before the Record Date or, if no wire transfer instructions are received by the Preferred Share Paying Agent, by a Dollar check drawn on a bank in the United States. Final distributions or payments made in the course of a winding up will be made only against surrender of the certificate representing such Preferred Shares at the office of the Preferred Share Registrar.

Upon liquidation of the Issuer, distributions of property other than cash may be made, subject to applicable law, under certain circumstances specified in the Issuer Charter. The amount of such non-cash distributions will be accounted for at the fair market value, as determined in good faith by the liquidator of the Issuer, of the property distributed. See "—The Issuer Charter—Dissolution; Liquidating Distributions".

On the Distribution Date occurring in March 2016 and on each Distribution Date thereafter, if the Rated Notes are not redeemed in full on or prior to such date, 60% of the Interest Proceeds that would otherwise be released from the lien of the Indenture and paid to the Preferred Share Paying Agent for distribution to the Preferred Shareholders will be applied to pay principal of, *first*, the Class A-1 Notes, *second*, the Class A-2A Notes and Class A-2B Notes, *pro rata*, *third*, the Class B-1 Notes and Class B-2 Notes, *pro rata*, *fourth*, the Class C-1 Notes, Class C-2 Notes, Class C-3 Notes and Class C-4 Notes, *pro rata*, and *fifth*, the Class D-1 Notes and Class D-2 Notes, *pro rata*, until each such Class of Rated Notes has been paid in full.

Until the Rated Notes have been paid in full, Principal Proceeds not used to redeem Rated Notes are not permitted to be released from the lien of the Indenture and will not be available for distribution in respect of the Preferred Shares.

The Issuer Charter and Certain Rights

The following summary describes certain provisions of the Issuer Charter and certain rights related to the Preferred Shares. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Issuer Charter and other transaction documents.

Notices

Notices to the Preferred Shareholders will be given by first class mail, postage prepaid, to the registered holders of the Preferred Shares at their respective addresses appearing in the Preferred Share Register.

Voting Rights

Set forth below is a summary of certain matters with respect to which Preferred Shareholders are entitled to vote. This summary is not meant to be an exhaustive list, and, subject to covenants made by each Preferred Shareholder in a representation letter (the "Representation Letter") (in the case of initial purchasers of the Preferred Shares) and in the transfer certificates (in the case of transferees of the Preferred Shares), the Issuer Charter and The Companies Law (2004 Revision) of the Cayman Islands afford Preferred Shareholders of the Issuer the right to vote on matters in addition to those mentioned below.

The Hedge Agreements: Subject to satisfaction of the Rating Condition with respect to such reduction, the Collateral Manager may on any Distribution Date direct the Issuer to reduce the

notional amount of any interest rate swap or cap outstanding under the Hedge Agreements. In the event of any such reduction, the Hedge Counterparty or the Issuer may be required to make a termination payment in respect of such reduction to the other party.

The Collateral Management Agreement: For a description of certain rights of the Preferred Shareholders relating to the termination of the Collateral Management Agreement and the objection to the appointment of a successor collateral manager, see "The Collateral Management Agreement".

The Indenture: The Issuer is not permitted to enter into a supplemental indenture (other than a supplemental indenture that does not require the consent of holders of the Notes) without the consent of a Majority-in-Interest of Preferred Shareholders if the Preferred Shareholders are materially adversely affected thereby. The Issuer is not permitted to enter into a supplemental indenture without the consent of Preferred Shareholders whose Voting Percentages equal 100% of the Voting Percentages of all Preferred Shareholders if such supplemental indenture would have the effect of (i) amending the manner in which the proceeds of the Collateral are applied on any Distribution Date; (ii) extending the Stated Maturity of any Class of Rated Notes or changing the date on which any distribution in respect of the Preferred Shares is payable; (iii) changing the earliest date on which each Class of Rated Notes may be redeemed; (iv) impairing or adversely affecting the Collateral (except as otherwise expressly permitted by the Indenture); (v) permitting the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Collateral; or (vi) changing the Voting Percentages required for any action to be taken, or any consent or waiver to be given, by the Preferred Shareholders.

Preferred Share Paying Agency Agreement: The Issuer is not permitted to consent to any amendment of the Preferred Share Paying Agency Agreement generally without the consent of Preferred Shareholders whose Voting Percentages equal 100% of the Voting Percentages of all Preferred Shareholders if such amendment would (i) reduce in any manner the amount of, or delay the timing of, or change the allocation of, the payment of any dividends or final distributions on the Preferred Shares or (ii) reduce the Voting Percentage of Preferred Shareholders required to consent to any amendment to the Preferred Share Paying Agency Agreement that requires the consent of the Preferred Shareholders; otherwise, the Preferred Share Paying Agency Agreement may not be amended without the prior written consent of a Majority-in-Interest of Preferred Shareholders adversely affected thereby. Amendment of the Preferred Share Paying Agency Agreement is subject to satisfaction of the Rating Condition.

Modification of the Issuer Charter: The Issuer Charter provides that it may be amended only by the holders of the Issuer's ordinary shares, which holders hold such shares in trust for charitable purposes, and the declaration of trust pursuant to which such shares are held in trust provides that the holders of such shares may only amend the Issuer Charter if (a) the Rating Condition is satisfied with respect to such modification and (b) the holders of any Class of Notes would not be materially adversely affected by such modification; provided that, any amendment of the Issuer Charter which adversely affects or could adversely affect the rights or interests of the holders of the Issuer's ordinary shares or the Preferred Shares shall not be effective except with the written consent of a majority of such ordinary shares or a Majority-in-Interest of Preferred Shareholders (whichever shares are so affected by such amendment). Any amendment of the Issuer Charter not in accordance with the foregoing clauses (a) and (b) will constitute an Event of Default under the Indenture.

Dissolution; Liquidating Distributions

The Issuer Charter provides that the holders of the ordinary shares in the Issuer shall pass a special resolution to cause the Issuer to be wound up on the earliest to occur of (i) at any time on or after the date that is one year and two days after the Stated Maturity of the Rated Notes, upon the Directors' determination to dissolve the Issuer, (ii) at any time after the sale or other disposition of all of the Issuer's assets, upon the Directors' determination to dissolve the Issuer, (iii) at any time after the Rated Notes are paid in full upon the Directors' determination to dissolve the Issuer and (iv) on the date of a winding up pursuant to the provisions of or as contemplated by the Companies Law of the Cayman Islands as then in effect. The Directors of the Issuer currently intend, in the event that the Preferred Shares are not redeemed at the option of a Majority-in-Interest of Preferred Shareholders following the repayment in full of the Rated Notes, to liquidate all of the Issuer's remaining investments in an orderly manner and distribute the proceeds of such liquidation to the Preferred Shareholders. However, there can be no assurance that the Rated Notes will be repaid before their Stated Maturity. See "Maturity, Prepayment and Yield Considerations" and "Risk Factors—Average Life and Prepayment Considerations".

As soon as practicable following the dissolution of the Issuer, its affairs will be wound up and its assets sold or distributed. Subject to the terms of the Indenture and Cayman Islands law, the assets of the Issuer shall be applied in the following order of priority:

(1) *first*, to pay the costs and expenses of the winding up, liquidation and termination of the Issuer;

(2) *second*, to creditors of the Issuer, in the order of priority provided by law, including fees payable to the Collateral Manager or its affiliates;

(3) *third*, to establish reserves adequate to meet any and all contingent, unliquidated liabilities or obligations of the Issuer; *provided*, that at the expiration of a period not exceeding three years after the final liquidation distribution, the balance of such reserves remaining after the payment of such contingencies or liabilities shall be distributed in the manner described herein;

(4) *fourth*, to pay the Preferred Shareholders a sum equal to the aggregate liquidation preference of the Preferred Shares;

(5) *fifth*, to pay the holders of the ordinary shares the nominal amount paid up thereon and the sum of U.S.$1.00 per ordinary share; and

(6) *sixth*, to pay to the Preferred Shareholders the balance remaining on a *pro rata* basis.

Consolidation, Merger or Transfer of Assets

Except under the limited circumstances set forth in the Issuer Charter and the Indenture, the Issuer may not 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 entity.

Petitions for Bankruptcy

Each initial purchaser of Preferred Shares will be deemed to covenant that it will not cause the filing of a petition in bankruptcy against the Issuer before a period equal to one year and one day has elapsed since the payment in full of the Rated Notes under or, if longer, the applicable preference period then in effect, including any period established pursuant to the laws of the Cayman Islands.

Governing Law

The Preferred Share Paying Agency Agreement will be governed by, and construed in accordance with, the law of the State of New York. The Issuer Charter and the Preferred Shares will be governed by, and construed in accordance with, the law of the Cayman Islands.

Form, Registration and Transfer

General

(i) The Preferred Shares, whether represented by certificates in fully registered definitive form or by one or more global certificates in fully registered form, will be subject to certain restrictions on transfer set forth therein, in the Preferred Share Paying Agency Agreement and in the Issuer Charter and may bear a legend regarding such restrictions.

(ii) Preferred Shares offered in the U.S. to (a) Qualified Institutional Buyers in reliance on Rule 144A or (b) Accredited Investors in reliance on Section 4(2) under the Securities Act ("Restricted Preferred Shares") will be represented by certificates in fully registered definitive form registered in the name of the legal and beneficial owner thereof.

(iii) Preferred Shares offered in reliance upon Regulation S ("Regulation S Preferred Shares") will be represented by one or more global certificates in fully registered form deposited with, and registered in the name of DTC (or its nominee) and deposited with the Preferred Share Paying Agent as custodian on behalf of DTC initially for the accounts of Euroclear Bank, as operator of Euroclear, and/or Clearstream, Luxembourg. Interests in the Regulation S Preferred Shares will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants (including Euroclear and Clearstream, Luxembourg). Interests in a Regulation S Preferred Share may be held only through Euroclear or Clearstream, Luxembourg.

(iv) Owners of beneficial interests in Regulation S Preferred Shares will be entitled or required under certain limited circumstances described below, to receive physical delivery of certificated Preferred Shares ("Definitive Preferred Shares") in fully registered, definitive form. No owner of an interest in a Regulation S Preferred Share will be entitled to receive a Definitive Preferred Share unless such person provides certification that the Definitive Preferred Share is beneficially owned by a person that is not a U.S. Person (as defined in Regulation S).

(v) U.S. Bank National Association has been appointed the transfer agent with respect to the Preferred Shares (the "Preferred Share Transfer Agent").

(vi) The minimum number of Preferred Shares to be issued to an investor shall initially be 250 representing an original capital contribution of U.S.$250,000; provided, that a limited number of investors purchasing from the Placement Agents in their respective initial distribution may hold Preferred Shares in a minimum number of 100. The Preferred Shares are subject to the restrictions on transfer set forth in this Offering Circular under "Transfer Restrictions". Preferred Shares may not be transferred if, after giving effect to such transfer, the transferee (or, if the transferor retains any Preferred Shares, the transferor) would own less than 250 Preferred Shares.

(vii) The Preferred Shares are not issuable in bearer form.

(viii) Pursuant to the Preferred Share Paying Agency Agreement, Walkers SPV Limited (on behalf of the Issuer) has been appointed and will serve as the registrar with respect to the Preferred Shares (in such capacity, the "Preferred Share Registrar") and will provide for the registration of Preferred

Shares and the registration of transfers of Preferred Shares in the register maintained by it (the "Preferred Share Register"). Written instruments of transfer are available at the office of the Preferred Share Registrar.

(ix) The Issuer is authorized to issue 44,400 Preferred Shares, par value U.S.$0.01 per share.

Regulation S Preferred Shares

(i) So long as the depositary for a Regulation S Preferred Share, or its nominee, is the registered holder of such Regulation S Preferred Share, such depositary or such nominee, as the case may be, will be considered the absolute owner or holder of such Preferred Share, as the case may be, represented by such Regulation S Preferred Share for all purposes under the Preferred Share Paying Agency Agreement and the Preferred Share and members of, or participants in, the depositary (as used in this section, the "Participants") as well as any other persons on whose behalf Participants may act (including Euroclear and Clearstream, Luxembourg and account holders and participants therein) will have no rights under the Preferred Share Paying Agency Agreement and/or the Issuer Charter. Owners of beneficial interests in a Regulation S Preferred Share will not be considered to be the owners or holders of any Preferred Share under the Issuer Charter. In addition, no beneficial owner of an interest in a Regulation S Preferred Share will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the depositary and, in the case of a Regulation S Preferred Share, Euroclear or Clearstream, Luxembourg (in addition to those under the Preferred Share Paying Agency Agreement), in each case to the extent applicable (as used in this section, the "Applicable Procedures").

(ii) Investors may hold their interests in a Regulation S Preferred Share directly through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in Regulation S Preferred Shares on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in such Regulation S Preferred Share in customers' securities accounts in the depositaries' names on the books of DTC.

(iii) Payments of distributions in respect of an individual Regulation S Preferred Share registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the Regulation S Preferred Share. None of the Issuer, the Trustee, the Preferred Share Paying Agent, the Preferred Share Registrar and 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 Regulation S Preferred Shares or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(iv) With respect to the Regulation S Preferred Shares, the Issuer expects that the depositary for any Regulation S Preferred Share or its nominee, upon receipt of any payment of principal of or interest on such Regulation S Preferred Share, will immediately credit the accounts of Participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Regulation S Preferred Share as shown on the records of the depositary or its nominee. The Issuer also expects that payments by Participants to owners of beneficial interests in such Regulation S Preferred Share 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 name of nominees for such customers. Such payments will be the responsibility of such Participants.

Definitive Preferred Shares

Interests in a Regulation S Preferred Share will be exchangeable or transferable, as the case may be, for a Regulation S Preferred Share that is a Definitive Preferred Share if (a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Preferred Share, (b) DTC ceases to be a "Clearing Agency" registered under the Exchange Act, and a successor depositary is not appointed by the Issuer within 30 days, (c) the transferee of an interest in such Regulation S Preferred Share is required by law to take physical delivery of securities in definitive form or (d) the transferee is otherwise unable to pledge its interest in a Regulation S Preferred Share. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause Definitive Preferred Shares bearing an appropriate legend regarding restrictions on transfer to be delivered. Upon the transfer, exchange or replacement of Definitive Preferred Shares bearing a legend, or upon specific request for removal of a legend on a Preferred Share, the Issuer shall deliver through the Trustee or any Paying Agent (other than the Preferred Share Paying Agent) to the holder and the transferee, as applicable, one or more Definitive Preferred Shares in certificated form corresponding to the principal amount of Definitive Preferred Shares surrendered for transfer, exchange or replacement 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 U.S. counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein is required to ensure compliance with the provisions of the Securities Act or the 1940 Act. Definitive Preferred Shares will be exchangeable or transferable for interests in other Definitive Preferred Shares as described below.

Transfer and Exchange

(i) Transfers by a holder of a beneficial interest in a Regulation S Preferred Share to a transferee who takes delivery of such interest through a Restricted Preferred Share will be made only in accordance with the Applicable Procedures and upon receipt by the Note Registrar of written certifications (1) from the transferor of such beneficial interest in the form provided in the Preferred Share Paying Agency Agreement to the effect that, among other things, such transfer is being made to a person (x) whom the transferor reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) who is an Accredited Investor, in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (2) from the transferee of such beneficial interest in the form provided for in the Preferred Share Paying Agency Agreement to the effect that, among other things, the transferee (w) is a Qualified Institutional Buyer or an Accredited Investor and (x) is a Qualified Purchaser.

(ii) Transfers by a holder of a beneficial interest in a Regulation S Preferred Share to a transferee who takes delivery of such interest through a Regulation S Preferred Share will be made only to a transferee that is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S and only in accordance with the Applicable Procedures. In addition, each transferee acquiring an interest in Regulation S Preferred Shares will be required to execute and deliver to the Issuer and the Preferred Share Paying Agent a written certification in the form attached as an exhibit to the Preferred Share Paying Agency Agreement to the effect that, among other matters, such transferee will not transfer such interest except in compliance with the transfer restrictions set forth in the Preferred Share Paying Agency Agreement (including the requirement that any subsequent transferee execute and deliver such certificate as a condition to any subsequent transfer).

(iii) Transfers by a holder of a Restricted Preferred Share to a transferee who takes delivery of such interest through an interest in a Regulation S Preferred Share will be made only upon receipt by the Note Registrar of written certification from the transferor in the form provided in the Preferred Share Paying Agency Agreement to the effect that such transfer is being made in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S. Exchanges or transfers by a holder of a Restricted Preferred Share to a transferee who takes delivery of such Preferred Share through a Regulation S Preferred Share will be made no later than 60 days after the receipt by the Preferred Share Registrar or Transfer Agent, as the case may be, of the Restricted Preferred Shares to be so exchanged or transferred only in accordance with the Applicable Procedures, and, if applicable, upon receipt by the Note Registrar of a written certification from the transferor in the form provided in the Preferred Share Paying Agency Agreement. In addition, each transferee acquiring an interest in Regulation S Preferred Shares will be required to execute and deliver to the Issuer and the Preferred Share Paying Agent a written certification in the form attached as an exhibit to the Preferred Share Paying Agency Agreement to the effect that, among other matters, such transferee will not transfer such interest except in compliance with the transfer restrictions set forth in the Preferred Share Paying Agency Agreement (including the requirement that any subsequent transferee execute and deliver such certificate as a condition to any subsequent transfer).

(iv) Transfers by a holder of a Restricted Preferred Share to a transferee who takes delivery of a Restricted Preferred Share will be made only upon receipt by the Preferred Share Registrar of written certifications from (1) the transferor in the form provided in the Preferred Share Paying Agency Agreement to the effect that, among other things, such transfer is being made to a person (x) whom the transferor reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) who is an Accredited Investor, in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (2) the transferee in the form provided for in the Preferred Share Paying Agency Agreement to the effect that, among other things, the transferee (w) is a Qualified Institutional Buyer or an Accredited Investor and (x) is a Qualified Purchaser.

(v) Transfers between Participants in DTC will be effected in the ordinary way in accordance with the Applicable Procedures and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

(vi) Definitive Preferred Shares and Restricted Preferred Shares may be exchanged or transferred in whole or in part in the principal amount of authorized denominations by surrendering such Definitive Preferred Shares or Restricted Preferred Shares, as the case may be, at the office of the Preferred Share Registrar or the Transfer Agent with a written instrument of transfer as provided in the Preferred Share Paying Agency Agreement. In addition, if the Definitive Preferred Shares being exchanged or transferred contain a legend, additional certifications to the effect that such exchange or transfer is in compliance with the restrictions contained in such legend, may be required. With respect to any transfer of a portion of Definitive Preferred Shares or Restricted Preferred Shares, the transferor will be entitled to receive, at any aforesaid office, new Definitive Preferred Shares or Restricted Preferred Shares, as the case may be, representing the principal amount retained by the transferor after giving effect to such transfer. Definitive Preferred Shares and Restricted Preferred Shares issued upon any such exchange or transfer (whether in whole or in part) will be made available at the office of the Transfer Agent.

(vii) The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, any transfer of beneficial interests in Regulation S Preferred Shares to such persons may require that such interests in Regulation S Preferred Shares be exchanged for Definitive Preferred Shares. Because DTC can only act on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in Regulation S Preferred Shares to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may require that such interest in a Regulation S Preferred Shares be exchanged for Definitive Preferred Shares. Interests in a Regulation S Preferred Share will be exchangeable for Definitive Preferred Shares only as described above.

(viii) Subject to compliance with the transfer restrictions applicable to the Preferred Shares described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, Luxembourg, 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 Regulation S Preferred Shares in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositaries of Clearstream, Luxembourg or Euroclear.

(ix) Because of time zone differences, cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in Regulation S Preferred Shares by or through a Euroclear or Clearstream, Luxembourg 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, Luxembourg cash account only as of the business day following settlement in DTC.

(x) DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Preferred Shares (including, without limitation, the presentation of Preferred Shares for exchange as described above) only at the direction of one or more Participants to whose account DTC interests in the Regulation S Preferred Shares are credited and only in respect of the number of Preferred Shares as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Indenture relating to the Preferred Shares, DTC may exchange the Regulation S Preferred Shares for Definitive Preferred Shares, legended as appropriate, which it will distribute to its Participants.

(xi) Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in a Regulation S Preferred Share among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee and the Preferred Share Paying Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

(xii) The Issuer Charter and/or the Preferred Share Paying Agency Agreement provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of Preferred Shares (A) is a U.S. Person (within the meaning of Regulation S under the Securities Act) and (B) is not both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser, then the Issuer may require, by notice to such holder, that such holder sell all of its right, title

and interest to such Preferred Shares (or interest therein) to a Person that is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Preferred Share Paying Agent and the Preferred Share Paying Agent (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Preferred Share to be transferred in a commercially reasonable sale (conducted by the Administrator in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Preferred Share Paying Agent, the Issuer and the Collateral Manager, in connection with such transfer, that such person is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Preferred Share held by such beneficial owner.

(xiii) In addition, no Reg Y Institution may transfer any Preferred Shares held by it to any person other than (a) a person or group of persons under common control that controls the Issuer without reference to any Preferred Shares transferred to such person or group by such Reg Y Institution (a "Reg Y Controlling Party"), (b) a person or persons designated by a Reg Y Controlling Party, (c) in a widespread public distribution as part of a public offering, (d) in amounts such that, after giving effect thereto, no single transferee and its affiliates will hold more than 2.0% of the aggregate number of Preferred Shares (including all options, warrants and similar rights exercisable or convertible into Preferred Shares) or (e) as otherwise permitted by applicable U.S. Federal banking law and regulations. See "Transfer Restrictions".

(xiv) No Preferred Share (or any interest therein) may be transferred, and none of the Preferred Share Paying Agent, the Issuer and the Preferred Share Registrar will recognize any such transfer, unless (a) such transfer is made in a manner exempt from registration under the Securities Act, (b) such transfer is of a number of Preferred Shares that is greater than or equal to the minimum number of Preferred Shares permitted to be held pursuant to the Preferred Share Paying Agency Agreement, (c) such transfer would not have the effect of requiring either of the Co-Issuers or the Collateral to register as an investment company under the 1940 Act or (d) the transferee is able to make all applicable certifications and representations required by the Issuer Charter and/or the Preferred Share Paying Agency Agreement. See "Transfer Restrictions"

(xv) No Restricted Preferred Share or Regulation S Preferred Share may be transferred and none of the Issuer, the Preferred Share Paying Agent and the Preferred Share Registrar will recognize any such transfer unless such transferee represents, warrants and covenants that it is not (and for so long as it holds such Preferred Share will not be), and it is not acting on behalf of (and for so long as it holds such Preferred Share will not be acting on behalf of), a Benefit Plan Investor or a Controlling Person. Each transferee will be deemed to represent and warrant the foregoing.

(xvi) No service charge will be made for exchange or registration of transfer of any Preferred Share but the Transfer Agent (on behalf of the Preferred Share Registrar) may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith and expenses of delivery (if any) not made by regular mail.

(xvii) The Preferred Share Paying Agent will effect exchanges and transfers of Preferred Shares. All Preferred Shares issued upon any exchange or registration of transfer are entitled to the same benefits as the Preferred Shares surrendered upon exchange or registration of transfer.

(xviii) In addition, the Preferred Share Registrar will keep in the Preferred Share Register records of the ownership, exchange and transfer of the Preferred Shares.

No Gross-Up

All distributions of dividends and return of capital on the Preferred Shares will be made without any deduction or withholding for or on account of any tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority then in effect. If the Issuer is so required to deduct or withhold, then the Issuer will instruct the Preferred Share Paying Agent to make such deduction or withholding and will pay any such withholding taxes to the relevant taxing authority but will not be obligated to pay any additional amounts in respect of such withholding or deduction.

DESCRIPTION OF THE COMBINATION NOTES

On the Closing Date, the Issuer will issue U.S.$20,000,000 notional amount of Combination Notes (the "Combination Notes") due June 23, 2036. The Combination Notes will consist of two components (each, a "Component"), one component representing an interest in U.S.$16,000,000 Class C-2 Notes (the "Class C-2 Component") and the other component representing an interest in U.S.$4,000,000 Class D-2 Notes (the "Class D-2 Component").

The Combination Notes do not bear interest at a stated rate and are entitled only to the payments to which the Securities represented by their Components are entitled. The Issuer's only obligation in respect of the Combination Notes is to pay through to the holders of the Combination Notes the amount received on their respective Components. On each Distribution Date on which payments, whether payments of principal or interest, or payments made upon a redemption or otherwise, are made with respect to the Class C-2 Notes , a portion of such payment will be allocated to the Combination Notes in the proportion that the principal amount of the Class C-2 Component bears to the aggregate principal amount of the Class C-2 Notes as a whole (including such Component). On each Distribution Date on which payments, whether payments of principal or interest, or payments made upon a redemption or otherwise, are made with respect to the Class D-2 Notes , a portion of such payment will be allocated to the Combination Notes in the proportion that the principal amount of the Class D-2 Component bears to the aggregate principal amount of the Class D-2 Notes as a whole (including such Component).

Until such time as a holder of a Combination Note shall, in accordance with the terms of the Indenture, request the exchange of such Combination Note for the Class C-2 Notes and Class D-2 Notes represented by the Class C-2 Component and Class D-2 Component thereof, none of the Class C-2 Notes and Class D-2 Notes constituting the Class C-2 Component and Class D-2 Component shall be separately executed, authenticated, delivered or dated pursuant to the Indenture. Notwithstanding the above, the Components will nonetheless be deemed to be included in references to the Offered Securities, the Class C-2 Notes and the Class D-2 Notes, as the case may be, represented by such Components unless otherwise expressly excluded from any such reference.

The Combination Notes shall be redeemable (i) with respect to the Class C-2 Component, by allocation of payments in respect of the Class C-2 Notes constituting such related Component and (ii) with respect to the Class D-2 Component, by allocation of payments in respect of the Class D-2 Notes constituting such related Component, to the Holders of the Combination Notes.

The obligations of the Issuer under the Combination Notes are limited recourse obligations of the Issuer, payable solely to the extent that payments are made on the Class C-2 Notes represented by the Class C-2 Component and on the Class D-2 Notes represented by the Class D-2 Component. The Combination Notes are secured solely to the extent to which the underlying Components comprising the Combination Notes are secured.

With the consent of a majority of the holders of the Combination Notes materially adversely affected thereby, the Co-Issuers and the Trustee may, at any time and from time to time, enter into one or more supplemental indentures to amend the provisions of the Indenture relating to the Combination Notes; *provided*, that the Trustee may not enter into any supplemental indenture that would amend such provisions in any manner that would, if such amendment were being made to all of the Notes and not just the Combination Notes, require the consent of all of the holders of Notes, without the consent of all of the Combination Noteholders.

Each holder of a Combination Note will, to the extent of the Class C-2 Component, be entitled to the same rights with respect to such Class C-2 Component as if such holder directly held a Class C-2 Note in a principal amount equal to the amount of such Class C-2 Component, and will, to the extent of the Class D-2 Component, be entitled to the same rights with respect to such Class D-2 Component as if such holder directly held a Class D-2 Note in a principal amount equal to the amount of such Class D-2 Component. Each purchaser of a Combination Note should therefore carefully review each provision of this Offering Circular applicable to the Class C-2 Notes and the Class D-2 Notes before deciding whether or not to purchase a Combination Note.

Form, Denomination, Registration and Transfer

(i) The Combination Notes will be subject to certain restrictions on transfer set forth therein and in the Indenture and may bear a legend regarding such restrictions. Combination Notes offered in the U.S. to (a) Qualified Institutional Buyers in reliance on Rule 144A or (b) in connection with the initial sale of Combination Notes only, Accredited Investors in reliance on Section 4(2) under the Securities Act ("Restricted Definitive Combination Notes") will be represented by certificates in fully registered definitive form registered in the name of the legal and beneficial owner thereof.

(ii) The Combination Notes offered in reliance upon Regulation S ("Regulation S Combination Notes") will be represented by one or more permanent global notes ("Regulation S Global Combination Notes") in fully registered form deposited with, and registered in the name of DTC (or its nominee) and deposited with the Trustee as custodian on behalf of DTC initially for the accounts of Euroclear Bank, as operator of Euroclear, and/or Clearstream, Luxembourg. Interests in the Regulation S Global Combination Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and Indirect Participants (including Euroclear and Clearstream, Luxembourg). Interests in a Regulation S Global Combination Note may be held only through Euroclear or Clearstream, Luxembourg.

(iii) Owners of beneficial interests in Regulation S Global Combination Notes will be entitled or required under certain limited circumstances described below, to receive physical delivery of certificated Combination Notes ("Definitive Combination Notes") in fully registered, definitive form. No owner of an interest in a Regulation S Global Combination Note will be entitled to receive a Definitive Combination Note unless such person provides certification that the Definitive Combination Note is beneficially owned by a person that is not a U.S. Person (as defined in Regulation S).

(iv) In its capacity as Note Registrar pursuant to the Indenture, U.S. Bank National Association has been appointed and will serve as the registrar with respect to the Combination Notes and will provide for the registration of Combination Notes and the registration of transfers of Combination Notes in the Note Register. In its capacity as Transfer Agent pursuant to the Indenture, U.S. Bank National Association also will serve as a transfer agent with respect to the Combination Notes. The Note Registrar shall permit the exchange or transfer of any beneficial interest in any Combination Note for a beneficial interest in a Combination Note only upon provision to the Note Registrar and the Issuer of a written certification in the form required by the Indenture.

(v) The Combination Notes will be issuable in a minimum denomination of U.S.$250,000, and only in integral multiples of U.S.$1,000 in excess thereof. After issuance, any Combination Note may fail to be in compliance with the minimum denomination requirement as a result of the repayment of principal thereof in accordance with the Priority of Payments and any Combination Note may fail to be in an amount which is an integral multiple of U.S.$1,000 due to the addition to the principal amount thereof of Class C-2 Deferred Interest in respect of the Class C-2 Component or Class D-2 Deferred Interest in respect of the Class D-2 Component.

(vi) The Combination Notes will not be issuable in bearer form.

Regulation S Combination Notes

(i) So long as the depositary for a Regulation S Global Combination Note, or its nominee, is the registered holder of such Regulation S Global Combination Note, such depositary or such nominee, as the case may be, will be considered the absolute owner or holder of such Combination Note, as the case may be, represented by such Regulation S Global Combination Note for all purposes under the Indenture and the Combination Note, and members of, or participants in, the depositary (as used in this section, the "Participants") as well as any other persons on whose behalf Participants may act (including Euroclear and Clearstream, Luxembourg and account holders and participants therein) will have no rights under the Indenture or under a Combination Note. Owners of beneficial interests in a Regulation S Global Combination Note will not be considered to be the owners or holders of any Combination Note under the Indenture or the Combination Note. In addition, no beneficial owner of an interest in a Regulation S Global Combination Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the depositary and, in the case of a Regulation S Global Combination Note, Euroclear or Clearstream, Luxembourg (in addition to those under the Indenture), in each case to the extent applicable (as used in this section, the "Applicable Procedures").

(ii) Investors may hold their interests in a Regulation S Global Combination Note directly through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in Regulation S Global Combination Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in such Regulation S Global Combination Note in customers' securities accounts in the depositaries' names on the books of DTC.

(iii) Payments of distributions in respect of an individual Regulation S Global Combination Note registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the Regulation S Global Combination Note. None of the Issuer, the Trustee, the Note Registrar and 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 Regulation S Global Combination Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(iv) With respect to the Regulation S Global Combination Notes, the Issuer expects that the depositary for any Regulation S Global Combination Note or its nominee, upon receipt of any payment of principal of or interest on such Regulation S Global Combination Note, will immediately credit the accounts of Participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Regulation S Global Combination Note as shown on the records of the depositary or its nominee. The Issuer also expects that payments by Participants to owners of beneficial interests in such Regulation S Global Combination Note 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 name of nominees for such customers. Such payments will be the responsibility of such Participants.

Definitive Combination Notes

Interests in a Regulation S Global Combination Note will be exchangeable or transferable, as the case may be, for a Regulation S Global Combination Note that is a Definitive Combination Note if (a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Combination Note, (b) DTC ceases to be a "Clearing Agency" registered under the Exchange Act, and a successor depositary is not appointed by the Issuer within 30 days, (c) the transferee of an interest in such Regulation S Global Combination Note is required by law to take physical delivery of securities in definitive form or (d) the transferee is otherwise unable to pledge its interest in a Regulation S Global Combination Note. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause Definitive Combination Notes bearing an appropriate legend regarding restrictions on transfer to be delivered. Upon the transfer, exchange or replacement of Definitive Combination Notes bearing a legend, or upon specific request for removal of a legend on a Combination Note, the Issuer shall deliver through the Trustee or any Paying Agent (other than the Preferred Share Paying Agent) to the holder and the transferee, as applicable, one or more Definitive Combination Notes in certificated form corresponding to the principal amount of Definitive Combination Notes surrendered for transfer, exchange or replacement 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 U.S. counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein is required to ensure compliance with the provisions of the Securities Act or the 1940 Act. Definitive Combination Notes will be exchangeable or transferable for interests in other Definitive Combination Notes as described below.

Transfer and Exchange

(i) Transfers by a holder of a beneficial interest in a Regulation S Global Combination Note to a transferee who takes delivery of such interest through a Restricted Definitive Combination Note will be made only in accordance with the Applicable Procedures and upon receipt by the Note Registrar of written certifications (a) from the transferor of such beneficial interest in the form provided in the Indenture to the effect that, among other things, such transfer is being made (x) to a person whom the transferor reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A (y) to a Qualified Purchaser, and (z) in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (b) from the transferee of such beneficial interest in the form provided for in the Indenture to the effect that, among other things, the transferee is both a Qualified Institutional Buyer and a Qualified Purchaser.

(ii) Transfers by a holder of a beneficial interest in a Regulation S Global Combination Note to a transferee who takes delivery of such interest through a Regulation S Global Combination Note will be made only to a transferee that is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S and only in accordance with the Applicable Procedures. In addition, each transferee acquiring an interest in Regulation S Global Combination Notes will be required to execute and deliver to the Issuer and the Trustee a written certification in the form attached as an exhibit to the Indenture to the effect that, among other matters, such transferee will not transfer such interest except in compliance with the transfer restrictions set forth in the Indenture (including the requirement that any subsequent transferee execute and deliver such certificate as a condition to any subsequent transfer).

(iii) Transfers by a holder of a Restricted Definitive Combination Note to a transferee who takes delivery of such interest through an interest in a Regulation S Combination Note will be made only upon receipt by the Note Registrar and the Issuer of written certification from the transferor in the form provided in the Indenture to the effect that such transfer is being made in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S. Exchanges or transfers by a holder of a Restricted Definitive Combination Note to a transferee who takes delivery of such Combination Note through a Regulation S Global Combination Note will be made no later than 60 days after the receipt by the Note Registrar or Transfer Agent, as the case may be, of the Restricted Definitive Combination Notes to be so exchanged or transferred only in accordance with the Applicable Procedures, and, if applicable, upon receipt by the Note Registrar and the Issuer of a written certification from the transferor in the form provided in the Indenture. In addition, each transferee acquiring an interest in Regulation S Global Combination Notes will be required to execute and deliver to the Issuer and the Note Registrar a written certification in the form attached as an exhibit to the Indenture to the effect that, among other matters, such transferee will not transfer such interest except in compliance with the transfer restrictions set forth in the Indenture (including the requirement that any subsequent transferee execute and deliver such certificate as a condition to any subsequent transfer).

(iv) Transfers by a holder of a Restricted Definitive Combination Note to a transferee who takes delivery of a Restricted Definitive Combination Note will be made only upon receipt by the Note Registrar and the Issuer of written certifications from (a) the transferor in the form provided in the Indenture to the effect that, among other things, such transfer is being made (x) to a person whom the transferor reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A (y) to a Qualified Purchaser, and (z) in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (b) the transferee in the form provided for in the Indenture to the effect that, among other things, the transferee is both a Qualified Institutional Buyer and a Qualified Purchaser.

(v) Transfers between Participants in DTC will be effected in the ordinary way in accordance with the Applicable Procedures and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

(vi) Definitive Combination Notes and Restricted Definitive Combination Notes may be exchanged or transferred in whole or in part in the principal amount of authorized denominations by surrendering such Definitive Combination Notes or Restricted Definitive Combination Notes, as the case may be, at the office of the Trustee or the Transfer Agent with a written instrument of transfer as provided in the Indenture. In addition, if the Definitive Combination Notes being exchanged or transferred contain a legend, additional certifications to the effect that such exchange or transfer is in compliance with the restrictions contained in such legend, may be required. With respect to any transfer of a portion of Definitive Combination Notes or Restricted Definitive Combination Notes, the transferor will be entitled to receive, at any aforesaid office, new Definitive Combination Notes or Restricted Definitive Combination Notes, as the case may be, representing the principal amount retained by the transferor after giving effect to such transfer. Definitive Combination Notes and Restricted Definitive Combination Notes issued upon any such exchange or transfer (whether in whole or in part) will be made available at the office of the Transfer Agent.

(vii) The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, any transfer of beneficial interests in Regulation S Global Combination Notes to such persons may require that such interests in Regulation S Global Combination Notes be exchanged for Definitive Combination Notes. Because DTC can only act on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial

interest in Regulation S Global Combination Notes to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may require that such interest in a Regulation S Global Combination Notes be exchanged for Definitive Combination Notes. Interests in a Regulation S Global Combination Note will be exchangeable for Definitive Combination Notes only as described above.

(viii) Subject to compliance with the transfer restrictions applicable to the Combination Notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, Luxembourg, 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 Regulation S Global Combination Notes in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositaries of Clearstream, Luxembourg or Euroclear.

(ix) Because of time zone differences, cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in Regulation S Global Combination Notes by or through a Euroclear or Clearstream, Luxembourg 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, Luxembourg cash account only as of the business day following settlement in DTC.

(x) DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Combination Notes (including, without limitation, the presentation of Combination Notes for exchange as described above) only at the direction of one or more Participants to whose account DTC interests in the Regulation S Global Combination Notes are credited and only in respect of the number of Combination Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Indenture relating to the Combination Notes, DTC will exchange the Regulation S Global Combination Notes for Definitive Combination Notes, legended as appropriate, which it will distribute to its Participants.

(xi) Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in a Regulation S Global Combination Note among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee and the Preferred Share Paying Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

(xii) The Indenture provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of Combination Notes (A) is a U.S. Person (within the meaning of Regulation S under the Securities Act) and (B) is not both (x) a Qualified Institutional Buyer or, if such beneficial interest was purchased in connection with the initial sale of Combination Notes only, an Accredited Investor and (y) a Qualified Purchaser, then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest to such Combination Notes (or interest therein) to a Person that is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required

within such 30-day period, (i) upon direction from the Issuer, the Trustee (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Combination Note to be transferred in a commercially reasonable sale (conducted by the Administrator in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Trustee, the Issuer and the Collateral Manager, in connection with such transfer, that such person is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Combination Note held by such beneficial owner.

(xiii) In addition, no Reg Y Institution may transfer any Combination Notes held by it to any person other than (a) a person or group of persons under common control that controls the Issuer without reference to any Combination Notes transferred to such person or group by such Reg Y Institution (a "Reg Y Controlling Party"), (b) a person or persons designated by a Reg Y Controlling Party, (c) in a widespread public distribution as part of a public offering, (d) in amounts such that, after giving effect thereto, no single transferee and its affiliates will hold more than 2.0% of the aggregate number of Combination Notes (including all options, warrants and similar rights exercisable or convertible into Combination Notes) or (e) as otherwise permitted by applicable U.S. Federal banking law and regulations. See "Transfer Restrictions".

(xiv) No Combination Note (or interest therein) may be transferred and none of the Co-Issuers, the Trustee and the Note Registrar will recognize such transfer unless such transferee represents and warrants (or is deemed to represent and warrant, as applicable) that either (a) it is not (and for so long as it holds such Combination Note will not be), and is not acting on behalf of (and for so long as it holds such Combination Note will not be acting on behalf of), an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in Section 4975 of the Code, an entity deemed to hold plan assets of any of the foregoing, or a foreign or governmental plan that is subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code or (b) its purchase, ownership and disposition of such Combination Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar applicable law).

(xv) No service charge will be made for exchange or registration of transfer of any Combination Note but the Trustee (on behalf of the Note Registrar) may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith and expenses of delivery (if any) not made by regular mail.

(xvi) The Note Registrar will effect exchanges and transfers of Combination Notes. All Combination Notes issued upon any exchange or registration of transfer are entitled to the same benefits as the Combination Notes surrendered upon exchange or registration of transfer.

(xvii) In addition, the Note Registrar will keep in the Combination Note Register records of the ownership, exchange and transfer of the Combination Notes.

USE OF PROCEEDS

The gross proceeds received from the issuance and sale of the Offered Securities will be approximately U.S.$683,400,000 (after giving effect to and assuming the making of all Borrowings under the Class A-1 Notes after the Closing Date) and the anticipated gross proceeds as of the Closing Date will be approximately U.S.$528,400,000. A portion of such proceeds will be used to pay the organizational expenses of the Co-Issuers (including, without limitation, the legal fees and expenses of counsel to the Co-Issuers, the Placement Agents and the Collateral Manager, to pay expenses relating to the acquisition of the Collateral Debt Securities, to pay the expenses of offering the Offered Securities (including

placement agency fees and structuring fees payable in connection with the placement of the Offered Securities), to make an initial deposit into the Expense Account of U.S.$100,000, to make an initial deposit into the First Distribution Date Reserve Account of U.S.$500,000 and to pay any upfront payments made or received in respect of the Hedge Agreements. The net proceeds received from the sale and issuance of the Offered Securities will be approximately U.S.$671,335,000 (after giving effect to and assuming the making of all Borrowings under the Class A-1 Notes after the Closing Date) and will be used by the Issuer to purchase a diversified portfolio of securities consisting of interests in certain U.S. dollar-denominated capital securities of U.S. issuers that satisfy the investment criteria described herein. A portion of such portfolio may also consist of subordinated debt of U.S. financial services companies that satisfy the investment criteria described herein. On the Closing Date, the Issuer expects to purchase or enter into binding commitments to purchase Collateral Debt Securities having an aggregate principal balance of not less than U.S.$511,261,000. Any such proceeds not invested in Collateral Debt Securities or deposited into the Expense Account or the First Distribution Date Reserve Account will be deposited by the Trustee in the Uninvested Proceeds Account and invested in Eligible Investments pending the use of such proceeds for the purchase of Collateral Debt Securities, as described herein, and, in certain limited circumstances described herein, for the payment of the Notes. The Issuer expects that, no later than the 120th day following the Closing Date, it will have purchased Collateral Debt Securities having an aggregate principal balance at least equal to the Aggregate Ramp-Up Par Amount. See "Security for the Rated Notes".

RATINGS OF THE OFFERED SECURITIES

It is a condition to the issuance of the Notes that the Class A-1 Notes be rated "Aaa" by Moody's, "AAA" by Standard & Poor's and "AAA" by Fitch, that the Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by Fitch, that the Class B Notes be rated at least "Aa2" by Moody's and at least "AA" by Fitch, that the Class C Notes be rated at least "A3" by Moody's and at least "A-" by Fitch, that the Class D Notes be rated at least "BBB" by Fitch and that the Combination Notes be rated at least "AA-" by Fitch. The ratings of the Class A Notes address the ultimate payment of principal of, and the timely payment of interest on, such Notes. The ratings of the Class B Notes address the ultimate payment of principal of, and interest on, the Class B Notes. The ratings of the Class C Notes address the ultimate payment of principal of, and interest on, the Class C Notes. The ratings of the Class D Notes address the ultimate payment of principal of, and interest on, the Class D Notes. The ratings of the Combination Notes apply only to the ultimate payment of the Combination Notes Rated Balance. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

"Combination Notes Rated Balance" means with respect to any Combination Note, as of any date of determination, the initial principal amount of such Combination Note.

Seven days after the Ramp-Up Completion Date, the Board or a board member authorized to act on behalf of the Board, acting on behalf of the Issuer from its offices outside the United States, will be required to deliver (or cause the Collateral Manager on behalf of the Issuer to deliver) an officer's certificate to the Trustee, the Hedge Counterparty and each Rating Agency demonstrating compliance by the Issuer with its obligations under the Indenture, each applicable Coverage Test and each Collateral Quality Test and certifying the satisfaction of the Collateral Debt Security Criteria and the Eligibility Criteria with respect to each Collateral Debt Security or, if on the Ramp-Up Completion Date, the Issuer shall be in default in the performance of its obligations under the Indenture, any of the Coverage Tests or Collateral Quality Tests shall fail to be satisfied, or any of the Collateral Debt Security Criteria or Eligibility Criteria fail to be satisfied with respect to any Collateral Debt Security, the Board or a board member authorized to act on behalf of the Board, acting on behalf of the Issuer from its offices outside the United States, shall deliver an officer's certificate to the Trustee, the Hedge Counterparty and each Rating Agency specifying the details of such default or failure; *provided* that the Board or authorized individual

can rely on advice from the Collateral Manager as to whether the applicable Coverage Tests and Collateral Quality Tests are satisfied. In addition, the Issuer (or the Collateral Manager on behalf of the Issuer) will be required to notify each Rating Agency when a Collateral Debt Security becomes a Defaulted Security.

The Board or a board member authorized to act on behalf of the Board, acting on behalf of the Issuer from its offices outside the United States, will request or cause the Collateral Manager to request that each Rating Agency confirm, no later than 30 days after receiving a Ramp-Up Notice, that such Rating Agency has not reduced or withdrawn the rating (including shadow, private or confidential ratings, if any) assigned by it on the Closing Date, if any, to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes (such confirmation, together with any confirmation deemed to have been made in accordance with the following sentence, a "Ratings Confirmation"). The Issuer will be deemed to have obtained a confirmation of the ratings assigned by a Rating Agency (other than Standard & Poor's) on the Closing Date if (i) such Rating Agency does not notify the Issuer in writing within 30 days after receipt of a Ramp-Up Notice that any such rating (including shadow, private or confidential ratings, if any) has been reduced or withdrawn and (ii) all Coverage Tests and Collateral Quality Tests are satisfied on the Ramp-Up Completion Date. In the event of a Ramp-Up Ratings Confirmation Failure, the Issuer will prepay principal of the Rated Notes as and to the extent necessary for each Rating Agency to confirm the rating (including shadow, private or confidential ratings, if any) assigned by it on the Closing Date, if any, to each Class of Rated Notes. See "Description of the Rated Notes—Mandatory Redemption" and "—Priority of Payments".

To the extent required by applicable stock exchange rules, the Issuer will inform any such exchange on which any of the Rated Notes are listed if any rating assigned by Moody's, Standard & Poor's or Fitch to such Rated Notes is reduced or withdrawn.

MATURITY, PREPAYMENT AND YIELD CONSIDERATIONS

The Stated Maturity of the Rated Notes is June 23, 2036. The Rated Notes will mature at their Stated Maturity unless redeemed or repaid prior thereto. The Preferred Shares will be redeemed on June 23, 2036 or, if such a day is not a Business Day, the immediately following Business Day (the "Scheduled Preferred Shares Redemption Date") unless redeemed prior thereto. However, the average lives of the Rated Notes may be less than the number of years until the Stated Maturity. Based on the portfolio of Collateral Debt Securities that the Collateral Manager expects the Issuer to purchase by the Ramp-Up Completion Date, assuming (a) no Collateral Debt Securities default, (b) 10% of the initial aggregate Principal Balance of the Collateral Debt Securities are optionally redeemed at par on the Distribution Date in December 2010, and thereafter, on each quarter, an annual rate of 2% of the initial aggregate Principal Balance of the Collateral Debt Securities are optionally redeemed at par, (c) all remaining Collateral Debt Securities are sold by the Co-Issuers at par on the Distribution Date occurring in December 2015, and (d) LIBOR for each future Interest Period equals the rate for such Interest Period based on the zero coupon swap curve with such rate initially to be equal to approximately 4.47%, (i) the average life of the Class A-1 Notes would be approximately 8.7 years from the Closing Date, (ii) the average life of the Class A-2A Notes would be approximately 10.0 years from the Closing Date, (iii) the average life of the Class A-2B Notes would be approximately 10.0 years from the Closing Date, (iv) the average life of the Class B-1 Notes would be approximately 10.0 years from the Closing Date, (v) the average life of the Class B-2 Notes would be approximately 10.0 years from the Closing Date, (vi) the average life of the Class C-1 Notes would be approximately 10.0 years from the Closing Date, (vii) the average life of the Class C-2 Notes would be approximately 10.0 years from the Closing Date, (viii) the average life of the Class C-3 Notes would be approximately 10.0 years from the Closing Date, (ix) the average life of the Class C-4 Notes would be approximately 10.0 years from the Closing Date, (x) the average life of the Class D-1 Notes would be approximately 10.0 years from the Closing Date and (xi) the average life of the Class D-2 Notes would be approximately 10.0 years from the Closing Date. Such

average lives of the Rated Notes are presented for illustrative purposes only. Although the Collateral Manager will prepare the list identifying the portfolio of Collateral Debt Securities that it expects the Issuer to purchase by the Ramp-Up Completion Date based upon its experience and expertise as a manager of securities similar to the Collateral Debt Securities and other securities, the assumed identity of the portfolio purchased by the Issuer and the other assumptions used to calculate such average lives of the Rated Notes are necessarily arbitrary, do not necessarily reflect historical experience with respect to securities similar to the Collateral Debt Securities and do not constitute a prediction with respect to the rates or timing of receipts of Interest Proceeds or Principal Proceeds, the acquisition of Collateral Debt Securities prior to the Ramp-Up Completion Date, defaults, recoveries, sales, reinvestments or redemptions to which the Collateral Debt Securities may be subject. Actual experience as to these matters will differ, and may differ materially, from that assumed in calculating the illustrative average lives set forth above, and consequently the actual average lives of the Rated Notes will differ, and may differ materially, from those set forth above. Accordingly, prospective investors should make their own determinations of the expected weighted average lives and maturity of the Rated Notes and, accordingly, their own evaluation of the merits and risks of an investment in the Rated Notes or the Preferred Shares. See "Risk Factors—Projections, Forecasts and Estimates".

Average life refers to the average number of years 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 Rated Notes will be determined by the amount and frequency of principal payments, which are dependent upon any payments received at or in advance of the scheduled maturity of Collateral Debt Securities (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives of the Rated Notes will also be affected by the financial condition of the Collateral Debt Securities Issuers and the Affiliated Financial Institutions and the characteristics of such obligations, including the existence and frequency of exercise of any redemption features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any Defaulted Securities and the frequency of tender or exchange offers for such Collateral Debt Securities. Any disposition of a Collateral Debt Security may change the composition and characteristics of the Collateral Debt Securities and the rate of payment thereon, and, accordingly, may affect the actual average lives of the Rated Notes. The rate of future defaults and the amount and timing of any cash realization from Defaulted Securities also will affect the average lives of the Rated Notes.

THE CO-ISSUERS

General

The Issuer was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands with effect from November 8, 2005 in the Cayman Islands pursuant to the Issuer Charter and is in good standing under the laws of the Cayman Islands, with the registered number 157528. The registered office of the Issuer is at the offices of Walkers SPV Limited, Walker House, P.O. Box 908 GT, George Town, Grand Cayman, Cayman Islands, British West Indies, telephone: (345) 945-3727. Since its incorporation, the Issuer has not commenced commercial operations other than those preparatory to the transactions contemplated herein and no financial statements have been prepared as of the date of this Offering Circular. The Issuer has no prior operating experience, and the Issuer will not have any substantial assets other than the Collateral pledged to secure the Rated Notes and the Issuer's obligations to the other Secured Parties.

The entire authorized share capital of the Issuer will consist of (a) 1,000 ordinary shares, par value U.S.$1.00 per share (which will be held in trust for charitable purposes by Walkers SPV Limited, a licensed trust company incorporated in the Cayman Islands (in such capacity, the "Share Trustee"), under

the terms of a declaration of trust) and (b) 44,400 Preferred Shares, par value U.S.$0.01 per share, having a liquidation preference of U.S.$1,000 per share.

Paragraph 3 of the Memorandum of Association of the Issuer sets out the objects of the Issuer, which include the business to be carried out by the Issuer in connection with the issuance of the Offered Securities. The Issuer Charter also provides that the holders of the ordinary shares in the Issuer shall pass a special resolution to cause the Issuer to be liquidated on the date that is one year and two days after the Stated Maturity of the Rated Notes, unless earlier dissolved and terminated in accordance with the terms of the Issuer Charter. See "Description of the Preferred Shares—Issuer Charter—Dissolution; Liquidating Distributions".

The Co-Issuer was incorporated on April 29, 2005 under the laws of the State of Delaware with state identification number 3847271 pursuant to a certificate of incorporation and its registered office is c/o Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711, telephone: (302) 738-6680. Since its incorporation, the Co-Issuer has not commenced commercial operations other than those preparatory to the transactions contemplated herein and no financial statements have been prepared as of the date of this Offering Circular. The sole director and officer of the Co-Issuer is Donald J. Puglisi, who may be contacted at 850 Library Avenue, Suite 204, Newark, Delaware 19711. The Co-Issuer has no prior operating experience. It will not have any assets (other than its U.S.$1,000 of share capital owned the Issuer owns) and will not pledge any assets to secure the Rated Notes. The Co-Issuer will not have any interest in the Collateral Debt Securities or other assets held by the Issuer. The Third Article of the Co-Issuer's Certificate of Incorporation sets out the objects of the Co-Issuer, which include the business to be carried out by the Co-Issuer in connection with the issuance of the Rated Notes.

The Rated Notes are obligations only of the Co-Issuers, and none of the Rated Notes are obligations of the Trustee, the Collateral Manager, the Placement Agents, the Hedge Counterparty, any member or manager of the Issuer or any of their respective affiliates or any directors or officers of the Issuer.

Walkers SPV Limited will act as the administrator (in such capacity, the "Administrator") of the Issuer. The office of the Administrator will serve as the registered office of the Issuer. Through this office and pursuant to the terms of an agreement (entitled "administration agreement") by and between the Administrator and the Issuer (the "Administration Agreement"), the Administrator will perform various management functions on behalf of the Issuer, including communications with the general public and the provision of certain clerical, administrative and other services until termination of the Administration Agreement, including certifying that the Collateral Debt Securities meet certain criteria on or before the Ramp-Up Completion Date. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates provided for in the Administration Agreement and will be reimbursed for expenses.

The Administrator will be subject to the overview of the Board of Directors of the Issuer. The directors of the Issuer are David Egglishaw, John Cullinane and Derrie Boggess, each of whom is a director or officer of the Administrator and each of whose offices are at P.O. Box 908 G.T., Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Administration Agreement may be terminated by either the Issuer (acting upon the recommendation of the Collateral Manager) or the Administrator in accordance with the provisions of clause 7 thereof. No resignation of the Administrator will be effective until a replacement Administrator acceptable to the Issuer has been appointed.

The Administrator's registered office is at P.O. Box 908 G.T., Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

Capitalization

The initial capitalization of the Issuer as of the Closing Date, after giving effect to the issuance of the Offered Securities of the Issuer (assuming the Class A-1 Notes have been fully funded) but before deducting expenses of the offering of the Offered Securities and organizational expenses of the Co-Issuers, is expected to be as follows:

Class A-1 Notes	U.S.$365,000,000
Class A-2A Notes	U.S.$59,000,000
Class A-2B Notes	U.S.$3,000,000
Class B-1 Notes	U.S.$51,000,000
Class B-2 Notes	U.S.$7,000,000
Class C-1 Notes	U.S.$54,000,000
Class C-2 Notes	U.S.$48,500,000
Class C-3 Notes	U.S.$12,500,000
Class C-4 Notes	U.S.$7,000,000
Class D-1 Notes	U.S.$28,000,000
Class D-2 Notes	U.S.$4,000,000
Total Debt	U.S.$639,000,000
Ordinary Shares	U.S.$1,000
Preferred Shares	U.S.$44,400,000
Total Equity	U.S.$44,401,000
Total Capitalization	U.S.$683,401,000

As of the Closing Date and after giving effect to the issuance of the Preferred Shares, the authorized and issued share capital of the Issuer will be 1,000 ordinary shares, par value U.S.$1.00 per share and 44,400 Preferred Shares, par value U.S.$0.01 per share. The Components of the Combination Notes are included in the amount of the Rated Notes offered on the Closing Date and are reflected in the overall outstanding amount of the Class C-2 Notes and Class D-2 Notes in the table above. The issuance of Combination Notes does not provide additional capital to the Issuer to purchase Collateral.

The Issuer will not have any material assets other than the Collateral.

The Co-Issuer will be capitalized only to the extent of its U.S.$1,000 of share capital, will have no assets other than its share capital and will have no debt other than as Co-Issuer of the Rated Notes. As of the Closing Date and after giving effect to the issuance of the Co-Issuer's shares, the authorized and issued share capital of the Co-Issuer is 1,000 common shares, par value U.S.$1.00 per share.

Business

The Indenture and the Issuer Charter will provide that the activities of the Issuer are limited to (1) investing in and disposing of Collateral Debt Securities and Eligible Investments, (2) entering into and performing its obligations under the Indenture, the Collateral Management Agreement, the Hedge Agreements, the Collateral Administration Agreement, the Preferred Share Paying Agency Agreement and the Placement Agreement (and any other agreements and instruments anticipated thereby), (3) issuing and selling the Rated Notes and Combination Notes, (4) issuing Preferred Shares, (5) pledging the Collateral as security for its obligations in respect of the Rated Notes and the Combination Notes and otherwise for the benefit of the Secured Parties and (6) owning and managing the Co-Issuer, (7) conducting any business or activity incidental and necessary to the foregoing and paying the expenses of the Issuer incurred in the ordinary course of its business otherwise permitted under the Indenture and (8) doing or performing any action or thing which is required by or ancillary to the attainment of the objects specified in clauses (1) to (7) above, including supplementing or restructuring the transactions contemplated by the objects specified in clauses (1) to (7) above or any of the agreements, deeds or other documents entered into by the Issuer pursuant thereto, and entering into further agreements, understandings and contracts and executing certificates, affidavits, notices and any other documentation in respect of the transactions contemplated by the objects specified in clauses (1) to (7) above. Article III of the Co-Issuer's Certificate of Incorporation states that the Co-Issuer will not undertake any business other than the issuance of the Rated Notes. The Co-Issuer will not pledge any assets to secure the Rated Notes and will not have any interest in the Collateral held by the Issuer.

SECURITY FOR THE RATED NOTES

General

The Rated Notes will be secured by the Trust Estate. The Trust Estate will generally consist of all money, instruments and other property and rights subject to (or intended to be subject to) the lien of the Indenture and all proceeds thereof, including the Collateral Debt Securities, the Eligible Investments, the Interest Collection Account, the Principal Collection Account, the Payment Account, the Expense Account, the Interest Reserve Account, the First Distribution Date Reserve Account and the Issuer's rights under the Hedge Agreements and certain other agreements.

"Collateral Debt Securities" consist of U.S. dollar denominated (a) trust preferred securities (the "Bank Trust Preferred Securities") issued by trust subsidiaries (each, a "Bank Trust Preferred Securities Issuer") of bank holding companies and thrift holding companies (each, an "Affiliated Financial Institution"), (b) trust preferred securities (the "Insurance Trust Preferred Securities") issued by trust subsidiaries (each, an "Insurance Trust Preferred Securities Issuer") of holding companies of insurance companies (each, an "Affiliated Insurance Institution"), (c) subordinated notes (the "Bank Subordinated Notes") issued by banks, thrifts or other depository institutions or holding companies of banks, thrifts or other depository institutions (each, a "Bank Subordinated Note Issuer"), (d) subordinated notes (the "Insurance Subordinated Notes") issued by insurance companies or holding companies of insurance companies (each, an "Insurance Subordinated Note Issuer"), (e) surplus notes (the "Surplus Notes") issued by insurance companies (each, a "Surplus Note Issuer") and (f) senior securities (the "Senior Securities") issued by holding companies of one or more insurance companies or insurance intermediaries (each, a "Senior Security Issuer"). The Bank Trust Preferred Securities and the Insurance Trust Preferred Securities are referred to herein collectively as the "Trust Preferred Securities". The Bank Subordinated Notes and the Insurance Subordinated Notes are referred to herein collectively as the "Subordinated Notes". The Trust Preferred Securities, Subordinated Notes, Surplus Notes and Senior Securities are referred to herein collectively as the "Collateral Debt Securities"; *provided* that, in order for a security to be a Collateral Debt Security when purchased, it must satisfy the Collateral Debt Security Criteria and the Eligibility Criteria applicable to such security. The Bank Trust Preferred Securities Issuers and the

Insurance Trust Preferred Securities Issuers are referred to herein collectively as the "Trust Preferred Securities Issuers". The Bank Subordinated Note Issuers and the Insurance Subordinated Note Issuers are referred to herein collectively as the "Subordinated Note Issuers". The Trust Preferred Securities Issuers, the Subordinated Note Issuers, the Surplus Note Issuers and the Senior Security Issuers are referred to herein collectively as the "Collateral Debt Securities Issuers". The Affiliated Financial Institutions and the Affiliated Insurance Institutions are referred to herein collectively as the "Affiliated Institutions". If the junior subordinated deferrable interest debt securities issued by an Affiliated Institution (the "Corresponding Debentures") are exchanged for related Trust Preferred Securities, thereafter such Corresponding Debentures will become "Collateral Debt Securities" and the issuers thereof will become "Collateral Debt Securities Issuers".

On the Closing Date, the Issuer expects to purchase or enter into binding commitments to purchase not less than U.S.$511,261,000 in aggregate Principal Balance of Collateral Debt Securities from 49 Collateral Debt Securities Issuers representing 43 Trust Preferred Securities Issuers, 3 Subordinated Note Issuers, 1 Surplus Note Issuer and 2 Senior Security Issuers. The Aggregate Ramp-Up Par Amount to be achieved on or prior to the Ramp-Up Completion Date is approximately U.S.$667,000,000. No Additional Collateral Debt Security may be purchased on any date after the Ramp-Up Completion Date unless the Coverage Tests will be satisfied after giving effect to such purchase. The purchase of any Collateral Debt Security is further subject to compliance with the Eligibility Criteria. See "Security for the Rated Notes—Acquisition of Collateral Debt Securities after the Closing Date".

Eligibility Criteria for Collateral Debt Securities

A security will be eligible to be a Collateral Debt Security if it is a U.S. dollar-denominated (a) Trust Preferred Security issued by a Trust Preferred Securities Issuer that meets the requirements set forth in the Indenture, (b) a Subordinated Note issued by a Subordinated Note Issuer that meets the requirements set forth in the Indenture, (c) a Surplus Note issued by a Surplus Note Issuer that meets the requirements set forth in the Indenture or (d) a Senior Security issued by a Senior Security Issuer that meets the requirements set forth in the Indenture, in each case that, at the time of its initial purchase by the Issuer and pledge to the Trustee:

(i) provides for periodic payment of interest thereon in cash no less frequently than semi-annually (subject, in the case of Trust Preferred Securities, to deferrals thereof in accordance with clause (vii) below and subject, in the case of Surplus Notes, to consent of the Applicable Insurance Regulator);

(ii) provides for a fixed amount of principal to be payable on or before the stated maturity thereof;

(iii) is not a Defaulted Security or a Credit Risk Security;

(iv) is not the subject of an offer to acquire, exchange or tender;

(v) matures (including as a result of any put right) on or before the stated maturity date of the Notes; *provided* that as of the Ramp-Up Completion Date, no more than 5% of the Aggregate Ramp-Up Par Amount of the Collateral Debt Securities can mature on or before five years after the stated maturity of the Notes;

(vi) is not a debt obligation pursuant to which future advances may be required to be made to the borrower or, in the case of trust preferred securities, the Corresponding Debentures is

not a debt obligation pursuant to which future advances may be required to be made to the borrower;

(vii) in the case of Trust Preferred Securities, provides that distributions of interest thereon may not at any time be deferred for a period of more than five (5) consecutive years;

(viii) based on opinions of special tax counsel to the Trust Preferred Securities Issuers, Subordinated Note Issuers, Surplus Note Issuers, Senior Security Issuers and any other issuers of Collateral Debt Securities, for U.S. Federal income tax purposes (x) in the case of a Trust Preferred Security, (I) is issued by a trust that is treated as a grantor trust and, accordingly, the Issuer generally will be considered the owner of a *pro rata* undivided interest in the Corresponding Debentures issued by the Trust Preferred Securities Issuer, and (II) the Corresponding Debentures will be treated as indebtedness, (y) in the case of a Subordinated Note, Surplus Note or Senior Security, will be treated as indebtedness and (z) in the case of any Collateral Debt Security not described in previous clauses (x) and (y), (I) will be treated as indebtedness or (II) if not treated as indebtedness, (A) such Collateral Debt Security will not be subject to withholding tax imposed by the United States (or, if the issuer thereof is organized in a jurisdiction outside the United States, such other jurisdiction) and (B) the Issuer's ownership of such Collateral Debt Security will not result in the Issuer being subject to income tax imposed on a net basis in the United States (or, if the issuer thereof is organized in a jurisdiction outside the United States, such other jurisdiction); *provided*, that a limited amount of Collateral Debt Securities not to exceed 10% of the aggregate Principal Balance of Collateral Debt Securities as of the Ramp-Up Completion Date may be purchased by the Issuer in the secondary market if such opinions were not rendered but the Issuer otherwise reasonably believes that the Corresponding Debentures, Subordinated Notes, Surplus Notes or Senior Securities, as applicable, will be treated as debt for U.S. federal income tax purposes;

(ix) does not have payments subject to (and payments on any related Corresponding Debentures are not subject to) foreign or United States withholding tax;

(x) is in "registered form" and is registered for U.S. federal income tax purposes;

(xi) is not by its terms exchangeable or convertible into an Equity Security;

(xii) would not cause the Issuer, the Co-Issuer or the pool of Collateral to be required to register under the Investment Company Act;

(xiii) is not Margin Stock (as defined under Regulation U issued by the Board of Governors of the Federal Reserve System);

(xiv) is not currently making payments of interest in kind;

(xv) if rated by Standard & Poor's, does not have a subscript of "p", "q", "r" or "t" associated with such rating;

(xvi) is eligible to be pledged to the Trustee;

(xvii) is not a "real estate mortgage (or interest therein)" within the meaning of Section 7701(i)(2)(A)(i) of the Internal Revenue Code;

(xviii) the Board or an authorized individual of the Issuer or the Board shall have given its consent to the acquisition of such Collateral Debt Security, if such acquisition occurs after the Closing Date; and

(xix) will not constitute an interest in United States real property within the meaning of Section 897 of the Internal Revenue Code.

The criteria set forth above are sometimes referred to herein as the "Collateral Debt Security Criteria". The purchase of any Collateral Debt Security is further subject to compliance with the eligibility criteria set forth below (the "Eligibility Criteria").

The Bank Trust Preferred Securities and Bank Subordinated Notes, when initially acquired by the Issuer and pledged to the Trustee on or prior to the Ramp-Up Completion Date, must be, or have been, issued by (a) in the case of the Bank Trust Preferred Securities, a Trust Preferred Securities Issuer whose parent Affiliated Financial Institution is a bank holding company, a thrift holding company or other holding company of a depository institution that meets at least one of the following two criteria, or (b) in the case of the Bank Subordinated Notes, a Bank Subordinated Note Issuer that meets at least one of the following two criteria:

(1) Such entity has each of the following characteristics:

(a) it has, following the issuance of its Collateral Debt Securities, total assets of at least $100 million;

(b) it has been operating (or its subsidiary or predecessor institution has been operating) for at least 5 years;

(c) following the issuance of the Bank Trust Preferred Securities, if applicable, it has a ratio of Tier 1 Capital to risk-weighted assets of at least 10%;

(d) it is a depository institution or the holding company of one or more depository institutions whose deposits are generally insured, up to the legal limits, by an insurance fund administered by the Federal Deposit Insurance Corporation; and

(e) it is not subject to a memorandum of understanding relating to safety and soundness or a cease-and-desist order that materially adversely affects the value of its Collateral Debt Securities (unless the requirement contained in this clause (e) shall have been expressly waived by each of Moody's, Standard & Poor's and Fitch);

(2) Such entity has a Moody's Default Probability Rating at least equal to "B1".

In addition, the Collateral Debt Security of such entity (i) has a public rating from Standard & Poor's or has been submitted for a credit estimate from Standard & Poor's and (ii) has been reviewed or has been submitted for review by Fitch as of its date of inclusion.

Each Insurance Trust Preferred Security, when initially acquired by the Issuer and pledged to the Trustee on or prior to the Ramp-Up Completion Date, must have been issued by a Trust Preferred Securities Issuer whose related Affiliated Insurance Institution:

(a) is a holding company for one or more life insurance companies, health insurance companies or property and casualty insurance companies, or one or more reinsurance companies covering various types of risk, that are either stock companies or mutual companies;

(b) has insurance company subsidiaries collectively with net worth, determined on a statutory basis, in excess of U.S.$15,000,000 as of the most recent fiscal period for the most recent reports available;

(c) has at least one insurance company subsidiary, with an A.M. Best financial strength rating of at least "B" if it is rated by A.M. Best;

(d) either (x) has a public financial strength rating of at least "BB" or "BBpi" from Standard & Poor's or (y) has been reviewed by Standard & Poor's and has been assigned a credit estimate by Standard & Poor's as of its date of inclusion;

(e) either (x) has a public financial strength rating on at least one of its insurance subsidiaries of at least "Ba2" from Moody's or (y) has been reviewed by Moody's and assigned a Moody's Default Probability Rating as of the date of inclusion;

(f) has been reviewed or submitted for review by Fitch and has been or will be assigned a score by Fitch as of the date of inclusion; and

(g) is an insurance intermediary that engages in the sale of life, health or property and casualty policies or a holding company for one or more such insurance intermediaries and has been reviewed and a rating or credit estimate has been provided by Standard & Poor's.

Each Surplus Note, when initially acquired by the Issuer and pledged to the Trustee on or prior to the Ramp-Up Completion Date, must have been issued by a Surplus Note Issuer that:

(a) is a life insurance company, health insurance company or a property and casualty insurance company that is a stock company, a mutual insurance company or a cooperative insurance company;

(b) has statutory policyholders' surplus in excess of U.S.$15,000,000 as of the most recent fiscal period for the most recent reports available;

(c) has an A.M. Best financial strength rating of at least "B" if it is rated by A.M. Best;

(d) either (x) has a public financial strength rating on at least one of its insurance subsidiaries of at least "BB" or "BBpi" from Standard & Poor's or (y) has been reviewed by Standard & Poor's and has been assigned a credit estimate by Standard & Poor's as of its date of inclusion;

(e) either (x) has a public financial strength rating of at least "Ba2" from Moody's or (y) has been reviewed by Moody's and assigned a Moody's Default Probability Rating as of the date of inclusion; and

(f) has been reviewed or submitted for review by Fitch and has been or will be assigned a score by Fitch as of the date of inclusion.

Each Senior Security or Insurance Subordinated Note, when initially acquired by the Issuer and pledged to the Trustee on or prior to the Ramp-Up Completion Date, must have been issued by a Senior Security Issuer or Insurance Subordinated Note Issuer, as the case may be, that:

(a) (1) (i) is a life insurance company, health insurance company or property and casualty insurance company, or a reinsurance company covering various types of risk, that is either a stock company or mutual company, or (ii) a holding company for one or more of the types of insurance or reinsurance companies described in clause (i) above;

(2) has, or if it is a holding company, its insurance company subsidiaries collectively have, a net worth, determined on a statutory basis, in excess of U.S.$10,000,000 as of the most recent fiscal period for the most recent reports available;

(3) has, or if it is a holding company, at least one of its insurance company subsidiaries has an A.M. Best financial strength rating of at least "B" if it is rated by A.M. Best;

(4) either (x) has, or if it is a holding company, at least one of its insurance company subsidiaries has, a public financial strength rating of at least "BB" or "BBpi" from Standard & Poor's or (y) has been reviewed by Standard & Poor's and has been assigned a credit estimate by Standard & Poor's as of the date of inclusion;

(5) either (x) has, or if it is a holding company, at least one of its insurance company subsidiaries has, a public financial strength rating of at least "Ba2" from Moody's or (y) has been reviewed by Moody's and assigned a Moody's Default Probability Rating as of the date of inclusion; and

(6) has been reviewed or submitted for review by Fitch and has been or will be assigned a score by Fitch as of the date of inclusion; or

(b) is an insurance intermediary that engages in the sale of life, health or property and casualty policies or a holding company for one or more such insurance intermediaries and has been reviewed and a rating or credit estimate has been provided by Standard & Poor's; or

(c) is a holding company that provides one or more Lloyd's syndicates operating in the Lloyd's insurance market with a net worth in excess of U.S.$15,000,000 and has been reviewed and approved by Standard & Poor's.

Notwithstanding the foregoing, one or more Collateral Debt Securities Issuers may not satisfy the aforementioned criteria to the extent that Moody's, Standard & Poor's and Fitch confirm that any exceptions to the criteria will not adversely affect the ratings assigned to the Rated Notes on the Closing Date.

Portfolio Limitations

As of the Closing Date, U.S.$466,261,000 of the Collateral Debt Securities will consist of Trust Preferred Securities, U.S.$23,000,000 of the Collateral Debt Securities will consist of Subordinated Notes, U.S.$12,000,000 of the Collateral Debt Securities will consist of Senior Notes and $10,000,000 of the Collateral Debt Securities will consist of Surplus Notes.

As of the Ramp-Up Completion Date, the Collateral Quality Tests must be met. (See "— The Collateral Quality Tests"). As of the Ramp-Up Completion Date, in addition to satisfying the Collateral Quality Tests, the following criteria must be met:

(i) The aggregate Principal Balance of Pledged Securities that evidence obligations of a single issuer must not exceed 3% of the Aggregate Ramp-Up Par Amount on such date;

(ii) the aggregate Principal Balance of Pledged Securities which bear interest at a floating rate (including Deemed Floating Rate Collateral Debt Securities) must not be less than 72% of the Aggregate Ramp-Up Par Amount; and

(iii) not more than 33% of the Aggregate Principal Balance of Collateral Debt Securities shall consist of Insurance Trust Preferred Securities, Insurance Subordinated Notes, Senior Securities or Surplus Notes.

As of June 30, 2005, the Affiliated Financial Institutions, in the case of the Bank Trust Preferred Securities, and the Bank Subordinated Note Issuers had the following distribution by Geographical Region expressed by reference to the aggregate Principal Amount of the respective underlying Collateral Debt Securities:

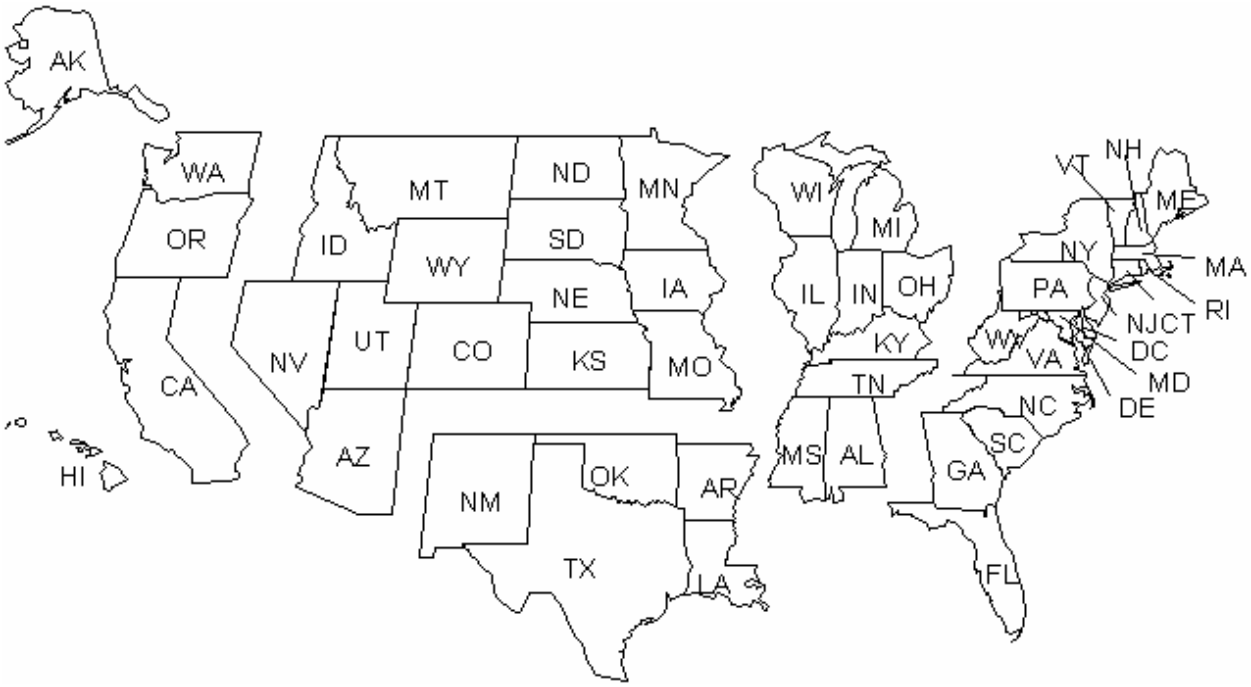
	Geographical Distribution	
Region	Aggregate Principal Balance	Percentage
1	U.S.$110,601,000	33.39%
2	U.S.$75,000,000	22.64%
3	U.S.$31,000,000	9.36%
4	U.S.$64,600,000	19.50%
5	U.S.$30,000,000	9.06%
Super Regional	U.S.$20,000,000	6.04%
Total	U.S.$331,201,000	100%

Map of Geographical Regions

The Super Regional Collateral Debt Securities Issuers referred to above are those entities which have operations throughout the United States and are not reflected in the map below. The Issuer expects the Collateral Debt Securities to be dispersed, to some degree, between all five Geographic Regions on the Ramp-Up Completion Date, although, due to a variety of reasons discussed in “Risk Factors” above, there can be no guarantee as to the exact distribution between the five Geographic Regions on the Ramp-Up Completion Date.

The five “Geographical Regions” and the states or territories included therein are set forth in the following table and illustrated in the map below.

Region 1	Region 2	Region 3	Region 4	Region 5
Connecticut	Alabama	Arizona	Arkansas	Alaska
Delaware	Illinois	Colorado	Louisiana	California
Florida	Indiana	Idaho	New Mexico	Hawaii
Georgia	Kentucky	Iowa	Oklahoma	Oregon
Maine	Michigan	Kansas	Texas	Washington
Maryland	Mississippi	Minnesota		
Massachusetts	Ohio	Missouri		
New Hampshire	Tennessee	Montana		
New Jersey	Wisconsin	Nebraska		
New York		Nevada		
North Carolina		North Dakota		
Pennsylvania		South Dakota		
Puerto Rico		Utah		
Rhode Island		Wyoming		
South Carolina				
Vermont				
Virginia				
Washington, D.C.				
West Virginia				



Description of the Trust Preferred Securities

On the Closing Date, the Issuer expects to acquire Trust Preferred Securities Issuers in the primary issuance market and the secondary market as follows (U.S. $ by Principal Balance on the Closing Date unless otherwise indicated):

Bank Trust Preferred Securities:	$328,201,000
Insurance Trust Preferred Securities:	$138,060,000
Primary issuance market purchases:	$387,000,000
• Number of Affiliated Institutions:	33
• Principal Balance issued by any single Trust Preferred Securities Issuer:	$2,000,000 to $20,000,000
• Mean:	$11,727,273
• Median:	$10,000,000
Secondary market purchases:	$79,261,000
• Number of Affiliated Institutions:	10
• Principal Balance issued by any single Trust Preferred Securities Issuer:	$1,000,000 to $16,000,000
• Mean	$7,926,100
• Median	$8,780,000

Set forth below under the headings "Trust Preferred Securities—Closing Date Primary Issuance Market Purchases" and "Trust Preferred Securities—Closing Date Secondary Market Purchases" is certain additional information pertaining to Trust Preferred Securities purchased on the Closing Date in the primary issuance market and in the secondary market, respectively.

Description of the Trust Preferred Securities—Closing Date Primary Issuance Market Purchases

The description of Trust Preferred Securities set forth hereunder relates only to such Trust Preferred Securities as are purchased by the Issuer on the Closing Date in the primary issuance market.

Terms of the Trust Preferred Securities

The following summary of the material terms and provisions of the Trust Preferred Securities does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual provisions of the respective Trust Agreements of the Trust Preferred Securities Issuers and such Trust Preferred Securities. Copies of the form of Trust Agreement may be obtained by Noteholders upon request in writing to the Trustee at its corporate trust office and by prospective initial purchasers of Notes from either Placement Agent.

The Trust Preferred Securities issued by each Trust Preferred Securities Issuer will be issued pursuant to the terms of an Amended and Restated Declaration of Trust (in respect of such Trust Preferred Securities Issuer, the "Trust Agreement"). Each Trust Preferred Securities Issuer will be organized as a statutory trust under the laws of the State of Delaware or under the laws of the State of Connecticut. The parent Affiliated Institution of each Trust Preferred Securities Issuer will own all of the beneficial interests represented by common securities of such Trust Preferred Securities Issuer (in respect of such Trust Preferred Securities Issuer, the "Common Securities," and together with the related Trust Preferred Securities, the "Trust Preferred Issuer Securities"). In some cases, the Trustee will be the sole holder of all of the Trust Preferred Securities issued under each Trust Agreement.

Each Trust Preferred Securities Issuer will use the proceeds from its sale of its Trust Preferred Issuer Securities to purchase the Corresponding Debentures issued by its parent Affiliated Institution. Each Trust Preferred Securities Issuer's only source of cash to make payments on its Trust Preferred Securities will be the payments it receives from its parent Affiliated Institution on its Corresponding Debentures. Each Affiliated Institution will execute a limited Guarantee in respect of the Trust Preferred Securities issued by its subsidiary Trust Preferred Securities Issuer (in respect of such Trust Preferred Securities Issuer, the "Limited Guarantee"). See "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Limited Guarantee". The Limited Guarantee of an Affiliated Institution, when taken together with its obligations under its Corresponding Debentures, the indenture relating to such Corresponding Debentures (each such indenture, an "Affiliated Institution Indenture") and the related Trust Agreement, will provide a full and unconditional guarantee on a subordinated basis by such Affiliated Institution of amounts due on the Trust Preferred Securities of its subsidiary Trust Preferred Securities Issuer.

The Trust Preferred Securities will be issued in definitive and/or global form and will be denominated in a liquidation amount that will be equal to the principal amount of the Corresponding Debentures less the liquidation amount of the Common Securities, and the liquidation amount of such Trust Preferred Securities is referred to herein as the "Principal Balance" of such Trust Preferred Securities.

Distributions

Distributions on the Trust Preferred Securities will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (except for $53,261,000 of the Trust Preferred Securities which will be payable quarterly or semi-annually in arrears on various distribution dates) (each such date, subject to the second succeeding paragraph, a "Trust Preferred Securities Payment Date"). Trust Preferred Securities will accrue distributions:

(i) in the case of $299,761,000 of 30-Year Floating Trust Preferred Securities (the "Floating Rate Trust Preferred Securities"), at floating rates per annum, reset quarterly, equal to LIBOR plus a Weighted Average Spread of approximately 2.437%;

(ii) in the case of $121,500,000 of 5-Year Fixed/Floating Rate Trust Preferred Securities (the "5-Year Fixed/Floating Rate Trust Preferred Securities"), at a fixed rate per annum equal to 6.66% to, and including, in the case of $5,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on June 15, 2010, in the case of $51,500,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on September 15, 2010, in the case of $10,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on September 30, 2010, in the case of $15,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on November 23, 2010,

and in the case of $40,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on December 15, 2010 (the "Applicable 5-Year Fixed Rate Expiration Date") and thereafter at floating rates per annum, reset quarterly, equal to LIBOR plus a weighted average rate of approximately 2.08%;

(iii) in the case of $5,000,000 of 7-Year Fixed/Floating Rate Trust Preferred Securities (the "7-Year Fixed/Floating Rate Trust Preferred Securities"), at a fixed rate per annum equal to 6.465% to, and including, the Trust Preferred Securities Payment Date on December 15, 2012 and thereafter at floating rates per annum, reset quarterly, equal to LIBOR plus a weighted average rate of approximately 1.48%;

(iv) in the case of $40,000,000 of 10-Year Fixed/Floating Rate Trust Preferred Securities (the "10-Year Fixed/Floating Rate Trust Preferred Securities"), at a fixed rate per annum equal to 6.40% to, and including, in the case of $10,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on September 15, 2015 and in the case of $30,000,000 Trust Preferred Securities the Trust Preferred Securities Payment Date on December 15, 2015, and thereafter at floating rates per annum, reset quarterly, equal to LIBOR plus a weighted average rate of approximately 1.41%; and

(v) There are no 30-Year and 40-Year Fixed Rate Trust Preferred Securities (the "Fixed Rate Trust Preferred Securities"), included in the Collateral as of the Closing Date.

Each such respective distribution rate is referred to herein as the "Applicable Trust Preferred Securities Rate". Distributions on the Trust Preferred Securities that are in arrears for more than one Distribution Period will be compounded quarterly at the Applicable Trust Preferred Securities Interest Rate. Distributions on the Trust Preferred Securities will be payable only to the extent that interest payments are made in respect of the related Corresponding Debentures and to the extent the related Trust Preferred Securities Issuer has funds legally available therefor.

Distributions payable for any Distribution Period with respect to the Floating Rate Trust Preferred Securities and for any Distribution Period with respect to the Fixed/Floating Rate Trust Preferred Securities commencing on or after the Applicable Fixed Rate Expiration Date will be computed on the basis of the actual number of days in such Distribution Period and a 360-day year. Distributions payable for any Distribution Period with respect to the Fixed/Floating Rate Trust Preferred Securities commencing prior to the Applicable Fixed Rate Expiration Date and Fixed Rate Trust Preferred Securities will be computed on the basis of a 360-day year consisting of twelve 30-day months. The period (i) from, and including, the date of original issuance of the Trust Preferred Securities to, but excluding, the initial Trust Preferred Securities Payment Date and (ii) thereafter, from, and including, the first day following the end of the preceding Distribution Period to, but excluding, the applicable Trust Preferred Securities Payment Date or, in the case of the last Distribution Period, the related Trust Preferred Securities Optional Redemption Date, Trust Preferred Securities Special Redemption Date or Trust Preferred Securities Maturity Date, as applicable, shall be a "Distribution Period".

If (i) any Trust Preferred Securities Payment Date with respect to the Floating Rate Trust Preferred Securities or (ii) any Trust Preferred Securities Payment Date following the Applicable Fixed Rate Expiration Date with respect to Fixed/Floating Rate Trust Preferred Securities, in each case, other than the Trust Preferred Securities Maturity Date, any Trust Preferred Securities Optional Redemption Date or the Trust Preferred Securities Special Redemption Date, falls on a day that is not a Business Day, then distributions payable on such date will be made on, and the related Trust Preferred Securities

Payment Date will be moved to, the next succeeding Business Day, and distributions on the related Trust Preferred Securities will accrue for each additional day that payment is delayed as a result thereof. If (i) any Trust Preferred Securities Payment Date with respect to Fixed Rate Trust Preferred Securities or (ii) any Trust Preferred Securities Payment Date occurring on or prior to the Applicable Fixed Rate Expiration Date with respect to Fixed/Floating Rate Trust Preferred Securities falls on a day that is not a Business Day, then distributions payable on such date will be paid on the next succeeding Business Day, and no additional distributions will accrue in respect of any such payment made on the next succeeding Business Day. If any Trust Preferred Securities Maturity Date, Trust Preferred Securities Optional Redemption Date or Trust Preferred Securities Special Redemption Date falls on a day that is not a Business Day, then the principal, premium, if any, and interest payable on such date will be paid on the next succeeding Business Day, and no additional interest will accrue in respect of such payment made on such next succeeding Business Day.

Each Affiliated Institution will have the right to defer payments of interest on its Corresponding Debentures by extending the interest payment period thereunder, at any time, and from time to time, for up to 20 consecutive quarterly periods (each, an "Extension Period"). No Extension Period will end on a date other than a Trust Preferred Securities Payment Date of the related Trust Preferred Securities or extend beyond the Trust Preferred Securities Maturity Date, any Trust Preferred Securities Optional Redemption Date or the Trust Preferred Securities Special Redemption Date of the related Trust Preferred Securities. During any Extension Period, interest will continue to accrue at the Applicable Trust Preferred Securities Rate, and interest on such deferred accrued interest will also accrue at the Applicable Trust Preferred Securities Rate from the date such accrued interest would have been payable were it not for the Extension Period, each to the extent permitted by law ("Deferred Interest"). At the end of any such Extension Period, such Affiliated Institution will be required to pay to the applicable Trust Preferred Securities Issuer, and such Trust Preferred Securities Issuer will be required to pay to the Issuer, to the extent allocable to the Trust Preferred Securities, all interest then accrued and unpaid on the Corresponding Debentures (including Deferred Interest).

Prior to the termination of any Extension Period, the applicable Affiliated Institution may further extend such Extension Period; *provided*, that such Extension Period, together with all such previous and further consecutive extensions thereof, may not exceed 20 consecutive quarterly periods and may not end on a date other than a Trust Preferred Securities Payment Date of the related Trust Preferred Securities or extend beyond the Trust Preferred Securities Maturity Date, any Trust Preferred Securities Optional Redemption Date or the Trust Preferred Securities Special Redemption Date of the related Trust Preferred Securities. Upon the termination of any Extension Period and upon the payment of all accrued and unpaid interest (including Deferred Interest), such Affiliated Institution may commence a new Extension Period, subject to the foregoing requirements.

During any Extension Period, the applicable Affiliated Institution may not, except in certain limited circumstances, (i) declare or pay dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock, (ii) make any payment of principal of or premium, if any, or interest on or repay, repurchase or redeem any of its debt securities that rank *pari passu* in all respects with or junior in interest to its Corresponding Debentures or (iii) make any payment under any of its guarantees that rank *pari passu* in all respects with or junior in interest to its Limited Guarantee.

During any Extension Period, the Trust Preferred Securities Issuer holding the related Corresponding Debentures will similarly defer distributions on its Trust Preferred Securities. If distributions on any Trust Preferred Securities are deferred as a result of an Extension Period, the distributions otherwise due during such Extension Period will be paid on the date that such Extension Period terminates to the extent that the related Trust Preferred Securities Issuer has funds legally available therefor.

Redemption

Each Trust Preferred Securities Issuer will redeem its Trust Preferred Securities when the related Corresponding Debentures are paid at maturity as follows (each a "Trust Preferred Securities Maturity Date"):

Principal Balance of Trust Preferred Securities on Closing Date	Trust Preferred Securities Maturity Date
$3,601,000	June 1, 2028
$7,560,000	May 12, 2034
$1,000,000	September 8, 2034
$10,000,000	September 20, 2034
$19,500,000	December 15, 2034
$6,100,000	February 23, 2035
$20,000,000	March 15, 2035
$24,000,000	June 15, 2035
$5,000,000	July 12, 2035
$78,000,000	September 15, 2035
$10,000,000	September 30, 2035
$15,000,000	November 23, 2035
$228,500,000	December 15, 2035
$37,000,000	March 15, 2036

Each Affiliated Institution may redeem its Corresponding Debentures at its option, in whole or from time to time in part, on any Trust Preferred Securities Payment Date on or after the following dates:

Principal Balance of Trust Preferred Securities on Closing Date	Earliest Optional Date of Redemption
$3,601,000	June 1, 2008
$20,000,000	December 15, 2008
$7,560,000	May 12, 2009
$1,000,000	September 8, 2009
$4,500,000	September 15, 2009
$10,000,000	September 20, 2009
$15,000,000	December 15, 2009
$6,100,000	February 23, 2010
$20,000,000	March 15, 2010
$24,000,000	June 15, 2010
$84,000,000	September 15, 2010
$10,000,000	September 30, 2010
$15,000,000	November 23, 2010
$183,500,000	December 15, 2010
$57,000,000	March 15, 2011
$5,000,000	December 15, 2012

In addition, each Affiliated Institution may redeem its Corresponding Debentures at the applicable Trust Preferred Securities Special Redemption Price, in whole but not in part, upon the occurrence and continuation of a Trust Preferred Securities Special Event, at any time within 90 days following the occurrence of such Trust Preferred Securities Special Event (the "Trust Preferred Securities Special Redemption Date").

In all cases, the right of an Affiliated Institution to redeem its Corresponding Debentures prior to maturity is subject to the giving of not less than 30 nor more than 60 days' prior written notice. In all cases, the right of an Affiliated Institution to redeem its Corresponding Debentures is subject to receipt of prior approval from the Applicable Bank Regulator (in the case of Bank Trust Preferred Securities), if then required under applicable regulatory capital guidelines. As used herein, the term "Applicable Bank

Regulator" means The Board of Governors of the Federal Reserve System (the "Federal Reserve"), in the case of bank holding companies and member banks, the Office of Thrift Supervision, in the case of thrift holding companies and federal savings banks, the Office of the Comptroller of the Currency, in the case of national charter banks, the Federal Deposit Insurance Corporation (the "FDIC"), in the case of state banks that are not members of the Federal Reserve System, and any other governmental agency with regulatory authority over the banking operations of an Affiliated Financial Institution or Subordinated Note Issuer, if not regulated by the Federal Reserve, the Office of Thrift Supervision, the Office of the Comptroller of the Currency or the FDIC.

Upon the maturity or earlier redemption, in whole or in part, of the Corresponding Debentures of any Affiliated Institution (other than in connection with the distribution of Corresponding Debentures to holders of the related Trust Preferred Securities), the proceeds paid upon such maturity or redemption to the related Trust Preferred Securities Issuer shall concurrently be applied to redeem, on a pro rata basis (except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default"), at the applicable Trust Preferred Securities Redemption Price, its Trust Preferred Securities and Common Securities having an aggregate Principal Balance equal to the aggregate principal amount of the related Corresponding Debentures repaid upon such maturity or redemption.

Trust Preferred Securities Optional Redemption Price. In the event of an optional redemption with respect to any Trust Preferred Securities on any Trust Preferred Securities Optional Redemption Date, the redemption price of the related Corresponding Debentures (the "Trust Preferred Securities Optional Redemption Price") required to be paid by the applicable Affiliated Institution to its subsidiary Trust Preferred Securities Issuer and by such Trust Preferred Securities Issuer to redeem its Trust Preferred Securities and Common Securities, on a pro rata basis (except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default"), will be an amount in cash equal to 100% of the principal amount of such Corresponding Debentures being redeemed plus unpaid interest accrued thereon to the related Trust Preferred Securities Optional Redemption Date.

A Trust Preferred Securities Issuer may not redeem less than all of its outstanding Trust Preferred Securities unless all accrued and unpaid distributions have been paid on its Trust Preferred Securities for all Distribution Periods terminating on or prior to the related Trust Preferred Securities Optional Redemption Date.

Trust Preferred Securities Special Redemption Price. In the event of a redemption as a result of a Trust Preferred Securities Special Event, the redemption price of the related Corresponding Debentures (the "Trust Preferred Securities Special Redemption Price") required to be paid by the applicable Affiliated Institution to its subsidiary Trust Preferred Securities Issuer and by such Trust Preferred Securities Issuer to redeem its Trust Preferred Securities and Common Securities, on a pro rata basis (except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default"), generally will be an amount in cash equal to the principal amount of such Corresponding Debentures plus unpaid interest accrued thereon to the Trust Preferred Securities Special Redemption Date. In certain cases, in connection with a redemption during certain time periods, the redemption price due and payable will be an amount in cash equal to the principal amount of the Corresponding Debentures multiplied by a "Redemption Factor" determined with reference to the date of such redemption, plus unpaid interest accrued thereon to the Trust Preferred Securities Special Redemption Date. If applicable, the "Redemption Factor" for the Trust Preferred Securities initially will be greater than 1.0, will decrease over time until a date certain, and will be 1.0 thereafter.

Trust Preferred Securities Maturity Redemption Price. In the event of a mandatory redemption of Trust Preferred Securities on the Trust Preferred Securities Maturity Date, the price for the related Corresponding Debentures (the "Trust Preferred Securities Maturity Redemption Price", and together with the Trust Preferred Securities Optional Redemption Price and the Trust Preferred Securities Special Redemption Price, the "Trust Preferred Securities Redemption Price") required to be paid by the applicable Affiliated Institution to its subsidiary Trust Preferred Securities Issuer and by such Trust Preferred Securities Issuer to redeem its Trust Preferred Securities and Common Securities, on a pro rata basis (except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default"), will be an amount in cash equal to 100% of the outstanding principal amount of such Corresponding Debentures plus all unpaid interest accrued thereon to the related Trust Preferred Securities Maturity Date.

Liquidation and Distribution upon Dissolution

In the event of the voluntary or involuntary liquidation, dissolution, winding-up or termination of a Trust Preferred Securities Issuer (each, a "Liquidation"), holders of the Trust Preferred Securities of such Trust Preferred Securities Issuer will be entitled to receive out of the assets of such Trust Preferred Securities Issuer legally available for distribution to holders of such Trust Preferred Securities, after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer (to the extent not satisfied by the applicable Affiliated Institution), an amount in cash equal to the Principal Balance of such Trust Preferred Securities plus unpaid distributions accrued thereon to the date of payment (such amount being the "Liquidation Distribution"), unless (i) the related Corresponding Debentures have been redeemed in full in accordance with their terms or (ii) the related Corresponding Debentures in an aggregate principal amount equal to the aggregate Principal Balance of such Trust Preferred Securities and related Common Securities have been distributed on a pro rata basis to holders of the related Trust Preferred Securities in exchange therefor as discussed below.

Each Affiliated Institution has the right at any time to dissolve its subsidiary Trust Preferred Securities Issuer, after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer, and to cause all of the related Corresponding Debentures to be distributed to holders of the related Trust Preferred Securities on a pro rata basis in accordance with the aggregate Principal Balance thereof; *provided*, that such Affiliated Institution receives (i) an opinion of nationally recognized tax counsel that holders of such Trust Preferred Securities will not recognize any gain or loss for U.S. federal income tax purposes as a result of the distribution of such Corresponding Debentures, and (ii) prior approval from the Applicable Bank Regulator (in the case of Bank Trust Preferred Securities), if then required under applicable regulatory capital guidelines or policies of such Applicable Bank Regulator.

Each Trust Preferred Securities Issuer will dissolve on the first to occur of the following: (i) the expiration of the term of such Trust Preferred Securities Issuer, or thirty-five years after the date of original issuance of its Trust Preferred Securities; (ii) the bankruptcy of its parent Affiliated Institution or such Trust Preferred Securities Issuer; (iii) the filing of a certificate of dissolution of its parent Affiliated Institution or the revocation of the charter of its parent Affiliated Institution and the expiration of 90 days after such revocation without reinstatement (other than in connection with a permitted merger, consolidation or similar transaction); (iv) the distribution to holders of its Trust Preferred Securities of the related Corresponding Debentures as permitted in the preceding paragraph; (v) the entry of a decree of a judicial dissolution of such Trust Preferred Securities Issuer or its parent Affiliated Institution; or (vi) when all of its Trust Preferred Securities are then subject to redemption and the amounts necessary for redemption thereof shall have been paid to the holders in accordance with the terms of such Trust Preferred Securities. As soon as practicable after the dissolution of a Trust Preferred Securities Issuer and upon completion of the winding up of such Trust Preferred Securities Issuer, such Trust Preferred

Securities Issuer shall terminate upon the filing of a certificate of cancellation with the Secretary of State of the State of Delaware or the Secretary of the State of Connecticut, as applicable.

If a Liquidation of a Trust Preferred Securities Issuer occurs as described in subclauses (i), (ii), (iii) or (v) above, such Trust Preferred Securities Issuer shall be liquidated by distributing to the holders of its Trust Preferred Issuer Securities, after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer, to the extent not satisfied by its parent Affiliated Institution, all of the related Corresponding Debentures on a pro rata basis, unless such distribution is determined by the Institutional Trustee of such Trust Preferred Securities Issuer not to be practical, in which event such holders will be entitled to receive out of the assets of such Trust Preferred Securities Issuer legally available for distribution to such holders, after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer to the extent not satisfied by its parent Affiliated Institution and except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default," an amount in cash equal to the Liquidation Distribution. A Liquidation of the related Trust Preferred Securities Issuer pursuant to subclause (iv) above shall occur only if the Institutional Trustee of such Trust Preferred Securities Issuer determines that the distribution to the holders of its Trust Preferred Issuer Securities, after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer, of the related Corresponding Debentures is practical, and such distribution occurs. As used herein, the term "Institutional Trustee" means U.S. Bank National Association, in its capacity as trustee pursuant to the Trust Agreement of each Trust Preferred Securities Issuer.

If, upon any Liquidation, the Liquidation Distribution can be paid only in part because the related Trust Preferred Securities Issuer has insufficient assets available to pay in full the aggregate Liquidation Distribution on its Trust Preferred Issuer Securities, then amounts payable directly by such Trust Preferred Securities Issuer on such Trust Preferred Issuer Securities shall be paid to the holders of the Trust Preferred Securities and Common Securities on a pro rata basis except as otherwise specified below under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Subordination of Common Securities Upon Default".

Subordination of Common Securities Upon Default

The Trust Preferred Securities of any Trust Preferred Securities Issuer will rank *pari passu* with, and payment thereon shall be made pro rata with, the Common Securities of such Trust Preferred Securities Issuer except that, where an event of default in respect of the related Corresponding Debentures has occurred and is continuing, the rights of holders of such Common Securities to receive payment of distributions and payments upon Liquidation, redemption and otherwise are subordinated to the rights of the holders of such Trust Preferred Securities, with the result that no payment of any distribution on, or any amount payable upon the redemption of, any such Common Security, and no payment to the holder of any such Common Security on account of the Liquidation of such Trust Preferred Securities Issuer, shall be made unless payment in full in cash of (i) all accrued and unpaid distributions on such Trust Preferred Securities for all Distribution Periods terminating on or prior thereto, (ii) all amounts payable on such Trust Preferred Securities then subject to redemption and (iii) all amounts payable upon such Trust Preferred Securities in the event of the Liquidation of such Trust Preferred Securities Issuer, in each case, shall have been made or provided for, and all funds immediately available to the Institutional Trustee of such Trust Preferred Securities Issuer shall first be applied to the payment in full in cash of the amounts specified in clauses (i), (ii) and (iii) above that are then due and payable.

Mergers, Consolidations or Amalgamations

Each Trust Agreement will provide that the related Trust Preferred Securities Issuer may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties

and assets substantially as an entirety to, any corporation or other person, except as described above under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Liquidation and Distribution Upon Dissolution" or as described below. A Trust Preferred Securities Issuer may, with the consent of the administrators of such Trust Preferred Securities Issuer and without the consent of the Institutional Trustee, the Delaware Trustee or the holders of its Trust Preferred Securities, consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, a trust organized as such under the laws of any state of the United States; *provided*, that (i) if such Trust Preferred Securities Issuer is not the survivor, such successor entity either (x) expressly assumes all of the obligations of such Trust Preferred Securities Issuer under its Trust Preferred Issuer Securities or (y) substitutes for its Trust Preferred Issuer Securities other securities having substantially the same terms as its Trust Preferred Issuer Securities (the "Successor Securities"), so that the Successor Securities rank the same as its Trust Preferred Issuer Securities with respect to distributions and payments upon Liquidation, redemption and otherwise, (ii) a trustee of any such successor entity possessing substantially the same powers and duties as the Institutional Trustee as holder of the related Corresponding Debentures is appointed by the related Affiliated Financial Institution, (iii) its Trust Preferred Securities continue to be listed or quoted, or any Successor Securities to such Trust Preferred Securities will be listed or quoted upon notification of issuance, on any national securities exchange or with any organization on which its Trust Preferred Securities were previously listed or quoted, (iv) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause its Trust Preferred Securities or any Successor Securities to be downgraded or withdrawn by any nationally recognized statistical rating organization, if its Trust Preferred Securities or any Successor Securities are then rated, (v) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of its Trust Preferred Securities or any Successor Securities in any material respect (other than with respect to any dilution of the holders' interest in any such successor entity), (vi) any such successor entity has a purpose substantially identical to that of such Trust Preferred Securities Issuer, (vii) prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, such Trust Preferred Securities Issuer has received an opinion of a nationally recognized independent counsel experienced in such matters to the effect that (A) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of its Trust Preferred Securities or any Successor Securities in any material respect (other than with respect to any dilution of the holders' interest in any such successor entity), (B) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither such Trust Preferred Securities Issuer nor any such successor entity will be required to register as an investment company under the 1940 Act and (C) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, such Trust Preferred Securities Issuer or any such successor entity will continue to be classified as a grantor trust for United States federal income tax purposes, (viii) the related Affiliated Financial Institution guarantees the obligations of any such successor entity under its Successor Securities to the same extent provided by the related Limited Guarantee, the related Corresponding Debentures and Affiliated Institution Indenture and the related Trust Agreement, and (ix) prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the Institutional Trustee of such Trust Preferred Securities Issuer shall have received an officers' certificate of the Administrators of such Trust Preferred Securities Issuer and an opinion of counsel, each to the effect that all conditions precedent to such transaction have been satisfied.

Terms of the Corresponding Debentures

The following summary of the material terms and provisions of the Corresponding Debentures does not purport to be complete and is subject to, and qualified by reference to, the actual provisions of the respective Affiliated Institution Indentures of the Affiliated Institutions and such Corresponding Debentures. Copies of the form of Affiliated Institution Indenture may be obtained by Noteholders upon

request in writing to the Trustee at its corporate trust office and by prospective purchasers of Notes from either Placement Agent.

Concurrently with the issuance of its Trust Preferred Securities, each Trust Preferred Securities Issuer will invest the proceeds thereof, together with the consideration paid by its parent Affiliated Institution for its Common Securities, in the Corresponding Debentures. The Corresponding Debentures will represent junior subordinated, unsecured debt of the related Affiliated Institutions and will be issued pursuant to separate Affiliated Institution Indentures. Each Corresponding Debenture will be issued in definitive and/or global form.

The Affiliated Institution Indentures will not contain provisions that limit the amount of indebtedness, whether secured or unsecured, that the related Affiliated Institution may issue or that afford the related Trust Preferred Securities Issuer, as the holder of the Corresponding Debentures, protection in the event of a highly leveraged transaction or other similar transaction involving the related Affiliated Institution that may adversely affect it.

Subordination

Each Affiliated Institution Indenture will provide that the related Corresponding Debentures will be subordinated and junior in right of payment to the prior payment in full of all present and future Senior Indebtedness of the applicable Affiliated Institution. No payment of principal of or premium, if any, or interest or any other payment due on the related Corresponding Debentures may be made if (i) any payment due on any Senior Indebtedness of the applicable Affiliated Institution is not paid when due and any applicable grace period with respect to a payment default under such Senior Indebtedness has ended and such default has not been cured or waived or ceased to exist or (ii) the maturity of any Senior Indebtedness of such Affiliated Institution has been accelerated because of a default and such acceleration has not been rescinded or cancelled and such Senior Indebtedness had not been paid in full. In addition, Affiliated Institutions may be parties to agreements with holders of Senior Indebtedness that have the practical effect of further subordinating the rights of holders of the related Corresponding Debentures to such holders of Senior Indebtedness under certain circumstances.

As used herein, "Senior Indebtedness" means (1) with respect to any Affiliated Institution, (i) the principal, premium, if any, and interest in respect of (a) indebtedness of such Affiliated Institution for money borrowed and (b) indebtedness evidenced by securities, debentures, notes, bonds or other similar instruments issued by such Affiliated Institution; (ii) all capital lease obligations of such Affiliated Institution; (iii) all obligations of such Affiliated Institution issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Affiliated Institution and all obligations of such Affiliated Institution under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business); (iv) all obligations of such Affiliated Institution for the reimbursement of any letter of credit, any banker's acceptance, any security purchase facility, any repurchase agreement or similar arrangement, any interest rate swap, any other hedging arrangement, any obligation under options or any similar credit or other transaction; (v) all obligations of the type referred to in clauses (i) through (iv) above of other persons for the payment of which such Affiliated Institution is responsible or liable as obligor, guarantor or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (v) above of other persons secured by any lien on any property or asset of such Affiliated Institution (whether or not such obligation is assumed by such Affiliated Institution), whether incurred on or prior to the date of the related Affiliated Institution Indenture or thereafter incurred, unless it is provided in the instrument creating or evidencing the same or pursuant to which the same is outstanding that such obligations are not superior or are *pari passu* in right of payment to the Corresponding Debentures of such Affiliated Institution; *provided* that, notwithstanding the foregoing, "Senior Indebtedness" shall not include (1) any Additional Junior Indebtedness, (2) Corresponding Debentures issued pursuant to the related Affiliated Institution Indenture and guarantees in respect of such

Corresponding Debentures, (3) trade accounts payable of the Affiliate Institution arising in the ordinary course of business (such trade accounts payable being *pari passu* in right of payment to the Corresponding Debentures), or (4) obligations with respect to which with the prior approval of the Federal Reserve, OTS, OCC, FDIC, state insurance regulatory agency or other regulatory authority, as applicable, if not otherwise generally approved, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is *provided* that such obligations are *pari passu*, junior or otherwise not superior in right of payment to the Corresponding Debentures. Senior Indebtedness shall continue to be Senior Indebtedness and be entitled to the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness;

(2) with respect to any Bank Subordinated Note Issuer, the principal of and any premium on the following, whether outstanding on the date of execution of the Bank Subordinated Note Indenture or thereafter created, assumed or incurred: (a) any obligation of, or any obligation guaranteed by, such Bank Subordinated Note Issuer for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, and similar obligations arising from off-balance sheet guarantees and direct credit substitutes, including, except in the case of bank holding companies, its obligations to a Federal Reserve Bank or the FDIC, if any, and any rights acquired by the FDIC as a result of loans made by the FDIC to such Bank Subordinated Note Issuer or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 U.S.C. 1823(c), (d) or (e), if applicable, (b) except in the case of bank holding companies, deposits, (c) obligations under bankers' acceptances and letters of credit, (d) obligations associated with derivative products such as interest rate and foreign exchange rate contracts, commodity and currency contracts and similar arrangements, (e) any deferred obligations of, or any such obligation guarantees by, such Bank Subordinated Note Issuer for the payment of the purchase price of property or assets, excluding, in the case of bank holding companies, trade accounts payable in the ordinary course of business, (f) obligations of such Bank Subordinated Note Issuer as lessee under any lease of real or personal property required to be capitalized under generally accepted accounting principles at the time, excluding, in the case of bank holding companies, trade accounts payable in the ordinary course of business and (g) any amendments, deferrals, renewals, extensions or refundings of any such indebtedness or obligations referred to in clauses (a) or (c) through (f) above, *provided*, that Senior Indebtedness will not include (i) obligations, renewals, extensions or refundings referred to in clause (a) or (c) through (g) that specifically by their terms rank junior to, or equally with, the Bank Subordinated Notes of the related Bank Subordinated Note Issuer in right of payment in the event of certain events of bankruptcy, insolvency receivership or reorganization of such Bank Subordinated Note Issuer and (ii) the Bank Subordinated Notes of the related Bank Subordinated Note Issuer; and

(3) With respect to any Surplus Note Issuer, (i) the principal, premium, if any, and interest in respect of (A) indebtedness of the Surplus Note Issuer for money borrowed and (B) indebtedness evidenced by securities or other instruments issued by the Surplus Note Issuer; (ii) all capital lease obligations of the Surplus Note Issuer; (iii) all obligations of the Surplus Note Issuer issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Surplus Note Issuer and all obligations of the Surplus Note Issuer under any title retention agreement; (iv) all obligations of the Surplus Note Issuer for the reimbursement of any letter of credit, any banker's acceptance, any security purchase facility, any repurchase agreement or similar agreement, any interest rate swap, any other hedging arrangement, any obligation under options or any similar credit or other transaction; (v) all obligations of the type referred to in clauses (i) through (iv) above of other Persons for the payment of which the Surplus Note Issuer is responsible or liable as obligor, guarantor or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (v) above of other Persons secured by any lien on any property or asset of the Surplus Note Issuer (whether or not such obligation is assumed by the Surplus Note Issuer), whether incurred on or prior to the date of the related Surplus Note Agreement or thereafter incurred; *provided* that, notwithstanding the foregoing, "Senior Indebtedness" shall not include (1) Surplus Notes issued pursuant to the related Surplus Note Agreement and guarantees in respect of such Surplus Notes, (2) in most cases, trade accounts payable of such Surplus Note Issuer arising in the

ordinary course of business (such trade accounts payable being *pari passu* in right of payment to the related Surplus Notes) or (3) obligations with respect to which (a) in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is *provided* that such obligations are *pari passu*, junior or otherwise not superior in right of payment to the Surplus Notes and (b) the Surplus Note Issuer, prior to the issuance thereof, has notified its Applicable Insurance Regulator. Senior Indebtedness shall continue to be Senior Indebtedness and be entitled to the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness.

As used herein, "Additional Junior Indebtedness" means, with respect to an Affiliated Institution, without duplication and other than the related Corresponding Debentures, any indebtedness, liabilities or obligations of the Affiliated Institution, or any Subsidiary (as defined in the related Affiliated Institution Indenture) of the Affiliated Institution, under debt securities (or guarantees in respect of debt securities) initially issued after the date of the related Affiliated Institution Indenture to any trust, or a trustee of a trust, partnership or other entity affiliated with the Affiliated Institution that is, directly or indirectly, a finance subsidiary (as such term is defined in Rule 3a-5 under the Investment Company Act of 1940) or other financing vehicle of the Affiliated Institution, or any Subsidiary (as defined in the related Affiliated Institution Indenture) of the Affiliated Institution in connection with the issuance by that entity of preferred securities or other securities that are issued on a *pari passu* basis with the related Corresponding Debentures (or, in the case of a few Affiliated Institutions, either junior and subordinate to or on a *pari passu* basis with the related Corresponding Debentures).

Upon any distribution of assets of the applicable Affiliated Institution to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts due on all Senior Indebtedness of such Affiliated Institution must be paid in full before the holders of the related Corresponding Debentures are entitled to receive or retain any payment. Upon payment in full of all such Senior Indebtedness then outstanding, the rights of the holders of such Corresponding Debentures will be subrogated to the rights of the holders of Senior Indebtedness of such Affiliated Institution to receive payments or distributions applicable to such Senior Indebtedness until all amounts due on such Corresponding Debentures are paid in full. There is no limit to the aggregate amount of Senior Indebtedness that may be issued by any Affiliated Institution.

Under each Affiliated Institution Indenture, the indenture trustee thereunder (the "Debenture Trustee") is authorized to act on behalf of each holder of Corresponding Debentures to take such action as may be necessary or appropriate to effectuate, as between such holders and holders of Senior Indebtedness, the subordination provisions contained in such Affiliated Institution Indenture.

The right of an Affiliated Institution to participate in any distribution of assets of any of its subsidiaries upon any such subsidiary's liquidation or reorganization or otherwise is subject to the claims of creditors and preferred equity holders and, with respect to subsidiaries of Affiliated Insurance Institutions, policyholders, of such subsidiary, except to the extent that such Affiliated Institution may itself be recognized as a creditor of such subsidiary. Accordingly, each Affiliated Institution's obligations under its Corresponding Debentures will be effectively subordinated to all existing and future liabilities and preferred equity of its subsidiaries, and claimants may look only to the assets of such Affiliated Institution for payments.

As a holding company, each Affiliated Institution relies primarily on dividends or other distributions of earnings received from its subsidiaries to meet its obligations for payment of principal of and premium, if any, and interest on its outstanding indebtedness and corporate expenses. The principal sources of an Affiliated Institution's income are dividends, interest and fees from its subsidiaries. The bank and insurance company subsidiaries of Affiliated Financial Institutions and Affiliated Insurance Institutions, respectively, are subject to certain restrictions imposed by federal and state law, as

applicable, on extensions of credit to, and certain other transactions with, such Affiliated Institutions and certain other affiliates and on investments in stock or other securities thereof. In addition, payment of dividends to an Affiliated Institution by its subsidiaries is subject to ongoing review by regulators and is subject to various statutory limitations and in certain circumstances requires approval by regulatory authorities.

Maturity; Redemption

All of the Corresponding Debentures are redeemable prior to maturity as described under "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Redemption".

Interest

Each Corresponding Debenture will bear interest at the Applicable Trust Preferred Securities Rate. The amount of interest payable with respect to any Corresponding Debentures supporting Floating Rate Trust Preferred Securities for any period commencing prior to the Applicable Fixed Rate Expiration Date will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable with respect to any Corresponding Debentures supporting (i) Floating Rate Trust Preferred Securities and (ii) Fixed/Floating Rate Trust Preferred Securities for any period commencing on or after the Applicable Fixed Rate Expiration Date will be computed on the basis of a 360-day year and the actual number of days in such period. See "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Distributions".

Option to Extend Interest Payment Period

Each Affiliated Institution will have the right to defer payments of interest on its Corresponding Debentures as described in "Security for the Rated Notes—Description of the Trust Preferred Securities—Terms of the Trust Preferred Securities—Distributions".

Additional Amounts

If at any time as a result of a Trust Preferred Securities Tax Event a Trust Preferred Securities Issuer is required to pay, or withhold from payments to holders of related Trust Preferred Issuer Securities, additional taxes (including withholding taxes), duties, assessments or other governmental charges, then, in any such case, its parent Affiliated Institution will pay such additional amounts ("Additional Amounts") on the related Corresponding Debentures or Trust Preferred Issuer Securities, as the case may be, as shall be required so that the net amounts received and retained by the holders thereof, after payment of all such taxes (including withholding taxes), duties, assessments or other governmental charges, will equal the amounts such holders would have received and retained had no such taxes, duties, assessments or other governmental charges been imposed.

Certain Covenants

If (i) there has occurred and is continuing an event of default under an Affiliated Institution Indenture, (ii) an Affiliated Institution is in default with respect to its payment of any obligations under its Limited Guarantee or (iii) an Affiliated Institution has given notice of its election to defer payments of interest on its Corresponding Debentures by extending the interest payment period as provided in an Affiliated Institution Indenture relating to such Corresponding Debentures, or any such Extension Period is continuing, then, except in limited circumstances, (a) such Affiliated Institution may not declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock, (b) such Affiliated Institution may not make any payment of principal

of or premium, if any, or interest on or repay, repurchase or redeem any of its debt securities that rank in all respects *pari passu* with or junior in interest to such Corresponding Debentures and (c) such Affiliated Institution may not make any payment under any of its guarantees that rank in all respects *pari passu* with or junior in interest to its Limited Guarantee.

The parent Affiliated Institution of each Trust Preferred Securities Issuer will, for so long as any Trust Preferred Issuer Securities remain outstanding, maintain 100% ownership of the Common Securities of such Trust Preferred Securities Issuer; *provided*, that any permitted successor of an Affiliated Institution may succeed to such Affiliated Financial Institution's ownership of such Common Securities.

Limitation on Consolidations, Mergers and Sales of Assets

No Affiliated Institution may consolidate or merge with or into another entity (whether or not affiliated with such Affiliated Institution), or sell, convey, transfer or otherwise dispose of all or substantially all of its property to another entity (whether or not affiliated with such Affiliated Institution) authorized to acquire and operate the same unless (i) upon any such consolidation, merger (where such Affiliated Institution is not the surviving entity), sale, conveyance, transfer or other disposition, the successor entity is organized and existing under the laws of the United States or any state thereof or the District of Columbia (unless such entity has (1) agreed to make all payments due in respect of its Corresponding Debentures or, if outstanding, the related Trust Preferred Securities and its Limited Guarantee without withholding or deduction for, or on account of, any taxes, duties, assessments or other governmental charges under the laws or regulations of the jurisdiction of organization or residence (for tax purposes) of such entity or any political subdivision or taxing authority thereof or therein unless required by applicable law, in which case such entity shall have agreed to pay such additional amounts as shall be required so that the net amounts received and retained by the holders of such Corresponding Debentures or Trust Preferred Securities, as the case may be, after payment of all taxes (including withholding taxes), duties, assessments or other governmental charges, will be equal to the amounts that such holders would have received and retained had no such taxes (including withholding taxes), duties, assessments or other governmental charges have been imposed, (2) irrevocably and unconditionally consented and submitted to the jurisdiction of any United States federal court or New York state court, in each case located in the Borough of Manhattan, The City of New York, in respect of any action, suit or proceeding against it arising out of or in connection with the Affiliated Institution Indenture or Corresponding Debentures and irrevocably and unconditionally waived, to the fullest extent permitted by law, any objection to the laying of venue in any such court or that any such action, suit or proceeding has been brought in an inconvenient forum and (3) irrevocably appointed an agent in The City of New York for service of process in any action, suit or proceeding referred to in clause (2) above), (ii) any such successor entity expressly assumes all obligations of such Affiliated Institution under its Corresponding Debentures, the related Affiliated Institution Indenture, its Limited Guarantee and the related Trust Agreement and (iii) after giving effect to any such transaction, no default or event of default under such Affiliated Institution Indenture shall have occurred and be continuing.

Events of Default, Waiver and Notice

The Affiliated Institution Indentures provide that any event described below which has occurred and is continuing with respect to the Corresponding Debentures issued under the related Affiliated Institution Indenture constitutes an "event of default" with respect to such Corresponding Debentures:

(i) default for 30 days in the payment of any interest on such Corresponding Debentures when due (it being understood that commencement and continuation of an Extension Period in accordance with the terms of such Corresponding Debentures shall not constitute a default under this clause);

(ii) default in the payment of all or any part of the principal of or premium, if any, on such Corresponding Debentures when due, whether at maturity, upon redemption, by acceleration of maturity or otherwise;

(iii) default in the payment of any interest upon any Corresponding Debenture when it becomes due following the nonpayment of interest for 20 or more consecutive quarterly periods;

(iv) default by the applicable Affiliated Institution in the performance of, or breach of, certain of its covenants or agreements in such Affiliated Institution Indenture which shall not have been remedied for a period of 90 days after written notice to such Affiliated Institution by the Debenture Trustee or to such Affiliated Institution and the Debenture Trustee by the holders of not less that 25% in aggregate principal amount of such Corresponding Debentures then outstanding;

(v) certain events of bankruptcy, insolvency or reorganization of the applicable Affiliated Institution; or

(vi) the Liquidation of the applicable Affiliated Institution's subsidiary Trust Preferred Securities Issuer, except in connection with the distribution of the Corresponding Debentures of such Affiliated Institution to the holders of the related Trust Preferred Issuer Securities in Liquidation of the Trust Preferred Securities Issuer, the redemption of all of such Trust Preferred Issuer Securities, or mergers, consolidations or amalgamations, each as permitted by the applicable Trust Agreement.

If an event of default referenced in clause (i), (ii) or (iii) above shall have occurred and be continuing, either the Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the related Corresponding Debentures then outstanding may declare the principal of and premium, if any, and accrued interest on all such Corresponding Debentures to be due and payable immediately. If an event of default referenced in clause (v) or (vi) above shall have occurred, the principal of and premium, if any, and accrued interest on all related Corresponding Debentures will automatically become immediately due and payable without further action. Upon certain conditions any such acceleration may be annulled and past defaults may be waived (except defaults in payments of principal of or premium, if any, or interest on such Corresponding Debentures, which must be cured or paid in full) by the holders of a majority in aggregate principal amount of such Corresponding Debentures then outstanding.

The right of the holder of any Corresponding Debenture to receive payment of the principal of and premium, if any, and interest on such Corresponding Debenture when due, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

An event of default under an Affiliated Institution Indenture also constitutes an event of default under the related Trust Agreement (a "Trust Agreement Event of Default"). Upon the occurrence of one or more of the Trust Agreement Events of Default set forth in the foregoing clauses (i), (ii), (iii), (v) or (vi), the Institutional Trustee, so long as it is the sole holder of the related Corresponding Debentures, will have the right to declare the principal of and premium, if any, and accrued interest on the Corresponding Debentures to be immediately due and payable. A waiver of any event of default under an Affiliated Institution Indenture will constitute a waiver of the related Trust Agreement Event of Default.

Because the Issuer may own less than 100% of the Principal Balance of the Trust Preferred Securities issued by the subsidiary Trust Preferred Securities Issuer of an Affiliated Institution, the Issuer may not be able to control any matters in respect of such Trust Preferred Securities as to which holders thereof are entitled to vote, give their consent or take action.

Terms of the Limited Guarantees

Each Affiliated Institution will execute a Limited Guarantee. Each Limited Guarantee will be a guaranty by the applicable Affiliated Institution of the payment of certain amounts to holders of the Trust Preferred Securities issued by its subsidiary Trust Preferred Securities Issuer; *provided*, that such Limited Guarantees will not apply to any payment of distributions or other amounts due on the Trust Preferred Securities except to the extent the related Trust Preferred Securities Issuer has funds legally available therefor, which funds will not be so available except to the extent such Trust Preferred Securities Issuer's parent Affiliated Institution has made corresponding payments on the Corresponding Debentures purchased by such Trust Preferred Securities Issuer.

Pursuant to each Limited Guarantee, each Affiliated Institution will irrevocably and unconditionally agree, to the limited extent set forth in each such Limited Guarantee, to pay in full, to holders of the Trust Preferred Securities issued by its subsidiary Trust Preferred Securities Issuer (without duplication of amounts previously paid by such Trust Preferred Securities Issuer), as and when due, regardless of any defense (except defense of payment by such Trust Preferred Securities Issuer), right of set-off or counterclaim which such Trust Preferred Securities Issuer may have or assert: (i) any accrued and unpaid distributions which are required to be paid on such Trust Preferred Securities, to the extent such Trust Preferred Securities Issuer shall have funds legally available therefor; (ii) the price payable upon the redemption of such Trust Preferred Securities, to the extent such Trust Preferred Securities Issuer has funds legally available therefor, with respect to any Trust Preferred Securities that are (1) called for redemption by such Trust Preferred Securities Issuer or (2) mandatorily redeemed by such Trust Preferred Securities Issuer, in each case, in accordance with the terms of such Trust Preferred Securities; and (iii) upon Liquidation of such Trust Preferred Securities Issuer (other than in connection with the permitted distribution of the Corresponding Debentures to holders of such Trust Preferred Securities in exchange therefor), the lesser of (a) the aggregate Principal Balance and all accrued and unpaid distributions on such Trust Preferred Securities to the date of payment, to the extent such Trust Preferred Securities Issuer has funds legally available therefor, and (b) the amount of assets of such Trust Preferred Securities Issuer remaining legally available for distribution to holders of its Trust Preferred Securities in Liquidation of such Trust Preferred Securities Issuer after satisfaction of liabilities to creditors of such Trust Preferred Securities Issuer as required by applicable law. An Affiliated Institution's obligation to make a payment under its Limited Guarantee may be satisfied by direct payment of the required amounts by such Affiliated Institution to the holders of the related Trust Preferred Securities or by causing the related Trust Preferred Securities Issuer to pay such amounts to such holders.

Because each Limited Guarantee is a guarantee of payment and not of collection, holders of Trust Preferred Securities may proceed directly against the related Affiliated Financial Institution, rather than having to proceed against the related Trust Preferred Securities Issuer before attempting to collect from such Affiliated Institution under the terms of the related Limited Guarantee, and such Affiliated Institution has waived any right or remedy to require that any action be brought against such Trust Preferred Securities Issuer or any other person or entity before proceeding against such Affiliated Institution.

Each Limited Guarantee will be deposited with the Institutional Trustee, as guarantee trustee, to be held for the benefit of the holders of the related Trust Preferred Securities. Except as otherwise noted herein, the guarantee trustee has the right to enforce the Limited Guarantee on behalf of holders of the related Trust Preferred Securities.

Each Affiliated Institution's obligations under its Limited Guarantee will be subordinate and junior in right of payment to all present and future Senior Indebtedness of such Affiliated Institution. In addition, the right of an Affiliated Institution to participate in any distribution of assets of any of its

subsidiaries upon any such subsidiary's liquidation or reorganization or otherwise is subject to the claims of creditors and preferred equity holders of such subsidiary, except to the extent such Affiliated Institution may itself be recognized as a creditor of such subsidiary. Accordingly, each Affiliated Institution's obligations under its Limited Guarantee will be effectively subordinated to all existing and future liabilities and preferred equity of its subsidiaries, and claimants may look only to the assets of such Affiliated Institution for payments.

As a holding company, each Affiliated Institution relies primarily on dividends received from its subsidiaries to meet its obligations for payment of principal of and premium, if any, and interest on its outstanding indebtedness and corporate expenses. The principal sources of an Affiliated Institution's income are dividends, interest and fees from its subsidiaries. The bank subsidiaries of Affiliated Institutions are subject to certain restrictions imposed by federal and state law, as applicable, on extensions of credit to, and certain other transactions with, such Affiliated Institutions and certain other affiliates and on investments in stock or other securities thereof. In addition, payment of dividends to an Affiliated Institution by its bank subsidiaries is subject to ongoing review by banking regulators and is subject to various statutory limitations and in certain circumstances requires approval by banking regulatory authorities.

Effect of Obligations Under the Trust Preferred Securities, the Corresponding Debentures and the Limited Guarantee

As long as interest and other payments are made when due on the Corresponding Debentures of an Affiliated Institution, such payments will be sufficient to cover distributions and other payments due on the related Trust Preferred Securities because of the following factors: (i) the aggregate principal amount of such Corresponding Debentures will be equal to the aggregate Principal Balance of the related Trust Preferred Securities; (ii) the interest rate (or manner of calculating such rate) and the payment dates on such Corresponding Debentures will correspond to the distribution rate (or manner of calculating such rate) and payment dates for the related Trust Preferred Securities; and (iii) such Affiliated Institution will be obligated to pay all, and its subsidiary Trust Preferred Securities Issuer will not be obligated to pay directly or indirectly any, costs, expenses, debts, and other obligations of such Trust Preferred Securities Issuer (other than payments due on its Trust Preferred Issuer Securities).

The Limited Guarantee of an Affiliated Institution, when taken together with such Affiliated Institution's obligations under its Corresponding Debentures, the related Affiliated Institution Indenture and the related Trust Agreement, including its obligations to pay costs, expenses, debts and other obligations of its subsidiary Trust Preferred Securities Issuer (other than with respect to the related Trust Preferred Issuer Securities) will provide a full and unconditional guarantee on a subordinated basis by such Affiliated Institution of amounts due on the related Trust Preferred Securities. However, if an Affiliated Institution does not make interest or other payments on its Corresponding Debentures, it is expected that its subsidiary Trust Preferred Securities Issuer will not have sufficient funds to make the related payments due on its Trust Preferred Securities. The Limited Guarantee of such Affiliated Institution will not apply to any payment due on the related Trust Preferred Securities except to the extent that the applicable Trust Preferred Securities Issuer has funds legally available for each such payment. Accordingly, such Limited Guarantee will cover the payment of distributions and other payments on the related Trust Preferred Securities only if and to the extent that the parent Affiliated Institution has made payments of principal of and premium, if any, and interest on the Corresponding Debentures held by such Trust Preferred Securities Issuer as its sole assets.

If an Affiliated Institution fails to make interest or other payments on the related Corresponding Debentures when due (after giving effect to any grace period or Extension Period) or another event of default under the related Affiliated Institution Indenture has occurred and is continuing, the related Trust Agreement provides a mechanism whereby the holder of the Trust Preferred Securities (which will be the

Trustee) may direct the Institutional Trustee, to the fullest extent permitted by law, to enforce its rights under the related Corresponding Debentures. If the Institutional Trustee fails to enforce its rights under the related Corresponding Debentures after a majority in Principal Balance of the related Trust Preferred Securities have so directed, the Trustee, as holder of the Trust Preferred Securities, or any other holder of the Trust Preferred Securities, may to the fullest extent permitted by law institute legal proceedings against the Institutional Trustee or institute a legal proceeding against such Affiliated Institution to enforce the Institutional Trustee's rights under such Corresponding Debentures without first instituting any legal proceedings against the Institutional Trustee or any other person or entity. Notwithstanding the foregoing, if a Trust Agreement Event of Default has occurred and is continuing and such event is attributable to the failure of an Affiliated Institution to pay principal of or premium, if any, or interest on the related Corresponding Debentures on the respective dates such principal, premium or interest is payable (or, in the case of redemption, on the applicable Trust Preferred Securities Optional Redemption Date or Trust Preferred Securities Special Redemption Date), then a holder of the related Trust Preferred Securities may institute a direct cause of action against such Affiliated Institution for payment on or after the respective due dates specified in such Corresponding Debentures (or, in the case of redemption, on the applicable Trust Preferred Securities Optional Redemption Date or Trust Preferred Securities Special Redemption Date). The provisions described above are intended to enable the Trustee to effectively enforce the Noteholders' rights if a default occurs on any Trust Preferred Securities or related Corresponding Debentures. If such a default occurs, the Trustee may engage in restructuring efforts, bring enforcement proceedings and/or taking any other measures that the Trustee may deem appropriate, each in accordance with the Indenture. However, because of the illiquid nature of the Trust Preferred Securities, it is unlikely that the Trustee would be able to sell the defaulted Trust Preferred Securities, or upon a Liquidation, the Corresponding Debentures, on economically acceptable terms. In certain cases, the Trustee will be the holder of all of the Trust Preferred Securities issued by each Trust Preferred Securities Issuer. Therefore, it will also be responsible for approving or disapproving any waiver or amendment of the terms of those Trust Preferred Securities that may be requested by a Trust Preferred Securities Issuer, and the terms of those Trust Preferred Securities will require the Trustee's consent to any waiver or material amendment to the Corresponding Debentures or Limited Guarantees. See also "Risk Factors–Nature of the Collateral–Trust Preferred Securities–Trust Preferred Securities–Limited Voting Rights". In determining any action to be taken with respect to a defaulted Trust Preferred Securities or any response to a waiver or amendment request concerning any Trust Preferred Securities, Corresponding Debenture or Limited Guarantee, the Trustee may retain advisors selected by it (including legal advisors and investment banking or asset management firms), whose fees will constitute Administrative Expenses payable from Collections and the Trustee will be fully protected with respect to any action taken by it in reasonable good faith reliance on advice provided by such advisors.

Description of the Trust Preferred Securities—Closing Date Secondary Market Purchases

The description of Trust Preferred Securities set forth hereunder relates only to such Trust Preferred Securities as are purchased by the Issuer on the Closing Date in the secondary market.

The Trust Preferred Securities will be purchased by the Issuer on the Closing Date in market transactions from the sellers thereof, which will not be the issuers of such securities. Such Trust Preferred Securities will be preferred or similar capital securities issued prior to the Closing Date by Trust Preferred Securities Issuers; *provided,* that the offering documents related to the original issuance of such Trust Preferred Securities provide that an opinion of counsel was received by the issuer thereof or the issuer thereof or the related Affiliated Institution indicated that the Corresponding Debentures issued by such Affiliated Institution would be treated as debt for U.S. federal income tax purposes or the Issuer otherwise reasonably believes that such related Corresponding Debentures would be treated as debt for U.S. federal income tax purposes.

The Trust Preferred Securities purchased by the Issuer on the Closing Date in the secondary market will generally have terms similar to the Trust Preferred Securities purchased by the Issuer on the Closing Date in the primary issuance market but may have different coupon rates, distribution payment dates and accrual periods, maturity dates, call dates and prices, obligations to pay additional amounts, and other terms. Each Trust Preferred Securities Issuer will redeem its Trust Preferred Securities when the related Corresponding Debentures are paid, at their maturity prior to June 23, 2036 or upon their earlier redemption (which may occur at the option of such Trust Preferred Securities Issuer following a date specified in the documentation pursuant to which such Trust Preferred Securities were issued or upon the occurrence of an event comparable to a Special Event), *provided* that no more than 5% of the Aggregate Ramp-Up Par Amount can mature on or before five years after the stated maturity of the Notes.

Description of Subordinated Notes

The following summary of the material terms and provisions of the Subordinated Notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual provisions of the respective Subordinated Note Indentures of the Subordinated Note Issuers and such Subordinated Notes.

Each Subordinated Note will represent subordinated, unsecured debt of the related Subordinated Note Issuer and will be issued pursuant to a separate Bank Subordinated Note Indenture (each, a "Subordinated Note Indenture").

The Issuer will acquire Subordinated Notes on the Closing Date and the Issuer may acquire Subordinated Notes prior to the Ramp-Up Completion Date or, in the limited circumstances contemplated in the Indenture, after the Ramp-Up Completion Date.

The Subordinated Notes will be issued in definitive and/or global form, and the principal amount of such Subordinated Notes is referred to herein as the "Principal Balance" of such Subordinated Notes.

The Subordinated Notes are solely the obligation of the respective Subordinated Note Issuers and are neither obligations of, nor guaranteed by, any other entity. In particular, Subordinated Notes which are Bank Subordinated Notes do not evidence deposits of the related Bank Subordinated Note Issuer and are not, and will not be, insured by the FDIC or any governmental agency or instrumentality thereof, or any other insurer.

The Subordinated Note Indentures will not contain provisions that limit the amount of indebtedness, whether secured or unsecured, that the related Subordinated Note Issuer may issue or that afford the Trustee, as the holder of the Subordinated Notes, protection in the event of highly leveraged transaction or other similar transaction involving the related Subordinated Note Issuer that may adversely affect it.

Interest

Interest on the Subordinated Notes will be payable no less than semi-annually in arrears (each such payment date, a "Subordinated Note Interest Payment Date," subject to the second succeeding paragraph), at floating rates per annum, reset quarterly, equal to LIBOR plus a spread (the "Applicable Subordinated Note Interest Rate").

The amount of interest payable for any Subordinated Note Interest Period will be computed on the basis of the actual number of days in such Subordinated Note Interest Period and a 360-day year. The period (i) from, and including, the date of original issuance of the Subordinated Notes to, but excluding, the initial Subordinated Note Interest Payment Date and (ii) thereafter, from, and including, the

first day following the end of the preceding Subordinated Note Interest Period to, but excluding, the applicable Subordinated Note Interest Payment Date or, in the case of the last Subordinated Note Interest Period, the related Subordinated Note Special Redemption Date or Subordinated Note Maturity Date, as applicable, shall be a "Subordinated Note Interest Period". If any Subordinated Note Interest Payment Date (other than the Subordinated Note Maturity Date or the Subordinated Note Special Redemption Date) falls on a day that is not a Business Day, then interest payable on such date will be paid on, and the related Subordinated Note Interest Payment Date will be moved to, the next succeeding Business Day, and interest on the related Subordinated Notes will accrue for each additional day that payment is delayed as a result thereof. If any Subordinated Note Maturity Date or Subordinated Note Special Redemption Date falls on a day that is not a Business Day, then the principal, premium, if any, and interest payable on such date will be paid on the next succeeding Business Day, and no additional interest will accrue in respect of such payment made on such next succeeding Business Day.

Maturity; Redemption

Each Subordinated Note Issuer will repay its Subordinated Notes at maturity (the "Subordinated Note Maturity Date") subject, in the case of Bank Subordinated Notes, to receipt of prior approval from the Applicable Regulator, if then required under the applicable guidelines or policies of the Applicable Regulator. Each Subordinated Note Issuer may also redeem its Subordinated Notes at the applicable Subordinated Note Special Redemption Price, in whole but not in part, upon the occurrence and continuation of a Subordinated Note Special Event, at any time within 90 days following the occurrence of such Subordinated Note Special Event (the "Subordinated Note Special Redemption Date"). In all cases with respect to Bank Subordinated Notes, the right of a Bank Subordinated Note Issuer to redeem its Bank Subordinated Notes prior to maturity is subject to the giving of not less than 30 nor more than 60 days' prior written notice and the receipt of prior approval from the Applicable Regulator, if then required under the applicable guidelines or policies of the Applicable Regulator.

"Subordinated Note Special Event" means, with respect to any Subordinated Notes, the receipt by the applicable Subordinated Note Issuer of an opinion of counsel experienced in such matters to the effect that, as a result of any amendment to or change (including any announced prospective change) in the laws or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which amendment or change becomes effective on or after the date of original issuance of such Subordinated Notes, there is more than an insubstantial risk that the Subordinated Note Issuer has or will become obligated to pay Additional Sums.

"Additional Sums" means, subject to certain exceptions and limitations, such amounts as may be necessary so that every net payment received by a holder of Subordinated Notes that is a U.S. alien for U.S. federal income tax purposes, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount such holder would have received in respect of such Subordinated Notes had no such deduction or withholding been imposed.

Subordinated Note Special Redemption Price. In the event of a redemption as a result of a Bank Subordinated Note Special Event, the redemption price of the related Bank Subordinated Notes (the "Subordinated Note Special Redemption Price") generally will be an amount in cash equal to the principal amount of such Subordinated Notes, in certain cases multiplied by a "Redemption Factor" determined with reference to the date of such redemption, plus unpaid interest accrued thereon to the date of redemption.

Subordinated Note Maturity Price. The Subordinated Notes will mature and become due and payable at a price (the "Subordinated Note Maturity Price") in cash equal to 100% of the outstanding principal amount of such Subordinated Notes plus all unpaid interest accrued thereon to the Subordinated Note Maturity Date, subject, in the case of Bank Subordinated Notes, to the prior approval by the Applicable Regulator if then required under the applicable guidelines or policies of the Applicable Regulator.

Subordination

Each Subordinated Note Indenture will provide that the Subordinated Notes will be subordinate and junior in right of payment to the prior payment in full of all present and future Senior Indebtedness of the applicable Subordinated Note Issuer. No payment of principal of or premium, if any, or interest or any other payment due on the related Subordinated Notes and no redemption, exchange, retirement, purchase or other acquisition of any Subordinated Notes may be made if (i) any payment due on any Senior Indebtedness of the applicable Subordinated Note Issuer is not paid when due and any applicable grace period with respect to a payment default under such Senior Indebtedness has ended and such default has not been cured or waived or ceased to exist or (ii) the maturity of any Senior Indebtedness of such Subordinated Note Issuer has been accelerated because of a default and such acceleration has not been rescinded or cancelled and such Senior Indebtedness has not been paid in full. In addition, Subordinated Note Issuers may be parties to agreements with holders of their Senior Indebtedness that have the practical effect of further subordinating the rights of holders of the related Subordinated Notes to such holders of Senior Indebtedness under certain circumstances.

Upon any distribution of assets of the applicable Subordinated Note Issuer to creditors upon any rehabilitation, liquidation, conservation or dissolution, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts due on all Senior Indebtedness of such Subordinated Note Issuer must be paid in full before the holders of the related Subordinated Notes are entitled to receive or retain any payment. Upon payment in full or satisfaction of all Senior Indebtedness of such Subordinated Note Issuer then outstanding, the rights of the holders of such Subordinated Notes will be subrogated to the rights of the persons to whom such Subordinated Note Issuer is obligated under such Senior Indebtedness to receive payments or distributions applicable to such Senior Indebtedness until all amounts owing on such Subordinated Notes are paid in full. There is no limit to the aggregate amount of Senior Indebtedness that may be issued by any Subordinated Note Issuer.

Under the terms of each Subordinated Note Indenture, the Issuer will be deemed to have waived any right of set-off or counterclaim that it might otherwise have.

Under each Subordinated Note Indenture, the Subordinated Note Trustee is authorized to act on behalf of each holder of Subordinated Notes to take such action as may be necessary or appropriate to effectuate, as between such holders and holders of Senior Indebtedness, the subordination provisions contained in such Subordinated Note Indenture.

Since the operations of many Subordinated Note Issuers are conducted through subsidiaries, their cash flow, and consequent ability to service debt, including the Subordinated Notes, and to satisfy their other obligations, are generally dependent upon the earnings of such Subordinated Note Issuers' subsidiaries and the dividend or other distribution of such earnings to the respective Subordinated Note Issuers. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to Subordinated Notes or to make funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to a Subordinated Note Issuer by its subsidiaries may be subject to statutory, regulatory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations.

Any right of a Subordinated Note Issuer to receive assets of any of its subsidiaries upon its liquidation or reorganization (and the right of the holder(s) of its Subordinated Notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's preferred equity holders and creditors (including trade creditors), except to the extent that such Subordinated Note Issuer is itself recognized as a creditor of such subsidiary, in which case the claims of such Subordinated Note Issuer would be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by such Subordinated Note Issuer.

Certain Covenants

The Subordinated Note Issuer will treat the Subordinated Notes as indebtedness, and the interest payable in respect of such Subordinated Notes (including any Additional Amount as defined in the Subordinated Note Indenture) as interest, for all U.S. federal income tax purposes. All payments in respect of such Subordinated Notes will be made free and clear of U.S. withholding tax to any beneficial owner thereof that has provided an Internal Revenue Service Form W-8BEN (or any substitute or successor form) establishing its non-U.S. status for U.S. federal income tax purposes.

Limitation on Consolidation, Mergers and Sales of Assets

A Subordinated Note Issuer may not merge or consolidate with or into any other entity or sell, convey, transfer or otherwise dispose of all or substantially all of its property to any entity authorized to acquire and operate the same, unless, upon such merger (where such Subordinated Note Issuer is not the surviving entity), consolidation, sale, conveyance, thereafter or other disposition, (i) the successor entity is organized and existing under the laws of the United States or any state thereof (unless such entity has (1) irrevocably and unconditionally consented and submitted to the jurisdiction of any United States federal court or New York state court, in each case located in the Borough of Manhattan, the City of New York, in respect of any action, suit or proceeding against it arising out of or in connection with the Subordinated Note Indenture or corresponding Subordinated Notes and irrevocably and unconditionally waived, to the fullest extent permitted by law, any objection to the laying of venue in any such court or that such action, suit or proceeding has been brought in an inconvenient forum and (2) irrevocably appointed an agent in the City of New York for service of process in any action, suit or proceeding referred to in clause (1) above) and such entity expressly assumes all obligations of such Subordinated Note Issuer under its Subordinated Notes and related Subordinated Note Indenture and (ii) after giving effect to such transaction, no default or event of default under such Subordinated Note Indenture shall have occurred and be continuing.

Events of Default, Waiver of Notice

Each Subordinated Note Indenture provides that certain events of bankruptcy, insolvency receivership or reorganization of the Subordinated Note Issuer constitute an "event of default". With respect to Bank Subordinated Notes, if any such "event of default" occurs and is continuing pertaining to bankruptcy or insolvency of the Subordinated Note Issuer or failure to pay interest after exhaustion of the 20 quarter deferral period, then either the Subordinated Note Trustee or the holders of not less than 25% in aggregate principal amount of the Bank Subordinated Notes then outstanding may declare the principal of and accrued but unpaid interest on all such Bank Subordinated Notes to be due and payable immediately and such principal amount and interest shall become immediately due and payable, subject to any approval required by the Applicable Regulator. With respect to Insurance Subordinated Notes, if any such "event of default" occurs and is continuing then the principal of an accrued but unpaid interest on all such Insurance Subordinated Note shall become immediately due and payable without further action. Upon payment of such amounts of principal and interest, all obligations of the Subordinated Note Issuer in respect of the payment of principal of and interest on such Subordinated Notes shall terminate.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Subordinated Note Trustee as provided by the Subordinated Note Indenture, the holders of a majority in aggregate principal amount of the Subordinated Notes then outstanding, by written notice to the Subordinated Note Issuer and the Subordinated Note Trustee, may rescind and annul such declaration and its consequences under certain conditions specified in the Subordinated Note Indenture.

In addition, each Subordinated Note Indenture provides that the occurrence and continuation of any of the following constitutes a "default": (a) an "event of default" as described above; (b) the Subordinated Note Issuer fails to pay the principal of any Subordinated Note on the date such amount becomes due and payable, whether at maturity or by declaration of acceleration or otherwise, and such failure is continued for seven days; (c) the Subordinated Note Issuer fails to pay any installment of interest when due and such failure is continued for 30 days or (d) with respect to Insurance Subordinated Notes only, the breach of certain covenants of the Insurance Subordinated Note Issuer and failure to cure such breach within the time period specified.

Upon the occurrence of a "default" under the Subordinated Note Indenture, the Subordinated Note Trustee may demand for the benefit of the holders of the Subordinated Notes, the entire amount then due and payable on the Subordinated Notes (x) in the case of a "default" specified in clause (a), (b) or (d) above, for the principal and interest, if any, and interest upon the overdue principal and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the Applicable Bank Subordinated Note Interest Rate, and (y) in the case of a "default" specified in clause (c) above, for the interest and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the Applicable Subordinated Note Interest Rate and, in each case, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If a "default" occurs and is continuing, the Subordinated Note Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of the Subordinated Notes by such appropriate judicial proceedings as the Subordinated Note Trustee shall deem most effectual to protect and enforce any such rights.

Under the terms of each Subordinated Note Indenture, no holder of the Subordinated Notes may institute any proceeding, judicial or otherwise, with respect to the Subordinated Note Indenture, or for any remedy thereunder, unless: (i) such holder has previously given written notice to the Subordinated Note Trustee of a continuing "default"; (ii) the holders of not less than 25% in aggregate principal amount of such Subordinated Notes then outstanding have made written request to the Subordinated Note Trustee to institute proceedings in respect of such default and have offered to indemnify the Subordinated Note Trustee against the costs, expenses and liabilities to be incurred in such proceedings; and (iii) the Trustee has not instituted such proceedings within 60 days of such notice, request and offer of indemnity. No holder of Subordinated Notes has any right in any manner whatsoever by virtue of, or by availing of, any provision of the Subordinated Note Indenture to affect, disturb or prejudice the rights of any other holders of Subordinated Notes or to enforce any right under the Subordinated Note Indenture, except in the manner therein provided and for the equal and ratable benefit of all holders of the Subordinated Notes.

The holders of a majority in aggregate principal amount of the Subordinated Notes then outstanding has the right to direct the time, method and place of conducting any proceeding for any remedy available to the Subordinated Note Trustee or exercising any trust or power conferred on the Subordinated Note Trustee with respect to the Subordinated Notes; *provided*, that (i) such direction does not conflict with any rule of law or with the Subordinated Note Indenture; (ii) subject to the provisions of the Subordinated Note Indenture, the Subordinated Note Trustee has the right to decline to follow any

such direction if the Subordinated Note Trustee, in good faith, being advised by counsel, determines that the proceeding so directed might result in personal liability or would be unjustly prejudicial to the holders of Subordinated Notes not joining in any such direction; and (iii) the Subordinated Note Trustee may take any other action deemed proper by the Subordinated Note Trustee that is not inconsistent with such direction.

Description of the Surplus Notes

Each Surplus Note issued by a Surplus Note Issuer will be issued pursuant to the terms of an indenture, fiscal agency agreement or other equivalent agreement (the "Surplus Note Agreement"). Generally, but not necessarily in all cases, U.S. Bank National Association will act as trustee under each Surplus Note Agreement (the "Surplus Note Trustee"). Surplus Notes may be issued in definitive or global form.

The brief summary below of certain terms and provisions of the Surplus Notes does not purport to be complete and is subject to and qualified in its entirety by reference to such Surplus Note and the respective Surplus Note Agreements. The regulation of and authority for the issuance of the Surplus Notes is governed by the laws of the states having jurisdiction over the applicable Surplus Note Issuer. The Surplus Notes and the Surplus Note Agreements are intended to meet the requirements of the states that have jurisdiction over the applicable Surplus Note Issuer. However, certain Surplus Notes and Surplus Note Agreements may differ in some respects from the description set forth herein because the regulatory framework that governs the issuance of the Surplus Notes varies from state to state. Copies of the form of Surplus Note Agreement in respect of the Surplus Notes may be obtained by Noteholders upon request in writing to the Surplus Note Trustee at its corporate trust office and by prospective purchasers of Notes from either Placement Agent.

Notwithstanding anything to the contrary set forth in the applicable Surplus Note Agreement, any payment of interest on or principal (including premium, if any) of the Surplus Notes (and any payment of the redemption price in connection with any redemption of the Surplus Notes) may be made only (i) with the prior approval of the Applicable Insurance Regulator, (ii) out of any funds of the Surplus Note Issuer (including the earned surplus of the Surplus Note Issuer (or, in the case of one Surplus Note Issuer, a portion of its earned surplus)) legally available to make any payments with respect to the Surplus Notes under applicable law and regulations of the state whose laws govern the payment of the Surplus Notes and (iii) to the extent that any such payment is permitted by applicable law and regulations of the state whose laws govern the payment of the Surplus Notes by the Surplus Note Issuer (the conditions set forth in the foregoing clauses (i), (ii) and (iii) are referred to herein collectively as the "Payment Restrictions").

In addition, the applicable insurance statutes and regulations of some jurisdictions provide caps or other limits on the amount of interest that may be paid on, or prohibit sales commissions or fees with respect to, Surplus Notes issued by a Surplus Note Issuer domiciled and/or licensed in such jurisdiction. In such event, the Surplus Note Issuer may be required to take certain other action in connection with its issuance of Surplus Notes (e.g., enter into an interest rate swap or other financial undertaking) as a condition to the Surplus Note Issuer's purchase thereof. The Surplus Note Issuer will covenant and agree that it will (x) use its best efforts to obtain the approval of the Applicable Insurance Regulator to make payments of interest on or principal (including premium, if any) of the Surplus Notes and (y) subject to the Payment Restrictions, duly and punctually pay or cause to be paid the principal and premium, if any, of and interest on the Surplus Notes at the place, at the respective times and in the manner provided in the Surplus Note Agreement and the Surplus Notes; *provided*, that no payment of principal (including premium, if any) and interest shall be permitted on the Surplus Notes by the Surplus Note Issuer without the prior approval of the Applicable Insurance Regulator. To the extent that a payment of all or a portion of the principal of a Surplus Note or interest thereon is prohibited by the Payment Restrictions, such prohibition shall not be considered to be a forgiveness of such indebtedness, and interest shall continue to

be accrued and paid at the rate provided in the Surplus Note, and promptly (and in no event later than thirty (30) days) after the removal of any such prohibition the Surplus Note Issuer shall make payment of all amounts then past due and owing under the Surplus Note; *provided*, that no additional interest shall accrue or be payable on any payment of interest that is not made when due as a result of a Payment Restriction. The interest rate borne by a Surplus Note will not be higher than the maximum rate then permitted by the law and regulations of the state whose laws govern the payment of Surplus Notes by the Surplus Note Issuer.

In addition to the Payment Restrictions and the other limitations discussed above, Surplus Notes are subject to the Statement of Statutory Accounting Principals No. 41, which provides that unapproved interest on Surplus Notes may not be reported through operations, may not be represented as an addition to the principal thereof and may not accrue further interest (i.e., interest on interest). The departments of insurance of some jurisdictions may also impose additional reporting or other requirements with regard to the payment of interest. For example, in Pennsylvania, if unassigned surplus is insufficient to pay interest on the Surplus Notes or the Surplus Note Issuer is otherwise unable to make payment of principal and/or interest in a given year (whether because the department of insurance did not approve any such payment or otherwise), interest earned for that year will be forfeited and cannot be paid in subsequent years unless the Surplus Note Issuer establishes unpaid interest as a liability in each quarterly and annual statement filed with the Pennsylvania Insurance Department, and the establishment of any such accrual account for unpaid interest requires the approval of the Pennsylvania Insurance Commissioner, which approval may be granted in his or her sole discretion.

Payment upon maturity by the Surplus Note Issuers will be subject to regulatory approval by the Applicable Insurance Regulators. Each of the Surplus Notes will be subject to redemption upon certain tax events and upon any applicable payment date occurring on or after the fifth anniversary of the issuance thereof.

Subject to the applicable law and regulations of the state whose laws govern the payment of the Surplus Notes, the Surplus Notes will be subordinated and junior in right of payment to all present and future Senior Indebtedness and Policyholder Claims of the applicable Surplus Note Issuer. No payment of principal (including redemption payments) of or interest on the Surplus Notes may be made (in cash, property, securities, by set-off or otherwise) if (i) any amounts related to the payment of Policyholder Claims or any Senior Indebtedness of such Surplus Note Issuer are not paid when due and any applicable grace period with respect to a payment default under such Senior Indebtedness has ended and such default has not been cured or waived or ceased to exist or (ii) the maturity of any Senior Indebtedness of such Surplus Note Issuer has been accelerated because of a default. Upon any distribution of assets of the Surplus Note Issuer to creditors upon any rehabilitation, liquidation, conservation, dissolution, reorganization or receivership, whether voluntary or involuntary, or in insolvency or other proceedings, all Policyholder Claims and principal and interest due or to become due on all Senior Indebtedness of the Surplus Note Issuer must be paid in full before the holders of the Surplus Notes are entitled to receive or retain any payment. There is no limit to the aggregate amount of Senior Indebtedness that may be issued by any Surplus Note Issuer.

Description of the Senior Securities

As used herein, the term "Senior Security" refers to senior debt of a holding company for life insurance companies, health insurance companies or property and casualty insurance companies or one or more reinsurance companies covering various types of risk, or insurance brokerage companies or holding companies for one or more insurance brokerage companies, or refers to senior debt of an insurance intermediary that satisfies the Eligibility Criteria set forth herein (each, a "Senior Security Issuer"). The brief summary set forth herein of certain terms and provisions of the Senior Securities does not purport to be complete and is subject to and qualified in its entirety by reference to such Senior Security and the

documents pursuant to which such security was issued. As stated above, each Senior Security ranks *pari passu* with other senior indebtedness of such issuer. Each Senior Security bears interest at a fixed or floating rate per annum and does not provide for the deferral of interest.

The Collateral Quality Tests

The "Collateral Quality Tests" will be used, together with the Collateral Debt Security Criteria and the Eligibility Criteria, primarily as criteria for purchasing Collateral Debt Securities. The Collateral Quality Tests will consist of the Moody's Diversity Test, the Fitch Scoring Test, the Moody's Implied Weighted Average Rating Factor Test, the Weighted Average Coupon Test, the Weighted Average Spread Test and the Standard & Poor's CDO Monitor Test.

Measurement of the degree of compliance with the Collateral Quality Tests will be required on the Ramp-Up Completion Date.

Ratings Matrix. On the Ramp-Up Completion Date, the Collateral Manager will have the option to elect which of the cases (each a "Ratings Matrix Case") set forth in the table below (the "Ratings Matrix") shall be applicable for purposes of the Moody's Diversity Test and the Moody's Implied Weighted Average Rating Factor Test.

Ratings Matrix Case Number	Minimum Diversity Score	Moody's Implied Weighted Average Rating Factor
1	21	585
2	22	597
3	23	610

Moody's Diversity Test. The "Moody's Diversity Test" is a test that will be satisfied on the Ramp-Up Completion Date and any Measurement Date occurring after the Ramp-Up Completion Date if the Diversity Score is equal to or greater than the number specified in the column entitled "Minimum Diversity Score" in the Ratings Matrix corresponding to the Ratings Matrix Case selected by the Collateral Manager.

As applied to the Collateral Debt Securities, the Diversity Score is a single number that measures concentrations among the Collateral Debt Securities in the Trust Estate in terms of both Collateral Debt Securities Issuer and geographical distribution. Studies have demonstrated the existence of strong regional influences in the U.S. economy. Between 1980 and 1996, the bank default rates in each of the five Geographical Regions described herein peaked at different times, suggesting that the elevated level of bank defaults in each geographical region was a function of different underlying causes. A significant correlation has been identified between bank default rates and the geographical region in which defaulting banks are located, indicating that diversification of a portfolio of bank debt among geographical regions may reduce the default risk profile of such a portfolio. The Diversity Score has been taken into account in structuring the portfolio of Collateral Debt Securities.

Fitch Scoring Test. The "Fitch Scoring Test" is a test that will be satisfied on the Ramp-Up Completion Date and any Measurement Date occurring after the Ramp-Up Completion Date if Collateral

Debt Securities Issuers have a weighted average Fitch Score, as determined by Fitch, using the applicable Fitch Scoring Model, at least equal to the level set forth for such score in the Indenture.

Fitch Score. The "Fitch Score" is a score determined by Fitch by applying the Fitch Scoring Models.

Fitch Scoring Models. The "Fitch Scoring Models" means one or more proprietary models developed by Fitch that provide a ranking of United States insurance companies and insurance holding companies and banks and bank holding companies. The models take into consideration a number of factors regarding such insurance companies, including, without limitation, the earnings, liquidity, asset quality and capital and/or surplus of such entities. The scoring system is set up on a half-point incremental scale of 1 to 5, with 1 being the highest and 5 being the lowest.

Moody's Implied Weighted Average Rating Factor Test. The "Moody's Implied Weighted Average Rating Factor Test" is a test that will be satisfied on the Ramp-Up Completion Date and any Measurement Date occurring after the Ramp-Up Completion Date if the Collateral Debt Securities have a Moody's implied weighted average rating factor, as determined by Moody's, with reference to the Moody's Default Probability Rating of such Collateral Debt Securities of not more than the number specified in the column entitled "Moody's Implied Weighted Average Rating Factor" in the Ratings Matrix corresponding to the Ratings Matrix Case selected by the Collateral Manager.

Any review and determination of a Moody's implied weighted average rating factor equivalent shall in no way imply, and it shall not be required, that a Moody's Default Probability Rating has been or will be assigned to the issuers (as the assignment of such a rating would be based on a probability of default and an expected recovery rate of 10%, which factors were not necessarily considered in connection with the determination of a Moody's implied weighted average rating factor equivalent).

Weighted Average Coupon Test. The "Weighted Average Coupon Test" is a test that will be satisfied on the Ramp-Up Completion Date and on any other Measurement Date occurring after the Ramp-Up Completion Date if on such date the Weighted Average Coupon is equal to or greater than 6.52% (plus the Swap Differential determined on the Ramp-Up Completion Date if such Swap Differential is positive or minus the absolute value of the Swap Differential determined on the Ramp-Up Completion Date if the Swap Differential is negative).

Weighted Average Spread Test. The "Weighted Average Spread Test" is a test that will be satisfied on the Ramp-Up Completion Date and on any other Measurement Date occurring after the Ramp-Up Completion Date if on such date the Weighted Average Spread is equal to or greater than 2.28%.

Standard & Poor's CDO Monitor Test. The "Standard & Poor's CDO Monitor Test" is a test that will be satisfied if, after giving effect to the purchase or sale of a Collateral Debt Security (or both), as the case may be, (i) the Standard & Poor's Loss Differential of the Standard & Poor's Proposed Portfolio is positive or (ii) the Standard & Poor's Loss Differential of the Standard & Poor's Proposed Portfolio is greater than the Standard & Poor's Loss Differential of the Standard & Poor's Current Portfolio.

Disposition of the Collateral Debt Securities

Collateral Debt Securities may be retired prior to their respective final maturities due to, among other things, the existence and frequency of exercise of any redemption features of such securities. In addition, subject to the terms of the Indenture and the Collateral Management Agreement, including the restrictions described herein, the Collateral Manager may sell any Collateral Debt Security as follows: (A) any Defaulted Security, Credit Risk Security or Equity Security may be sold at any time and (B) any

Collateral Debt Security which is not a Defaulted Security, Credit Risk Security or Equity Security may be sold during the Substitution Period only, *provided* that the Collateral Manager shall certify to the Trustee that it will cause the Issuer to purchase (or commit to purchase), within ten (10) Business Days of such sale, Additional Collateral Debt Securities which satisfy the Substitution Criteria (a sale made pursuant to this clause (B) being referred to as a "Discretionary Sale").

"Substitution Period" shall mean the period commencing on the Ramp-Up Completion Date and ending on the date which is the fourth anniversary of the Ramp-Up Completion Date.

Collections may be invested at any time in Eligible Investments maturing not later than the next Distribution Date.

The Issuer may not dispose of any Collateral Debt Security unless such disposition is made on an "arm's-length basis" for fair market value (as determined at the time the Issuer first enters a binding commitment to dispose of such Collateral Debt Security). Any disposition of Collateral Debt Securities will be conducted in accordance with the requirements of the Collateral Management Agreement, and, if effected with the Collateral Manager, the Issuer, the Trustee or any affiliate of any of the foregoing, will be effected in a secondary market transaction on terms as favorable to the holders of the Notes as would be the case if such person were not so affiliated. Unless the Collateral Manager is required by the terms of the Indenture to sell a Collateral Debt Security or an Eligible Investment, the Collateral Manager may refrain from directing the sale of securities of: (i) Persons of which the Collateral Manager, its affiliates or any of its or its affiliates' officers, directors or employees are directors or officers; (ii) Persons for which the Collateral Manager or any of its affiliates act as financial advisor or underwriter; or (iii) Persons about which the Collateral Manager or any of its affiliates have information which the Collateral Manager deems confidential or non-public or otherwise might prohibit it from trading such securities in accordance with applicable law. The Trustee shall have no responsibility to oversee compliance with the above conditions by the other parties.

In the event of an Auction Call Redemption, Optional Redemption or Tax Redemption of the Rated Notes, the Collateral Manager may direct the Trustee to sell Collateral Debt Securities without regard to the foregoing limitations; *provided,* that: (i) the proceeds therefrom will be at least sufficient to pay certain expenses and other amounts and redeem in whole but not in part all Rated Notes to be redeemed simultaneously; and (ii) such proceeds are used to make such a redemption. See "Description of the Rated Notes—Auction Call Redemption" and "Optional Redemption and Tax Redemption".

Collections may be invested at any time in Eligible Investments maturing not later than the next Distribution Date.

Acquisition of Collateral Debt Securities after the Closing Date and After the Ramp-Up Completion Date

Following the Closing Date and on or prior to the Ramp-Up Completion Date, the Issuer will be permitted in accordance with the terms of the Indenture to purchase additional Collateral Debt Securities that meet the Collateral Debt Security Criteria, Eligibility Criteria, Substitution Criteria and other requirements set forth in the Indenture.

It is not anticipated that the Ramp-Up Completion Date will occur prior to the first Distribution Date. If the Ramp-Up Completion Date does not occur prior to the first Distribution Date, as of the Determination Date corresponding to the first Distribution Date (i) the Diversity Score must be at least 18, (ii) the Moody's Implied Weighted Average Rating Factor must be no more than 700 and (iii) the aggregate par amount of Collateral Debt Securities held by the Issuer must be at least equal to U.S.$600,000,000. In the event that any of the foregoing requirements is not satisfied on such

Determination Date, the Collateral Manager will promptly notify the Rating Agencies and submit a plan specifying actions intended to be taken such that a Ramp-Up Ratings Confirmation Failure is not anticipated to occur.

Except in the limited circumstances set forth in the Indenture and described in part in the following paragraph, neither the Issuer nor the Board or any authorized individual on the Issuer's behalf will be permitted to acquire any Collateral Debt Security on any date after the Ramp-Up Completion Date.

Pursuant to the terms and conditions set forth in the Indenture, on any date during the Substitution Period, the Collateral Manager, on behalf of the Issuer, shall be permitted to use Sale Proceeds from the sale of Collateral Debt Securities to acquire additional Collateral Debt Securities (each, an "Additional Collateral Debt Security") if the following criteria (the "Substitution Criteria") are met:

(i) if there has been a change in the U.S. federal income tax characterization of the Collateral Manager or a substantial reduction in the activity after the Closing Date of the Collateral Manager as a collateral manager or investment advisor or 33-1/3% or more of the revenues of the Collateral Manager are derived from the Issuer during the 12 months preceding such investment, then, prior to such investment, the Collateral Manager shall have obtained and delivered to the Issuer and the Trustee an opinion of nationally recognized tax counsel concluding that such investment will not cause the Issuer to be treated as having income that is effectively connected with a trade or business within the United States;

(ii) prior to such acquisition, the Rating Condition of Standard & Poor's shall have been satisfied with respect thereto;

(iii) the Collateral Debt Security Criteria and Eligibility Criteria shall be satisfied with respect thereto;

(iv) each Coverage Test shall be satisfied after giving effect to such acquisition;

(v) no Event of Default under the Indenture exists or will exist after giving effect to such acquisition;

(vi) certain procedures identified in the Indenture relating to the perfection of the Trustee's security interest in the Additional Collateral Debt Security have been complied with;

(vii) after giving effect to the purchase of such Additional Collateral Debt Security, the Moody's Implied Weighted Average Rating Factor is equal to or less than the number specified in the column entitled "Moody's Implied Weighted Average Rating Factor" in the Ratings Matrix corresponding to the Ratings Matrix Case selected by the Collateral Manager, or is maintained or decreased after giving effect to such purchase;

(viii) after giving effect to the purchase of such Additional Collateral Debt Security, the Diversity Score is equal to or greater than the number specified in the column entitled "Minimum Diversity Score" in the Ratings Matrix corresponding to the Ratings Matrix Case selected by the Collateral Manager, or is maintained or increased after giving effect to such purchase;

(ix) the Additional Collateral Debt Security bears interest, at the time of the acquisition thereof (i) at a fixed rate if the Sold Security was bearing interest at a fixed rate (or was a

Deemed Fixed Rate Collateral Debt Security) at the time of disposition thereof or (ii) at a floating rate if the Sold Security was bearing interest at a floating rate (or was a Deemed Floating Rate Collateral Debt Security) at the time of disposition thereof;

(x) the minimum price paid for such Additional Collateral Debt Security multiplied by the Adjusted Issue Price is equal to or greater than 98.5% of the par amount thereof;

(xi) after giving effect to the purchase of a fixed rate Additional Collateral Debt Security, the Weighted Average Coupon is maintained or increased after giving effect to such purchase; and

(xii) after giving effect to the purchase of a floating rate Additional Collateral Debt Security, the Weighted Average Spread is maintained or increased after giving affect to such purchase.

(xiii) after giving effect to the purchase of the Additional Collateral Debt Security, the Standard & Poor's CDO Monitor Test is satisfied;

(xiv) the Additional Collateral Debt Security is scheduled to mature on a date which is on or prior to the date on which the Sold Security is scheduled to mature;

(xv) after giving effect to the purchase of such Additional Collateral Debt Security, the aggregate Principal Balance of Pledged Securities that evidences obligations of a single issuer must not exceed 3% of the aggregate Principal Balance of all Pledged Securities on such date or, if the aggregate Principal Balance of Pledged Securities that evidence obligations of the obligor of such Additional Collateral Debt Security exceeds 3% of the aggregate Principal Balance prior to such purchase, such purchase must not cause such percentage to increase;

(xvi) after giving effect to the purchase of such Additional Collateral Debt Security, the aggregate Principal Balance of Insurance Trust Preferred Securities, Insurance Subordinated Notes, Senior Securities and Surplus Notes must not exceed 33% of the aggregate Principal Balance of all Pledged Securities on such date or, if the aggregate Principal Balance of Insurance Trust Preferred Securities, Insurance Subordinated Notes, Senior Securities and Surplus Notes exceeds 33% of the aggregate Principal Balance of all Pledged Securities prior to such purchase, such purchase must not cause such percentage to increase; and

(xvii) after giving effect to the purchase of the Additional Collateral Debt Security, the Fitch Scoring Test shall be satisfied.

provided that, the aggregate Principal Balance of Additional Collateral Debt Securities purchased with the Sale Proceeds from the sale of Collateral Debt Securities which are not Credit Risk Securities, Defaulted Securities or Equity Securities may not exceed (x) 10% of the aggregate Principal Balance of all Collateral Debt Securities during any period of twelve consecutive months, commencing on the Ramp-Up Completion Date and (y) 20% of the aggregate Principal Balance of all Collateral Debt Securities during the Substitution Period.

Discretionary Sales shall not be permitted and, (other than a purchase which occurs within the ten (10) Business Day time period set forth in the certificate required to be delivered by the Collateral Manager in connection with a Discretionary Sale) no Additional Collateral Debt Securities may be purchased with Sales Proceeds from any Discretionary Sale in the event that (i) the ratings of either the Class A Notes or

Class B Notes have been downgraded by Moody's by one or more rating subcategories and such rating has not been reinstated to the rating issued in respect thereof on the Closing Date or (ii) the ratings of any of the Class C Notes or Class D Notes have been downgraded by Moody's by two or more rating subcategories and such rating has not been reinstated to a rating not lower than one rating subcategory below the rating issued in respect thereof on the Closing Date.

Notwithstanding the foregoing provisions, (i) if the Issuer has previously entered into a commitment to acquire an obligation or security from a Collateral Debt Securities Issuer for inclusion in the Collateral, then such Collateral Debt Securities Issuer need not satisfy any of the Collateral Debt Security Criteria or the Eligibility Criteria on the date of such acquisition if such Collateral Debt Securities Issuer satisfied the Collateral Debt Security Criteria and Eligibility Criteria on the date on which the Issuer entered into such commitment and (ii) if an Event of Default shall have occurred and be continuing, no Collateral Debt Security may be acquired unless it was the subject of a commitment entered into by the Issuer prior to the occurrence of such Event of Default.

The Issuer may not acquire any Collateral Debt Security unless such acquisition is made on an "arm's-length basis" for fair market value (as determined at the time the Issuer first enters a binding commitment to acquire such Collateral Debt Security). Any acquisition of Collateral Debt Securities will be conducted in accordance with the requirements of the Collateral Management Agreement, and, if effected with the Collateral Manager, the Issuer, the Trustee or any affiliate of any of the foregoing, will be effected in a secondary market transaction on terms as favorable to the holders of the Rated Notes as would be the case if such person were not so affiliated.

The Hedge Agreements

On the Closing Date and at any time prior to the Ramp-Up Completion Date, the Issuer may enter into one or more interest rate protection agreements (such agreements, and any replacements therefor entered into in accordance with the Indenture, the "Hedge Agreements") with a counterparty with respect to which the Rating Condition has been satisfied (together with any permitted successors or assigns under the Hedge Agreements that meet the Ratings Condition, the "Hedge Counterparty"). Pursuant to the Priority of Payments, scheduled payments required to be made by the Issuer under the Hedge Agreements, together with any Qualified Termination Payments, will be payable pursuant to paragraph (4) under "Priority of Payments—Interest Proceeds". The Hedge Agreements will be governed by New York law. The Indenture and the Hedge Agreements will provide that the Issuer and the Hedge Counterparty will comply with the following five paragraphs.

If the Hedge Rating Determining Party for any Hedge Counterparty fails to satisfy the Hedge Counterparty Ratings Requirement at any time, then such Hedge Counterparty shall (solely at the expense of the Hedge Counterparty) post collateral pursuant to the Credit Support Annex to the related Hedge Agreement or deliver a guarantee of, or make an assignment of the Hedge Agreement to, an entity which satisfies the Hedge Counterparty Ratings Requirement or take such other action as shall satisfy the Rating Condition.

In respect of any Hedge Counterparty, if its Hedge Rating Determining Party fails to satisfy the Ratings Threshold, then the relevant Hedge Counterparty will either (x) assign its rights and obligations in and under the related Hedge Agreement (at its own expense) to another Hedge Counterparty that has ratings at least equal to the Hedge Counterparty Ratings Requirement or (y) enter into any other agreement with or arrangement for the benefit of the Issuer and the Trustee that is reasonably satisfactory to the Trustee on behalf of the Issuer and that satisfies the Rating Condition, except in the case of a Deemed Fixed Rate Hedge Agreement or Deemed Floating Rate Hedge Agreement, wherein providing of notice to Moody's with respect to a replacement Deemed Fixed Rate Hedge Agreement shall be deemed satisfactory.

The Trustee will deposit all collateral received from a Hedge Counterparty under a Hedge Agreement in a securities account in the name of the Trustee that will be designated the "Hedge Counterparty Collateral Account" which account will be maintained for the benefit of the Noteholders, each Hedge Counterparty and the Trustee.

The Hedge Agreements will each be subject to termination upon the earlier to occur of (a) an Event of Default followed by the liquidation of the Collateral in accordance with the Indenture and (b) any Auction Call Redemption, Optional Redemption or Tax Redemption, among other events of default and termination events. One or more Hedge Agreements may provide that in the event that amounts are applied to the redemption of Rated Notes on any Distribution Date in accordance with the Priority of Payments by reason of Rating Confirmation Failure or a failure to satisfy any of the Coverage Tests, then, subject to the satisfaction of the Rating Condition, the interest rate swaps under the Hedge Agreements will be subject to partial termination on such Distribution Date with respect to a portion of the notional amount thereof equal to the aggregate outstanding principal amount of Rated Notes so redeemed on such Distribution Date multiplied by a fraction equal to the notional amount of the interest rate swap Transaction(s) divided by the aggregate outstanding principal amount of the Rated Notes prior to such redemption. In addition, subject to the satisfaction of the Rating Condition with respect to such reduction, the Collateral Manager, with the consent of the Hedge Counterparty and a Majority-in-Interest of Preferred Shareholders (acting together) may on any Distribution Date direct the Issuer to reduce the notional amount of any interest rate swap or cap outstanding under any Hedge Agreement. Finally, one or more Hedge Agreements may be subject to partial termination or redemption in accordance with a specified schedule which provides for the incremental termination or reduction of the notional amount of any such Hedge Agreement on the Distribution Date and in the amounts specified therein. Upon any such termination or reduction of a notional amount, a termination payment with respect to the notional amount terminated or reduced may become payable by the Hedge Counterparty or the Issuer to the other party under the Hedge Agreements, with such termination payment being calculated as described below.

Amounts payable upon any such termination or reduction will based upon standard replacement transaction valuation methodology set forth in the 1992 ISDA Master Agreement published by the International Swaps and Derivatives Association, Inc. If any amount is payable by the Issuer to the Hedge Counterparty in connection with the occurrence of any such partial termination or notional amount reduction, such amount, together with interest on such amount for the period from and including the date of termination to but excluding the date of payment at a rate per annum (calculated using a 30/360 Day Count Fraction) equal to the cost of funds therefor, as determined in accordance with each Hedge Agreement, shall be payable on such Distribution Date to the extent funds are available for such purpose in accordance with the Priority of Payments, and any amount not so paid on such Distribution Date shall be payable on the first Distribution Date on which such amount may be paid in accordance with the Priority of Payments.

The obligations of the Issuer under the Hedge Agreements are limited recourse obligations payable solely from the Collateral pursuant to the Priority of Payments.

The Hedge Counterparty

Merrill Lynch Capital Services, Inc. ("MLCS") is an Affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated. MLCS was incorporated in Delaware in 1984. The principal executive office of MLCS is 4 World Financial Center, 18th Floor, New York, New York 10080. MLCS acts as intermediary or principal in a variety of interest rate, currency and other derivative transactions. MLCS does not publish financial statements.

The information appearing in this section headed "The Hedge Counterparty" has been prepared by the Hedge Counterparty and has not been independently verified by the Co-Issuers, the Collateral

Manager, the Trustee or the Placement Agents. Accordingly, notwithstanding anything to the contrary herein, none of the Co-Issuers, the Collateral Manager, the Trustee or either Placement Agent assumes any responsibility for the accuracy, completeness or applicability of such information.

The Accounts

Collection Accounts

All distributions on the Collateral Debt Securities and any proceeds received from the disposition of any such Collateral Debt Securities, to the extent such distributions or proceeds constitute Interest Proceeds (unless simultaneously reinvested in Eligible Investments), if any, will be remitted to a single, segregated account established and maintained under the Indenture by the Trustee (the "Interest Collection Account"). All distributions on the Collateral Debt Securities and any proceeds received from the disposition of any such Collateral Debt Securities to the extent such distributions or proceeds constitute Principal Proceeds (unless simultaneously reinvested in Eligible Investments) will be remitted to a single, segregated account established and maintained under the Indenture by the Trustee (the "Principal Collection Account" and, together with the Interest Collection Account, the "Collection Accounts"). The Collection Accounts shall be maintained for the benefit of the Secured Parties and amounts on deposit therein will be available, together with reinvestment earnings thereon, for application in the order of priority set forth above under "Description of the Rated Notes—Priority of Payments".

Amounts received in the Collection Accounts during a Due Period and amounts received in prior Due Periods and retained in the Collection Accounts under the circumstances set forth above in "Description of the Rated Notes—Priority of Payments" will be invested in Eligible Investments (as described below) with stated maturities no later than the Business Day immediately preceding the next Distribution Date. All such proceeds will be retained in the Collection Accounts unless otherwise used in a manner permitted under the Indenture.

Custodial Account

The Trustee will credit all Collateral Debt Securities to the "Custodial Account".

Payment Account

On or prior to the Business Day prior to each Distribution Date, the Trustee will deposit into a single, segregated account established and maintained by the Trustee under the Indenture (the "Payment Account") for the benefit of the Secured Parties all funds in the Collection Accounts required for payments to the holders of the Rated Notes and payments of fees and expenses in accordance with the priority described under "Description of the Rated Notes—Priority of Payments".

Uninvested Proceeds Account

On the Closing Date, the Trustee will deposit into a single, segregated account established and maintained by or on behalf of the Trustee under the Indenture (the "Uninvested Proceeds Account") all Uninvested Proceeds (other than the organizational fees and other expenses of the Issuer incurred in connection with the effectuation of the transactions contemplated hereby on the Closing Date (including, without limitation, the legal fees and expenses of counsel to the Co-Issuers, the Placement Agents and the Collateral Manager), the expenses of offering of the Offered Securities and amounts deposited in the accounts of the Issuer in accordance with the Indenture on such date). The Issuer may, prior to the Ramp-Up Completion Date, use funds on deposit in the Uninvested Proceeds Account to acquire Collateral Debt Securities in accordance with the terms of the Indenture. Prior to such use of such funds by the Issuer, the Collateral Manager on behalf of the Issuer may direct the Trustee to, and upon such direction the Trustee

shall, invest funds in the Uninvested Proceeds Account in Eligible Investments. Interest and other income from such investments shall be charged to the Uninvested Proceeds Account. Investment earnings on Eligible Investments in the Uninvested Proceeds Account will be transferred to the Interest Collection Account, to be treated as Interest Proceeds, on or prior to the Ramp-Up Completion Date. Other than as set forth in the preceding sentence, on the Ramp-Up Completion Date, the Trustee will transfer any Uninvested Proceeds remaining on deposit in the Uninvested Proceeds Account (excluding (i) any amounts transferred to the Interest Collection Account as set forth above and (ii) any amounts necessary to settle all agreements entered into by the Issuer on or prior to the Ramp-Up Completion Date to acquire Collateral Debt Securities scheduled to settle following the Ramp-Up Completion Date) to the Payment Account (i) if a Ratings Confirmation has occurred, to be treated *first*, as Interest Proceeds in an amount equal to the lesser of (a) the Uninvested Interest Excess and (b) U.S.$2,000,000 and, *second*, as Principal Proceeds to be distributed in accordance with the Priority of Payments on the first Distribution Date thereafter, and (ii) in the event of a Ramp-Up Ratings Confirmation Failure, to be treated as Uninvested Proceeds to the extent the Rating Agencies require that Uninvested Proceeds be used to make payments in respect of principal on Rated Notes and to be treated as Principal Proceeds on the first Distributed Date thereafter, to be distributed in accordance with the Priority of Payments, to the extent such funds are in excess of the amount of funds necessary to meet the requirements of the Rating Agencies. Promptly following the Ramp-Up Completion Date, the Trustee shall cause the Uninvested Proceeds Account to be closed.

Expense Account

On the Closing Date, after payment of the organizational and structuring fees and expenses of the Issuer (including, without limitation, the legal fees and expenses of counsel to the Issuer, the Placement Agents and the Collateral Manager) and the expenses of offering the Offered Securities U.S.$ 100,000 from the net proceeds of the offering of the Offered Securities and the issuance of the Preferred Shares will be deposited by the Trustee into a single, segregated account established and maintained by the Trustee under the Indenture (the "Expense Account"). All funds on deposit in the Expense Account will be invested in Eligible Investments. On each Distribution Date, to the extent that funds are available for such purpose in accordance with the Priority of Payments and subject to the dollar limitation set forth in paragraph (2) under "Description of the Rated Notes—Priority of Payments—Interest Proceeds," the Trustee will deposit into the Expense Account an amount from Interest Proceeds (and, to the extent that Interest Proceeds are insufficient, from Principal Proceeds) such that the amount on deposit in the Expense Account (after giving effect to such deposit) will equal U.S.$ 100,000. Amounts on deposit in the Expense Account may be withdrawn from time to time to pay accrued and unpaid expenses of the Issuer (other than fees and expenses of the Trustee, the Collateral Management Fee, but including other amounts payable by the Issuer to the Collateral Manager under the Collateral Management Agreement or the Indenture). All funds on deposit in the Expense Account will be invested in Eligible Investments. All amounts remaining on deposit in the Expense Account at the time when substantially all of the Issuer's assets have been sold or otherwise disposed of (as determined by the Collateral Manager) will be deposited by the Trustee into the Payment Account for application as Interest Proceeds on the immediately succeeding Distribution Date.

Interest Reserve Account

Pursuant to the Indenture, the Trustee will establish and maintain a single, segregated account (the "Interest Reserve Account"). All funds on deposit in the Interest Reserve Account will be invested in Eligible Investments. In accordance with the Priority of Payments, on each Distribution Date on and prior to the Distribution Date in December 2008, funds in an amount equal to U.S.$83,333.33, which funds would otherwise potentially be available for distributions in respect of the Preferred Shares, will instead be deposited into the Interest Reserve Account. In addition, on each Distribution Date thereafter on which any Rated Notes are outstanding and the amount on deposit in the Interest Reserve Account is not

at least $1,000,000, 15% of the Interest Proceeds remaining following payment of interest on the Rated Notes will be deposited into the Interest Reserve Account until the amount on deposit therein equals $1,000,000 (after giving effect to such deposit). On each Distribution Date, funds on deposit in the Interest Reserve Account in an amount equal to the Shortfall Amount will be transferred to the Payment Account for application as Interest Proceeds in accordance with the Priority of Payments. On the first Distribution Date on which there are no Rated Notes outstanding, all amounts on deposit in the Interest Reserve Account will be transferred to the Payment Account for application as Interest Proceeds in accordance with the Priority of Payments and the Interest Reserve Account will be closed.

Hedge Counterparty Collateral Account

Pursuant to the Indenture, the Trustee will establish and maintain a "Hedge Counterparty Collateral Account". The Trustee shall deposit all collateral received from the Hedge Counterparty under the Hedge Agreements in the Hedge Counterparty Collateral Account. Any and all funds at any time on deposit in, or otherwise standing to the credit of, the Hedge Counterparty Collateral Account shall be held in trust by the Trustee for the benefit of the Secured Parties. The only permitted withdrawal from or application of funds on deposit in, or otherwise standing to the credit of, the Hedge Counterparty Collateral Account shall be (i) for application to obligations of the Hedge Counterparty to the Issuer under the Hedge Agreements that are not paid when due (whether when scheduled or upon early termination) or (ii) to return collateral to the Hedge Counterparty when and as required by the Hedge Agreements.

First Distribution Date Reserve Account

On the Closing Date, after payment of the organizational and structuring fees and expenses of the Issuer (including, without limitation, the legal fees and expenses of counsel to the Issuer, the Placement Agents and the Collateral Manager) and the other expenses of offering the Offered Securities, U.S.$500,000 will be deposited by the Trustee into a single, segregated account established and maintained by the Trustee under the Indenture (the "First Distribution Date Reserve Account"). The only permitted withdrawal from or application of funds on deposit in, or otherwise standing to the credit of, the First Distribution Date Reserve Account shall be as follows: at least one Business Day prior to the first Distribution Date, the Trustee will transfer all amounts from the First Distribution Date Reserve Account to the Payment Account for application (x) as Interest Proceeds on the first Distribution Date for distribution to the Holders of the Rated Notes if, and only to the extent, necessary for such Noteholders to receive the accrued and unpaid interest due and payable in respect of such Rated Notes on such first Distribution Date pursuant to clauses (5), (7), (8) and (9) of "Priority of Payments – Interest Proceeds" and (y) to the extent that there are any amounts remaining after application as provided in the preceding clause (x), for application as Interest Proceeds in accordance with the Priority of Payments.

THE COLLATERAL MANAGER

The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Placement Agents or the Co-Issuers and none of the foregoing (other than the Collateral Manager) assumes any responsibility for the accuracy or completeness of such information; provided *that the Co-Issuers assume responsibility for the accurate reproduction herein of such information provided by the Collateral Manager.*

General Information

Cohen Bros. Financial Management, LLC ("Cohen Bros. Management") is a Delaware limited liability company formed on August 13, 2003. Cohen Bros. Management is the collateral manager for ALESCO Preferred Funding I, Ltd., ALESCO Preferred Funding II, Ltd., ALESCO Preferred Funding III, Ltd., ALESCO Preferred Funding IV, Ltd., ALESCO Preferred Funding V, Ltd., ALESCO Preferred

Funding VI, Ltd., ALESCO Preferred Funding VII, Ltd. and ALESCO Preferred Funding VIII, Ltd. It is a registered investment adviser regulated by the SEC. It is an affiliate of Cohen Brothers LLC, which is a holding company for Cohen Bros. & Company, LLC ("Cohen Bros."), a broker dealer that focuses on the financial services sector. Cohen Bros. Management is also an affiliate of Dekania Capital Management, LLC ("Dekania Capital Management"), a collateral manager for Dekania CDO I, Ltd., and Dekania CDO II, Ltd. (collectively, "Dekania CDOs"), of Strategos Capital Management, LLC, the collateral manager for Kleros Preferred Funding, Ltd and Emporia Capital Management, LLC, the collateral manager for Emporia Preferred Funding I, Ltd. In addition, Cohen Bros. Management is an affiliate of Taberna Realty Finance Trust which now owns Taberna Capital Management, LLC, a collateral manager for Taberna Preferred Funding I, Ltd., Taberna Preferred Funding II, Ltd. And Taberna Preferred Funding III, Ltd. (collectively, "Taberna CDOs"). Taberna Capital Management, LLC, is a wholly owned subsidiary of Taberna Realty Finance Trust. The Dekania CDOs are comprised of securities issued by insurance companies and include trust preferred securities, surplus notes, subordinated notes, and senior notes. The Taberna CDOs are comprised of securities issued by real estate operating companies and real estate investment trusts and include trust preferred securities, senior notes, subordinated notes and commercial mortgage-backed securities. Kleros Preferred Funding, Ltd. is comprised of residential mortgage-backed securities, asset-backed securities and related synthetic securities. Emporia Preferred Funding I, Ltd. is comprised of loans, mezzanine obligations, structured finance obligations and synthetic securities.

Cohen Bros. is a research and trading firm that draws upon the experience of its professionals in the financial services and real estate sector to provide specialized research and investment opportunities to institutions and sophisticated individuals. Cohen Bros. research department reports on the stocks of a diverse pool of financial institutions throughout the United States. Cohen Bros. has experience in the bank and insurance industries from both an evaluation and a management perspective, and is the publisher of the Encyclopedia of Bank Trust Preferred Securities and the Insurance Trust Preferred Securities and Surplus Notes Encyclopedia. Cohen Bros. employ professionals with extensive experience in small and mid-cap banks and insurance companies.

In order for the Collateral Manager to prepare the reports required by the Collateral Management Agreement, the Collateral Manager will be required to analyze each Collateral Debt Security on a quarterly basis.

Key Personnel

The Collateral Manager will use the services of the individuals set forth below, although it may not necessarily continue to use their services during the entire term of the Collateral Management Agreement.

Members of the Credit Committee:

Daniel G. Cohen

Mr. Cohen has been Chairman of the Board of Directors of TheBancorp, Inc. (a bank holding company) since 2000, and served as Chief Executive officer for TheBancorp, Inc. from 1999 to 2000. Since 2001, he has also served as Chairman, Chief Executive Officer and President of Cohen Bros. Mr. Cohen is Chairman and CEO of Taberna Realty Finance Trust, a REIT formed in 2005 and Chairman of Emporia Capital Management. Since 2000, Mr. Cohen has served on the Board of Directors of TRM Corporation (Nasdaq: TRM), and as its chairman since 2003. From 1995 to 2000, Mr. Cohen served as an officer of Resource America (NASDAQ "REXI"), serving as its Chief Operating Officer from 1998 to 2000. From 1997 to 1999, Mr. Cohen was a director of Jefferson Bank of Pennsylvania, a commercial bank acquired by Hudson United Bancorp in 1999 that grew to $3.5 billion in assets.

Cassandra Toroian

Ms. Toroian is an Executive Vice President with Cohen Brothers, previously serving as the Cohen Bros.' Director of Equity Strategies. She has extensive experience as a sell-side analyst, specializing in small and mid-cap banks. Ms. Toroian is a principal of Cohen Bros. Toroian Investment Management, Inc., a registered investment advisor. Ms. Toroian was also the founder of Financialmuse, a financial educational company focused on teaching women about money and investing.

Harmon S. Spolan

Mr. Spolan served as President of Jefferson Bank for 22 years, until April 1999, when he joined the law firm of Cozen O'Connor as head of the Financial Services practice group. He previously served as President of the State National Bank of Maryland, and as a member of the Wharton School Faculty, Department of Legal Studies, of the University of Pennsylvania.

Kenneth R. Frappier

Kenneth Frappier serves as Senior Vice President responsible for Portfolio and Risk Management for RAIT Investment Trust, a specialized real estate finance company (NYSE "RAS"). From December 1999 until April 2002, Mr. Frappier was Senior Vice President and Regional Chairman of the Senior Officers' Loan Committee in Pennsylvania and Southern New Jersey for Hudson United Bank ($7 billion in assets), following the merger of Hudson United Bancorp and Jefferson Bank, of which Mr. Frappier had been Senior Vice President since 1993. Prior to 1993, Mr. Frappier was an Executive Vice President for Dominion Bancshares Corporation's ($7 billion in assets) Greater Washington Region (Northern Virginia, Washington, D.C. & Maryland), and was previously a National Bank Examiner for the Comptroller of the Currency, a bureau of the U.S. Treasury Department.

Thomas H. Friedberg

Mr. Friedberg has over 42 years of experience in a variety of life and property & casualty insurance companies, with his most recent experiences being as a senior executive focused on troubled companies. He has served as Vice President-Worldwide Automobile Insurance, for AIG; Senior Vice President-International P&C Operations, for the Hartford Insurance Group; Vice Chairman and CEO of ITT Life Insurance Company; and President and CEO of Vanliner Insurance Company, Ranger Insurance Companies, ACCEL International Corporation and Stonington Insurance Company. He is a graduate of Western Reserve University where he studied mathematics, and holds an MBA from the University of Chicago.

Matthew T. Mueller

Mr. Mueller has been involved in the insurance industry since 1996. He has been a vice president of Cohen Bros. since 2003. Previously, he was an Associate Equity Analyst at Ferris, Baker Watts, Inc., where he followed companies in the insurance and specialty finance industries. Prior to joining Ferris, Baker Watts, Mr. Mueller was the Insurance Research Director at SNL Financial. Mr. Mueller holds a BA in Economics from the University of Virginia.

Tom Zhang

Mr. Zhang is a Ph.D. candidate (expected 2005) in Finance with Minors in Insurance and Econometrics, from the University of Mississippi. He holds a Master of Arts in Economics from University of Mississippi, and a Bachelor of Science in International Economics from Shandong University. Mr. Zhang

has been an instructor of finance at the University of Mississippi and a fixed income security analyst and trader at the China Eastern Air Finance Co. in Shanghai, China.

Other Members of the Cohen Bros. Management Team Involved in the Transaction:

James J. McEntee, III

Mr. McEntee is the Chief Operating Officer of Cohen Bros. Mr. McEntee was previously the co-founding and co-managing Partner of Harron Capital, LP, a $100 million private equity fund. In addition, he was a partner and chairman of the Business Department of the law firm of Lamb, Windle & McErlane, with responsibility for representing the firm's banking clients. He is also a director of TheBancorp, Inc., a bank holding company.

Shami J. Patel

Mr. Patel is an Executive Vice President of Cohen Bros. & Company, LLC and oversees the structuring and execution of the ALESCO transactions. Mr. Patel has extensive financial and capital markets expertise. He was previously the Chief Financial Officer of TRM Corporation (Nasdaq:TRM). He also served as Vice President for Sirrom Capital, a $500 million mezzanine investment fund. Mr. Patel was formerly an investment banker at Robertson Stephens & Co. in the business services and specialty finance groups. Mr. Patel earned an M.B.A. and J.D. with honors from Duke University.

Peter Addei

Mr. Addei is a Credit Analyst with Cohen Bros., where he follows the insurance industry. Prior to joining Cohen Bros., Mr. Addei was a Capital Markets Associate with the Corporate & Investment Banking Division of Wachovia Securities, where he focused on financial institutions. He was previously a Trader with Databank Financial Services, Ltd. Mr. Addei holds an M.B.A. from Vanderbilt University and is a graduate of Kwame Nkrumah University of Science and Technology, where he studied Agricultural Economics. He is currently a Level II candidate in the CFA Program, and an Affiliate Member of the Securities Institute of Australia.

Lee Calfo

Mr. Calfo is a Credit Analyst with Cohen Bros. His research coverage includes small and mid-sized community banks located across the United States. Prior to joining Cohen Bros., Mr. Calfo worked at Miller & Jacobs Capital in the capacity of equity research analyst for the financial services focused Acadia Research Group and Acadia Hedge Funds divisions. Before joining Miller & Jacobs capital, Mr. Calfo worked as a small cap growth analyst at Emerald Asset Management in Lancaster, Pennsylvania where his responsibilities included researching equities in the financial services industry. Mr. Calfo received his bachelor's degree in Finance from Penn State University.

Christo Tzankov

Mr. Tzankov is a Credit Analyst with Cohen Bros., and has been responsible for coverage of community bank and thrift institutions. Prior to joining Cohen Brothers, he worked as an investment-banking analyst in the Global Syndicated Finance department at JPMorgan Securities Inc. in New York where he was involved in financial analysis and deal structuring. From 1997 until 2000, he was a Financial Analyst at Bloomberg Financial Markets in Princeton, New Jersey where he was responsible for Bloomberg's Swiss market coverage and fundamental research.

THE COLLATERAL MANAGEMENT AGREEMENT

General

The Collateral Manager will perform on behalf of the Issuer certain duties specifically delegated to it in accordance with the Collateral Management Agreement and the Indenture, in particular, it will advise the Issuer with respect to the acquisition and disposition of any Collateral Debt Securities. The Collateral Manager may advise the Issuer with respect to entering into, assigning, transferring and terminating the Hedge Agreements.

In addition, pursuant to the terms of the Collateral Administration Agreement between the Issuer, the Collateral Manager and U.S. Bank National Association (the "Collateral Administration Agreement"), the Issuer will retain U.S. Bank National Association, as collateral administrator (the "Collateral Administrator"), to prepare certain reports with respect to the Collateral Debt Securities. The compensation paid to the Collateral Administrator by the Issuer for such services will be in addition to the fees paid to the Collateral Manager and to U.S. Bank National Association in its capacity as Trustee, and will be treated as an expense of the Issuer under the Indenture and will be subject to the priorities set forth under "Description of the Rated Notes—Priority of Payments". Pursuant to the Indenture, the Trustee will make available to the Noteholders, on a monthly basis, certain reports in electronic format which provide information with respect to the Collateral.

The Collateral Manager shall perform its duties and functions under the Collateral Management Agreement and under the Indenture, subject to the terms and conditions thereof, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it administers for itself and for others in accordance with its existing practices and procedures relating to assets of the nature and character of the Collateral, except as expressly provided otherwise in the Collateral Management Agreement or the Indenture. The Collateral Manager will be entitled to indemnification by the Issuer under certain circumstances (as described more fully below), which amounts will be payable in accordance with the Priority of Payments set forth in the Indenture.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will not assume any responsibility other than to render the services called for thereunder and under the terms of the Indenture applicable to it in good faith and, subject to the standard of conduct described therein, will not be responsible for any action of the Issuer or the Trustee in following or declining to follow any advice, recommendation or direction of the Collateral Manager. The Collateral Manager Indemnified Parties (as defined below) will not be liable to the Issuer, the Trustee, the Holders of the Rated Notes, the Preferred Shareholders or any other person for any act, omission, error of judgment, mistake of law, or for any claim, loss, liability, damage, settlement, cost or other expense (including attorneys' fees and expenses and court costs) arising out of any investment, or for any other act or omission in the performance of the Collateral Manager's obligations under or in connection with the Collateral Management Agreement or the terms of any other transaction document applicable to the Collateral Manager, incurred as a result of actions taken or recommended or for any omissions of the Collateral Manager, or for any decrease in the value of the Collateral, except, in the case of the Collateral Manager, (A) by reason of acts constituting bad faith, willful misconduct, fraud or gross negligence in the performance of, or reckless disregard of, its duties under the Collateral Management Agreement and under the terms of the Indenture and (B) with respect to information concerning the Collateral Manager provided in writing by the Collateral Manager expressly for inclusion in this Offering Circular, such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statement therein, in light of the circumstances under which they are made, not misleading (such matters described in (A) and (B) above collectively being referred to herein as "Collateral Manager Breaches"). In addition, the Collateral Manager will not be liable for any consequential, punitive, exemplary or treble damages or lost profits.

Pursuant to the terms of the Collateral Management Agreement, the Issuer shall indemnify and hold harmless the Collateral Manager and its Affiliates and each of their directors, officers, shareholders, partners, members, agents and employees (each, a "Collateral Manager Indemnified Party") from and against any and all losses, claims, damages, judgments, assessments, costs or other liabilities (collectively, "Losses") and will promptly reimburse each such Collateral Manager Indemnified Party for all reasonable fees and expenses incurred by a Collateral Manager Indemnified Party with respect thereto (including reasonable fees and expenses of counsel) (collectively, "Expenses") arising out of or in connection with the issuance of the Offered Securities (including, without limitation, any untrue statement of material fact contained herein or omission or alleged omission to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they were made, not misleading), the transactions contemplated by this Offering Circular, the Indenture or the Collateral Management Agreement and any acts or omissions of any such Collateral Manager Indemnified Party; *provided*, that such Collateral Manager Indemnified Party shall not be indemnified for any Losses or expenses incurred as a direct consequence of any acts or omissions by any such Collateral Manager Indemnified Party that constitute one or more Collateral Manager Breaches. The obligations of the Issuer to indemnify any Collateral Manager Indemnified Party for any Losses or Expenses shall be payable solely out of the Collateral in accordance with the Priority of Payments.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager shall indemnify and hold harmless the Issuer and the Placement Agents and their respective Affiliates (and each of their directors, officers, stockholders, partners, members, agents and employees) (each, an "Issuer Indemnified Party") from and against any and all Losses and will promptly reimburse each such Issuer Indemnified Party for all Expenses incurred by an Issuer Indemnified Party with respect thereto arising as a direct consequence of one or more Collateral Manager Breaches; *provided* that if such Issuer Indemnified Party is the Issuer, such Issuer Indemnified Party shall not be indemnified for any Losses or Expenses incurred as a result of any acts or omissions by such Issuer Indemnified Party that constitute bad faith, willful misconduct, gross negligence or reckless disregard of the obligations of such Issuer Indemnified Party under the Collateral Management Agreement or under the terms of any other transaction document applicable to it. Each Placement Agent is an express third party beneficiary of the Collateral Management Agreement.

The Collateral Manager may not assign or delegate, or be deemed for the purposes of Section 205(a)(1) of the Investment Advisers Act to have assigned, its rights or responsibilities under the Collateral Management Agreement, (a) unless the Rating Condition shall be satisfied with respect to such assignment or delegation and (b) without the consent of the Issuer and a Majority-in-Interest of Preferred Shareholders. The Collateral Manager shall be permitted, however, without the consent of the Issuer and the consent of the Preferred Shareholders or satisfaction of the Rating Condition, to assign or delegate any or all of its rights or obligations under the Collateral Management Agreement to an affiliate, or the wholly-owned subsidiary of an affiliate, so long as such affiliate (A) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement, (B) is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement and (C) immediately after the assignment or delegation, employs principal personnel performing the duties required under the Collateral Management Agreement who are the same individuals who would have performed such duties had the assignment or delegation not occurred; *provided*, that the Collateral Manager shall be permitted, with the consent of the Issuer and a Majority-in-Interest of Preferred Shareholders, to assign to an entity, other than an affiliate, which immediately after the assignment employs the same principal personnel performing the duties required under the Collateral Management Agreement who are the same individuals who would have performed such duties had the assignment not occurred*; provided*, that such entity meets the criteria in subclauses (A) and (B) and the Rating Condition shall be satisfied with respect to such assignment.

The Collateral Management Agreement may not be amended without the consent of the holders of Rated Notes and/or holders of Preferred Shares that would be sufficient to meet the voting requirements for such an amendment if it were made to the Indenture.

The Collateral Management Agreement may be terminated by the Issuer upon at least 90 days' prior written notice by the holders of not less than 75% (by outstanding principal amount) of the Class A Notes in the event that the Class A Overcollateralization Ratio as of any Measurement Date is less than 100% or, if no Class A Notes are outstanding, by the holders of not less than 75% (by outstanding principal amount) of each of the Class B Notes, the Class C Notes and the Class D Notes in the event that the Class B/C/D Overcollateralization Ratio as of any Measurement Date is less than 100%. The Collateral Manager may resign upon 90 days' written notice to the Issuer (or such shorter notice as is acceptable to the Issuer), the Trustee and the Rating Agencies; *provided*, that no such resignation will be effective until a replacement collateral manager is appointed in accordance with the terms of the Collateral Management Agreement. The Collateral Management Agreement may be terminated without cause upon at least 90 days' prior written notice by the Issuer, at the direction of the holders of at least 66-2/3% of each Class of Rated Notes voting separately and a Special-Majority-in-Interest of Preferred Shareholders (excluding any Offered Securities held by, or with respect to which discretionary voting rights are held by, the Collateral Manager and its affiliates or their respective employees). In addition, to remove the Collateral Manager without cause, the Rating Condition must be satisfied with respect to such removal. "Special-Majority-in-Interest of Preferred Shareholders" means, at any time, Preferred Shareholders whose aggregate Voting Percentages at such time exceed 66-2/3% of all Preferred Shareholders' Voting Percentages at such time.

The Collateral Management Agreement may be terminated and the Collateral Manager may be removed for Cause upon 30 days' prior written notice to the Collateral Manager by the Issuer or Trustee, at the direction of (a) the holders of 66-2/3% of the aggregate outstanding principal amount of the Rated Notes of the Controlling Class or (b) a Special-Majority-in-Interest of Preferred Shareholders. No termination or removal of the Collateral Manager shall be effective until the date as of which a successor collateral manager shall have agreed in writing to assume all of the Collateral Manager's duties and obligations pursuant to the Collateral Management Agreement and as specified in the Indenture. For purposes of the Collateral Management Agreement, "Cause" will mean: (a) the Collateral Manager willfully and intentionally violates in bad faith any provision of the Collateral Management Agreement or the Indenture applicable to it (including, without limitation, any representation contained therein); (b) the Collateral Manager breaches in any respect any provision of the Collateral Management Agreement or any terms of the Indenture applicable to it (other than as covered by clause (a) and it being understood that failure to meet any Coverage Tests (other than upon and as a direct result of the purchase of any particular Collateral Debt Security) is not a breach under this subclause (b)) and such breach has a material adverse effect on the Noteholders of any Class or any Preferred Shareholders and fails to cure such breach within 30 days after notice of such failure is given to the Collateral Manager unless, if such failure is remediable, the Collateral Manager has taken action that the Collateral Manager in good faith believes will remedy, and that does in fact remedy, such failure within 60 days after its becoming aware of, or its receiving notice of, such failure; (c) 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 respect when made and such failure is reasonably expected to have a material adverse effect on the holders of any Class of Notes or Preferred Shareholders (in each case, in their capacity as holders of Notes or Preferred Shareholders, respectively) and, if capable of being cured, is not cured within 30 days after the Collateral Manager becomes aware of, or its receipt of notice from the Issuer or the Trustee of, such failure; (d) the Collateral Manager is wound up or dissolved or there is appointed over it or a substantial portion of its assets in connection with any winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law, a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager: (i) ceases to be able to, or admits in writing its inability to, pay its debts as they become due

and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Manager or of any substantial part of its properties or assets in connection with any winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law, or authorizes such an application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against the Collateral Manager and continue undismissed for 60 days; (iii) authorizes or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, arrangement, readjustment of debt, insolvency or dissolution, or authorizes such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorization, application or consent and are approved as properly instituted and remain undismissed for 60 days or result in adjudication of bankruptcy or insolvency; or (iv) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order remains undismissed for 60 days; or (e) the occurrence of an act by the Collateral Manager that constitutes fraud or criminal activity in the performance of its obligations under the Collateral Management Agreement, or the Collateral Manager or any of its executive officers primarily responsible for administration of the Collateral Debt Securities (in the performance of his or her investment management duties) being indicted for a criminal offense related to its primary business.

No Notes or Preferred Shares held by, or with respect to which discretionary voting rights are held by, the Collateral Manager or its affiliates will have any voting rights with respect to any vote in connection with the removal of the Collateral Manager and will be deemed not to be outstanding in connection with any such vote; *provided*, that any Rated Notes or Preferred Shares held by, or with respect to which discretionary voting rights are held by the Collateral Manager and its affiliates or their respective employees will have voting rights with respect to all other matters as to which the holders of the Notes or Preferred Shareholders are entitled to vote, including, without limitation, any vote in connection with the appointment of a replacement collateral manager which is not affiliated with the Collateral Manager in accordance with the Collateral Management Agreement.

Any removal or resignation of the Collateral Manager while any of the Notes or the Preferred Shareholders are outstanding will be effective upon (i) the appointment by the Issuer, subject to approval of a Majority-in-Interest of Preferred Shareholders (including those Preferred Shares held by Cohen Bros. Management and its affiliates), of an institution as replacement collateral manager which is not an affiliate of the Collateral Manager; *provided*, that the holders of a majority in aggregate outstanding principal amount of each Class of the Rated Notes do not disapprove such institution within 30 days of notice of such appointment and (a) such institution has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement, (b) such institution is legally qualified and has the capacity to act as successor to the Collateral Manager under the Collateral Management Agreement in the assumption of all of the responsibilities, duties and obligations of the Collateral Manager under the Collateral Management Agreement and under the terms of the Indenture applicable to the Collateral Manager and with respect to which the Rating Condition is satisfied, and (c) the appointment of such institution does not cause the Issuer or the pool of Collateral to become required to register as an investment company under the 1940 Act and (ii) written acceptance of appointment by such successor collateral manager. The Issuer shall use reasonable efforts to appoint a successor collateral manager to assume the duties and obligations of the removed or resigning collateral manager. Except as set forth below, any replacement collateral manager must be appointed by the Issuer, which shall give the Trustee written notice of its recommendation. In the event that the Collateral Management Agreement will have been terminated pursuant to notice as described under the Collateral Management Agreement and the Issuer shall not have appointed a successor on or prior to (x) in the case of a termination of the Collateral Manager for Cause, the date that

is 60 days following the date of the termination notice delivered in accordance with the Collateral Management Agreement and (y) in the case of any other termination of the Collateral Manager or the Collateral Management Agreement, the termination date specified in applicable termination notice, the Collateral Manager will be entitled to appoint a successor and will so appoint a successor within 60 days thereafter, subject to the requirements set forth in the preceding sentence and to the approval of such successor by the holders of a majority in aggregate outstanding principal amount of each Class of Rated Notes and a Majority-in-Interest of Preferred Shareholders. In lieu thereof, or, if the successor collateral manager appointed by the resigning or removed collateral manager is disapproved, the resigning or removed collateral manager may petition any court of competent jurisdiction for the appointment of a successor collateral manager, which appointment shall not require the consent of, nor be subject to the disapproval of, the Issuer or any holder of Rated Notes or Preferred Shares. If no successor collateral manager is in place after 90 days, the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class shall have the right to appoint a successor collateral manager (notwithstanding anything to the contrary, no Notes held by the Collateral Manager and its affiliates or their respective employees shall have voting rights with respect to the approval of a successor Collateral Manager appointed in accordance with this sentence). No compensation payable to a successor from payments on the Collateral shall be greater than that paid to the Collateral Manager without the prior written consent of the holders of a majority in aggregate outstanding principal amount of the Rated Notes of the Controlling Class (or, after the Rated Notes have been paid in full, a Majority-in-Interest of Preferred Shareholders). Upon expiration of the applicable notice period with respect to termination specified in the Collateral Management Agreement, and upon acceptance by a successor collateral manager of appointment, all authority and power of the Collateral Manager under the Collateral Management Agreement and the Indenture, whether with respect to the Collateral or otherwise, shall automatically and without further action by any person or entity pass to and be vested in the successor collateral manager upon the appointment thereof and the written acceptance thereof by such successor collateral manager.

Conflicts of Interest

The Collateral Management Agreement generally permits the Collateral Manager and any of its various affiliates to acquire or sell securities, for its own account or for the accounts of its customers, without either requiring or precluding the offering of such securities for the account of the Issuer. Unless expressly prohibited by the Collateral Management Agreement, the Collateral Manager may execute transactions facilitating the sale of Collateral Debt Securities by the Issuer, or facilitating the acquisition of Eligible Investments and Additional Collateral Debt Securities by the Issuer as part of concurrent authorizations to sell or purchase the same security for its own account or other accounts served by the Collateral Manager if such aggregation shall not be disadvantageous to the Issuer in any material respect in the reasonable judgment of the Collateral Manager. See "Risk Factors—Certain Conflicts of Interest—Conflicts of Interest Involving the Collateral Manager".

Nothing in the Collateral Management Agreement will prevent the Collateral Manager or any of its affiliates from engaging in other businesses, or from rendering services of any kind to the Issuer, the Trustee, the Placement Agent, the Noteholders, the Preferred Shareholders or any of their respective affiliates or any other Person or entity. The Collateral Manager and any of its affiliates will be free, in its or their sole discretion, to make recommendations to others and to effect transactions on behalf of itself or for others, which may be the same as or different from those effected with respect to the Collateral. In addition, nothing in the Collateral Management Agreement will preclude the Collateral Manager or its affiliates from acting as principal, agent or fiduciary for other clients in connection with securities simultaneously held by the Issuer or of the type eligible for investment by the Issuer or limiting any relationships the Collateral Manager or any of its affiliates may have with any obligor of any Collateral Debt Security. Additionally, the Indenture places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Debt Securities on behalf of the Issuer. Accordingly, during certain

periods or in certain circumstances, the Collateral Manager may be unable to buy or sell securities or to take other actions that it might consider to be in the best interests of the Issuer, the holders of the Notes or the Preferred Shareholders, as a result of such restrictions. See "Risk Factors—Certain Conflicts of Interest—Conflicts of Interest Involving the Collateral Manager".

In addition, Cohen Bros. & Company, LLC, an affiliate of the Collateral Manager and an express third party beneficiary of the Collateral Management Agreement will act as a Placement Agent for the Offered Securities. See "Risk Factors-Certain Conflicts of Interest-Conflicts of Interest Involving the Collateral Manager".

Compensation

On each Distribution Date, the Issuer will pay, subject to the Priority of Payments, to the Collateral Manager as compensation for the performance of its obligations under the Collateral Management Agreement, a fee, payable in arrears on each Distribution Date in an amount equal to 0.15% per annum of the Quarterly Asset Amount for such Due Period and subject to the Priority of Payments (such fee, the "Base Collateral Management Fee") and a Subordinate Collateral Management Fee, payable in arrears on each Distribution Date in an amount equal to 0.075% per annum of the Quarterly Asset Amount for such Due Period and subject to the Priority of Payments (such fee, the "Subordinate Collateral Management Fee" and, together with the Base Collateral Management Fee, the "Collateral Management Fee"). In the event that an Optional Redemption occurs on or prior to the Distribution Date in December 2010, the Collateral Manager shall be entitled to a Collateral Management Fee for services rendered payable on the date of such redemption equal to the difference between (i) U.S.$5,000,000 and (ii) the aggregate amount of Base Collateral Management Fees received by the Collateral Manager, together with the aggregate amount of fees received by the Collateral Manager, if any, prior to the date of such redemption. On the Closing Date, the Collateral Manager will receive an upfront fee of 0.43% of the Aggregate Ramp-Up Par Amount on the Closing Date.

If amounts distributable on any Distribution Date in accordance with the Priority of Payments are insufficient to pay the Collateral Management Fee in full, then a portion of the Collateral Management Fee equal to the shortfall will be deferred and will be payable on subsequent Distribution Dates on which funds are available therefor according to the Priority of Payments, and interest will accrue thereon at a rate of three month LIBOR per annum. Any interest due on the unpaid Collateral Management Fee will thereupon constitute accrued and unpaid Collateral Management Fee.

THE ADMINISTRATIVE AGENCY AGREEMENT

Pursuant to the terms of the administrative agency agreement (the "Administrative Agency Agreement") among the Issuer, the Collateral Manager and an Affiliate of Merrill Lynch (such Affiliate or another Affiliate of Merrill Lynch designated in accordance with the terms of the Administrative Agency Agreement, the "Administrative Agent"), the Administrative Agent will agree that if Cohen Bros. or any of its Affiliates ceases to act as Collateral Manager on any date on which the Administrative Agency Agreement is in effect, the Administrative Agent will have the option but not the obligation to automatically, without any further action on the part of any party, assume the obligations of Cohen Bros. under the Collateral Management Agreement, whereupon the Administrative Agent will be the successor Collateral Manager; *provided* that any such assumption by the Administrative Agent must satisfy the Rating Condition with respect to Standard & Poor's or, if such assumption by the Administrative Agent does not so satisfy the Rating Condition with respect to Standard & Poor's, the Administrative Agent will be entitled, in its sole discretion, to select a substitute administrative agent provided such substitute administrative agent satisfies the Rating Condition with respect to Standard & Poor's. The Administrative Agent will have the right to terminate the Administrative Agency Agreement at any time upon notice to the Issuer and the Trustee.

As compensation for acting as Administrative Agent, the Administrative Agent will be entitled to fees in an amount equal to the Collateral Management Fee. In addition, the Administrative Agent will be entitled to indemnification by the Issuer on the same terms and under the same circumstances that Cohen Bros. or any of its Affiliates in its role as Collateral Manager under the Collateral Management Agreement.

Certain conflicts of interest may arise from the Administrative Agent's assumption of its obligations under the Administrative Agency Agreement. Such conflicts of interest will be of the same nature as the potential conflicts of interest that are present while Cohen Bros. or any of its Affiliates is acting as Collateral Manager and, therefore, reference is hereby made to the "Certain Conflicts of Interest—Conflicts of Interest Involving the Collateral Manager" above.

CERTAIN INCOME TAX CONSIDERATIONS

The following summary describes the principal U.S. federal income tax and Cayman Islands tax consequences expected to be applicable to the purchase, ownership and disposition of the Offered Securities, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Offered Securities. In particular, special tax considerations that may apply to certain types of taxpayers, including securities dealers, banks, tax exempt investors and insurance companies, partnerships and other pass-through entities, taxpayers having a "functional currency" other than the U.S. dollar, and subsequent purchasers of Offered Securities, are not addressed. In addition, this summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the U.S. federal government and the Cayman Islands. In general, the summary assumes that a holder acquires the Offered Securities at original issuance for the original offering price thereof and holds such Offered Securities as a capital asset and not as part of a hedge, straddle, conversion transaction or other integrated transaction, within the meaning of section 1258 of the Internal Revenue Code of 1986, as amended (the "Code").

This summary is based on the U.S. and Cayman Islands tax laws, regulations, rulings and decisions in effect or available on the date of this Offering Circular. All of the foregoing are subject to change, which change may apply retroactively and could affect the continued validity of this summary. If a partnership or other entity taxable as a partnership holds Offered Securities, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners in partnerships holding Offered Securities should consult their tax advisors regarding the tax consequences of the ownership and disposition of the Offered Securities.

PROSPECTIVE PURCHASERS OF THE OFFERED SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO U.S. FEDERAL INCOME TAX AND CAYMAN ISLANDS TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OFFERED SECURITIES, INCLUDING THE POSSIBLE APPLICATION OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

For purposes of this discussion, a "Holder" means a beneficial owner of an Offered Security. A "U.S. Holder" is a Holder that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation, created or organized in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to United States federal income taxation regardless of its source. In addition, for purposes of this discussion, a "Non-U.S. Holder" is a nonresident alien individual or foreign corporation for U.S. federal income tax purposes.

In this summary, each of the Combination Notes will be treated as its respective Components, rather than as a single unit. Therefore, in the following discussions, any reference in the summary applicable to each Class of Notes also applies to any corresponding Components of the Combination Notes.

U.S. Federal Tax Considerations

Internal Revenue Service Circular 230 Notice

To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of federal tax issues contained or referred to in this Offering Circular is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing by the Issuer and the Placement Agents of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

U.S. Taxation of the Issuer

For U.S. federal income tax purposes, the Issuer, and not the Co-Issuer, will be treated as the Issuer of the Rated Notes.

The Issuer, as a foreign corporation, will be subject to U.S. federal income taxes on its net income (1) only if it is treated as having a trade or business within the United States and (2) then only to the extent its net income is treated as "effectively connected" with such U.S. trade or business. Under a safe harbor for securities trading set forth in the Code and the Treasury regulations thereunder, a foreign corporation will be treated as not having a U.S. trade or business if it restricts its activities in the United States to investing or trading in "stocks and securities" (and any other activity closely related thereto) for its own account, whether such activities are conducted directly by the corporation or through agents (provided the corporation is not a dealer in stocks or securities). Although the Issuer intends to rely on this safe harbor and other authorities that it should not have a U.S. trade or business, this conclusion is not free from doubt. If the Issuer were treated as having a U.S. trade or business, only its income that is effectively connected with its U.S. trade or business would be subject to U.S. federal income tax on a net basis. The Treasury regulations include a special set of rules for foreign corporations that are engaged in the active conduct of a banking, financing or similar business in the United States. Income from such a U.S. trade or business is treated as effectively connected income only if it is attributable to a U.S. office. The Issuer intends to rely on this special rule.

In this regard, prior to the issuance of the Offered Securities, the Issuer will receive an opinion from Weil, Gotshal & Manges LLP, special U.S. federal tax counsel to the Issuer, to the effect that, in its judgment, although no activity closely comparable to that contemplated by the Issuer has been the subject of any U.S. Treasury regulation, revenue ruling or judicial decision, the Issuer will not be treated as having income that is effectively connected with a trade or business within the United States and, consequently, the Issuer's profits will not be subject to U.S. federal income tax on a net income basis (including the branch profits tax). The opinion is based on the assumption that the Issuer and other transaction parties will comply with the terms of the Indenture, the Collateral Management Agreement and the other transaction documents, as well as certain assumptions and certain representations and agreements of such parties. The opinion represents only special tax counsel's professional judgment, and is not binding on the Internal Revenue Service ("IRS"). There can be no assurance that the IRS would not assert a contrary position. If, notwithstanding special tax counsel's opinion, it were determined that the Issuer was engaged in a U.S. trade or business and had taxable income that is effectively connected with such U.S. trade or business, then the Issuer would be subject under the Code to the regular corporate

income tax on such effectively connected taxable income and to the 30% branch profits tax as well. Generally, if a foreign corporation is subject to net income tax in the United States but does not file a U.S. federal income tax return, it is not allowed any deductions in determining its net income. The Issuer will file a protective U.S. federal income tax return, as permitted under the Treasury regulations, in order that it will not be denied deductions for interest expense on the Rated Notes and other expenses if it were determined to have taxable income effectively connected with a U.S. trade or business. U.S. federal income taxes imposed on the Issuer's net income would reduce the amounts available to make payments on the Offered Securities. There can be no assurance that in such circumstance remaining payments on the Collateral Debt Securities would be sufficient to make timely payments of interest on, and payment of principal at the applicable Stated Maturity of, the Rated Notes or payment of any dividend and amounts in redemption of the Preferred Shares. In addition, interest paid on the Rated Notes and distributions paid with respect to the Preferred Shares to a Non-U.S. Holder could in such circumstance be subject to a 30% U.S. withholding tax.

U.S. Withholding Tax

Although a limited amount of Collateral Debt Securities not to exceed 10% of the aggregate Principal Balance of Collateral Debt Securities as of the Ramp-Up Completion Date may not have been issued with opinions rendered to such effect, the Issuer reasonably believes that for U.S. federal income tax purposes, (i) the Corresponding Debentures will be treated as indebtedness, (ii) each Trust Preferred Securities Issuer will be treated as a grantor trust and, accordingly, the Issuer generally will be considered the owner of a *pro rata* undivided interest in the Corresponding Debentures and (iii) the Subordinated Notes, Surplus Notes and Senior Notes will be treated as indebtedness of the issuers thereof. Generally, U.S. source interest income received by a foreign corporation not engaged in a trade or business within the United States is subject to U.S. withholding tax at the rate of 30% of the amount thereof. However, the Code provides an exception for interest that constitutes "portfolio interest" that is exempt from withholding tax. The term "portfolio interest" is generally defined as interest paid with respect to debt issued after July 18, 1984, unless the interest is paid to a 10% stockholder of the payor, to a controlled foreign corporation related to the payor, or to a bank with respect to a loan entered into in the ordinary course of its business. For purposes of applying the 10% stockholder and related controlled foreign corporation rules, certain constructive ownership rules contained in the Code apply. The Issuer believes that the Collateral Debt Securities do not violate these rules. Furthermore, the Issuer believes that all of the purchased Collateral Debt Securities of U.S. issuers will pay interest qualifying as "portfolio interest" for which withholding is not otherwise applicable. Accordingly, the Issuer does not expect that payments on the Collateral Debt Securities securing the Rated Notes will be subject to the imposition of U.S. withholding tax. There can be no assurance that the Issuer will not become subject to such withholding as a result of a change in or the adoption of a tax statute, or any change in or the issuance of a regulation or equivalent authority or otherwise. In addition, if any of the Corresponding Debentures, Subordinated Notes, Surplus Notes or Senior Notes do not constitute debt for U.S. federal income tax purposes, payments on such securities would be expected to be subject to material amounts of U.S. withholding tax and could possibly subject U.S. Holders of Preferred Shares to other adverse U.S. tax consequences. In the event of imposition of such withholding, it is generally anticipated that the related obligors would not be required to pay any compensating gross-up payments, unless, in the case of Trust Preferred Securities, such imposition of withholding tax results from a change in law. Any change, adoption or issuance of tax law affecting withholding tax on payments on the Collateral Debt Securities or determination of the non-debt status of the Corresponding Debentures, Subordinated Notes, Surplus Notes or Senior Notes, as the case may be, could result in the occurrence of a Tax Event under the Indenture pursuant to which the Rated Notes may be redeemed in whole but not in part, at the applicable redemption price set forth herein, at the direction of a Majority-in-Interest of Preferred Shareholders or Holders of a majority in aggregate outstanding principal amount of the Affected Class of Rated Notes as described under "Description of the Rated Notes—Optional Redemption and Tax Redemption".

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

In the opinion of Weil, Gotshal & Manges LLP, special U.S. federal tax counsel to the Issuer, the Rated Notes will be treated as debt for U.S. federal income tax purposes. The Issuer will treat the Rated Notes as debt for U.S. federal income tax purposes, and each U.S. Holder is required to follow such treatment for U.S. federal income tax purposes unless it discloses a contrary position on its tax return. The following discussion is based on the rules governing original issue discount ("OID") that are set forth in sections 1271-1273 and 1275 of the Code and in Treasury regulations issued thereunder. These regulations, however, do not adequately address certain issues relevant to securities such as the Rated Notes. The tax treatment of the Combination Notes differs from the treatment of the Rated Notes and will be addressed separately below under "—Tax Treatment of Combination Notes".

Taxation of Interest Income and Commitment Fee

Stated interest on the Rated Notes that is considered "unconditionally payable" (as described below) and the Commitment Fee on the Class A-1 Notes will be includible in income by a U.S. Holder when received or accrued in accordance with such holder's method of accounting.

If the "issue price" of any Rated Note is less than the "stated redemption price at maturity" ("SRPM") of such Rated Note, the excess of the SRPM over the issue price may constitute OID. Under a *de minimis* rule, if the excess of the SRPM of such Rated Note over its issue price is less than one-fourth of one percent of the SRPM multiplied by the weighted average maturity determined under applicable Treasury regulations of such Rated Note, such Rated Note will not be treated as issued with OID. If any Rated Notes are in fact issued at a greater than *de minimis* discount or are otherwise treated as having been issued with OID, the excess of the SRPM of such Rated Notes over their issue price will constitute OID. Under the Code, U.S. Holders of such Rated Notes would be required to include the daily portions of OID, if any, in income as interest over the term of such Rated Notes under a constant yield method that reflects the time value of money, regardless of such U.S. Holder's method of accounting and without regard to the timing of actual payments.

Treasury regulations provide, for purposes of determining whether a debt instrument is issued with OID, that stated interest must be included in the SRPM of the debt instrument if such interest is not "unconditionally payable". Interest is considered "unconditionally payable" if reasonable legal remedies exist to compel timely payment or terms and conditions of the debt instrument make the likelihood of late payment (other than late payment that occurs within a reasonable grace period) or nonpayment (ignoring the possibility of nonpayment due to default, insolvency or similar circumstances) a remote contingency. The Issuer intends, pursuant to its interpretation of the foregoing rules, to take the position that payments of interest on the Class A Notes are considered unconditionally payable, and thus not included in the SRPM of such Notes and should be treated as "qualified stated interest". However, because interest on the Class B Notes, Class C Notes and Class D Notes is subject to deferral (and the possibility of deferral may not be remote), the Issuer will take the position that payments of stated interest on the Class B Notes, Class C Notes and Class D Notes should be included in the SRPM and the Class B Notes, Class C Notes and Class D Notes should be treated as issued with OID.

If the Class B Notes, Class C Notes and Class D Notes are issued at an issue price equal to their principal amount, the Issuer intends not to calculate OID under the PAC Method referred to below, and instead to take the position that the amount of OID that accrued on such Rated Notes in each accrual period is equal to the amount of interest (including any Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest) that accrues on such Rated Notes during such period. Unless the Class B Notes, Class C Notes and Class D Notes are issued at an issue price equal to their principal amount, in including stated interest in the SRPM of the Class B Notes, Class C Notes and Class D Notes, the Issuer intends, absent definitive guidance, to treat the Class B Notes, Class C Notes and Class D Notes

as subject to an income accrual method applicable to debt instruments whose payments are subject to acceleration (prescribed by section 1272(a)(6) of the Code) using an assumption as to the expected prepayments on the Class B Notes, Class C Notes and Class D Notes (the "PAC Method").

Sale or Disposition of Notes

In general, a U.S. Holder of a Rated Note will have an adjusted tax basis in such Rated Note equal to the cost of the Rated Note to such U.S. Holder, increased by any amount previously included in income by such U.S. Holder as OID and reduced by any payments of principal or interest on its Rated Note (other than payments of qualified stated interest that are not required to be included in the SRPM of such Rated Note).

Upon the sale, exchange or retirement of a Rated Note, a U.S. Holder will recognize taxable gain or loss, if any, generally equal to the difference between the amount realized on the sale, exchange or retirement (other than accrued qualified stated interest that was not required to be included in the SRPM of such Rated Note, which interest will, if not previously included in income, be treated as interest paid on the Rated Note) and such U.S. Holder's adjusted tax basis in such Rated Note. Any such gain or loss will generally be long-term capital gain or loss *provided* that such Rated Note was a capital asset in the hands of the U.S. Holder and had been held for the requisite period. In certain circumstances, U.S. Holders that are not corporations 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.

Tax Treatment of Combination Notes

Although each Combination Note will be evidenced as a single instrument, under U.S. federal income tax principles, a strong likelihood exists that a U.S. Holder of Combination Notes will be treated as if it directly owned the separate Classes of Rated Notes corresponding to the Components of such Combination Note. The Issuer will, and each U.S. Holder of a Combination Note, by acquiring such Combination Note or an interest therein, will agree to treat the Combination Note as consisting of the separate Classes of Rated Notes corresponding to the Components of such Combination Note, as applicable, for U.S. federal income tax purposes. In accordance with such treatment of Combination Notes, in calculating its tax basis in each of the Components comprising a Combination Note, a U.S. Holder will allocate the purchase price paid for such Combination Note among the Components in proportion to their relative fair market values at the time of purchase. A similar principle will apply in determining the amount allocable to each Component upon a sale of a Combination Note. The exchange of a Combination Note for the separate Classes of Rated Notes corresponding to each Component, as applicable, should not be a taxable event. A U.S. Holder of a Combination Note should review the applicable discussion above and below relating to the U.S. federal income tax consequences of the purchase, ownership and disposition of such Classes of Rated Notes.

Tax Treatment of U.S. Holders of Preferred Shares

Under U.S. federal income tax principles, the Preferred Shares will be treated as equity of the Issuer for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules.

The Issuer will constitute a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes, and the Preferred Shares will be treated as equity in a PFIC. In general, a U.S. Holder may desire to make an election to treat the Issuer as a "qualified electing fund" ("QEF") with respect to such U.S. Holder in order to avoid the application of certain potentially adverse U.S. tax rules (discussed below) applicable to ownership of PFIC equity by U.S. persons. Generally, a QEF election

should be made with the filing of a U.S. Holder's federal income tax return for the first taxable year for which it holds Preferred Shares. If a timely QEF election is made, an electing U.S. Holder would be required to include in gross income such holder's *pro rata* share of the Issuer's ordinary earnings, and as long-term capital gain such holder's *pro rata* share of the Issuer's net capital gain, if any, whether or not distributed, assuming that the Issuer does not constitute a "controlled foreign corporation" with respect to which the holder is treated as a "U.S. Shareholder" as discussed further below. Thus, an electing U.S. Holder of Preferred Shares may recognize income in a taxable year in amounts significantly greater than the distributions received from the Issuer on such Preferred Shares in such taxable year, particularly because payment of interest on certain Collateral Debt Securities held by the Issuer may be deferred. (The Issuer is required to periodically include such deferred interest in income even though the Issuer will not receive cash attributable to such interest until later periods.) In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. Holders may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income subject to an interest charge on the deferred amount. The Issuer will provide, upon request, all information and documentation that a U.S. Holder making a QEF election is required to obtain for U.S. federal income tax purposes (*e.g.*, the U.S. Holder's *pro rata* share of ordinary income and net capital gain, and a "PFIC Annual Information Statement described in Treasury regulations).

If a U.S. Holder does not make a timely QEF election, a U.S. Holder that has held Preferred Shares would generally be required to report under the PFIC rules any gain on disposition of any such securities (including any deemed disposition resulting from the use of such securities as security for a loan) as ordinary income rather than capital gain and to compute the tax liability on such gain and certain "excess" distributions as if the items had been earned ratably over each day in the U.S. Holder's holding period for the securities and would be subject to the highest ordinary income tax rate for each taxable year (other than the current year of the U.S. Holder) in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. Holder. Such U.S. Holder would also be liable for an additional tax equal to an interest charge on the tax liability attributable to income that is treated as allocated to prior years as if such liability had actually been due in each such prior year.

U.S. HOLDERS OF PREFERRED SHARES SHOULD CONSIDER CAREFULLY WHETHER TO MAKE A QEF ELECTION WITH RESPECT TO SUCH PREFERRED SHARES AND THE POTENTIAL ADVERSE CONSEQUENCES OF NOT MAKING SUCH AN ELECTION.

Controlled Foreign Corporation Rules.

The Issuer may be classified as a controlled foreign corporation (a "CFC"). In general, a foreign corporation will constitute a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is held, directly or indirectly, by U.S. Shareholders. A "U.S. Shareholder" for this purpose is any U.S. person who owns, actually or constructively, 10% or more of the combined voting power of all classes of shares of a corporation. It is possible that the IRS would assert that the Preferred Shares are *de facto* voting securities and that U.S. Holders owning, actually or constructively, 10% or more of the aggregate outstanding principal amount of such Preferred Shares are U.S. Shareholders. If this argument were successful and more than 50% of the Preferred Shares (determined with respect to aggregate value or aggregate outstanding principal amount) are held (actually or constructively) by such U.S. Shareholders, the Issuer would be treated as a CFC. In such circumstances, any holder of Preferred Shares would be required to include income in respect of the Preferred Shares under the CFC rules rather than the rules described above.

If the Issuer were a CFC, a U.S. Shareholder of the Issuer will be required, subject to certain exceptions, to include in gross income at the end of the taxable year of the Issuer an amount equal to that person's *pro rata* share of the "subpart F income" and certain U.S. source income of the Issuer. Among other items, and subject to certain exceptions, "subpart F income" includes interest, gains from the sale of

securities, and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or substantially all of its income would be subpart F income.

If the Issuer were treated as a CFC for the period during which a U.S. Holder of Preferred Shares is a U.S. Shareholder of the Issuer, such U.S. Holder would be taxable on the subpart F income of the Issuer under rules described in the preceding paragraph and not under the PFIC rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election were made. In addition, the PFIC rule permitting the deferral of tax on undistributed earnings would not apply.

In general, a U.S. Holder that is not initially a U.S. Shareholder and that does not elect to treat the Issuer as a QEF but that subsequently becomes a U.S. Shareholder (*e.g.*, as a result of increased overall ownership of Preferred Shares by U.S. Holders or an increase in the Holder's own security holdings) and therefore becomes subject to the CFC inclusion rules as described above, would nevertheless also be required to treat the Issuer as a PFIC that was not a QEF. In such case, for purposes of applying the deemed interest charge rules described above, the U.S. Holder would continue to treat the date on which it acquired the Preferred Shares as the date on which its holding period began. If, however, the U.S. Holder had made the QEF election before becoming a U.S. Shareholder, such U.S. Holder would be treated as acquiring an interest in a QEF on the day following any later day on which it ceased to be a U.S. Shareholder but remained a U.S. Holder *(e.g.*, if the Holder disposes of some but not all of its Preferred Shares, or changes in the overall ownership of Preferred Shares by U.S. Holders result in termination of the Issuer's status as a CFC).

Similarly, if a U.S. Holder of Preferred Shares constitutes a U.S. Shareholder at issuance but subsequently ceases to be a U.S. Shareholder while continuing to hold such Preferred Shares (*e.g.*, as a result of changes in the Holder's ownership of Preferred Shares or in the status of the Issuer, as described above), then such U.S. Holder will be treated as acquiring an interest in a PFIC as of the day following the date of cessation of the U.S. Holder's status as a U.S. Shareholder. Because such Preferred Shares would thereafter be treated as equity in a PFIC, if there was no QEF election in effect with respect to the U.S. Holder's taxable year that includes the date of cessation of its status as a U.S. Shareholder, the U.S. Holder would become subject to the adverse rules applicable to non-QEF PFICs described above.

Distributions on the Preferred Shares

The treatment of actual distributions of cash on Preferred Shares, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described above. See "—Passive Foreign Investment Company Rules" above. If a timely QEF election has been made, dividends, which are distributions up to the amount of current and accumulated earnings and profits of the Issuer, should be allocated first to amounts previously taxed pursuant to the QEF election and to this extent would not be taxable to U.S. Holders. Distributions in excess of such previously taxed amounts will be taxable to U.S. Holders as ordinary income upon receipt, to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Issuer. Distributions in excess of previously taxed amounts and any remaining current and accumulated earnings and profits will be treated first as a nontaxable return of capital, to the extent of the Holder's tax basis in the Preferred Shares, and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, some or all of any distributions with respect to the Preferred Shares may constitute "excess" distributions, taxable as previously described. See "—Passive Foreign Investment Company Rules" above.

The above-described consequences may vary materially for a particular U.S. Holder to the extent the CFC rules have been or are applicable.

Distributions on Preferred Shares will not constitute "qualified dividend income" eligible, in the case of individuals, for a reduced rate of tax; nor will they be eligible for the dividends-received deduction in the case of corporate holders.

Sale, Redemption or Other Disposition of the Preferred Shares

In general, and subject to the discussion below regarding U.S. Holders that do not elect to make a timely QEF election, a U.S. Holder of Preferred Shares will recognize gain or loss upon the sale or exchange of such Preferred Shares equal to the difference between the amount realized and such holder's adjusted tax basis in the Preferred Shares. Such gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Preferred Shares for the requisite holding period at the time of the disposition.

The tax basis of a U.S. Holder will generally equal the amount it paid for its Preferred Share, increased by amounts taxable to such holder by virtue of a QEF election, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or represent a return of capital.

If a U.S. Holder does not make a timely QEF election as described above, any gain realized on the sale or exchange of a Preferred Share (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be treated as an excess distribution, taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "— Passive Foreign Investment Company Rules" above.

The above-described consequences may vary materially for a particular U.S. Holder to the extent the CFC rules have been or are applicable. As a result of this and other uncertainties regarding the U.S. federal income tax consequences to U.S. Holders of Preferred Shares and the complexity of the foregoing rules, each U.S. Holder is urged to consult its own tax advisor regarding the U.S. federal income tax consequences of the U.S. Holder's investment in the Preferred Shares.

U.S. Taxation of Non-U.S. Holders

In general, payments on the Offered Securities (regardless of whether such Offered Securities are debt or equity) to a Non-U.S. Holder, and gain realized on the sale, exchange or redemption of the Offered Securities by such Non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States or, in the case of gain, such Non-U.S. Holder is a nonresident alien individual who holds the Offered Securities as a capital asset and who is present in the United States for 183 days or more during the taxable year of the sale and certain other conditions are satisfied. A Non-U.S. Holder will not be considered to be engaged in a U.S. trade or business solely by reason of holding the Offered Securities. However, if as discussed above, it were determined that the Issuer was engaged in a U.S. trade or business and has taxable income that is effectively connected with such U.S. trade or business, interest on the Rated Notes and distributions on the Preferred Shares paid to a Non-U.S. Holder could be subject to a 30% U.S. withholding tax.

Withholding, Information Reporting and Related Matters

Information reporting to the IRS generally will be required with respect to payments of principal and interest (including any OID) and the Commitment Fee on the Offered Securities and proceeds of the

sale of the Offered Securities to holders other than corporations and other exempt recipients. A "backup" withholding tax at rates prescribed below will generally apply to those payments if such holder fails to provide certain identifying information (such as such holder's taxpayer identification number) to the Trustee. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

The current backup withholding rate of 28% applies to payments made through the year 2010. For payments made after the taxable year of 2010, the backup withholding rate will be increased to 31%.

Transfer Reporting Requirements

A U.S. Holder (including a U.S. tax-exempt entity) that acquires equity of a non-U.S. corporation (such as the Preferred Shares) at issuance will be required to file a Form 926 or a similar form with the IRS. **In the event that a U.S. Holder fails to file any such required form, the U.S. Holder could be subject to a penalty (generally up to a maximum of $100,000), computed in the amount of 10% of the fair market value of the Preferred Shares purchased by such U.S. Holder.**

Special Considerations for Tax-Exempt U.S. Holders

Special considerations apply to pension plans and other investors that are subject to tax only on their unrelated business taxable income ("UBTI"). A tax-exempt U.S. Holder's interest income and gain on the Offered Securities generally would not be treated as UBTI provided such U.S. Holder's investment in the Securities is not debt-financed. However, a tax-exempt U.S. Holder that owns more than 50% of the Preferred Shares and also owns Rated Notes should consider the possible application of the special UBTI rules for interest received from controlled entities. Each prospective tax-exempt U.S. Holder should consult its own tax advisor regarding the tax consequences of its investment in the Offered Securities.

Disclosure Requirements for U.S. Holders Recognizing Significant Losses or Experiencing Significant Book-Tax Differences, and for Certain Preferred Shareholders

Any U.S. Holder of Offered Securities that claims significant losses in respect of such Offered Securities (generally U.S. $2 million or more for individuals and partnerships with one or more noncorporate partners, and U.S. $10 million or more for corporations and partnerships consisting solely of corporate partners) or any U.S. Holder of any Security that reports any item or items of income, gain, expense or loss in respect of the Security for tax purposes in an amount that differs from the amount reported for book purposes by more than U.S. $10 million, on a gross basis, in any taxable year may be required to report such transactions on IRS Form 8886. In addition, a U.S. Holder of 10% of the Preferred Shares could be subject to these disclosure requirements if the Issuer recognizes losses of $10 million or more with respect to a transaction, enters into a transaction that is offered under conditions of confidentiality or experiences certain book-tax differences in excess of U.S. $10 million in any taxable year. Recent legislation imposes significant penalties on taxpayers who participate in such "reportable transactions" and fail to make the required disclosure. The penalty is generally $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively, if the reportable transaction is a "listed" transaction). Should the Issuer become aware that a U.S. Holder's investment in Preferred Shares has become such a "reportable transaction", the Issuer will so inform the holders of Preferred Shares receiving "PFIC Annual Information Statements" as described above in "— Passive Foreign Investment Company Rules" and provide, or cause its accountants to provide, all information available to it which is necessary for such holders to comply with these disclosure requirements. Because, however, the Issuer does not intend to keep a set of books in accordance with U.S. GAAP or other general accounting principles, the Issuer may not become aware of any book-tax

difference or other criteria giving rise to the holder's obligation to report. Prospective investors should consult their tax advisers concerning any possible disclosure obligation with respect to the Offered Securities.

Cayman Islands Tax Considerations

Under existing Cayman Islands laws:

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

(ii) certificates evidencing the Offered Securities, in registered form, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty; *provided*, that the relevant certificate constitutes evidence of entitlement only and does not constitute a promissory note. However, an instrument transferring title to a Note or a Note which constitutes a promissory note, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has applied for, and expects to obtain, an undertaking from the Governor In Cabinet of the Cayman Islands in substantially 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:

ALESCO Preferred Funding IX, Ltd. (the "Company")

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

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

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

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

These concessions shall be for a period of THIRTY years from the date of the issuance of such undertaking.

GOVERNOR IN CABINET

The Cayman Islands does not have an income tax treaty arrangement with the U.S. or any other country.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN OF THE TAX IMPLICATIONS OF AN INVESTMENT IN THE OFFERED SECURITIES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO INVESTING TO DETERMINE THE TAX IMPLICATIONS OF SUCH INVESTMENT IN LIGHT OF SUCH INVESTOR'S CIRCUMSTANCES.

CERTAIN ERISA CONSIDERATIONS

Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Code prohibit a pension, profit-sharing or other employee benefit plan subject to ERISA, as well as individual retirement accounts, specified types of Keogh Plans or other plans subject to Section 4975 of the Code and other entities, such as collective investment funds or insurance company general or separate accounts which are deemed to hold assets of these plans and accounts (each of the foregoing, a "Plan") from engaging in specified transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to that Plan. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and Section 4975 of the Code for these persons. In addition, Title I of ERISA also requires fiduciaries of a Plan subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to ERISA requirements. However, state laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and Section 4975 of the Code discussed herein.

Rated Notes and Combination Notes

Certain transactions involving the Co-Issuers might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code with respect to a Plan that purchased Rated Notes or Combination Notes if assets of the Co-Issuers were deemed to be assets of the Plan. Under a regulation issued by the United States Department of Labor, 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulation"), the assets of the Co-Issuers would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquired an "equity interest" in the Co-Issuers and none of the exceptions to plan assets contained in the Plan Asset Regulation was applicable. An equity interest is defined under the Plan Asset Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on the subject, assuming the Rated Notes and Combination Notes constitute debt for local law purposes, at the time of their issuance, the Rated Notes and Combination Notes should not be treated an equity interest in the Co-Issuers for purposes of the Plan Asset Regulation. This determination is based in part upon the traditional debt features of the Rated Notes and Combination Notes, including the reasonable expectation of purchasers of Rated Notes and Combination Notes that the Rated Notes and Combination Notes will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. The treatment of the Rated Notes and Combination Notes as not being equity interests for purposes of the Plan Asset Regulation could change if the Co-Issuers incur losses. This risk of recharacterization is enhanced for the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Combination Notes because they are subordinated to the Class A-1 Notes.

However, without regard to whether the Rated Notes or Combination Notes are treated as equity interests for purposes of the Plan Asset Regulation, the acquisition or holding of Rated Notes or Combination Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction if the Issuer, the Co-Issuer, the Trustee, the Collateral Manager, the Hedge Counterparty, the Placement Agents or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Plan. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Rated Notes or Combination Notes by a Plan depending on the type and circumstances of the Plan fiduciary making the decision to acquire such Notes. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers". By acquiring a Rated Note or Combination Notes, each purchaser will be required or deemed to represent that either (i) it is not acquiring such Notes with the assets of a Plan or a foreign or governmental plan subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code; or (ii) the acquisition and holding of such Notes will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any substantially similar applicable law.

EACH PURCHASER OF A RATED NOTE OR A COMBINATION NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH NOTE WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH NOTE WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA, WHICH IS SUBJECT TO TITLE I OF ERISA, A "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE CODE, AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING, OR A FOREIGN OR GOVERNMENTAL PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND OWNERSHIP OF RATED NOTES OR COMBINATION NOTES WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A FOREIGN OR GOVERNMENTAL PLAN, ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW).

Preferred Shares

The fiduciary and prohibited transaction provisions of Sections 404 and 406 of the ERISA, and the corresponding provisions of Section 4975 of the Code, may affect the business and operations of the Co-Issuers and may impose limitations on the purchase of Preferred Shares by Plans. The Co-Issuers do not intend to hold "plan assets" of any Plan or to be subject to ERISA. As such, the Co-Issuers intend to restrict the purchase of Restricted Preferred Shares by Benefit Plan Investors and Controlling Persons and to prohibit the transfer (other than to the initial purchasers) of Restricted Preferred Shares to Benefit Plan Investors and Controlling Persons. In addition, the Co-Issuers intend to prohibit the acquisition of Regulation S Preferred Shares by Benefit Plan Investors and Controlling Persons.

Fiduciaries of Plans, in consultation with their advisors, should consider the impact of ERISA and the regulations issued thereunder on a purchase of Restricted Preferred Shares. Among other considerations, the fiduciary of a Plan should take into account the composition of the Plan's portfolio with respect to diversification by type of asset; the cash flow needs of the Plan and the effects thereon of the liquidity of the investment; the Plan's funding objectives; the tax effects of the investment and the tax and other risks described in "Certain Income Tax Considerations" and "Risk Factors"; the fact that the holders of Restricted Preferred Shares will consist of a diverse group of investors and that the

management of the Co-Issuers will not take the particular objectives of any investor or class of investors into account; the fact the Co-Issuers are not intended to hold plan assets of any of the investors and, therefore, that neither the Issuer, the Co-Issuer, the Collateral Manager nor any of their affiliates, agents or employees will be acting as a fiduciary under ERISA to the Plan, either with respect to the Plan's purchase or retention of its investment or with respect to the management and operation of the business and assets of the Co-Issuers.

In addition, fiduciaries of Plans should also consider whether an investment in the Co-Issuers could involve a direct or indirect prohibited transaction under ERISA or Section 4975 of the Code with a "party in interest" or "disqualified person" with respect to such Plan or account, or a prohibited conflict of interest for the fiduciary acting on behalf of the Plan. A prohibited transaction or conflict of interest could arise if the fiduciary acting on behalf of the Plan has any interest in or affiliation with either of the Co-Issuers or the Collateral Manager. In the case of an individual retirement account ("IRA"), a prohibited transaction or conflict of interest that involves the beneficiary of the IRA could result in disqualification of the IRA.

If the Co-Issuers are deemed to hold plan assets of the investors that are Plans, any transaction the Co-Issuers enter into would be deemed to be a transaction with each Plan investor. Such treatment could generally prohibit the Co-Issuers from entering into transactions (such as acquisitions, sales, financings or brokerage transactions) with "parties in interest" or "disqualified persons" to any Plan investor. If the Co-Issuers were subject to ERISA, certain aspects of the structure and terms of the Co-Issuers may also violate ERISA. The term "plan asset" is not defined in ERISA. Under the Plan Asset Regulation, a Plan's assets would be deemed to include an undivided interest in each of the underlying assets of the Co-Issuers unless investment in the Issuer by "Benefit Plan Investors" (as defined below) is not "significant," or if other exceptions, not here relevant, apply.

For the purpose of the Plan Asset Regulation, the term "Benefit Plan Investors" includes all employee benefit plans, regardless of whether or not they are subject to ERISA (such as, for example, governmental plans), IRAs, Keogh Plans and other plans subject to Section 4975 of the Code, and entities whose underlying assets are deemed to include plan assets by reason of the investment in that entity by Benefit Plan Investors, such as group trusts, bank collective investment trusts, insurance company separate accounts, and certain insurance company general accounts. Investment by Benefit Plan Investors would not be significant for purposes of the Plan Asset Regulation if less than 25% of the value of each class of Preferred Shares and any other equity interests in the Co-Issuers (excluding the interests of the Co-Issuers, any Placement Agent, the Collateral Manager and any other person who has discretionary authority or control, or provides investment advice for a fee with respect to the assets of the Co-Issuers, and affiliates of any of the foregoing persons (a "Controlling Person"), other than Benefit Plan Investors) is held by Benefit Plan Investors. The transfer restrictions described herein pertaining to ERISA are intended to limit the purchase of Restricted Preferred Shares by Benefit Plan Investors so that participation by such investors is not significant within the meaning of the Plan Asset Regulation.

Each initial purchaser of a Restricted Preferred Share will be required to represent whether it is a Benefit Plan Investor or a Controlling Person. Each transferee of a Restricted Preferred Share, and each initial investor and transferee of a Regulation S Preferred Share will be deemed to represent and warrant that it is not a Benefit Plan Investor or a Controlling Person.

THE ACQUISITION OF A RESTRICTED PREFERRED SHARE BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY INITIAL PURCHASER THAT REPRESENTS AND WARRANTS THAT IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON WILL NOT BE EFFECTIVE, AND THE CO-ISSUERS, TRUSTEE AND NOTE REGISTRAR WILL NOT

RECOGNIZE SUCH ACQUISITION, IF SUCH ACQUISITION WOULD RESULT IN (A) BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE PREFERRED SHARES (DETERMINED PURSUANT TO 29 C.F.R. SECTION 2510.3-101) OR (B) A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH INITIAL PURCHASER OF A RESTRICTED PREFERRED SHARE SHALL BE REQUIRED TO CERTIFY (A) WHETHER OR NOT IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (B) IF IT IS A BENEFIT PLAN INVESTOR, THAT ITS ACQUISITION AND HOLDING OF THE RESTRICTED PREFERRED SHARE WILL NOT RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH TRANSFEREE (OTHER THAN THE INITIAL PURCHASERS) OF A RESTRICTED PREFERRED SHARE WILL BE REQUIRED TO REPRESENT, WARRANT AND CERTIFY THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE ACTING ON BEHALF OF), ANY BENEFIT PLAN INVESTOR OR CONTROLLING PERSON.

EACH PURCHASER AND TRANSFEREE OF A REGULATION S PREFERRED SHARE (OR ANY INTEREST THEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE OR INTEREST THEREIN WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF), ANY BENEFIT PLAN INVESTOR OR CONTROLLING PERSON.

The sale of any Rated Note, Combination Note or Restricted Preferred Share to a Plan is in no respect a representation by the Co-Issuers, any Placement Agent, the Collateral Manager or any of their affiliates 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 a Plan generally or any particular Plan.

ANY PLAN FIDUCIARY THAT PROPOSES TO CAUSE A PLAN TO PURCHASE RATED NOTES, COMBINATION NOTES OR RESTRICTED PREFERRED SHARES SHOULD CONSULT WITH ITS OWN LEGAL AND TAX ADVISORS WITH RESPECT TO THE POTENTIAL APPLICABILITY OF ERISA AND THE CODE TO SUCH INVESTMENTS, THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA AND THE CODE AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE. MOREOVER, EACH PLAN FIDUCIARY SHOULD DETERMINE WHETHER, UNDER THE GENERAL FIDUCIARY STANDARDS OF ERISA, AN INVESTMENT IN THE RATED NOTES, COMBINATION NOTES OR RESTRICTED PREFERRED SHARES IS APPROPRIATE FOR THE PLAN, TAKING INTO ACCOUNT THE OVERALL INVESTMENT POLICY OF THE PLAN AND THE COMPOSITION OF THE PLAN'S INVESTMENT PORTFOLIO.

PLAN OF DISTRIBUTION

Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Cohen Bros. & Company, LLC, each as placement agent on behalf of the Co-Issuers, will privately place the Offered Securities. Pursuant to a Placement Agency Agreement (the "Placement Agreement") to be dated the Closing Date between the

Issuer and the Placement Agents, the Placement Agents have agreed, subject to satisfaction of certain conditions, to use their reasonable efforts to sell the Offered Securities on behalf of the Co-Issuers. Pursuant to the Placement Agreement, the Issuer will agree to indemnify the Placement Agents against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Placement Agents may be required to make in respect thereof.

The Co-Issuers have been advised by each Placement Agent that each Placement Agent proposes to sell the Rated Notes (i) in the United States to investors that are Qualified Purchasers and are either (x) Qualified Institutional Buyers, purchasing for their own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) in the case of the initial sale of the Rated Notes, to Accredited Investors in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof and (ii) outside the United States to certain Non-U.S. Persons in offshore transactions in reliance on Regulation S and, in each case, in accordance with any other applicable law.

The Issuer has been advised by each Placement Agent that each Placement Agent proposes to sell the Combination Notes (i) in the United States to investors that are Qualified Purchasers and are either (x) Qualified Institutional Buyers, purchasing for their own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) in connection with the initial sale of the Combination Notes only, to Accredited Investors in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof and (ii) outside the United States to certain Non-U.S. Persons in offshore transactions in reliance on Regulation S and, in each case, in accordance with any other applicable law.

The Issuer has been advised by each Placement Agent that each Placement Agent proposes to sell the Preferred Shares (i) in the United States to investors that are Qualified Purchasers and are either (x) Qualified Institutional Buyers, purchasing for their own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) in the case of the initial sale of the Preferred Shares, to Accredited Investors in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof and (ii) outside the United States to certain Non-U.S. Persons in offshore transactions in reliance on Regulation S and, in each case, in accordance with any other applicable law.

CERTAIN SELLING RESTRICTIONS

United States

The Offered Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from the registration requirements under the Securities Act provided by Section 4(2) or Rule 144A.

(1) In the Placement Agreement, each Placement Agent will represent and agree that it has not offered or sold Offered Securities and will not offer or sell Offered Securities except in accordance with Rule 903 of Regulation S or as provided in paragraph (2) (in the case of Rated Notes and Combination Notes) or paragraph (3) (in the case of Preferred Shares) below. Accordingly, each Placement Agent will represent and agree that neither it, its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Offered Securities, and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

(2) In the Placement Agreement, each Placement Agent will agree that it will not, acting either as principal or agent, offer or sell any Rated Notes or Combination Notes in the United States other than Rated Notes or Combination Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Rated Notes or Combination Notes (or approve the resale of any of such Rated Notes or Combination Notes):

(a) except (1) inside the United States through a U.S. broker dealer that is registered under the Exchange Act to investors of which either Placement Agent reasonably believes is a Qualified Institutional Buyer (or in the case of the initial purchaser, is an Accredited Investor) that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the risks of investing in the Rated Notes or Combination Notes or is represented by a fiduciary or agent with sole investment discretion having such knowledge and experience or (2) otherwise in accordance with the restrictions on transfer set forth in such Rated Notes or Combination Notes, the Placement Agreement and this Offering Circular; or

(b) by means of any form of general solicitation or general advertisement, including but not limited to (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio and (2) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

(3) In the Placement Agreement, each Placement Agent will agree that it will not, acting either as principal or agent, offer or sell any Preferred Shares in the United States other than Preferred Shares in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Preferred Shares (or approve the resale of any of such Preferred Shares):

(a) except (1) inside the United States through a U.S. broker dealer that is registered under the Exchange Act to investors of which either Placement Agent reasonably believes is a Qualified Institutional Buyer or is an Accredited Investor that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the risks of investing in the Preferred Shares or is represented by a fiduciary or agent with sole investment discretion having such knowledge and experience or (2) otherwise in accordance with the restrictions on transfer set forth in such Preferred Shares, the Placement Agreement and this Offering Circular; or

(b) by means of any form of general solicitation or general advertisement, including but not limited to (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio and (2) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Offered Securities in registered form bearing a restrictive legend thereon, each respective Placement Agent shall have provided each offeree that is a U.S. Person with a copy of this Offering Circular in the form the Issuer and each Placement Agent shall have agreed most recently shall be used for offers and sales in the United States (the initial such form being this Offering Circular).

(4) In the Placement Agreement, each Placement Agent will represent and agree that in connection with each sale to a Qualified Institutional Buyer or an Accredited Investor (as applicable) it has taken or will take reasonable steps to ensure that the purchaser is aware that the Offered Securities have not been and will not be registered under the Securities Act and that transfers of Offered Securities are restricted as set forth herein.

United Kingdom

Each Placement Agent will represent and agree that (i) it has not offered or sold and, prior to the completion of the period of six months from the Closing Date, will not offer or sell any Offered Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended, (ii) it has only communicated and 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 (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offered Securities in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Placement Agent will represent and agree that it has not made and will not make any invitation to the public in the Cayman Islands to subscribe for the Offered Securities.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offered Securities or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Offered Securities in any country or jurisdiction where action for that purpose is required. Accordingly, the Offered 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 Offered 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.

Purchasers of the Offered Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

ANTI-MONEY LAUNDERING AND ANTI-TERRORISM REQUIREMENTS AND DISCLOSURES

In order to comply with U.S. and Cayman Islands laws and regulations, including the USA PATRIOT Act, aimed at the prevention of money laundering and the prohibition of transactions with certain countries, organizations and individuals, the Issuer (or the Placement Agents, the Collateral Manager or the Trustee on its behalf) may request from an investor or a prospective investor such information as it reasonably believes is necessary to verify the identity of such investor or prospective investor, and to determine whether such investor or prospective investor is permitted to be an investor in the Issuer or the Offered Securities pursuant to such laws and regulations. In the event of the delay or failure by any investor or prospective investor in the Offered Securities to deliver to the Issuer any such requested information, the Issuer (or the Placement Agents, the Collateral Manager or the Trustee on its behalf) may (i) require such investor to immediately transfer any Offered Security, or beneficial interest therein, held by such investor to an investor meeting the requirements of this Offering Circular and the Indenture, (ii) refuse to accept the subscription of a prospective investor, or (iii) take any other action required to comply with such laws and regulations. In addition, following the delivery of any such information, the Issuer (or the Placement Agents, the Collateral Manager or the Trustee on its behalf) may

take any of the actions identified in clauses (i)-(iii) above. In certain circumstances, the Issuer, the Trustee, the Collateral Manager or the Placement Agents may be required to provide information about investors to regulatory authorities and to take any further action as may be required by law. None of the Issuer, the Trustee, the Collateral Manager, the Placement Agents or any member or manager of the Issuer will be liable for any loss or injury to an investor or prospective investor that may occur as a result of disclosing such information, refusing to accept the subscription of any potential investor, redeeming any investment in a Offered Security or taking any other action required by law.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers and potential transferees are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Rated Notes or the Preferred Shares.

Investor Representations on Initial Purchase. Each initial purchaser of a Preferred Share, Combination Note or Definitive Rated Note (or any beneficial interest therein) will be required to provide a written certification prior to its purchase thereof in which it acknowledges, represents and agrees with the Issuer or Co-Issuers, as applicable, and the applicable Placement Agent the representations and agreements set forth in paragraphs (1) through (5) below and each such initial purchaser of a Preferred Share, Combination Note or Definitive Rated Note (or any beneficial interest therein) will be deemed to acknowledge, represent to and agree with the Co-Issuers and the applicable Placement Agent, as to each of the other representations and agreements set forth in the following paragraphs, and each initial purchaser of a beneficial interest in a Global Rated Note will be deemed to acknowledge, represent to and agree with the Co-Issuers and the applicable Placement Agent, as to each of the following representations and agreements:

(1) *Qualified Institutional Buyer, Accredited Investor or Non-U.S. Person Status.* The purchaser is (i) a "qualified institutional buyer" as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act") and is acquiring the Offered Securities in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder; (ii) a person that is not a "U.S. person" as defined in Regulation S under the Securities Act and is acquiring the Offered Securities in reliance on the exemption from Securities Act registration provided by Regulation S thereunder; or (iii) an "accredited investor" as defined in Rule 501(a) under the Securities Act in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof.

(2) *Limitations on Transfer; Minimum Denominations and Original Capital Contributions.* The purchaser understands that the Offered Securities are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Offered Securities have not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Offered Securities, such Offered Securities may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Indenture and the legends on such Offered Securities, including the requirement for written certifications. In particular, the purchaser understands that (A) the Rated Notes or Combination Notes may be transferred only to (a) a "qualified purchaser" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) that is (x) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Rated Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder or (b) a person that is not a "U.S. person" as defined in Regulation S under the Securities Act, and is acquiring the Notes in reliance on the exemption from registration provided by Regulation S thereunder and (B) the Preferred Shares may be transferred only to (a) a "qualified purchaser" (as defined in the 1940 Act) that is (x) a

"qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Preferred Shares in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder or (y) an "accredited investor" as defined in Rule 501(a) under the Securities Act, in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (b) a person that is not a "U.S. person" as defined in Regulation S under the Securities Act, and is acquiring the Preferred Shares in reliance on the exemption from registration provided by Regulation S thereunder. The purchaser acknowledges that no representation is made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Offered Securities. The purchaser agrees that no Rated Note, Combination Note or Preferred Share (or any interest therein) may be sold, pledged or otherwise transferred (i) in the case of a Rated Note or Combination Note, in a denomination of less than the applicable minimum denomination set forth in the Indenture and described herein or (ii) in the case of Preferred Shares, if, after giving effect to such transfer, the transferee (or, if the transferor retains any Preferred Shares, the transferor) would own less than 100 Preferred Shares.

(3) *Purchaser Sophistication; Non-Reliance; Suitability; Access to Information*. In connection with its purchase of the Offered Securities: (i) the purchaser has received this Offering Circular; (ii) none of the Co-Issuers, either Placement Agent, the Collateral Manager or any of their respective affiliates are acting as a fiduciary or financial or investment adviser for it; (iii) it is not relying on any written or oral advice, counsel or representations of the Co-Issuers, the Placement Agents, the Collateral Manager or any of their respective affiliates other than in this Offering Circular; (iv) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it had deemed necessary and not upon any view expressed by the Co-Issuers, the Placement Agents, the Collateral Manager or any of their respective affiliates; (v) it has had access to such financial and other information concerning the Co-Issuers and the Offered Securities as it has deemed necessary to make its own independent decision to purchase Offered Securities, including the opportunity, at a reasonable time prior to its purchase of Offered Securities, to ask questions and receive answers concerning the Co-Issuers and the terms and conditions of the offering of the Offered Securities; and (vi) it is a sophisticated investor and is purchasing the Offered Securities with a full understanding of all of the terms, conditions and risks thereof, and it is capable of assuming and willing to assume those risks.

(4) *1940 Act.* In the case of each purchaser of a Rated Note or Combination Note, (i) the purchaser is either (A) a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "1940 Act") or (B) not a "U.S. person" as defined in Regulation S under the Securities Act and is acquiring the Offered Securities in reliance on the exemption from registration provided by Regulation S thereunder; (ii) the purchaser is acquiring the Offered Securities as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; (iii) the purchaser has made investments prior to the date hereof and was not formed solely for the purpose of investing in the Offered Securities, or, if it has not made investments prior to the date hereof and was formed solely for the purpose of investing in the Offered Securities, each beneficial owner of the purchaser is a "qualified purchaser" for purposes of Section 3(c)(7) of the 1940 Act; (iv) if the purchaser is a "qualified institutional buyer," it is not a (A) partnership, (B) common trust fund, or (C) special trust, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants may designate the particular investments to be made; (v) the purchaser agrees that it shall not hold any Offered

Securities for the benefit of any other person, that it shall at all times be the sole beneficial owner thereof for purposes of the 1940 Act and all other purposes and that it shall not sell participation interests in the Offered 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 Offered Securities; and (vi) all Offered Securities (together with any other securities of the Co-Issuers) purchased and held directly or indirectly by it constitute in the aggregate an investment of no more than 40% of its assets or capital.

In the case of each purchaser of a Preferred Share or Combination Note, (i) the purchaser is either (A) a "qualified purchaser" for purposes of Section 3(c)(7) of the 1940 Act or (B) not a "U.S. person" as defined in Regulation S under the Securities Act and is acquiring the Offered Securities in reliance on the exemption from registration provided by Regulation S thereunder; (ii) the purchaser is acquiring the Offered Securities as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; and (iii) the purchaser has made investments prior to the date hereof and was not formed solely for the purpose of investing in the Offered Securities, or, if it has not made investments prior to the date hereof and was formed solely for the purpose of investing in the Offered Securities, each beneficial owner of the purchaser is a "qualified purchaser" for purposes of Section 3(c)(7) of the 1940 Act.

(5) *ERISA.* In the case of each purchaser or transferee of a Rated Note, either (i) it is not, and is not acting on behalf of, an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA, a "plan" described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), an entity deemed to hold plan assets of any of the foregoing, or a foreign or governmental plan subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code; or (ii) its purchase, holding and disposition of the Rated Notes will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar federal, state or local law).

In the case of each initial purchaser of a Restricted Preferred Share, the acquisition by, or on behalf of, or with the assets of any initial purchaser that represents and warrants that it is (a) an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not subject to ERISA, and including, without limitation, foreign and governmental plans, (b) a "plan" as defined in Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), (c) an entity deemed to hold plan assets of any of the foregoing (each of the foregoing, a "Benefit Plan Investor"), or (d) the Issuer, the Co-Issuer, a Placement Agent, the Collateral Manager or any other person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Co-Issuers or a person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Co-Issuers, or any "affiliate" (as defined in 29 C.F.R. Section 2510.3-101(f)(3)) of any such person (each a "Controlling Person") will not be effective, and the Co-Issuers, Trustee and Note Registrar will not recognize such acquisition, if such acquisition would result in (a) Benefit Plan Investors owning 25% or more of the Preferred Shares (determined pursuant to 29 C.F.R. Section 2510.3-101) or (b) a nonexempt prohibited transaction under ERISA, Section 4975 of the Code or any substantially similar applicable law.

Each initial purchaser of a Restricted Preferred Share shall be required to certify (a) whether or not it is a Benefit Plan Investor or Controlling Person and (b) if it is a Benefit Plan Investor, that its acquisition and holding of the Restricted Preferred Share will not result in a

nonexempt prohibited transaction under ERISA, Section 4975 of the Code or any substantially similar applicable law.

Each transferee (other than the initial purchasers) of a Restricted Preferred Share will be required to represent, warrant and certify that it is not (and for so long as it holds such Restricted Preferred Share will not be), and it is not acting on behalf of (and for so long as it holds such Restricted Preferred Share will not be acting on behalf of), any Benefit Plan Investor or Controlling Person.

Each purchaser and transferee of a Regulation S Preferred Share (or interest therein) will be deemed to represent and warrant that it is not (and for so long as it holds such Regulation S Preferred Share or interest therein will not be), and it is not acting on behalf of (and for so long as it holds such Regulation S Preferred Share or interest therein will not be acting on behalf of), any Benefit Plan Investor or Controlling Person.

In the case of each purchaser or transferee of a Combination Note, either (i) it is not, and is not acting on behalf of, an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, a "plan" as defined in Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), an entity deemed to hold plan assets of any of the foregoing, or a foreign or governmental plan that is subject to applicable law that is substantially similar to ERISA or Section 4975 of the Code or (ii) its purchase, holding and disposition of the Combination Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a foreign or governmental plan, any substantially similar applicable law).

(6) *No Governmental Approval*. The purchaser understands that the Offered Securities have not been approved or disapproved by the SEC or any other governmental authority or agency of any jurisdiction, nor has the SEC or any other governmental authority or agency passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

(7) *Certification Upon Transfer*. If required by the Indenture or the Preferred Share Paying Agency Agreement, the purchaser will, prior to any sale, pledge or other transfer by it of any Rated Note, Combination Note or Preferred Share (or any interest therein), obtain from the transferee and deliver to the Issuer and the Note Registrar (in the case of a Note or Combination Note) or the Preferred Share Registrar (in the case of Preferred Shares) a duly executed transferee certificate addressed to each of the Trustee, the Issuer, the Note Registrar and the Collateral Manager in the form of the relevant exhibit attached to the Indenture or the Preferred Share Paying Agency Agreement, as applicable, and such other certificates and other information as the Issuer, the Collateral Manager, the Trustee, the Note Registrar or the Preferred Share Registrar, as the case may be, may reasonably require to confirm that the proposed transfer substantially complies with the transfer restrictions contained in this Offering Circular, the Indenture and the Preferred Share Paying Agency Agreement.

(8) *Form of Rated Notes, Combination Notes and the Preferred Shares*. The purchaser understands that Restricted Preferred Shares, Restricted Definitive Rated Notes and Restricted Definitive Combination Notes may be issued in fully registered, definitive form and will be transferable only by delivery of the certificates representing such Preferred Shares, Rated Notes or Combination Notes, as the case may be.

(9) *Securities Law Limitations on Resale*. The purchaser understands that the Offered Securities have not been registered under the Securities Act and, therefore, cannot be offered or sold in the United States or to U.S. Persons (as defined in Rule 902(k) promulgated under the Securities Act) unless they are registered under the Securities Act or unless an exemption from registration is available. Accordingly, the certificates representing the Offered Securities will bear a legend stating that such Offered Securities have not been registered under the Securities Act and setting forth certain of the restrictions on transfer of the Offered Securities, as the case may be, described herein. The purchaser understands that the Issuer has no obligation to register any of the Offered Securities under the Securities Act or to comply with the requirements for any exemption from the registration requirements of the Securities Act (other than to supply information specified in Rule 144A(d)(4) of the Securities Act as required by the Indenture and the Preferred Share Paying Agency Agreement).

(10) *Certain Resale Limitations; Rule 144A.* No Rated Note or Combination Note (or any interest therein) may be offered, sold, pledged or otherwise transferred to (i) a transferee acquiring a Restricted Definitive Rated Note or an interest in a Restricted Global Rated Note or an interest in a Restricted Definitive Combination Note except (a) to a transferee that the seller reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A (or in the case of the initial purchaser, an Accredited Investor) (b) to a Qualified Purchaser, (c) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (d) if such transfer is made in compliance with the certification and other requirements set forth in the Indenture and (e) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction or (ii) a transferee acquiring an interest in a Regulation S Global Rated Note or Regulation S Global Combination Note except (a) to a transferee that is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (b) to a transferee that is not a U.S. Person, (c) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (d) if such transfer is made in compliance with the other requirements set forth in the Indenture and (e) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

No Preferred Shares (or any interest therein) may be offered, sold, pledged or otherwise transferred to a transferee acquiring a Preferred Share except (i) (a) to a transferee (x) that the seller reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or (y) who is an Accredited Investor, in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (b) to a Qualified Purchaser, (c) to a transferee that represents and warrants (or, in certain circumstances, is deemed to represent and warrant) as to those matters set forth in (5) above as are applicable to the Preferred Shares, (d) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (e) if such transfer is made in compliance with the certification and other requirements set forth in the Issuer Charter and the Preferred Share Paying Agency Agreement and (f) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction or (ii) (a) to a transferee that is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (b) to a transferee that is not a U.S. Person unless such transferee is a Qualified Purchaser, (c) to a transferee that represents and warrants (or, in certain

circumstances, is deemed to represent and warrant) as to those matters set forth in (5) above as are applicable to the Preferred Shares, (d) to a transferee that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle), (e) if such transfer is made in compliance with the other requirements set forth in the Issuer Charter and the Preferred Share Paying Agency Agreement and (f) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

(11) *Limited Liquidity*. The purchaser understands that there is no market for Rated Notes or Preferred Shares and that no assurance can be given as to the liquidity of any trading market for Rated Notes, Combination Notes or Preferred Shares and that it is unlikely that a trading market for any of the Rated Notes or Preferred Shares will develop. The purchaser further understands that, although either Placement Agent may from time to time make a market in Rated Notes, Combination Notes or Preferred Shares, such Placement Agent is not under any obligation to do so and, following the commencement of any market-making, may discontinue such market-making at any time. Accordingly, the purchaser must be prepared to hold Rated Notes, Combination Notes or Preferred Shares for an indefinite period of time or until their maturity.

(12) *Limitations on Flow-Through Status.* The purchaser represents that, unless the purchaser is a Qualifying Investment Vehicle (as defined below), (a) if the purchaser would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, the amount of the purchaser's investment in the Rated Notes, Combination Notes or Preferred Shares does not exceed 40% of the total assets (determined on a consolidated basis with its subsidiaries) of the purchaser; (b) no person owning any equity or similar interest in the purchaser has the ability to control any investment decision of the purchaser or to determine, on an investment-by-investment basis, the amount of such person's contribution to any investment made by the purchaser; (c) the purchaser was not organized or reorganized for the specific purpose of acquiring a Rated Note, Combination Note or Preferred Shares; and (d) no additional capital or similar contributions were specifically solicited from any person owning an equity or similar interest in the purchaser for the purpose of enabling the purchaser to purchase Rated Notes, Combination Notes or Preferred Shares (any such transferee in (a), (b), (c) or (d) above being herein referred to as a "Flow-Through Investment Vehicle"). For this purpose, a "Qualifying Investment Vehicle" is an entity (i) as to which all of the beneficial owners of any securities issued by such entity have made, and as to which (in accordance with the document pursuant to which such entity was organized or the agreement or other document governing such securities) each such beneficial owner must require any transferee of any such security to make, to the Issuer or the Co-Issuers, as the case may be, and the Note Registrar (in the case of the Notes or Combination Notes) or the Preferred Share Registrar (in the case of the Preferred Shares) each of the representations set forth herein and the Indenture and the Preferred Share Paying Agency Agreement required to be made upon transfer of any of the relevant Class of Rated Notes, Combination Notes or Preferred Shares (with modifications to such representations satisfactory to the Collateral Manager and the Issuer to reflect the indirect nature of the interests of such beneficial owners in such Rated Notes, Combination Notes or Preferred Shares, including any modification permitting an initial beneficial owner of securities issued by such entity to represent that it is an Accredited Investor in lieu of being a Qualified Institutional Buyer). If the purchaser is a Flow-Through Investment Vehicle, the purchaser represents and warrants that either (a) none of the beneficial owners of its securities are U.S. Persons or (b) some or all of the beneficial owners of its securities are U.S. Persons and each such beneficial owner has certified to the purchaser that it is a Qualified Purchaser. If the purchaser is a Flow-Through Investment Vehicle, the purchaser also represents and warrants that it has only one class of securities outstanding (other than any nominal share capital the distributions in respect of which are not

correlated to or dependent upon distributions on, or the performance of, the Rated Notes, Combination Notes or Preferred Shares).

(13) *Certain Transfers Void*. In the case of a purchaser who takes delivery of Offered Securities in the form of a Restricted Definitive Rated Note, an interest in a Restricted Global Rated Note, a Restricted Definitive Combination Note or Preferred Share the purchaser agrees that (a) any sale, pledge or other transfer of a Rated Note, Combination Note or Preferred Share (or any interest therein) made in violation of the transfer restrictions contained in this Preliminary Offering Circular and in the Indenture or the Issuer Charter and the Preferred Share Paying Agency Agreement, as applicable, or made based upon any false or inaccurate representation made by the purchaser or a transferee to the Issuer, the Co-Issuer, the Trustee, the Note Registrar, the Administrator or the Preferred Share Registrar, will be void and of no force or effect and (b) none of the Issuer, the Co-Issuer, the Trustee, the Note Registrar, the Administrator and the Preferred Share Registrar has any obligation to recognize any sale, pledge or other transfer of a Preferred Share, Combination Note or Rated Note (or any interest therein) made in violation of any such transfer restriction or made based upon any such false or inaccurate representation.

The Indenture provides that if, notwithstanding the restrictions on transfer contained therein, either of the Co-Issuers determines that any beneficial owner of a Restricted Definitive Rated Note, Restricted Definitive Combination Note or an interest in a Restricted Global Rated Note (or any interest therein) (A) is a U.S. Person and (B) is not both a Qualified Institutional Buyer (unless such beneficial owner is an Accredited Investor that purchased a Restricted Definitive Rated Note or Restricted Definitive Combination Note or interest therein in connection with the initial distribution thereof) and a Qualified Purchaser, then either of the Co-Issuers may require, by notice to such holder, that such holder sell all of its right, title and interest in such Restricted Definitive Rated Note, Restricted Definitive Combination Note or such Restricted Global Rated Note (or interest therein) to a Person that is both a Qualified Institutional Buyer and a Qualified Purchaser with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Trustee (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Rated Note to be transferred in a commercially reasonable sale (conducted by the Trustee in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Trustee, the Co-Issuers and the Collateral Manager, in connection with such transfer, that such person is both a Qualified Institutional Buyer and a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Note held by such beneficial owner.

The Issuer Charter and/or the Preferred Share Paying Agency Agreement provide that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of Preferred Shares (A) is a U.S. Person (within the meaning of Regulation S under the Securities Act) and (B) is not both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser, then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest to such Preferred Shares (or interest therein) to a Person that is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (i) upon direction from the Issuer, the Preferred Share Paying Agent (on behalf of and at the expense of the Issuer) shall cause such beneficial owner's interest in such Preferred Share to be transferred in a commercially reasonable sale (conducted by the Administrator in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York) to a person that certifies to the Preferred Share Paying Agent, the Issuer and the

Collateral Manager, in connection with such transfer, that such person is both (x) a Qualified Institutional Buyer or an Accredited Investor and (y) a Qualified Purchaser and (ii) pending such transfer, no further payments will be made in respect of such Preferred Share held by such beneficial owner.

(14) *Limitation on Sales of Preferred Shares and Combination Notes to Reg Y Institutions*. No Reg Y Institution may transfer any Combination Notes or Preferred Shares held by it to any person other than (a) a person or group of persons under common control that controls the Issuer without reference to any Combination Notes or Preferred Shares transferred to such person or group by such Reg Y Institution (a "Reg Y Controlling Party"), (b) a person or persons designated by a Reg Y Controlling Party, (c) in a widespread public distribution as part of a public offering, (d) in amounts such that, after giving effect thereto, no single transferee and its affiliates will hold more than 2.0% of the aggregate number of Preferred Shares (including all options, warrants and similar rights exercisable or convertible into Preferred Shares), or (e) as otherwise permitted by applicable U.S. Federal banking law and regulations.

(15) *List of Participants.* The purchaser acknowledges and understands that the Issuer, or the Trustee on behalf of the Issuer, may receive a list of participants holding positions in its securities from one or more book-entry depositories.

(16) *Cayman Islands*. The purchaser is not a member of the public in the Cayman Islands.

(17) *Tax Status.* If the purchaser is purchasing Preferred Shares with an aggregate liquidation preference equal to greater than 50% of the aggregate liquidation preference of all Preferred Shares, either (i) it is a "United States person" as defined in Section 7701(a)(30) of the Code or (ii) it either (A) is not a bank within the meaning of Section 881(c)(3)(A) of the Code or an affiliate of a bank or (B) is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States. If the purchaser is purchasing Preferred Shares with a view to resale to a person that would beneficially own Preferred Shares with an aggregate liquidation preference equal to greater than 50% of the aggregate liquidation preference of all Preferred Shares, either (i) such person is a "United States person" as defined in Section 7701(a)(30) of the Code or (ii) such person either (A) is not a bank within the meaning of Section 881(c)(3)(A) of the Code or an affiliate of a bank or (B) is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States.

(18) *Reliance on Representations, etc.* The purchaser acknowledges that the Issuer, the Placement Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of Rated Notes or Preferred Shares are no longer accurate, the purchaser will promptly notify the Issuer and the Placement Agents.

(19) *Legend for Rated Notes*. The purchaser understands and agrees that a legend in substantially the following form will be placed on each certificate representing any Rated Notes:

THIS RATED NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO A

"QUALIFIED PURCHASER" (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE (OR IN THE CASE OF THE INITIAL PURCHASER THEREOF, AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT)) OR (B) TO A PERSON THAT IS NOT A "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND IS ACQUIRING THIS RATED NOTE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE OR REGULATION, AND IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY APPLICABLE JURISDICTION.

EACH PURCHASER OF A GLOBAL RATED NOTE WILL BE DEEMED TO HAVE MADE, AND EACH PURCHASER OF A DEFINITIVE RATED NOTE WILL MAKE, THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN SECTION 2.4 OF THE INDENTURE. TRANSFERS OF THE RATED NOTES MUST GENERALLY BE ACCOMPANIED BY APPROPRIATE TAX AND ERISA (AS DEFINED BELOW) TRANSFER DOCUMENTATION AND ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE CO-ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. IF AT ANY TIME THE ISSUER OR THE CO-ISSUER DETERMINE OR ARE NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH SECURITY WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE INDENTURE, THE TRUSTEE MAY CONSIDER THE ACQUISITION OF THIS RATED NOTE OR SUCH INTEREST IN SUCH NOTE VOID AND REQUIRE THAT THIS RATED NOTE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER AND THE CO-ISSUER, IF APPLICABLE.

NEITHER OF THE CO-ISSUERS HAS BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"). NO TRANSFER OF THIS RATED NOTE (OR ANY INTEREST HEREIN) MAY BE MADE (AND NEITHER THE TRUSTEE NOR THE NOTE REGISTRAR WILL RECOGNIZE ANY SUCH TRANSFER) IF (A) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE WHO IS A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) THAT IS NOT (A) A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(a)(51)(A) OF THE 1940 ACT AND RELATED RULES OR A COMPANY BENEFICIALLY OWNED EXCLUSIVELY BY ONE OR MORE "QUALIFIED PURCHASERS," THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE OR (B) SUCH TRANSFER WOULD HAVE THE EFFECT OF REQUIRING EITHER OF THE CO-ISSUERS OR THE COLLATERAL TO REGISTER AS AN INVESTMENT COMPANY UNDER THE 1940 ACT, (C) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS A FLOW-THROUGH INVESTMENT VEHICLE OTHER THAN A QUALIFYING INVESTMENT VEHICLE (EACH AS DEFINED IN THE INDENTURE), OR (D) SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS REQUIRED BY THE INDENTURE.

EACH HOLDER HEREOF IS DEEMED TO REPRESENT AND WARRANT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH RATED NOTE WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH RATED NOTE WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A "PLAN" DESCRIBED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING, OR A FOREIGN OR GOVERNMENTAL PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND OWNERSHIP OF SUCH RATED NOTE WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A FOREIGN OR GOVERNMENTAL PLAN, ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW).

THE RATED NOTES OR ANY BENEFICIAL INTEREST HEREIN MAY BE TRANSFERRED ONLY IN PERMITTED DENOMINATIONS SPECIFIED IN THE INDENTURE. THIS RATED NOTE OR ANY BENEFICIAL INTEREST HEREIN MAY BE TRANSFERRED TO A PERSON WHO ACQUIRES A BENEFICIAL INTEREST IN A REGULATION S RATED NOTE ONLY IN ACCORDANCE WITH THE TERMS OF THE INDENTURE. ACCORDINGLY, AN INVESTOR IN THIS RATED NOTE MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IF, NOTWITHSTANDING THE RESTRICTIONS ON TRANSFER CONTAINED THEREIN, EITHER OF THE CO-ISSUERS DETERMINES THAT ANY BENEFICIAL OWNER OF A RESTRICTED DEFINITIVE RATED NOTE OR AN INTEREST IN A RESTRICTED GLOBAL RATED NOTE (OR ANY INTEREST THEREIN) (A) IS A U.S. PERSON AND (B) WAS NOT A QUALIFIED PURCHASER AT THE TIME OF ITS ACQUISITION THEREOF, THEN EITHER OF THE CO-ISSUERS MAY REQUIRE, BY NOTICE TO SUCH HOLDER, THAT SUCH HOLDER SELL ALL OF ITS RIGHT, TITLE AND INTEREST IN SUCH RESTRICTED DEFINITIVE RATED NOTE OR SUCH RESTRICTED GLOBAL RATED NOTE (OR INTEREST THEREIN) TO A PERSON THAT IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER WITH SUCH SALE TO BE EFFECTED WITHIN 30 DAYS AFTER NOTICE OF SUCH SALE REQUIREMENT IS GIVEN. IF SUCH BENEFICIAL OWNER FAILS TO EFFECT THE TRANSFER REQUIRED WITHIN SUCH 30-DAY PERIOD, (I) UPON DIRECTION FROM THE ISSUER, THE TRUSTEE (ON BEHALF OF AND AT THE EXPENSE OF THE ISSUER) SHALL CAUSE SUCH BENEFICIAL OWNER'S INTEREST IN SUCH RATED NOTE TO BE TRANSFERRED IN A COMMERCIALLY REASONABLE SALE (CONDUCTED BY THE TRUSTEE IN ACCORDANCE WITH SECTION 9-610(B) OF THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK) TO A PERSON THAT CERTIFIES TO THE TRUSTEE, THE CO-ISSUERS AND THE COLLATERAL MANAGER, IN CONNECTION WITH SUCH TRANSFER, THAT SUCH PERSON IS A BOTH QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AND (II) PENDING SUCH TRANSFER, NO FURTHER PAYMENTS WILL BE MADE IN RESPECT OF SUCH RATED NOTE HELD BY SUCH BENEFICIAL OWNER.

IN ADDITION, NO TRANSFER OF THIS RATED NOTE (OR ANY INTEREST HEREIN) MAY BE MADE (AND NONE OF THE TRUSTEE, THE NOTE REGISTRAR AND THE CO-ISSUERS WILL RECOGNIZE ANY SUCH TRANSFER) IF SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS (A) A DEALER DESCRIBED IN PARAGRAPH

(a)(1)(ii) OF RULE 144A WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF CO-ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER OR (B) 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, UNLESS INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN. THE TRANSFEREE, AND EACH ACCOUNT FOR WHICH IT IS PURCHASING, IS REQUIRED TO HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATIONS OF THE RATED NOTES. EACH TRANSFEREE IS REQUIRED TO PROVIDE WRITTEN NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES.

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

(20) *Legend for Preferred Shares*. The purchaser understands and agrees that a legend in substantially the following form will be placed on each certificate representing any Preferred Shares:

THE PREFERRED SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), PURCHASING FOR ITS OWN ACCOUNT TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY RULE 144A, OR (2) TO AN ACCREDITED INVESTOR, AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT (AN "ACCREDITED INVESTOR"), SUBJECT TO THE DELIVERY OF SUCH CERTIFICATION, LEGAL OPINIONS OR OTHER INFORMATION AS THE ISSUER MAY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IS IN EACH CASE A "QUALIFIED PURCHASER" (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND, IN THE CASE OF (1) OR (2) ABOVE, WHO TAKES DELIVERY OF THE PREFERRED SHARES IN THE FORM OF A PREFERRED SHARE CERTIFICATE IN DEFINITIVE FORM (A "RESTRICTED PREFERRED SHARE"), OR (3) IN AN OFFSHORE TRANSACTION (WITHIN THE MEANING OF REGULATION S) IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S", AND SUCH PREFERRED SHARE A "REGULATION S PREFERRED SHARE", (B) IN COMPLIANCE WITH THE

REQUIREMENTS SPECIFIED IN THE PREFERRED SHARE PAYING AGENCY AGREEMENT REFERRED TO HEREIN, AND (C) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

EACH TRANSFEREE OF AN INTEREST IN PREFERRED SHARES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE PREFERRED SHARE PAYING AGENT A LETTER IN THE FORM ATTACHED AS AN EXHIBIT TO THE PREFERRED SHARE PAYING AGENCY AGREEMENT TO THE EFFECT THAT SUCH TRANSFEREE WILL NOT TRANSFER SUCH INTEREST EXCEPT IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS SET FORTH IN THE PREFERRED SHARE PAYING AGENCY AGREEMENT (INCLUDING THE REQUIREMENT THAT ANY SUBSEQUENT TRANSFEREE OF AN INTEREST IN PREFERRED SHARES EXECUTE AND DELIVER SUCH LETTER AS A CONDITION TO ANY SUBSEQUENT TRANSFER).

THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (TOGETHER WITH THE RULES THEREUNDER, THE "1940 ACT"). NO TRANSFER OF A PREFERRED SHARE REPRESENTED HEREBY (OR ANY INTEREST HEREIN) MAY BE MADE (AND THE PREFERRED SHARE PAYING AGENT, THE NOTE REGISTRAR AND THE ISSUER WILL NOT RECOGNIZE ANY SUCH TRANSFER) IF (A) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE WHO IS A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) THAT IS NOT BOTH (X) A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR AND ALSO (Y) A QUALIFIED PURCHASER THAT TAKES DELIVERY OF THE PREFERRED SHARES REPRESENTED HEREBY (OR INTEREST HEREIN) IN THE FORM OF A PREFERRED SHARE CERTIFICATE, (B) SUCH TRANSFER WOULD HAVE THE EFFECT OF REQUIRING THE ISSUER OR THE COLLATERAL TO REGISTER AS AN INVESTMENT COMPANY UNDER THE 1940 ACT, (C) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS A FLOW-THROUGH INVESTMENT VEHICLE OTHER THAN A QUALIFYING INVESTMENT VEHICLE (EACH AS DEFINED IN THE INDENTURE), OR (D) SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS REQUIRED BY THE APPLICABLE TRANSFER CERTIFICATE ATTACHED AS AN EXHIBIT TO THE PREFERRED SHARE PAYING AGENCY AGREEMENT. ACCORDINGLY, AN INVESTOR IN PREFERRED SHARES MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

ERISA Legend For Restricted Preferred Shares

THE ACQUISITION OF A RESTRICTED PREFERRED SHARE BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY INITIAL PURCHASER THAT REPRESENTS AND WARRANTS THAT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUBJECT TO ERISA, AND INCLUDING, WITHOUT LIMITATION, FOREIGN AND GOVERNMENTAL PLANS, (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (D) THE ISSUER, THE CO-ISSUER, A PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS OR A PERSON WHO PROVIDES INVESTMENT ADVICE

FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS, OR ANY "AFFILIATE" (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101(F)(3)) OF ANY SUCH PERSON (EACH A "CONTROLLING PERSON") WILL NOT BE EFFECTIVE, AND THE ISSUER, PREFERRED SHARE PAYING AGENT AND PREFERRED SHARE REGISTRAR WILL NOT RECOGNIZE SUCH ACQUISITION, IF SUCH ACQUISITION WOULD RESULT IN (A) BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE PREFERRED SHARES (DETERMINED PURSUANT TO 29 C.F.R. SECTION 2510.3-101) OR (B) A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH INITIAL PURCHASER OF A RESTRICTED PREFERRED SHARE SHALL BE REQUIRED TO CERTIFY (A) WHETHER OR NOT IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (B) IF IT IS A BENEFIT PLAN INVESTOR, THAT ITS ACQUISITION AND HOLDING OF THE RESTRICTED PREFERRED SHARE WILL NOT RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

EACH TRANSFEREE (OTHER THAN THE INITIAL PURCHASERS) OF A RESTRICTED PREFERRED SHARE WILL BE REQUIRED TO REPRESENT, WARRANT AND CERTIFY THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH RESTRICTED PREFERRED SHARE WILL NOT BE ACTING ON BEHALF OF), ANY BENEFIT PLAN INVESTOR OR CONTROLLING PERSON.

ERISA Legend For The Regulation S Preferred Shares

EACH PURCHASER AND TRANSFEREE OF A REGULATION S PREFERRED SHARE WILL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE WILL NOT BE), AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH REGULATION S PREFERRED SHARE WILL NOT BE ACTING ON BEHALF OF), (A) ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUBJECT TO ERISA, AND INCLUDING, WITHOUT LIMITATION, FOREIGN AND GOVERNMENTAL PLANS, (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (D) THE ISSUER, THE CO-ISSUER, A PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS OR A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE CO-ISSUERS, OR ANY "AFFILIATE" (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101(F)(3)) OF ANY SUCH PERSON (EACH A "CONTROLLING PERSON").

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE CO-ISSUER, THE TRUSTEE, THE PREFERRED SHARE PAYING AGENT, THE PREFERRED SHARE REGISTRAR OR ANY

INTERMEDIARY. IF AT ANY TIME THE ISSUER OR THE CO-ISSUER DETERMINE OR ARE NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH SECURITY WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE PREFERRED SHARE PAYING AGENCY AGREEMENT, THE ISSUER, THE CO-ISSUER, THE TRUSTEE, THE PREFERRED SHARE PAYING AGENT, THE PREFERRED SHARE REGISTRAR OR ANY INTERMEDIARY MAY CONSIDER THE ACQUISITION OF THIS PREFERRED SHARE OR SUCH INTEREST IN SUCH PREFERRED SHARE VOID AND REQUIRE THAT THIS PREFERRED SHARE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER AND THE CO-ISSUER, IF APPLICABLE.

THE PREFERRED SHARES REPRESENTED HEREBY OR ANY BENEFICIAL INTEREST HEREIN MAY BE TRANSFERRED IN THE UNITED STATES OR TO U.S. PERSONS ONLY IF THE PURCHASER IS (A)(1) A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, SUBJECT TO THE DELIVERY OF SUCH CERTIFICATION, LEGAL OPINIONS OR OTHER INFORMATION AS THE ISSUER MAY REQUIRE TO CONFIRM THAT SUCH TRANSFER TO AN ACCREDITED INVESTOR IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (2) A QUALIFIED PURCHASER AND (B) ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT, AND IN TRADING LOTS OF NOT LESS THAN 100 PREFERRED SHARES. IN ADDITION, NO TRANSFER OF THE PREFERRED SHARES REPRESENTED HEREBY OR ANY INTEREST HEREIN MAY BE MADE IN THE UNITED STATES OR TO A US PERSON (AND THE PREFERRED SHARE PAYING AGENT, THE PREFERRED SHARE REGISTRAR AND THE ISSUER WILL NOT RECOGNIZE ANY SUCH TRANSFER) IF SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS (A) A DEALER DESCRIBED IN PARAGRAPH (a)(1)(ii) OF RULE 144A WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF CO-ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER OR (B) 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, UNLESS INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN.

IF, NOTWITHSTANDING THE RESTRICTIONS SET FORTH IN THE PREFERRED SHARE PAYING AGENCY AGREEMENT, THE ISSUER DETERMINES THAT ANY HOLDER OF THIS SECURITY OR AN INTEREST HEREIN (I) IS A U.S. PERSON AND (II) WAS NOT (X) A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR AND (Y) A QUALIFIED PURCHASER AT THE TIME OF ITS ACQUISITION HEREOF, THEN THE ISSUER MAY REQUIRE, BY NOTICE TO SUCH HOLDER, THAT SUCH HOLDER SELL ALL OF ITS RIGHT, TITLE AND INTEREST IN THIS SECURITY (OR INTEREST HEREIN) TO A PERSON THAT IS BOTH (X) A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, SUBJECT TO THE DELIVERY OF SUCH CERTIFICATION, LEGAL OPINIONS OR OTHER INFORMATION AS THE ISSUER MAY REQUIRE TO CONFIRM THAT SUCH TRANSFER TO AN ACCREDITED INVESTOR IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (Y) A QUALIFIED PURCHASER, WITH SUCH SALE TO BE EFFECTED WITHIN 30 DAYS AFTER NOTICE OF SUCH SALE REQUIREMENT IS GIVEN. IF SUCH BENEFICIAL OWNER FAILS TO EFFECT THE TRANSFER REQUIRED WITHIN SUCH 30-DAY PERIOD, (I) UPON DIRECTION FROM THE ISSUER, THE PREFERRED SHARE

PAYING AGENT (ON BEHALF OF AND AT THE EXPENSE OF THE ISSUER) SHALL CAUSE SUCH BENEFICIAL OWNER'S INTEREST IN THIS SECURITY TO BE TRANSFERRED IN A COMMERCIALLY REASONABLE SALE (CONDUCTED BY THE TRUSTEE IN ACCORDANCE WITH SECTION 9-610(B) OF THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK) TO A PERSON THAT CERTIFIES TO THE PREFERRED SHARE PAYING AGENT, THE CO-ISSUERS AND THE COLLATERAL MANAGER, IN CONNECTION WITH SUCH TRANSFER, THAT SUCH PERSON IS A BOTH QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AND (II) PENDING SUCH TRANSFER, NO FURTHER PAYMENTS WILL BE MADE IN RESPECT OF THIS SECURITY HELD BY SUCH HOLDER AND THE INTEREST IN THIS SECURITY SHALL NOT BE DEEMED TO BE OUTSTANDING FOR THE PURPOSE OF ANY VOTE OR CONSENT OF THE HOLDERS OF THE PREFERRED SHARES.

Additional Legend For Regulation S Global Preferred Shares

UNLESS THIS PREFERRED SHARE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PREFERRED SHARE REGISTRAR FOR REGISTRATION OF TRANSFER OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(21) *Legend for Combination Notes*. The purchaser understands and agrees that a legend in substantially the following form will be placed on each certificate representing Combination Notes:

THE COMBINATION NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), PURCHASING FOR ITS OWN ACCOUNT TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY RULE 144A, OR (2) IN CONNECTION WITH THE INITIAL PURCHASE OF COMBINATION NOTES ONLY, TO AN ACCREDITED INVESTOR, AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT (AN "ACCREDITED INVESTOR"), SUBJECT TO THE DELIVERY OF SUCH CERTIFICATION, LEGAL OPINIONS OR OTHER INFORMATION AS THE ISSUER MAY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IS IN EACH CASE A "QUALIFIED PURCHASER" (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND, IN THE CASE OF (1) OR (2) ABOVE, WHO TAKES DELIVERY OF THE COMBINATION NOTES IN THE FORM OF

A COMBINATION NOTE CERTIFICATE IN DEFINITIVE FORM (A "RESTRICTED COMBINATION NOTE"), OR (3) IN AN OFFSHORE TRANSACTION (WITHIN THE MEANING OF REGULATION S) IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S", AND SUCH COMBINATION NOTE A "REGULATION S COMBINATION NOTE"), (B) IN COMPLIANCE WITH THE REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN, AND (C) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

EACH TRANSFEREE OF AN INTEREST IN COMBINATION NOTES WILL BE REQUIRED TO EXECUTE AND DELIVER TO THE ISSUER AND THE TRUSTEE A LETTER IN THE FORM ATTACHED AS AN EXHIBIT TO THE INDENTURE TO THE EFFECT THAT SUCH TRANSFEREE WILL NOT TRANSFER SUCH INTEREST EXCEPT IN COMPLIANCE WITH THE TRANSFER RESTRICTIONS SET FORTH IN THE INDENTURE (INCLUDING THE REQUIREMENT THAT ANY SUBSEQUENT TRANSFEREE OF AN INTEREST IN COMBINATION NOTES EXECUTE AND DELIVER SUCH LETTER AS A CONDITION TO ANY SUBSEQUENT TRANSFER).

THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (TOGETHER WITH THE RULES THEREUNDER, THE "1940 ACT"). NO TRANSFER OF A COMBINATION NOTE REPRESENTED HEREBY (OR ANY INTEREST HEREIN) MAY BE MADE (AND THE TRUSTEE, THE NOTE REGISTRAR AND THE ISSUER WILL NOT RECOGNIZE ANY SUCH TRANSFER) IF (A) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE WHO IS A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) THAT IS NOT BOTH (X) A QUALIFIED INSTITUTIONAL BUYER AND ALSO (Y) A QUALIFIED PURCHASER THAT TAKES DELIVERY OF THE COMBINATION NOTES REPRESENTED HEREBY (OR INTEREST HEREIN) IN THE FORM OF A COMBINATION NOTE CERTIFICATE, (B) SUCH TRANSFER WOULD HAVE THE EFFECT OF REQUIRING THE ISSUER OR THE COLLATERAL TO REGISTER AS AN INVESTMENT COMPANY UNDER THE 1940 ACT, (C) SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS A FLOW-THROUGH INVESTMENT VEHICLE OTHER THAN A QUALIFYING INVESTMENT VEHICLE (EACH AS DEFINED IN THE INDENTURE), OR (D) SUCH TRANSFER WOULD BE MADE TO A PERSON WHO IS OTHERWISE UNABLE TO MAKE THE CERTIFICATIONS AND REPRESENTATIONS REQUIRED BY THE APPLICABLE TRANSFER CERTIFICATE ATTACHED AS AN EXHIBIT TO THE INDENTURE. ACCORDINGLY, AN INVESTOR IN COMBINATION NOTES MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

EACH HOLDER HEREOF IS REQUIRED TO REPRESENT AND WARRANT (OR IN CERTAIN CIRCUMSTANCES, IS DEEMED TO REPRESENT AND WARRANT) THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH COMBINATION NOTE WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH COMBINATION NOTE WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING, OR A FOREIGN OR GOVERNMENTAL PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND

OWNERSHIP OF SUCH COMBINATION NOTE WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A FOREIGN OR GOVERNMENTAL PLAN, ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW).

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE CO-ISSUER, THE TRUSTEE, THE NOTE REGISTRAR OR ANY INTERMEDIARY. IF AT ANY TIME THE ISSUER OR THE CO-ISSUER DETERMINE OR ARE NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH SECURITY WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE INDENTURE, THE ISSUER, THE CO-ISSUER, THE TRUSTEE, THE NOTE REGISTRAR OR ANY INTERMEDIARY MAY CONSIDER THE ACQUISITION OF THIS COMBINATION NOTE OR SUCH INTEREST IN SUCH COMBINATION NOTE VOID AND REQUIRE THAT THIS COMBINATION NOTE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER AND THE CO-ISSUER, IF APPLICABLE.

THE COMBINATION NOTES REPRESENTED HEREBY OR ANY BENEFICIAL INTEREST HEREIN MAY BE TRANSFERRED IN THE UNITED STATES OR TO U.S. PERSONS ONLY IF THE PURCHASER IS (A)(1) A QUALIFIED INSTITUTIONAL BUYER, AND (2) A QUALIFIED PURCHASER AND (B) ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT, AND IN MINIMUM DENOMINATIONS OF NOT LESS THAN U.S.$ 250,000. IN ADDITION, NO TRANSFER OF THE COMBINATION NOTES REPRESENTED HEREBY OR ANY INTEREST HEREIN MAY BE MADE IN THE UNITED STATES OR TO A US PERSON (AND THE TRUSTEE, THE NOTE REGISTRAR AND THE ISSUER WILL NOT RECOGNIZE ANY SUCH TRANSFER) IF SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS (A) A DEALER DESCRIBED IN PARAGRAPH (a)(1)(ii) OF RULE 144A WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF CO-ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER OR (B) 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, UNLESS INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN.

IF, NOTWITHSTANDING THE RESTRICTIONS SET FORTH IN THE INDENTURE, THE ISSUER DETERMINES THAT ANY HOLDER OF THIS SECURITY OR AN INTEREST HEREIN (I) IS A U.S. PERSON AND (II) WAS NOT (X) A QUALIFIED INSTITUTIONAL BUYER AND (Y) A QUALIFIED PURCHASER AT THE TIME OF ITS ACQUISITION HEREOF, THEN THE ISSUER MAY REQUIRE, BY NOTICE TO SUCH HOLDER, THAT SUCH HOLDER SELL ALL OF ITS RIGHT, TITLE AND INTEREST IN THIS SECURITY (OR INTEREST HEREIN) TO A PERSON THAT IS BOTH (X) A QUALIFIED INSTITUTIONAL BUYER, AND (Y) A QUALIFIED PURCHASER, WITH SUCH SALE TO BE EFFECTED WITHIN 30 DAYS AFTER NOTICE OF SUCH SALE REQUIREMENT IS GIVEN. IF SUCH BENEFICIAL OWNER FAILS TO EFFECT THE TRANSFER REQUIRED WITHIN SUCH 30-DAY PERIOD, (I) UPON DIRECTION FROM THE ISSUER, THE TRUSTEE (ON BEHALF OF AND AT THE EXPENSE OF THE ISSUER) SHALL CAUSE SUCH BENEFICIAL OWNER'S INTEREST IN THIS SECURITY TO BE TRANSFERRED IN A COMMERCIALLY REASONABLE SALE (CONDUCTED BY THE TRUSTEE IN ACCORDANCE WITH SECTION 9-610(B) OF THE UNIFORM COMMERCIAL CODE AS

IN EFFECT IN THE STATE OF NEW YORK) TO A PERSON THAT CERTIFIES TO THE TRUSTEE, THE CO-ISSUERS AND THE COLLATERAL MANAGER, IN CONNECTION WITH SUCH TRANSFER, THAT SUCH PERSON IS A BOTH QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AND (II) PENDING SUCH TRANSFER, NO FURTHER PAYMENTS WILL BE MADE IN RESPECT OF THIS SECURITY HELD BY SUCH HOLDER AND THE INTEREST IN THIS SECURITY SHALL NOT BE DEEMED TO BE OUTSTANDING FOR THE PURPOSE OF ANY VOTE OR CONSENT OF THE HOLDERS OF THE COMBINATION NOTES.

Additional Legend For Regulation S Global Combination Note

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

Investor Representations on Resale. Except as otherwise provided in this paragraph, each transferee and/or transferor of a Rated Note, Combination Note or Preferred Share will be required to deliver to the Issuer and the Note Registrar (in case of a Rated Note or Combination Note) or the Preferred Share Registrar (in case of Preferred Shares) a duly executed certificate in the form of the relevant exhibit attached to the Indenture or the Preferred Share Paying Agency Agreement, as applicable, and such other certificates and other information as the Issuer, the Co-Issuer, the Collateral Manager or the Trustee may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in such documents and this Offering Circular. An owner of a beneficial interest in a Regulation S Global Rated Note or Regulation S Global Combination Note may transfer such interest in the form of a beneficial interest in such Regulation S Global Rated Note or Regulation S Global Combination Note without the provision of written certification; *provided*, that (a) such transfer is not made to a U.S. Person or for the account or benefit of a U.S. Person and is effected through Euroclear or Clearstream, Luxembourg in an offshore transaction as required by Regulation S and only in accordance with the Applicable Procedures, (b) the transferee thereof will be deemed to have made certain representations set forth in the Indenture, and (c) any transfer not effected in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S may be made only upon provision to the Note Registrar of written certification in the form provided for in the Indenture or the Preferred Share Paying Agency Agreement, as applicable. An owner of a beneficial interest in a Restricted Global Rated Note may transfer such interest in the form of a beneficial interest in such Restricted Global Rated Note without the provision of written certification; *provided*, that (a) such transfer is made to a Qualified Purchaser that the transferor reasonably believes is a Qualified Institutional Buyer and (b) the transferee thereof will be deemed to have made certain representations set forth in the Indenture. Each transferee and/or transferor of Preferred Shares will be required to execute and deliver to the Issuer and the Preferred Share Paying Agent a certificate in the applicable form attached as an exhibit to the Preferred Share Paying Agency Agreement to the effect that certain representations are true with respect to such transferee and/or transferor and such transferee and/or transferor will not transfer such Preferred Share except in compliance with the transfer restrictions set forth in the Preferred Share Paying Agency Agreement (including the requirement that any subsequent transferee execute and deliver such certificate). Each transferee of a Definitive Rated Note or Definitive Combination Note will be required to execute and deliver to the Issuer and the Trustee a certificate in the form attached as an exhibit to the

Indenture to the effect that certain representations are true with respect to such transferee and such transferee will not transfer such Definitive Rated Note or Definitive Combination Note except in compliance with the transfer restrictions set forth in the Indenture (including the requirement that any subsequent transferee execute and deliver such certificate). Pursuant to each such transferee certificate, the transferee (a) will acknowledge, represent to and agree with the Issuer and the Trustee as to the matters set forth in each of paragraphs (1) through (19), (20) or (21) above, as applicable (other than paragraphs (1), (3) and (11) above), as if each reference therein to "the purchaser" were instead a reference to the transferee and (b) will further represent to and agree with the Issuer and the Trustee as follows (and each transferee of a beneficial interest in a Restricted Global Rated Note that takes such interest in the form of a beneficial interest in such Restricted Global Rated Note shall be deemed to represent as follows and each transferee of a beneficial interest in a Regulation S Global Rated Note, Regulation S Preferred Share or Regulation S Global Combination Note that takes such interest in the form of a beneficial interest in such Regulation S Global Rated Note, Regulation S Preferred Share or Regulation S Global Combination Note shall be deemed to represent as follows):

(1) In the case of a transferee who takes delivery of Restricted Definitive Rated Note, Restricted Definitive Combination Note or an interest in a Restricted Global Rated Note, it (i) is a Qualified Purchaser that is a Qualified Institutional Buyer, purchasing for its own account, to whom notice has been given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A, (ii) is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such purchaser owns and invests on a discretionary basis at least U.S.$25,000,000 in securities of issuers that are not affiliated persons of the dealer, (iii) 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, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan, (iv) it will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any transferee, (v) is aware that the sale to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, and (vi) is acquiring such Rated Notes for its own account. In the case of a transferee who takes delivery of Regulation S Rated Notes or Regulation S Combination Notes, it (i) is acquiring such Regulation S Rated Notes in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (ii) is acquiring such Regulation S Rated Notes or Regulation S Combination Notes for its own account, (iii) is not acquiring, and has not entered into any discussions regarding its acquisition of, such Regulation S Rated Notes or Regulation S Combination Notes while it is in the United States or any of its territories or possessions, (iv) understands that such Regulation S Rated Notes or Regulation S Combination Notes are being sold without registration under the Securities Act by reason of an exemption that depends, in part, on the accuracy of these representations, and (v) understands that such Regulation S Rated Notes or Regulation S Combination Notes may not, absent an applicable exemption, be transferred without registration and/or qualification under the Securities Act and applicable state securities laws and the laws of any other applicable jurisdiction.

(2) In the case of a transferee who takes delivery of a Preferred Share, either (A) it (i) is a Qualified Purchaser that is (x) a Qualified Institutional Buyer, purchasing for its own account, to whom notice has been given that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A or (y) who is an Accredited Investor, in a transaction exempt from registration under the Securities Act, subject to the delivery of such certification, legal opinions or other information as the Issuer may require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (ii) is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such purchaser owns and invests on a discretionary basis at least U.S.$25,000,000 in securities of issuers that are not affiliated persons of the dealer, (iii) 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, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan, (iv) it will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any transferee, (v) is aware that the sale to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, and (vi) is acquiring such Preferred Shares for its own account or (B) it (i) is acquiring such Preferred Shares in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 904 of Regulation S, (ii) is acquiring such Preferred Shares for its own account, (iii) is not acquiring, and has not entered into any discussions regarding its acquisition of, such Preferred Shares while it is in the United States or any of its territories or possessions, (iv) understands that such Preferred Shares are being sold without registration under the Securities Act by reason of an exemption that depends, in part, on the accuracy of these representations, and (v) understands that such Preferred Shares may not, absent an applicable exemption, be transferred without registration and/or qualification under the Securities Act and applicable state securities laws and the laws of any other applicable jurisdiction.

(3) It acknowledges that the foregoing acknowledgements, representations and agreements will be relied upon by the Trustee or Preferred Share Paying Agent for the purpose of determining its eligibility to purchase Rated Notes, Combination Notes or Preferred Shares, as applicable. It agrees to provide, if requested, any additional information that may be required to substantiate its status as a Qualified Institutional Buyer or under the exception provided pursuant to Section 3(c)(7) of the 1940 Act, to determine compliance with ERISA and/or Section 4975 of the Code or to otherwise determine its eligibility to purchase Rated Notes, Combination Notes or Preferred Shares, as applicable.

LISTING AND GENERAL INFORMATION

1. Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA") for the Offering Circular to be approved and to the Irish Stock Exchange for the admittance of the Rated Notes and the Combination Notes to the Official List. Solely for the purpose of listing the Rated Notes and the Combination Notes on the Irish Stock Exchange, this Offering Circular constitutes a prospectus (the "Prospectus") for the purposes of Directive 2003/71/EC (the "Prospectus Directive"). References throughout this document to the "Offering Circular" shall be taken to read "Prospectus" for such purpose. Approval (if granted) relates only to "notes" or "alternative investments" which are to be admitted to trading on the 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 cost of obtaining listing of the Rated Notes and the Combination Notes on the Irish Stock Exchange is expected to be approximately €25,000. Copies of the final Offering Circular, the Issuer Charter, the Collateral Management Agreement, the Placement Agreement, the Collateral Administration Agreement, the Certificate of Incorporation and By-laws of the Co-Issuer and the Indenture will be deposited with RSM Robson Rhodes in its capacity as Irish listing agent located in Dublin, Ireland (in such capacity, the "Irish Listing Agent") and as the Irish Paying Agent.

2. Application has been made to list the Preferred Shares on the Channel Islands Stock Exchange and copies of the documents enumerated in the preceding paragraph will be deposited with Bailhache Labesse Securities Limited in its capacity as Channel Islands listing agent (in such capacity, the "Channel Islands Listing Agent").

3. For the life of this document electronic copies of the documents enumerated in paragraph 1 may be obtained, free of charge, upon request from the related designated listing agent within such

period of time from the listing of the Rated Notes and the Combination Notes on the Irish Stock Exchange and the listing of the Preferred Shares on the Channel Islands Stock Exchange as the rules of the applicable stock exchange mandate. Copies of the documents referred to in paragraph 1 will also be available for inspection at the registered office of the Issuer, in electronic format for the life of this document.

4. Because there can be no assurance that listing on the Channel Islands Stock Exchange can be obtained or will be maintained, the Co-Issuers reserve the right to list the Preferred Shares on a stock exchange outside the European Union that is a member of the International Federation of Stock Exchanges ("IFSE") and is organized or incorporated in a state that is a member of the Organization for Economic Cooperation and Development ("OECD"). Initially, no application will be made to list the Preferred Shares on any other stock exchange.

5. Copies of the Issuer Charter, the Certificate of Incorporation and By-laws of the Co-Issuer, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Offered Securities and the resolutions of the Board of Directors of the Co-Issuer authorizing the issuance of the Rated Notes, the Indenture and the Collateral Management Agreement may be obtained free of charge, for the life of this document, at the office of the Trustee on behalf of the Issuer.

6. Each of the Co-Issuers represents that there has been no material adverse change in its financial position since its date of creation. The Co-Issuers are not, and have not since incorporation been, involved in any governmental, litigation or arbitration proceedings relating to the Rated Notes or claims in amounts which may have or have had a material effect on the Co-Issuers in the context of the issue of the Rated Notes, nor, so far as such Issuer or Co-Issuer is aware, is any such governmental, litigation or arbitration involving it pending or threatened.

7. The Issuer is a "special purpose vehicle" incorporated in the Cayman Islands as an exempted company with limited liability and the Co-Issuer is a "special purposes vehicle" incorporated in the State of Delaware. The issuance of the Rated Notes, the Combination Notes and the Preferred Shares was authorized by the Board of Directors of the Issuer by resolutions passed on December 14, 2005. The issuance of the Rated Notes was authorized by the Board of Directors of the Co-Issuer by resolutions passed on December 14, 2005. Since incorporation, neither the Issuer nor the Co-Issuer has commenced trading or established any accounts, except as disclosed herein or accounts used to hold amounts received with respect to share capital and fees.

8. The Co-Issuer is not required by the law of the State of Delaware, and the Co-Issuer does not intend, to publish annual reports and accounts. The Issuer is not required by the law of the Cayman Islands, and the Issuer does not intend, to publish annual reports and accounts. The Indenture, however, requires the Issuer to provide written confirmation to the Trustee, on an annual basis, that no Event of Default or other matter which is required to be brought to the Trustee's attention has occurred.

9. Rated Notes, Combination Notes and Preferred Shares sold in offshore transactions in reliance on Regulation S and represented by Regulation S Global Rated Notes, Regulation S Global Combination Notes or Regulation S Global Preferred Shares have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The table below lists the CUSIP (CINS) Numbers and the International Securities Identification Numbers (ISIN) for Rated Notes and Preferred Shares represented by Regulation S Global Rated Notes or Restricted Global Rated Notes:

	CUSIP	ISIN

	CUSIP	ISIN
Class A-1 Notes (Regulation S)*	G0158WAA0	USG0158WAA02
Class A-1 Notes (Rule 144A)*	01449TAA1	US01449TAA16
Delayed Draw Series 1 (Regulation S)	G0158WAA0	USG0158WAA02
Delayed Draw Series 1 (Rule 144A)	01449TAA1	US01449TAA16
Delayed Draw Series 2 (Regulation S)	G0158WAM4	USG0158WAM40
Delayed Draw Series 2 (Rule 144A)	01449TAM5	US01449TAM53
Delayed Draw Series 3 (Regulation S)	G0158WAN2	USG0158WAN23
Delayed Draw Series 3 (Rule 144A)	01449TAN3	US01449TAN37
Delayed Draw Series 4 (Regulation S)	G0158WAP7	USG0158WAP70
Delayed Draw Series 4 (Rule 144A)	01449TAP8	US01449TAP84
Class A-2A Notes (Regulation S)	G0158WAB8	USG0158WAB84
Class A-2A Notes (Rule 144A)	01449TAB9	US01449TAB98
Class A-2B Notes (Regulation S)	G0158WAC6	USG0158WAC67
Class A-2B Notes (Rule 144A)	01449TAC7	US01449TAC71
Class B-1 Notes (Regulation S)	G0158WAD4	USG0158WAD41
Class B-1 Notes (Rule 144A)	01449TAD5	US01449TAD54
Class B-2 Notes (Regulation S)	G0158WAE2	USG0158WAE24
Class B-2 Notes (Rule 144A)	01449TAE3	US01449TAE38
Class C-1 Notes (Regulation S)	G0158WAF9	USG0158WAF98
Class C-1 Notes (Rule 144A)	01449TAF0	US01449TAF03
Class C-2 Notes (Regulation S)	G0158WAG7	USG0158WAG71

* Class A-1 Notes drawn on the Closing Date will be identified by the CUSIP numbers and ISIN numbers for the Delayed Draw Series 1 indicated above. Class A-1 Notes drawn after the Closing Date will be identified by separate CUSIP numbers and ISIN numbers related to each applicable draw date as indicated for the Delayed Draw Series 2, Delayed Draw Series 3 and Delayed Draw Series 4 above.

	CUSIP	ISIN
Class C-2 Notes (Rule 144A)	01449TAG8	US01449TAG85
Class C-3 Notes (Regulation S)	G0158WAH5	USG0158WAH54
Class C-3 Notes (Rule 144A)	01449TAH6	US01449TAH68
Class C-4 Notes (Regulation S)	G0158WAJ1	USG0158WAJ11
Class C-4 Notes (Rule 144A)	01449TAJ2	US01449TAJ25
Class D-1 Notes (Regulation S)	G0158WAK8	USG0158WAK83
Class D-1 Notes (Rule 144A)	01449TAK9	US01449TAK97
Class D-2 Notes (Regulation S)	G0158WAL6	USG0158WAL66
Class D-2 Notes (Rule 144A)	01449TAL7	US01449TAL70
Preferred Shares (Regulation S)	G0158U106	KYG0158U1067
Preferred Shares (Restricted)	01449R206	US01449R2067
Combination Notes (Regulation S)	G0158UAA4	USG0158UAA46
Combination Notes (Rule 144A)	01449RAA5	US01449RAA59

LEGAL MATTERS

Certain legal matters with respect to the Offered Securities will be passed upon for the Co-Issuers and Merrill Lynch, Pierce, Fenner & Smith Incorporated by Mayer, Brown, Rowe & Maw LLP. Certain matters with respect to Cayman Islands corporate law and tax law will be passed upon for the Issuer by Walkers. Certain legal matters with respect to the Collateral Manager will be passed upon by Weil, Gotshal & Manges LLP. Weil, Gotshal & Manges LLP will also act as special U.S. federal income tax counsel to the Issuer.

ANNEX A

GLOSSARY OF CERTAIN DEFINED TERMS

"Adjusted Issue Price" means, with respect to any security, (a) the price at which such security was issued upon original issuance minus (b) if the Issue Price Adjustment with respect to such security on such date of determination is positive, such Issue Price Adjustment plus (c) if the Issue Price Adjustment with respect to such security on such date of determination is negative, the absolute value of such Issue Price Adjustment.

"*Affected Class*" means, in relation to any Tax Redemption, any Class of Rated Notes that, as a result of the occurrence of a Tax Event, has not received 100% of the aggregate amount of principal and interest payable to such Class on any Distribution Date.

"*Aggregate Principal Balance*" means, when used with respect to any Pledged Securities as of any date of determination, the sum of the Principal Balances on such date of determination of all such Pledged Securities.

"*Applicable Recovery Rate*" means with respect to any Collateral Debt Security, (i) which is a Bank Trust Preferred Security, Bank Subordinated Note or Senior Security issued by a bank or bank holding company, 10% and (ii) which is an Insurance Trust Preferred Security, Insurance Subordinated Note, Surplus Note or Senior Security issued by an insurance company or an insurance holding company, 5%.

"*Applicable Regulator*" means an Applicable Bank Regulator or Applicable Insurance Regulator, as the context shall require.

"Average Life" means, on any Measurement Date with respect to any Collateral Debt Security, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded to the nearest one tenth thereof) from such Measurement Date to the respective dates of each successive Distribution of principal of such Collateral Debt Security and (b) the respective amounts of principal of such scheduled Distributions by (ii) the sum of all successive Distributions of principal on such Collateral Debt Security.

"Benchmark Rate" means (a) with respect to Collateral Debt Securities that bear interest at a floating rate, the offered rate for Dollar deposits in Europe of six months that appears on Telerate Page 3750 (or such other page as may replace such Telerate Page 3750 for the purpose of displaying comparable rates), as of 11:00 a.m. (London time) on the second LIBOR Business Day preceding the trade date of such Collateral Debt Securities and (b) with respect to Collateral Debt Securities that do not bear interest at a floating rate, the yield reported, as of 10:00 a.m. (New York City time) on the second Business Day preceding the trade date of such Collateral Debt Securities, on the display designated as "Page 678" on the Telerate Access Service (or such other display as may replace Page 678 on Telerate Access Service) for actively traded U.S. Treasury securities having a maturity equal to the Weighted Average Life of such Collateral Debt Securities on such trade date.

"Benchmark Rate Change" means, as of any date of determination with respect to any fixed rate Collateral Debt Security, an amount (expressed as a percentage, which may be positive or negative) equal to (a) the Benchmark Rate with respect to such fixed rate Collateral Debt Security on such date of determination minus (b) the Benchmark Rate with respect to such fixed rate Collateral Debt Security on its date of original issuance.

"*Business Day*" means a day on which commercial banks and foreign exchange markets settle payments in each of New York City, London and the city in which the corporate trust office of the Trustee at which the Indenture is principally administered is located and, in the case of the final payment of principal of a Rated Note, the place of presentation of such Rated Note; *provided* that "London" shall be excluded from the definition of Business Day when such term is used in the phrase "fifth Business Day" contained in the definition of "Due Period".

"*Calculation Amount*" means, with respect to any Defaulted Security or Deferred Interest Collateral Debt Security at any time, the product of the Applicable Recovery Rate and the Principal Balance of such Defaulted Security or Deferred Interest Collateral Debt Security.

"*Call Premium*" means any premiums received in connection with the redemption of any Collateral Debt Securities.

"*Capital Treatment Event*" means, (A) in the case of an Affiliated Financial Institution that is a bank holding company, the receipt by such Affiliated Financial Institution and its Trust Preferred Securities Issuer of an opinion of counsel experienced in such matters to the effect that, as a result of any amendment to, or change in, the laws, rules or regulations of the United States or any political subdivision thereof or therein, or as the result of any official or administrative pronouncement or action or decision interpreting or applying such laws, rules or regulations, which amendment or change is effective or which pronouncement, action or decision is announced on or after the date of original issuance of the Corresponding Debentures, there is more than an insubstantial risk that such Affiliated Financial Institution will not, within 90 days of the date of such opinion, be entitled to treat an amount equal to the Principal Balance of the Trust Preferred Securities as "Tier 1 Capital" (or the then equivalent thereof) for purposes of the capital adequacy guidelines of the Federal Reserve (or any successor regulatory authority with jurisdiction over bank holding companies), as then in effect and applicable to such Affiliated Financial Institution; *provided*, that the distribution of Corresponding Debentures in connection with the liquidation of its Trust Preferred Securities Issuer by such Affiliated Financial Institution shall not in and of itself constitute a Capital Treatment Event unless such liquidation shall have occurred in connection with a Trust Preferred Securities Tax Event or an Investment Company Event or (B) in the case of an Affiliated Financial Institution that is a thrift holding company or other holding company of a depository institution, the receipt by such Affiliated Financial Institution and its Trust Preferred Securities Issuer of an opinion of counsel experienced in such matters to the effect that, as a result of (1) any amendment to, or change in, the laws, rules or regulations of the United States or any political subdivision thereof or therein, or any rules, guidelines or policies of an applicable regulatory authority for such Affiliated Financial Institution or (2) any official or administrative pronouncement or action or decision interpreting or applying such laws, rules or regulations, which amendment or change is effective or which pronouncement, action or decision is announced on or after the date of original issuance of the Corresponding Debentures, there is more than an insubstantial risk that such Affiliated Financial Institution will not, within 90 days of the date of such opinion, be entitled to treat an amount equal to the aggregate Principal Balance of its Trust Preferred Securities as "Tier 1 Capital" (or its then equivalent if such Affiliated Financial Institution were subject to such capital requirement) applied as if such Affiliated Financial Institution (or its successors) were a bank holding company for purposes of the capital adequacy guidelines of the Federal Reserve (or any successor regulatory authority with jurisdiction over bank holding companies), or any capital adequacy guidelines as then in effect and applicable to such Affiliated Financial Institution; *provided*, that the distribution of the Corresponding Debentures in connection with the liquidation of its Trust Preferred Securities Issuer by such Affiliated Financial Institution shall not in and of itself constitute a Capital Treatment Event unless such liquidation shall have occurred in connection with a Trust Preferred Securities Tax Event or an Investment Company Event. Recent accounting developments could lead to Affiliated Financial Institutions not being entitled to treat an

amount equal to the Principal Balance of the related Trust Preferred Securities as "Tier 1 Capital". See "Risk Factors—Accounting Treatment".

"*Class A Overcollateralization Ratio*" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) the Net Outstanding Portfolio Collateral Balance on such Measurement Date by (b) the sum of the (1) aggregate outstanding principal amount of the Class A-1 Notes (including any unfunded Commitments) plus (2) the aggregate outstanding principal amount of the Class A-2 Notes.

"*Class B/C/D Overcollateralization Ratio*" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) the Net Outstanding Portfolio Collateral Balance on such Measurement Date by (b) (1) the aggregate outstanding principal amount of the Class A-1 Notes (including any unfunded Commitments) plus (2) the aggregate outstanding principal amount of the Class A-2 Notes plus (3) the aggregate outstanding principal amount of the Class B Notes (including, without duplication, any Class B Deferred Interest) plus (4) the aggregate outstanding principal amount of the Class C Notes (including, without duplication, any Class C Deferred Interest) plus (5) the aggregate outstanding principal amount of the Class D Notes (including, without duplication, any Class D Deferred Interest).

"*Credit Risk Security*" means any Collateral Debt Security that satisfies one of the following criteria: (a) so long as no rating of any Class of Rated Notes has been reduced or withdrawn by any Rating Agency, the Collateral Manager believes (as of the date of the Collateral Manager's determination based upon currently available information) that such Collateral Debt Security has a significant risk of declining in credit quality and, with lapse of time, becoming a Defaulted Security; or (b) if at the time of such proposed sale, the rating of any Class of Rated Notes has been reduced or withdrawn by any Rating Agency, the rating of such Collateral Debt Security has been withdrawn, downgraded or put on a watch list for possible downgrade by any Rating Agency by one or more rating subcategories, or the Fitch Score has been reduced by Fitch, since it was acquired by the Issuer and the Collateral Manager believes (as of the date of the Collateral Manager's determination based upon currently available information) that such Collateral Debt Security has a significant risk of declining in credit quality and, with lapse of time, becoming a Defaulted Security or Deferred Interest Collateral Debt Security.

"*Current Coupon*" means, as of any date of determination, (i) with respect to any Collateral Debt Security which is a fixed rate Collateral Debt Security, the stated rate at which interest accrues on such fixed rate Collateral Debt Security and (ii) with respect to any Collateral Debt Security which is a Deemed Fixed Rate Collateral Debt Security, the Deemed Fixed Spread plus the Deemed Fixed Rate, each related to such Deemed Fixed Rate Collateral Debt Security.

"*Current Spread*" means, as of any date of determination, (i) with respect to any Collateral Debt Security which is a floating rate Collateral Debt Security, the stated spread above or below LIBOR at which interest accrues on such floating rate Collateral Debt Security, (ii) with respect to any Collateral Debt Security which is a Deemed Floating Rate Collateral Debt Security, the Deemed Floating Rate plus the Deemed Floating Spread, each related to such Deemed Floating Rate Collateral Debt Security.

"*Deemed Fixed Rate*" means a rate equal to the fixed rate that the related Hedge Counterparty agrees to pay on a Deemed Fixed Rate Hedge Agreement at the time such agreement is executed.

"*Deemed Fixed Rate Collateral Debt Security*" means a floating rate Collateral Debt Security the interest rate of which is hedged into a fixed rate Collateral Debt Security pursuant to the terms of a Deemed Fixed Rate Hedge Agreement; *provided* that the aggregate principal balance of all Deemed Fixed

Rate Collateral Debt Securities and Deemed Floating Rate Collateral Debt Securities shall not exceed 10% of the aggregate Principal Balance of all Collateral Debt Securities.

"*Deemed Fixed Rate Hedge Agreement*" means, with respect to a floating rate Collateral Debt Security, an interest rate swap having a notional amount (or scheduled notional amounts) equal to the Principal Balance (as it may be reduced by expected amortization) of such floating rate Collateral Debt Security.

"*Deemed Fixed Spread*" means the spread over LIBOR on each floating rate Collateral Debt Security that comprises a Deemed Fixed Rate Collateral Debt Security (excluding all Defaulted Securities and Deferred Interest Collateral Debt Securities) less the amount of such spread, if any, required to be paid to the related Hedge Counterparty. For purposes of this definition, in the case of any floating rate Collateral Debt Security that does not bear interest at a rate expressed as a stated spread above or below LIBOR, the stated spread to LIBOR relating to such floating rate Collateral Debt Security shall be calculated on any Measurement Date by the Collateral Manager in its sole judgment on behalf of the Issuer by subtracting LIBOR (as determined on the most recent LIBOR Determination Date) from the interest rate payable on such floating rate Collateral Debt Security.

"*Deemed Floating Rate*" means the floating rate in excess of LIBOR or such other floating rate index as applicable that the related Hedge Counterparty agrees to pay on a Deemed Floating Rate Hedge Agreement at the time such agreement is executed.

"*Deemed Floating Rate Collateral Debt Security*" means a fixed rate Collateral Debt Security the interest rate of which is hedged into a floating rate Collateral Debt Security pursuant to the terms of a Deemed Floating Rate Hedge Agreement; *provided* that the aggregate principal balance of all Deemed Fixed Rate Collateral Debt Securities and Deemed Floating Rate Collateral Debt Securities shall not exceed 10% of the aggregate Principal Balance of all Collateral Debt Securities.

"*Deemed Floating Rate Hedge Agreement*" means, with respect to a fixed rate Collateral Debt Security, an interest rate swap having a notional amount (or scheduled notional amounts) equal to the Principal Balance (as it may be reduced by expected amortization) of such fixed rate Collateral Debt Security.

"*Deemed Floating Spread*" means the difference between the stated rate at which interest accrues on each fixed rate Collateral Debt Security that comprises a Deemed Floating Rate Collateral Debt Security (excluding all Defaulted Securities and Deferred Interest Collateral Debt Securities) and the Fixed Payment Rate.

"*Defaulted Interest*" means any interest due and payable in respect of any Rated Note (or when used with respect to the Class A-1 Notes and the calculation of the Commitment Fee Amount, the Commitment Fee) that is not punctually paid or duly provided for on the applicable Distribution Date or at Stated Maturity. Defaulted Interest will not include Class B Deferred Interest, Class C Deferred Interest or Class D Deferred Interest.

"*Defaulted Security*" means any Pledged Security with respect to which (i) there has occurred and is continuing any default or event of default under the related Underlying Instrument which entitles the holders thereof, with the giving of notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such Pledged Security, (ii) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer of such Pledged Security or Eligible Security or there has been effected any distressed exchange or any other debt restructuring where the issuer or obligor of such Pledged Security has offered the debt holders a new security or package of securities that

does not meet the definition of "Collateral Debt Security" contained herein, or (iii) the Collateral Manager knows the issuer thereof or obligor thereon is in default (without giving effect to any applicable grace period or waiver) as to payment of principal and/or interest on another obligation (and such default has not been cured or waived) which is senior or *pari passu* in right of payment to such Pledged Security; *provided*, that any such security shall be considered a Defaulted Security only until such time as the default or event of default has been cured or waived and such security otherwise satisfies the criteria for inclusion of securities in the Collateral described in the definition of "Collateral Debt Security" or "Eligible Investments," as applicable to such security.

"*Deferred Interest Collateral Debt Security*" means any Collateral Debt Security with respect to which payment of interest (or, with respect to Surplus Notes, dividends) either in whole or in part has been deferred and for which any such deferred interest (or, with respect to Surplus Notes, dividends) remains outstanding, but only until such time as payment of interest (or, with respect to Surplus Notes, dividends) on such Collateral Debt Security has resumed and all capitalized and deferred interest has been paid in accordance with the terms of the Underlying Instruments.

"*Determination Date*" means the last day of a Due Period.

"*Diversity Score*" means a measure of geographic diversity of obligors, and is the score determined by Moody's in accordance with the formula (which may be revised from time to time by Moody's) attached hereto as Exhibit A.

"*Eligible Investments*" means any Dollar-denominated investment that is one or more of the following (and may include investments for which the Trustee and/or its affiliates or the Collateral Manager and/or its affiliates is an obligor or depository institution or provides services or receives compensation):

(a) direct registered obligations of, and registered obligations the timely payment of principal of and interest on which is fully and expressly guaranteed by, the United States of America, or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America;

(b) demand and time deposits in, and certificates of deposit of, bankers acceptances issued by, or federal funds sold by any depository institution or trust company (including the Trustee) organized under the laws of the United States of America or any state thereof and subject to the supervision and examination by federal and/or state banking authorities so long as the commercial paper and/or debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of "Aa2" by Moody's, "A-1+" by Standard & Poor's and, if rated by Fitch, "AA-" by Fitch, in the case of debt obligations, or "P-1" by Moody's and, if rated by Fitch, "F1+" by Fitch or better, in the case of commercial paper and short-term debt obligations with a term to maturity of greater than 30 days but less than one year or, "F1" or better if with a term to maturity of less than 30 days;

(c) registered securities bearing interest or sold at a discount issued by any corporation under the laws of the United States of America or any state thereof that have a credit rating of "Aa3" by Moody's, "AA-" by Standard & Poor's and, if rated by Fitch, "AA-" by Fitch at the time of such investment or contractual commitment providing for such investment;

(d) unleveraged repurchase obligations with respect to any security described in clause (a) above, entered into with a depository institution or trust company (acting as principal) described in clause (b) or entered into with a corporation (acting as principal) whose short-term debt has a credit rating of "P-1" by Moody's, "A-1+" by Standard & Poor's and, if rated by Fitch, "F1+" by Fitch or better at the time of such investment in the case of any repurchase obligation for a security having a maturity not more than 183 days from the date of its issuance or whose long-term debt has a credit rating of "Aa3" by Moody's, "AA-" by Standard & Poor's and, if rated by Fitch, "AA-" by Fitch or better at the time of such investment in the case of any repurchase obligation for a security having a maturity more than 183 days from the date of its issuance;

(e) commercial paper or other short-term obligations having at the time of such investment a credit rating of "P-1" by Moody's, "A-1+" by Standard & Poor's and, if rated by Fitch, "F1+" by Fitch or better and either are bearing interest or are sold at a discount from the face amount thereof and that have a maturity of not more than 183 days from its date of issuance; *provided*, that in the case of commercial paper with a maturity of longer than 91 days, the issuer of such commercial paper (or, in the case of a principal depository institution in a holding company system, the holding company of such system), if rated by the Rating Agency, must have at the time of such investment a long-term credit rating of "Aa2" by Moody's, "AA-" by Standard & Poor's and, if rated by Fitch, "AA-" by Fitch;

(f) offshore money market funds with respect to any investments described in clauses (a) through (e) above having, at the time of such investment, a credit rating of not less than "MR1+" and "Aaa" by Moody's, "AAAm" or "AAAm-G" by Standard & Poor's and, if rated by Fitch, "AAA" by Fitch; and

(g) interest-bearing demand cash accounts held at U.S. Bank National Association.

provided, that Eligible Investments purchased with funds in the Collection Account shall be held; until maturity except as otherwise specifically provided herein and shall include only such obligations or securities as mature no later than the Business Day prior to the Distribution Date next succeeding the date of investment in such obligations or securities, unless such Eligible Investments are issued by the Trustee in its capacity as a banking institution, in which event such Eligible Investments may mature on such Distribution Date; and *provided, further*, that Eligible Investments shall not have payments subject to foreign or United States withholding tax, shall not be subject to an Offer, shall not be "mortgage-backed securities," shall not have an Standard & Poor's rating which contains a subscript "r," "t," "p," "pi" or "q" and shall not have all, or substantially all, of the remaining amounts payable thereunder consist of interest and not principal payments.

"*Equity Security*" means any equity security acquired by the Issuer as a result of the exercise or conversion of a Collateral Debt Security, in conjunction with the purchase of a Collateral Debt Security or in exchange for a Defaulted Security; *provided*, that no Trust Preferred Security shall constitute an Equity Security.

"*Fixed Payment Rate*" means the fixed rate that the Issuer agrees to pay to the related Hedge Counterparty under a Deemed Floating Rate Hedge Agreement at the time such agreement is executed.

"*Fixed Rate Excess*" means, as of any date of determination, a fraction (expressed as a percentage) the numerator of which is equal to the product of (a) the greater of zero and the excess, if any, of the Weighted Average Coupon for such date of determination over 6.52% (as adjusted for the Swap Differential) and (b) the aggregate Principal Balance of all fixed rate Collateral Debt Securities and

Deemed Fixed Rate Collateral Debt Securities (excluding Defaulted Securities and Deferred Interest Collateral Debt Securities) and the denominator of which is the aggregate Principal Balance of all Floating Rate Securities and Deemed Floating Rate Collateral Debt Securities (excluding Defaulted Securities and Deferred Interest Collateral Debt Securities).

"*Hedge Counterparty Ratings Requirement*" shall mean, with respect to the Hedge Counterparty or any transferee thereof, (a) either (i) the rating of the short-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Rating Determining Party or such transferee is at least "A-1" by Standard & Poor's or (ii) the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Rating Determining Party or such transferee is at least "A+" by Standard & Poor's if the related Hedge Rating Determining Party does not have a short-term rating, (b) (i) if the related Hedge Rating Determining Party or such transferee has an unsecured, unguaranteed and otherwise unsupported long-term debt rating by Moody's, the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Rating Determining Party or such transferee is at least "Aa3" (and is not on credit watch for possible downgrade) by Moody's or (ii) if the related Hedge Rating Determining Party has both a long-term and a short-term rating, (x) the rating of the unsecured, unguaranteed and otherwise unsupported long-term senior debt obligations of the related Hedge Rating Determining Party or such transferee is at least "A1"(and is not on credit watch for possible downgrade) by Moody's and (y) the rating of the unsecured, unguaranteed and otherwise unsupported short-term senior debt obligations of the related Hedge Rating Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is "P-1" (and is not on credit watch for possible downgrade) by Moody's or (c) either (i) the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Rating Determining Party or such transferee is at least "A" by Fitch if the related Hedge Rating Determining Party or such transferee does not have a short-term rating by Fitch or (ii) the rating of the short-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Rating Determining Party or such transferee is at least "F1" by Fitch.

"*Hedge Payment Amount*" means, with respect to a Hedge Agreement and any Distribution Date, the amount, if any, then payable to the Hedge Counterparty by the Issuer net of all amounts payable to the Issuer by the Hedge Counterparty as determined by the Collateral Manager on behalf of the Issuer and certified to the Trustee.

"*Hedge Ratings Determining Party*" means, (a) unless clause (b) applies, the Hedge Counterparty or any transferee thereof or (b) any affiliate of the Hedge Counterparty or any transferee thereof that unconditionally and absolutely guarantees (with such form of guarantee satisfying Standard & Poor's then-published criteria with respect to guarantee) the obligations of the Hedge Counterparty or such transferee, as the case may be under this Agreement. For the purpose of this definition, no direct or indirect recourse against one or more shareholders of the Hedge Counterparty or any such transferee (or against any Person in control of, or controlled by, or under common control with any such shareholder) shall be deemed to constitute a guarantee, security or support of the obligations of the Hedge Counterparty or any such transferee.

"*Interest Period*" means (a) in the case of each of the Class A-2B Notes, Class B-2 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes and Class D-2 Notes for so long as the Class A-2B Notes, Class B-2 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes and Class D-2 Notes accrue interest at a fixed rate, (i) in the initial Interest Period, the period from, and including, the Closing Date to, but excluding, the twenty-third day of the month in which the applicable Distribution Date falls (irrespective of whether such day is a Business Day), (ii) thereafter, the period from, and including, the date immediately following the last day of the immediately preceding Interest Period to, but excluding, the

twenty-third day of the month in which the applicable Distribution Date falls (irrespective of whether such day is a Business Day) and (iii) with respect to the final Interest Period, the period from and including, the date following the last day of the immediately preceding Interest Period to, but excluding the Stated Maturity and (b) in the case of all other Rated Notes (including the Class A-2B Notes, Class B-2 Notes, Class C-2 Notes, Class C-3 Notes, Class C-4 Notes and Class D-2 Notes after they begin to accrue interest at a floating rate), (i) in the case of the initial Interest Period, the period from, and including, the Closing Date to, but excluding, the first Distribution Date, (ii) thereafter, the period from, and including, the Distribution Date immediately following the last day of the immediately preceding Interest Period to, but excluding, the next succeeding Distribution Date; *provided*, that in the event that any date identified as a Distribution Date (other than a Redemption Date or at Stated Maturity) falls on a day other than a Business Day, the Distribution Date shall be deemed to be the next succeeding Business Day and Interest shall accrue on such payment for the period from and after any such identified date to such next succeeding Business Day.

"*Interest Proceeds*" means, with respect to any Due Period, the sum (without duplication) of: (i) all payments of interest with respect to any Pledged Security received during such Due Period (including, without limitation, any amounts received in respect of accrued interest on Collateral Debt Securities purchased on the Closing Date), (ii) the Reinvestment Income, if any, representing interest or other earnings on amounts deposited in the Collection Account which is received during the related Due Period, (iii) the portion of any payments of interest received during the related Due Period on the Pledged Securities representing interest accrued prior to the date of purchase, (iv) all amendments and waiver fees, all late payment fees and all other fees and commissions received during the related Due Period (other than fees and commissions received in connection with Defaulted Securities and Deferred Interest Collateral Securities), (v) all payments received from the Interest Reserve Account and the First Distribution Date Reserve Account, (vi) all payments received pursuant to the Hedge Agreements including payments received up to the Distribution Date (excluding any payments received by reason of an event of default or termination event that are required to be used for the purchase of one or more replacement Hedge Agreements) less any deferred premium payments payable by the Issuer under the Hedge Agreements on the Distribution Date immediately following such Due Period, and (vii) all premiums (including call premiums from tender) received during such Due Period; *provided*, that, solely for purposes of distributions thereof on any Distribution Date and not for any other purpose (including, without limitation, any Coverage Test), amounts representing Sale Proceeds that are intended to be reinvested in Additional Collateral Debt Securities as permitted by the Indenture shall be excluded from this definition; and *provided, further*, that interests received on Defaulted Securities (other than interests received on the Defaulted Securities in excess of par) shall be excluded from this definition.

"*Investment Company Event*" means, with respect to any Trust Preferred Securities, the receipt by the applicable Affiliated Financial Institution and its subsidiary Trust Preferred Securities Issuer of an opinion of counsel experienced in such matters to the effect that, as a result of a change in law or regulation or written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, there is more than an insubstantial risk that such Trust Preferred Securities Issuer is or, within 90 days of the date of such opinion will be, considered an "investment company" that is required to be registered under the 1940 Act, which change becomes effective or would become effective, as the case may be, on or after the date of original issuance of the related Corresponding Debentures.

"Issue Price Adjustment" means, as of any date of determination, , (A) with respect to any floating rate Collateral Debt Security, 0%, (B) with respect to any fixed rate Collateral Debt Security (x) upon original issuance thereof, 0% and (y) on any date after the original issuance thereof, the product of (i) the current duration of such fixed rate Collateral Debt Security (calculated by the Collateral Manager on a commercially reasonable basis in accordance with the standard of care set forth in the Collateral

Management Agreement) multiplied by (ii) the Benchmark Rate Change on such date of determination multiplied by (iii) the price (expressed as a percentage of par) at which such security was issued upon original issuance and (C) with respect to any fixed/floating rate Collateral Debt Security (x) upon original issuance thereof, 0%, (y) on any date after the original issuance thereof and before the security becomes a floating rate security, the product of (i) the current duration of such Collateral Debt Security as a fixed rate security (i.e., until it becomes a floating rate security) (calculated by the Collateral Manager on a commercially reasonable basis in accordance with the standard of care set forth in the Collateral Management Agreement) multiplied by (ii) the Benchmark Rate Change on such date of determination multiplied by (iii) the price (expressed as a percentage of par) at which such security was issued upon original issuance and (z) 0% at any time after it becomes a floating rate security.

"*Majority-in-Interest of Preferred Shareholders*" means, at any time, Preferred Shareholders whose aggregate Voting Percentages at such time exceed 50% of all Preferred Shareholders' Voting Percentages at such time.

"*Measurement Date*" means: (i) the Closing Date; (ii) the Ramp-Up Completion Date, (iii) any date after the Ramp-Up Completion Date on which the Issuer disposes of any Collateral Debt Security; (iv) any date after the Ramp-Up Completion Date on which the Issuer acquires any Additional Collateral Debt Security; (v) any date after the Ramp-Up Completion Date on which a Collateral Debt Security becomes a Defaulted Security; (vi) each Determination Date; (vii) the last Business Day of any calendar month ending after the Ramp-Up Completion Date (excluding any month preceding the month in which a Determination Date falls); and (viii) with two Business Days' notice to the Issuer and the Trustee, any other Business Day that the holders of more than 50% of the aggregate outstanding principal amount of any Class of Rated Notes requests to be a "Measurement Date"; *provided*, that if any such date would otherwise fall on a day that is not a Business Day, the relevant Measurement Date will be the next succeeding Business Day.

"Moody's Default Probability Rating" means with respect to any Collateral Debt Security, the rating is determined as follows:

(i) with respect to a Collateral Debt Security that is a Bank Subordinated Note, (a) if the Bank Subordinated Note Issuer has a senior unsecured rating or issuer rating by Moody's, then the Moody's Default Probability Rating shall be such rating; (b) if the Bank Subordinated Note Issuer has no senior unsecured rating or issuer rating by Moody's, but has a long-term deposit rating, then the Moody's Default Probability Rating shall be (i) one subcategory below such rating if the long-term deposit rating is Baa3 or higher and (ii) two subcategories below such rating if the long-term deposit rating is Ba1 or lower; and (c) if the Bank Subordinated Note Issuer has not been publicly rated by Moody's, then the Moody's Default Probability Rating shall be determined in accordance with clause (iv) below, as if the Moody's Default Probability Rating were a senior unsecured rating.

(ii) with respect to a Collateral Debt Security that is a Bank Trust Preferred Security, (a) if the Bank Trust Preferred Securities Issuer has a senior unsecured rating or issuer rating by Moody's, then the Moody's Default Probability Rating shall be such rating; (b) if the Bank Trust Preferred Security Issuer has no senior unsecured rating or issuer rating by Moody's, but has an operating subsidiary with a long-term deposit rating, then the Moody's Default Probability Rating shall be two subcategories below such rating; (c) and if the Bank Trust Preferred Securities Issuer has no senior unsecured rating or issuer rating by Moody's, but the issuer has an operating subsidiary with a senior unsecured rating or issuer rating by Moody's, then the Moody's Default Probability Rating shall be

one subcategory below such rating (provided that if the issuer has more than one operating subsidiary then that operating subsidiary with the lowest Moody's Default Probability Rating shall be used in accordance with clause (ii)(b)(c) above); and (d) if the Bank Trust Preferred Security Issuer has not been publicly rated by Moody's, then the Moody's Default Probability Rating shall be determined in accordance with clause (iv) below, as if the Moody's Default Probability Rating were a senior unsecured rating.

(iii) with respect to a Collateral Debt Security that is an Insurance Trust Preferred Security, Insurance Subordinated Note, Senior Security or Surplus Note,

(I) and the issuer of such Collateral Debt Security is a "Holding Company", (a) if the issuer of such Collateral Debt Security has a senior unsecured rating by Moody's, then the Moody's Default Probability Rating shall be such rating; (b) if the issuer of such Collateral Debt Security has no senior unsecured rating by Moody's, but the issuer has an operating subsidiary with a senior unsecured rating by Moody's, then the Moody's Default Probability Rating shall be two subcategories below such rating; (c) if the issuer of such Collateral Debt Security has no senior unsecured rating by Moody's, but the issuer has an operating subsidiary with a financial strength rating, then the Moody's Default Probability Rating shall be three subcategories below such rating; and (d) if the issuer of such Collateral Debt Security has not been publicly rated by Moody's, then the Moody's Default Probability Rating shall be determined in accordance with clause (iv) below, as if the Moody's Default Probability Rating were a senior unsecured rating; *provided* that for (b) and (c), if such issuer has more than one operating subsidiary, then the operating subsidiary with the lowest Moody's Default Probability Rating will be used unless otherwise specified by Moody's; and;

(II) and the issuer of such Collateral Debt Security is an operating company, (a) if the issuer of such Collateral Debt Security has a senior unsecured rating by Moody's, then the Moody's Default Probability Rating shall be such rating; (b) if the issuer of such Collateral Debt Security has no senior unsecured rating by Moody's, but the issuer has a financial strength rating then the Moody's Default Probability Rating shall be two subcategories below such rating; (c) if the issuer of such Collateral Debt Security has not been publicly rated by Moody's, then the Moody's Default Probability Rating shall be determined in accordance with clause (iv) below, as if the Moody's Default Probability Rating were a senior unsecured rating;

(iv) with respect to a Collateral Debt Security that is a Bank Subordinated Note or a Bank Trust Preferred Security or a Insurance Subordinated Note, a Insurance Trust Preferred Security, Surplus Note, or a Senior Security, if such Collateral Debt Security is not publicly rated by Moody's, then the Moody's Default Probability Rating shall be determined follows:

(a) the Issuer or the Collateral Manager on behalf of the Issuer can request that Moody's assign a Moody's Default Probability Rating by obtaining an estimate of the issuer's default probability derived from the RiskCalc™ Financial Institution Model or any Moody's KMV quantitative model; *provided* that (i) the Moody's Default Probability Rating shall in no way represent a Moody's public rating or imply that a Moody's public rating has been or will be assigned to such issuer; and (ii) the Moody's Default Probability Rating shall in no way be made publicly available (except that Moody's shall affirm such Moody's Default

Probability Rating as it relates to the Moody's Implied Weighted Average Rating Factor Test for the Collateral Manager or Independent accountant).

(b) the issuer can request that Moody's provide a public rating; *provided* that (i) the Moody's Default Probability Rating implied by the public rating shall be in accordance with clauses (i), (ii) and (iii) above; and (ii) if the issuer's public rating has been withdrawn within 3 months of the Ramp-Up Completion Date, the Moody's Default Probability Rating shall be the lower of the latest available Moody's public rating and the Moody's Default Probability Rating.

"*Net Outstanding Portfolio Collateral Balance*" means, on any Measurement Date, the amount of the aggregate Principal Balance on such Measurement Date of all Collateral Debt Securities, plus (a) the aggregate Principal Balance of all Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments and any amount on deposit at such time in the Principal Collection Account or the Uninvested Proceeds Account, minus (b) the aggregate Principal Balance on such Measurement Date of all Collateral Debt Securities that are Defaulted Securities or Deferred Interest Collateral Debt Securities, plus (c) for each Defaulted Security or Deferred Interest Collateral Debt Security, the Calculation Amount with respect to such Defaulted Security or Deferred Interest Collateral Debt Security; *provided* that, after the Distribution Date occurring on December 23, 2015, all Collateral Debt Securities which have a Stated Maturity after the Stated Maturity of the Rated Notes shall, for the purposes of calculating the Class A Overcollateralization Ratio and Class B/C/D Overcollateralization Ratio only, be deemed to be Defaulted Securities.

"*Non-Qualified Termination Payments*" means any termination payment required to be made by the Issuer to the Hedge Counterparty pursuant to a Hedge Agreement in respect of which the Hedge Counterparty is the "Defaulting Party" or the sole "Affected Party" (each as defined in the related Hedge Agreement); *provided*, that *"Non-Qualified Termination Payments"* shall not include any termination payment payable in connection with an early termination of a Hedge Agreement, in whole or in part, resulting from an "Illegality" (as such term is defined in such Hedge Agreement) or a "Tax Event" (as such term is defined in such Hedge Agreement) with respect to which the Hedge Counterparty is the sole "Affected Party."

"*Pledged Securities*" means, at any date of determination, the Collateral Debt Securities and the Eligible Investments in the Trust Estate.

"*Principal Balance*" or "*par*" means, with respect to any Pledged Security, as of any date of determination, the outstanding principal amount of such Pledged Security; *provided*, that

(a) the Principal Balance of a Collateral Debt Security received upon acceptance of an Offer for another Collateral Debt Security, which Offer expressly states that failure to accept such Offer may result in a default under the Underlying Instruments, shall be deemed to be the Calculation Amount of such other Collateral Debt Security until such time as Interest Proceeds and Principal Proceeds, as applicable, are received when due with respect to such other Collateral Debt Security;

(b) the Principal Balance of any Equity Security, unless otherwise expressly stated herein, shall be deemed to be zero;

(c) the Principal Balance of any Deferred Interest Collateral Debt Security shall be equal to the outstanding principal amount thereof (exclusive of any principal thereof representing capitalized interest); and

(d) the Principal Balance of any Eligible Investment that does not pay cash interest on a current basis will be the accreted value of such Eligible Investment (as reported by the Collateral Manager to the Trustee on the date of purchase of such Eligible Investment).

"*Principal Proceeds*" means, with respect to any Due Period, the sum (without duplication) of: (i) all principal payments (including prepayments) received during the related Due Period on the Pledged Securities (excluding Eligible Investments purchased with Interest Proceeds and excluding Uninvested Proceeds); (ii) all recoveries (excluding for purposes of this clause (ii), Sale Proceeds) on Defaulted Securities; (iii) all Sale Proceeds of any sale of any Equity Security, Defaulted Security or Credit Risk Security, (iv) any proceeds resulting from the termination and liquidation of the Hedge Agreements received during such Due Period, to the extent such proceeds exceed the cost of entering into one or more replacement Hedge Agreements in accordance with the requirements set forth in the Indenture, in the event any Hedge Agreement or replacement Hedge Agreement is entered into; (v) any net proceeds of the issuance and sale of the Offered Securities not used to purchase Collateral Debt Securities and not deposited in the Expense Account or the Uninvested Proceeds Account as of the Closing Date; (vi) notwithstanding clause (i) above, any Uninvested Proceeds on deposit in the Payment Account following a Ramp-Up Ratings Confirmation Failure, to the extent such funds are in excess of the amount of Uninvested Proceeds that must be used to make payments in respect of principal on the Rated Notes in order to obtain a Ratings Confirmation; and (vii) any other payments (including Call Premiums) received with respect to the Collateral and not included in Interest Proceeds; *provided*, that, solely for purposes of distributions thereof on any Distribution Date and not for any other purpose (including, without limitation, any Coverage Test), amounts representing Sale Proceeds that are intended to be reinvested in Additional Collateral Debt Securities as permitted by the Indenture shall be excluded from this definition.

"*Qualified Termination Payments"* means any termination payments payable under the applicable Hedge Agreements, other than Non-Qualified Termination Payments.

"*Quarterly Asset Amount*" means, with respect to any Distribution Date, the Net Outstanding Portfolio Collateral Balance on the first day of the related Due Period or, in the case of the first Due Period, on the Closing Date.

"*Rating Condition*" means, with respect to any action taken or to be taken under the Indenture, a condition that is satisfied when each Rating Agency (or, if only one Rating Agency is specified, such Rating Agency) has confirmed in writing to the Issuer, the Trustee, each Hedge Counterparty and the Collateral Manager that such action will not result in the withdrawal, reduction or other adverse action with respect to its then-current rating (including any shadow, private or confidential rating) of any Class of Rated Notes.

"Ratings Threshold" means, with with respect to the Hedge Counterparty or any transferee thereof, (a)(i) the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is withdrawn, suspended or falls below "BBB-" by Standard & Poor's or (ii) the rating of the short-term, unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is withdrawn, suspended or falls below "A-3" by Standard & Poor's or (b)(i) if the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) has an unsecured, unguaranteed and otherwise unsupported long-term debt rating by Moody's (and not a short-term rating), the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Ratings

Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is withdrawn, suspended or falls to or below "A2" by Moody's or (ii) if the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) has both a long-term and a short-term rating, (x) the rating of the unsecured, unguaranteed and otherwise unsupported long-term senior debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) falls to or below "A3" by Moody's and (y) the rating of the unsecured, unguaranteed and otherwise unsupported short-term senior debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) falls to or below "P-2" by Moody's or (c) (i) the rating of the long-term senior unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is withdrawn, suspended or falls below "BBB+" by Fitch or (ii) the rating of the short-term, unsecured, unguaranteed and otherwise unsupported debt obligations of the related Hedge Ratings Determining Party or such transferee (or any affiliate of such transferee that unconditionally and absolutely guarantees the obligations of such transferee hereunder) is withdrawn, suspended or falls below "F2" by Fitch.

"*Reg Y Institution*" means any Preferred Shareholder that is, or is controlled by a person that is, subject to the provisions of Regulation Y of the Board of Governors of the Federal Reserve System of the United States or any successor to such regulation, but excludes, in any event, (a) any "qualifying foreign banking organization" within the meaning of Regulation Y of the Board of Governors of the Federal Reserve System (12 C.F.R. Section 211.23) that has booked its investment in the Preferred Shares outside the United States and (b) any financial holding company or subsidiary of a financial holding company authorized to engage in merchant banking activities pursuant to Section 4(k)(4)(H) of the Bank Holding Company Act of 1956, as amended.

"*Reinvestment Income*" means any interest or other earnings on Eligible Investments in the Collection Accounts, including any amount representing the accreted portion of a discount from the face amount of an Eligible Investment and all payments of principal, including prepayments, on Eligible Investments purchased with amounts from the Interest Collection Account.

"*Sale Proceeds*" means all proceeds received from the sale or other disposition of a Collateral Debt Security, net of any reasonable amounts expended by the Collateral Administrator or the Trustee in connection with such sale or other disposition.

"*Shortfall Amount*" means, with respect to any Distribution Date on which the Interest Proceeds available for distribution on such date are insufficient to pay the items identified in paragraphs (5) and (7) under "Description of the Rated Notes—Priority of Payments—Interest Proceeds," an amount equal to the lesser of (a) an amount sufficient, when added to the Interest Proceeds that are available for such purpose on such Distribution Date, to pay such items in full on such Distribution Date and (b) the entire balance in the Interest Reserve Account and the First Distribution Date Reserve Account.

"*Spread Excess*" means, as of any date of determination, a fraction (expressed as a percentage) the numerator of which is equal to the product of (a) the greater of zero and the excess, if any, of the Weighted Average Spread for such date of determination over 2.28% and (b) the aggregate Principal Balance of all floating rate Collateral Debt Securities and Deemed Floating Rate Collateral Securities (excluding Defaulted Securities and Deferred Interest Collateral Debt Securities) and the denominator of which is the aggregate Principal Balance of all fixed rate Collateral Debt Securities and Deemed Fixed

Rate Collateral Debt Securities (excluding Defaulted Securities and Deferred Interest Collateral Debt Securities).

"*Standard & Poor's Break-Even Default Rate*" means, at any time, the maximum percentage of defaults which the Standard & Poor's Current Portfolio or the Standard & Poor's Proposed Portfolio, as applicable, can sustain (as determined by the Standard & Poor's CDO Monitor), which after giving effect to Standard & Poor's assumptions on recoveries and timing and to the Priority of Payments will result in insufficient funds remaining for the payment of the Class A Notes and Class B Notes in full by their Stated Maturity and the timely payment of interest on the Class A Notes and Class B Notes, as determined by Standard & Poor's.

"*Standard & Poor's Current Portfolio*" means the portfolio (measured by principal balance) of Collateral Debt Securities and the proceeds of the disposition thereof held as cash and Eligible Investments purchased with the proceeds of the disposition of Collateral Debt Securities, existing immediately prior to the sale, maturity or other disposition of a Collateral Debt Security or immediately prior to the acquisition of a Collateral Debt Security, as the case may be.

"*Standard & Poor's Loss Differential*" means, at any time, the rate calculated by subtracting the Standard & Poor's Scenario Default Rate from the Standard & Poor's Break-Even Default Rate at such time.

"*Standard & Poor's Proposed Portfolio*" means the portfolio (measured by principal balance) of Collateral Debt Securities and the proceeds of the disposition thereof held as cash and Eligible Investments purchased with the proceeds of the disposition of Collateral Debt Securities resulting from the sale, maturity or other disposition of a Collateral Debt Security or a proposed purchase of a Collateral Debt Security, as the case may be.

"*Standard & Poor's Scenario Default Rate*" means, at any time, means an estimate of the cumulative default rate for the Standard & Poor's Current Portfolio or the Standard & Poor's Proposed Portfolio, as applicable, consistent with a "AAA" rating by Standard & Poor's with respect to the Class A Notes and Class B Notes, determined by application of the Standard & Poor's CDO Monitor at such time.

"*Swap Differential*" means, a number (which may be positive or negative) equal to, on the Ramp-Up Completion Date, the Weighted Average Swap Fixed Rate on the Ramp-Up Completion Date minus the Weighted Average Swap Fixed Rate on the Closing Date.

"*Trust Estate*" means all of the assets of the Issuer in which a security interest is granted to the Trustee pursuant to the Indenture.

"*Trust Preferred Securities Special Event*" means, with respect to any Trust Preferred Securities, a Trust Preferred Securities Tax Event, an Investment Company Event or a Capital Treatment Event applicable to such Trust Preferred Securities.

"*Trust Preferred Securities Tax Event*" means, with respect to any Trust Preferred Securities, the receipt by the applicable Affiliated Institution and its subsidiary Trust Preferred Securities Issuer of an opinion of counsel experienced in such matters to the effect that, as a result of any amendment to or change (including any announced prospective change) in the laws or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative pronouncement (including any private letter ruling, technical advice memorandum, regulatory procedure, notice or announcement (an "Administrative Action")) or judicial decision interpreting or applying such laws or regulations, regardless of whether such Administrative Action or

judicial decision is issued to or in connection with a proceeding involving such Affiliated Institution or such Trust Preferred Securities Issuer and whether or not subject to review or appeal, which amendment, clarification, change, Administrative Action or decision is enacted, promulgated or announced, in each case on or after the date of original issuance of the related Corresponding Debentures, there is more than an insubstantial risk that: (a) such Trust Preferred Securities Issuer is, or will be within 90 days of the date of such opinion, subject to United States federal income tax with respect to income received or accrued on such Corresponding Debentures; (b) interest payable by such Affiliated Institution on such Corresponding Debentures is not, or within 90 days of the date of such opinion, will not be, deductible by such Affiliated Institution, in whole or in part, for United States federal income tax purposes; or (c) such Trust Preferred Securities Issuer is, or will be within 90 days of the date of such opinion, subject to or otherwise required to pay, or required to withhold from distributions to holders of such Trust Preferred Securities, more than a de minimis amount of other taxes (including withholding taxes), duties, assessments or other governmental charges.

"*Underlying Instruments*" means the indenture or other agreement pursuant to which a Pledged Security or Equity Security has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Pledged Security or Equity Security or of which the holders of such Pledged Security or Equity Security are the beneficiaries.

"*Uninvested Proceeds*" means, at any time, the net proceeds received by the Issuer on the Closing Date from the initial issuance of the Offered Securities, to the extent such proceeds have not been deposited into the Expense Account or invested in Collateral Debt Securities in accordance with the terms of the Indenture.

"Uninvested Interest Excess" means an amount equal to (a) the sum of (i) the Aggregate Principal Balance of the pledged Collateral Debt Securities on the Ramp-Up Completion Date plus (ii) all Uninvested Proceeds on deposit in the Uninvested Proceeds Account on the Ramp-Up Completion Date minus (b) U.S.$667,000,000.

"*Voting Percentage*" of a Preferred Shareholder at any time means the ratio (expressed as a percentage) of such Preferred Shareholder's Voting Preferred Shares to the aggregate Voting Preferred Shares of all Preferred Shareholders at such time.

"*Voting Preferred Shares*" of a Preferred Shareholder at any time means (a) for each Preferred Shareholder other than a Reg Y Institution, the number of Preferred Shares held by such Preferred Shareholder at such time and (b) for any Reg Y Institution, an amount equal to the lesser of (i) the number of Preferred Shares held by such Preferred Shareholder at such time and (ii) 4.99% of the aggregate number of Preferred Shares held by all Preferred Shareholders at such time.

"*Weighted Average Coupon*" means, as of any date of determination, the fraction (expressed as a percentage) obtained by (i) multiplying the principal balance of each fixed rate Collateral Debt Security or Deemed Fixed Rate Collateral Debt Securities by the Current Coupon, (ii) summing the amounts determined pursuant to clause (i) for all fixed rate Collateral Debt Securities held by the Issuer as of such date of determination, (iii) dividing such sum by the aggregate principal balance of all fixed rate Collateral Debt Securities or Deemed Fixed Rate Collateral Debt Securities held by the Issuer as of such date of determination and (iv) if the result of the calculations specified in clauses (i), (ii) and (iii) above is less than the applicable percentage specified in the definition of "Weighted Average Coupon Test" (as adjusted to reflect the Swap Differential as specified therein), adding to such result the Spread Excess, if any, as of such date of determination. For fixed rate Collateral Debt Securities, if any, whose fixed rate changes over the life of such fixed rate Collateral Debt Security, the per annum rate of interest for purposes of calculating the Weighted Average Coupon shall be the current interest rate on such fixed rate

Collateral Debt Security. For the purposes of calculating the Weighted Average Coupon, the Current Coupon shall be zero for Deferred Interest Collateral Debt Securities and Defaulted Securities.

"*Weighted Average Life"* means, as of any Measurement Date with respect to any Collateral Debt Securities (excluding all Defaulted Securities and Deferred Interest Collateral Debt Securities), the number obtained by (a) summing the products obtained by multiplying (i) the average life at such time of each such Collateral Debt Security by (ii) the outstanding Principal Balance of such Collateral Debt Security and (b) dividing such sum by the Aggregate Principal Balance at such time of all such Collateral Debt Securities.

"*Weighted Average Spread*" means, as of any date or determination, a fraction (expressed as a percentage) obtained by (i) multiplying the principal balance of each floating rate Collateral Debt Security or Deemed Floating Rate Collateral Debt Security by the Current Spread, (ii) summing the amounts determined pursuant to clause (i) for all floating rate Collateral Debt Securities or Deemed Floating Rate Collateral Debt Securities held by the Issuer as of such date of determination, (iii) dividing such sum by the aggregate principal balance of the floating rate Collateral Debt Securities or Deemed Floating Rate Collateral Debt Securities held by the Issuer as of such date of determination and (iv) if the result of the calculation specified in clauses (i), (ii) and (iii) above is less than the applicable percentage specified in the definition of "Weighted Average Spread Test", adding to such result the Fixed Rate Excess, if any, as of such date of determination. For floating rate Collateral Debt Securities, if any, that provide for the payment of interest only after the expiration of a specified period or that by their terms provide for the payment of interest at a rate that increases after the expiration of a specified period of time prior to its maturity, the per annum rate of interest for purposes of calculating the Weighted Average Spread shall be the Current Spread on such floating rate Collateral Debt Security. For the purposes of calculating the Weighted Average Spread, the Current Spread shall be zero for Deferred Interest Collateral Debt Securities and Defaulted Securities.

"*Weighted Average Swap Fixed Rate*" means, as of the Closing Date and the Ramp-Up Completion Date, the number (rounded up to the next 0.001%) obtained by (i) summing the products obtained by multiplying (x) the notional amount (as of each such date of determination) of each interest rate swap transaction under the Hedge Agreements in effect on such date of determination by (y) the weighted average fixed rate payable by the Issuer to the Hedge Counterparty in respect of such transaction and (ii) dividing such sum by the aggregate notional amount (as of such date of determination) of all interest rate swap transactions under the Hedge Agreement in effect on such date of determination.

ANNEX B

INDEX OF DEFINED TERMS

EXHIBIT A

Diversity Score Procedures

FORMULA FOR THE CALCULATION OF DIVERSITY SCORE

The Diversity Score used in connection with the Indenture is an alternative methodology to the one used by Moody's for uncorrelated assets. The derivation of the alternative Diversity Score is based on matching the mean and the standard deviation of the loss distribution associated with the actual portfolio. The formula used to calculate the Diversity Score under this alternative methodology is set forth below.

$$D = \frac{(\sum_{i=1}^{n} piFi)}{\sum\sum \rho ij} \frac{(\sum_{i=1}^{n} qiFi)}{\sqrt{piqipjqj}\ FiFj}$$

First, Moody's assumes that the actual portfolio consists of n bonds; bond i has a face value F, and a default probability p_i that is implied by the rating and maturity of the bond. The probability of survival for bond i is q_i, which equals $1 - p_i$. In addition, the correlation coefficient of default between bond i and j is ρij.

To calculate the alternative Diversity Score, portfolio parameters need to be input, including the rating profile, the par amount, the maturity profile and the default correlation assumptions.

The Diversity Score shall be calculated based on the Principal Balance of the Collateral Debt Securities.

For purposes of calculating the Diversity Score, the recovery rate of the Collateral Debt Securities shall be 5%.

For the expected loss calculation, if the average life of a security falls between two values, the expected loss shall be calculated using a linear interpolation method.

The Moody's Default Probability Rating in the loss matrix shall be the initial implied Moody's Default Probability Rating of each Collateral Debt Security as of the Closing Date.

The correlation matrix used in connection with the Diversity Score will be attached as a schedule to the Indenture.

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ALESCO Preferred Funding IX, Ltd.
ALESCO Preferred Funding IX, Inc.

U.S.$365,000,000 Class A-1 First Priority Delayed Draw Senior Secured Floating Rate Notes Due 2036
U.S.$59,000,000 Class A-2A Second Priority Senior Secured Floating Rate Notes Due 2036
U.S.$3,000,000 Class A-2B Second Priority Senior Secured Fixed/Floating Rate Notes Due 2036
U.S.$51,000,000 Class B-1 Deferrable Third Priority Secured Floating Rate Notes Due 2036
U.S.$7,000,000 Class B-2 Deferrable Third Priority Secured Fixed/Floating Rate Notes Due 2036
U.S.$54,000,000 Class C-1 Deferrable Fourth Priority Mezzanine Secured Floating Rate Notes Due 2036
U.S.$48,500,000 Class C-2 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$12,500,000 Class C-3 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$7,000,000 Class C-4 Deferrable Fourth Priority Mezzanine Secured Fixed/Floating Rate Notes Due 2036
U.S.$28,000,000 Class D-1 Deferrable Fifth Priority Subordinate Secured Floating Rate Notes Due 2036
U.S.$4,000,000 Class D-2 Deferrable Fifth Priority Subordinate Secured Fixed/Floating Rate Notes Due 2036
44,400 Preferred Shares (U.S.$44,400,000 Aggregate Liquidation Preference)
U.S.$20,000,000 Combination Notes Due 2036

OFFERING CIRCULAR

January 5, 2006

Merrill Lynch & Co.