

CONFIDENTIAL

**ABACUS 2007-AC1, LTD.**  
(Incorporated with limited liability in the Cayman Islands)  
**ABACUS 2007-AC1, INC.**

Class SS Variable Rate Notes  
U.S.\$50,000,000 Class A-1 Variable Rate Notes, Due 2038  
U.S.\$142,000,000 Class A-2 Variable Rate Notes, Due 2038  
Class B Variable Rate Notes  
Class C Variable Rate Notes  
Class D Variable Rate Notes  
Class FL Variable Rate Notes

**ACA Management, L.L.C.**  
Portfolio Selection Agent

**Secured Primarily by (i) the Collateral and (ii) the Issuer's rights under (a) the Collateral Put Agreement,  
(b) the Basis Swap and (c) as Protection Seller, the Credit Default Swap referencing a pool of  
Residential Mortgage-Backed Securities**

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The Notes are being offered hereby by Goldman, Sachs & Co. to Qualified Institutional Buyers in the United States in reliance on Rule 144A under the Securities Act. In addition to the offering of the Notes in the United States, Goldman, Sachs & Co., selling through its agent, Goldman Sachs International is concurrently offering the Notes outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act. See "Underwriting".

The Notes of any Class may be issued in more than one Series due to differences in one or more of the date of issuance, the Series Interest Rate, the Approved Currency in which such Notes are denominated, the Stated Maturity, the Non-Call Period and the date from which interest will accrue.

See "Risk Factors" beginning on page 21 to read about factors you should consider before buying the Notes.

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

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It is a condition of the issuance of the Notes issued on the Closing Date that the Class A-1 Notes and the Class A-2 Notes be issued with a rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's"), and "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. See "Ratings of the Notes".

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

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CERTAIN PLEDGED ASSETS OF THE ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE HOLDERS OF THE NOTES, GOLDMAN, SACHS & CO., GOLDMAN SACHS INTERNATIONAL, THE ADMINISTRATOR, THE SHARE TRUSTEE, THE PROTECTION BUYER, THE BASIS SWAP COUNTERPARTY, THE COLLATERAL PUT PROVIDER, THE COLLATERAL DISPOSAL AGENT, THE PORTFOLIO SELECTION AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER OF THE ISSUERS WILL BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO PERSONS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS PROVIDED BY RULE 144A UNDER THE SECURITIES ACT AND (2) QUALIFIED PURCHASERS (FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT), AND IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "TRANSFER RESTRICTIONS".

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The Notes are offered by the Initial Purchaser or its agent as specified herein, subject to its right to reject any order in whole or in part. It is expected that the Global Notes will be ready for delivery in book-entry form only in New York, New York, on or about April 26, 2007, through the facilities of DTC (or Euroclear, with respect to Notes issued in Approved Currencies other than Dollars, if any), against payment therefor in immediately available funds. The Notes will have the minimum denominations set forth in "Summary—Notes".

**Goldman, Sachs & Co.**

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Offering Circular dated April 26, 2007.

THIS OFFERING CIRCULAR SUPERSEDES IN ALL RESPECTS ALL EARLIER DATED OFFERING CIRCULARS.

## GENERAL NOTICE

The information contained in this Offering Circular has been provided by the Issuers and other sources identified herein. No representation or warranty, express or implied, is made by the Initial Purchaser, the Protection Buyer or the Portfolio Selection Agent (except, with respect to the Protection Buyer only, the information set forth under the heading "The Protection Buyer" and except, with respect to the Portfolio Selection Agent only, the information set forth under the heading "The Portfolio Selection Agent") as to the accuracy or completeness of such information, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchaser, the Protection Buyer or the Portfolio Selection Agent (except, with respect to the Protection Buyer only, the information set forth under the heading "The Protection Buyer" and except, with respect to the Portfolio Selection Agent only, the information set forth under the heading "The Portfolio Selection Agent").

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

The Initial Collateral Security set forth in this Offering Circular in the table under the heading "The Collateral Securities—Initial Collateral Securities" that is a CLO Security is described in the offering circular attached hereto, and prospective purchasers of the Notes should refer to such offering circular for a description of the terms of such Initial Collateral Security.

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

The delivery of this Offering Circular at any time does not imply that the information herein is correct at any time subsequent to the date of this Offering Circular.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuers or the Initial Purchaser specified herein shall have any responsibility therefor. Persons into whose possession this Offering Circular comes are required by the Issuers and the Initial Purchaser to inform themselves about and to observe such applicable laws and regulations. For a further description of certain restrictions on offering and sales of the Notes, see "Transfer Restrictions" and "Underwriting". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

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

## **INFORMATION APPLICABLE TO NON-U.S. INVESTORS**

### **NOTICE TO RESIDENTS OF UNITED KINGDOM**

There are restrictions on the offer and sale of the Notes in the United Kingdom. No action has been taken to permit the Notes to be offered to the public in the United Kingdom. This document may only be issued or passed on in or into the United Kingdom to any person to whom the document may lawfully be issued or passed on by reason of, or of any regulation made under, section 21 of the Financial Services and Markets Act 2000 of the United Kingdom. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of the Public Offers of Securities Regulations 1995 and the Financial Services and Markets Act 2000 in respect of anything done in relation to the Notes in, from or otherwise involving the United Kingdom. See "Underwriting".

### **NOTICE TO RESIDENTS OF GERMANY**

The Notes will not be offered or sold in the Federal Republic of Germany other than in accordance with the German Securities Sales Prospectus Act of December 13, 1990 of the Federal Republic of Germany, as amended (Wertpapierverkaufsprospektgesetz), the German Investment Act of December 15, 2003 of the Federal Republic of Germany, as amended (Investmentgesetz) and any other legal or regulatory requirements applicable in the Federal Republic of Germany governing the issue, offer and sale of securities. 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 1 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 Federal Gazette (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. The Initial Purchaser does not give tax advice.

### **NOTICE TO RESIDENTS OF NETHERLANDS**

The Notes may not be offered or sold, transferred or delivered, as part of their initial distribution or at any time thereafter, directly or indirectly, to any individual or legal entity in the Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, securities intermediaries, insurance companies, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly trade or invest in securities.

### **NOTICE TO RESIDENTS OF HONG KONG**

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

## **NOTICE TO RESIDENTS OF SINGAPORE**

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the Notes to the public in Singapore.

## **NOTICE TO RESIDENTS OF JAPAN**

The Notes have not been registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (1) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (2) in compliance with any other applicable requirements of Japanese law.

## **INFORMATION APPLICABLE TO U.S. INVESTORS**

This Offering Circular is confidential and is being furnished by the Issuers in connection with an offering exempt from registration under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Notes described herein. Except as otherwise authorized under the following paragraph, any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

**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. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT REASONABLY NECESSARY TO COMPLY WITH APPLICABLE FEDERAL OR STATE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS "TAX TREATMENT", "TAX STRUCTURE", AND "TAX ANALYSES" HAVE THE MEANING GIVEN TO SUCH TERMS UNDER UNITED STATES TREASURY REGULATION SECTION 1.6011-4(c) AND APPLICABLE STATE OR LOCAL LAW.**

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

## **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 (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY**

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

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#### **AVAILABLE INFORMATION**

To permit compliance with the Securities Act in connection with the sale of the Notes in reliance on Rule 144A, the Issuer will be required under the Indenture and the Issuing and Paying Agency Agreement to furnish upon request to a Holder or beneficial owner who is a Qualified Institutional Buyer of a Note sold in reliance on Rule 144A or a prospective investor who is a Qualified Institutional Buyer designated by such Holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g-3-2(b) under the Exchange Act.

In accordance with the Indenture and the Issuing and Paying Agency Agreement, the Trustee and the Issuing and Paying Agent, as applicable, also will make available for inspection by Holders of the Notes certain reports or communications received from the Issuers.

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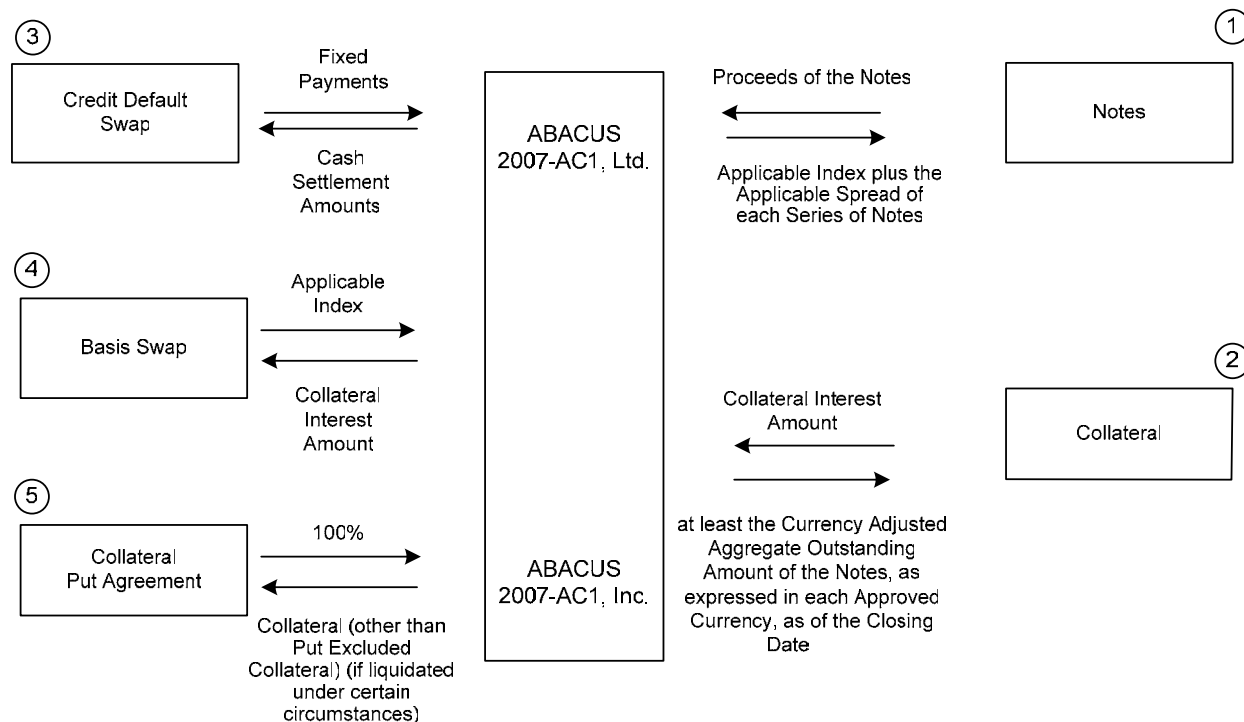
Prior to making an investment decision, prospective investors should ensure that they have sufficient knowledge, experience and access to professional advisors to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes and should carefully consider the nature of the Notes, the matters set forth elsewhere in this Offering Circular and the extent of their exposure to the risks described in "Risk Factors".

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## TRANSACTION OVERVIEW

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



On or prior to the Closing Date, the Initial Reference Portfolio will be selected by the Portfolio Selection Agent.

- ① On the Closing Date, the Notes will be issued in the Original Principal Amount set forth in the "Summary—Notes". From time to time following the Closing Date, additional Notes of any Class may be issued.
- ② The Issuer will use the net proceeds of the offering of the Notes, together with part or all of the Upfront Payment, to purchase the Initial Collateral Securities and Eligible Investments selected by the Protection Buyer; *provided that*, for each Approved Currency, the aggregate principal amount of Collateral Securities and Eligible Investments denominated in such Approved Currency and purchased with the proceeds of the offering will equal or exceed the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency on the Closing Date.
- ③ On the Closing Date, the Issuer and Goldman Sachs Capital Markets, L.P., as the Protection Buyer, will enter into the Credit Default Swap whereby the Issuer (a) sells credit protection to the Protection Buyer with respect to a Reference Portfolio of RMBS and (b) receives from the Protection Buyer (i) an Upfront Payment on the Closing Date and (ii) a Fixed Payment on the Closing Date and each Payment Date. Following the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement, the Issuer will pay to the Protection Buyer an amount equal to any Cash Settlement Amount. For a description of all payments to be made under the Credit Default Swap, see "The Credit Default Swap—Payments".
- ④ On the Closing Date, the Issuer and Goldman Sachs Capital Markets, L.P., as the Basis Swap Counterparty, will enter into the Basis Swap whereby the Issuer (a) pays to the Basis Swap Counterparty any Collateral Interest Amount and (b) receives an amount from the Basis Swap Counterparty equal to the sum of the products for each Approved Currency in which Outstanding Notes are denominated of: (i) the Applicable Index for the Applicable Period; (ii) the average daily Currency Adjusted Aggregated Outstanding Amount of such Notes during the preceding Basis Swap Calculation Period; and (iii) the actual number of days in the preceding Basis Swap Calculation Period in which a payment is made *divided by* 360.
- ⑤ On the Closing Date, the Issuer and Goldman Sachs International, as the Collateral Put Provider, will enter into the Collateral Put Agreement whereby the Issuer will have the right to put Collateral (other than Put Excluded Collateral) to the Collateral Put Provider in return for a payment of 100% of the principal amount of such Collateral if the Collateral cannot be liquidated for an amount equal to at least 100% of par in connection with (i) the payment by the Issuer to the applicable Noteholders of any Currency Adjusted Notional Principal Adjustment Amount, (ii) an Optional Redemption in Whole or a Partial Optional Redemption and/or (iii) a Stated Maturity.

## SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular. For a discussion of certain factors to be considered in connection with an investment in the Notes, see "Risk Factors".

Capitalized terms used herein but not defined shall have the meanings set forth under "Glossary of Defined Terms".

**The Issuers** ..... ABACUS 2007-AC1, Ltd. (the "**Issuer**"), a company incorporated under the laws of the Cayman Islands for the sole purpose of issuing the Notes, acquiring the Collateral, entering into the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Portfolio Selection Agreement and engaging in certain related transactions.

The Issuer will not have any material assets other than (i) the Collateral, (ii) its rights under the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Portfolio Selection Agreement and (iii) certain other assets.

ABACUS 2007-AC1, Inc. (the "**Co-Issuer**" and, together with the Issuer, the "**Issuers**"), a company incorporated under the laws of the State of Delaware for the sole purpose of co-issuing the Co-Issued Notes.

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

The authorized share capital of the Issuer consists of 300 ordinary shares, par value \$1.00 per share (the "**Issuer Ordinary Shares**"), 300 of which will be issued on or prior to the Closing Date. The Issuer Ordinary Shares that have been issued will be held by Maples Finance Limited, a licensed trust company incorporated in the Cayman Islands and any successor thereto (the "**Administrator**"), as the trustee pursuant to the terms of a charitable trust (the "**Share Trustee**"). The common stock of the Co-Issuer will be held by the Issuer.

**The Portfolio Selection Agent**..... The Initial Reference Portfolio will be selected by ACA Management, L.L.C. ("**ACA Management**" and in such capacity, the "**Portfolio Selection Agent**") pursuant to the terms of the Portfolio Selection Agreement, dated as of the Closing Date (the "**Portfolio Selection Agreement**"), between the Issuer and the Portfolio Selection Agent. The Portfolio Selection Agent will not provide any other services to the Issuer or act as the "collateral manager" for the Collateral. The Portfolio Selection Agent will not have any fiduciary duties or other duties to the Issuer or to the holders of the Notes and will not have any ability to direct the Trustee to dispose of any items of Collateral. See "The Portfolio Selection Agent" and "The Portfolio Selection Agreement".



## Notes

Class Designation	SS	A-1	A-2	B	C	D	FL
Original Principal Amount (as expressed in Dollars) <sup>1</sup>	\$0	\$50,000,000	\$142,000,000	\$0	\$0	\$0	\$0
Initial Class Notional Amount (as expressed in Dollars)	\$1,100,000,000	\$200,000,000	\$280,000,000	\$60,000,000	\$100,000,000	\$60,000,000	\$200,000,000
Class Series	Series 1	Series 1	Series 1	Series 1	Series 1	Series 1	Series 1
Stated Maturity	March 1, 2038						
Average Life (in years) <sup>2</sup>	3.5	4.0	4.2	4.3	4.4	4.6	5.1
Minimum Denomination (Integral Multiples):							
Rule 144A	\$250,000, (\$1)						
Reg S	\$100,000, (\$1); €100,000, (€1); £100,000, (£1); ¥10,000,000, (¥1); A\$100,000, (A\$1); C\$100,000, (C\$1); NZ\$100,000, (NZ\$1)						
Applicable Investment Company Act of 1940 Exemption	3(c)(7)						
Initial Ratings:							
S&P		AAA	AAA				
Moody's		Aaa	Aaa				
Pricing Date	April 10, 2007						
Closing Date	April 26, 2007						
Issue Price	The Notes will be offered for sale from time to time in negotiated transactions, or otherwise, at various prices to be determined at the time of such sale						
Series Interest Rate for Series issued on Closing Date <sup>3</sup>		LIBOR + 0.85%	LIBOR + 1.10%				
Fixed or Floating Rate	Floating	Floating	Floating	Floating	Floating	Floating	Floating
Interest Accrual Period	Each period from and including the preceding Payment Date (or, the Closing Date, with respect to the first Payment Date) to but excluding the current Payment Date (or, in the case of the Payment Date preceding the Stated Maturity, to but excluding the Stated Maturity)						
Payment Date	On the 28 <sup>th</sup> calendar day of each month (or if such day is not a Business Day, the next succeeding Business Day) and at Stated Maturity						
First Payment Date	May 29, 2007						
Record Date	15 days prior to the applicable Payment Date						
Frequency of Payments	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Day Count	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360
Co-Issued Notes or Issuer Notes	Co-Issued Notes	Co-Issued Notes	Issuer Notes	Issuer Notes	Issuer Notes	Issuer Notes	Issuer Notes
Form of Notes:							
Global	Yes	Yes	Yes	Yes	Yes	Yes	Yes
CUSIPS Rule 144A	00256UAA2	00256UAB0	00256YAA4	00256YAB2	00256YAC0	00256YAD8	00256YAE6
CUSIPS Reg S	G0010JAA7	G0010JAB5	G0010AAA6	G0010AAB4	G0010AAC2	G0010AAD0	G0010AAE8
ISIN Reg S	USG0010JAA72	USG0010JAB55	USG0010AAA63	USG0010AAB47	USG0010AAC20	USG0010AAD03	USG0010AAE85
Common Code	029629897	029630569	029630780	029630941	029631026	029631174	029631662
Clearing Method:							
Rule 144A	DTC	DTC	DTC	DTC	DTC	DTC	DTC
Reg S	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream
Certificated	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> Pursuant to the Indenture (in the case of the Co-Issued Notes) and the Issuing and Paying Agency Agreement (in the case of the Issuer Notes), the Notes of any Class may be issued from time to time following the Closing Date. See "Description of the Notes—The Indenture—Additional Issuance" and "Description of the Notes—The Issuing and Paying Agency Agreement—Additional Issuance."

<sup>2</sup> Under a hypothetical scenario in which (i) each Reference Obligation will make a repayment of principal in full on a single date corresponding to the projected weighted average life of such Reference Obligation determined on the basis of a 30/360 day-count convention, whether or not such date falls on a Business Day or a Payment Date, (ii) principal payments on the Notes will occur on Payment Dates in accordance with the applicable cut-off dates, (iii) the Notes will be repaid in accordance with the Priority of Payments and (iv) no Credit Events will have occurred with respect to the Reference Portfolio. The assumptions set forth above are not predictive or a forecast, nor do they necessarily reflect historical performance and defaults.

<sup>3</sup> The Series Interest Rate with respect to any Series of a Class will be determined at the time of issuance of such Series, and will equal the Applicable Index for such Series plus or minus the Applicable Spread to such Applicable Index. The Series Interest Rate with respect to different Series of a Class may vary. The Notes of any Class may be issued in more than one Series due to differences in one or more of the date of issuance, the Series Interest Rate, the Approved Currency in which such Notes are denominated, the Stated Maturity, the Non-Call Period and the date from which interest will accrue. See "Additional Issuance" herein.

**The Issuer Notes .....**

The Issuer Notes will be issued in accordance with one or more deeds of covenant (each, a "**Deed of Covenant**") and will be subject to the Issuing and Paying Agency Agreement, dated as of the Closing Date including the terms and conditions of such Notes contained therein (the "**Issuing and Paying Agency Agreement**"), between the Issuer and LaSalle Bank National Association, as Issuing and Paying Agent (in such capacity, the "**Issuing and Paying Agent**"). See "Description of Notes—The Issuing and Paying Agency Agreement".

**Status and Subordination .....**

The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer. On (i) each Payment Date and (ii) any other Business Day on which Currency Adjusted Notional Principal Adjustment Amounts are paid by the Issuer to the Noteholders, the Class SS Notes will be senior in right of payment to the Class A-1 Notes, the Class A-1 Notes will be senior in right of payment to the Class A-2 Notes, the Class A-2 Notes will be senior in right of payment to the Class B Notes, the Class B Notes will be senior in right of payment to the Class C Notes, the Class C Notes will be senior in right of payment to the Class D Notes and the Class D Notes will be senior in right of payment to the Class FL Notes.

**Use of Proceeds .....**

The aggregate net proceeds of the offering of the Notes are expected to equal approximately \$192,000,000 (including the USD Equivalent of the Notes denominated in Approved Currencies other than Dollars). The Issuer will use such net proceeds, together with part or all of the Upfront Payment, to purchase Collateral Securities and Eligible Investments that will have an aggregate principal amount of at least \$192,000,000 (including the USD Equivalent of the Collateral Securities denominated in Approved Currencies other than Dollars); *provided that*, for each Approved Currency, the aggregate principal amount of Collateral Securities and Eligible Investments denominated in such Approved Currency and purchased with the proceeds of the offering will equal or exceed the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency on the Closing Date.

**Distributions of Interest  
Proceeds .....**

Interest Proceeds will be distributable monthly to Holders of the Notes in accordance with the Priority of Payments. See "Description of the Notes—Priority of Payments".

**Non-Call Period .....**

With respect to each Series of Notes issued on the Closing Date, the period from the Closing Date to and including the Business Day immediately preceding the April 2009 Payment Date and, with respect to any Series of Notes issued after the Closing Date, the period designated for such Series at the time of issuance in the related offering circular supplement (the "**Non-Call Period**").

So long as the Non-Call Period for each Series of Notes Outstanding has expired, the Notes will be redeemed in full at

the option of the Protection Buyer if the Protection Buyer elects to terminate the Credit Default Swap prior to the Scheduled Termination Date and certain conditions are satisfied. See "Description of the Notes—Optional Redemption in Whole and Partial Optional Redemption", "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date and Mandatory Redemption Date" and "The Credit Default Swap—Credit Default Swap Early Termination—Credit Default Swap Termination Events".

After the applicable Non-Call Period, one or more Series of Notes may be redeemed in full if the Protection Buyer, in its sole discretion, elects to redeem such Series prior to its Stated Maturity and certain conditions are satisfied. In addition, if the Protection Buyer and/or one or more Affiliates thereof acquires any Notes prior to the end of the related Series' applicable Non-Call Period (such Notes, "**Protection Buyer Notes**"), such Notes may be redeemed notwithstanding that any such redemption may occur during the applicable Non-Call Period. See "Description of the Notes—Optional Redemption in Whole and Partial Optional Redemption", "Description of the Notes—Priority of Payments—Principal Proceeds—Other Payment Dates" and "The Credit Default Swap—Payments—Payment on a Partial Optional Redemption Date".

**Principal Payments  
on the Notes .....**

The following table sets forth the general circumstances and dates upon which Holders of the Notes will receive principal payments on their Notes prior to the Stated Maturity:

Event	Date of Payment	Amounts Payable in accordance with the Priority of Payments
Payment of Currency Adjusted Notional Principal Adjustment Amounts	The Payment Date immediately following the Due Period in which such amounts were determined by the Credit Default Swap Calculation Agent	Notional Principal Adjustment Amounts
Optional Redemption in Whole due to an optional termination of the Credit Default Swap by the Protection Buyer	Any Payment Date after the expiration of the Non-Call Period for each Series of Notes Outstanding	Currency Adjusted Aggregate Outstanding Amount <i>plus</i> , if the consent of each Holder of Notes of a Reversible Loss Series has not been obtained, with respect to each such Reversible Loss Series, the Optional Redemption Reimbursement Amount

Event	Date of Payment	Amounts Payable in accordance with the Priority of Payments
Partial Optional Redemption due to the election by the Protection Buyer to redeem one or more Series of Notes in full	Any Payment Date after the applicable Non-Call Period	Currency Adjusted Aggregate Outstanding Amount of each Series of Notes being redeemed <i>plus</i> , if any such Series is a Reversible Loss Series and the consent of each Holder of such Reversible Loss Series has not been obtained, the Optional Redemption Reimbursement Amount for any such Reversible Loss Series
Partial Optional Redemption due to the election by the Protection Buyer to redeem Protection Buyer Notes	Any Payment Date	Currency Adjusted Aggregate Outstanding Amount of the Protection Buyer Notes being redeemed
Mandatory Redemption (other than a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party, (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party or (iii) termination of the Basis Swap pursuant to which the Basis Swap Counterparty is the defaulting party, for which there would be insufficient liquidation proceeds to pay (a) items (i) through (iii) of the Priority of Payments and (b) with respect to each of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes, the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes of such Class and accrued interest thereon (if any))	Any Business Day	Principal Proceeds
Mandatory Redemption (other than as described above)	Any Business Day	Principal Proceeds and/or delivery of Collateral Securities subject to Special Termination Liquidation Procedure

See "Description of the Notes—Principal", "Description of the Notes—Optional Redemption in Whole and Partial Optional

Redemption", "Description of the Notes—Mandatory Redemption", "Description of the Notes—Priority of Payments" and "Description of the Notes—The Indenture—Events of Default".

**Decrease in the Class Notional  
Amount of each Class of  
Notes .....**

The Class Notional Amount of each Class of Notes will be decreased by an amount (as expressed in Dollars) equal to:

- (i) on the fifth Business Day following the calculation of any Loss Amount, if greater than zero, the lesser of (a)(i) the aggregate Loss Amount determined on the related Credit Default Swap Calculation Date *less* (ii) the Class Notional Amount of all Classes of Notes that are subordinated to such Class immediately prior to such determination and (b) the Class Notional Amount of such Class immediately prior to such determination (such amount, the **"Unscaled Credit Event Adjustment Amount"**); and
- (ii) on the Payment Date immediately following the Due Period in which such Reference Obligation Amortization Amount is determined by the Credit Default Swap Calculation Agent on one or more Reference Obligation(s), if greater than zero, the lesser of (x) (A) the aggregate Notional Principal Amount allocable on such date *less* (B) the Class Notional Amount of all Classes of Notes that are senior to such Class immediately prior to such determination, and (y) the Class Notional Amount of such Class immediately prior to such determination (such amount, the **"Unscaled Notional Principal Adjustment Amount"**).

On any date of determination, increases and decreases to the Class Notional Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Reimbursement Amount (if any), and (iii) aggregate Notional Principal Amount (if any).

See "Description of Notes—Principal".

**Increase in the Class  
Notional Amount of each  
Class of Notes .....**

On the Payment Date immediately following the Due Period during which a Reference Obligation Reimbursement Amount is determined by the Credit Default Swap Calculation Agent with respect to one or more Reference Obligation(s), and so long as such Reference Obligation(s) remains in the Reference Portfolio at the time of such Reference Obligation Reimbursement, the Class Notional Amount of each Class of Notes will be increased by an amount (as expressed in Dollars) equal to, if greater than zero, the lesser of (i) such Reference Obligation Reimbursement Amount *less* the sum of the ICE Class Notional Amount

Differentials for the Classes of Notes that are senior to such Class immediately prior to such determination, and (ii) the ICE Class Notional Amount Differential of such Class immediately prior to such determination (such amount, the "**Unscaled Reinstatement Adjustment Amount**") (if any).

On any date of determination, increases and decreases to the Class Notional Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate Loss Amount (if any), (ii) aggregate Reference Obligation Reimbursement Amount (if any) and (iii) aggregate Notional Principal Amount (if any).

See "Description of Notes—Principal".

**Decrease in the Aggregate  
USD Equivalent Outstanding  
Amount of each Class  
of Notes .....**

The Aggregate USD Equivalent Outstanding Amount of each Class of Notes will be decreased by an amount (as expressed in Dollars) equal to:

- (i) on the fifth Business Day following the calculation of any Loss Amount, without paying any principal on such Class of Notes, the product of (a) the related Unscaled Credit Event Adjustment Amount and (b) the related Note Scaling Factor (such amount determined under this subclause (i), the "**Credit Event Adjustment Amount**");
- (ii) on the Payment Date immediately following the Due Period in which a Reference Obligation Amortization Amount is determined by the Credit Default Swap Calculation Agent on one or more Reference Obligation(s), a payment of principal representing the product of (a) the related Unscaled Notional Principal Adjustment Amount and (b) the related Note Scaling Factor (such amount determined under this subclause (ii), the "**Notional Principal Adjustment Amount**");
- (iii) on any Stated Maturity related to a Series of such Class, after giving effect to clauses (i) and (ii) above, the Aggregate USD Equivalent Outstanding Amount of each such Series maturing on such date; and
- (iv) on a Partial Optional Redemption Date, after giving effect to clauses (i) through (iii) above, with respect to a Class of Notes for which (A) one or more Series of such Class is redeemed in full on such date or (B) Protection Buyer Notes are redeemed, in each case in connection with a Partial Optional Redemption, a payment of principal representing the Aggregate USD Equivalent Outstanding Amount of the Notes of such Class redeemed in connection with such Partial Optional Redemption.

For the avoidance of doubt, with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations made on such date pursuant to subclauses (i) through (iv) above will be based on the Aggregate USD Equivalent Outstanding Amount of each applicable Series of such Class, as expressed in Dollars.

On any date of determination, increases and decreases to the Aggregate USD Equivalent Outstanding Amount of any Class of Notes will be determined by giving effect, in the following order, to (i) the aggregate related Unscaled Credit Event Adjustment Amount (if any), (ii) the aggregate related Unscaled Reinstatement Adjustment Amount (if any) and (iii) the aggregate related Unscaled Notional Principal Adjustment Amount (if any).

See "Description of Notes—Principal".

**Increase in the Aggregate  
USD Equivalent Outstanding  
Amount of each Class  
of Notes .....**

The Aggregate USD Equivalent Outstanding Amount of each Class of Notes will be increased by an amount (as expressed in Dollars) equal to:

- (i) on the Payment Date immediately following the Due Period during which a Reference Obligation Reimbursement Amount is determined by the Credit Default Swap Calculation Agent (with the related Currency Adjusted Reinstatement Adjustment Amount (other than with respect to that portion of Reference Obligation Repayment Amount which will be applied to make principal payments on the Notes on such Payment Date) to be invested in Collateral Securities, or pending such investment, in Eligible Investments, as described under "—The Collateral Securities"), the product of (a) the related Unscaled Reinstatement Adjustment Amount and (b) the related Note Scaling Factor with respect to such Class of Notes (such amount, the **"Reinstatement Adjustment Amount"**); *provided* that the Aggregate USD Equivalent Outstanding Amount of each Class of Notes may only be increased by an amount less than or equal to the ICE Aggregate USD Equivalent Outstanding Amount Differential of such Class; and
- (ii) on any day on which additional Notes of such Class are issued, the principal amount of such additional issuance (or the USD Equivalent of such principal amount if issued in an Approved Currency other than Dollars).

For the avoidance of doubt, with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations made on such date pursuant to subclause (i) above will be based on the Aggregate USD Equivalent Outstanding Amount of each Series of such Class, as expressed in Dollars.

See "Description of Notes—Principal".

**Decrease in the Currency Adjusted  
Aggregate Outstanding Amount  
of each Series of Notes .....**

The Currency Adjusted Aggregate Outstanding Amount of any Series of Notes will be decreased, with respect to (A) any event described under clauses (i) and (ii) of "—Decrease in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", by an amount equal to the quotient of (a) such Notes' allocation of any related Credit Event Adjustment Amount or Notional Principal Adjustment Amount, as applicable, *divided by* (b) the Applicable Series Foreign Exchange Rate (such quotient, the "**Currency Adjusted Credit Event Adjustment Amount**" or the "**Currency Adjusted Notional Principal Adjustment Amount**", as applicable), (B) on the Stated Maturity with respect to a Series of Notes, the Currency Adjusted Aggregate Outstanding Amount of such Notes maturing on such date, after giving effect to any reductions pursuant to subclause (A) above and (C) a Partial Optional Redemption of such Notes, by the Currency Adjusted Aggregate Outstanding Amount of such Notes, after giving effect to any reductions pursuant to subclauses (A) and (B) above.

**Increase in the Currency Adjusted  
Aggregate Outstanding Amount  
of each Series of Notes .....**

The Currency Adjusted Aggregate Outstanding Amount of any Series of Notes will be increased, with respect to any event described under clause (i) of "—Increase in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", by an amount equal to the quotient of (a) such Notes' allocation of any related Reinstatement Adjustment Amount *divided by* (b) the Applicable Series Foreign Exchange Rate (such quotient, the "**Currency Adjusted Reinstatement Adjustment Amount**").

**Cancellation of Notes .....**

A Class of Notes will be deemed to be cancelled and no longer Outstanding on the date that the ICE Class Notional Amount of such Class has been reduced to zero.

**The Credit Default Swap**

**Credit Default Swap .....**

On or prior to the Closing Date, the Issuer will enter into a credit default swap transaction (the "**Credit Default Swap**") with Goldman Sachs Capital Markets, L.P. (in such capacity, the "**Protection Buyer**") pursuant to which the Issuer will sell credit protection to the Protection Buyer with respect to a portfolio of Reference Obligations consisting of RMBS.

**Documentation .....**

The Credit Default Swap will be documented by a confirmation that will be governed by, form part of and be subject to a 1992 Master Agreement (Multicurrency-Cross Border) (the "**ISDA Master Agreement**") published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), and Schedule thereto. The definitions and provisions of the ISDA Credit Derivatives Definitions will be incorporated into the Credit Default Swap by reference (as supplemented by the May 2003 Supplement to such definitions published by ISDA), subject to certain



amendments as set out in the Credit Default Swap. The Credit Default Swap will be governed by New York law.

**Reference Portfolio .....**

On the Closing Date, it is expected that the Credit Default Swap will reference 90 Reference Obligations (collectively, the "**Reference Portfolio**"). See Schedule A.

The Protection Buyer is not required to have any credit exposure to any Reference Entity or any Reference Obligation.

**Modification of the  
Reference Portfolio .....**

The Reference Portfolio is static and no replacement Reference Obligations may be included in the Reference Portfolio. Following the redemption or amortization in full of a Reference Obligation, the Reference Obligation that has been redeemed or amortized in full, will be removed from the Reference Portfolio. Subject to the foregoing, if the Reference Obligation Notional Amount of a Reference Obligation that suffered one or more Credit Events is reduced to zero at any time on or prior to the Scheduled Termination Date and remains at zero for a period of one calendar year, such Reference Obligation shall be removed from the Reference Portfolio as of the last day of such one calendar year period; *provided* that, if such Reference Obligation that suffered one or more Credit Events experiences a Reference Obligation Reimbursement for which the Reference Obligation Repayment Amount equals the ICE Reference Obligation Notional Amount Differential of such Reference Obligation immediately prior to such determination, the Reference Obligation shall be removed from the Reference Portfolio immediately following the determination of such Reference Obligation Repayment Amount by the Credit Default Swap Calculation Agent.

**Credit Events .....**

The following Credit Events (each a "**Credit Event**") shall apply with respect to each Reference Obligation:

- (i) Failure to Pay Principal; or
- (ii) Writedown.

See "The Credit Default Swap—Credit Events".

**Conditions to Settlement.....**

The "**Conditions to Settlement**" will be satisfied upon delivery to the Issuer and the Trustee of a Credit Event Notice and a Notice of Publicly Available Information.

**Notifying Party.....**

The Protection Buyer.

**Credit Default Swap  
Calculation Agent.....**

Goldman Sachs Capital Markets, L.P. will be the calculation agent (in this capacity the "**Credit Default Swap Calculation Agent**") under the Credit Default Swap.

**Settlement Method .....**

Cash.

<b>Loss Amount .....</b>	<p>On the Business Day on which the Protection Buyer satisfied the Conditions to Settlement (in each case, a "<b>Credit Default Swap Calculation Date</b>"), the Credit Default Swap Calculation Agent will determine the loss amount (a "<b>Loss Amount</b>") with respect to the related Credit Event as follows:</p> <ul style="list-style-type: none"> <li>(i) with respect to a Writedown, the Loss Amount will be an amount equal to the related Writedown Amount; and</li> <li>(ii) with respect to a Failure to Pay Principal, the Loss Amount will be an amount equal to the related Principal Shortfall Amount.</li> </ul>
<b>Cash Settlement Amount .....</b>	<p>On the fifth Business Day following a Credit Default Swap Calculation Date (a "<b>Credit Default Swap Settlement Date</b>"), subject to the provision described in the following paragraph, the Issuer will pay to the Protection Buyer an amount (a "<b>Cash Settlement Amount</b>") equal to the aggregate of any Currency Adjusted Credit Event Adjustment Amounts determined on such day payable in the currencies of such Currency Adjusted Credit Event Adjustment Amounts.</p> <p>Pursuant to the terms of the Credit Default Swap, if the liquidation proceeds of Eligible Investments and Collateral Securities would have been sufficient to pay a Cash Settlement Amount had such Collateral (other than Put Excluded Collateral) been liquidated at least at 100% of par (instead of below 100% of par), the Issuer will be deemed to have paid such Cash Settlement Amount in full upon the Protection Buyer's receipt of the actual related liquidation proceeds.</p> <p>See "The Credit Default Swap—Payments".</p>
<b>Reimbursement following a Credit Event .....</b>	<p>If, after the occurrence of a Credit Event, a Reference Obligation Reimbursement occurs with respect to the related Reference Obligation, and so long as such Reference Obligation remains in the Reference Portfolio at the time of such Reference Obligation Reimbursement, the Protection Buyer will pay to the Issuer, on the Payment Date immediately following the Due Period during which the related Reference Obligation Reimbursement Amount is determined by the Credit Default Swap Calculation Agent, an amount equal to the aggregate of:</p> <ul style="list-style-type: none"> <li>(i) the Currency Adjusted Reinstatement Adjustment Amounts payable on such date; and</li> <li>(ii) the ICE Currency Adjusted Interest Reimbursement Amounts payable on such date.</li> </ul>
<b>Credit Default Swap Early Termination .....</b>	<p>The Credit Default Swap may be terminated by the Issuer or by the Protection Buyer ("<b>Credit Default Swap Early Termination</b>") at the option of the non-defaulting or non-affected party, as applicable, upon the occurrence of a Credit Default Swap Event of Default or a Credit Default Swap Termination Event. Upon the Trustee becoming aware of the occurrence of</p>

any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate USD Equivalent Outstanding Amount of the Notes, in each case voting as a single class. In connection with any Noteholder vote to terminate the Collateral Put Agreement, any Notes held by or on behalf of the Collateral Put Provider or any of its Affiliates will have no voting rights and will be deemed not to be Outstanding in connection with any such vote.

See "The Credit Default Swap—Credit Default Swap Early Termination".

## The Collateral Securities

### The Initial Collateral Securities...

On the Closing Date, the Issuer will use part of the proceeds of the offering to purchase at least \$192,000,000 principal amount of Collateral Securities and Eligible Investments selected by the Protection Buyer as described in "The Collateral Securities—The Initial Collateral Securities" (including the USD Equivalent of the Notes denominated in Approved Currencies other than Dollars); *provided that*, for each Approved Currency, the aggregate principal amount of Collateral Securities and Eligible Investments denominated in such Approved Currency and purchased with the proceeds of the offering will equal or exceed the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency on the Closing Date.

## Supplemental Collateral Securities

### Substitution .....

Any Noteholder may request that the Issuer substitute one or more Collateral Securities in accordance with the terms of the Indenture.

See "Collateral Securities—Substitution of Collateral Securities".

### Purchase of Supplemental Collateral Securities.....

Upon or subsequent to:

- (i) the redemption or amortization, in whole or in part, of a Collateral Security (an "**Amortized Collateral Security**" and the principal amount of such redemption or amortization, the "**Collateral Security Amortization Amount**"),
- (ii) the additional issuance of Notes from time to time on any Payment Date after the Closing Date (the principal amount of such issuance, the "**Additional Issuance Principal Amount**"),

- (iii) the receipt of Disposition Proceeds in connection with the liquidation of any principal amount of a Collateral Security in excess of the amount necessary to pay any Cash Settlement Amount, Currency Adjusted Notional Principal Adjustment Amount or in connection with a Partial Optional Redemption or a Stated Maturity (for the avoidance of doubt, excluding any Excess Disposition Proceeds) (such excess principal amount, the "**Excess Principal Amount**"), or
- (iv) the Issuer's receipt of a Currency Adjusted Reinstatement Adjustment Amount (other than with respect to that portion of any Reference Obligation Repayment Amount which shall be applied to make principal payments on the Notes on such Payment Date),

the Protection Buyer may, in its sole discretion, direct the Issuer to purchase (and the Issuer shall so purchase) one or more replacement Collateral Securities or additional Collateral Securities (together, the "**Supplemental Collateral Securities**"), as the case may be, subject to (a) the Collateral Security Eligibility Criteria, (b) the Collateral Weighted Average Life Test and (c) the Collateral Security Quantity Constraint (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent);

*provided* that (1) in the case of clauses (i) and (iii) above, such Supplemental Collateral Securities will be denominated in the same Approved Currency as the Collateral Security that has been amortized, redeemed, or otherwise disposed of and (2) in the case of clauses (ii) and (iv) above, such Supplemental Collateral Securities will be denominated in the same currency as such Notes that are issued or reinstated. See "The Collateral Securities—Supplemental Collateral Securities". Pending any such reinvestment, the Issuer will invest the Collateral Security Amortization Amount, Additional Issuance Principal Amount, Excess Principal Amount or Currency Adjusted Reinstatement Adjustment Amount, as the case may be, in Eligible Investments.

If the Issuer liquidates a Collateral Security in order to pay a Cash Settlement Amount, a Currency Adjusted Notional Principal Adjustment Amount or in connection with a Partial Optional Redemption or a Stated Maturity, as the case may be, and the Issuer receives Disposition Proceeds in respect of such Collateral Security which exceed 100% of the principal amount of such Collateral Security (the excess proceeds described above, excluding any accrued and unpaid interest, "**Excess Disposition Proceeds**"), the Protection Buyer may, in its sole discretion, direct the Issuer to use such Excess Disposition Proceeds to purchase (and the Issuer shall so purchase) one or more Supplemental Collateral Securities in any Approved Currency, subject to clauses (iv), (v) and (vii) through (xiii) of the Collateral Security Eligibility Criteria (as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent). See

"The Collateral Securities—Supplemental Collateral Securities". Pending any such reinvestment, the Issuer will invest such Excess Disposition Proceeds in Eligible Investments.

**Liquidation of Collateral  
Securities .....**

The Collateral Securities will only be liquidated in connection with the events described below:

- (i) on a Credit Default Swap Calculation Date, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive at least 100% of par for such Collateral Securities in any such liquidation, other than Put Excluded Collateral) that, when added to the proceeds from the liquidation of any Eligible Investments (assuming that the Issuer will receive at least 100% of par for such Eligible Investments, other than Put Excluded Collateral), would be sufficient to pay the Protection Buyer the Cash Settlement Amount on the related Credit Default Swap Settlement Date;
- (ii) five Business Days prior to the Payment Date immediately following the Due Period in which a Reference Obligation Amortization Amount is determined, in each case by the Credit Default Swap Calculation Agent on one or more Reference Obligation(s), if any Currency Adjusted Notional Principal Adjustment Amount will be paid to any Noteholders by the Issuer on the related Payment Date, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive at least 100% of par for such Collateral Securities in any such liquidation, other than in connection with any Put Excluded Collateral) that, when added to the proceeds from the liquidation of any Eligible Investments (assuming that the Issuer will receive at least 100% of par for such Eligible Investments, other than Put Excluded Collateral), would be sufficient to pay to the applicable Noteholders such Currency Adjusted Notional Principal Adjustment Amount on the related Payment Date (*provided* that if the Issuer will not receive at least 100% of par for a Selected Collateral Security, such Selected Collateral Security (other than Put Excluded Collateral) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to a price of 100% for any such Selected Collateral Security, *plus* accrued and unpaid interest thereon);
- (iii) after the occurrence and continuation of an Event of Default, if the Trustee is directed to liquidate the Collateral Securities in accordance with the terms of the

Indenture, the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities;

- (iv) in connection with any Optional Redemption in Whole, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities (*provided* that if the Issuer will not receive at least 100% of par for a Selected Collateral Security, such Selected Collateral Security (other than Put Excluded Collateral) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to 100% of par for such Selected Collateral Security, *plus* accrued and unpaid interest thereon);
- (v) in connection with any Partial Optional Redemption, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive at least 100% of par for such Collateral Securities in any such liquidation, other than Put Excluded Collateral) that, when added to the proceeds from the liquidation of any Eligible Investments (assuming that the Issuer will receive at least 100% of par for such Eligible Investments, other than Put Excluded Collateral), would be sufficient to pay to the applicable Noteholders the principal amount of such Notes redeemed in connection with such Partial Optional Redemption (*provided* that if the Issuer will not receive at least 100% of par for a Selected Collateral Security, such Selected Collateral Security (other than Put Excluded Collateral) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to 100% of par for such Selected Collateral Security, *plus* accrued and unpaid interest thereon);
- (vi) in connection with a Mandatory Redemption other than a Mandatory Redemption caused by a (a) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party, (b) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party or (c) termination of the Basis Swap pursuant to which the Basis Swap Counterparty is the defaulting party, the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities;
- (vii) in connection with a Mandatory Redemption other than as described in subclause (vi) above, Collateral Securities will be selected for liquidation and/or delivery to Noteholders pursuant to the Special Termination Liquidation Procedure;

- (viii) in connection with the Stated Maturity of any Series of Notes, the Issuer or Trustee will notify the Collateral Disposal Agent to liquidate Collateral Securities in an amount (assuming that the Issuer will receive at least 100% of par for such Collateral Securities in any such liquidation, other than Put Excluded Collateral) that, when added to the proceeds from the liquidation of any Eligible Investments (assuming that the Issuer will receive at least 100% of par for such Eligible Investments, other than Put Excluded Collateral), would be sufficient to pay the applicable Noteholders the principal amount of such Notes maturing on the related Stated Maturity (*provided* that if the Issuer will not receive at least 100% of par for a Selected Collateral Security, such Selected Collateral Security (other than Put Excluded Collateral) will not be liquidated but the Trustee will instead deliver such Selected Collateral Security to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to 100% of par for such Selected Collateral Security, *plus* accrued and unpaid interest thereon); and
- (ix) in connection with the satisfaction of the Replacement Counterparty Procedures, the Issuer, or the Trustee on behalf of the Issuer, will notify the Collateral Disposal Agent to liquidate all Collateral Securities.

**Determination of Compliance  
of Reference Obligations and  
Collateral Securities with  
the Requirements under the  
Credit Default Swap and  
Certain Calculations pursuant  
to the Indenture and the  
Credit Default Swap .....**

The Credit Default Swap Calculation Agent will supply information and calculations to (i) the Collateral Administrator for use in the Collateral Administrator's confirmation of compliance of the Collateral (after the proposed addition of a Collateral Security) with any of the Collateral Security Eligibility Criteria, the Collateral Weighted Average Life Test and the Collateral Security Quantity Constraint, and (ii) the Trustee for use in the Trustee's confirmation of the BIE Collateral Security Eligibility Criteria.

To the extent there is any difference between any of the Collateral Administrator's or the Trustee's (as the case may be) and the Credit Default Swap Calculation Agent's determination of the satisfaction of any of the Collateral Security Eligibility Criteria, the Collateral Weighted Average Life Test or the Collateral Security Quantity Constraint, the Collateral Administrator will use commercially reasonable efforts to resolve such difference.

For the avoidance of doubt, the obligations of the Collateral Administrator under the Collateral Administration Agreement are

solely the obligations of the Collateral Administrator and not those of the Credit Default Swap Calculation Agent, the Protection Buyer or any of its Affiliates.

## The Basis Swap

**The Basis Swap** ..... On or prior to the Closing Date, the Issuer will enter into a basis swap transaction (the "**Basis Swap**") with Goldman Sachs Capital Markets, L.P. (in such capacity, the "**Basis Swap Counterparty**").

**Terms** ..... On each Payment Date, the Issuer will pay to the Basis Swap Counterparty an amount (the "**Basis Swap Payment**") equal to the Collateral Interest Amount.

**"Collateral Interest Amount"** means, with respect to any Payment Date (including the Optional Redemption Date and the Stated Maturity) or the Mandatory Redemption Date, without duplication (i) all interest payments that are scheduled to be paid by obligors of Collateral in accordance with the Underlying Instruments of such Collateral during the preceding Due Period, *plus* (ii) all amendment and waiver fees, late payment fees, make-whole premiums and other fees that are either (a) scheduled to be paid by obligors of Collateral during the preceding Due Period or (b) obligors of such Collateral have agreed to pay to holders of such Collateral during the preceding Due Period, *plus* (iii) all accrued and unpaid amounts described in subclause (i) and (ii) above that a buyer of such Collateral has agreed to pay to the Issuer upon the sale of such Collateral during the preceding Due Period, less any Purchased Accrued Interest Amount that the Issuer used in connection with the purchase of a Supplemental Collateral Security during the preceding Due Period, which in each of clauses (i) through (iii) above, for the avoidance of doubt, includes (a) amounts actually received by the Issuer and (b) amounts due and payable to the Issuer but not received by the Issuer.

On each Payment Date, the Basis Swap Counterparty will pay to the Issuer the Monthly Basis Swap Payment.

See "The Basis Swap" and "Description of the Notes—Priority of Payments—Interest Proceeds".

## The Collateral Put Agreement

**The Collateral Put Agreement** ..... On or prior to the Closing Date, the Issuer will enter into a put agreement (the "**Collateral Put Agreement**") with Goldman Sachs International ("**GSI**" or in such capacity, the "**Collateral Put Provider**").

**Terms** ..... With respect to the Issuer's liquidation of Collateral (other than Put Excluded Collateral) in connection with (i) the payment of any Currency Adjusted Notional Principal Adjustment Amount by the Issuer to the applicable Noteholders, (ii) an Optional Redemption in Whole or a Partial Optional Redemption or (iii) a Stated Maturity of any Series of Notes, if (x) the Collateral



Disposal Agent is unable to obtain at least 100% of par for a Collateral Security and/or (y) the Trustee is unable to obtain at least 100% of par for Eligible Investments (in each case (i) other than Put Excluded Collateral and (ii) excluding any accrued and unpaid interest), the Collateral Disposal Agent will inform the Trustee and the Issuer (in the case of (x) above) and the Trustee will inform the Issuer (in the case of (y) above). The Trustee will then, on behalf of the Issuer, exercise the Issuer's rights under the Collateral Put Agreement pursuant to which the Trustee will deliver such Collateral (other than Put Excluded Collateral) to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider of an amount equal to 100% of par for such Collateral (*plus* accrued and unpaid interest).

See "The Collateral Put Agreement".

## The Collateral Disposal Agreement

### The Collateral Disposal Agreement.....

On or prior to the Closing Date, the Issuer will enter into a collateral disposal agreement (the "**Collateral Disposal Agreement**") with Goldman, Sachs & Co. (in such capacity, the "**Collateral Disposal Agent**").

### Terms.....

Pursuant to the terms of the Collateral Disposal Agreement, the Collateral Disposal Agent will (i) subject to subclause (iii) below in connection with any partial liquidation of the portfolio of Collateral Securities, choose the Selected Collateral Securities to be liquidated (*provided* that any such Selected Collateral Securities will be denominated in the same currency as the Notes, the Currency Adjusted Aggregate Outstanding Amount of which is reduced by the related Credit Event Adjustment Amount, Notional Principal Adjustment Amount, Partial Optional Redemption or Stated Maturity), (ii) in connection with any liquidation of any Collateral Security, solicit bids on behalf of the Issuer and (iii) in connection with any liquidation of Collateral Securities as described in subclause (vii) under "—The Collateral Securities—Liquidation of Collateral Securities", perform the acts described under "Description of the Notes—Mandatory Redemption", including, but not limited to, those acts described in the Special Termination Liquidation Procedure.

### Additional Issuance .....

The Notes of any Class may be issued from time to time following the Closing Date. See "Description of the Notes—The Indenture—Additional Issuance" and "Description of the Notes—The Issuing and Paying Agency Agreement—Additional Issuance".

### Governing Law .....

The Co-Issued Notes, the Indenture, the Issuing and Paying Agency Agreement, the Credit Default Swap, the Basis Swap, the Collateral Put Agreement, the Collateral Disposal Agreement and the Portfolio Selection Agreement will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer Notes, the terms and conditions of the Issuer Notes (as set forth in the Issuing and Paying Agency Agreement) and each Deed of Covenant will be governed by, and construed in accordance with, the laws of the Cayman Islands.

<b>Listing and Trading</b> .....	There is no established trading market for the Notes. Application will be made to admit the Notes on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that such admission will be sought, granted or maintained. See "Listing and General Information".
<b>Tax Status</b> .....	See "Income Tax Considerations".
<b>ERISA Considerations</b> .....	See "ERISA Considerations".

## RISK FACTORS

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

*Limited Liquidity and Restrictions on Transfer.* There is currently no market for the Notes. Although the Initial Purchaser has advised the Issuers that it intends to make a market in the Notes, the Initial Purchaser is not obligated to do so, and any such market-making with respect to the Notes may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Holders of such Notes with liquidity of investment or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold the Notes for an indefinite period of time or until Stated Maturity. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer, the Co-Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees as described herein under "Transfer Restrictions". Such restrictions on the transfer of the Notes may further limit their liquidity. See "Transfer Restrictions". Application will be made to list the Notes on a stock exchange of the Issuer's choice, if practicable, but there can be no assurance that such admission will be sought, granted or maintained.

*Limited Recourse Obligations.* The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer, payable solely from the Issuer Assets pledged by the Issuer to secure the Notes. None of the Noteholders, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent, the Portfolio Selection Agent, the Trustee, the Issuing and Paying Agent, the Administrator, the Share Trustee or any affiliates of any of the foregoing or the Issuers' affiliates or any other person or entity will be obligated to make payments on the Notes. Consequently, Holders of the Notes must rely solely on distributions on the Issuer Assets pledged to secure the Notes for the payment of principal and interest thereon. If distributions on the Issuer Assets are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Noteholders, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent, the Portfolio Selection Agent, the Trustee, the Issuing and Paying Agent, the Administrator, the Share Trustee or any affiliates of any of the foregoing) will be available for payment of the deficiency and following realization of the Issuer Assets pledged to secure the Notes, the obligations of the Issuers to pay such deficiency shall be extinguished and shall not thereafter revive. Each Holder of a Note by its acceptance of such Note will agree or be deemed to have agreed not to take any action or institute any proceedings against the Issuers under any insolvency law applicable to the Issuers or which would be likely to cause the Issuers to be subject to, or to seek the protection of, any insolvency law applicable to the Issuers, subject to certain limited exceptions.

*Subordination of the Notes.* The rights of the Holders of the Notes with respect to the Issuer Assets will be subject to prior claims of the Trustee, the Issuing and Paying Agent, the Portfolio Selection Agent, the Protection Buyer, the Basis Swap Counterparty and the Collateral Put Provider, and may be subject to the claims of any other creditor of the Issuer that is entitled to priority as a matter of law or by virtue of any nonconsensual lien that such creditor has on the Issuer Assets or pursuant to the Priority of Payments.

The Class A-1 Notes are subordinated to the Class SS Notes, Class A-2 Notes are subordinated to the Class A-1 Notes, the Class B Notes are subordinated to the Class A-2 Notes, the Class C Notes are subordinated to the Class B Notes, the Class D Notes are subordinated to the Class C Notes and the Class FL Notes are subordinated to the Class D Notes, in each case as described under "Summary—

Notes—Status and Subordination". No payments of interest from Interest Proceeds will be made on any Class of Notes on any Payment Date until current and defaulted interest on the Notes of each Class to which such Class is subordinated has been paid, and no payments of principal will be made on any such Class of Notes (i) on any Payment Date or (ii) any other Business Day on which payments of Currency Adjusted Notional Principal Adjustment Amounts are paid by the Issuer to the Noteholders, until principal of the Notes of each Class to which such Class is subordinated has been paid in accordance with the Priority of Payments described herein. See "Description of the Notes—Priority of Payments".

In addition, if an Event of Default occurs, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will be entitled to determine the remedies to be exercised under the Indenture including the sale and liquidation of the Collateral in accordance with the procedures set forth in the Indenture. Remedies pursued by a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class could be adverse to the interests of the Holders of a particular Class or Classes of Notes. See "Description of the Notes—The Indenture—Events of Default".

*Mandatory Redemption and the Special Termination Liquidation Procedure.* If a Mandatory Redemption occurs and the Special Termination Liquidation Procedure is applied, the Holders of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes voting as a single class will be entitled to determine whether Collateral Securities allocated to such Classes of Notes will be liquidated or delivered to such Noteholders in accordance with the Special Termination Liquidation Procedure. With respect to any of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes, such determination through voting as a single class could be adverse to the interests of the Holders of the Classes of Notes subordinated to such senior Classes, as the case may be, as Holders of any such senior Classes of Notes may elect to receive Collateral Securities with a market value in excess of the Aggregate USD Equivalent Outstanding Amount of such senior Classes of Notes (*plus* accrued and unpaid interest thereon) rather than have the Collateral Securities allocated to such senior Classes liquidated, which would allow Holders of subordinated Classes of Notes to benefit from the liquidation of such Collateral Securities at a premium. See "Description of the Notes—Mandatory Redemption".

*Leverage.* The Aggregate USD Equivalent Outstanding Amount of the Notes will be \$192,000,000 on the Closing Date (including, for the avoidance of doubt, the USD Equivalent of the Notes denominated in Approved Currencies other than Dollars). However, the Reference Portfolio Notional Amount will equal \$2,000,000,000 on the Closing Date, which amount represents the aggregate Reference Obligation Notional Amount on the Closing Date. Through the Credit Default Swap, investors in the Notes will be effectively providing the Protection Buyer loss protection with respect to each Reference Obligation up to the Reference Obligation Notional Amount of such Reference Obligation. Losses incurred will be borne by the Noteholders. Since the Reference Portfolio Notional Amount for the Reference Portfolio exceeds the Aggregate USD Equivalent Outstanding Amount of the Notes, investors in the Notes are providing such loss protection to the Protection Buyer on a leveraged basis.

*Volatility.* Because investors in the Notes are providing loss protection to the Protection Buyer on a leveraged basis, the market value of the Notes may be subject to changes that are greater than the changes in market value that might occur to the Reference Portfolio. The market value of the Notes may vary over time and could be significantly less than par (or even zero) in certain circumstances.

*Credit Linkage of the Notes.* The Credit Default Swap will be linked to the credit of the Reference Entities. The amount payable in respect of principal of the Notes will depend upon, among other factors, whether and to the extent Credit Events have occurred under the Credit Default Swap. Under the Credit Default Swap, upon the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement, the Issuer will be obligated to pay the Protection Buyer a Cash Settlement Amount in an amount equal to any Currency Adjusted Credit Event Adjustment Amounts. Any Cash Settlement Amount paid by the Issuer will reduce the Aggregate USD Equivalent Outstanding Amount of the Notes (in reverse order of

seniority). See "Summary—Notes—Decrease in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes". Except in the limited circumstances as described under "Summary—Notes—Increase in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", a decrease in the Aggregate USD Equivalent Outstanding Amount of the Notes will be permanent and irreversible and the Noteholders will never receive a payment of principal in the amount of such decrease and from and after the date of such decrease, no interest will accrue on the amount of such decrease. See "—Subordination of the Notes" and "Description of the Notes—Priority of Payments".

*Cash Available to Make Payments on the Notes.* The ability of the Issuer to make payments on the Notes will depend primarily on several factors. To the extent (i) one or more Credit Events occur, (ii) the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent fails to perform its obligations or (iii) there is a default in payments due in respect of any Collateral, the amount of available cash to make payments on the Notes in accordance with the Priority of Payments will be reduced. In addition, in the event that an Event of Default occurs in respect of the Notes or on the Mandatory Redemption Date, the Issuer may not be able to pay the principal of the Notes as a result of (a) paying unpaid Credit Default Swap Termination Payments, if any, owing to the Protection Buyer, (b) paying unpaid Basis Swap Termination Payments, if any, owing to the Basis Swap Counterparty, (c) amounts owed to the Collateral Put Provider pursuant to the Collateral Put Agreement and (d) the then applicable market value of the Collateral Securities being less than their principal amount. In the case of a Mandatory Redemption, the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

*Retention of a Portfolio Selection Agent.* The Issuer will retain a portfolio selection agent to select the Initial Reference Portfolio, but following the Closing Date the Reference Portfolio will be static, subject to modification only in connection with the amortization of the Reference Portfolio. The Portfolio Selection Agent will not provide any other services to the Issuer or act as the "collateral manager" for the Collateral. The Portfolio Selection Agent will not have any fiduciary duties or other duties to the Issuer or to the holders of the Notes and will not have any ability to direct the Trustee to dispose of any items of Collateral.

*Interest Payments Dependent Primarily upon the Protection Buyer's Performance under the Credit Default Swap and the Basis Swap Counterparty's Performance under the Basis Swap.* Payments made by the Protection Buyer under the Credit Default Swap and payments made by the Basis Swap Counterparty under the Basis Swap are the Issuer's primary sources of funds to make interest payments on the Notes. Since the ability of the Issuer to make interest payments on the Notes prior to the occurrence of a Credit Default Swap Early Termination or a Basis Swap Early Termination will be dependent on its receipt of payments from the Protection Buyer under the Credit Default Swap and the Basis Swap Counterparty under the Basis Swap, the Noteholders are relying on the Protection Buyer to perform its obligations under the Credit Default Swap and the Basis Swap Counterparty to perform its obligations under the Basis Swap. Accordingly, if a Credit Default Swap Early Termination or a Basis Swap Early Termination occurs prior to a Payment Date, the Issuer may not have sufficient funds to make interest payments on all Classes of Notes.

The insolvency of the Protection Buyer will be a Credit Default Swap Event of Default under the Credit Default Swap. In the event of the insolvency of the Protection Buyer, the Issuer will be treated as a general creditor of the Protection Buyer. Additionally, certain events with respect to a Credit Default Swap Early Termination (which can occur due to the insolvency of the Protection Buyer) will result in a Mandatory Redemption. Upon the occurrence of a Mandatory Redemption, the Trustee will liquidate all or a portion of the Collateral and will make any payments due to the Protection Buyer pursuant to the Credit Default Swap (other than a Protection Buyer Default Termination Payment), the Basis Swap Counterparty pursuant to the Basis Swap (other than a Basis Swap Counterparty Default Termination Payment) and the Collateral Put Provider pursuant to the Collateral Put Agreement prior to making

payments to the Noteholders. Under such circumstances, Noteholders may not receive sufficient funds to repay the principal of the Notes and, as a result, Noteholders should expect to lose a substantial part, if not all, of their principal investment in the Notes and to receive no interest on the Notes. In addition, in the case of a Mandatory Redemption, the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

The insolvency of the Basis Swap Counterparty will be a Basis Swap Event of Default under the Basis Swap. In the event of the insolvency of the Basis Swap Counterparty, the Issuer will be treated as a general creditor of the Basis Swap Counterparty. Additionally, certain events with respect to a Basis Swap Early Termination (which can occur due to the insolvency of the Basis Swap Counterparty) will result in a Mandatory Redemption. Upon the occurrence of a Mandatory Redemption, the Trustee will liquidate the Collateral and will make any payments due to the Protection Buyer pursuant to the Credit Default Swap (other than a Protection Buyer Default Termination Payment), the Basis Swap Counterparty pursuant to the Basis Swap (other than a Basis Swap Counterparty Default Termination Payment) and the Collateral Put Provider pursuant to the Collateral Put Agreement prior to making payments to the Noteholders. Under such circumstances, Noteholders may not receive sufficient funds to repay the principal of the Notes and, as a result, Noteholders should expect to lose a substantial part, if not all, of their principal investment in the Notes and to receive no interest on the Notes. In addition, in the case of a Mandatory Redemption, the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

*Collateral Put Provider Default.* In connection with an Optional Redemption in Whole, a Partial Optional Redemption, a Stated Maturity of any Series of Notes or the payment of any Currency Adjusted Notional Principal Adjustment Amount by the Issuer to the Noteholders, if (x) the Collateral Disposal Agent is unable to obtain at least 100% of par for a Selected Collateral Security and/or (y) the Trustee is unable to obtain at least 100% of par for Eligible Investments (in each case (i) other than Put Excluded Collateral and (ii) excluding any accrued and unpaid interest), the Collateral Disposal Agent will inform the Trustee and the Issuer (in the case of (x) above) and the Trustee will inform the Issuer (in the case of (y) above), who will then direct the Issuer to exercise the Issuer's rights under the Collateral Put Agreement pursuant to which the Issuer will deliver such Selected Collateral Security and/or such Eligible Investment to the Collateral Put Provider in exchange for 100% of the principal amount of such Selected Collateral Security and/or such Eligible Investments (*plus* accrued and unpaid interest). If a Collateral Put Provider defaults in its obligations under the Collateral Put Agreement, the Collateral Disposal Agent will be required to liquidate the Collateral in an amount which may be insufficient to pay such Currency Adjusted Notional Principal Adjustment Amount or to redeem the Notes in full (in connection with an Optional Redemption in Whole) or in part (in connection with a Partial Optional Redemption) or the Holders of any subordinated Class of Notes could be adversely affected as described under "—Mandatory Redemption and the Special Termination Liquidation Procedure". See "Description of the Notes—Mandatory Redemption".

*No Claims on the Reference Entities.* The Credit Default Swap does not constitute a purchase or other acquisition or assignment of any interest in any obligation of any Reference Entity. The Issuer will have a contractual relationship only with the Protection Buyer and not with any Reference Entity, and generally will have no rights to enforce directly compliance by any Reference Entity with the terms of its obligations that are referred to in the Credit Default Swap, no rights of set-off against a Reference Entity, and no voting rights with respect to any Reference Entity. The Issuer will not directly benefit from any collateral securing the obligations of the Reference Entities, and the Issuer will not have the benefit of the remedies that would normally be available to a holder of such secured obligation.

To the extent that the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent or any of their affiliates holds any obligation of a Reference Entity, neither the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent nor any of their affiliates

will be, or will be deemed to be acting as, the Issuer's agent or trustee in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent or any of their affiliates arising under or in connection with its or their holding of any such obligation. None of the Issuer, the Trustee, the Issuing and Paying Agent, nor any Holder of any Note will have any right to acquire from the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent or any of their affiliates (or to require the Protection Buyer, the Credit Default Swap Calculation Agent or any of their affiliates to transfer, assign or otherwise dispose of) any interest in any Reference Obligation or other obligation of any Reference Entity pursuant to the Credit Default Swap. Furthermore, to the extent that the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent or any of their affiliates holds any obligation of a Reference Entity, none of the Protection Buyer, the Credit Default Swap Calculation Agent, the Portfolio Selection Agent nor any of their affiliates will grant the Issuer, the Trustee or the Issuing and Paying Agent any security interest in such obligation.

In addition, in the event of the bankruptcy or insolvency of the Protection Buyer, the Issuer will be treated as a general creditor of the Protection Buyer and will not have any claim with respect to the Reference Entities. Consequently, the Issuer will be subject to the credit risk of the Protection Buyer as well as that of the Reference Entities.

*Limited Provision of Information about Reference Obligations/Reference Entities.* This Offering Circular does not provide any information with respect to any Reference Obligation or Reference Entity other than that contained in a description of the Reference Portfolio set forth under "The Credit Default Swap—The Reference Portfolio". As the occurrence of a Credit Event may result in a permanent decrease in the amounts payable in respect of the Notes, investors should review the list of Reference Obligations set forth herein and conduct their own investigation and analysis with respect to the creditworthiness of each Reference Obligation and the likelihood of the occurrence of a Credit Event with respect to each Reference Entity and Reference Obligation.

The Protection Buyer or its affiliates and/or the Portfolio Selection Agent or its affiliates may have information, including material, non-public information, regarding the Reference Obligations and the Reference Entities. Neither the Protection Buyer nor the Portfolio Selection Agent will provide the Issuer, the Trustee, the Issuing and Paying Agent, any Noteholder or any other Person with any such non-public information. In addition, neither the Protection Buyer nor the Portfolio Selection Agent will provide the Issuer, the Trustee, the Issuing and Paying Agent, any Holder of any Note or any other Person with any such information that is public (including financial information or notices), except in the case of information pertaining to one or more Credit Events with respect to each Reference Entity and one or more Reference Obligation(s) of such Reference Entity in connection with which the Protection Buyer is seeking payment of one or more Cash Settlement Amounts.

The Issuer will be required pursuant to the Indenture to provide the Noteholders with periodic reports. See "Description of the Notes—The Indenture—Reports Prepared Pursuant to the Indenture." None of the Initial Purchaser, the Protection Buyer, the Portfolio Selection Agent or any of their respective affiliates has any obligation to keep the Issuer, the Trustee, the Issuing and Paying Agent or the Noteholders informed as to any other matters with respect to any Reference Entity or any Reference Obligation, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to any Reference Obligation or a Reference Entity.

None of the Issuer, the Trustee, the Issuing and Paying Agent or the Noteholders will have the right to inspect any records of the Initial Purchaser, the Protection Buyer, the Portfolio Selection Agent or any of their respective affiliates. Except for the information contained in this Offering Circular, none of the Initial Purchaser, the Protection Buyer, the Portfolio Selection Agent nor any of their respective affiliates will have any obligation to disclose any information or evidence regarding the existence or terms of any obligation of any Reference Entity or any matters arising in relation thereto or otherwise regarding any Reference Entity, any guarantor or any other person.

*Concentration Risk.* The concentration of the Reference Obligations in the Reference Portfolio in any one particular type of Structured Product Security subjects the Notes to a greater degree of risk with respect to credit defaults within such type of Structured Product Security. Investors should review the list of Reference Obligations set forth herein and conduct their own investigation and analysis with regard to each Reference Obligation. See "The Credit Default Swap—The Reference Portfolio".

*Collateral Default.* To the extent that defaults occur with respect to any Collateral, a Mandatory Redemption will occur and the Collateral Disposal Agent will be required to liquidate the Collateral Securities. Thereafter, liquidation proceeds will be applied in accordance with "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". Depending on the market value of the remaining Collateral and the value of the Credit Default Swap and the Basis Swap at such time, the proceeds of such liquidation may not be sufficient to pay the unpaid principal of and interest on all of the Notes.

*Assets included in the Reference Portfolio or held as Collateral Securities.* The risks generally described below under Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities, CDO Cashflow Securities and Asset-Backed Securities could affect payments on the Notes to the extent any such asset is (i) included in the Reference Portfolio as a Reference Obligation and experiences a Credit Event or (ii) held by the Issuer as a Collateral Security and subsequently experiences a Collateral Default.

*Commercial Mortgage-Backed Securities.* The Collateral Securities may include Commercial Mortgage-Backed Securities.

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

Commercial mortgage lenders typically look to the debt service coverage ratio of a loan secured by income-producing property as an important measure of the risk of default on such a loan. Commercial property values and net operating income are subject to volatility, and net operating income may be sufficient or insufficient to cover debt service on the related mortgage loan at any given time. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project rather than upon the liquidation value of the underlying real



estate. Furthermore, the net operating income from and value of any commercial property may be adversely affected by risks generally incident to interests in real property, including events which the borrower or manager of the property, or the issuer or servicer of the related issuance of commercial mortgage-backed securities, may be unable to predict or control, such as changes in general or local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; and social unrest and civil disturbances. The value of commercial real estate is also subject to a number of laws, such as laws regarding environmental clean-up and limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

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

At any one time, a portfolio of CMBS may be backed by commercial mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the commercial mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations.

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

In addition, interest payments on CMBS may be subject to an available funds-cap and/or a weighted average coupon cap (which cap will, in each case, have the practical effect of deferring part or all of such interest payments) if interest rate rises substantially.

*Residential Mortgage-Backed Securities.* The Reference Obligations will include and the Collateral Securities may include Residential Mortgage-Backed Securities.

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

residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

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

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

In addition, interest payments on RMBS may be subject to an available funds-cap and/or a weighted average coupon cap (which cap will, in each case, have the practical effect of deferring part or all of such interest payments) if interest rate rises substantially.

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

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

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

Some of the CMBS may, and the RMBS referenced in the Initial Reference Portfolio will, be subordinated to one or more other senior classes of securities of the same series for purposes of, among other things, offsetting losses and other shortfalls with respect to the related underlying mortgage loans. In addition, in the case of CMBS and certain RMBS, no distributions of principal will generally be made with respect to any class until the aggregate principal balances of the corresponding senior classes of

securities have been reduced to zero. As a result, the subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

*CDO Cashflow Securities.* The Collateral Securities may include CDO Cashflow Securities. CDO Cashflow Securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer ("**CDO Collateral**") or proceeds thereof. Consequently, CDO Cashflow Securities must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDO Cashflow Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency shall be extinguished.

CDO Cashflow Securities are subject to credit, liquidity and interest rate risks. CDO Collateral may consist of high yield debt securities, loans, structured finance securities and other debt instruments. High yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The below investment grade ratings of high yield securities reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest. Such investments may be speculative.

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

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

In addition, certain CDO Cashflow Securities may by their terms defer payment of interest or pay interest "in-kind".

*Asset-Backed Securities.* The Collateral Securities may include Asset-Backed Securities. The structure of an Asset-Backed Security and the terms of the investors' interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing, acquiring synthetic exposure through the Credit Default Swap or holding Asset-Backed Securities include the relative seniority or subordination of the class of Asset-Backed Securities, the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents, how credit losses affect the issuing vehicle and the return on the different classes, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the asset-backed instrument) any remaining balance in the accounts may revert to the issuing company and the extent to which the company that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to any of the classes of securities. With respect to some types of Asset-Backed Securities, the risk is more closely correlated with the default risk on corporate bonds of similar terms and maturities than with the performance of a pool of receivables. In

addition, certain Asset-Backed Securities (particularly subordinated Asset-Backed Securities) provide that the non-payment of interest in cash on such securities will not constitute an event of default in certain circumstances and the holders of such securities will not have available to them any associated default remedies.

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

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

*Recent Developments in Subprime Residential Mortgage Lending.* Recently, delinquencies, defaults and losses on residential mortgage loans have increased and may continue to increase, which may affect the performance of RMBS, in particular RMBS Residential B/C Mortgage Securities which are backed by subprime mortgage loans. Subprime mortgage loans are generally made to borrowers with lower credit scores. Accordingly, mortgage loans backing RMBS Residential B/C Mortgage Securities are more sensitive to economic factors that could affect the ability of borrowers to pay their obligations under the mortgage loans backing these securities. Market interest rates have been increasing and accordingly, with respect to adjustable rate mortgage loans and hybrid mortgage loans that have or will enter their adjustable-rate period, borrowers are likely to experience increases in their monthly payments and become increasingly likely to default on their payment obligations. Discovery of fraudulent mortgage loan applications in connection with rising default rates with respect to subprime mortgage loans may indicate that the risks with respect to these mortgage loans are particularly acute at this time. Such risks may result in further increases in default rates by subprime borrowers as it becomes more difficult for them to obtain refinancing.

These economic trends have been accompanied by a recent downward trend or stabilization of property values after a sustained period of increase in property values. Because subprime mortgage loans generally have higher loan-to-value ratios, recoveries on defaulted mortgage loans are more likely not to result in payment in full of amounts owed under such mortgage loans, resulting in higher net losses than would have been the case had property values remained the same or increased. A decline in property values will particularly impact recoveries on second lien mortgage loans that may be included in the mortgage pools backing RMBS Residential B/C Mortgage Securities.

Structural features of RMBS may contribute to the impact of increased delinquencies and defaults and lower recoveries on the underlying mortgage pool. In particular, there may be a decline in the interest rate payable under those RMBS structured to limit interest payable to investors based on a weighted average coupon cap. Mortgage loans bearing interest at a higher rate will have a greater tendency to default than those with lower mortgage rates. Such defaults will reduce the weighted average coupon of the underlying mortgage loans and accordingly the interest rate payable to investors in the related RMBS. In addition, delinquencies, defaults and lower recoveries on underlying mortgage loans will reduce interest and principal actually paid to investors to less than the amounts owed to investors in accordance with the terms of their RMBS. RMBS may not be structured with significant or any overcollateralization, so performance will be sensitive to delays or reductions in payments, particularly in the case of subordinated tranches of RMBS. To the extent that RMBS provide for writedowns of principal, interest will cease to accrue on the portion of principal of an RMBS that has been written down.

RMBS may provide that the servicer is required to make advances in respect of delinquent mortgage loans. However, servicers experiencing financial difficulties may not be able to perform these obligations. Servicers who have sought bankruptcy protection may, due to application of the provisions of bankruptcy law, not be required to advance such amounts. Even if a servicer were able to advance amounts in respect of delinquent mortgage loans, its obligation to make such advances may be limited to the extent that it does not expect to recover such advances due to the deteriorating credit of the delinquent mortgage loans. In addition, a servicer's obligation to make such advances may be limited to the amount of its servicing fee.

Recently, a number of originators and servicers of mortgage loans have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings. These difficulties have resulted in part from declining markets for their mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults or for breaches of representations regarding loan quality. Such financial difficulties may have a negative effect on the ability of servicers to pursue collection on mortgage loans that are experiencing increased delinquencies and defaults and to maximize recoveries on sale of underlying properties following foreclosure. The inability of the originator to repurchase such mortgage loans in the event of early payment defaults and other loan representation breaches may also affect the performance of RMBS backed by those mortgage loans.

Under certain circumstances, including a failure to perform its servicing obligations or a bankruptcy of the servicer, investors will be entitled to remove and replace the existing servicer. There is no guarantee, however, that a suitable servicer could be found to assume the obligations of the existing servicer, and the transition of servicing responsibilities to a replacement servicer could have an adverse effect on performance of servicing functions during or following a transition period and a resulting increase in delinquencies and losses and decreases in recoveries.

Transfers of mortgage loans by the originator or seller will be characterized in the applicable sale agreement as a sale transaction. Nevertheless, in the event of a bankruptcy of the originator or seller, the trustee in bankruptcy could attempt to recharacterize the sale of the mortgage loans as a borrowing secured by a pledge of the mortgage loans. If such attempt were successful, the trustee in bankruptcy could prevent the trustee for the RMBS from exercising any of the rights of the owner of the mortgage loans and also could elect to liquidate the mortgage loans. Investors may suffer a loss to the extent that the proceeds of the liquidation of the underlying mortgage loans would not be sufficient to pay amounts owed in respect of their investments. If this occurs, investors would lose the right to future payments of interest and may fail to recover their initial investment. Regardless of whether a trustee elects to foreclose on the underlying mortgage loan pool, delays in payments on their investments and possible reductions in the amount of these payments could occur.

These adverse changes in market conditions may reduce the cashflow which the Issuer receives from RMBS held by the Issuer (or a Credit Default Swap that reference RMBS), decrease the market value of such RMBS and increase the incidence and severity of Credit Events under the Credit Default Swap.

*Currency Exchange Risk.* The Reference Portfolio may include non-Dollar denominated Reference Obligations. At the time that such non-Dollar denominated Reference Obligation is included in the Reference Portfolio, the Credit Default Swap Calculation Agent will determine the Notional Foreign Exchange Rate with respect to such non-Dollar denominated Reference Obligation. This Notional Foreign Exchange Rate will not change during the time such non-Dollar denominated Reference Obligation is in the Reference Portfolio, and, as such, will protect the Issuer from any unfavorable fluctuation of the applicable currency rate (which would increase the amount of any Cash Settlement Amount and/or Notional Principal Adjustment Amount relating to such non-Dollar denominated Reference Obligation). However, because the Notional Foreign Exchange Rate is fixed, the Issuer will not benefit from any favorable fluctuation of the applicable currency exchange rate (which would reduce the amount of any Cash Settlement Amount and/or Notional Principal Adjustment Amount relating to such non-Dollar denominated Reference Obligation).

In addition, in connection with a Mandatory Redemption, Collateral Securities may be liquidated and the proceeds of such liquidation may be insufficient to pay the Currency Adjusted Aggregate Outstanding Amount of each Series in full. To the extent that a Series of Notes is denominated in an Approved Currency for which there is insufficient proceeds in such Approved Currency (at the applicable level of priority) to pay the Currency Adjusted Aggregate Outstanding Amount of such Series of Notes in full, available proceeds denominated in other Approved Currencies will be exchanged for such needed Approved Currency at the applicable currency exchange rates at such time. Other Notes of such Class denominated in any such other Approved Currency and Notes junior to such Class may experience losses due to any adverse fluctuation of the applicable exchange currency rates. In addition, to the extent there would be insufficient Principal Proceeds after giving effect to any such exchange to make all principal payments on the Notes in connection with a Mandatory Redemption, with respect to any Class in which Notes are denominated in more than one Approved Currency, such shortfall shall be borne *pro rata* by Holders of such Class based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, rather than the Applicable Series Foreign Exchange Rate for each related Series.

*Average Life and Prepayment Considerations.* The Stated Maturity of the Notes issued on the Closing Date is March 1, 2038. The Stated Maturity may vary with respect to any additional issuance of Notes; however, the average life of each Series of Notes is expected to be shorter than the number of years until the Stated Maturity.

The approximations of the average life of each Class of Notes set forth in the table in "Summary—Notes" with respect to the average life of each Class of Notes are not predictive and do not necessarily reflect historical performance of the Reference Obligations. Such approximations will also be affected by any Optional Redemption in Whole, Partial Optional Redemption, Mandatory Redemption or the characteristics of the Reference Obligations, including the existence and frequency of exercise of any optional redemption, mandatory prepayment or sinking fund features, the prevailing level of interest rates and the actual default rate.

*Certain Conflicts of Interest Relating to the Initial Purchaser and its Affiliates.* Various potential and actual conflicts of interest may nevertheless arise from the activities of the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their affiliates. The following, together with "—Limited Provision of Information about Reference Obligations/Reference Entities", briefly summarize some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

It is expected that the Initial Purchaser and/or its respective affiliates will have placed or underwritten certain of the Reference Obligations and/or Collateral Securities at original issuance and/or will have provided investment banking services, advisory, banking and other services to issuers of Reference Obligations and/or Collateral Securities. The Initial Purchaser may not have completed its resale of the Notes by any date certain, which may affect the liquidity of the Notes as well as the ability, if any, of the Initial Purchaser to make a market in the Notes. From time to time, the Issuer may purchase or sell Collateral Securities from and/or through Goldman, Sachs & Co. and/or any of its affiliates (collectively, "**Goldman Sachs**"). The Issuer may invest in money market funds that are managed by Goldman Sachs or for which the Trustee or its affiliates provides services, provided that such money market funds otherwise qualify as Eligible Investments.

The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and certain of their respective affiliates are acting in a number of capacities in connection with the transactions described herein. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and each of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities, other than as expressly provided with respect to each such capacity. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates in their various capacities may enter into business dealings from which they may derive revenues and profits in addition to the fees stated in the various transaction documents, without any duty to account therefor. In such dealings, the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may act in the same manner as if the Notes had not been issued, regardless of whether any such action (including without limitation, any action that might constitute or give rise to a Credit Event) might have an adverse effect on a Reference Entity, a Reference Obligation or any guarantor in respect thereof or otherwise.

The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may hold long or short positions with respect to Reference Obligations and/or other securities or obligations of related Reference Entities and may enter into credit derivative or other derivative transactions with other parties pursuant to which it sells or buys credit protection with respect to one or more related Reference Entities and/or Reference Obligations. The Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and their respective affiliates may act with respect to such transactions and may exercise or enforce, or refrain from exercising or enforcing, any or all of its rights and powers in connection therewith as if it had not entered into the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement, and without regard to whether any such action might have an adverse effect on the Issuer, the Noteholders, a related Reference Entity or any Reference Obligation. If the Initial Purchaser, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or their respective affiliates, holds claims against a Reference Entity or a Reference Obligation other than in connection with the transactions contemplated in this Offering Circular, such party's interest as a creditor may be in conflict with the interests of the Issuer.

*Certain Conflicts of Interest Relating to the Portfolio Selection Agent and its Affiliates.* Various potential and actual conflicts of interest may arise from the overall investment activities of the Portfolio Selection Agent and its Affiliates. The Portfolio Selection Agent and its Affiliates will select the Initial Reference Portfolio. The Portfolio Selection Agent, its Affiliates and accounts managed by any of the foregoing may invest or invest for the account of others in debt obligations that would be appropriate for inclusion in the Reference Portfolio and have no duty in making such investments or in acting in a way that is favorable to the Issuer and to the Noteholders. Such investments may be different from those debt obligations included in the Reference Portfolio. The Portfolio Selection Agent, its Affiliates and accounts managed by any of the foregoing may have economic interests in, or other relationships with, Reference

Entities or Reference Obligations. The Portfolio Selection Agent, its Affiliates or any account managed by any of the foregoing may make and/or hold an investment in an issuer's securities, sell credit protection under a credit default swap referencing securities or issue financial guaranty insurance policies covering securities (or make loans) that may be *pari passu*, senior or junior in ranking to a Reference Obligation or in which partners, security holders, officers, directors, agents or employees of the Portfolio Selection Agent, its Affiliates or any account managed by any of the foregoing serve on boards of directors or otherwise have ongoing relationships. In such instances, the Portfolio Selection Agent and its Affiliates may in their discretion make investment recommendations and decisions (on behalf of itself or an account managed by it) that may be the same as or different from those made with respect to the Issuer's investments. Accordingly, the Portfolio Selection Agent or any Affiliate of the Portfolio Selection Agent may be seeking, on behalf of itself or accounts for which it serves as manager, to acquire or dispose of securities which are included in the Initial Reference Portfolio (or securities of Reference Entities whose securities constitute Reference Obligations in the Initial Reference Portfolio) at the same time that the Issuer enters into the Credit Default Swap to sell protection with respect to the Initial Reference Portfolio.

The Portfolio Selection Agent and its Affiliates may also serve as managers or co-managers of one or more other companies organized to invest in, or sell or buy credit protection with respect to, RMBS, CMBS, CDO Cashflow Securities or other types of Asset-Backed Securities. The Portfolio Selection Agent and its Affiliates may pursue its own interests as an issuer or servicer of obligations which are Reference Obligations or as an owner of, or seller of credit protection with respect to, other securities issued by an issuer of Reference Obligations, without considering the effect of its actions or omissions on the Issuer.

The Portfolio Selection Agent, its Affiliates and client accounts for which the Portfolio Selection Agent or its Affiliates act as investment advisor may at times own Notes. Any Notes owned by the Portfolio Selection Agent or its Affiliates are subject to disposition by such parties in their discretion. At any given time the Portfolio Selection Agent and its Affiliates will be entitled to vote with respect to any Notes held by them and by such accounts with respect to all other matters. The ownership of Notes by the Portfolio Selection Agent or its Affiliates may give the Portfolio Selection Agent an incentive to take actions that vary from the interests of other holders of the Notes.

*Relation to Prior Investment Results.* The prior investment results of Portfolio Selection Agent and the persons associated with the Portfolio Selection Agent or any other entity or person described herein are not indicative of the Issuer's future investment results. The nature of, and risks associated with, the Issuer's future investments may differ substantially from those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the Issuer's investments will perform as well as the past investments of any such persons or entities.

*Evolving Nature of the Credit Default Swap Market.* Credit default swaps are relatively new instruments in the market. While ISDA has published and supplemented the ISDA Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit default swap market, the credit default swap market is expected to change and the ISDA Credit Derivatives Definitions and terms applied to credit derivatives are subject to interpretation and further evolution. There can be no assurance that changes to the ISDA Credit Derivatives Definitions and other terms applicable to credit derivatives generally will be predictable or favorable to the Issuer. Amendments or supplements to the ISDA Credit Derivatives Definitions that are published by ISDA will only apply to the Credit Default Swap if the Credit Default Swap is amended. Therefore, in addition to the credit risk of Reference Obligations, Reference Entities and the credit risk of the Protection Buyer, the Issuer is also subject to the risk that the ISDA Credit Derivatives Definitions could be interpreted in a manner that would be adverse to the Issuer or that the credit derivatives market generally may evolve in a manner that would be adverse to the Issuer.



## DESCRIPTION OF THE NOTES

The Co-Issued Notes will be issued pursuant to an Indenture (the "**Indenture**"), dated as of the Closing Date, among the Issuers and LaSalle Bank National Association, as Trustee. Each Class of Issuer Notes will be issued in accordance with a Deed of Covenant and will be subject to the Issuing and Paying Agency Agreement including the terms and conditions of such Notes contained therein. The following summary describes certain provisions of the Notes, the Indenture and the Issuing and Paying Agency Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Issuing and Paying Agency Agreement, copies of which may be obtained as described under "Listing and General Information".

### Status and Security

The Co-Issued Notes will be limited recourse obligations of the Issuers and the Issuer Notes will be limited recourse obligations of the Issuer, secured as described below. Accordingly, payments of interest on and principal of the Notes will be made solely from the proceeds of the Issuer Assets, in accordance with the priorities described under "—Priority of Payments" and in certain circumstances described under "—Mandatory Redemption" subject to the Special Termination Liquidation Procedure.

Under the terms of the Indenture, the Issuer will grant to the Trustee, for the benefit of the Secured Parties, a security interest in the Issuer Assets that is of first priority (subject to the Trustee's lien described under "Description of the Notes—The Indenture—Events of Default"), free of any adverse claim or the legal equivalent thereof, as applicable, to secure the Issuers' obligations with respect to the Secured Parties.

### Interest

The Notes will bear interest from the Closing Date at the annual rates set forth under "Summary—Notes", payable, in each case, monthly in arrears on each Payment Date commencing May 29, 2007 and ending on the Stated Maturity.

Interest will cease to accrue on each Note, or, in the case of a partial repayment, write-down, or Partial Optional Redemption on such part, from the date of such repayment, write-down, Partial Optional Redemption of such Series or Protection Buyer Notes or Stated Maturity unless payment of principal is improperly withheld or unless a default is otherwise made with respect to such payments of principal. See "—Principal". To the extent lawful and enforceable, interest on any Defaulted Interest on the Notes will accrue at the interest rate applicable to such Notes, until paid as provided herein.

The interest rate per annum payable on the Notes will be calculated based on the applicable Day Count Fraction, commencing on the Closing Date. In the event that the date of any Payment Date or the Stated Maturity, as the case may be, shall not be a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such Payment Date or the Stated Maturity, as the case may be, and, other than with respect to any Interest Accrual Period for a Series of Notes ending on the Stated Maturity of such Series of Notes, no interest shall accrue on such payment of interest for the period from and after any such nominal date; *provided* that interest shall accrue from and including the immediately preceding Payment Date or, in the case of the first Payment Date, the Closing Date to but excluding the following Payment Date or the Stated Maturity, as applicable.

For purposes of calculating the Series Interest Rates, the Issuers will appoint as calculation agent LaSalle Bank National Association (solely in such capacity, the "**Note Calculation Agent**"). Absent manifest error, the Note Calculation Agent will determine each Series Interest Rate using the determination of each Applicable Index made by the Basis Swap Calculation Agent under the Basis Swap. The Basis Swap Calculation Agent will determine each Applicable Index in accordance with the

provisions set forth under the definitions of "LIBOR", "EURIBOR", "GBP-LIBOR", "AUD-LIBOR", "CAD-LIBOR", "JPY-LIBOR" and "NZD-BBR"; *provided* that such determinations will be made only with respect to any Applicable Index for which Notes denominated in the related Approved Currency are Outstanding in such Applicable Period.

The Note Calculation Agent may be removed by the Issuers at any time. If the Note Calculation Agent is unable or unwilling to act as such or is removed by the Issuers, or if the Note Calculation Agent fails to determine the Series Interest Rates and the Series Interest Amounts for any Interest Accrual Period, the Issuers will promptly appoint as a replacement Note Calculation Agent a leading bank which is engaged in transactions in deposits in the Euro-zone interbank market and the London interbank market and which does not control or is not controlled by or under common control with the Issuers or their Affiliates. The Note Calculation Agent may not resign its duties without a successor having been duly appointed. For so long as any of the Notes remain Outstanding, there will at all times be a Note Calculation Agent for the purpose of calculating the Series Interest Rates. In addition, for so long as any of the Notes are listed on any stock exchange and the rules of such exchange so require, the Issuer will notify such stock exchange of the appointment, termination or change in the office of such Note Calculation Agent.

The Note Calculation Agent will cause the Series Interest Rates, the Series Interest Amounts and Payment Date to be communicated to Euroclear, Clearstream and if any Class of Notes is listed on any stock exchange, notify such stock exchange by the Business Day immediately following each Applicable Index Determination Date. The determination of the Series Interest Rates and the Series Interest Amounts by the Note Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

## **Principal**

Principal will not be payable on the Notes prior to the Stated Maturity, except in connection with (i) payment of any Currency Adjusted Notional Principal Adjustment Amount, (ii) an Optional Redemption in Whole or Partial Optional Redemption and/or (iii) a Mandatory Redemption. See "—Optional Redemption in Whole and Partial Optional Redemption", "—Mandatory Redemption", "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and "—Priority of Payments—Other Payment Dates".

The Aggregate USD Equivalent Outstanding Amount of each Class of Notes and the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes will be adjusted from time to time in accordance with the methodologies described in "Summary—Decrease in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", "Summary—Increase in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", "Summary—Decrease in the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes" and "Summary—Increase in the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes".

From and after the date on which the Currency Adjusted Aggregate Outstanding Amount of any Series of Notes is reduced, no interest will accrue with respect to such reduced amount. From and after the date on which the principal amount of any Class of Notes is increased, interest will accrue with respect to such increased amount.

## **Optional Redemption in Whole and Partial Optional Redemption**

The Notes will be redeemed in whole on any Payment Date after the latest Non-Call Period of any Series of Notes by the Issuer if (i) the Protection Buyer elects to terminate the Credit Default Swap prior to the Scheduled Termination Date (an "**Optional Redemption in Whole**") and (ii) the Collateral Put Agreement has not been terminated at such time; *provided, however*, that if one or more Credit Events have caused the Aggregate USD Equivalent Outstanding Amount of one or more Classes of Notes to be

reduced, (i) Noteholders of each Reversible Loss Series must consent in writing to such redemption or (ii) the Protection Buyer must have agreed to pay the Issuer, prior to the Optional Redemption Date, for each Reversible Loss Series, an amount equal to the Optional Redemption Reimbursement Amount (and the Issuer shall pay such Optional Redemption Reimbursement Amount to Holders of any such Series of Notes in accordance with the Priority of Payments on the Optional Redemption Date).

Notwithstanding the foregoing sentence, the Issuer may not sell any Collateral unless, after giving effect to such sale, there will be sufficient funds to pay the amounts described in "—Optional Redemption in Whole Procedures" below (when taking into consideration the exercise of the Issuer's rights under the Collateral Put Agreement and whether the Protection Buyer will make any End Payment to the Issuer).

Any Optional Redemption in Whole of the Notes will be made at a price of, with respect to Notes denominated in any Approved Currency, 100% of the Currency Adjusted Aggregate Outstanding Amount of such Notes (including accrued and unpaid interest) *plus*, under the circumstances described above with respect to each Series of Notes of each Reversible Loss Series, the Optional Redemption Reimbursement Amount.

(a) The Notes of one or more Series will be redeemed in whole on any Payment Date after the applicable Non-Call Period or (b) any Protection Buyer Notes will be redeemed on any Payment Date, in each case by the Issuer if (i) the Protection Buyer elects to optionally redeem such Series or Protection Buyer Notes, as applicable, prior to the Scheduled Termination Date (a "**Partial Optional Redemption**"), (ii) the Collateral Put Agreement has not been terminated at such time and (iii) in the case of a Partial Optional Redemption of any of the Issuer Notes, the Issuer receives an opinion of counsel on or prior to such Partial Optional Redemption Date to the effect that the tax analysis of the Co-Issued Notes contained herein will not be affected by such Partial Optional Redemption; *provided, however*, that with respect to a Partial Optional Redemption pursuant to clause (a) above, if one or more Credit Events have caused the Aggregate USD Equivalent Outstanding Amount of one or more Series of Notes to be redeemed on such Payment Date to be reduced, (i) Noteholders of each such Reversible Loss Series must consent in writing to such redemption or (ii) the Protection Buyer must have agreed to pay the Issuer, prior to the Partial Optional Redemption Date, with respect to each such Reversible Loss Series, an amount equal to the Optional Redemption Reimbursement Amount (and the Issuer shall pay such Optional Redemption Reimbursement Amount to Holders of such Notes in accordance with the Priority of Payments on the Partial Optional Redemption Date). Notwithstanding the foregoing sentence, the Issuer may not sell any Collateral unless, after giving effect to such sale, there will be sufficient funds to pay the amounts described in "—Partial Optional Redemption Procedures" below (when taking into consideration the exercise of the Issuer's rights under the Collateral Put Agreement and whether the Protection Buyer will make any Partial Optional Redemption End Payment to the Issuer).

Any Partial Optional Redemption of the Notes will be made at a price of 100% of the Currency Adjusted Aggregate Outstanding Amount of such Notes (including accrued and unpaid interest) *plus*, under the circumstances described above with respect to each Reversible Loss Series being redeemed, the Optional Redemption Reimbursement Amount.

*Optional Redemption in Whole Procedures.* In connection with an Optional Redemption in Whole, if the Protection Buyer wishes to terminate the Credit Default Swap after the Non-Call Period of each Series of Notes Outstanding has expired, and therefore requires the Issuer to optionally redeem the Notes in whole, the Protection Buyer shall notify the Issuer, the Portfolio Selection Agent, the Trustee and the Issuing and Paying Agent in writing no less than 15 Business Days prior to the proposed redemption date (which date must be a Payment Date). If one or more Reversible Loss Series exist at such time, the Trustee or the Issuing and Paying Agent, as applicable, shall deliver a notice to each Noteholder of each such Reversible Loss Series, (i) notifying each such Noteholder (1) that the Protection Buyer has sought to terminate the Credit Default Swap prior to the Scheduled Termination Date, (2) of the proposed Optional Redemption Date and (3) that the consent of each such Noteholder is required under the Indenture or else Holders of each such Reversible Loss Series must receive the Optional Redemption

Reimbursement Amount allocable to each Series of such Class, (ii) providing any other information that the Trustee or the Issuing and Paying Agent, as applicable, may deem appropriate in its sole discretion and (iii) soliciting the consent of each such Noteholder. If the Trustee or the Issuing and Paying Agent, as applicable, does not receive the consent of each such Noteholder within ten Business Days of the transmittal of such notice, the consent of each such Noteholder will be deemed not to have been obtained and an Optional Redemption in Whole may occur only if the Protection Buyer agrees to pay to the Issuer, for each Reversible Loss Series, the Optional Redemption Reimbursement Amount prior to the Optional Redemption Date.

The Trustee and the Issuing and Paying Agent, as applicable, will then provide notice of Optional Redemption in Whole by first-class mail, postage prepaid, mailed not less than 10 Business Days prior to the scheduled redemption date, to each Noteholder at such Holder's address in the Note Register or the Issuer Note Register, as applicable, and for so long as any Class of Notes is listed on a stock exchange and the rules of such stock exchange shall so require, provide notice of an Optional Redemption in Whole to the Listing, Paying and Transfer Agent for such stock exchange.

The Notes shall not be optionally redeemed in whole unless the Trustee has determined (based on the advice of the Collateral Disposal Agent with respect to Collateral Securities) that the proceeds expected to be received upon the liquidation of the Collateral, together with any other amounts available to be used for such optional redemption (including any End Payment, Optional Redemption Reimbursement Amount and/or termination payments to be received by the Issuer under the Credit Default Swap and the Basis Swap), are equal to an amount sufficient to pay the amounts specified under subclauses (i) through (vii) in "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". See "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". In determining whether sufficient proceeds will be available to redeem the Notes in whole under the preceding sentence, the Issuer's right under the Collateral Put Agreement to require the Collateral Put Provider to purchase Collateral (other than Put Excluded Collateral) at 100% of par of such Collateral and the Issuer's ability to enter into a currency exchange (if necessary) shall be taken into consideration.

*Partial Optional Redemption Procedures.* In connection with a Partial Optional Redemption, if the Protection Buyer elects to have the Issuer redeem one or more Series of Notes after the applicable Non-Call Period(s) (or, with respect to any Protection Buyer Notes, on any Payment Date), the Protection Buyer shall notify the Issuer, the Portfolio Selection Agent, the Trustee and the Issuing and Paying Agent in writing no less than 15 Business Days prior to the proposed redemption date (which date must be a Payment Date). If one or more Reversible Loss Series exist and will be redeemed at such time, the Trustee or the Issuing and Paying Agent, as applicable, shall deliver a notice to each Noteholder of each such Reversible Loss Series, (i) notifying each such Noteholder (1) that the Protection Buyer has sought to redeem such Series of Notes prior to the Stated Maturity, (2) of the proposed Partial Optional Redemption Date and (3) that the consent of each such Noteholder is required under the Indenture or else Holders of such Reversible Loss Series must receive the Optional Redemption Reimbursement Amount allocable to such Series, (ii) providing any other information that the Trustee or the Issuing and Paying Agent, as applicable, may deem appropriate in its sole discretion and (iii) soliciting the consent of each such Noteholder. If the Trustee or the Issuing and Paying Agent, as applicable, does not receive the consent of each such Noteholder within 10 Business Days of the transmittal of such notice, the consent of each such Noteholder will be deemed not to have been obtained and a Partial Optional Redemption of such Series may occur only if the Protection Buyer agrees to pay to the Issuer, for each such Reversible Loss Series, the Optional Redemption Reimbursement Amount prior to the Partial Optional Redemption Date.

Neither the Notes of any Series nor any Protection Buyer Notes shall be optionally redeemed in connection with a Partial Optional Redemption unless the Trustee has determined (based on the advice of the Collateral Disposal Agent with respect to Collateral Securities) that the proceeds expected to be received upon the liquidation of the Eligible Investments and Selected Collateral Securities, together with

any other amounts available to be used for such optional redemption (including any Partial Optional Redemption End Payment and/or Optional Redemption Reimbursement Amount), are equal to an amount sufficient to pay the principal amount of such Series of Notes and any Series senior to such Series under subclause (iii) in "—Priority of Payments—Principal Proceeds—Other Payment Dates". See "—Priority of Payments—Principal Proceeds—Other Payment Dates". In determining whether sufficient proceeds will be available to redeem the Notes in part under the preceding sentence, the Issuer's right under the Collateral Put Agreement to require the Collateral Put Provider to purchase Collateral (other than Put Excluded Collateral) at 100% of the principal amount of such Collateral Security and the Issuer's ability to enter into a currency exchange (if necessary) shall be taken into consideration.

The Trustee and the Issuing and Paying Agent, as applicable, will then provide notice of a Partial Optional Redemption by first-class mail, postage prepaid, mailed not less than 10 Business Days prior to the scheduled redemption date, to each Holder of a Note to be redeemed at such Holder's address in the Note Register or the Issuer Note Register, as applicable, and for so long as any Class of Notes is listed on any stock exchange and the rules of such stock exchange shall so require, provide notice of a Partial Optional Redemption to the Listing, Paying and Transfer Agent for such stock exchange.

### **Mandatory Redemption**

The occurrence of (i) either a termination event or an event of default (as such term is defined in the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable) for which the Protection Buyer, Basis Swap Counterparty or Collateral Put Provider is the sole defaulting party or Affected Party (as such term is defined in the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable) under the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable, (ii) any termination event (other than a termination event triggered by an Event of Default or an event described in subclause (i) or, after the Non-Call Period for each Series of Notes Outstanding has expired, the Protection Buyer's election to terminate the Credit Default Swap prior to its scheduled termination date) or (iii) any event of default (other than an event described in subclause (i)), in each case under the Credit Default Swap, the Basis Swap or the Collateral Put Agreement where (x) in the case of subclause (i) the Replacement Counterparty Procedures are not satisfied within 30 days of the termination of the swaps or (y) in the case of subclause (ii) or (iii) the party entitled to terminate such agreement has exercised such right shall constitute a "**Mandatory Redemption**".

Upon the occurrence of a Mandatory Redemption other than a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party, (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party or (iii) termination of the Basis Swap pursuant to which the Basis Swap Counterparty is the defaulting party, the Trustee will liquidate all Eligible Investments and the Issuer or the Trustee will notify the Collateral Disposal Agent to liquidate all Collateral Securities and apply such proceeds as described under "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

In the case of a Mandatory Redemption caused by a (i) termination of the Credit Default Swap pursuant to which the Protection Buyer is the defaulting party, (ii) termination of the Collateral Put Agreement pursuant to which the Collateral Put Provider is the defaulting party or (iii) termination of the Basis Swap pursuant to which the Basis Swap Counterparty is the defaulting party, the Trustee will request that the Collateral Disposal Agent solicit bids for all of the Collateral Securities and take the actions described below.

If the Trustee determines that the expected liquidation proceeds of the Collateral Securities (as advised by the Collateral Disposal Agent) and the Eligible Investments will be an amount equal to or greater than the aggregate of (i) the amounts required to be paid under subclauses (i) through (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and (ii) with respect to the Class SS Notes, the Class A Notes, the Class B Notes and

the Class C Notes, the Currency Adjusted Aggregate Outstanding Amount of each Series of such Classes of Notes plus any accrued interest thereon, the Trustee will liquidate the Eligible Investments and will notify the Collateral Disposal Agent to liquidate all Collateral Securities and, thereafter, apply such liquidation proceeds in accordance with the Priority of Payments.

If the Trustee determines that the expected liquidation proceeds of the Collateral Securities (as advised by the Collateral Disposal Agent) and the Eligible Investments cannot be sold in an amount equal to or greater than the aggregate of (i) the amounts required to be paid under subclauses (i) through (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and (ii) with respect to the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes, the Currency Adjusted Aggregate Outstanding Amount of each Series of such Classes of Notes plus any accrued interest thereon, the Trustee will notify (such notice, the "**Special Termination Notice**") Holders of the Class SS Notes, the Class A Notes, the Class B Notes and Class C Notes (a) of such occurrence, (b) that such Noteholders have the following options: (1) with the consent of 100% of such Noteholders, the Issuer will direct the Collateral Disposal Agent to liquidate all Collateral Securities distributable to such Classes of Notes pursuant to the Special Termination Liquidation Procedure and (2) if such consent is not obtained, each such Noteholder will have the option of either requesting the Issuer to (A) deliver to it the Collateral Securities distributable to such Noteholder pursuant to the Special Termination Liquidation Procedure or (B) direct the Collateral Disposal Agent to liquidate the Collateral Securities distributable to such Noteholder pursuant to the Special Termination Liquidation Procedure and (c) of the identity of any Collateral Securities distributable to such Noteholders pursuant to the Special Termination Liquidation Procedure.

Each Holder of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes may, within ten Business Days of receipt of a Special Termination Notice, notify (such notice, a "**Special Termination Request Notice**") the Trustee the option(s) that it chooses to exercise under the Special Termination Notice and the delivery instructions for such Noteholder with respect to any Collateral Securities to be delivered to such Noteholder pursuant to the Special Termination Liquidation Procedure. If a Noteholder fails to so notify the Trustee within 10 Business Days of receipt of such Special Termination Notice, such Noteholder will be deemed to have selected option (1) of the Special Termination Notice.

Following the period in which the Trustee may receive timely Special Termination Request Notices, the Trustee and the Collateral Disposal Agent, at the direction of the Issuer, will follow the procedures described below (such procedure, the "**Special Termination Liquidation Procedure**"):

- (i) the Trustee will liquidate all Eligible Investments;
- (ii) to the extent the liquidation proceeds of Eligible Investments are insufficient to make the payment described in this subclause (ii), the Collateral Disposal Agent will liquidate the highest-priced Collateral Security in the smallest principal amount that, when added to the proceeds obtained pursuant to subclause (i), will be sufficient to provide the Issuer with funds to pay amounts owed pursuant to subclause (ii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date", subject to the Administrative Expense Cap on the Mandatory Redemption Date (and the Issuer shall make such payment); *provided*, that if more than one Collateral Security has received the highest bid price, the Collateral Disposal Agent will liquidate any of such Collateral Securities that it determines in a commercially reasonable manner would maximize the liquidation proceeds received on all Collateral Securities;
- (iii) (A) if less than 100% of the Aggregate USD Equivalent Outstanding Amount of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes voting as a single class provide the Trustee with an effective Special Termination Request Notice exercising option (1) under the related Special Termination Notice, the Trustee will cause the remaining

Collateral Securities to be delivered (in the case of the Notes) or liquidated (in the case of amounts owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date") on the Mandatory Redemption Date through the appropriate settlement method, in descending order of bid level as determined by the Collateral Disposal Agent, in a principal amount (subject in each case to any required minimum denomination of such Collateral Security) to the extent necessary to satisfy subclauses (1) through (5) below in the following order of priority:

(1) *first* (A) to any parties that are owed any amounts pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date", liquidation proceeds from Collateral Securities with an aggregate par amount equal to any amounts owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and *second* (B) to the Holders of each Series of the Class SS Notes (after giving effect to the payment of any principal of and/or interest on the Class SS Notes with any remaining proceeds obtained pursuant to subclause (i) and (ii) above), a par amount of Collateral Securities (or, with respect to Collateral Securities denominated in any Approved Currency other than Dollars, the Dollar equivalent of such par amount as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) equal to the Dollar equivalent principal amount of the Class SS Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, *plus* any accrued and unpaid interest thereon (*provided* that determination of any *pro rata* allocations of such payments to any Series of Notes of such Class will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date);

(2) to the Holders of each Series of the Class A-1 Notes (after giving effect to the payment of any principal of and/or interest on the Class A-1 Notes with any remaining proceeds obtained pursuant to subclause (i) and (ii) above), a par amount of Collateral Securities (or, with respect to Collateral Securities denominated in any Approved Currency other than Dollars the Dollar equivalent of such par amount as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) equal to the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, *plus* any accrued and unpaid interest thereon (*provided* that determination of any *pro rata* allocations of such payments to any Series of Notes of such Class will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date);

(3) to the Holders of each Series of the Class A-2 Notes (after giving effect to the payment of any principal of and/or interest on the Class A-2 Notes with any remaining proceeds obtained pursuant to subclause (i) and (ii) above), a par amount of Collateral Securities (or, with respect to Collateral Securities denominated in any Approved Currency other than Dollars the Dollar equivalent of such par amount as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) equal to the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, *plus* any accrued and unpaid interest thereon (*provided* that determination of any *pro rata* allocations of such payments to any Series of Notes of such Class will be based on the Dollar equivalent

principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date);

(4) to the Holders of each Series of the Class B Notes (after giving effect to the payment of any principal of and/or interest on the Class B Notes with any remaining proceeds obtained pursuant to subclause (i) and (ii) above), a par amount of Collateral Securities (or, with respect to Collateral Securities denominated in any Approved Currency other than Dollars the Dollar equivalent of such par amount as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) equal to the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, *plus* any accrued and unpaid interest thereon (*provided* that determination of any *pro rata* allocations of such payments to any Series of Notes of such Class will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date); and

(5) to the Holders of each Series of the Class C Notes (after giving effect to the payment of any principal of and/or interest on the Class C Notes with any remaining proceeds obtained pursuant to subclause (i) and (ii) above), a par amount of Collateral Securities (or, with respect to Collateral Securities denominated in any Approved Currency other than Dollars the Dollar equivalent of such par amount as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) equal to the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date, *plus* any accrued and unpaid interest thereon (*provided* that determination of any *pro rata* allocations of such payments to any Series of Notes of such Class will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date);

*provided* that if any Holder of the Class SS Notes, the Class A Notes, the Class B Notes or the Class C Notes has selected option (2)(B) in the related Special Termination Request Notice, the Trustee will, in lieu of distributing the relevant principal amount of Collateral Securities to such Noteholder pursuant to this subclause (A), notify the Collateral Disposal Agent which will liquidate the Collateral Securities deliverable to such Noteholders and the Trustee will pay the proceeds thereof to such Noteholder on the Mandatory Redemption Date (or, if such proceeds are denominated in an Approved Currency other than the Approved Currency in which such Holder's Notes are denominated, the Trustee will enter a currency exchange on behalf of the Issuer and pay such Holder in the Approved Currency in which such Holder's Notes are denominated); and

(B) if 100% of the Aggregate USD Equivalent Outstanding Amount of the Class SS Notes, the Class A Notes, the Class B Notes and the Class C Notes voting as a single class provide the Trustee with an effective Special Termination Request Notice exercising option (1) under the Special Termination Notice, the Trustee will notify the Collateral Disposal Agent which will liquidate the Collateral Securities distributable to such Noteholders and as payments (in the case of amounts owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date") and apply the liquidation proceeds of the Collateral Securities distributable to such Noteholders (after giving consideration to any currency exchange, if necessary) and as payments (in the case of amounts owed pursuant to subclause (ii) or (iii) of "—Priority of Payments—Principal Proceeds—



Stated Maturity, Optional Redemption Date or Mandatory Redemption Date") in the same priority as described in subclause (A) above; and

(iv) the Issuer will instruct the Collateral Disposal Agent to liquidate the remaining Collateral Securities and the liquidation proceeds thereof will be distributed in accordance with subclause (iv) (with respect to the Class D Notes and Class FL Notes only (*provided* that determination of any *pro rata* allocations of such payments with respect to any Series of Notes of such Class will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date)) (after giving consideration to any currency exchange, if necessary) through (ix) of the "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

On the earliest of the Credit Default Swap Early Termination Date, the Basis Swap Early Termination Date and/or the Collateral Put Agreement Early Termination Date (the "**Mandatory Redemption Date**"), the Trustee shall apply Principal Proceeds in accordance with "—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date". Notwithstanding any provision to the contrary contained herein, even if there will be insufficient proceeds on the Mandatory Redemption Date to repay the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes (*plus* accrued and unpaid interest), the Notes will be deemed to have been paid in full so long as (i) funds are properly applied in accordance with the Priority of Payments and/or (ii) funds and/or Collateral Securities are properly applied and/or distributed as described above on such Mandatory Redemption Date.

## **Payments**

Payments in respect of principal and interest on a Note will be made to the person in whose name the relevant Note is registered on the applicable record date. Payments on the Notes will be payable by wire transfer in immediately available funds to an account maintained by DTC or its nominee (in the case of the Global Notes) or each Noteholder (in the case of individual definitive Notes) to the extent practicable or otherwise by check drawn on a bank sent by mail either to DTC or its nominee (in the case of the Global Notes), or to each Holder of a Note at the Noteholder's address appearing in the applicable register (in the case of individual definitive Notes).

Final payments in respect of principal of the Notes will be made only against surrender of the Notes, at the office of any paying agent. None of the Issuers, the Trustee or any paying agent will have any responsibility or liability for any aspects of the records maintained by DTC or its nominee or any of its participants relating to, or for payments made thereby on account of beneficial interests in, a Global Note.

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

For so long as the Notes are listed on any stock exchange and the rules of such exchange so require, the Issuers will have a listing agent, a paying agent and a transfer agent (which shall be the "**Listing, Paying and Transfer Agent**") for the Notes and will give prompt written notice to each Holder of the appointment, termination or change in the location of any such office or agency.

## Priority of Payments

The Issuer will only make payments, subject to the final paragraph under "Summary—Decrease in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", in accordance with priorities described below under "—Interest Proceeds", "—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and "—Principal Proceeds—Other Payment Dates" (collectively, the "**Priority of Payments**").

### *Interest Proceeds.*

On each Payment Date, the Optional Redemption Date, the Mandatory Redemption Date and/or the Stated Maturity, Interest Proceeds will be applied in the following order of priority:

- (i) to the payment of Administrative Expenses, which, with respect to the sum of those amounts listed in subclauses (iii), (v) and (vi) of the definition of "Administrative Expenses", will be subject to the Administrative Expense Cap;
- (ii) to the payment to the Portfolio Selection Agent of any accrued but unpaid Portfolio Selection Fees in accordance with the terms of the Portfolio Selection Agreement;
- (iii) (a) to the payment of the Basis Swap Payment and (b) thereafter, to the payment of the Collateral Put Provider Fee Amount;
- (iv) to the payment of the Class Interest Distribution Amounts of each Class of Notes in sequential order of priority by Class; *provided* that, to the extent there are insufficient proceeds to pay all amounts payable under this clause (iv) with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations of such payments with respect to any Series of Notes of such Class will be based on the Aggregate USD Equivalent Outstanding Amount of each such Series; *provided, further*, that with respect to each Class of the Issuer Notes, such payment will be made to the Issuing and Paying Agent, for distribution to the Holders of such Class of Notes;
- (v) to the payment of any Administrative Expenses not covered in subclause (i) above; and
- (vi) the balance of Interest Proceeds (if any) will be distributed to the Protection Buyer.

In addition, if the Issuer purchases a Supplemental Collateral Security at the direction of the Protection Buyer, the Issuer may use Interest Proceeds on any Business Day to pay for the portion of the purchase price of a Supplemental Collateral Security constituting accrued and unpaid interest thereon (such amount, the "**Purchased Accrued Interest Amount**").

To the extent there is a sufficient amount of Interest Proceeds in each Approved Currency, the Trustee shall use Interest Proceeds in each such Approved Currency to make payments described in this section; *provided* that no payment is made toward any item until all higher ranking items have been paid in full.

If on any Determination Date (or, in connection with a Mandatory Redemption Date, the third Business Day immediately prior to such Mandatory Redemption Date) the Issuer determines that there would be an insufficient amount of Interest Proceeds in any Approved Currency on the related Payment Date or the Mandatory Redemption Date, as the case may be, to make the payments described in clauses (i) through (v) above, then the Issuer shall provide for the relevant items by exchanging any excess Interest Proceeds (as determined by the Protection Buyer after giving effect to the application of Interest Proceeds to make all payments of a higher priority) in any Approved Currency for proceeds in

such other Approved Currency for which such shortfall existed at the relevant Spot FX Rate determined on such Determination Date (or, in connection with a Mandatory Redemption Date, the third Business Day immediately prior to such Mandatory Redemption Date); *provided* that to the extent there would be insufficient Interest Proceeds after giving effect to any such exchange to make all payments required under clause (iv) above with respect to any Class in which Notes are denominated in more than one Approved Currency, such distributions shall be made *pro rata* to Holders of such Class based on the Aggregate USD Equivalent Outstanding Amount of each Series of such Class (or, in connection with a Mandatory Redemption Date, *pro rata* to Holders of such Class based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date).

*Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date.*

On the Stated Maturity of any Series of Notes, the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, Principal Proceeds (together with, in the case of the Optional Redemption Date, any End Payment) will be applied, subject to the provisions described under "—Mandatory Redemption", in the following order of priority:

- (i) (a) to the payment of amounts referred to in subclause (i) and (ii) of "—Interest Proceeds" above, but only to the extent not paid in full thereunder and then (b) in connection with an Optional Redemption in Whole, to the payment to the Portfolio Selection Agent of any Makewhole Amount pursuant to the Portfolio Selection Agreement;
- (ii) to the payment of all amounts due to the Basis Swap Counterparty pursuant to the terms of the Basis Swap, other than a Basis Swap Counterparty Default Termination Payment (including, for the avoidance of doubt, any Basis Swap Payment not paid in full under subclause (iii)(a) of "—Interest Proceeds" above);
- (iii) (a) to the payment of all amounts due to the Collateral Put Provider pursuant to the terms of the Collateral Put Agreement, and (b) *thereafter*, in the case of the Stated Maturity of any Series of Notes, the Optional Redemption Date or the Mandatory Redemption Date (other than in connection with a Collateral Default), to the payment of all amounts due to the Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment;
- (iv) (a) to the payment of amounts referred to in subclause (iv) of "—Interest Proceeds" above, but only to the extent not paid in full thereunder and then
  - (b) (1) in the case of the Stated Maturity of any Series of Notes, (A) to the payment of the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes maturing on such date, at par, in each case, pursuant to the Note Payment Sequence (but only with respect to Classes in which any Series of Notes matures on such date) (*provided* that in each case determination of any *pro rata* allocations of such payments within any Class issued in more than one Series maturing on such date will be based on the Aggregate USD Equivalent Outstanding Amount of such Notes) and (B) if a Redemption Writedown Refund is received by the Issuer in connection with such Stated Maturity to the payment, from any available Redemption Writedown Refund only, of an amount equal to the ICE Currency Adjusted Aggregate Outstanding Amount Differential of each Series for which a Redemption Writedown Refund has been calculated, in each case pursuant to the Note Payment Sequence (but only with respect to Classes in which a Series of Notes with an ICE Currency Adjusted Aggregate Outstanding Amount Differential greater than zero matures on such date), (*provided* that in each case determination of any *pro rata* allocations of such

payments within any Class issued in more than one Series maturing on such date with ICE Currency Adjusted Aggregate Outstanding Amount Differentials greater than zero will be based on the Aggregate USD Equivalent Outstanding Amount of such Notes); or

(2) in the case of the Optional Redemption Date, to the payment of the Currency Adjusted Aggregate Outstanding Amount of the Notes, at par, pursuant to the Note Payment Sequence (*provided* that in each case determination of any *pro rata* allocations of such payments within any Class issued in more than one Series will be based on the Aggregate USD Equivalent Outstanding Amount of such Notes) *plus*, in the limited circumstances as described in "—Optional Redemption in Whole and Partial Optional Redemption", with respect to any Reversible Loss Series, the Optional Redemption Reimbursement Amount; or

(3) in the case of a Mandatory Redemption (other than in connection with a Collateral Default), (A) to the payment of the Currency Adjusted Aggregate Outstanding Amount of the Notes, at par, pursuant to the Note Payment Sequence (*provided* that in each case determination of any *pro rata* allocations of such payments within any Class issued in more than one Series will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date) and (B) if a Redemption Writedown Refund is received by the Issuer in connection with such Mandatory Redemption to the payment, from any available Redemption Writedown Refund only, of an amount equal to the ICE Currency Adjusted Aggregate Outstanding Amount Differential of each Series for which a Redemption Writedown Refund has been calculated, in each case pursuant to the Note Payment Sequence, (*provided* that in each case determination of any *pro rata* allocations of such payments within any Class issued in more than one Series being redeemed on such date in connection with such Mandatory Redemption with ICE Currency Adjusted Aggregate Outstanding Amount Differentials greater than zero will be based on the Dollar equivalent of such Notes (calculated using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date);

(4) in the case of the Mandatory Redemption Date in connection with a Collateral Default, in the following priority: (A) *first* to the payment, *pro rata*, (i) of all amounts due to the Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment and (ii) *pro rata* to the payment of the Currency Adjusted Aggregate Outstanding Amount of the Class SS Notes, the Class A-1 Notes and the Class A-2 Notes, at par, not to exceed, in the case of this subclause (A), \$400,000,000 (such limit to be determined, with respect to subclause (4)(A)(ii), based on the Dollar equivalent of such amounts paid (calculated using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date)), (B) *second* to the payment, *pro rata*, of the remaining Currency Adjusted Aggregate Outstanding Amount of the Class SS Notes, Class A-1 Notes and Class A-2 Notes, at par, (after giving effect to subclause 4(A)), (C) *third* to the payment of all remaining amounts due to the Protection Buyer pursuant to the terms of the Credit Default Swap, other than a Protection Buyer Default Termination Payment, such amount not to exceed the Currency Adjusted Aggregate Outstanding Amount of the Notes immediately prior to the distribution of Principal Proceeds on such Payment Date *less* amounts paid under subclause (4)(A)(i) and (D) *fourth* with respect to the Class B Notes, the Class C Notes, the Class D Notes and the Class FL Notes, to the payment of the Currency Adjusted

Aggregate Outstanding Amount of each Series of such Class of Notes, at par, in accordance with the Note Payment Sequence; *provided* that in each case determination of any *pro rata* allocations of such payments within any Class issued in more than one Series will be based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date; *provided, further*, that with respect to each Class of Issuer Notes, any such payment will be made to the Issuing and Paying Agent, for payment to the Holders of such Class of Notes;

- (v) to the payment of the Basis Swap Counterparty Default Termination Payment, if any;
- (vi) to the payment of the Protection Buyer Default Termination Payment, if any;
- (vii) to the payment of any Administrative Expenses not covered in subclause (i) above;
- (viii) on the Stated Maturity of any Series of Notes other than the final Stated Maturity with respect to any Series of Notes, for reinvestment in Collateral Securities at the direction of the Protection Buyer and, pending such reinvestment, to be invested in Eligible Investments; and
- (ix) the balance of Principal Proceeds (if any) will be distributed to the Protection Buyer.

To the extent there is a sufficient amount of Principal Proceeds in each Approved Currency, the Trustee shall use Principal Proceeds in each such Approved Currency to make payments described in this section; *provided* that no payment is made toward any item until all higher ranking items have been paid in full.

If on any Determination Date (or, in connection with a Mandatory Redemption Date, as of the third Business Day immediately prior to such Mandatory Redemption Date) the Issuer determines that there would be an insufficient amount of Principal Proceeds in any Approved Currency on the related Payment Date or the Mandatory Redemption Date, as the case may be, to make the payments described in clauses (i) through (vii) above, then the Issuer shall provide for the relevant items by exchanging any excess Principal Proceeds (as determined by the Protection Buyer after giving effect to the application of Principal Proceeds to make all payments of a higher priority in the Priority of Payments) in any Approved Currency for proceeds in such other Approved Currency for which such shortfall existed at the relevant Spot FX Rate determined on such Determination Date (or, in connection with a Mandatory Redemption Date, as of the third Business Day immediately prior to such Mandatory Redemption Date); *provided* that to the extent there would be insufficient Principal Proceeds after giving effect to any such exchange to make all payments required under clause (iv) above with respect to any Class in which Notes are denominated in more than one Approved Currency, such shortfall shall be borne *pro rata* by Holders of such Class based on the Dollar equivalent principal amount of such Notes as determined using the Spot FX Rate as of the Determination Date (or, in connection with a Mandatory Redemption Date, as of the third Business Day immediately prior to such Mandatory Redemption Date).

*Principal Proceeds—Other Payment Dates.*

On each Business Day (other than the Stated Maturity of any Series of Notes, the Optional Redemption Date or the Mandatory Redemption Date), Principal Proceeds (together with, in the case of any Partial Optional Redemption Date, any Partial Optional Redemption End Payment) will be applied in the following order of priority:

- (i) on a Credit Default Swap Settlement Date, to the payment of all Cash Settlement Amounts payable on such date; *provided* that Principal Proceeds representing Put

Proceeds shall not be applied to the payment of any amount described in this subclause (i);

- (ii) on the Payment Date immediately following the Due Period in which a Reference Obligation Amortization Amount is determined by the Credit Default Swap Calculation Agent, if any Collateral was liquidated to pay any Currency Adjusted Notional Principal Adjustment Amount on such date relating to any such Reference Obligation Amortization Amount, to the payment of the principal of the Notes, at par, of the Currency Adjusted Notional Principal Adjustment Amounts allocable on such date, pursuant to the Note Payment Sequence; *provided* that, for the avoidance of doubt, with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations made pursuant to this subclause will be based on the Aggregate USD Equivalent Outstanding Amount of each Series of such Class;
- (iii) on each Partial Optional Redemption Date and with respect to the Notes to be redeemed on such date, to the payment of principal of such Notes, at par, in accordance with the Note Payment Sequence; *provided* that, for the avoidance of doubt, with respect to a Class with more than one Series Outstanding being redeemed at such time of determination (including but not limited to, the redemption of an entire Series and the redemption of Protection Buyer Notes), any *pro rata* allocations made pursuant to this subclause between Notes of any such Class being redeemed will be based on the Aggregate USD Equivalent Outstanding Amount of such Notes of such Class being redeemed at such time of determination; *plus*, in the limited circumstances as described in "—Optional Redemption in Whole and Partial Optional Redemption", with respect to any Reversible Loss Series, the Optional Redemption Reimbursement Amount; and
- (iv) for reinvestment in Collateral Securities at the direction of the Protection Buyer and, pending such reinvestment, to be invested in Eligible Investments.

To the extent there is a sufficient amount of Principal Proceeds in each Approved Currency, the Trustee shall use Principal Proceeds in each such Approved Currency to make payments described in this section; *provided* that no payment is made toward any item until all higher ranking items have been paid in full.

If on any Determination Date the Issuer determines that there would be an insufficient amount of Principal Proceeds in any Approved Currency on the related Payment Date, then the Issuer shall provide for the relevant items by exchanging any excess Principal Proceeds (as determined by the Protection Buyer after giving effect to the application of Principal Proceeds to make all payments of a higher priority in the Priority of Payments) in any Approved Currency for proceeds in such other Approved Currency for which such shortfall existed at the relevant Spot FX Rate determined on such Determination Date; *provided* that to the extent there would be insufficient Principal Proceeds after giving effect to any such exchange to make all payments required under clause (ii) above with respect to any Class in which Notes are denominated in more than one Approved Currency, such shortfall shall be borne *pro rata* by Holders of such Class based on the Aggregate USD Equivalent Outstanding Amount of such Notes in each such Approved Currency.

#### **Form of the Notes**

Each Class of Notes sold in offshore transactions in reliance on Regulation S will be represented by one or more Regulation S Global Notes deposited with the Trustee or the Issuing and Paying Agent, as applicable, as custodian for DTC and registered in the name of Cede & Co., a nominee of DTC, for the respective accounts of Euroclear and Clearstream. Interests in a Regulation S Global Note may be held only through Euroclear or Clearstream.

Each Class of Notes sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Notes deposited with the Trustee or the Issuing and Paying Agent, as applicable, as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

The Notes will be subject to certain restrictions on transfer as set forth under "Transfer Restrictions".

Any interest in one of the Regulation S Global Notes and the Rule 144A Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such interest.

Except in the limited circumstances described herein, owners of beneficial interests in either the Regulation S Global Notes or the Rule 144A Global Notes will not be entitled to receive physical delivery of certificated Notes. The Notes are not issuable in bearer form.

## **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 principal on any Note at its Stated Maturity or the Optional Redemption Date;
- (ii) the failure on any Payment Date to disburse amounts available in the Payment Account in accordance with the Priority of Payments and continuation of such failure for a period of five Business Days;
- (iii) a circumstance in which either of the Issuers or the Issuer Assets becomes an investment company required to be registered under the Investment Company Act;
- (iv) a default in the performance, in a material respect, or breach, in a material respect, of any covenant, representation, warranty or other agreement of the Issuers in the Indenture (other than a covenant or agreement which is specifically addressed elsewhere therein) or in any certificate or other writing delivered pursuant thereto or in connection therewith or if any representation or warranty of the Issuers in the Indenture, the Issuing and Paying Agency Agreement or in any certificate or writing delivered pursuant thereto proves to be incorrect in any material respect when made, and the continuance of such default or breach for a period of 30 days after written notice thereof shall have been given to the Issuers and the Portfolio Selection Agent by the Trustee or the Issuing and Paying Agent, as applicable, or to the Issuers, the Portfolio Selection Agent, the Trustee and the Issuing and Paying Agent by the Holders of at least 25% of the Aggregate USD Equivalent Outstanding Amount of the Notes, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "**Notice of Default**" under the Indenture or the Issuing and Paying Agency Agreement, as applicable;
- (v) the entry of a decree or order by a court having competent jurisdiction adjudging either of the Issuers as bankrupt or insolvent or granting an order for relief or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition

of or in respect of either of the Issuers under the Bankruptcy Code, the bankruptcy or insolvency laws of the Cayman Islands or any other applicable law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of either of the Issuers or of any substantial part of its property, or ordering the winding up or liquidation of its affairs; or an involuntary case or proceeding shall be commenced against either of the Issuers seeking any of the foregoing and such case or proceeding shall continue in effect for a period of 60 consecutive days; or

- (vi) the institution by either of the Issuers of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by either of the Issuers of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code, the bankruptcy and insolvency laws of the Cayman Islands or any other applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of either of the Issuers or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of any action by either of the Issuers in furtherance of any such action.

If an Event of Default shall have occurred and be continuing, the Trustee by notice to the Issuers at the direction of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class, may, subject to the Indenture, declare the principal of and accrued and unpaid interest on all the Notes to be immediately due and payable (except that, in the case of an Event of Default described in subclause (v) or (vi) above, such an acceleration will occur automatically and shall not require any action by the Trustee or any Noteholder).

At any time after such a declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in accordance with the terms of the Indenture, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class, by written notice to the Issuers and the Trustee or the Issuing and Paying Agent, as applicable, may rescind and annul such declaration and its consequences if:

- (i) the Issuer or the Co-Issuer has paid or deposited with the Trustee a sum sufficient to pay, and shall pay:
  - (A) all overdue installments of interest on and principal of the Notes (other than amounts due solely as a result of such acceleration);
  - (B) to the extent that payment of such interest is lawful, interest upon any Defaulted Interest at the applicable Series Interest Rate;
  - (C) all unpaid taxes and Administrative Expenses and other sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and
  - (D) all unpaid Portfolio Selection Fees;
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of the interest on or principal of Notes that have become due solely by such acceleration, have been cured and a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class by written notice to the Trustee or the Issuing and Paying Agent, as applicable, has agreed with such determination or waived such Event of Default as provided in the Indenture; and



- (iii) each of the Credit Default Swap, the Basis Swap, the Collateral Put Agreement and the Collateral Disposal Agreement has not been terminated or any such termination has been rescinded.

If an Event of Default should occur and be continuing, the Trustee will make payments to the Holders of the Notes only in the manner described in "Description of the Notes—Priority of Payments", except that if acceleration has occurred in accordance with the terms of the Indenture, or if a Payment Default has occurred and has not been cured or waived, no interest shall be payable on any Class of Notes until the Currency Adjusted Aggregate Outstanding Amount of each Series of all Classes of Notes that are senior to such Class, if any, have been repaid in full.

If an Event of Default should occur and be continuing, the Trustee will retain the Issuer Assets securing the Notes intact and continue making payments in the manner described above under "—Priority of Payments" unless:

- (i) the Trustee determines that the anticipated proceeds of a sale or liquidation of the Collateral (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the aggregate of the amounts referred to in subclause (i) through (vii) of "Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" and a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class agrees with such determination; or
- (ii) the Holders of at least 66-2/3% of the Aggregate USD Equivalent Outstanding Amount of each Class of Notes (voting separately by Class), subject to the provisions of the Indenture, direct the sale and liquidation of the Collateral.

As soon as practicable following the occurrence of either condition specified in subclause (i) or (ii) above, the Trustee will liquidate all Eligible Investments and the Issuer or the Trustee shall notify the Collateral Disposal Agent to liquidate all Collateral Securities.

A Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will have the right to direct the Trustee in conducting any proceedings or in the sale of any or all of the Collateral, but only if (i) such direction will not conflict with any rule of law or the Indenture and (ii) the Trustee determines that such action will not involve it in liability (unless the Trustee has, in its opinion, received satisfactory indemnity against any such liability).

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 has granted the Trustee a senior lien on the Issuer Assets, which is senior to the lien of the Holders of the Notes on the Issuer Assets. The Trustee's lien is exercisable by the Trustee only if the Notes have become due and payable following an Event of Default.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in the event that an Event of Default with respect to the Notes occurs and is continuing, the Trustee is under no obligation to exercise any of the rights or powers under the Indenture at the request of any Holders of Notes, unless such Holders have offered to the Trustee reasonable security or indemnity in the opinion of the Trustee.

A Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class may, in certain cases, waive any default with respect to such Notes, except (a) a default specified in subclause (i), (ii), (v) or (vi) of the definition of "Events of Default" or (b) a default in respect of a covenant or provision of the Indenture that cannot be modified or amended without the waiver or consent of the Holder of each Outstanding Note adversely affected thereby.

No Holder of a Note will have the right to institute any proceeding with respect to the Indenture unless (i) such Holder previously has given to the Trustee or the Issuing and Paying Agent, as applicable, written notice of a continuing Event of Default; (ii) except in the case of a default in the payment of principal, the Holders of at least 25% of the Aggregate USD Equivalent Outstanding Amount of the Notes 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) no direction inconsistent with such written request has been given to the Trustee or the Issuing and Paying Agent, as applicable, during such 30-day period by a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class.

See "Glossary of Defined Terms—Outstanding" for determining whether the Holders of the requisite percentage of Notes have given any direction, notice or consent.

*Notices.* Notices to the Holders of the Notes shall be given by first class mail, postage prepaid, to each Holder at the address appearing in the Note Register or the Issuer Note Register, as applicable. In addition, for so long as any Series of Notes is listed on any stock exchange and the rules of such stock exchange so require, notice given to the Holders of any such Series of Notes shall also be given to the stock exchange in accordance with its procedures.

*Modification of Indenture.* The Issuers and the Trustee may also enter into one or more supplemental indentures, without obtaining the consent of Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or the Portfolio Selection Agent (x) so long as the S&P Rating Condition and the Moody's Rating Condition have been satisfied and if such supplemental indenture would have no material adverse effect on any of the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent (as evidenced by an opinion of counsel or an officer's certificate of the Issuer) or the Portfolio Selection Agent or (y) for any of the following purposes:

- (i) to evidence the succession of any person to either the Issuer or Co-Issuer and the assumption by any such successor of the covenants of the Issuer or Co-Issuer in the Notes and the Indenture;
- (ii) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuers;
- (iii) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Notes;
- (iv) to evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee;
- (v) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or to correct, amplify or otherwise improve upon any pledge, assignment or conveyance to the Trustee of any property subject to or required to be subject to the lien of the Indenture (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the lien of the Indenture any additional property;
- (vi) subject to clause (xiv) below, to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or to enable the Co-Issuers to rely upon any exemption from

registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;

- (vii) to otherwise correct any inconsistency, mistake or cure any ambiguity (a) arising under the Indenture or (b) in connection with the final offering circular or any other transaction document;
- (viii) to take any action necessary or advisable to prevent the Issuer or the Trustee from becoming subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated for United States federal income tax purposes as engaged in a United States trade or business or otherwise being subject to United States federal, state or local income tax on a net income basis;
- (ix) to facilitate the issuance of additional Notes of any Class pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable;
- (x) to modify certain representations and warranties relating to the Trustee's security interest in the Issuer Assets in order to maintain or strengthen security interests in response to changes in applicable law or regulation (or the interpretation thereof) relating thereto;
- (xi) to facilitate the listing of any of the Notes on any exchange;
- (xii) to facilitate the issuance of combination securities or other similar securities;
- (xiii) to change the minimum denomination of the Notes; or
- (xiv) to modify the applicable ERISA restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) upon the receipt by the Issuer and the Trustee of satisfactory evidence, which may include an opinion of counsel, that such modified restrictions and/or modified procedures for resales and transfers are in compliance with applicable ERISA requirements.

The Trustee shall, consistent with the written advice of counsel, in its discretion determine whether or not the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or the Portfolio Selection Agent would be materially adversely affected by any supplemental indenture (after giving notice of such change to the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and the Portfolio Selection Agent), and such determination shall be conclusive on all present and future Holders.

With the consent of a Majority of the Aggregate USD Equivalent Outstanding Amount of Notes of each Class of Notes materially and adversely affected thereby, and, if materially and adversely affected thereby, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or the Portfolio Selection Agent, as the case may be, the Trustee and the Issuers may execute a supplemental indenture to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and the Portfolio Selection Agent; *provided* that, without the consent of each Holder of each Outstanding Note of each Class (or, in the case of subclause (i), each Series) materially adversely affected thereby no supplemental indentures may be entered into which:

- (i) change the Stated Maturity of any Note, or the date on which any installment of principal or interest on any Note is due and payable, reduce the principal amount of any Note or

the Series Interest Rate or the redemption price with respect to any Note, change the earliest specified date on which any Note may be redeemed, change the provisions of the Indenture for the application of Proceeds of any Issuer Assets to the payment of principal of or interest on the Notes or change any place where, or the coin or currency in which, any Note or the principal thereof or interest 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 a redemption of a Note, on or after the Optional Redemption Date, the applicable Partial Optional Redemption Date or the Mandatory Redemption Date);

- (ii) reduce the percentage of the Aggregate USD Equivalent Outstanding Amount of Notes of each Class the consent of the Holders of which is required for the authorization of any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences;
- (iii) impair or adversely affect the Issuer Assets except as otherwise permitted by the Indenture;
- (iv) except as expressly provided in the Indenture and other than the lien of the Indenture, permit the creation of any lien with respect to any part of the Issuer Assets or terminate such lien on any property at any time subject thereto or deprive the Holder of any Note or the Trustee of the security afforded by the lien of the Indenture;
- (v) reduce the percentage of Holders of the Notes of each Class whose consent is required to request the Trustee to preserve the Issuer Assets or rescind the Trustee's election to preserve the Issuer Assets or to sell or liquidate the Issuer Assets pursuant to the Indenture;
- (vi) modify any of the provisions of the Indenture with respect to any supplemental indenture except to increase the percentage of the Aggregate USD Equivalent Outstanding Amount of Notes whose Holders' consent is required for any such action or to provide that other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note adversely affected thereby;
- (vii) modify the definition in the Indenture of the term "Outstanding";
- (viii) modify any of the provisions of the Indenture in such a manner as to (i) affect the calculation of the amount of any payment of interest on or principal of any Note or (ii) affect the right of the Holders of the Notes to the benefit of any provisions for the redemption of the Notes contained therein;
- (ix) amend any provision of the Indenture or any other agreement entered into by the Issuer with respect to the transactions contemplated hereby relating to the institution of proceedings for the Issuer or the Co-Issuer to be adjudicated as bankrupt or insolvent, or the consent of the Issuer or the Co-Issuer to the institution of bankruptcy or insolvency proceedings against it, or the filing with respect to the Issuer or the Co-Issuer of a petition or answer or consent seeking reorganization, arrangement, moratorium or liquidation proceedings, or other proceedings under the Bankruptcy Code or any similar laws, or the consent of the Issuer or the Co-Issuer to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or the Co-Issuer or any substantial part of its property, respectively; or

- (x) amend any limited recourse provision of the Indenture or any limited recourse provision of any other agreement entered into by the Issuer with respect to the transactions contemplated hereby (which limited recourse provision provides that the obligations of the Issuer are limited recourse obligations of the Issuer payable solely from the Issuer Assets in accordance with the terms of the Indenture).

The Trustee shall, consistent with the written advice of counsel, in its discretion determine whether or not the Holders of the Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent or the Portfolio Selection Agent would be adversely or materially adversely affected by any supplemental indenture (after giving notice of such change to the Holders of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and the Portfolio Selection Agent), and such determination shall be conclusive on all present and future Holders.

Unless the Portfolio Selection Agent has been given prior written notice of such amendment and has consented thereto in writing, no supplemental indenture may (a) affect the obligations or rights of the Portfolio Selection Agent including, without limitation, expanding or restricting the Portfolio Selection Agent's rights or obligations or (b) affect the amount, timing or priority of any fees payable to the Portfolio Selection Agent under the Portfolio Selection Agreement and the Indenture.

Under the Indenture, the Trustee will, for so long as the Notes are Outstanding and rated by the Rating Agencies, deliver a copy of any proposed supplemental indenture to the Rating Agencies not later than (i) 10 Business Days prior to the execution of such proposed supplemental indenture if such proposed supplemental indenture requires the S&P Rating Condition and the Moody's Rating Condition to be satisfied or (ii) at any time prior to the execution of such proposed supplemental indenture if such proposed supplemental indenture does not require the S&P Rating Condition or the Moody's Rating Condition to be satisfied, and no such supplemental indenture shall be entered into unless the S&P Rating Condition and the Moody's Rating Condition have been satisfied (other than a supplemental indenture entered into in accordance with clause (y) of the first paragraph of this section).

Notwithstanding anything to the contrary herein, any such supplemental indenture shall not alter the characterization of the Co-Issued Notes as debt for United States federal income tax purposes.

*Additional Issuance.* With respect to the Co-Issued Notes, a Series of any such Class may be issued from time to time following the Closing Date. Such additional issuance of such Series must satisfy the following conditions:

- (a) the proceeds from any such additional issuance shall be used by the Issuer to purchase Collateral Securities at the direction of the Protection Buyer in a principal amount not less than the principal amount of such additional issuance or, pending such investment, deposited in the Principal Collection Account and invested in Eligible Investments; *provided* that the Collateral Securities and Eligible Investments purchased with the proceeds of such additional issuance will be denominated in the same Approved Currency in which such additional Series is denominated;
- (b) the sum of the proceeds received from the issuance of such Series *plus* any Additional Issuance Upfront Payment received by the Issuer from the Protection Buyer in connection with such additional issuance must equal the principal amount of such Notes;
- (c) the terms (other than the date of issuance, the Series Interest Rate, the Approved Currency in which such Notes are denominated, the Stated Maturity, the Non-Call Period, and the date from which interest will accrue) of any Series of Notes will be identical to the terms of any previously issued Notes of the relevant Class of such Series, if any;

- (d) the Protection Buyer must notify the Rating Agencies of such additional issuance prior to such additional issuance;
- (e) the S&P Rating Condition and the Moody's Rating Condition must be satisfied; and
- (f) if the additional issuance will cause the Aggregate USD Equivalent Outstanding Amount of any Class of Co-Issued Notes to exceed the Initial Class Notional Amount set forth in "Summary—Notes", the Issuer will receive written advice of counsel that, following such additional issuance, the Co-Issued Notes issued pursuant to such additional issuance will be treated as debt for U.S. federal income tax purposes and any Co-Issued Notes outstanding prior to such additional issuance would have received an opinion that such Co-Issued Notes will be treated as debt for U.S. federal income tax purposes after such additional issuance.

In connection with any such additional issuance, the Issuer shall, to the extent required by the rules thereof, provide any applicable stock exchange with a listing circular or an offering circular supplement, relating to such Notes.

Each Series of a given Class shall be *pari passu* with respect to Credit Event Adjustment Amounts, Notional Principal Adjustment Amounts and Reinstatement Adjustment Amounts as described herein.

For the avoidance of doubt, following a Partial Optional Redemption of any Series of Co-Issued Notes or Protection Buyer Notes that are Co-Issued Notes, additional Series of such Class may be issued in accordance with the requirements set forth in this section.

*Jurisdictions of Incorporation.* Under the Indenture, the Issuer and the Co-Issuer will be required to maintain their rights and franchises as a company and a corporation incorporated under the laws of the Cayman Islands and the State of Delaware, respectively, to comply with the provisions of their respective organizational documents and to obtain and preserve their qualification to do business as foreign corporations in each jurisdiction in which such qualifications are or shall be necessary to protect the validation and enforceability of the Indenture, the Notes or any of the Issuer Assets; *provided, however*, that the Issuer shall be entitled to change its jurisdiction of incorporation from the Cayman Islands to any other jurisdiction reasonably selected by the Issuer and approved by the common shareholder of the Issuer so long as (a) such change is not disadvantageous in any material respect to the Issuer, the Holders of any Class of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent and the Portfolio Selection Agent, (b) written notice of such change shall have been given by the Issuer to the Trustee, the Issuing and Paying Agent, the Holders of any Class of Notes, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Portfolio Selection Agent and each of the Rating Agencies at least 30 Business Days prior to such change of jurisdiction, (c) the S&P Rating Condition shall have been satisfied and (d) on or prior to the 15<sup>th</sup> Business Day following such notice the Trustee or the Issuing and Paying Agent, as applicable, shall not have received written notice from a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or the Collateral Disposal Agent objecting to such change.

*Petitions for Bankruptcy.* The Indenture will provide that neither (i) the Trustee, in its own capacity, or on behalf of any Noteholder nor (ii) the Noteholders may, prior to the date which is one year and one day (or, if longer, the applicable preference period) after the payment in full of all Notes institute against, or join any other person in instituting against, the Issuer or Co-Issuer any bankruptcy, reorganization, arrangement, moratorium or liquidation proceedings, or other proceedings under federal or state bankruptcy or similar laws, including under Cayman Islands law.

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

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

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

*Reports Prepared Pursuant to the Indenture.* Upon the written request in the form of Exhibit A hereto, any Noteholder may request that the Trustee or the Issuing and Paying Agent, as applicable, provide to such Noteholder the monthly reports and certain other reports prepared by or on behalf of the Issuer in accordance with the Indenture.

*Governing Law.* The Indenture and the Co-Issued Notes will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein.

*The Notes will be in book-entry form.* Persons acquiring beneficial ownership interests in the Notes will hold their interests through DTC if such Persons are direct participants in DTC, or indirectly through organizations that are participants in DTC. Therefore, a Person who holds a beneficial ownership interest in the Notes will only be permitted to exercise their rights through DTC and participants of DTC. DTC or its nominee shall be the registered holder of the Notes and DTC will only take action with respect to such rights at the instruction or the direction of the participants. Similarly, if the Trustee or the Issuing and Paying Agent, as applicable, has to provide any notice to Noteholders or to solicit the consent of any Noteholder, the Trustee or the Issuing and Paying Agent, as applicable, will only act through DTC (which in turn will notify its relevant participants, which in turn will notify Persons holding beneficial ownership interests in the Notes).

From time to time following the Closing Date, any Noteholder may submit to the Trustee, or the Issuing and Paying Agent, as applicable, in writing, a Noteholder Communication Notice requesting the contents of such communication be sent to all other Noteholders. Within three Business Days of receiving such Noteholder Communication Notice, the Trustee or Issuing and Paying Agent, as applicable, will deliver to all Noteholders a Trustee Noteholder Communication Notice.

### **The Issuing and Paying Agency Agreement**

Pursuant to the Issuing and Paying Agency Agreement, LaSalle Bank National Association will be appointed as the Issuing and Paying Agent. The Issuer may at any time and from time to time terminate the appointment of the Issuing and Paying Agent and appoint one or more additional Issuing and Paying Agents. The Issuer will give prompt notice to the Trustee of the appointment or termination of the Issuing and Paying Agent and of the location and any change in the location of the Issuing and Paying Agent's office or agency. The Issuing and Paying Agent will provide notice to the Holders of the Issuer Notes of any such change of which it receives notice.

Pursuant to the Issuing and Paying Agency Agreement, LaSalle Bank National Association will be appointed as the Issuer Note Registrar. The Issuer Note Registrar will keep the note register and provide for the registration and transfer of the Issuer Notes. The Issuer may at any time and from time to time terminate the appointment of the Issuer Note Registrar and appoint one or more additional Issuer Note Registrars. The Issuer will give prompt notice to the Issuing and Paying Agent of the appointment or termination of the Issuer Note Registrar and of the location and any change in the location of the Issuer Note Registrar's office. The Issuer Note Registrar will provide notice to the Holders of the Issuer Notes of any such change of which it receives notice.

The Issuing and Paying Agent will make distributions on the Issuer Notes and perform various fiscal services on behalf of the Issuer. On or prior to the Closing Date, the Issuing and Paying Agent will establish a segregated bank account designated as the "**Issuer Notes Distribution Account**". The Issuing and Paying Agent will deposit any funds received from the Trustee pursuant to the Indenture (including, without limitation, all distributions of Interest Proceeds and Principal Proceeds on each Payment Date, any other Business Day on which Currency Adjusted Notional Principal Adjustment Amounts are paid by the Issuer to the Holders of the Issuer Notes or on the Stated Maturity for, or date of redemption of, the applicable Issuer Notes, made by the Trustee to the Issuing and Paying Agent pursuant to the Indenture as described herein under "—Priority of Payments") into the Issuer Notes Distribution Account.

Pursuant to the Issuing and Paying Agency Agreement, the Issuing and Paying Agent, on behalf of the Issuer, will promptly give notice of the amount distributed thereunder for the relevant Payment Date to the Holders of the Issuer Notes and to the Issuer. The Issuing and Paying Agent will also make such information available to Holders of the Issuer Notes at its offices. Distributions to Holders of the Issuer Notes, if any, will be paid on each Payment Date, any other Business Day on which Currency Adjusted Notional Principal Adjustment Amounts are paid by the Issuer to the Holders of the Issuer Notes or on the Stated Maturity for, or date of redemption of, a Class of the Issuer Notes, as applicable, to the persons in whose names such Issuer Notes are registered in the Issuer Note Register at the close of business on the Record Date for such Payment Date. Pursuant to the Issuing and Paying Agency Agreement, distributions to Holders of any Class of Issuer Notes will be paid *pro rata* to Holders of such Class; *provided* that such *pro rata* allocation will be based on the Aggregate USD Equivalent Outstanding Amount of such Class of Notes held by each such Holder but will be payable to each such Holder in the applicable Approved Currency with respect to each such Holder's Currency Adjusted Aggregate Outstanding Amount of such Notes.

The Issuing and Paying Agency Agreement also provides for the terms of transfer and exchange of the Issuer Notes described herein under "Transfer Restrictions". The payment of the fees and expenses of the Issuing and Paying Agent and the Issuer Note Registrar is solely the obligation of the Issuer. The Issuing and Paying Agency Agreement contains provisions for the indemnification of the Issuing and Paying Agent and the Issuer Note Registrar against any and all liabilities, costs and expenses (including reasonable legal fees and expenses) relating to or arising out of or in connection with their performance under the Issuing and Paying Agency Agreement, except to the extent that such liabilities, costs and expenses are caused by the negligence, willful misconduct or bad faith of the Issuing and Paying Agent or the Issuer Note Registrar, as the case may be.

*Additional Issuance.* With respect to the Issuer Notes, a Series of any such Class may be issued from time to time following the Closing Date. Such additional issuance of such Series must satisfy the following conditions:

- (a) the proceeds from any such additional issuance shall be used by the Issuer to purchase Collateral Securities at the direction of the Protection Buyer in a principal amount not less than the principal amount of such additional issuance or, pending such investment, deposited in the Principal Collection Account and invested in Eligible Investments; *provided* that the Collateral Securities and Eligible Investments purchased with the



proceeds of such additional issuance will be denominated in the same Approved Currency in which such additional Series is denominated;

- (b) the sum of the proceeds received from the issuance of such Series *plus* any Additional Issuance Upfront Payment received by the Issuer from the Protection Buyer in connection with such additional issuance must equal the principal amount of such Notes;
- (c) the terms (other than the date of issuance, the Series Interest Rate, the Approved Currency in which such Notes are denominated, the Stated Maturity, the Non-Call Period and the date from which interest will accrue) of any Series of Notes will be identical to the terms of any previously issued Notes of the relevant Class of such Series, if any;
- (d) the Protection Buyer must notify the Rating Agencies of such additional issuance prior to such additional issuance; and
- (e) the S&P Rating Condition and the Moody's Rating Condition must be satisfied.

In connection with any such additional issuance, the Issuer shall, to the extent required by the rules thereof, provide any applicable stock exchange with a listing circular or an offering circular supplement, relating to such Notes.

For the avoidance of doubt, following a Partial Optional Redemption of any Series of Issuer Notes or Protection Buyer Notes that are Issuer Notes, additional Series of such Class may be issued in accordance with the requirements set forth in this section.

*Governing Law.* The Issuer Notes and each Deed of Covenant will be governed by, and construed in accordance with, the laws of the Cayman Islands. The Issuing and Paying Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed therein without regard to the conflict of laws principles thereof.

*Reports Prepared Pursuant to the Indenture.* Upon the written request in the form of Exhibit A hereto, any Holder of the Issuer Notes may request that the Issuing and Paying Agent provide to such Holder the monthly reports and certain other reports prepared by or on behalf of the Issuer in accordance with the terms of the Indenture.

## **USE OF PROCEEDS**

The aggregate net proceeds of the offering of the Notes are expected to equal approximately \$192,000,000 (including the USD Equivalent of the Notes denominated in Approved Currencies other than Dollars). The Issuer will use such net proceeds, together with part or all of the Upfront Payment, to purchase Collateral Securities and Eligible Investments that will have an aggregate principal amount of at least \$192,000,000 (including the USD Equivalent of the Collateral Securities denominated in Approved Currencies other than Dollars); *provided* that, for each Approved Currency, the aggregate principal amount of Collateral Securities and Eligible Investments denominated in such Approved Currency and purchased with the proceeds of the offering will equal or exceed the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency on the Closing Date.

## **RATINGS OF THE NOTES**

It is a condition to the issuance of the Notes issued on the Closing Date that the Notes of each such Class receive from the Rating Agencies the minimum rating indicated under "Summary—Notes". A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

## THE CREDIT DEFAULT SWAP

The following description of the Credit Default Swap is a summary of certain provisions of the Credit Default Swap. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Credit Default Swap.

The Notes do not represent an obligation of the Protection Buyer. Noteholders will not have any right to proceed directly against the Protection Buyer in respect of the Protection Buyer's obligations under the Credit Default Swap. However, the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Protection Buyer. Notwithstanding the foregoing, if the Protection Buyer is the sole defaulting party or Affected Party under the Credit Default Swap, then the Issuer will have 30 days to enter into a replacement credit default swap and basis swap (otherwise a Mandatory Redemption will occur). See "—Replacement".

### Effective Date and Termination Date

The effective date of the Credit Default Swap will be the Closing Date.

Unless terminated prior to its scheduled termination date, or unless an Extended Termination Date as described in this section occurs, the Credit Default Swap will terminate on February 22, 2038 (the "**Scheduled Termination Date**").

Credit Event Notices may be given (the "**Notice Delivery Period**") during the period from and including the Closing Date to and including the earlier of the Scheduled Termination Date or a Credit Default Swap Early Termination Date.

If, on the Scheduled Termination Date a Credit Event has occurred with respect to which the Conditions to Settlement have been satisfied, but with respect to which the Credit Default Swap Settlement Date has not occurred, the termination date of the Credit Default Swap will extend up to the day that is the last Credit Default Swap Settlement Date (such day, the "**Extended Termination Date**").

The "**Termination Date**" of the Credit Default Swap will be the later of (i) the Scheduled Termination Date and (ii) the Extended Termination Date.

### Payments

*Upfront Payment by the Protection Buyer to the Issuer.*

On the Closing Date, the Protection Buyer will make an upfront payment (the "**Upfront Payment**") to the Issuer in an amount with respect to each Approved Currency, if greater than zero, equal to:

- (i) the sum of (a) the amount needed to purchase the Initial Collateral Securities denominated in such Approved Currency (with an aggregate principal amount of at least the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency) and (b) expenses incurred on or prior to the Closing Date in such Approved Currency in connection with the offering of the Notes and the transactions contemplated hereby; less
- (ii) the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency.

*Periodic Payments by the Protection Buyer to the Issuer.*

(I) On the Closing Date and each Payment Date prior to the earliest to occur of (a) the final Stated Maturity of all Series of Notes, (b) an Optional Redemption in Whole or (c) a Mandatory Redemption, the Protection Buyer will pay to the Issuer an amount equal to the aggregate of:

- (i) the product, with respect to each Series of Notes Outstanding, of:
    - (a) the Applicable Spread for such Series;
    - (b) the Currency Adjusted Aggregate Outstanding Amount of such Series of Notes on such date; and
    - (c) the applicable Day Count Fraction for the Interest Accrual Period commencing on such date;
  - (ii) the product, with respect to each Class of Notes Outstanding, of:
    - (a) the Aggregate USD Equivalent Outstanding Amount of such Class on such date;
    - (b) the Applicable Class Portfolio Selection Fee Rate with respect to such Class of Notes; and
    - (c) the actual number of days in the Interest Accrual Period (or, if on such date the Protection Buyer has a long-term rating below "AA-" by S&P, the actual number of days in the next two Interest Accrual Periods) commencing on such date *divided by* 360;
  - (iii) an amount equal to the Collateral Put Provider Fee Amount due on the immediately succeeding Payment Date to the Collateral Put Provider pursuant to the Collateral Put Agreement; and
  - (iv) an amount equal to the Administrative Expenses expected to be paid pursuant to clause (i) of the "Description of the Notes—Priority of Payments—Interest Proceeds" on the immediately succeeding Payment Date (or, if on such date the Protection Buyer has a long-term rating below "AA-" by S&P, the amount determined to be due on the following two Payment Dates as determined by the Credit Default Swap Calculation Agent in a commercially reasonable manner) (excluding, for the avoidance of doubt, any indemnities payable by the Issuer); *plus*
- (II) on each Payment Date, an amount, if greater than zero, equal to:
- (i) the amount required to be paid pursuant to clauses (i) through (v) of "Description of the Notes—Priority of Payments—Interest Proceeds" on such Payment Date (excluding, for the avoidance of doubt, any indemnities payable by the Issuer); *less*
  - (ii) the amount on deposit on such Payment Date in the CDS Issuer Fixed Payment Subaccount *plus* the Monthly Basis Swap Payment due on such Payment Date (each payment made under (I) and (II) above, a "**Fixed Payment**").

*Cash Settlement Amounts paid by the Issuer to the Protection Buyer.*

On a Credit Default Swap Calculation Date, the Credit Default Swap Calculation Agent will determine the Cash Settlement Amount that will need to be paid by the Issuer on the related Credit Default Swap Settlement Date. See "Summary—The Credit Default Swap".

In addition, on a Credit Default Swap Calculation Date, the Trustee will direct the liquidation of any Eligible Investments held by the Issuer and denominated in the Approved Currency in which such Cash Settlement Amount is payable (assuming that the Issuer will receive at least 100% of par for such Eligible Investments in any such liquidation, other than Put Excluded Collateral) in an amount sufficient to pay the related Cash Settlement Amount on the Credit Default Swap Settlement Date.

If such liquidation proceeds are insufficient to pay such Cash Settlement Amount, the Issuer or Trustee will direct the Collateral Disposal Agent to attempt to sell a par amount of Collateral Securities (rounded up, if necessary, to reflect minimum denominations) in an amount (assuming that the Issuer will receive at least 100% of par for such Collateral Securities in any such liquidation, other than Put Excluded Collateral), when added to the amount of proceeds expected to be received by the Issuer from liquidation of Eligible Investments (assuming that the Issuer will receive at least 100% of par for such Eligible Investments, other than Put Excluded Collateral), sufficient to pay a Cash Settlement Amount (the par amount of Collateral Securities to be liquidated in connection with any liquidation of the Collateral Securities, the "**Collateral Securities Principal Amount**"), for settlement on the Credit Default Swap Settlement Date. The Collateral Disposal Agent shall select in its sole discretion the particular Collateral Securities to be liquidated in an aggregate principal amount equal to the Collateral Securities Principal Amount (the Collateral Securities selected by the Collateral Disposal Agent to be liquidated in connection with any liquidation of Collateral Securities, the "**Selected Collateral Securities**"); *provided* that any such Selected Collateral Securities will be denominated in the same currency as the Notes, the Currency Adjusted Aggregate Outstanding Amount of which is reduced by the related Currency Adjusted Credit Event Adjustment Amount. The Collateral Disposal Agent will then attempt to solicit bids for the sale of each such Selected Collateral Security. The Collateral Disposal Agent may, in its sole discretion, bid up to 100% for such Selected Collateral Security (excluding any accrued interest) if the Collateral Disposal Agent is not able to procure a third-party bid of at least 100%. A Selected Collateral Security will be sold to the highest bidder for settlement on the Credit Default Swap Settlement Date. Pursuant to the terms of the Credit Default Swap, if the liquidation proceeds of Eligible Investments and Collateral Securities would have been sufficient to pay a Cash Settlement Amount had such Collateral (other than Put Excluded Collateral) been liquidated at least at 100% of par (instead of below 100% of par), the Issuer will be deemed to have paid such Cash Settlement Amount in full upon the Protection Buyer's receipt of the actual related liquidation proceeds.

See "Summary—The Credit Default Swap—Cash Settlement Amount".

*Payment by the Protection Buyer to the Issuer in connection with a Reference Obligation Reimbursement.*

On the Payment Date immediately following the Due Period during which a Reference Obligation Reimbursement Amount is determined by the Credit Default Swap Calculation Agent with respect to one or more Reference Obligation(s), and so long as such Reference Obligation(s) remains in the Reference Portfolio at the time of such Reference Obligation Reimbursement, the Protection Buyer will pay to the Issuer an amount equal to the aggregate of (i) the Currency Adjusted Reinstatement Adjustment Amounts payable on such date and (ii) the ICE Currency Adjusted Interest Reimbursement Amounts payable on such date.

*Payments by the Protection Buyer to the Issuer in connection with an additional issuance of Notes.*

Following the Closing Date, on or prior to the date on which the Issuer issues additional Notes, the Protection Buyer will (in the event such additional issuance occurs) make a payment to the Issuer (in the Approved Currency in which such additional Notes are denominated) equal to the product of (i) the par amount of such additional Notes and (ii) the greater of (a) 100% less the issuance price of such additional Notes (expressed as a percentage of the par amount thereof) and (b) zero (any such payment, an **"Additional Issuance Upfront Payment"**).

*Payments by the Protection Buyer to the Issuer in connection with the Issuer's purchase of Collateral Securities.*

Following the Closing Date, on or prior to the date on which the Issuer purchases a Collateral Security, the Protection Buyer shall (in the event the Issuer actually purchases a Collateral Security) make a payment to the Issuer equal to the product of (i) the par amount of such Collateral Security and (ii) the greater of (a) the purchase price (including accrued and unpaid interest) of such Collateral Security (expressed as a percentage of the par amount thereof) less 100.00% and (b) zero.

*Payment on the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date.*

On the Stated Maturity, the Optional Redemption Date or the Mandatory Redemption Date, in addition to any Credit Default Swap Termination Payment, the Protection Buyer may, to the extent of available Principal Proceeds, receive from the Issuer an amount as described under subclause (ix) of "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date".

On the Stated Maturity for any Series of Notes or a Mandatory Redemption caused by a termination of the Credit Default Swap as a result of a default by the Protection Buyer, a termination of the Collateral Put Agreement as a result of a default by the Collateral Put Provider or a termination of the Basis Swap as a result of a default by the Basis Swap Counterparty, the Protection Buyer will make a payment to the Issuer in an amount equal to the aggregate of the Currency Adjusted Redemption Refund Adjustment Amounts determined with respect to such date (any such payment, a **"Redemption Writedown Refund"**).

*Payment in Connection with a Replacement Credit Default Swap.*

On the date a replacement credit default swap is entered into with a Replacement Counterparty, the Protection Buyer may receive a termination payment from the Issuer.

*Payment on a Partial Optional Redemption Date.*

In the case of a Partial Optional Redemption, at the sole discretion of the Protection Buyer, the Protection Buyer may pay to the Issuer an amount (the **"Partial Optional Redemption End Payment"**) equal to (a) the aggregate amount required to be paid by the Issuer on the Partial Optional Redemption Date in accordance with subclause (iii) of "Description of the Notes—Priority of Payments—Principal Proceeds—Other Payment Dates" less (b) the Principal Proceeds that are expected to be available on the Partial Optional Redemption Date to pay the amount described in subclause (a) after giving consideration to any currency exchange; *provided, however*, that a Partial Optional Redemption will be effected only in accordance with the Indenture.

*Payment by the Protection Buyer to the Issuer in connection with Collateral denominated in Approved Currencies.*

On each Credit Default Swap Settlement Date and with respect to each Approved Currency, the Protection Buyer will pay to the Issuer the difference, if greater than zero, between (i) the Currency Adjusted Aggregate Outstanding Amount of all Notes denominated in such Approved Currency and (ii) the principal balance of Collateral (including Cash) held by the Issuer in the Collateral Account and denominated in such Approved Currency (for the avoidance of doubt, such amounts as determined after giving effect to the payment of any Cash Settlement Amount on such date) so long as such difference arises in connection with the liquidation of Collateral in order to pay a Cash Settlement Amount (any such payment, an "**Approved Currency Collateral Payment**").

### **Credit Events**

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

**"Writedown"** means with respect to any Reference Obligation, the occurrence at any time on or after the Closing Date of:

- (i) (a) a writedown or applied loss (however described in the related Underlying Instruments) resulting in a reduction in the Reference Obligation Outstanding Principal Amount with respect to such Reference Obligation (other than as a result of a scheduled or unscheduled payment of principal); or
- (b) the attribution of a principal deficiency or realized loss (however described in the related Underlying Instruments) to such Reference Obligation resulting in a reduction or subordination of the current interest payable on such Reference Obligation;
- (ii) the forgiveness of any amount of principal by the holders of such Reference Obligation pursuant to an amendment to the related Underlying Instruments resulting in a reduction in the related Reference Obligation Outstanding Principal Amount; or
- (iii) if the related Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in subclause (i) above to occur in respect of such Reference Obligation, an Implied Writedown Amount being determined in respect of such Reference Obligation by the Credit Default Swap Calculation Agent.

### **The Reference Portfolio**

The Reference Portfolio is set out in Schedule A and will not be modified other than as described under "**Removal of Reference Obligations from the Reference Portfolio**".

## Removal of Reference Obligations from the Reference Portfolio

Following a Credit Event and the satisfaction of the Conditions to Settlement relating thereto, the Reference Obligation that is the subject of such Credit Event will not be removed from the Reference Portfolio, and in the case of a Reference Obligation that suffered a Writedown, such Reference Obligation may experience one or more subsequent Credit Events (including a subsequent Writedown).

Following the redemption or amortization in full of a Reference Obligation, the Reference Obligation that has been redeemed or amortized in full will be removed from the Reference Portfolio. Subject to the foregoing, if the Reference Obligation Notional Amount of a Reference Obligation that suffered one or more Credit Events is reduced to zero at any time on or prior to the Scheduled Termination Date and remains at zero for a period of one calendar year, such Reference Obligation shall be removed from the Reference Portfolio as of the last day of such one calendar year period; *provided* that if such Reference Obligation that suffered one or more Credit Events experiences a Reference Obligation Reimbursement for which the Reference Obligation Repayment Amount equals the ICE Reference Obligation Notional Amount Differential of such Reference Obligation immediately prior to such determination, the Reference Obligation shall be removed from the Reference Portfolio immediately following the determination of such Reference Obligation Repayment Amount by the Credit Default Swap Calculation Agent.

## Credit Default Swap Early Termination

### *Credit Default Swap Event of Default.*

The occurrence of any of the following events will constitute a "**Credit Default Swap Event of Default**":

- (i) failure by the Issuer, the Protection Buyer or the Protection Buyer Credit Support Provider to make, when due, any payment under the Credit Default Swap, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Protection Buyer or the Protection Buyer Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it, as the case may be, in accordance with any Protection Buyer Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of any Protection Buyer Credit Support Document or the failing or ceasing of such Protection Buyer Credit Support Document to be in full force and effect for the purpose of the Credit Default Swap (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Protection Buyer under the Credit Default Swap without the written consent of the Issuer; and (c) the Protection Buyer or the Protection Buyer Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Protection Buyer Credit Support Document; or
- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Protection Buyer or the Protection Buyer Credit Support Provider.

*Credit Default Swap Termination Events.*

The occurrence of any of the following events will constitute a **"Credit Default Swap Termination Event"**:

- (i) it becomes unlawful for the Protection Buyer, the Protection Buyer Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Credit Default Swap or to comply with any other material provision thereof or for the Protection Buyer or the Protection Buyer Credit Support Provider to perform its obligations under any Protection Buyer Credit Support Document and no party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;
- (ii) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer or the Protection Buyer) or (b) a change in tax law, such party will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to (x) make a "gross-up" payment to the other party in respect of an indemnifiable tax or (y) receive a payment from the other party subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;
- (iii) as a result of the Issuer's or the Protection Buyer's consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, the Issuer or the Protection Buyer is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax;
- (iv) a Collateral Default;
- (v) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
- (vi) an Adverse Tax Event;
- (vii) an Optional Redemption in Whole;
- (viii) the designation of a Basis Swap Early Termination Date; or
- (ix) the designation of a Collateral Put Agreement Early Termination Date.

Upon the Trustee or the Issuing and Paying Agent becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate USD Equivalent Outstanding Amount of the Notes, in each case voting as a single class. In addition, if an Event of Default or a Termination Event (as such term is defined in the Credit Default Swap) for which the Protection Buyer is the sole defaulting party or Affected Party under the Credit Default Swap (as such term is defined in the Credit Default Swap), then the Issuer will have 30 days to enter into a replacement credit default swap. See "—Replacement".



## Payments on Credit Default Swap Early Termination

*Payment by the Issuer.* Upon the occurrence of a Credit Default Swap Early Termination, the Issuer will be required to pay to the Protection Buyer the following amounts:

- (i) any Cash Settlement Amounts owed by the Issuer to the Protection Buyer for any Credit Events that occur on or prior to the Credit Default Swap Early Termination Date for which the Conditions to Settlement have been satisfied; and
- (ii) any Credit Default Swap Termination Payment.

*Payment by the Protection Buyer.* Upon the occurrence of a Credit Default Swap Early Termination, the Protection Buyer will be required to pay to the Issuer the following amounts:

- (i) any accrued but unpaid Fixed Payments;
- (ii) any Credit Default Swap Termination Payment; and
- (iii) in the case of an Optional Redemption in Whole, at the sole discretion of the Protection Buyer, an amount (the "**End Payment**") equal to (a) the aggregate amount required to be paid by the Issuer on the Optional Redemption Date in accordance with subclauses (i) through (vii) of "Description of the Notes—Priority of Payments—Principal Proceeds—Stated Maturity, Optional Redemption Date or Mandatory Redemption Date" less (b) the Principal Proceeds that are expected to be available on the Optional Redemption Date to pay the amount described in subclause (a) (after giving consideration to any currency exchange, if necessary); *provided, however*, that an Optional Redemption in Whole will be effected only in accordance with the Indenture.

As used herein, "**Credit Default Swap Termination Payment**" means the replacement cost or gain for a portfolio credit default swap with the financial terms of the Credit Default Swap, calculated in accordance with the terms of the Credit Default Swap; *provided, however*, that no Credit Default Swap Termination Payment shall be payable by the Protection Buyer in connection with a Credit Default Swap Early Termination caused by an Optional Redemption in Whole.

## Amendment

The Credit Default Swap may be amended at any time without satisfying the S&P Rating Condition or the Moody's Rating Condition or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Credit Default Swap may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and with the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

Unless the Portfolio Selection Agent has been given prior written notice of such amendment and has consented thereto in writing, no amendment to the Credit Default Swap may (a) affect the obligations or rights of the Portfolio Selection Agent including, without limitation, expanding or restricting the Portfolio Selection Agent's discretion, rights or obligations or (b) affect the amount, timing or priority of any fees payable to the Portfolio Selection Agent under the Portfolio Selection Agreement and the Credit Default Swap.

## Transfer

Neither the Issuer nor the Protection Buyer may transfer its rights and obligations under the Credit Default Swap without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that, and in any case subject to the S&P Rating Condition:

- (i) a party may make such a transfer of its rights and obligations pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Credit Default Swap; and
- (iii) the Protection Buyer may, without recourse, transfer the Credit Default Swap (in whole and not in part only) to any of the Protection Buyer's Affiliates so long as:
  - (a) GS Group (or another entity with a credit rating at least equal to that of GS Group) guarantees such transferred obligations of the transferee pursuant to a guaranty in substantially the form of the guaranty of GS Group specified in the Credit Default Swap or such transferee has a credit rating at least equal to that of GS Group;
  - (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Protection Buyer in the absence of such transfer;
  - (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Protection Buyer would have been required to so withhold or deduct in the absence of such transfer;
  - (d) it does not become unlawful for either party to perform any obligation under the Credit Default Swap as a result of such transfer; and
  - (e) a Credit Default Swap Early Termination does not occur as a result of such transfer.

## Replacement

If an Event of Default or a Termination Event (as such term is defined in the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable) for which the Protection Buyer, Basis Swap Counterparty or Collateral Put Provider is the sole defaulting party or Affected Party (as such term is defined in the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable) under the Credit Default Swap, Basis Swap and/or Collateral Put Agreement, as applicable, then the Issuer will automatically terminate the Credit Default Swap, Basis Swap and Collateral Put Agreement and shall, within 30 days following such termination, enter into a replacement credit default swap and basis swap with a party nominated by the Protection Buyer, Basis Swap Counterparty and/or Collateral Put Provider, as applicable, (the "**Replacement Counterparty**"), subject to satisfaction of the following (the "**Replacement Counterparty Procedures**") on or prior to the completion of such 30 day period:

- (i) all of the Collateral (other than Put Excluded Collateral) will be liquidated (and the Collateral Put Agreement will not be exercisable in the case of such liquidation), and the proceeds thereof, after giving effect to any termination payments payable by the Issuer to the Protection Buyer and the Basis Swap Counterparty will be used by the Issuer to acquire Put Excluded Collateral. If the aggregate principal amount of the Collateral denominated in each Approved Currency following such reinvestment is not at least equal to the Currency Adjusted Aggregate Outstanding Amount of the Notes denominated in

such Approved Currency, the Replacement Counterparty will pay as an upfront payment to the Issuer under the replacement credit default swap an amount sufficient to cause the aggregate principal amount of the Collateral denominated in each Approved Currency to at least equal the Currency Adjusted Aggregate Outstanding Amount of the Notes denominated in such Approved Currency, and the Issuer will use such funds to purchase additional Put Excluded Collateral;

- (ii) the Replacement Counterparty will enter into a replacement credit default swap with the Issuer on substantially similar terms to the Credit Default Swap entered into on the Closing Date, with the effective date being the day on which the Credit Default Swap is terminated;
- (iii) pursuant to the terms of a replacement credit default swap, any failure to maintain Put Excluded Collateral denominated in each Approved Currency in an amount at least equal to the Currency Adjusted Aggregate Outstanding Amount of the Notes denominated in such Approved Currency will be deemed an election by the Replacement Counterparty to terminate the replacement credit default swap and will cause an Optional Redemption in Whole;
- (iv) on the date that a replacement credit default swap is entered into between the Replacement Counterparty and the Issuer and on any date of determination thereafter, the Replacement Counterparty will post to the Issuer (a) the fixed payment due for all Payment Dates ending on the later of (1) the sixth Payment Date from the date of determination or (2) the end of the Non-Call Period, (*provided* that such payment will be calculated based on the Currency Adjusted Aggregate Outstanding Amount of the Notes denominated in each Approved Currency on the date of payment) and (b) any ICE Currency Adjusted Interest Reimbursable Amounts at such time of determination;
- (v) pursuant to the terms of the replacement credit default swap, any failure to post the amounts specified in clause (iv) will be deemed an election by the Replacement Counterparty to terminate the replacement credit default swap and will cause an Optional Redemption in Whole;
- (vi) the Replacement Counterparty will enter into a replacement basis swap with the Issuer on substantially similar terms to the Basis Swap entered into on the Closing Date, with the effective date being the day on which the Basis Swap is terminated;
- (vii) on the date that a replacement basis swap is entered into between the Replacement Counterparty and the Issuer and on any date of determination thereafter, the Replacement Counterparty will post to the Issuer (a) the monthly basis swap payment due for all Payment Dates ending on the later of (1) the sixth Payment Date from the date of determination or (2) the end of the Non-Call Period, (*provided* that such payment will be calculated based on the Currency Adjusted Aggregate Outstanding Amount of the Notes denominated in each Approved Currency on the date of payment);
- (viii) any failure to post the amounts specified in clause (vii) will be deemed an election by the Replacement Counterparty to terminate the replacement credit default swap and will cause an Optional Redemption in Whole;
- (ix) all interest accrued on the Put Excluded Collateral will be paid by the Issuer to the Replacement Counterparty as a basis swap payment pursuant to the terms of the replacement basis swap;

- (x) the payment of any unpaid Portfolio Selection Fees by the Issuer to the Portfolio Selection Agent following a corresponding payment by the Replacement Counterparty to the Issuer; and
- (xi) in all cases, any related opinions (including an opinion of nationally recognized tax counsel experienced in such matters to the effect that such replacement credit default swap or basis swap will not cause the Issuer to be treated as engaged in a United States trade or business which must be received in order to enter into any replacement credit default swap or basis swap), documentation and agreements will be subject to review by the Rating Agencies, in the case of documentation or agreements, for the sole purpose of establishing that such documentation or agreements are consistent with the Replacement Counterparty Procedures and such documentation and agreements shall be subject to the satisfaction of the S&P Rating Condition.

Subject to the foregoing, Goldman Sachs has separately agreed to nominate a replacement counterparty under the circumstances described above.

If the Replacement Counterparty Procedures are not complied with within such 30 day period, then a Mandatory Redemption will occur.

For the avoidance of doubt, any termination payments payable by either the Issuer or the Protection Buyer under the Credit Default Swap or to the Basis Swap Counterparty under the Basis Swap will not be payable until the earlier to occur of (a) the date that all of the Replacement Counterparty Procedures are satisfied and (b) the Mandatory Redemption Date, which payments in the case of clause (b) will be subject to the Priority of Payments.

#### **Guarantee**

GS Group will guarantee the obligations of the Protection Buyer under the Credit Default Swap.

#### **THE PROTECTION BUYER**

The Protection Buyer is Goldman Sachs Capital Markets, L.P. As described above, GS Group will guarantee the obligations of Goldman Sachs Capital Markets, L.P. as the Protection Buyer under the Credit Default Swap. Goldman Sachs Capital Markets, L.P. is an Affiliate of GS Group.

GS Group, together with its subsidiaries, is a leading global investment banking, securities and investment management firm that provides a wide range of financial services worldwide to a substantial and diversified clientbase that includes corporations, financial institutions, governments and high net-worth individuals. GS Group is required to file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (the "**SEC**"). GS Group's filings with the SEC are also available to the public through the SEC's Internet site at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which GS Group's common stock is listed.

Investors in Notes are hereby informed that the reports and other information with respect to GS Group on file with the SEC to which investors are referred above are not and will not be "incorporated by reference" herein.

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

## THE COLLATERAL SECURITIES

### The Initial Collateral Securities

On the Closing Date, the Issuer will use the net proceeds of the offering and part or all of the Upfront Payment to purchase the securities described in the table below (the "**Initial Collateral Securities**", together with Supplemental Collateral Securities and any BIE Collateral Securities purchased by the Issuer, the "**Collateral Securities**") at the direction of the Protection Buyer. Such Initial Collateral Securities and any Eligible Investments purchased by the Issuer on the Closing Date will have a USD Equivalent aggregate principal amount of at least \$192,000,000; *provided* that the aggregate principal amount of the Collateral Securities and Eligible Investments purchased with the proceeds of the offering denominated in any Approved Currency will equal the Currency Adjusted Aggregate Outstanding Amount of Notes denominated in such Approved Currency on the Closing Date. The issuers of the Collateral Securities are subject to certain requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports and other information with the SEC. Reports and other information filed by the issuers of the Collateral Securities with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 or can be obtained from the SEC through its website at [www.sec.gov](http://www.sec.gov). With respect to the Initial Collateral Security that is a CLO Security, the related offering circular has been attached to this Offering Circular and provides a description of the terms of such Initial Collateral Security.

<u>Original Principal Amount</u>	<u>Current Principal Amount</u>	<u>Security</u>	<u>CUSIP</u>	<u>Coupon</u>	<u>Type</u>	<u>Legal Maturity</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>Fitch Rating</u>
192,000,000	192,000,000	GWOLF 2007-1A A	398078AB1	L+ 0.245%	CLO Security	2/18/2021	Aaa	AAA	
<b>Aggregate</b>	<b>\$192,000,000</b>								

### Supplemental Collateral Securities

The Protection Buyer shall direct the Issuer to purchase a Supplemental Collateral Security only if it satisfies the following criteria at the time of purchase (the "**Collateral Security Eligibility Criteria**") (in each case as confirmed by the Collateral Administrator based on information and calculations supplied by the Credit Default Swap Calculation Agent); *provided, however*, that in the case of a Supplemental Collateral Security purchased with Excess Disposition Proceeds, such Collateral Security need only satisfy the criteria described in clauses (iv), (v) and (vii) through (xiii) below:

- (i) other than with respect to an RMBS Agency Security, it has (a) an Actual Rating by S&P of "AAA" and (b) an Actual Rating by Moody's of "Aaa";
- (ii) (a) it is the senior-most class of securities issued by its obligor, it being acknowledged and agreed that such senior class may be paid *pro rata* with other senior classes of such securities issued by such obligor with respect to the payment of interest but must be senior to any other classes of such securities issued by such obligor with respect to the allocation of losses and (b) the aggregate notional amount of such class of securities at the time of issuance, together with the aggregate notional amount of any *pro rata* classes described in subclause (a) at the time of issuance, is greater than 10% of the initial aggregate notional amount of securities issued by such obligor;
- (iii) the obligor of such Supplemental Collateral Security is not a Reference Entity in respect of any Reference Obligation in the Reference Portfolio;
- (iv) it is denominated in an Approved Currency;
- (v) it provides for the payment of interest at a floating rate determined by reference to LIBOR, EURIBOR, GBP-LIBOR, JPY-LIBOR, AUD-LIBOR, CAD-LIBOR or NZD-BBR;

- (vi) it is either (a) an ABS Credit Card Security, (b) an ABS Student Loan Security, (c) an ABS Automobile Security, (d) an ABS Car Rental Receivable Security, (e) a Residential Mortgage-Backed Security (other than an Excluded Specified Type), (f) a Commercial Mortgage-Backed Security (other than an Excluded Specified Type) or (g) a CLO Security (other than an Excluded Specified Type);
- (vii) it must have been offered by an underwriter, a placement agent or any Person acting in a similar capacity through a public prospectus, a private placement memorandum or any other similar document;
- (viii) it must be acquired from a party acting in its capacity as broker-dealer in the ordinary course of business, or in an arm's-length open market transaction, and if not, is approved by S&P;
- (ix) it must not be a United States real property interest within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended (the "**Code**");
- (x) it must not provide for delayed funding or is not a revolving loan;
- (xi) it is treated as debt for U.S. tax purposes or the Alternative Debt Test is satisfied;
- (xii) it is Registered; and
- (xiii) if such obligation or security is subject to any withholding tax, the obligor of the obligation or security is required to make "gross-up" payments that cover the full amount of such withholding tax on an after-tax basis pursuant to the Underlying Instrument with respect thereto.

In addition to satisfying the Collateral Security Eligibility Criteria, a Supplemental Collateral Security or BIE Collateral Security will be eligible for inclusion in the Collateral only if, after the inclusion of such Supplemental Collateral Security or BIE Collateral Security in the Collateral, the Weighted Average Life of the Collateral would not exceed 7.0 years, with such maximum declining by approximately 0.25 years each year from the Payment Date in April 2008; *provided* that such maximum shall not be reduced to less than 2.0 years. Such Weighted Average Life, calculated in terms of years, shall in each case be rounded to one decimal place prior to the determination of compliance with the constraint referred to in the previous sentence. For example, a Weighted Average Life of 7.05 years will be rounded to 7.1 years (the test described in this paragraph, the "**Collateral Weighted Average Life Test**").

In addition to satisfying the Collateral Security Eligibility Criteria and the Collateral Weighted Average Life Test, including following the purchase of any Supplemental Collateral Securities, the Issuer may hold Collateral Securities issued by no more than 15 obligors at any one time (the "**Collateral Security Quantity Constraint**").

In addition to satisfying the Collateral Security Eligibility Criteria, the Collateral Weighted Average Life Test and the Collateral Security Quantity Constraint, a Supplemental Collateral Security must be denominated in a certain Approved Currency if so required as described under "Summary—The Collateral Securities—Supplemental Collateral Securities—Purchase of Supplemental Collateral Securities".

### **Substitution of Collateral Securities**

From time to time following the Closing Date, any Noteholder may submit to the Trustee or the Issuing and Paying Agent, as applicable, in writing, a Collateral Security Substitution Request Notice requesting the substitution of one or more BIE Collateral Securities for one or more existing Collateral

Securities, in whole or in part. The Trustee or the Issuing and Paying Agent, as applicable, will promptly forward such Collateral Security Substitution Request Notice to the Protection Buyer. Within five Business Days of receiving such Collateral Security Substitution Request Notice, the Protection Buyer will determine whether each Proposed New BIE Collateral Security identified in the Collateral Security Substitution Request Notice is a BIE Collateral Security and will provide information and calculations in such respect to the Trustee. The Trustee will review and confirm such calculations and, if the BIE Collateral Security Eligibility Criteria are satisfied, the Trustee will determine the BIE Transaction Cost and (b) request the Basis Swap Calculation Agent to determine the BIE Basis Swap Payment. Upon such determination by the Trustee (or the Basis Swap Calculation Agent), the Trustee or the Issuing and Paying Agent, as applicable, will deliver either (1) a Collateral Security Substitution Information Notice or (2) a Collateral Security Substitution Refusal Notice to the Originating Noteholder with respect to each Collateral Security Substitution Request Notice, as applicable; *provided, however*, if the Trustee or the Issuing and Paying Agent, as applicable, delivers a Collateral Security Substitution Refusal Notice to the Originating Noteholder, the related Collateral Security Substitution Request Notice will be deemed to be void and of no further effect.

Within five Business Days of receiving a Collateral Security Substitution Information Notice relating to a Collateral Security Substitution Request Notice, the Originating Noteholder must (i) notify the Trustee or the Issuing and Paying Agent, as applicable, and the Protection Buyer whether it wishes to proceed with the proposed substitution and, if so (ii) agree to pay any BIE Transaction Cost (regardless of whether the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class consent to such proposed substitution) and, if the proposed substitution occurs, any applicable BIE Basis Swap Payment (the occurrence of subclauses (i) and (ii), a "**Substitution Confirmation**"). If a Substitution Confirmation is not received by the Trustee or the Issuing and Paying Agent, as applicable, within the time period specified above, the related Collateral Security Substitution Request Notice will be deemed to be void and of no further effect. Upon the receipt of a Substitution Confirmation, the Trustee or the Issuing and Paying Agent, as applicable, will deliver a BIE Consent Solicitation to the Portfolio Selection Agent and all Noteholders, including the Originating Noteholder. Upon receipt of such BIE Consent Solicitation, each Noteholder may, on or prior to the BIE Notification Date, submit written notice to the Trustee or the Issuing and Paying Agent, as applicable, indicating either (1) approval or (2) disapproval of the Proposed New BIE Collateral Security. If the Trustee determines that (1) the BIE Consent Solicitation failed to receive the approval of the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class by the BIE Notification Date, the Trustee or the Issuing and Paying Agency Agreement will deliver a Collateral Security Substitution Noteholder Refusal Notice to the Originating Noteholder and the related Collateral Security Substitution Request Notice will be deemed void and of no further effect or (2) the BIE Consent Solicitation received the approval of Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class, it will deliver a BIE Acceptance Notice to the Originating Noteholder.

Upon receiving confirmation (1) from the Basis Swap Counterparty that the Originating Noteholder has paid the BIE Basis Swap Payment to the Basis Swap Counterparty, (2) that the Originating Noteholder has paid the BIE Transaction Cost to the Issuer and (3) that the relevant BIE Collateral Securities have been delivered to the Issuer, and the par amount of such delivered BIE Collateral Securities is equal to the par amount of the existing Collateral Securities to be substituted, the Trustee shall release its lien on the par amount of the relevant existing Collateral Securities to be substituted and deliver the par amount of such substituted Collateral Securities to such Originating Noteholder.

If (i) any BIE Collateral Security is not delivered to the Issuer, (ii) the Issuer is not paid the BIE Transaction Cost or (iii) the Basis Swap Counterparty is not paid the BIE Basis Swap Payment, in each case by the end of the BIE Exercise Period identified in the BIE Acceptance Notice, the BIE Acceptance Notice and the Collateral Security Substitution Request Notice will be deemed void and of no further effect.

## **Voting and Other Matters Relating to Collateral Securities**

If the Issuer has the right to vote or give consent in respect of any amendment, modification, waiver under any document relating to any Collateral Security or receives any other solicitation for any action with respect to any Collateral Security, the Trustee or the Issuing and Paying Agent, as applicable, shall give each Noteholder notice of such proposed action, including a description thereof, requesting instructions from each Noteholder as to whether or not to take such action, and, after receiving instruction from each Noteholder, the Trustee shall cause the Issuer to give such vote, consent or withhold consent, as the case may be, making such determination based on decision of Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class.

Notwithstanding the preceding paragraph, the Collateral Disposal Agent will have the right to direct the Trustee to take certain actions with respect to Collateral Securities. See "The Collateral Disposal Agreement—Exercise of Put, Repurchase or Similar Right".

## **THE BASIS SWAP**

The following description of the Basis Swap is a summary of certain provisions of the Basis Swap. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Basis Swap.

The Notes do not represent an obligation of the Basis Swap Counterparty. Noteholders will not have any right to proceed directly against the Basis Swap Counterparty in respect of the Basis Swap Counterparty's obligations under the Basis Swap. However, the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Basis Swap Counterparty. Notwithstanding the foregoing, if the Basis Swap Counterparty is the sole defaulting party or Affected Party under the Basis Swap, then the Issuer will have 30 days to enter into a replacement credit default swap and basis swap (otherwise a Mandatory Redemption will occur). See "The Credit Default Swap—Replacement".

## **Effective Date and Scheduled Termination**

The effective date of the Basis Swap will be the Closing Date.

Unless terminated prior to its scheduled termination date, the Basis Swap will terminate on March 1, 2038.

## **Payments**

*Periodic Payments by the Basis Swap Counterparty to the Issuer.*

On each Payment Date, the Basis Swap Counterparty will pay to the Issuer the aggregate of (each aggregate with respect to any Payment Date, a "**Monthly Basis Swap Payment**"), for each Approved Currency in which Outstanding Notes are denominated, the products of:

- (i) the Applicable Index for the Applicable Period;
- (ii) the average daily Currency Adjusted Aggregate Outstanding Amount of such Notes during the preceding Basis Swap Calculation Period; and
- (iii) the applicable Day Count Fraction.



The Basis Swap Counterparty shall be the calculation agent, as defined under the Basis Swap (the "**Basis Swap Calculation Agent**").

*Periodic Payments by the Issuer to the Basis Swap Counterparty.*

Pursuant to the Basis Swap, the Issuer is obligated to pay to the Basis Swap Counterparty the Basis Swap Payment on each Payment Date. See "Summary—The Basis Swap—Terms" and "Priority of Payments—Interest Proceeds".

**Basis Swap Early Termination**

*Basis Swap Event of Default.*

The occurrence of any of the following events will constitute a "**Basis Swap Event of Default**":

- (i) failure by the Issuer, the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to make, when due, any payment under the Basis Swap, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Basis Swap Counterparty Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of any Basis Swap Counterparty Credit Support Document or the failing or ceasing of any such Basis Swap Counterparty Credit Support Document to be in full force and effect for the purpose of the Basis Swap (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Basis Swap Counterparty under the Basis Swap without the written consent of the Issuer; and (c) the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Basis Swap Counterparty Credit Support Document; or
- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Issuer or the Basis Swap Counterparty.

*Basis Swap Termination Events.*

The occurrence of any of the following events will constitute a "**Basis Swap Termination Event**":

- (i) it becomes unlawful for either the Basis Swap Counterparty, any Basis Swap Counterparty Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Basis Swap or to comply with any other material provision thereof or for the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider to perform its obligations under any Basis Swap Counterparty Credit Support Document and neither party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;
- (ii) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer, the Basis Swap Counterparty, or any Basis Swap Counterparty Credit Support Provider) or (b) a change in tax law, the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to

- (1) make a "gross-up" payment in respect of an indemnifiable tax or (2) receive a payment subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;
- (iii) as a result of the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, such party is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax, and neither party is able to transfer such obligation to a different jurisdiction or substitute another entity in its place such that the withholding or deduction does not apply;
  - (iv) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
  - (v) an Adverse Tax Event;
  - (vi) the Basis Swap Counterparty or the Basis Swap Counterparty Credit Support Provider do not satisfy the Required Basis Swap Counterparty Rating and at least one of the following events has not occurred: (1) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty shall transfer the Basis Swap, in whole, but not in part, to a counterparty that satisfies the Required Basis Swap Counterparty Rating, (2) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty, so long as it has a long-term rating of at least "BBB+" by S&P, shall collateralize its exposure to the Issuer, subject to the satisfaction of the S&P Rating Condition or the Moody's Rating Condition, as applicable, (3) within the time period specified in the Basis Swap with respect to such downgrade, the obligations of the Basis Swap Counterparty under the Basis Swap shall be guaranteed by a person or entity that satisfies the Required Basis Swap Counterparty Rating, subject to the satisfaction of the S&P Rating Condition or the Moody's Rating Condition, as applicable, or (4) within the time period specified in the Basis Swap with respect to such downgrade, the Basis Swap Counterparty shall take such other steps, if any, as each of the Rating Agencies that has downgraded the Basis Swap Counterparty may require in order to be able to confirm to the Issuer in writing that the Basis Swap Counterparty's obligations under the Basis Swap will be treated by such Rating Agency as if such obligations were owed by a counterparty that satisfies the Required Basis Swap Counterparty Rating; *provided* that in the case of subclause (2) above, or if the Basis Swap Counterparty has previously posted collateral due to a failure to satisfy the Required Basis Swap Counterparty Rating, the Basis Swap Counterparty (based on consultation with S&P) may be required to provide an opinion of counsel regarding the Issuer's ability to terminate the Basis Swap, liquidate the posted collateral and make amounts owed to it free of any stay or other delay due to a bankruptcy of the Basis Swap Counterparty; *provided* that in the case of any of subclauses (1) through (4) above, such actions shall be at the sole expense of the Basis Swap Counterparty.
  - (vii) the designation of a Credit Default Swap Early Termination Date;
  - (viii) the designation of a Collateral Put Agreement Early Termination Date; or
  - (ix) a Collateral Default.

Upon the Trustee becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the

Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate USD Equivalent Outstanding Amount of the Notes, in each case voting as a single class. In addition, if an Event of Default or a Termination Event (as such term is defined in the Basis Swap) for which the Basis Swap Counterparty is the sole defaulting party or Affected Party (as such term is defined in the Basis Swap) under the Basis Swap, then the Issuer will have 30 days to enter into a replacement credit default swap and basis swap (otherwise a Mandatory Redemption will occur). See "The Credit Default Swap—Replacement".

*Payments on Basis Swap Early Termination.*

*Payment by the Issuer.* Upon the occurrence of a Basis Swap Early Termination, the Issuer will be required to pay to the Basis Swap Counterparty the following amounts:

- (i) any accrued but unpaid Basis Swap Payment; and
- (ii) any Basis Swap Termination Payment.

*Payment by the Basis Swap Counterparty.* Upon the occurrence of a Basis Swap Early Termination, the Basis Swap Counterparty will be required to pay to the Issuer the following amounts:

- (i) any accrued but unpaid Monthly Basis Swap Payments; and
- (ii) any Basis Swap Termination Payment.

As used herein, "**Basis Swap Termination Payment**" means the replacement cost or gain for a cash-flow swap with the financial terms of the Basis Swap, calculated in accordance with the terms of the Basis Swap.

## **Amendment**

The Basis Swap may be amended at any time without satisfying the S&P Rating Condition or the Moody's Rating Condition, or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Basis Swap may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

## **Transfer**

Neither the Issuer nor the Basis Swap Counterparty may transfer its rights and obligations under the Basis Swap without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that, and in any case subject to the S&P Rating Condition:

- (i) a party may make such a transfer of its rights and obligations pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Basis Swap; and
- (iii) the Basis Swap Counterparty may, without recourse, transfer the Basis Swap (in whole and not in part only) to any of the Basis Swap Counterparty's Affiliates so long as:

- (a) (1) such Affiliate has a long-term, unsecured, unsubordinated debt obligation rating or financial program rating (or other similar ratings) by S&P and Moody's which are equal to or greater than the comparable long-term, unsecured, unsubordinated debt obligation rating or financial program rating (or other similar ratings) of the Basis Swap Counterparty immediately prior to such transfer, or (2) the obligations transferred to such transferee must be guaranteed by the Basis Swap Counterparty pursuant to a guaranty in substantially the form of the guaranty of any Basis Swap Counterparty Credit Support Provider or other agreement or instrument consented to by the Issuer or other agreement or instrument mutually agreed upon by both parties and satisfactory to S&P;
- (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Basis Swap Counterparty in the absence of such transfer;
- (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Basis Swap Counterparty would have been required to so withhold or deduct in the absence of such transfer;
- (d) it does not become unlawful for either party to perform any obligation under the Basis Swap as a result of such transfer; and
- (e) a Basis Swap Early Termination does not occur as a result of such transfer.

## Replacement

See "The Credit Default Swap—Replacement".

## Guarantee

GS Group will guarantee the obligations of the Basis Swap Counterparty under the Basis Swap.

## THE COLLATERAL PUT AGREEMENT

The following description of the Collateral Put Agreement is a summary of certain provisions of the Collateral Put Agreement. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Collateral Put Agreement.

The Notes do not represent an obligation of the Collateral Put Provider. Noteholders will not have any right to proceed directly against the Collateral Put Provider in respect of the Collateral Put Provider's obligations under the Collateral Put Agreement. However, the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Collateral Put Provider. Notwithstanding the foregoing, if the Collateral Put Provider is the sole defaulting party or Affected Party under the Collateral Put Agreement, then the Issuer will have 30 days to enter into a replacement credit default swap and basis swap (otherwise a Mandatory Redemption will occur). See "The Credit Default Swap—Replacement".

On each Payment Date, the Issuer will pay to the Collateral Put Provider an amount, in Dollars, (each, a **"Collateral Put Provider Fee Amount"**) equal to the product of:

- (i) a rate of 0.06% per annum; and

- (ii) the Aggregate USD Equivalent Outstanding Amount of the Notes on the first day of the preceding Interest Accrual Period; and
- (iii) the actual number of days in the preceding Interest Accrual Period *divided by* 360.

### **Effective Date and Scheduled Termination**

The effective date of the Collateral Put Agreement will be the Closing Date.

Unless terminated prior to its scheduled termination date, the Collateral Put Agreement will terminate on March 1, 2038.

### **Payments and Delivery**

In connection with any liquidation of the Collateral (other than Put Excluded Collateral) in connection with (i) the payment of any Currency Adjusted Notional Principal Adjustment Amount by the Issuer to the applicable Noteholders, (ii) an Optional Redemption in Whole or a Partial Optional Redemption or (iii) a Stated Maturity of any Series of Notes, if (x) the Collateral Disposal Agent is unable to obtain at least 100% of par for a Collateral Security and/or (y) the Trustee is unable to obtain at least 100% of par for Eligible Investments (in each case (i) other than Put Excluded Collateral and (ii) excluding any accrued and unpaid interest), the Collateral Disposal Agent will inform the Trustee and the Issuer (in the case of (x) above) and the Trustee will inform the Issuer (in the case of (y) above). The Trustee will then, on behalf of the Issuer, exercise the Issuer's right under the Collateral Put Agreement pursuant to which the Trustee will deliver such Collateral (other than Put Excluded Collateral) to the Collateral Put Provider in exchange for the payment by the Collateral Put Provider to the Issuer of an amount equal to 100% of par for such Collateral (*plus* accrued and unpaid interest).

The Collateral Put Agreement will not apply to the liquidation of Collateral to fund the payment of (i) Cash Settlement Amounts to the Protection Buyer or (ii) principal of the Notes in connection with a Mandatory Redemption.

### **Collateral Put Agreement Early Termination**

Upon the occurrence of an early termination of the Collateral Put Agreement, (i) the Issuer will be required to pay to the Collateral Put Provider any accrued but unpaid Collateral Put Provider Fee Amount, (ii) the Collateral Put Provider will be required to pay the Issuer any unpaid amounts with respect to its purchase of Collateral Securities from the Issuer pursuant to the Collateral Put Agreement and (iii) no other amounts will be payable pursuant to the Collateral Put Agreement.

#### *Collateral Put Agreement Event of Default.*

The occurrence of any of the following events will constitute a "**Collateral Put Agreement Event of Default**":

- (i) failure by the Issuer, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider to make, when due, any payment under the Collateral Put Agreement, and the continuance of such failure for three Business Days after notice of such failure is given to such party;
- (ii) (a) failure by the Collateral Put Provider or the Collateral Put Provider Credit Support Provider to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with the Collateral Put Provider Credit Support Document if such failure is continuing after any applicable grace period has elapsed; (b) the expiration or termination of the Collateral Put Provider Credit Support Document or the failing or ceasing of such Collateral Put Provider Credit Support Document to be in full

force and effect for the purpose of the Collateral Put Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of the Collateral Put Provider under the Collateral Put Agreement without the written consent of the Issuer; and (c) the Collateral Put Provider or the Collateral Put Provider Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Collateral Put Provider Credit Support Document; or

- (iii) the occurrence of certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization with respect to the Issuer, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider.

*Collateral Put Agreement Termination Events.*

The occurrence of any of the following events will constitute a **"Collateral Put Agreement Termination Event"**:

- (i) it becomes unlawful for either the Collateral Put Provider, the Collateral Put Provider Credit Support Provider or the Issuer to perform its obligation to make a payment or delivery or to receive a payment or delivery under the Collateral Put Agreement or to comply with any other material provision thereof or for the Collateral Put Provider or any Collateral Put Provider Credit Support Provider to perform its obligations under the Collateral Put Provider Credit Support Document and neither party is able to transfer its obligations to a different jurisdiction or substitute another entity in its place so that such illegality ceases to apply;
- (ii) because of (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the Closing Date (regardless of whether such action is taken or brought with respect to the Issuer, the Collateral Put Provider, or the Collateral Put Provider Credit Support Provider) or (b) a change in tax law, the Collateral Put Provider or the Collateral Put Provider Credit Support Provider will, or there is a substantial likelihood that it will, on the next succeeding payment date be required to (1) make a "gross-up" payment in respect of an indemnifiable tax or (2) receive a payment subject to withholding or deduction of a tax for which the other party is not required to make a "gross-up" payment;
- (iii) as a result of the Collateral Put Provider or the Collateral Put Provider Credit Support Provider consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another entity, such party is required to (a) make a "gross-up" payment to the other party or (b) receive a payment from which an amount has been deducted or withheld for or on account of any indemnifiable tax, and neither party is able to transfer such obligation to a different jurisdiction or substitute another entity in its place such that the withholding or deduction does not apply;
- (iv) the Notes becoming due and payable in accordance with the Indenture at any time prior to their Stated Maturity after the occurrence of an Event of Default;
- (v) an Adverse Tax Event;
- (vi) the designation of a Credit Default Swap Early Termination Date;
- (vii) the designation of a Basis Swap Early Termination Date;
- (viii) a Collateral Default; or

- (ix) if (a) the Collateral Put Provider no longer satisfies the Replacement Counterparty Rating and (b) none of the following events has occurred:
- (1) within five Business Days of such failure to satisfy the Replacement Counterparty Rating, GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, posts eligible collateral, pursuant to a credit support annex (the "**Credit Support Annex**"), to the Issuer in an amount that satisfies the S&P Rating Condition and the Moody's Rating Condition; or
  - (2) within 30 days of such Collateral Put Provider failing to satisfy the Replacement Counterparty Rating, if GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, does not elect to post eligible collateral to the Issuer in accordance with subclause (i) above:
    - (A) GSI or a replacement counterparty, as the case may be, transfers the Collateral Put Agreement, in whole, but not in part, to a counterparty that satisfies the Replacement Counterparty Rating, subject to "—Transfer" below;
    - (B) the obligations of GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, under the Collateral Put Agreement are guaranteed by a Person that satisfies the Replacement Counterparty Rating;
    - (C) (I) GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, purchases from the Issuer at a price of 100% any Collateral Security that has a market value of 95% or less, as determined by the Collateral Disposal Agent and (II) after giving effect to the purchase described in the preceding subclause, the S&P Rating Condition and the Moody's Rating Condition will be satisfied; or
    - (D) GSI, a replacement counterparty or an entity that guarantees the obligations of GSI or such replacement counterparty, as the case may be, takes such other steps, if any, as S&P or Moody's, as the case may be, may require in order to be able to confirm to the Issuer in writing that GSI's, a replacement counterparty's or an entity's that guarantees the obligations of GSI or such replacement counterparty, as the case may be, obligations under the Collateral Put Agreement will be treated by such Rating Agency as if such obligations were owed by a counterparty that satisfies the Replacement Counterparty Rating.

Upon the Trustee becoming aware of the occurrence of any event that gives rise to the right of the Issuer to terminate the Credit Default Swap, the Basis Swap or the Collateral Put Agreement, the Trustee or the Issuing and Paying Agent, as applicable, will as promptly as practicable notify the Noteholders of such event and the Trustee will terminate any such agreement on behalf of the Issuer at the direction of (i) in the case of the Credit Default Swap or the Basis Swap, a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes and (ii) in the case of the Collateral Put Agreement, 100% of the Aggregate USD Equivalent Outstanding Amount of the Notes, in each case voting as a single class. In addition, if an Event of Default or a Termination Event (as such term is defined in the Collateral Put Agreement) for which the Collateral Put Provider is the sole defaulting party or Affected Party (as such term is defined in the Collateral Put Agreement) under the Collateral Put Agreement, then

the Issuer will have 30 days to enter into a replacement credit default swap and basis swap (otherwise a Mandatory Redemption will occur). See "The Credit Default Swap—Replacement". In connection with any Noteholder vote to terminate the Collateral Put Agreement, any Notes held by or on behalf of the Collateral Put Provider or any of its Affiliates will have no voting rights and will be deemed not to be Outstanding in connection with any such vote.

## **Amendment**

The Collateral Put Agreement may be amended at any time without satisfying the S&P Rating Condition and the Moody's Rating Condition or obtaining the consent of the Noteholders so long as such amendment would not have a material adverse effect on any Holders of the Notes. Otherwise, the Collateral Put Agreement may be amended only with the satisfaction of the S&P Rating Condition and the Moody's Rating Condition and the consent of the Noteholders (in a percentage as would have been required had such amendment been taken pursuant to the Indenture).

## **Transfer**

Neither the Issuer nor the Collateral Put Provider may transfer its rights and obligations under the Collateral Put Agreement without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed, except that, and in any case subject to the S&P Rating Condition:

- (i) a party may make such a transfer of its rights and obligation pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to or reorganization, incorporation, reincorporating or reconstitution into or as, another entity;
- (ii) a party may make such a transfer of all or any part of its interest in certain amounts payable to it from a defaulting party under the Collateral Put Agreement; and
- (iii) the Collateral Put Provider may, without recourse, transfer the Collateral Put Agreement (in whole and not in part only) to any of the Collateral Put Provider's Affiliates so long as:
  - (a) GS Group (or another entity with a credit rating at least equal to that of GS Group) guarantees such transferred obligations of the transferee pursuant to a guaranty in substantially the form of the guaranty of GS Group specified in the Collateral Put Agreement, or such transferee must have a credit rating at least equal to that of GS Group;
  - (b) the Issuer will not have to make any tax gross-up payments to such Affiliate in an amount greater than what the Issuer would have been required to pay to the Collateral Put Provider in the absence of such transfer;
  - (c) any payment paid by such Affiliate to the Issuer will not be subject to any withholding tax in excess of what the Collateral Put Provider would have been required to so withhold or deduct in the absence of such transfer;
  - (d) it does not become unlawful for either party to perform any obligation under the Collateral Put Agreement or the Credit Support Annex, if any, as a result of such transfer; and
  - (e) a Collateral Put Agreement Early Termination does not occur as a result of such transfer.



## Replacement

See "The Credit Default Swap—Replacement".

## Guarantee

GS Group will guarantee the obligations of the Collateral Put Provider under the Collateral Put Agreement.

## THE COLLATERAL DISPOSAL AGREEMENT

On the Closing Date, the Issuer will enter into the Collateral Disposal Agreement (the "**Collateral Disposal Agreement**") with Goldman, Sachs & Co. (in such capacity, the "**Collateral Disposal Agent**"). The following description of the Collateral Disposal Agreement is a summary of certain provisions of the Collateral Disposal Agreement. The following summary does not purport to be complete, and is qualified in its entirety by reference to the detailed provisions of the Collateral Disposal Agreement.

The Notes do not represent an obligation of the Collateral Disposal Agent. Noteholders will not have any right to proceed directly against the Collateral Disposal Agent in respect of the Collateral Disposal Agent's obligations under the Collateral Disposal Agreement. However, the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class will have the right to direct the Issuer with respect to the enforcement of any claims that it may have against the Collateral Disposal Agent.

## Liquidation

In connection with any liquidation in part of the portfolio of Collateral Securities for any of the circumstances described in subclauses (i), (ii), (v) and (viii) under "Summary—The Collateral Securities—Supplemental Collateral Securities—Liquidation of Collateral Securities", the Collateral Disposal Agent will determine the Selected Collateral Securities to be liquidated (if applicable, after taking into consideration any proceeds from the liquidation of any Eligible Investments); *provided* that any such Selected Collateral Securities will be denominated in the same currency as the Notes for which the Currency Adjusted Aggregate Outstanding Amount is reduced by the related Currency Adjusted Credit Event Adjustment Amount, Currency Adjusted Notional Principal Adjustment Amount, Partial Optional Redemption or a Stated Maturity, as applicable.

In connection with any liquidation of any Collateral Securities, the Collateral Disposal Agent will use commercially reasonable efforts to solicit bids on behalf of the Issuer. The Collateral Disposal Agent may, in its sole discretion, bid up to 100% of the principal amount of a Collateral Security (excluding any accrued interest) if the Collateral Disposal Agent is not able to procure a third-party bid of at least 100%. If such liquidation is in connection with the payment by the Issuer of a Currency Adjusted Notional Principal Adjustment Amount to the applicable Noteholders or an Optional Redemption in Whole or Partial Optional Redemption, the Issuer will have the benefit of the Collateral Put Agreement and no Collateral Security will be liquidated at less than 100% of par. See "The Collateral Put Agreement".

In connection with any liquidation of Collateral Securities as described in subclause (vii) under "Summary—The Collateral Securities—Supplemental Collateral Securities—Liquidation of Collateral Securities", the Collateral Disposal Agent will perform the acts described under "Description of the Notes—Mandatory Redemption", including, but not limited to, those acts described in the Special Termination Liquidation Procedure.

## **Early Termination**

The Collateral Disposal Agreement will terminate on the earlier of (i) the final Stated Maturity of any Series of Notes, (ii) the Optional Redemption Date, (iii) the Mandatory Redemption Date, (iv) a liquidation of all Collateral Securities following the occurrence of an Event of Default and (v) the termination of the Indenture in accordance with its terms.

## **Exercise of Put, Repurchase or Similar Right**

Notwithstanding any provision to the contrary contained herein, the Collateral Disposal Agent will direct the Trustee to exercise any put right, right under repurchase agreement or other similar right that the Issuer has under any Collateral Security within the applicable time period.

## **Credit Support Amount Due and Payable**

If a Credit Support Annex has been entered into by the Collateral Put Provider and the Issuer and any credit support amount becomes due and payable pursuant to the terms thereof, the Collateral Disposal Agent will (i) calculate the market value of each Collateral Security and (ii) notify the Collateral Put Provider of any such Collateral Security that has a market value of 95% or less.

## **Amendment**

The Collateral Disposal Agreement may be amended only (i) if the S&P Rating Condition and the Moody's Rating Condition have been satisfied and (ii) with the consent of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class and the Protection Buyer. However, the Collateral Disposal Agreement may be amended at any time without the consent of the Noteholders so long as such amendment will not (i) reduce in any manner the amount of, or delay the timing of, payments which are required to be made to the Issuer or (ii) materially adversely affect the Noteholders (as evidenced by a failure of a Majority of the Noteholders to object to such amendment within 10 Business Days of the Issuer's delivering a notice of such amendment to all Noteholders).

## **THE PORTFOLIO SELECTION AGENT**

The information appearing in this section (other than the information contained under the heading "General") has been prepared by the Portfolio Selection Agent and has not been independently verified by the Issuers, the Initial Purchaser or any other person or entity. None of the Issuers or the Initial Purchaser assumes any responsibility for the accuracy, completeness or applicability of such information. Accordingly, the Portfolio Selection Agent assumes sole responsibility for the accuracy, completeness or applicability of such information. The Portfolio Selection Agent does not assume responsibility for any other information in this Offering Circular.

### **General**

The Portfolio Selection Agent will, pursuant to the terms of the Portfolio Selection Agreement, (a) select the Initial Reference Portfolio and (b) have the right to review the calculations of the Credit Default Swap Calculation Agent and the Trustee on any Determination Date. The Portfolio Selection Agent will not be responsible for producing or providing reports, notices or other information relating to the Notes or the Reference Portfolio. The Portfolio Selection Agent will not provide any other services to the Issuer or act as the "collateral manager" for the Collateral. The Portfolio Selection Agent will not have any fiduciary duties or other duties to the Issuer or to the holders of the Notes and will not have any ability to direct the Trustee to dispose of any items of Collateral.

The Portfolio Selection Agent is not permitted under the terms of the Credit Default Swap to remove or replace any Reference Obligations at any time.

The Portfolio Selection Agent, its Affiliates or client accounts for which the Portfolio Selection Agent or its Affiliates act as investment advisor may at times own Notes. Any Notes owned by the Portfolio Selection Agent or its Affiliates are subject to disposition by such parties in their discretion. At any given time the Portfolio Selection Agent and its Affiliates will be entitled to vote with respect to any Notes held by them and by such accounts with respect to all other matters. See "Risk Factors—Certain Conflicts of Interest Relating to the Portfolio Selection Agent and its Affiliates".

### **ACA Management, L.L.C.**

ACA Management, L.L.C. ("**ACA Management**"), a Delaware limited liability company formed on May 4, 2001 to provide asset management services to affiliated and non-affiliated investors, will be the portfolio selection agent under the Portfolio Selection Agreement (in such capacity, together with any successor, the "**Portfolio Selection Agent**").

ACA Management is registered as an "investment adviser" under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

ACA Management is an indirect wholly-owned subsidiary of ACA Capital Holdings, Inc. ("**ACA Capital Holdings**"). ACA Capital Holdings is a publicly traded company listed on the New York Stock Exchange under the ticker "ACA." Shareholders owning more than 5% of ACA Capital Holdings' outstanding common stock include Bear Stearns Merchant Banking, GCC Investments, Inc., S.F. Holding Corp., Third Avenue Value Fund and Perry Corp. In addition to ACA Management, ACA Capital Holdings' significant subsidiaries include ACA Risk Solutions, L.L.C. ("**ACA Risk Solutions**"), ACA Management's direct parent corporation, ACA Service, L.L.C. ("**ACA Service**"), the holding company for the ACA Capital Holding's U.S. structured finance businesses and direct parent corporation of ACA Risk Solutions, and ACA Financial Guaranty Corporation ("**ACA Guaranty**"), a financial guaranty insurance corporation and the direct parent corporation of ACA Service. Both ACA Risk Solutions and ACA Service are Delaware limited liability corporations and ACA Guaranty is a Maryland stock insurance company. ACA Capital Holdings and its subsidiaries, including ACA Management, are referred to herein as "**ACA Capital**". The offices of ACA Capital and all of its U.S. domiciled subsidiaries are located at 140 Broadway, 47<sup>th</sup> Floor, New York, New York 10005.

ACA Service will assist the Portfolio Selection Agent in selecting the Initial Reference Portfolio.

ACA Guaranty has "A" financial strength and financial enhancement ratings from S&P. The S&P rating reflects S&P's current assessment of the creditworthiness of ACA Guaranty and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the S&P's rating may be obtained only from S&P. The S&P rating is not a recommendation to buy, sell or hold any securities, and such rating may be subject to revision or withdrawal at any time by S&P.

## **THE PORTFOLIO SELECTION AGREEMENT**

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

The Portfolio Selection Agent will, pursuant to the Portfolio Selection Agreement, select the Initial Reference Portfolio and have the right to review the calculations of the Credit Default Swap Calculation Agent and the Trustee on any Determination Date.

As compensation for the performance of its obligations as Portfolio Selection Agent under the Portfolio Selection Agreement, the Portfolio Selection Agent will receive a fee (the "**Portfolio Selection Fee**"), to the extent of the funds available for such purpose in accordance with the Priority of Payments. The Portfolio Selection Fee will accrue daily from the Closing Date and will be an amount equal to the sum of (x) with respect to each Payment Date, the sum of the quotients determined for each Class of

Notes on each day of the related Interest Accrual Period of (i) the product of (a) the average daily Aggregate USD Equivalent Outstanding Amount of such Class during the preceding Interest Accrual Period, (b) the Applicable Class Portfolio Selection Fee Rate with respect to such Class of Notes and (c) the actual number of days in the preceding Interest Accrual Period divided by (ii) 360, payable in arrears on each Payment Date and (y) on the Payment Date occurring in April 2008 and occurring in each successive April to and including the Payment Date immediately following the end of the Non-Call Period, an amount equal to the excess (if any) of (1) \$1,000,000 over (2) the aggregate of all Portfolio Selection Fees payable to the Portfolio Selection Agent from and excluding the Payment Date occurring in April of the immediately preceding year (or in the case of the Payment Date occurring in April 2008, from the Closing Date) and the Portfolio Selection Fee that is payable by the Issuer to the Portfolio Selection Agent pursuant to clause (x) on such date.

To the extent not paid on any Payment Date when due, any accrued Portfolio Selection Fee will be deferred and will be payable on the next subsequent Payment Date on which funds are available for the payment thereof in accordance with the Priority of Payments. Any unpaid Portfolio Selection Fee that is deferred due to the operation of the Priority of Payments will not accrue interest.

The Portfolio Selection Agent will be responsible for its own expenses and costs incurred in the course of performing its obligations under the Portfolio Selection Agreement.

The Portfolio Selection Agent will not be liable to the Issuers, the Trustee, the Initial Purchaser, the Noteholders, the Protection Buyer, the Collateral Put Provider, the Basis Swap Counterparty, the Collateral Disposal Agent or any of their respective Affiliates, partners, shareholders, officers, directors, employees, agents, accountants and attorneys for any losses, damages, claims, liabilities, costs or expenses (including attorney's fees) incurred as a result of the actions taken or recommended by or on behalf of the Portfolio Selection Agent under the Portfolio Selection Agreement, the Credit Default Swap or the Indenture, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties and obligations thereunder.

The Portfolio Selection Agent and any of its Affiliates may engage in other businesses and may furnish investment management and advisory services to related entities whose investment policies may differ from or be similar to those followed by the Portfolio Selection Agent on behalf of the Issuer, as required by the Portfolio Selection Agreement. The Portfolio Selection Agent and its Affiliates will be free, in their sole discretion, to make recommendations to others, or effect transactions on behalf of themselves or others which may be the same as or different from those effected with respect to the Reference Portfolio. In addition, the Portfolio Selection Agent and its Affiliates may, from time to time, cause, direct or recommend that their clients buy or sell securities of the same or different kind or class of the same issuer as securities that are part of the Reference Portfolio and that the Portfolio Selection Agent directs to be included in or removed from the Reference Portfolio. See "Risk Factors—Certain Conflicts of Interest Relating to the Portfolio Selection Agent and its Affiliates."

Neither the Portfolio Selection Agent nor any of its Affiliates are under any obligation to maintain any investment in the Notes.

## **ACCOUNTS**

### **Interest Collection Account and Principal Collection Account**

Interest Proceeds and interest payments received on the Collateral Securities (which interest payments shall be paid to the Basis Swap Counterparty pursuant to the Basis Swap) shall be deposited into a segregated trust account (within which related subaccounts may be created to deposit such amounts in different Approved Currencies) held in the name of the Issuer for the benefit of the Holders of the Notes (the "**Interest Collection Account**"). Amounts deposited in the Interest Collection Account will be available, together with reinvestment earnings thereon, for application to the payment of the amounts set forth under "Description of the Notes—Priority of Payments".

Principal Proceeds shall be deposited into a segregated trust account (within which related subaccounts may be created to deposit such amounts in different Approved Currencies) designated as the "**Principal Collection Account**". Amounts deposited in the Principal Collection Account will be invested in Eligible Investments until such Principal Proceeds are (i) reinvested in Collateral Securities (or pending such reinvestment, reinvested in Eligible Investments) or (ii) applied in accordance with the Priority of Payments. See "Description of the Notes—Priority of Payments".

### **Payment Account**

On or prior to each Payment Date and on or prior to any other Business Day on which any other payment is required to be made by the Issuer, the Trustee will deposit into a separate account (within which related subaccounts may be created to deposit such amounts in different Approved Currencies) held in the name of the Issuer for the benefit of the Holders of the Notes and designated as the "**Payment Account**" as set forth in the Indenture, the applicable amount of funds from the Interest Collection Account and/or the Principal Collection Account, as applicable, for payment of amounts described in accordance with the priorities described under "Description of the Notes—Priority of Payments".

### **Closing Date Expense Account**

The Trustee will establish and maintain a segregated trust account (the "**Closing Date Expense Account**") for the payment of Closing Date expenses. On the Closing Date, the Trustee will deposit into the Closing Date Expense Account part of the Upfront Payment, and such amount will be used to pay expenses associated with the Closing Date. Any amount deposited in the Closing Date Expense Account and not required for payment of such expenses shall be transferred by the Trustee at the direction of the Protection Buyer.

### **Collateral Put Provider Account**

If a Credit Support Annex has been entered into by the Collateral Put Provider and the Issuer, Posted Collateral pledged pursuant to the terms thereof shall be deposited into a segregated trust account or trust accounts so designated and established pursuant to the Indenture and held there pursuant to the Collateral Put Agreement (such account, the "**Collateral Put Provider Account**").

### **CDS Issuer Account**

On the Closing Date, the Trustee will establish and maintain a segregated trust account (the "**CDS Issuer Account**") with respect to the Credit Default Swap, into which all required amounts received by the Trustee from the Protection Buyer shall be deposited by the Trustee (as directed by the Issuer). The Trustee will deposit each Fixed Payment received from the Protection Buyer pursuant to clauses (I)(i) through (iii) of the definition of "Fixed Payment" into a subaccount of the CDS Issuer Account (such subaccount, the "**CDS Issuer Fixed Payment Subaccount**"). On each succeeding Payment Date, amounts previously on deposit in the CDS Issuer Fixed Payment Subaccount will be released by the Trustee and designated as Interest Proceeds. If a Replacement Counterparty enters into a replacement credit default swap and replacement basis swap pursuant to the Replacement Counterparty Procedures, the Trustee will establish a subaccount of the CDS Issuer Account in which amounts to be paid by such Replacement Counterparty shall be deposited.

## **THE ISSUERS**

### **General**

The Issuer was incorporated on March 1, 2007 in the Cayman Islands under the Companies Law (2004 Revision) of the Cayman Islands with the registration number 183063. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093 GT, Queensgate House, South Church

Street, George Town, Grand Cayman, Cayman Islands. The Issuer was incorporated for the specific purpose of carrying out the transactions described in this Offering Circular, which primarily consists of issuing the Notes, acquiring the Collateral, entering into the Credit Default Swap, the Basis Swap and the Collateral Put Agreement and engaging in certain related transactions, as set forth in Clause 3 of its Memorandum and Articles of Association. Prior to the date hereof, the Issuer has not engaged in any activities other than in connection with the acquisition of certain of the Collateral Securities to be held on the Closing Date.

The Co-Issuer was incorporated on February 27, 2007 in the State of Delaware under the General Corporation Law of the State of Delaware with the registration number 4308559. The registered office of the Co-Issuer is at 850 Library Avenue, Suite 204, Newark, Delaware 19711. The Co-Issuer was organized for the specific purpose of carrying out the transactions described in this Offering Circular, which primarily consists of co-issuing the Co-Issued Notes, as set forth in Article Third of its Certificate of Incorporation. The Co-Issuer has no prior operating history.

The Co-Issued Notes are obligations only of the Issuers and not of the Trustee, the Issuing and Paying Agent, the Initial Purchaser, the Portfolio Selection Agent, the Administrator, the Share Trustee or any directors or officers of the Issuers or any of their respective Affiliates. The Issuer Notes are obligations only of the Issuer and not of the Co-Issuer, the Trustee, the Issuing and Paying Agent, the Initial Purchaser, the Portfolio Selection Agent, the Administrator, the Share Trustee or any directors or officers of the Issuers or any of their respective Affiliates.

At the Closing Date, the authorized share capital of the Issuer will consist of 300 ordinary shares, \$1.00 par value per share (the "**Issuer Ordinary Shares**"), all of which shares will be issued prior to the Closing Date. The authorized common stock of the Co-Issuer consists of 1,000 shares of common stock, \$.01 par value (the "**Co-Issuer Common Stock**"), all of which shares will be issued prior to the Closing Date. All of the outstanding Issuer Ordinary Shares will be held by the Share Trustee under the terms of a declaration of trust, which provides that the shares and other amounts held on trust thereunder shall be divided into three equal parts and be held for the benefit of three mutually exclusive groups of corporations and companies whose objects are exclusively charitable and which provides that the Share Trustee shall not, as shareholder, give directions in relation to the management of the business of the Issuer without the prior written consent of the Trustee. The Co-Issuer Common Stock will be held by the Issuer. For so long as any of the Notes are Outstanding, no beneficial interest in the Issuer Ordinary Shares or the Co-Issuer Common Stock shall be registered to a U.S. Person.

### **Capitalization of the Issuer**

The initial proposed capitalization (including the USD Equivalent of the Notes denominated in Approved Currencies other than Dollars) of the Issuer as of the Closing Date after giving effect to the issuance of the Notes and the Issuer Ordinary Shares (before deducting expenses of the offering) is as set forth below.

Amount

Class SS Notes	\$	0
Class A-1 Notes	\$	50,000,000
Class A-2 Notes	\$	142,000,000
Class B Notes	\$	0
Class C Notes	\$	0
Class D Notes	\$	0
Class FL Notes	\$	0
 Total Debt	 \$	 <u>192,000,000</u>
Issuer Ordinary Shares	\$	<u>300</u>
Total Equity	\$	<u>300</u>
 Total Capitalization	 \$	 <u>192,000,300</u>

**Capitalization of the Co-Issuer**

The Co-Issuer will be capitalized only to the extent of common equity of \$10, will have no assets other than its equity capital and will have no debt other than as Co-Issuer of the Co-Issued Notes.

The Co-Issuer has agreed to co-issue the Co-Issued Notes as an accommodation to the Issuer, and the Co-Issuer is receiving no remuneration for so acting. Because the Co-Issuer has no assets, and is not permitted to have any assets, Noteholders will not be able to exercise their rights with respect to the Notes against any assets of the Co-Issuer. Noteholders must rely on the Issuer Assets held by the Issuer and pledged to the Trustee for the benefit of the Noteholders (and certain service providers) for payment on their respective Notes, in accordance with the Priority of Payments.

**Business**

The Issuers will not undertake any business other than the issuance of the Co-Issued Notes and, in the case of the Issuer, the issuance of the Issuer Notes and the Issuer Ordinary Shares, the acquisition of the Collateral and entering into the Credit Default Swap, the Portfolio Selection Agreement, the Basis Swap and the Collateral Put Agreement and, in each case, other related transactions. The Issuer will not have any subsidiaries other than the Co-Issuer. The Co-Issuer will not have any subsidiaries.

In addition, pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator to compile certain reports with respect to the Issuer Assets. The compensation paid by the Issuer for such services will be in addition to the fees paid to LaSalle Bank National Association in its capacity as Trustee, and will be treated as an expense of the Issuer and will be subject to the Priority of Payments.

The Administrator will act as the administrator of the Issuer. The office of the Administrator will serve as the general business office of the Issuer. Through this office and pursuant to the terms of an agreement, dated April 25, 2007, between the Administrator and the Issuer relating to the administration of the Issuer in the Cayman Islands, and as amended from time to time in accordance with the terms thereof (the "**Administration Agreement**"), the Administrator will perform various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until the termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The directors of the Issuer listed below are also officers and/or employees of the Administrator.

The Administrator will be subject to the overview of the Issuer's Board of Directors. The Administration Agreement may be terminated by either the Issuer or the Administrator upon three months' written notice.

The Administrator's principal office is: P.O. Box 1093 GT, Queensgate House, South Church Street, Grand Cayman, Cayman Islands.

## **Directors**

The Directors of the Issuer are Wendy Ebanks and Carrie Bunton.

The Director of the Co-Issuer is Donald Puglisi.

## **INCOME TAX CONSIDERATIONS**

### **General**

Purchasers of Notes 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 issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. **In particular, no representation is made as to the manner in which payments under the Notes would be characterized by any relevant taxing authority.** Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

### **Cayman Islands Tax Considerations**

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

The following is a general summary of Cayman Islands taxation in relation to the Notes.

Under existing Cayman Islands laws:

- (i) payments of principal and interest in respect of, or distributions on, the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any Holder of a Note and gains derived from the sale of Notes will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax; and
- (ii) no stamp duty is payable in respect of the issue of the Notes. The Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.

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



"THE TAX CONCESSIONS LAW  
(1999 REVISION)  
UNDERTAKING AS TO TAX CONCESSIONS

In accordance with Section 6 of the Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with:

ABACUS 2007-AC1, 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 13th day of March 2007.

GOVERNOR IN CABINET"

The Cayman Islands does not have an income tax treaty arrangement with the United States or any other country. The Cayman Islands has entered into an information exchange agreement with the United States.

**THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN TAX IMPLICATIONS OF AN INVESTMENT IN THE NOTES. 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 EACH SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.**

**United States Federal Income Taxation**

***General.***

The following summary describes the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes to investors that acquire the Notes at original issuance for an amount equal to the "Issue Price" of the relevant Class of Notes (for purposes of this section, with respect to each such Class of Notes, the first price at which a substantial amount of Notes of such Class are sold to the public (excluding bond houses, brokers, underwriters, placement agents, and wholesalers) is referred to herein as the "Issue Price"). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular investor's decision to purchase the Notes. In addition, this summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States federal income tax laws. In general, the summary assumes that a holder holds a Note as a capital asset and not as part of a hedge, straddle, or conversion transaction, within the meaning of Section 1258 of the Code.

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The advice below was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. The

advice is written to support the promotion or marketing of the transaction. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The foregoing disclaimer is provided to satisfy obligations under Circular 230 governing standards of practice before the Internal Revenue Service.

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This summary is based on the U.S. tax laws, regulations (final, temporary and proposed), administrative rulings and practice and judicial decisions in effect or available on the date of this Offering Circular. All of the foregoing are subject to change or differing interpretation at any time, which change or interpretation may apply retroactively and could affect the continued validity of this summary.

This summary is included herein for general information only, and there can be no assurance that the U.S. Internal Revenue Service (the "**IRS**") will take a similar view of the U.S. federal income tax consequences of an investment in the Notes as described herein. ACCORDINGLY, PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, AND THE POSSIBLE APPLICATION OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS. IN PARTICULAR, NO REPRESENTATION IS MADE AS TO THE MANNER IN WHICH PAYMENTS UNDER THE NOTES WOULD BE CHARACTERIZED BY ANY RELEVANT TAXING AUTHORITY.

As used in this section, the term "U.S. Holder" includes a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or individual resident of the United States of America, an entity treated for United States federal income tax purposes as a corporation or a partnership created or organized in or under the laws of the United States of America or any state thereof or the District of Columbia, an estate the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source, or a trust if, in general, a court within the United States of America is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of such trust, and certain eligible trusts that have elected to be treated as United States persons. This summary assumes that a U.S. Holder has a U.S. Dollar functional currency and the Issuer has a non-U.S. Dollar functional currency. This summary also does not address the rules applicable to certain types of investors that are subject to special U.S. federal income tax rules, including but not limited to, dealers in securities or currencies, traders in securities, financial institutions, U.S. expatriates, tax-exempt entities, charitable remainder trusts and their beneficiaries, insurance companies, persons or their qualified business units ("**QBUS**") whose functional currency is not the U.S. Dollar, persons that own (directly or indirectly) equity interests in holders of Notes and subsequent purchasers of the Notes.

For U.S. federal income tax purposes, the Issuer, and not the Co-Issuer, will be treated as the issuer of the Co-Issued Notes.

### **Tax Treatment of the Issuer**

The Code and the Treasury regulations promulgated thereunder provide a specific exemption from net income-based U.S. federal income tax to non-U.S. corporations that restrict their activities in the United States to trading in stocks and securities (and any other activity closely related thereto) for their own account, whether such trading (or such other activity) is conducted by the corporation or its employees or through a resident broker, commission agent, custodian or other agent. This particular exemption does not apply to non-U.S. corporations that are engaged in activities in the United States other than trading in stocks and securities (and any other activity closely related thereto) for their own account or that are dealers in stocks and securities.

The Issuer intends to rely on the above exemption and does not intend to operate so as to be subject to U.S. federal income taxes on its net income. In this regard, on the Closing Date, the Issuer will receive an opinion from McKee Nelson LLP, special U.S. tax counsel to the Issuer and the Co-Issuer ("**Special U.S. Tax Counsel**") to the effect that, although no activity closely comparable to that contemplated by the Issuer has been the subject of any Treasury regulation, administrative ruling or judicial decision, under current law and assuming compliance with the Issuer's relevant governing documents, the Indenture, the Issuing and Paying Agency Agreement, the Portfolio Selection Agreement and other related documents (the "**Documents**"), the Issuer's permitted activities will not cause it to be engaged in a trade or business in the United States, and consequently, the Issuer's profits will not be subject to U.S. federal income tax on a net income basis. The opinion of Special U.S. Tax Counsel will be based on the Code, the Treasury regulations (final, temporary and proposed) thereunder, the existing authorities, and Special U.S. Tax Counsel's interpretation thereof and judgment concerning their application to the Issuer's permitted activities, and on certain factual assumptions and representations as to the Issuer's permitted activities. The Issuer intends to conduct its affairs in accordance with the Documents and such assumptions and representations, and the remainder of this summary assumes such result. In addition, in complying with the Documents and such assumptions and representations, the Issuer is entitled to rely upon the advice and/or opinions of their selected counsel, and the opinion of Special U.S. Tax Counsel will assume that any such advice and/or opinions are correct and complete. However, the opinion of Special U.S. Tax Counsel and any such other advice or opinions are not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that positions contrary to those stated in the opinion of Special U.S. Tax Counsel or any such other advice or opinions may not be asserted successfully by the IRS.

If, notwithstanding the Issuer's intention and the aforementioned opinion of Special U.S. Tax Counsel or any such other advice or opinions, it were nonetheless determined that the Issuer were engaged in a United States trade or business and the Issuer had taxable income that was effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. corporate income tax on such effectively connected taxable income (and possibly to the 30% branch profits tax as well). The imposition of such taxes would materially affect the Issuer's financial ability to make payments with respect to the Notes and could materially affect the yield of the Notes. In addition, the imposition of such taxes could constitute an Adverse Tax Event.

Legislation recently proposed in the U.S. Senate would, for tax years beginning at least two years after its enactment, tax a corporation as a U.S. corporation if the equity of that corporation is regularly traded on an established securities market and the management and control of the corporation occurs primarily within the United States. It is unknown whether this proposal will be enacted in its current form and, whether if enacted, the Issuer would be subject to its provisions. However, upon enactment of this or similar legislation, the Issuer will be permitted, with an opinion of counsel, to take such action as it deems advisable to prevent the Issuer from being subject to such legislation. These actions could include removing some classes of Notes from listing on a stock exchange.

Generally, foreign currency gains are sourced to the residence of the recipient. Thus, foreign currency gains of a non-U.S. corporation are generally treated as foreign source income. However, if for this purpose a non-United States corporation has a principal place of business in the United States (the "**U.S. business**"), even if the corporation has another principal place of business outside the United States, generally any foreign currency gain properly reflected as income of the U.S. business is treated as U.S. source income. Any U.S. source foreign currency gains that are not derived from the sale of property are subject to U.S. withholding tax. A non-U.S. corporation could be considered to have a U.S. business for this purpose even if it does not have any income effectively connected to a United States trade or business for purposes of being subject to U.S. taxation on its net income. The Issuer intends to take the position that none of its foreign currency gains will be subject to U.S. withholding tax. However, the application of these rules is unclear and the activities of the Issuer could cause it to have foreign

currency gains subject to U.S. withholding tax. In addition, the imposition of such taxes could constitute an Adverse Tax Event.

**United States Withholding Taxes.** Although, based on the foregoing, the Issuer is not expected to be subject to U.S. federal income tax on a net income basis, income derived by the Issuer may be subject to withholding taxes imposed by the United States or other countries. 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. The Code provides an exemption (the "**portfolio interest exemption**") from such withholding tax for interest paid with respect to certain debt obligations issued after July 18, 1984, unless the interest constitutes a certain type of contingent interest or is paid to a 10% shareholder 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. In this regard, the Issuer is permitted to acquire a particular Collateral Security only if the payments thereon are exempt from U.S. withholding taxes at the time of purchase or commitment to purchase or the obligor is required to make "gross-up" payments that offset fully any such tax on any such payments. The Issuer does not anticipate that it will derive material amounts of any other items of income that would be subject to U.S. withholding taxes. Accordingly, assuming compliance with the foregoing restrictions and subject to the foregoing qualifications, interest income derived by the Issuer will be free of or fully "grossed up" for any material amount of U.S. withholding tax. As for the Credit Default Swap, payments under the Credit Default Swap do not constitute interest for purposes of U.S. withholding taxes. The Issuer intends to treat the Credit Default Swap as either a "notional principal contract" or an option for U.S. federal income tax purposes. Generally, payments made pursuant to a notional principal contract or an option are not subject to U.S. withholding. However, the IRS may seek to characterize the Credit Default Swap in a manner that would make payment under it subject to U.S. withholding. Furthermore, there can be no assurance that income derived by the Issuer will not generally become subject to U.S. withholding tax as a result of a change in U.S. tax law or administrative practice, procedure, or interpretations thereof. Any change in U.S. tax law or administrative practice, procedure, or interpretations thereof resulting in the income of the Issuer becoming subject to U.S. withholding taxes could constitute an Adverse Tax Event. It is also anticipated that the Issuer will acquire Collateral Securities that consist of obligations of non-U.S. issuers. In this regard, the Issuer may only acquire a particular Collateral Security if either the payments thereon are not subject to foreign withholding tax or the obligor of the Collateral Security is required to make "gross-up" payments.

Prospective investors should be aware that, under certain Treasury Regulations, the IRS may disregard the participation of an intermediary in a "conduit" financing arrangement and the conclusions reached in the immediately preceding paragraph assume that such Treasury Regulations do not apply. Those Treasury Regulations could require withholding of U.S. federal income tax from payments to the Issuer. In order to prevent "conduit" classification, each Non-U.S. Holder and beneficial owner of an Issuer Note that is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate USD Equivalent Outstanding Amount of any such Class of Issuer Notes, as applicable, will make or be deemed to make a representation to the effect that it is not an Affected Bank. "**Affected Bank**" means a "bank" for purposes of Section 881 of the Code or an entity affiliated with such a bank that neither (x) meets the definition of a U.S. Holder nor (y) is entitled to the benefits of an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such bank are reduced to 0%.

#### **Tax Treatment of U.S. Holders of the Co-Issued Notes**

**Treatment of the Co-Issued Notes.** Although there is no authority directly on point, and as a result, the opinion cannot be free from doubt, in the opinion of Special U.S. Tax Counsel, the Co-Issued Notes will be treated as debt for U.S. federal income tax purposes when issued. Although the Issuer Notes are denominated as debt, based on the capital structure of the Issuer and the characteristics of the Issuer Notes, it is unlikely that all the Issuer Notes, when issued, would be treated as debt of the Issuer for U.S. federal income tax purposes. However, it is possible that the IRS could assert that the Notes

should be treated as the issuance of credit-linked debt by the Protection Buyer. The Holder of such Notes would have accrued income under the contingent debt rules which could affect the timing of such income. Any gain and certain losses from the sale of such Notes would result in ordinary income or loss because such Notes would be treated as contingent debt. This summary assumes that the treatment of the Co-Issued Notes as debt and the Issuer Notes as equity of the Issuer for U.S. federal income tax purposes is correct. The Issuer Notes are discussed below under "—Tax Treatment of U.S. Holders of Issuer Notes". Further, the Issuer will treat, and each holder and beneficial owner of Co-Issued Notes (by acquiring such Notes or an interest in such Notes) will agree to treat, the Co-Issued Notes as debt for U.S. federal income tax purposes except (x) as otherwise required by applicable law, (y) to the extent a Holder of such Co-Issued Notes makes a protective QEF election (as described below under "—Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company") or (z) to the extent that the Holder files certain United States tax information returns required of only certain equity owners with respect to various reporting requirements under the Code (as described below under "—Transfer Reporting Requirements" and "—Tax Return Disclosure and Investor List Requirements"). The determination of whether a Co-Issued Note will be treated as debt for United States federal income tax purposes is based on the applicable law and facts and circumstances existing at the time such Note is issued. Material changes from those existing on the Closing Date (e.g. a material decline in the value of the Issuer's assets and/or, a material change in the likelihood a Note will be repaid in full) may adversely affect the characterization of any Co-Issued Notes issued after (but not before) such changes. However, the opinion of Special U.S. Tax Counsel is based on current law and certain representations and assumptions (including the assumption that any subsequent opinion with respect to the tax characterization of the Co-Issued Notes is correct) and is not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Notes. Accordingly, there can be no assurance that the IRS will not contend, and that a court will not ultimately hold, that one or more Classes of the Co-Issued Notes are properly treated as equity in the Issuer for U.S. federal income tax purposes. Recharacterization of a Class of Notes, particularly the Class C Notes because of their place in the capital structure, may be more likely if a single investor or a group of investors that holds all of the Issuer Notes also holds all of the more senior Class of Notes in the same proportion as the Issuer Notes are held. If any Class of the Co-Issued Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, U.S. Holders of such Class would be subject to taxation under rules substantially the same as those set forth below under "—Tax Treatment of U.S. Holders of Issuer Notes" which could cause adverse tax consequences for such U.S. Holders upon the sale, exchange, redemption, retirement or other taxable disposition of, or the receipt of certain types of distributions on, such Notes.

In this regard, any U.S. Holder of a Co-Issued Note that treats such Note as equity in the Issuer for U.S. federal income tax purposes, inconsistently with the Issuer's treatment of such Notes for such purposes, is required to disclose such treatment on its U.S. federal income tax return. Additionally, if a U.S. Holder of a Co-Issued Note treats such Note as debt of the Issuer for U.S. federal income tax purposes, consistently with the Issuer's treatment of such Note for such purposes, it is unclear whether such U.S. Holder will be able to make a protective QEF election (described below in "—Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company") in anticipation of any possible recharacterization of such Note as equity in the Issuer.

***Interest or Discount on the Co-Issued Notes.*** The Co-Issued Notes may be subject to the rules applicable to contingent payment debt instruments because the timing of their principal repayment is contingent on the principal payments of the Reference Obligations rather than obligations held by the Issuer. If these Notes are not treated as contingent payment debt obligations and subject to the discussion below, U.S. Holders of these Notes generally should include in gross income payments of stated interest received, in accordance with their usual method of accounting for U.S. federal income tax purposes, as ordinary interest income from sources outside the United States.

If the Issue Price of the Co-Issued Notes is less than such Note's respective "stated redemption price at maturity" by more than a *de minimis* amount, U.S. Holders will be considered to have purchased

such Notes with original issue discount ("**OID**"). The respective stated redemption price at maturity of the Co-Issued Notes will be the sum of all payments to be received on such Notes, other than payments of stated interest which is unconditionally payable in money at least annually during the entire term of a debt instrument ("**Qualified Stated Interest**"). Interest can be considered unconditionally payable if nonpayment is sufficiently remote under the terms of the obligations or reasonable legal remedies exist to compel timely payment. Prospective U.S. Holders of the Co-Issued Notes should note that if any interest is not unconditionally payable in money on each Payment Date (and, therefore, not Qualified Stated Interest), all of the stated interest payments may be included in the stated redemption prices at maturity, and required to be accrued by U.S. Holders pursuant to the rules described below.

A U.S. Holder of a Co-Issued Note issued with OID will be required to accrue and include in gross income the sum of the daily portions of total OID for each day during the taxable year on which the U.S. Holder held the Co-Issued Note, generally under a constant yield method, regardless of such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. In addition, if a Co-Issued Note is not treated as issued with OID a U.S. Holder should include any *de minimis* OID in gross income proportionately as stated principal payments are received. Such *de minimis* OID should be treated as gain from the sale or exchange of property and may be eligible as capital gain if the Co-Issued Note is a capital asset in the hands of the U.S. Holder.

Because the Co-Issued Notes provide for a floating rate of interest, the amount of OID to be accrued over the term of each Co-Issued Note will be based initially on the assumption that the floating rate in effect for the first Interest Accrual Period will remain constant throughout the term. To the extent such rate varies with respect to any Interest Accrual Period, such variation will be reflected in an increase or decrease of the amount of OID accrued for such period. Under the foregoing method, if stated interest on a class of Co-Issued Notes is required to be accrued under the OID rules, U.S. Holders may be required to include in gross income increasingly greater amounts of OID and may be required to include OID in advance of the receipt of cash attributable to such income.

Unless the contingent payment obligation rules apply each Class of Co-Issued Notes issued with more than *de minimis* OID may be subject to rules requiring the use of an assumption as to the prepayments, as discussed below under "—OID on the Co-Issued Notes". A prepayment assumption applies to debt instruments if payment under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments. Application of a prepayment assumption is uncertain because prepayments on the Co-Issued Notes are generally dependent on prepayments on the Reference Portfolio rather than the Collateral Securities.

***OID on the Co-Issued Notes.*** The Treasury regulations governing the calculation of OID on instruments having contingent interest payments specifically do not apply for purposes of calculating OID on debt instruments required to use a prepayment assumption. The Issuer intends to base its computations on a prepayment assumption for the Reference Portfolio, although, as noted above, it is uncertain whether such assumption is required or permitted. In addition, no regulatory guidance currently exists under the Code for prepayment assumptions. Accordingly, there can be no assurance that this methodology represents the correct manner of calculating OID. If the IRS were to successfully contend that another method of accruing OID with respect to the Co-Issued Notes is appropriate, the U.S. federal income tax consequences to a U.S. Holder of the Co-Issued Notes could be adverse or more favorable. If the Co-Issued Notes are deemed to be contingent debt obligations, then U.S. Treasury regulations may apply to the Co-Issued Notes that would apply the non-contingent bond method to non-U.S. Dollar denominated debt instruments that provide for certain contingent payments.

A subsequent purchaser of a Co-Issued Note issued with OID who purchases that Note at a cost less than the remaining stated redemption price at maturity will also be required to include in gross income the sum of the daily portions of OID on the Co-Issued Note. In computing the daily portions of OID for a subsequent purchaser of a Co-Issued Note (as well as an initial purchaser that purchases at a price higher than the adjusted Issue Price, but less than the stated redemption price at maturity),

however, the daily portion is reduced by the amount that would be the daily portion for the day (computed in accordance with the rules set forth above) *multiplied by* a fraction, the numerator of which is the amount, if any, by which the price paid by the U.S. Holder for the Co-Issued Note exceeds the difference between (a) the sum of the Issue Price *plus* the aggregate amount of OID that would have been able to be included in the gross income of an original U.S. Holder (who purchased the Co-Issued Note at the Issue Price) and (b) any prior payments included in the stated redemption price at maturity, and the denominator of which is the sum of the daily portions for the Co-Issued Note for all days beginning on the date after the purchase date and ending on the maturity date computed under the prepayment assumption.

A U.S. Holder who pays a premium for a Co-Issued Note (i.e., purchases the Co-Issued Note for an amount greater than the stated redemption price at maturity) may elect to amortize such premium under a constant yield method over the life of the Co-Issued Note. The amortizable amount for any Interest Accrual Period would offset the amount of interest that must be included in the gross income of a U.S. Holder in such Interest Accrual Period. The U.S. Holder's basis in the Co-Issued Note would be reduced by the amount of amortization. It is not clear whether the prepayment assumption would be taken into account in determining the life of the for the timing of the amortization of such premium for this purpose.

If the U.S. Holder acquires a Co-Issued Note at a discount to the adjusted Issue Price of the Co-Issued Note that is greater than a specified *de minimis* amount, such discount is treated as market discount. Absent an election to accrue into income currently, the amount of accrued market discount on a Co-Issued Note is included in income as ordinary income when principal payments are received or the U.S. Holder disposes of the Co-Issued Note. Market discount is accrued ratably unless the U.S. Holder elects to use a constant yield method for accrual. For this purpose, the term "rateably" may be based on the term of the Co-Issued Note or a U.S. Holder may be permitted to accrue market discount in proportion to interest on Co-Issued Notes issued without OID or in proportion to OID on Co-Issued Notes issued with OID.

As a result of the complexity of the OID rules, each U.S. Holder of any Co-Issued Notes should consult its own tax advisor regarding the impact of the OID rules on its investment in such Notes.

***Election to Treat All Interest as OID.*** The OID rules permit a U.S. Holder of a Co-Issued Note to elect to accrue all interest, discount (including *de minimis* market or original issue discount) and premium in income as interest, based on a constant yield method. If an election to treat all interest as OID were to be made with respect to a Co-Issued Note with market discount, the U.S. Holder of such Note making such election would be deemed to have made an election to include in income currently market discount with respect to all other debt instruments having market discount that such U.S. Holder acquires during the year of the election or thereafter. Similarly, a U.S. Holder that makes this election for a Note that is acquired at a premium will be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that such U.S. Holder owns or acquires. The election to accrue interest, discount and premium on a constant yield method with respect to a Co-Issued Note cannot be revoked without the consent of the IRS.

***Disposition of the Co-Issued Notes.*** In general, a U.S. Holder of a Co-Issued Note initially will have a basis in such Note equal to the cost of such Note to such U.S. Holder, (i) increased by any amount includable in income by such U.S. Holder as OID with respect to such Note, and (ii) reduced by any amortized premium and by payments on the Co-Issued Note, other than payments of stated interest on the Co-Issued Note. Upon a sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other taxable disposition (other than amounts attributable to accrued interest on a Co-Issued Note, which will be taxable as described above) and the U.S. Holder's tax basis in such Note. Except to the extent of accrued interest or market discount not previously included in income, or unless the rules applicable to contingent payment debt obligations apply, gain or loss from the disposition of a Co-Issued Note generally will be long-term capital gain or loss if the U.S. Holder held the Co-Issued Note for more than one year at the time of disposition, provided that

the Co-Issued Note is held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code, except to the extent of accrued market discount not previously included in income.

However, if the IRS or a court determines that any Class of the Co-Issued Notes constitute contingent payment debt obligations subject to the non-contingent bond method, then a U.S. Holder generally will have a basis in such Co-Issued Note equal to the cost of such Co-Issued Note to such U.S. Holder (i) increased by OID accrued with respect to the Co-Issued Notes (determined without regard to adjustments made to reflect the differences between actual and projected payments), and (ii) reduced by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Co-Issued Notes. Any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of the Co-Issued Note will be treated as ordinary interest income. Further, in such a case, any loss will be treated as ordinary loss to the extent of prior interest inclusions with respect to the Co-Issued Notes, reduced by the total net negative adjustments that the U.S. Holder has taken into account as ordinary loss with respect to the Co-Issued Notes; any remaining loss will be a capital loss.

In certain circumstances, U.S. Holders that are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

Any gain recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note generally will be treated as from sources within the United States assuming that such Co-Issued Note is not held by a U.S. Holder through a non-U.S. branch.

***Alternative Characterization of the Co-Issued Notes.*** Notwithstanding special U.S. tax counsel's opinion, U.S. Holders should recognize that there is some uncertainty regarding the appropriate classification of instruments such as the Co-Issued Notes. It is possible, for example, that the IRS may contend that a Class of Co-Issued Notes should be treated as equity interests (or as part debt, part equity) in the Issuer. Such a recharacterization might result in material adverse U.S. federal income tax consequences to U.S. Holders. If U.S. Holders of a Class of the Co-Issued Notes were treated as owning equity interests in the Issuer, the U.S. federal income tax consequences to U.S. Holders of such recharacterized Co-Issued Notes would be as described under "—Tax Treatment of U.S. Holders of Issuer Notes", "—Transfer Reporting Requirements" and "—Tax Return Disclosure and Investor List Requirements". In order to avoid the application of the PFIC rules, each U.S. Holder of a Note should consider making a qualified electing fund election provided in Section 1295 of the Code on a "protective" basis (although such protective election may not be respected by the IRS because current regulations do not specifically authorize that particular election). See "Tax Treatment of U.S. Holders of Issuer Notes—Investment in a Passive Foreign Investment Company". Further, U.S. Holders of any Class of Co-Issued Notes that may be recharacterized as equity in the Issuer should consult with their own tax advisors with respect to whether, if they owned equity in the Issuer, they would be required to file information returns in accordance with sections 6038, 6038B, and 6046 of the Code (and, if so, whether they should file such returns on a protective basis).

***Payments of Interest and OID in Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen.*** A U.S. Holder with a U.S. Dollar functional currency that uses the cash method of accounting for U.S. federal income tax purposes and receives a payment of interest on a Co-Issued Note (other than OID) denominated in Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, will be required to include in gross income the U.S. Dollar value of the payment in Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the date such payment is received (based on the U.S. Dollar spot rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the date such payment is received) regardless of whether the payment is in fact converted to U.S. Dollars at that time. No exchange gain or loss will be recognized with respect to the receipt of such payment.



A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes, or that otherwise is required to accrue interest prior to receipt, will be required to include in gross income the U.S. Dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Co-Issued Note during an accrual period. The U.S. Dollar value of such accrued interest income will be determined by translating such interest income at the average U.S. Dollar exchange rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, in effect during the accrual period or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the U.S. Dollar spot rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the U.S. Dollar spot rate on the date of receipt. The above election must be applied consistently to all debt instruments from year to year and may not be changed without the consent of the IRS. Prior to making such an election, a U.S. Holder should consult its own tax advisor.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes may recognize exchange gain or loss with respect to accrued interest income on the date the payment of such income is received. The amount of any such exchange gain or loss recognized will equal the difference, if any, between the U.S. Dollar value of the payment in the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, received (based on the U.S. Dollar spot rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the date such payment is received) with respect to such accrued interest and the U.S. Dollar value of the income inclusion with respect to such accrued interest (computed as determined above). Any such exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss, respectively.

The Issuer intends to take the position that OID for any accrual period on a Co-Issued Note will be determined in Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. As described above, however, the treatment of Co-Issued Notes issued with OID is subject to uncertainty, and it is possible that different rules would apply. Applying this method, all payments on a Co-Issued Note (other than payments of Qualified Stated Interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon receipt of a payment attributable to OID (whether in connection with a payment of interest or on the sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note), a U.S. Holder may recognize exchange gain or loss as described above with respect to accrued interest income. Any such exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss, respectively.

***Receipt of Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen.*** Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, received as payment on a Co-Issued Note or on a sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note will have a tax basis equal to its U.S. Dollar value at the time such payment is received or at the time of such sale, exchange, redemption, retirement or other taxable disposition, as the case may be. Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, that are purchased will generally have a tax basis equal to the U.S. Dollar value of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the date of purchase. Any exchange gain or loss recognized on a sale, exchange, redemption, retirement or other taxable disposition of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen (including their use to purchase Co-Issued Notes or upon exchange

for U.S. Dollars), as applicable, will be ordinary income or loss and will generally be treated as U.S. source income or loss, respectively.

**Foreign Currency Gain or Loss on Purchase or Disposition.** A U.S. Holder that purchases the Co-Issued Notes with Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, generally will recognize exchange gain or loss in an amount equal to the difference (if any) between the U.S. Dollar fair market value of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, used to purchase the Co-Issued Notes determined at the spot rate of exchange in effect on the date of purchase of the Co-Issued Notes and such U.S. Holder's tax basis in the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable. If a U.S. Holder receives Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on a sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note, the amount realized will be based on the U.S. Dollar value of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the date the payment is received or the date of disposition of the Co-Issued Note. Any gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Co-Issued Note that is attributable to fluctuations in currency exchange rates will be exchange gain or loss. Any gain or any loss attributable to fluctuations in exchange rates will equal the difference between the U.S. Dollar value of the principal amount of the Co-Issued Note, determined on the date such payment is received or such Co-Issued Note is disposed based on the U.S. Dollar spot rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on such date and the U.S. Dollar value of principal amount of such Co-Issued Note, determined on the date the U.S. Holder acquired such Co-Issued Note based on the U.S. Dollar spot rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on such date. Such exchange gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of such Co-Issued Note. Any exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss, respectively.

As a result of the uncertainty regarding the U.S. federal income tax consequences to U.S. Holders with respect to the Co-Issued Notes and the complexity of the foregoing rules, each U.S. Holder of a Co-Issued Note is urged to consult its own tax advisor regarding the U.S. federal income tax consequences to the Holder of the purchase, ownership and disposition of such Co-Issued Note.

## **Tax Treatment of U.S. Holders of Issuer Notes**

**Investment in a Passive Foreign Investment Company.** The Issuer will constitute a passive foreign investment company ("PFIC"). By treating the Issuer Notes, when issued, as equity in the Issuer, U.S. Holders of Issuer Notes (other than certain U.S. Holders that are subject to the rules pertaining to a controlled foreign corporation with respect to the Issuer, described below) will be considered U.S. shareholders in a PFIC. In general, a U.S. Holder of a PFIC may desire to make an election to treat the Issuer as a qualified electing fund ("QEF") with respect to such U.S. Holder. 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 held the Issuer Notes. If a timely QEF election is made for the Issuer, an electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, such holder's *pro rata* share of the Issuer's ordinary earnings and (ii) as long-term capital gain, such holder's *pro rata* share of the Issuer's net capital gain, whether or not distributed and translated into U.S. Dollars using the average U.S. Dollar exchange rate for the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, for the Issuer's taxable year. In determining the Issuer's ordinary earnings, the OID interest that accrues on the Co-Issued Notes may be expensed by the Issuer (whether or not the OID is *de minimis*). For purposes of calculating the income of the Issuer, the deduction for interest paid to certain related parties may be deferred and ultimately denied. Related parties generally include a person owning more than 50% of the aggregate value of all Classes of Notes treated as equity of the Issuer (with special rules for partnerships) and any real estate investment trust that treats the Issuer as a

taxable REIT subsidiary. A U.S. Holder will not be eligible for the dividends received deduction with respect to such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to such U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. An amount included in an electing U.S. Holder's gross income should be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes. However, if U.S. Holders collectively own (directly or constructively) 50% or more (measured by vote or value) of the Issuer Notes, such amount will be treated as income from sources within the United States for such purposes to the extent that such amount is attributable to income of the Issuer from sources within the United States. If applicable to a U.S. Holder of Issuer Notes, the rules pertaining to a controlled foreign corporation, discussed below, generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. shareholders 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. As a result, the Issuer may have in any given year substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Issuer Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

Moreover, there is no direct authority dealing with the tax treatment of financial instruments like the Credit Default Swap. The Issuer intends to treat the Credit Default Swap as a "notional principal contract" for U.S. federal income tax purposes, in which case the Issuer's earnings for any period would be determined by taking into account the Credit Default Swap payments to the Issuer attributable to that period. In a statement in its preamble to recently proposed guidance regarding the tax accounting for contingent nonperiodic payments under notional principal contracts, the U.S. Department of Treasury indicated that certain persons, such as the Issuer, would be required under current law to take such payments into account for income tax purposes over the life of the contract under a reasonable amortization method. Although the application of this rule to the Credit Default Swap is not entirely clear, the income of the Issuer may need to be determined by taking into account an adjustment for any such contingent payments which the Issuer may be required to make under the Credit Default Swap. It is possible, however, that a Credit Default Swap could be characterized for tax purposes as an option written by the Issuer. Because payments received for writing an option are generally taken into account only upon the termination of the transaction, characterizing the Credit Default Swap as an option may concentrate the Issuer's positive earnings, as determined for U.S. federal income tax purposes, into one or more taxable periods, which may result in the recognition of income in excess of any cash distributed on the Issuer Notes by the Issuer. U.S. Holders of the Issuer Notes should consult their tax advisors regarding the U.S. federal income tax consequences of holding any of the Issuer Notes.

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.

A U.S. Holder of Issuer Notes (other than certain U.S. Holders that are subject to the rules pertaining to a controlled foreign corporation with respect to the Issuer, described below) that does not make a timely QEF election will be required to report any gain on disposition of any Issuer Notes as if it were an excess distribution, rather than capital gain, and to compute the tax liability on such gain and any excess distribution received with respect to the Issuer Notes as if such items had been earned ratably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the Issuer Notes. The U.S. Holder will be subject to tax on such items at 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. Further, such U.S. Holder will also be liable for an additional tax equal to interest on the tax liability attributable to income allocated to prior years as if such liability had been due with respect to each such prior year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganizations and use of the Issuer Notes as security for a loan may be treated as a taxable disposition of the Issuer Notes. Very generally, an "excess distribution" is the amount by which distributions during a taxable year with respect to an Issuer Note exceed 125% of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter,

the U.S. Holder's holding period for the Issuer Note). In addition, a stepped-up basis in the Issuer Note upon the death of an individual U.S. Holder may not be available.

In many cases, application of the tax on gain on disposition and receipt of excess distributions will be substantially more onerous than the treatment applicable if a timely QEF election is made. ACCORDINGLY, U.S. HOLDERS OF ISSUER NOTES SHOULD CONSIDER CAREFULLY WHETHER TO MAKE A QEF ELECTION WITH RESPECT TO THE ISSUER NOTES AND THE CONSEQUENCES OF NOT MAKING SUCH AN ELECTION.

Furthermore, in order to avoid the application of the PFIC rules, each U.S. Holder of a Note should consider making a qualified electing fund election on a "protective" basis (although such protective election may not be respected by the IRS because current regulations do not specifically authorize that particular protective election). Further, U.S. Holders of any Class of Notes that may be recharacterized as equity in the Issuer should consult with their own tax advisors with respect to whether, if they owned equity in the Issuer, they would be required to file information returns in accordance with sections 6038, 6038B, and 6046 of the Code (and, if so, whether they should file such returns on a protective basis).

***Investment in a Controlled Foreign Corporation.*** The Issuer may be classified as a controlled foreign corporation ("CFC"). In general, a foreign corporation will be classified as a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (actually or constructively) by "U.S. Shareholders". A U.S. Shareholder, for this purpose, is any U.S. person that possesses (actually or constructively) 10% or more of the combined voting power (generally the right to vote for directors of the corporation) of all classes of shares of a corporation. Although Issuer Notes do not vote for directors of the Issuer, it is possible that the IRS would assert that the Issuer Notes are de facto voting securities and that U.S. Holders possessing (actually or constructively) 10% or more of the total stated amount of outstanding Issuer Notes are U.S. Shareholders. If this argument were successful and Issuer Notes representing more than 50% of the voting power or value of the Issuer's equity are owned (actually or constructively) by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a deemed dividend at the end of the taxable year of the Issuer in an amount equal to that person's *pro rata* share of the subpart F income (as defined below) of the Issuer. Such deemed dividend would be treated as income from sources within the United States for U.S. foreign tax credit limitation purposes to the extent that it is attributable to income of the Issuer from sources within the United States. Among other items, and subject to certain exceptions, subpart F income includes dividends, interest, annuities, gains from the sale or exchange of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or most of its income would be subpart F income and, in general, if the Issuer's subpart F income exceeds 70% of its gross income, the entire amount of the Issuer's income will be subpart F income. For purposes of calculating the income of the Issuer, the deduction for interest paid to certain related parties may be deferred and ultimately denied. Related parties generally include a person owning more than 50 percent of the aggregate value of all Classes of Notes treated as equity of the Issuer (with special rules for partnerships) and any real estate investment trust that treats the Issuer as a taxable REIT subsidiary. In addition, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions. U.S. Holders should consult their tax advisors regarding these special rules.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer which made a QEF election with respect to the Issuer would be taxable on the subpart F income of the Issuer under rules described in the preceding paragraph and not under the QEF rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains will 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 reserved under the QEF rules.

Furthermore, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder therein, the Issuer would not be treated as a PFIC or a QEF with respect to such U.S. Holder for the period during which the Issuer remained a CFC and such U.S. Holder remained a U.S. Shareholder therein (the "qualified portion" of the U.S. Holder's holding period for the Issuer Notes). If the qualified portion of such U.S. Holder's holding period for the Issuer Notes subsequently ceased (either because the Issuer ceased to be a CFC or the U.S. Holder ceased to be a U.S. Shareholder), then solely for purposes of the PFIC rules, such U.S. Holder's holding period for the Issuer Notes would be treated as beginning on the first day following the end of such qualified portion, unless the U.S. Holder had owned any of such Class of Issuer Notes for any period of time prior to such qualified portion and had not made a QEF election with respect to the Issuer. In that case, the Issuer would again be treated as a PFIC which is not a QEF with respect to such U.S. Holder and the beginning of such U.S. Holder's holding period for the Issuer Notes would continue to be the date upon which such U.S. Holder acquired such Issuer Notes, unless the U.S. Holder made an election to recognize gain with respect to such Issuer Notes and a QEF election with respect to the Issuer.

***Credit Default Swap, Basis Swap and Collateral Put Agreement.*** The IRS may argue that the Issuer does not own the Collateral Securities because the Credit Default Swap, the Basis Swap and the Collateral Put Agreement transfer the benefits and burdens of the ownership of the Collateral Securities to Goldman Sachs. Under such characterization, the Issuer would hold an obligation of Goldman Sachs to pay to the Issuer principal equal to the par value of the Collateral Securities and interest equal to the excess, if any, of interest payments on the Notes and the interest received on the Collateral Securities. Thus, under the PFIC or CFC rules discussed above, the timing of the income that that a U.S. Holder reports may differ from the timing of such income if the Credit Default Swap, the Basis Swap and the Collateral Put Agreement are respected. Alternatively, the IRS could argue that the Credit Default Swap, the Basis Swap and the Collateral Put Agreement create a contingent payment debt obligation subject to the non-contingent bond method. Under such characterization, the Issuer generally will have a basis in the contingent debt obligation equal to the cost of such obligation to the Issuer (i) increased by OID accrued with respect to such obligation (determined without regard to adjustments made to reflect the differences between actual and projected payments), and (ii) reduced by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on such obligation. Any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of the obligation will be treated as ordinary interest income. Further, in such a case, any loss will be treated as ordinary loss to the extent of prior interest inclusions with respect to the contingent debt obligation, reduced by the total net negative adjustments that the Issuer has taken into account as ordinary loss with respect to such obligation; any remaining loss will be a capital loss. Such characterization would affect the timing and character of the income that that a U.S. Holder reports. U.S. Holders of the Issuer Notes should consult their own tax advisors regarding the tax issues associated with the Credit Default Swap, the Basis Swap and the Collateral Put Agreement.

***Distributions on the Issuer Notes.*** The treatment of actual distributions of cash on each Class of Issuer Notes, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described above. See "—Investment in a Passive Foreign Investment Company". If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to U.S. Holders. Distributions in excess of amounts previously taxed pursuant to a QEF election (or pursuant to the CFC rules, if applicable) 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 any current and accumulated earnings and profits will be treated first as a non-taxable reduction to the U.S. Holder's tax basis for such Issuer Notes to the extent thereof and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Issuer Notes may constitute excess distributions, taxable as previously described. See "—Investment in a Passive Foreign Investment Company". In that event,

except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as excess distributions, distributions on the Issuer Notes generally would be treated as dividends to the extent paid out of the Issuer's current or accumulated earnings and profits not allocated to any excess distributions, then as a non-taxable reduction to the U.S. Holder's tax basis for the Issuer Notes to the extent thereof and then as capital gain. Dividends received from a foreign corporation generally will be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes. However, if U.S. Holders collectively own (directly or constructively) 50% or more (measured by vote or value) of the Class of Issuer Notes, a percentage of the dividend income equal to the proportion of the Issuer's earnings and profits from sources within the United States generally will be treated as income from sources within the United States for such purposes.

Distributions paid in Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, will be translated into a U.S. Dollar amount based on the spot rate of exchange in effect on the date of receipt whether or not the payment is converted into U.S. Dollars at that time. A U.S. Holder will recognize exchange gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of the deemed distributions and actual distributions, and any such exchange gain or loss will be treated as ordinary income from the same source as the associated income inclusion. The tax basis of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, received by a U.S. Holder generally will equal the U.S. Dollar value of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, determined at the spot rate of exchange in effect on the date the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, are received, regardless of whether the payment is converted into U.S. Dollars at that time. Any gain or loss recognized on a subsequent conversion of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, for U.S. Dollars, in an amount equal to the difference between the U.S. Dollars received and the U.S. Holder's tax basis in the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, generally will be U.S. source ordinary income or loss.

***Purchase or Disposition of the Issuer Notes.*** A U.S. Holder that purchases the Issuer Notes with Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, generally will recognize U.S. source ordinary income or loss in an amount equal to the difference (if any) between the U.S. Dollar fair market value of the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, used to purchase the Issuer Notes determined at the spot rate of exchange in effect on the date of purchase of the Issuer Notes and such U.S. Holder's tax basis in the Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable. In general, a U.S. Holder of an Issuer Note will recognize a gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note equal to the difference between the amount realized and such U.S. Holder's adjusted tax basis in the Issuer Note. Except as discussed below (or if the applicable Class of Issuer Notes were characterized as a contingent debt instrument), such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the U.S. Holder held such Class of Issuer Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Any gain or loss recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note (other than, in the case of a U.S. Holder treated as a "U.S. Shareholder", any such gain characterized as a dividend, as discussed below) generally will be treated as from sources within the United States.

Initially, a U.S. Holder's tax basis for an Issuer Note will equal the cost of such Issuer Note to such U.S. Holder. The cost of an Issuer Note to a U.S. Holder will be the U.S. Dollar value of the Euro, Sterling, Canadian Dollar, Australian Dollar, New Zealand Dollars or Yen purchase price, as applicable, based on the spot rate of exchange in effect on the date of purchase. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of a QEF election, or by virtue of the CFC rules, as applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such

previously taxed amounts or are treated as a non-taxable reduction to the U.S. Holder's tax basis for such Issuer Note (as described above). If a U.S. Holder receives Euro, Sterling, Canadian Dollars, Australian Dollars, New Zealand Dollars or Yen, as applicable, on the sale or other taxable disposition of an Issuer Note, the amount realized in U.S. Dollars generally will be based on the spot rate of exchange in effect on the date of the sale or other taxable disposition.

If a U.S. Holder does not make a timely QEF election as described above, any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of an Issuer Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "—Investment in a Passive Foreign Investment Company".

Subject to a special exception applicable to individuals, if the Issuer were treated as a CFC and a U.S. Holder were treated as a "U.S. Shareholder" therein, then any gain realized by such U.S. Holder upon the disposition of Issuer Notes, other than gain constituting an excess distribution under the PFIC rules, if applicable, would be treated as ordinary income to the extent of the U.S. Holder's share of the current or accumulated earnings and profits of the Issuer. In this regard, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules, as applicable.

### **Transfer Reporting Requirements**

A U.S. Holder of Issuer Notes that owns (actually or constructively) at least 10% by vote or value of the Issuer (and each officer or director of the Issuer that is a U.S. citizen or resident) may be required to file an information return on IRS Form 5471. A U.S. Holder of Issuer Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50% by vote or value of the Issuer. U.S. Holders should consult their own tax advisors regarding whether they are required to file IRS Form 5471.

A U.S. Person that purchases the Issuer Notes for cash will be required to file a Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10% by voting power or value of the Issuer or (ii) if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds U.S.\$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Issuer Notes subject to a maximum penalty of U.S.\$100,000, except in cases involving intentional disregard). U.S. Persons should consult their tax advisors with respect to this or any other reporting requirement that may apply with respect to their acquisition of the Issuer Notes.

### **Tax Return Disclosure and Investor List Requirements**

Any person that files a U.S. federal income tax return or U.S. federal information return and participates in a reportable transaction in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's U.S. tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. In addition, under these regulations, under certain circumstances, certain organizers and sellers of a reportable transaction will be required to maintain lists of participants in the transaction containing identifying information, retain certain documents related to the transaction, and furnish those lists and documents to the IRS upon request. There are significant penalties for failure to comply with these disclosure and list keeping requirements. The definition of reportable transaction is highly technical. However, in very general terms, a transaction may be a "reportable transaction" if, among other things, it is offered under conditions of confidentiality or it results in the claiming of a loss for U.S. federal income tax purposes in excess of certain threshold amounts.

In this regard, in order to prevent the transactions described herein from being treated as offered under conditions of confidentiality, the Issuer and the Holders and beneficial owners of the Notes (and each of their respective employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions described herein and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such U.S. tax treatment and U.S. tax structure. However, 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 Notes offered hereby or soliciting an offer to purchase any such Notes. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meaning given to such terms under Treasury regulation section 1.6011-4(c) and applicable state or local tax law. In general, the tax treatment of a transaction is the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state or local tax law, and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state or local tax laws.

In addition, under these Treasury regulations, if the Issuer participates in a reportable transaction, a U.S. Holder of the Issuer Notes that is a "reporting shareholder" of the Issuer will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Issuer's activities generally are unlikely to give rise to "reportable transactions", it is nonetheless possible that the Issuer will participate in certain types of transactions that could be treated as reportable transactions. A U.S. Holder of Issuer Notes will be treated as a reporting shareholder of the Issuer if (i) such U.S. Holder owns 10% or more of the Issuer Notes and makes a QEF election with respect to the Issuer or (ii) the Issuer is treated as a CFC and such U.S. Holder is a U.S. Shareholder (as defined above) of the Issuer.

Prospective investors in the Notes should consult their own tax advisors concerning any possible disclosure obligations with respect to their ownership or disposition of the Notes in light of their particular circumstances.

### **Tax Treatment of Non-U.S. Holders of Notes**

In general, payments on the Notes to a Holder that is not, for U.S. federal income tax purposes, a U.S. Holder (a "**non-U.S. Holder**") and gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the Notes by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, unless (i) such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States, or (ii) in the case of gain, such non-U.S. Holder is a non-resident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale, exchange, redemption, retirement or other taxable disposition and certain other conditions are satisfied.

### **Information Reporting and Backup Withholding**

Under certain circumstances, the Code requires "information reporting", and may require "backup withholding" with respect to certain payments made on the Notes and the payment of the proceeds from the disposition of the Notes. Backup withholding generally will not apply to corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. Backup withholding will apply to a U.S. Holder if the U.S. Holder fails to provide certain identifying information (such as the U.S. Holder's taxpayer identification number) or otherwise comply with the applicable requirements of the backup withholding rules. The application for exemption from backup withholding for a U.S. Holder is available by providing a properly completed IRS Form W-9.

A non-U.S. Holder of the Notes generally will not be subject to these information reporting requirements or backup withholding with respect to payments of interest or distributions on the Notes if (1) it certifies to the Trustee or the Issuing and Paying Agent, as applicable, its status as a non-U.S. Holder under penalties of perjury on the appropriate IRS Form W-8, and (2) in the case of a non-U.S.



Holder that is a "nonwithholding foreign partnership", "foreign simple trust" or "foreign grantor trust" as defined in the applicable Treasury regulations, the beneficial owners of such non-U.S. Holder also certify to the Trustee or the Issuing and Paying Agent, as applicable, their status as non-U.S. Holders under penalties of perjury on the appropriate IRS Form W-8.

The payments of the proceeds from the disposition of a Note by a non-U.S. Holder to or through the U.S. office of a broker generally will not be subject to information reporting and backup withholding if the non-U.S. Holder certifies its status as a non-U.S. Holder (and, if applicable, its beneficial owners also certify their status as non-U.S. Holders) under penalties of perjury on the appropriate IRS Form W-8, satisfies certain documentary evidence requirements for establishing that it is a non-U.S. Holder or otherwise establishes an exemption. The payment of the proceeds from the disposition of a Note by a non-U.S. Holder to or through a non-U.S. office of a non-U.S. broker will not be subject to backup withholding or information reporting unless the non-U.S. broker has certain specific types of relationships to the United States, in which case the treatment of such payment for such purposes will be as described in the following sentence. The payment of proceeds from the disposition of a Note by a non-U.S. Holder to or through a non-U.S. office of a U.S. broker or to or through a non-U.S. broker with certain specific types of relationships to the United States generally will not be subject to backup withholding but will be subject to information reporting unless the non-U.S. Holder certifies its status as a non-U.S. Holder (and, if applicable, its beneficial owners also certify their status as non-U.S. Holders) under penalties of perjury or the broker has certain documentary evidence in its files as to the non-U.S. Holder's foreign status and the broker has no actual knowledge to the contrary.

Backup withholding is not an additional tax and may be refunded (or credited against the U.S. Holder's or non-U.S. Holder's U.S. federal income tax liability, if any); *provided* that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

## ERISA CONSIDERATIONS

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The advice below was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. The advice is written to support the promotion or marketing of the transaction. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The foregoing disclaimer is provided to satisfy obligations under Circular 230 governing standards of practice before the Internal Revenue Service.

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

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of plans and arrangements subject to ERISA (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (the "**Plans**"))

and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

The U.S. Department of Labor has promulgated regulations, 29 C.F.R. Section 2510.3-101 (the "**Plan Asset Regulations**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA and Section 4975 of the Code, including the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulations, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or, as further discussed below, that equity participation in the entity by "benefit plan investors" is not "significant."

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired with the assets of a Plan with respect to which the Issuer, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, any seller of Collateral Securities to the Issuer, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider or any of their respective Affiliates, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers), ("**Investor-Based Exemptions**"). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Securities for adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan's assets used to acquire the Securities or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the "**Service Provider Exemption**"). Adequate consideration means fair market value as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the U.S. Department of Labor. There can be no assurance that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

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

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of Title I of ERISA and Section 4975 of the Code in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), and the enactment of Section 401(c) of ERISA on August 20, 1996. In particular, such an insurance company should consider (i) the exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts in PTCE 95-60 and (ii) if such exemptive relief is not available, whether its purchase of the Notes will be permissible under the final regulations issued under Section 401(c) of ERISA. The final regulations provide guidance on which assets held by an insurance company constitute "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code. The regulations do not exempt the assets of insurance company general accounts from treatment

as "plan assets" to the extent they support certain participating annuities issued to Plans after December 31, 1998.

### **The Co-Issued Notes**

The Plan Asset Regulations define an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. As noted above in Income Tax Considerations, it is the opinion of tax counsel to the Issuer that the Co-Issued Notes will be treated as debt for U.S. income tax purposes. Although there is little guidance on the subject, at the time of their issuance, the Co-Issued Notes should be treated as indebtedness without substantial equity features for purposes of the Plan Asset Regulations. This determination is based in part upon (i) tax counsel's opinion that the Co-Issued Notes will be classified as debt for U.S. federal income tax purposes when issued and (ii) the traditional debt features of the Co-Issued Notes, including the reasonable expectation of purchasers of the Co-Issued Notes that they will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. Based upon the foregoing and other considerations, subject to the considerations described below, the Co-Issued Notes may be purchased by a Plan. Nevertheless, without regard to whether the Co-Issued Notes are considered equity interests, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Co-Issued Notes are acquired with the assets of a Plan with respect to which the Issuer, the Initial Purchaser or the Trustee and the Issuing and Paying Agent or in certain circumstances, any of their respective affiliates, is a party in interest or a disqualified person. The Investor-Based Exemptions or the Service Provider Exemption may be available to cover such prohibited transactions.

By its purchase of any Co-Issued Notes, each purchaser and subsequent transferee thereof will be deemed to have represented and warranted, at the time of its acquisition and throughout the period it holds such Co-Issued Note, either that (a) it is neither a Plan nor any entity whose underlying assets include "plan assets" (within the meaning of the Plan Asset Regulations) by reason of such Plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Co-Issued Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation under any substantially similar law).

### **The Issuer Notes**

Equity participation in the Issuer of the Notes by "benefit plan investors" is "significant" and will cause the assets of the Issuer to be deemed the assets of an investing Plan (in the absence of another applicable Plan Asset Regulations exception) if 25% or more of the value of any Class of equity interest in the Issuer is held by "benefit plan investors". Recently, Section 3(42) of ERISA, as enacted under the Pension Protection Act of 2006, effectively amended, by statute, the definition of "benefit plan investors" in the Plan Asset Regulations. Employee benefit plans that are not subject to Title I of ERISA and plans that are not subject to Section 4975 of the Code, such as U.S. governmental and church plans or non-U.S. plans, are no longer considered "benefit plan investors." Accordingly, only employee benefit plans subject to Title I of ERISA or Section 4975 of the Code or an entity whose underlying assets include plan assets by reason of such plan's investment in the entity are considered in determining whether investment by "benefit plan investors" represents 25% or more of any class of equity of the Issuer. Therefore, the term "benefit plan investor" includes (a) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of ERISA, (b) a plan as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code, (c) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity or (d) as such term is otherwise defined in any regulations promulgated by the U.S. Department of Labor under Section 3(42) of ERISA (collectively, "**ERISA Plans**").

The Issuer Notes would likely be considered to have substantial equity features under the Plan Asset Regulations. In order to not exceed the 25 percent limit referred to above, no ERISA Plans shall be permitted to acquire the Issuer Notes in the initial offering or thereafter. Therefore, the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code should not be applicable to the Issuer. An unlimited number of other types of employee benefit plans, such as governmental or non-U.S. plans may invest in the Issuer Notes as their investment is disregarded for these purposes.

BY ITS PURCHASE OR HOLDING OF AN ISSUER NOTE, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION, AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN, THAT (1) IT IS NOT AN ERISA PLAN; AND IF AFTER ITS INITIAL ACQUISITION OF AN ISSUER NOTE OR ANY INTEREST THEREIN, THE INVESTOR DETERMINES, OR IT IS DETERMINED BY ANOTHER PARTY, THAT SUCH INVESTOR IS AN ERISA PLAN, THE INVESTOR WILL DISPOSE OF ALL OF ITS ISSUER NOTES IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE, AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, ITS PURCHASE, HOLDING AND DISPOSITION OF THE ISSUER NOTES WILL NOT CAUSE A NON-EXEMPT VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED HEREIN AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST THEREIN TO ANY PERSON WHO IS UNABLE TO SATISFY THE SAME FOREGOING REPRESENTATIONS AND WARRANTIES.

There can be no assurance that, despite the transfer restrictions relating to purchases by ERISA Plans, ERISA Plans will not in actuality own 25% or more of such value.

If for any reason the assets of the Issuer are deemed to be "plan assets" of an ERISA Plan because one or more ERISA Plans is an owner of Issuer Notes (or of a Note characterized as an "equity interest" in the Issuer), certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Issuer. The Issuer may be prevented from engaging in certain investments (as not being deemed consistent with the ERISA prudent investment standards) or engaging in certain transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. It also is not clear that Section 403(a) of ERISA, which generally requires that all of the assets of a plan or arrangement subject to ERISA be held in trust and limits delegation of investment management responsibilities by fiduciaries of such plans or arrangements, would be satisfied. In addition, it is unclear whether Section 404(b) of ERISA, which generally provides that no fiduciary may maintain the indicia of ownership of any assets of a plan outside the jurisdiction of the district courts of the United States, would be satisfied or any of the exceptions to the requirement set forth in 29 C.F.R. Section 2550.404b-1 would be available.

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

The sale of any Note to a benefit plan investor, or to a person using assets of any benefit plan investor to effect its purchase of any Note, is in no respect a representation by the Issuer or the Initial Purchaser that such an investment meets all relevant legal requirements with respect to investments by

benefit plan investors generally or any particular benefit plan investor, or that such an investment is appropriate for benefit plan investors generally or any particular benefit plan investor.

## SETTLEMENT AND CLEARING

### Global Notes

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

With respect to Notes denominated in Dollars, so long as DTC, or its nominee, is the registered owner or Holder of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of each Class of the Notes represented by such Global Notes for all purposes under the Indenture and the Issuing and Paying Agency Agreement, as applicable, and such Notes. With respect to Notes denominated in Approved Currencies other than Dollars, so long as the Common Depository, or a nominee thereof, is the registered owner or Holder of the Global Notes, the Common Depository or its nominee, as the case may be, will be considered the sole owner or Holder of each Class of the Notes represented by such Global Notes for all purposes under the Indenture and the Issuing and Paying Agency Agreement, as applicable, and such Notes. Unless (a) DTC notifies the Issuers that it is unwilling or unable to continue as depository for a global note or ceases to be a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act, or (b) Euroclear notifies the Issuers that it is unwilling or unable to continue as depository for a global note or ceases to be a Clearing Agency, owners of the beneficial interests in the Global Notes will not be entitled to have any portion of such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in certificated form and will not be considered to be the owners or Holders of any Notes under the Indenture or the Issuing and Paying Agency Agreement, as applicable. The owner of a beneficial interest in a Global Note will also be entitled to receive a certificated Note in exchange for such interest if an Event of Default has occurred and is continuing. In addition, no beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

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

With respect to Notes denominated in Dollars, payments of the principal of and interest or distributions on such Global Notes will be made to DTC or its nominee, as the registered owner thereof.

With respect to Notes denominated in an Approved Currency other than Dollars, payments of the principal of and interest or distributions on such Global Notes will be made to the Common Depository, as the registered owner thereof. None of the Issuers, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments or distributions made on account of beneficial ownership interests in the Global Notes or for any notice permitted or required to be given to Holders of Notes or any consent given or actions taken by DTC or Euroclear, as applicable, as Holder of Notes. The Issuers expect that DTC or Euroclear or their nominee, as the case may be, upon receipt of any payment of principal, interest or distributions, as the case may be, in respect of a Global Note representing any Notes held by it or its nominee, will immediately credit participants' accounts, in the currency in which the Note is denominated, with payments in amounts proportionate to their respective interests in the principal amount of such Note in global form as shown on the records of DTC or Euroclear, as the case may be, or a nominee thereof. The Issuers also expect that payments by participants to owners of interests in such Global 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 names of nominees for such customers. Such payments will be the responsibility of such participants. Payments of the principal of and interest or distributions on the Regulation S Global Notes denominated in Dollars will be made to Clearstream or Euroclear, as applicable, as indirect participants in DTC, in accordance with their respective rules and operating procedures. Payments of the principal of and interest or distributions on the Regulation S Global Notes denominated in Approved Currencies other than Dollars will be made directly to the nominee of Clearstream or Euroclear, as applicable, in accordance with their respective rules and operating procedures.

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

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

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC participant will be credited during the securities settlement processing day (which must be a Business Day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and the credit of any transactions in interests in a Global Note settled during the processing day will be reported to the relevant Euroclear or

Clearstream participant on that day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day following settlement in DTC.

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

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

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

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream if they are accountholders therein ("**direct participants**") or as indirect participants through organizations that are direct or indirect accountholders in direct participants.

Although the Clearing Agencies have agreed to the foregoing procedures in order to facilitate transfers of interests in Global Notes among participants of the Clearing Agencies, they are under no obligation to perform or continue to perform these procedures, and the procedures may be discontinued at any time. Neither the Issuers, the Trustee nor the Issuing and Paying Agent will have any responsibility for the performance by the Clearing Agencies or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Each Regulation S Global Note denominated in an Approved Currency other than Dollars will have an ISIN and a Common Code and will be registered in the name of ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch) as common depository for Clearstream and Euroclear, and deposited with the Common Depository.

Each Global Note denominated in Dollars will have a CUSIP number and will be registered in the name of Cede & Co. as nominee of, and deposited with LaSalle Bank National Association, as custodian (the "**DTC Custodian**") for, DTC. The DTC Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system.

### **Individual Definitive Securities**

If (i)(a) DTC or any successor to DTC advises the Issuer in writing that it is at any time unwilling or unable to continue as a depository for the reasons described in "—Global Notes" and a successor depository is not appointed by the Issuer within 90 days or (b) Euroclear or its nominee or any successor to Euroclear or its nominee advises the Issuer in writing that it is at any time unwilling or unable to continue as a depository for the reasons described in "—Global Notes" and a successor depository is not appointed by the Issuer within 90 days, (ii) as a result of any amendment to or change in the laws or regulations of the Cayman Islands or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which become effective on or after the Closing Date, the Issuer or the paying agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive form or (iii) upon the written request of any beneficial owner of an interest in a Global Note following the occurrence of an Event of Default, the Issuer will issue individual definitive Notes in registered form in exchange for the Global Notes. Upon receipt of such notice from any Clearing Agency, the Issuer will use its best efforts to make arrangements with such Clearing Agency for the exchange of interests in the Global Notes for individual definitive Notes and cause the requested individual definitive Notes to be executed and delivered to the Note Registrar or Issuer Note Registrar, as applicable, in sufficient quantities and authenticated by or on behalf of the Trustee or the Issuing and Paying Agent, as applicable, for delivery to Holders of the Notes. Persons exchanging interests in a Global Note for individual definitive Notes will be required to provide to the Trustee or the Issuing and Paying Agent, as applicable, through DTC, Clearstream or Euroclear, (i) written instructions and other information required by the Issuer and the Trustee or the Issuing and Paying Agent, as applicable, to complete, execute and deliver such individual definitive Notes, (ii) in the case of an exchange of an interest in a Rule 144A Global Note, such certification as to "Qualified Institutional Buyer" status, and that such Holder is a Qualified Purchaser, as the Issuer shall require and (iii) in the case of an exchange of an interest in a Regulation S Global Note, such certification as the Issuer shall require as to non-U.S. Person status. In all cases, individual definitive Notes delivered in exchange for any Note in global form or beneficial interests therein will be registered in the names, and issued in denominations in compliance with the minimum denominations specified for the applicable Notes in global form, requested by the applicable Clearing Agency.

Individual definitive Notes will bear, and be subject to, such legend as the Issuer requires in order to assure compliance with any applicable law. Individual definitive Notes will be transferable subject to the minimum denomination applicable to such Notes, in whole or in part, and exchangeable for individual definitive Notes of the same kind at the office of the Trustee or the Issuing and Paying Agent, as applicable, or the office of any transfer agent, upon compliance with the requirements set forth in the Indenture. Individual definitive Notes may be transferred through any transfer agent, upon the delivery and duly completed assignment of such Notes. Upon a partial transfer of any Notes represented by the applicable definitive notes therefor, the Trustee or the Issuing and Paying Agent, as applicable, will issue in exchange therefor to the transferee one or more individual definitive Notes representing the amount being so transferred and will issue to the transferor one or more individual definitive Notes representing the remaining amount not being transferred. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge may be required. The Holder of a restricted individual definitive Note may transfer such Note, subject to compliance with the provisions of the legend thereon. Upon the transfer, exchange or replacement of Notes bearing the legend, or upon specific request for removal of the legend on a Note, the Issuer will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on



transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. Payments of principal and interest on individual definitive Notes shall be payable by wire transfer in immediately available funds to an account maintained by the Holder thereof or its nominee or, if appropriate instructions are not received at least fifteen days prior to the relevant Payment Date, by check drawn on a bank and sent by mail to the Registered holder thereof or, for so long as any of the Notes are listed on any stock exchange and the rules of such stock exchange shall so require, at the office of the listing, paying and transfer agent.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes. Any purchase or transfer of the Notes will be subject to the minimum denomination set forth in "Summary—Notes".

### Rule 144A Global Notes

Each purchaser of a beneficial interest in a Rule 144A Global Note will be deemed to have represented and agreed with the Issuer as follows:

(i) (A) The purchaser is a Qualified Institutional Buyer and a Qualified Purchaser, (B) the purchaser is purchasing the Notes for its own account or the account of another Qualified Purchaser that is also a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, (C) the purchaser and any such account is acquiring the Notes as principal for its own account for investment and not for sale in connection with any distribution thereof, (D) the purchaser and any such account was not formed solely for the purpose of investing in the Notes (except when each beneficial owner of the purchaser or any such account is a Qualified Purchaser), (E) to the extent the purchaser (or any account for which it is purchasing the Notes) is a private investment company formed on or before April 30, 1996, the purchaser and each such account has received the necessary consent from its beneficial owners, (F) neither the purchaser nor any such account is a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made, (G) the purchaser agrees that it and each such account shall not hold such Notes for the benefit of any other Person and shall be the sole beneficial owner thereof for all purposes and that it shall not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other Person shall be entitled to a beneficial interest in the distributions on the Notes, (H) the Notes purchased directly or indirectly by the purchaser or any account for which it is purchasing the Notes constitute an investment of no more than 40% of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a Qualified Purchaser), (I) the purchaser and each such account is purchasing the Notes in a principal amount of not less than the minimum denomination requirement for the purchaser and each such account, (J) the purchaser will provide notice of the transfer restrictions set forth in the Indenture (including the exhibits thereto) to any transferee of its Notes, (K) the purchaser understands and agrees that the Issuer may receive a list of participants in the Notes from one or more book-entry depositories and (L) the purchaser understands and agrees that any purported transfer of the Notes to a purchaser that does not comply with the requirements of this paragraph (i) shall be null and void *ab initio*.

(ii) If any U.S. Person that is not both a Qualified Institutional Buyer and a Qualified Purchaser at the time it acquires an interest in a Note shall become the beneficial owner of any Note, (any such Person, a "**Non-Permitted Holder**"), the Trustee or the Issuing and Paying Agent, as applicable, shall, promptly after discovery that such Person is a Non-Permitted Holder by the Issuer, the Co-Issuer, the Trustee or the Issuing and Paying Agent, as applicable (and notice by the Trustee, the Issuing and Paying Agent or the Co-Issuer to the Issuer, if any of them makes the discovery), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a Person that is not a Non-Permitted Holder within 14 days of the date of such notice. If such Non-Permitted Holder fails to transfer its Notes, the Issuer shall have the right, without further notice to the Non-

Permitted Holder, to sell such Notes or interest in Notes to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer, or the Trustee or the Issuing and Paying Agent, as applicable, acting on behalf of the Issuer, may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes, and selling such Notes to the highest such bidder. However, the Issuer or the Trustee or the Issuing and Paying Agent, as applicable, may select a purchaser by any other means determined by it in its sole discretion and the Trustee or the Issuing and Paying Agent, as applicable, may, at the expense of the Issuer, engage an independent investment bank to assist in such sale. The Holder of each Note, the Non-Permitted Holder and each other Person in the chain of title from the Holder to the Non-Permitted Holder, by its acceptance of an interest in the Notes, agrees to cooperate with the Issuer and the Trustee or the Issuing and Paying Agent, as applicable, to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale under this paragraph shall be determined in the sole discretion of the Issuer, and neither the Issuer nor the Trustee or Issuing and Paying Agent, as applicable, shall be liable to any Person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

If (1) an ERISA Plan or (2) a governmental, church, non-U.S. or other plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code whose purchase, holding or disposition of an Issuer Note or any beneficial interest therein will result in a non-exempt violation of any federal, state, local or non-U.S. law substantially similar to Section 406 of ERISA or Section 4975 of the Code (any such person described in clause (1) or (2) a **"Non-Permitted ERISA Plan Holder"**) becomes the owner of Issuer Notes, the Issuer shall, promptly after discovery that such person is a Non-Permitted ERISA Plan Holder by the Issuer or the Issuing and Paying Agent (and notice by the Issuing and Paying Agent to the Issuer, if the Issuing and Paying Agent makes the discovery), send notice to such Non-Permitted ERISA Plan Holder demanding that such Non-Permitted ERISA Plan Holder transfer its Issuer Notes to a Person that is eligible to purchase such Issuer Notes hereunder within 14 days of the date of such notice. If such Non-Permitted ERISA Plan Holder fails to so transfer such Issuer Notes, the Issuer shall have the right, without further notice to the Non-Permitted ERISA Plan Holder, to sell such Issuer Notes to a purchaser selected by the Issuer that is eligible to purchase such Issuer Notes hereunder on such terms as the Issuer may choose. The Issuer, or the Issuing and Paying Agent acting on behalf of the Issuer, may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Issuer Notes and selling such Issuer Notes to the highest such bidder. However, the Issuer or the Issuing and Paying Agent acting on behalf of the Issuer may select a purchaser by any other means determined by it in its sole discretion. The Holder of each Issuer Note, the Non-Permitted ERISA Plan Holder and each other Person in the chain of title from the Holder to the Non-Permitted ERISA Plan Holder, by its acceptance of Issuer Notes agrees to cooperate with the Issuer and the Issuing and Paying Agent to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted ERISA Plan Holder. The terms and conditions of any sale under this paragraph shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to any Person having an interest in the Issuer Notes sold as a result of any such sale or the exercise of such discretion.

(iii) The purchaser understands and agrees that the Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and the sale of the Notes to the purchaser is being made in reliance on an exemption from registration under the Securities Act, and may be reoffered, resold, pledged or otherwise transferred only (A)(i) to a Person whom the purchaser reasonably believes is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (B) in accordance with all applicable securities laws of the states of the United States. The Issuer, the Co-Issuer and the Issuer Assets have not been registered under the Investment Company Act and, therefore, no transfer

having the effect of causing the Issuer, the Co-Issuer or the Issuer Assets to be required to be registered as an investment company under the Investment Company Act will be recognized. The Notes are subject to the restrictions on transfer set forth herein and in the Indenture and the Notes. The purchaser understands and agrees that any purported transfer of the Notes to a purchaser that does not comply with the requirements of this paragraph (iii) shall be null and void *ab initio*.

(iv) The purchaser is not a member of the public of the Cayman Islands.

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

(vi) In connection with the purchase of the Notes: (A) none of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Protection Buyer, the Basis Swap Counterparty, the Collateral Put Provider, the Collateral Disposal Agent, the Portfolio Selection Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) is acting as a fiduciary or financial or investment adviser for the purchaser; (B) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Portfolio Selection Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) other than in the final offering circular for such Notes and any representations expressly set forth in a written agreement with such party; (C) none of the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Portfolio Selection Agent, the Administrator or the Share Trustee (or any of their respective Affiliates) has given to the purchaser (directly or indirectly through any other Person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (D) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuers, the Initial Purchaser, the Trustee, the Issuing and Paying Agent, the Portfolio Selection Agent, the Administrator or the Share Trustee (or any of their respective Affiliates); (E) the purchaser has evaluated the terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming, and willing to assume (financially and otherwise) those risks; (F) the purchaser is a sophisticated investor; and (G) if acquiring the Notes for any account, the purchaser has not made any disclosure, assurance, guarantee or representation not consistent with the provisions and the requirements contained herein.

(vii) In the case of the Co-Issued Notes, at the time of its acquisition and throughout the period it holds such Co-Issued Note, either (A) the purchaser is not a Plan nor any entity whose underlying assets include "plan assets" (within the meaning of the Plan Asset Regulations) by reason of such Plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (B) if the purchaser is an entity described in (A), the purchase, holding and disposition of a Co-Issued Note, as the case may be, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. or other plan, a non-exempt violation under any substantially similar federal, state, local or non-U.S. law). Any purported transfer of a Note to a purchaser that does not comply with the requirements of this paragraph (vii) shall be null and void *ab initio*.

(viii) In the case of the Issuer Notes, each purchaser and subsequent transferee of a beneficial interest in any such Note will be deemed to represent that the purchaser or transferee, as the case may be, from the date on which it acquires its interest in such Notes through and including the date on which such purchaser or transferee disposes of its interest in such Notes (1) it is not an ERISA Plan; and if after its initial acquisition of any such Note or any interest therein, the investor determines, or it is determined by another party, that such investor is an ERISA Plan, the investor will dispose of all of its Issuer Notes in a manner consistent with the restrictions set forth in the Indenture, and (2) if it is a governmental, church, non-U.S. or other plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding and disposition of any such Notes will not cause a non-exempt violation of any U.S. federal, state or local law or any non-U.S. law which is substantially similar to Title I of ERISA or Section 4975 of the Code as a result of the transactions contemplated herein and (3) it will not sell or otherwise transfer any such Note or interest therein to any person who is unable to satisfy the same foregoing representations and warranties.

(ix) To the extent required by the Issuer, as determined by the Issuer, the Issuer may, upon notice to the Trustee and the Issuing and Paying Agent, impose additional transfer restrictions on the Notes to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the USA PATRIOT Act) and other similar laws or regulations, including, without limitation, requiring each transferee of a beneficial interest in a Note to make representations to the Issuer in connection with such compliance.

(x) The Co-Issued Notes will bear a legend substantially to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1) IN A PRINCIPAL AMOUNT OF NOT LESS THAN [\$250,000]<sup>1</sup> [\$100,000]<sup>2</sup> [€100,000][£100,000][¥10,000,000][A\$100,000][C\$100,000][NZ\$100,000]<sup>3</sup> FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING TO A PURCHASER THAT (W) IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (X) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (Y) UNDERSTANDS AND AGREES THAT THE ISSUERS MAY RECEIVE A LIST OF PARTICIPANTS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (Z) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED ON OR BEFORE APRIL 30, 1996, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR EXCLUSION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. ANY TRANSFER IN

<sup>1</sup> Applicable to the Rule 144A Global Notes.

<sup>2</sup> Applicable to Regulation S Global Notes denominated in Dollars.

<sup>3</sup> Applicable to Regulation S Global Notes denominated in Approved Currencies other than Dollars, as applicable.

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 ISSUERS, THE TRUSTEE OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE INDENTURE) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE INDENTURE.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.]<sup>1</sup>

[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, ABN AMRO GSTS NOMINEES LIMITED AS NOMINEE FOR ABN AMRO BANK N.V. (LONDON BRANCH), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE EUROCLEAR SYSTEM ("EUROCLEAR"), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF ABN AMRO GSTS NOMINEES LIMITED AS NOMINEE FOR ABN AMRO BANK N.V. (LONDON BRANCH) OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR (AND ANY PAYMENT HEREON IS MADE TO ABN AMRO BANK N.V. (LONDON BRANCH)).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF EUROCLEAR OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.]<sup>2</sup>

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

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30)

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<sup>1</sup> Applicable to the Dollar-denominated Notes.

<sup>2</sup> Applicable to the Notes denominated in Approved Currencies other than Dollars.

OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR AN APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK-UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

THIS NOTE MAY NOT BE TRANSFERRED TO 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) OR A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE) OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. § 2510.3-101) BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE IF THE PURCHASE, HOLDING AND DISPOSITION OF THE NOTE WILL CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION UNDER ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL OR NON-U.S. LAW). ANY PURPORTED TRANSFER OF THIS NOTE TO A PURCHASER THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

(xi) The Issuer Notes will bear a legend substantially to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1) IN A PRINCIPAL AMOUNT OF NOT LESS THAN [\$250,000]<sup>1</sup> [\$100,000]<sup>2</sup> [€100,000][£100,000][¥10,000,000][A\$100,000][C\$100,000][NZ\$100,000]<sup>3</sup> FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING TO A PURCHASER THAT (W) IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (X) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (Y) UNDERSTANDS AND AGREES THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (Z) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED ON OR BEFORE APRIL 30, 1996, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR EXCLUSION AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. ANY TRANSFER IN

<sup>1</sup> Applicable to the Rule 144A Global Notes.

<sup>2</sup> Applicable to Regulation S Global Notes denominated in Dollars.

<sup>3</sup> Applicable to Regulation S Global Notes denominated in Approved Currencies other than Dollars, as applicable.

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 ISSUING AND PAYING AGENT OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE ISSUING AND PAYING AGENCY AGREEMENT TO ITS TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE ISSUING AND PAYING AGENCY AGREEMENT) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE ISSUING AND PAYING AGENCY AGREEMENT.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE ISSUING AND PAYING AGENCY AGREEMENT REFERRED TO HEREIN.]<sup>1</sup>

[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, ABN AMRO GSTS NOMINEES LIMITED AS NOMINEE FOR ABN AMRO BANK N.V. (LONDON BRANCH), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE EUROCLEAR SYSTEM ("EUROCLEAR"), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF ABN AMRO GSTS NOMINEES LIMITED AS NOMINEE FOR ABN AMRO BANK N.V. (LONDON BRANCH) OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR (AND ANY PAYMENT HEREON IS MADE TO ABN AMRO BANK N.V. (LONDON BRANCH)).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF EUROCLEAR OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE ISSUING AND PAYING AGENCY AGREEMENT REFERRED TO HEREIN.]<sup>2</sup>

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

THE FAILURE TO PROVIDE THE ISSUER, THE ISSUING AND PAYING AGENT AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS

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<sup>1</sup> Applicable to the Dollar-denominated Notes.

<sup>2</sup> Applicable to the Notes denominated in Approved Currencies other than Dollars.

(GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR AN APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK-UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

BY ITS PURCHASE OR HOLDING OF AN ISSUER NOTE, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION, AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN, THAT (1) IT IS NOT (A) 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 THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN AS DEFINED IN SECTION 4975(e)(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY OR (D) A "BENEFIT PLAN INVESTOR" AS SUCH TERM IS OTHERWISE DEFINED IN ANY REGULATIONS PROMULGATED BY THE U.S. DEPARTMENT OF LABOR UNDER SECTION 3(42) OF ERISA (AN "ERISA PLAN"); AND IF AFTER ITS INITIAL ACQUISITION OF AN ISSUER NOTE OR ANY INTEREST THEREIN, THE INVESTOR DETERMINES, OR IT IS DETERMINED BY ANOTHER PARTY, THAT SUCH INVESTOR IS AN ERISA PLAN, THE INVESTOR WILL DISPOSE OF ALL OF ITS ISSUER NOTES IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THE ISSUING AND PAYING AGENCY AGREEMENT, AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, ITS PURCHASE, HOLDING AND DISPOSITION OF THE ISSUER NOTES WILL NOT CAUSE A NON-EXEMPT VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED HEREIN AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST THEREIN TO ANY PERSON WHO IS UNABLE TO SATISFY THE SAME FOREGOING REPRESENTATIONS AND WARRANTIES.

(xii) Each purchaser or subsequent transferee of Rule 144A Issuer Notes that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate USD Equivalent Outstanding Amount of any Class of Issuer Notes, as applicable, will be deemed to make a representation to the effect that it is not an Affected Bank.

### **Regulation S Global Notes**

Each purchaser of a beneficial interest in a Regulation S Global Note will be deemed to have represented and agreed with the Issuer:

(i) as set forth in paragraphs (iii), (iv), (v), (vi), (vii) (in the case of the Co-Issued Notes), (viii) (in the case of the Issuer Notes), (ix), (x) (in the case of the Co-Issued Notes) and (xi) (in the case of the Issuer Notes) under "—Rule 144A Global Notes";

(ii) that the purchaser is a non-U.S. Person acquiring the Notes in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S and in a principal amount of not less than the applicable minimum denomination requirement; and



(iii) each purchaser or subsequent transferee of Regulation S Global Notes that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with affiliates, more than 33 1/3% of the Aggregate USD Equivalent Outstanding Amount of any Class of Issuer Notes will be deemed to make a representation to the effect that it is not an Affected Bank.

## UNDERWRITING

Subject to the terms and conditions set forth in the Purchase Agreement, the Issuers, with respect to the Co-Issued Notes issued on the Closing Date and the Issuer, with respect to the Issuer Notes issued on the Closing Date have agreed to sell, on the Closing Date, and Goldman, Sachs & Co. has agreed to purchase all of such Notes.

Under the terms and conditions of the Purchase Agreement, the Initial Purchaser is committed to take and pay for all the Notes to be offered to the Initial Purchaser, not if any are taken. Under the terms and conditions of the Purchase Agreement, Goldman, Sachs & Co. will be entitled to an underwriting discount. After the Notes are released for sale, the Initial Purchaser may change the offering price and other selling terms.

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

The Issuers have been advised by the Initial Purchaser that (a) the Initial Purchaser proposes to resell the Notes outside the United States through its agent, Goldman Sachs International, in offshore transactions in reliance on Regulation S and in accordance with applicable law, and (b) the Initial Purchaser proposes to resell the Notes in the United States in reliance on Rule 144A under the Securities Act only to Qualified Institutional Buyers purchasing for their own accounts or for the accounts of Qualified Institutional Buyers each of which purchasers or accounts is a Qualified Purchaser. The offering price and the Initial Purchaser's underwriting discount will be the same for the Regulation S Global Notes and the Rule 144A Global Notes within each Class of Notes. Any offer or sale of Rule 144A Global Notes in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act will be made by broker-dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser.

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

With respect to the Notes initially sold pursuant to Regulation S, until the expiration of 40 days after the commencement of the distribution of the offering of Notes by the Initial Purchaser, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

In connection with the offering, the Initial Purchaser may purchase and sell the Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover

positions created by short sales. Short sales involve the sale by the Initial Purchaser of a greater amount of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The Initial Purchaser also may impose a penalty bid. This occurs when the Initial Purchaser repays a portion of the underwriting discount received by it because such Initial Purchaser or its Affiliates have repurchased Notes sold by or for the account of such Initial Purchaser in stabilizing or short covering transactions.

These activities by the Initial Purchaser may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchaser at any time. These transactions may be effected in the over-the-counter market or otherwise.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The Initial Purchaser has represented and agreed that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise

constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes 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 Notes in, from or otherwise involving the United Kingdom.

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

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

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

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

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

Buyers of Notes pursuant to Regulation S sold by Goldman Sachs International, as the agent of Goldman, Sachs & Co., may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

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

The Notes are a new issue of securities with no established trading market. The Issuers have been advised by the Initial Purchaser that the Initial Purchaser intends to make a market in the Notes but is not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes. See "Risk Factors—Certain Conflicts of Interest".

Application will be made to admit the Notes on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that any admission will be sought, granted or maintained.

The Issuers have agreed to indemnify the Initial Purchaser, the Portfolio Selection Agent, the Administrator, the Trustee and the Issuing and Paying Agent against certain liabilities, including, but not limited to, liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In addition, the Issuers have agreed to reimburse the Initial Purchaser for certain of its expenses.

## **LISTING AND GENERAL INFORMATION**

1. Application will be made to admit the Notes on a stock exchange of the Issuer's choice, if practicable. There can be no assurance that any such admission will be sought, granted or maintained.

2. For fourteen days following the date of this Offering Circular, copies of the Memorandum and Articles of Association of the Issuer, the By-Laws of the Co-Issuer, the Indenture, the Issuing and Paying Agency Agreement, each Deed of Covenant, the Credit Default Swap, the Basis Swap, the Collateral Put Agreement, the Collateral Administration Agreement, the Portfolio Selection Agreement and the Administration Agreement (such agreements collectively, the "**Material Contracts**") will be available for inspection at the registered office of the Issuer and the offices of any Listing, Paying and Transfer Agent, and copies thereof may be obtained upon request. In addition, copies of any reports (including, without limitation, monthly reports) prepared under the Indenture may be obtained upon request from any Listing, Paying and Transfer Agent.

3. Copies of the Certificate of Incorporation and Memorandum and Articles of Association of the Issuer, the Certificate of Incorporation and By-laws of the Co-Issuer, the Administration Agreement, the resolutions of the Board of Directors of the Issuer authorizing the issuance of the Notes, the resolutions of the Board of Directors of the Co-Issuer authorizing the issuance of the Notes, will be available for inspection at the office of the Trustee and the Issuing and Paying Agent, as applicable, and at the office of any Listing, Paying and Transfer Agent.

4. Since the date of establishment, there has been no significant change in the financial or trading position of the Issuer and no annual report or accounts have been prepared as of the date hereof.

5. The Issuers are not involved in any litigation or arbitration proceedings relating to claims on amounts which are material in the context of the issue of the Notes, nor, so far as each of the Issuers is aware, is any such litigation or arbitration involving it pending or threatened.

6. The issuance of the Notes is expected to be authorized by the Board of Directors of the Issuer by resolution passed on or prior to the Closing Date. The issuance of the Notes is expected to be authorized by the sole Director of the Co-Issuer by resolution on or about April 25, 2007.

7. The Notes sold in offshore transactions in reliance on Regulation S under the Securities Act represented by Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear. The Co-Issued Notes sold to U.S. Persons that are Qualified Institutional Buyers/Qualified Purchasers under the Securities Act represented by Rule 144A Global Notes have been accepted for clearance through DTC. The CUSIP Numbers, Common Codes and International Securities Identification Numbers (ISIN) for the Co-Issued Notes represented by Rule 144A Global Notes and Regulation S Global Notes are as indicated in the chart "Summary—Notes", as applicable.

8. For so long as any of the Notes are listed on any stock exchange and the rules of such stock exchange shall so require, the Issuer will inform such stock exchange in accordance with its procedures, if the ratings assigned to any of the Notes are reduced or withdrawn.

9. The Issuers do not intend to publish annual reports and accounts. The Indenture, however, requires the Issuers 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.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for the Issuers and the Initial Purchaser by McKee Nelson LLP, New York, New York. Certain matters with respect to Cayman Islands corporate law and tax law will be passed upon for the Issuer by Maples and Calder, George Town, Grand Cayman, Cayman Islands. Certain legal matters will be passed upon for the Portfolio Selection Agent by Schulte Roth & Zabel LLP, New York, New York.

## GLOSSARY OF DEFINED TERMS

**"ABS Aircraft Securities"**: Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of aircraft, vessels and telecommunications equipment to businesses for use in the provisions of goods or services to consumers, the military or the government, generally having the following characteristics: (1) the leases and subleases having varying contractual maturities; (2) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is primarily determined by an contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, sublessee or third party or the underlying equipment; (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value, subject to payments at the end of the lease term for excess usage or wear and tear; and (5) the obligations of the lessors or sublessors may be secured not only by the leased equipment but also by other assets of the lessee, sublessee or guarantees granted by third parties; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Automobile Securities"**: Securities, other than ABS Subprime Auto Securities, that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on:

- (1) the cash flow from installment sale loans made to finance the purchase of, or from leases of, automobiles or light duty trucks or medium duty trucks, generally having the following characteristics:
  - (i) the loans or leases may have varying contractual maturities;
  - (ii) the loans or leases are obligations of numerous borrowers or lessors and accordingly represent a diversified pool of obligor credit risk;
  - (iii) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and
  - (iv) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee does not exercise such purchase option; or
- (2) the cash flow from loans or leases made to finance the purchase of an automobile dealer's inventory, generally having the following characteristics:
  - (i) the loans or leases may have varying contractual maturities;
  - (ii) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and
  - (iii) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee does not exercise such purchase option.

**"ABS Car Rental Receivable Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of vehicles to car rental companies and their franchisees, generally having the following characteristics: (1) the leases and subleases have varying contractual maturities; (2) the subleases are obligations of numerous franchisees and accordingly represent a diversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee or third party of the underlying vehicle; and (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the vehicle for its stated residual value and are subject to payments at the end of lease term for excess mileage or use in the event that the lessee or sublessee does not exercise such purchase option.

**"ABS Credit Card Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from balances outstanding under revolving consumer credit card accounts, generally having the following characteristics:

- (i) the accounts have standardized payment terms and require minimum monthly payments;
- (ii) the balances are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and
- (iii) the repayment stream on such balances does not depend upon a contractual payment schedule, with repayment depending primarily on interest rates, availability of credit against a maximum credit limit and general economic matters.

**"ABS Future Flow Securities":** Securities that are financings by companies that export products and involve securitizations of offshore U.S. Dollar-denominated receivables under contracts with foreign buyers or from sale through an established market pursuant to which cash generated from the existing and future receivables is captured, typically paid to a trust or collateral account in the United States and is used to service the debt evidenced by such securities. In a typical existing and future receivables transaction, the originator of the receivables establishes a limited purpose financing vehicle that issues such securities. The originator receives the issuance proceeds and may use these funds for general corporate purposes. ABS Future Flow Securities are generally backed by one or more contracts requiring the originator to generate the receivables backing the securities. In such a situation, if the receivables are not generated or if insufficient amounts of receivables are generated, holders of such securities may not receive the payments they are owed. Sellers of receivables in future receivables transactions are frequently in countries with low credit ratings. ABS Future Flow Securities may achieve a rating above the foreign currency sovereign rating of such company's country of domicile, thereby enabling the originator to obtain financing at a relatively lower cost than traditional loans or direct issuance of bonds by the originator. The determination of whether an ABS Future Flow Security shall be classified as an Excluded Specified Type shall be made by reference to the types of receivables expected to be generated. Any ABS Future Flow Security so classified as an Excluded Specified Type will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Health Care Receivable Securities":** Securities (other than ABS Small Business Loan Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from leases and subleases of equipment to hospitals, non-hospital medical facilities, physicians and physician groups for use in the provision of healthcare services, generally having the following characteristics: (1) the leases and subleases have varying contractual maturities; (2) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an

undiversified pool of obligor credit risk; (3) the repayment stream on such leases and subleases is primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, sublessee or third party of the underlying equipment; and (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Mutual Fund Fee Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a pool of brokerage fees and costs relating to various mutual funds, generally having the following characteristics: (1) the brokerage fees and costs have standardized terms; (2) the brokerage fees and costs arise out of numerous mutual funds and accordingly represent a diversified pool of credit risk; and (3) the collection of brokerage fees and costs can vary substantially from the contractual payment schedule (if any), with the collection depending on numerous factors specific to the particular mutual funds and general economic matters; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Other Security":** A Structured Finance Security that (i) cannot reasonably be classified as a Commercial Mortgage-Backed Security, Residential Mortgage-Backed Security, CDO Cashflow Security, Wrapped Security, ABS Automobile Security, ABS Car Rental Receivable Security, ABS Credit Card Security, ABS Small Business Loan Security or ABS Student Loan Security and (ii) is not an Excluded Specified Type.

**"ABS Small Business Loan Securities":** Securities that entitle holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from general purpose loans made to "small business concerns" (generally within the meaning given to such term by regulations of the United States Small Business Administration), including but not limited to those (a) made pursuant to Section 7(a) of the United States Small Business Act, as amended, and (b) partially guaranteed by the United States Small Business Administration, generally have the following characteristics:

- (i) the loans have payment terms that comply with any applicable requirements of the United States Small Business Act, as amended;
- (ii) the loans are obligations of a relatively limited number of borrowers and accordingly represent an undiversified pool of obligor credit risk; and
- (iii) repayment thereof can vary substantially from the contractual payment schedule (if any), with early repayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium.

**"ABS Structured Settlement Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from receivables representing the right of litigation claimants to receive future settlement payments under a settlement agreement that are funded by an annuity contract; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Student Loan Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of



proceeds to holders of such securities) on the cash flow from loans made to students (or their parents) to finance educational needs.

**"ABS Subprime Auto Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from subprime installment sale loans made to finance the acquisition of, or from leases of, automobiles, generally having the following characteristics: (1) the loans or leases may have varying contractual maturities; (2) the loans or leases are obligations of numerous borrowers or lessees and accordingly represent a diversified pool of obligor credit risk; (3) the borrowers or lessees under the loans or leases generally have a poor credit rating; (4) the repayment stream on such loans or leases is primarily determined by a contractual payment schedule, with early repayment on such loans or leases predominantly dependent upon the disposition of the underlying vehicle; and (5) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value and are subject to payments at the end of the lease term for excess mileage or use in the event that the lessee does not exercise such purchase option; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Tax Lien Securities":** Securities that entitle the holders thereof to receive payment that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a pool of tax obligations owed by businesses and individuals to state and municipal governmental taxing authorities, generally having the following characteristics: (1) the tax obligations are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (2) the repayment stream on the obligation is primarily determined by a payment schedule entered into between the relevant tax authority and obligor, with early repayment on such obligation predominantly dependent upon interest rates and the income of the obligor following the commencement of amortization; *provided* that any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"ABS Timeshare Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from borrowers under timeshare mortgage loans. Timeshare mortgage loans are generally fixed rate, fully amortizing loans that are secured by first mortgage liens on timeshare estates. A timeshare estate consists of an interval (generally measured in weeks) in vacation ownership of fully furnished vacation units or apartments. Usage and ownership is generally divided into 52 one-week intervals, with one or two weeks reserved for maintenance. Ownership can also be through undivided fee simple interests ("UDIs") in a group of units. Owners become tenants in common with other owners of undivided interests, with "use" rights which allow more flexibility in terms of length and timing of stay than fixed week intervals, as purchasers are not restricted to fixed fee usage. Any security falling within this definition will be excluded from the definition of "Structured Product Security" (unless it is a Wrapped Security) and each other Excluded Specified Type.

**"Actual Principal Amount":** With respect to any Reference Obligation and its applicable Final Amortization Date or Legal Final Maturity Date, an amount paid on such day by or on behalf of the related Reference Entity in respect of principal (excluding any amounts representing capitalized interest that relates to the term of the Credit Default Swap) to the holder(s) of such Reference Obligation in respect of such Reference Obligation.

**"Actual Rating":** With respect to any Obligation, the actual expressly monitored outstanding rating assigned by a Rating Agency, without reference to any other rating by another Rating Agency and which rating by its terms addresses the full scope of the payment promise of the obligor on such Obligation, after taking into account any applicable guarantee or insurance policy or if no such rating is available from a Rating Agency, any "credit estimate" or "shadow rating" assigned by such Rating

Agency, as applicable. For purposes of this definition, the rating of a RMBS Agency Security shall be the rating assigned by a Rating Agency to the agency that guarantees such RMBS Agency Security.

**"Administrative Expense Cap":** On any Payment Date, \$20,000.

**"Administrative Expenses":** Amounts due or accrued with respect to any Payment Date (which shall be payable in the following order) to:

- (i) any Person not listed in subclause (ii) through (vi) below in respect of any governmental fee, including all filing, registration and annual return fees payable to the Cayman Islands government and registered office fees, charge or tax (other than withholding taxes);
- (ii) the Trustee, its fees pursuant to the Indenture;
- (iii) to the Trustee, its expenses pursuant to the Indenture;
- (iv) to the Issuing and Paying Agent, its fees pursuant to the Issuing and Paying Agency Agreement;
- (v) to the Issuing and Paying Agent, its expenses pursuant to the Issuing and Paying Agency Agreement;
- (vi) *pro rata* to:
  - (a) the Collateral Administrator under the Collateral Administration Agreement;
  - (b) the Independent accountants, agents and counsel of the Issuer for fees, including retainers, and expenses;
  - (c) the Rating Agencies for fees and expenses in connection with ratings of the Notes, on-going surveillance of such ratings and the provision of credit estimates; and
  - (d) any other Person in respect of any other reasonable fees, costs, indemnities or expenses of the Issuer not prohibited under the Indenture (including, without limitation, any monies owed to the Portfolio Selection Agent under the Portfolio Selection Agreement and the Administrator under the Administration Agreement and registered office fees) and any reports and documents delivered pursuant to or in connection with the Indenture and the Notes.

**"Adverse Tax Event":** The adoption of, or a change in, any tax statute (including the Code), treaty, regulation (whether proposed, temporary or final), rule, ruling, practice, procedure or judicial decision or interpretation which results or will result in (a) reducing monies received by the Issuer from the Issuer Assets or (b) the payments due on the Notes or pursuant to the Basis Swap, the Collateral Put Agreement or the Credit Default Swap becoming properly subject to the imposition of U.S. or other withholding tax.

**"Affiliate" or "Affiliated":** With respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, officer or employee (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in subclause (i) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of any such Person or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. With respect

to the Issuers, this definition shall exclude the Administrator and any other special purpose vehicle to which the Administrator is or will be providing administrative services or acting as share trustee.

**"Agency":** The Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association.

**"Aggregate Implied Writedown Amount":** With respect to any Reference Obligation, the greater of (i) zero and (ii) the aggregate of all Implied Writedown Amounts with respect to such Reference Obligation minus the aggregate of all Implied Writedown Reimbursement Amounts with respect to such Reference Obligation.

**"Aggregate USD Equivalent Outstanding Amount":** When used with respect to any or all of the Notes the aggregate principal amount of such Notes Outstanding on the date of determination; *provided that*, with respect to any Notes denominated in any Approved Currency other than Dollars, the Aggregate USD Equivalent Outstanding Amount of such Notes will equal the USD Equivalent of the Currency Adjusted Aggregate Outstanding Amount of such Notes.

**"Alternative Debt Test":** A test that is satisfied with respect to a Collateral Security if, on the date such Collateral Security is included in the Collateral, each of the following is satisfied: (i) such Collateral Security is in the form of a note or other debt instrument and is treated as debt for corporate law purposes in the jurisdiction of the issuer of such Collateral Security, (ii) the documents pursuant to which such Collateral Security was offered, if any, do not require that any holder thereof treat such Collateral Security other than as debt for tax purposes, (iii) such Collateral Security bears interest at a fixed rate per annum or at a rate based upon a customary floating rate index plus or minus a spread, (iv) such Collateral Security has a fixed maturity occurring no later than the earliest Stated Maturity of any Series of Notes, (v) such Collateral Security has an Actual Rating or Implied Rating of at least "Baa3" by Moody's, of at least "BBB-" by S&P or at least "BBB-" by Fitch as to ultimate payment of principal and interest and (vi) the issuer of such Collateral Security is treated as a corporation or grantor trust for U.S. federal income tax purposes; *provided that*, in the case of a Collateral Security, in the form of a beneficial interest in a trust that is treated (as evidenced by an opinion of counsel or a reference to an opinion of counsel in documents pursuant to which such Collateral Security was offered) as a grantor trust for U.S. federal income tax purposes (and not as a partnership or association taxable as a corporation), any of the conditions specified in clauses (i), (ii), (iii) and (iv) may be satisfied by reference to each asset held pursuant to such grantor trust arrangement rather than by reference to such beneficial ownership interests.

**"Applicable Class Portfolio Selection Fee Rate":** With respect to (i) the Class A-1 Notes, 0.25%; (ii) the Class A-2 Notes, 0.25%; (iii) the Class B Notes, 0.50%; (iv) the Class C Notes, 0.50%; and (v) the Class D Notes, 1.00%.

**"Applicable Collateral Security Foreign Exchange Rate":** With respect to (i) a Collateral Security acquired with the proceeds of the offering of the Notes, or the receipt by the Issuer of an Additional Issuance Principal Amount or Currency Adjusted Reinstatement Adjustment Amount, the Applicable Series Foreign Exchange Rate of the related Notes issued or reinstated, as applicable and (ii) a Supplemental Collateral Security acquired with any Collateral Security Amortization Amount, Excess Principal Amount or Excess Disposition Proceeds, the Applicable Collateral Security Foreign Exchange Rate of the Collateral Security with respect to which such Collateral Security Amortization Amount, Excess Principal Amount or Excess Disposition Proceeds was received by the Issuer.

**"Applicable Index":** With respect to the Notes denominated in (i) AUD, AUD-LIBOR, (ii) CAD, CAD-LIBOR, (iii) Dollars, LIBOR, (iv) Euro, EURIBOR, (v) NZD, NZD-BBR, (vi), Sterling, GBP-LIBOR and (vii) Yen, JPY-LIBOR.

**"Applicable Index Determination Date":** With respect to the determination of (i) LIBOR, JPY-LIBOR and NZD-BBR, the second Business Day prior to the commencement of an Interest Accrual Period; (ii) GBP-LIBOR, the first day of an Interest Accrual Period; (iii) EURIBOR, the second TARGET Settlement Day prior to the commencement of an Interest Accrual Period; and (iv) CAD-LIBOR and AUD-LIBOR, the second London Banking Day prior to an Interest Accrual Period.

**"Applicable Percentage":** With respect to any Reference Obligation on any date, the ratio of (A) the product of (x) the Initial Face Amount related to such Reference Obligation and (y) the Initial Factor related to such Reference Obligation and (B) the product of (x) the Original Principal Amount related to such Reference Obligation and (y) the Initial Factor related to such Reference Obligation (a) as increased by the outstanding principal balance of any further issues by the related Reference Entity that are fungible with and form part of the same legal series as such Reference Obligation; and (b) as decreased by any cancellations of some or all of the Reference Obligation Outstanding Principal Amount resulting from purchases of such Reference Obligation by or on behalf of the related Reference Entity.

**"Applicable Period":** With respect to (i) the first Interest Accrual Period, the period from and including the Closing Date to but excluding the first Payment Date and (ii) each Interest Accrual Period thereafter, one month (except with respect to the last Applicable Period, to but excluding the Stated Maturity).

**"Applicable Series Foreign Exchange Rate":** With respect to any Series of Notes denominated in (i) an Approved Currency other than Dollars, the Spot FX Rate at the time of issuance of such Series of Notes, as determined by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator and (ii) Dollars, 100%.

**"Applicable Spread":** With respect to any Series of Notes issued on the Closing Date, the stated spread above or below the related Applicable Index as set forth in the Indenture or the Issuing and Paying Agency Agreement, as applicable, and on the related Notes, and with respect to any Series of Notes issued after the Closing Date, as set forth in the related offering circular supplement and on the related Notes.

**"Approved Currency":** Any of Australian Dollar, Canadian Dollar, Dollar, Euro, New Zealand Dollar, Sterling or Yen.

**"Approved Dealer":** Any of the Persons set forth below or their affiliates (including the successor to any such Person):

ABN AMRO Bank N.V.;

Banc of America Securities LLC;

Barclays Bank PLC;

Bear, Stearns & Co. Inc.;

BNP Paribas;

Canadian Imperial Bank of Commerce;

Citigroup, Inc.;

Commerzbank AG;

Countrywide Securities Corporation;

Credit Suisse Group;

Deutsche Bank AG;

Dresdner Bank AG;

First Tennessee Bank National Association;  
 Goldman, Sachs & Co.;  
 Greenwich Capital Markets, Inc.;  
 HSBC Bank plc;  
 JP Morgan Chase & Co.;  
 Legg Mason, Inc.;  
 Lehman Brothers, Inc.;  
 Merrill Lynch & Co., Inc.;  
 Morgan Stanley & Co., Inc.;  
 Nomura Securities Co., Ltd.;  
 Raymond James Financial, Inc.;  
 Société Generale Group;  
 TD Bank Financial Group;  
 UBS AG;  
 United Capital Markets Inc.;  
 Wachovia Securities, LLC;  
 Washington Mutual, Inc; or  
 WestLB AG.

The list of Approved Dealers may be modified at any time by the Protection Buyer and the Portfolio Selection Agent upon mutual consent to such modification.

**"Asset-Backed Securities" or "ABS":** ABS Credit Card Securities, ABS Automobile Securities, ABS Car Rental Receivable Securities, ABS Small Business Loan Securities, ABS Student Loan Securities or ABS Other Securities, excluding, in each case, any securities that belong to an Excluded Specified Type.

**"AUD-LIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Australian Dollars are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, AUD-LIBOR shall equal AUD-LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, AUD-LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, AUD-LIBOR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for deposits in Australian Dollars for the Applicable Period which appears on the Telerate Page 3740 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 3740, as of 11:00 a.m. (London time) on such Applicable Index Determination Date.
- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 3740, or such page as may replace Telerate Page 3740, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to prime banks in the London interbank market for deposits in Australian Dollars for the Applicable Period in an amount determined by the Basis Swap Calculation

Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide such quotations, AUD-LIBOR shall equal the arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such quotations, AUD-LIBOR shall be deemed to be the arithmetic mean of the rates quoted by major banks in Sydney selected by the Basis Swap Calculation Agent, at approximately 11:00 a.m. (Sydney time) are quoting on the relevant Applicable Index Determination Date for loans in Australian Dollars for the Applicable Period in an amount determined by the Basis Swap Calculation Agent equal to an amount that is representative for a single transaction in such market at such time to leading European banks; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, AUD-LIBOR shall be AUD-LIBOR as determined on the most recent date AUD-LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.

- (c) The Basis Swap Calculation Agent shall provide AUD-LIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"Australian Dollar", "A\$" and "AUD":** The lawful currency of Australia.

**"Bank":** LaSalle Bank National Association, a national banking association organized and existing under the laws of the United States of America, but in its individual capacity and not as Trustee or Issuing and Paying Agent, and any successor thereto.

**"Bankruptcy Code":** The United States Bankruptcy Code, Title 11 of the United States Code, as amended.

**"Basis Swap Calculation Period":** An Interest Accrual Period.

**"Basis Swap Counterparty Credit Support Document":** The meaning assigned to the term "Credit Support Document" in the Basis Swap and initially, the Guaranty dated as of the Closing Date by GS Group in favor of the Issuer as beneficiary thereof with respect to the obligations of the Basis Swap Counterparty under the Basis Swap.

**"Basis Swap Counterparty Credit Support Provider":** The meaning assigned to the term "Credit Support Provider" in the Basis Swap and initially, GS Group.

**"Basis Swap Counterparty Default Termination Payment":** Any Basis Swap Termination Payment required to be made by the Issuer to the Basis Swap Counterparty pursuant to the Basis Swap

in the event of a termination of the Basis Swap (i) in respect of which the Basis Swap Counterparty is the defaulting party, (ii) resulting from a downgrade of such Basis Swap Counterparty's credit rating or (iii) in which the Basis Swap Counterparty was the sole "Affected Party" (as such term is defined in the Basis Swap) (other than in connection with a "Tax Event" or "Illegality", in each case as defined in the Basis Swap).

**"Basis Swap Early Termination":** The occurrence of either a Basis Swap Event of Default or a Basis Swap Termination Event.

**"Basis Swap Early Termination Date":** An early termination date under the Basis Swap (other than as triggered by the Credit Default Swap or the Collateral Put Agreement).

**"BIE Acceptance Notice":** A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder specifying (i) the BIE Collateral Security that will be substituted for an existing Collateral Security, (ii) each such Collateral Security to be substituted, (iii) the BIE Exercise Period, (iv) the BIE Transaction Cost, (v) the BIE Basis Swap Payment, (vi) account information of the Issuer for such Originating Noteholder to deliver such BIE Collateral Security to the Issuer and to present payment of the BIE Transaction Cost to the Issuer and (vii) account information for such Originating Noteholder to present payment of the BIE Basis Swap Payment to the Basis Swap Counterparty.

**"BIE Basis Swap Payment":** An amount equal to the greater of (i) the present value of (1) the Basis Swap Payments that the Basis Swap Counterparty would receive (assuming no such substitution(s) described in subclause (2) below occurred) less (2) the Basis Swap Payments that the Basis Swap Counterparty would receive (assuming that BIE Collateral Securities identified in any related Collateral Security Substitution Request Notice have been substituted for the existing Collateral Securities identified therein) and (ii) zero.

**"BIE Collateral Security":** A Collateral Security that a Noteholder proposes to substitute for part or all of an existing Collateral Security pursuant to the Indenture.

**"BIE Collateral Security Eligibility Criteria":** (i) The Collateral Security Eligibility Criteria, (ii) the consent of each of the Basis Swap Counterparty, the Collateral Put Provider and the Protection Buyer (which consent not to be unreasonably withheld in each case), (iii) the Collateral Weighted Average Life Test, (iv) the par amount of all BIE Collateral Securities described in the related Collateral Security Substitution Request Notice must equal or exceed the par amount of all existing Collateral Securities proposed to be substituted, (v) the Collateral Security Quantity Constraint and (vi) the Approved Currency in which such BIE Collateral Security is denominated must be the same as the Approved Currency in which the existing Collateral Securities proposed to be substituted are denominated.

**"BIE Consent Solicitation":** A notice from the Trustee or the Issuing and Paying Agent, as applicable, to each Noteholder, including the originating Noteholder, specifying (i) each Proposed New BIE Collateral Security and its par amount, (ii) each Collateral Security to be substituted and its par amount, and (iii) the BIE Notification Date.

**"BIE Exercise Period":** The period from and including the delivery of a BIE Acceptance Notice to but excluding the day that is three Business Days thereafter.

**"BIE Notification Date":** The Business Day by which a Noteholder must respond to a BIE Consent Solicitation, which date shall be 20 Business Days from the date of such BIE Consent Solicitation.

**"BIE Transaction Cost":** An amount, as determined by the Trustee equal to the aggregate amount of the expenses of the Issuer and the Trustee that would be incurred as a result of the proposed substitution of each BIE Collateral Security for part or all of an existing BIE Collateral Security.

**"Business Day":** Any day other than (i) Saturday or Sunday or (ii) a day on which commercial banking institutions are authorized by law, regulation or executive order to close in New York, New York, in Chicago, Illinois or if a Listing, Paying and Transfer Agent has been appointed and action is required of the Listing, Paying and Transfer Agent, the location of the Listing, Paying and Transfer Agent (with respect to the obligations of such Listing, Paying and Transfer Agent only); *provided, however*, that for the sole purpose of calculating the Series Interest Rates for the relevant place of presentation, "Business Day" shall be defined as (i) with respect to the determination of LIBOR, any day on which dealings in deposits in Dollars are transacted in the London interbank market, (ii) with respect to the determination of EURIBOR, a day on which the TARGET System is available for settlement of Euro payments, (iii) with respect to the determination of GBP-LIBOR, any day on which dealings in deposits in Sterling are transacted in the London interbank market, (iv) with respect to the determination of JPY-LIBOR, any day on which dealings in deposits in Yen are transacted in the London interbank market, (v) with respect to the determination of AUD-LIBOR, any day on which dealings in deposits in AUD are transacted in the London interbank market, (vi) with respect to the determination of CAD-LIBOR, any day on which dealings in CAD are transacted in the London interbank market and (vii) with respect to the determination of NZD-BBR, any day on which dealings in deposits of NZ\$ are transacted in the London interbank market.

**"CAD-LIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Canadian Dollars are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, CAD-LIBOR shall equal CAD-LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, CAD-LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, CAD-LIBOR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for deposits in Canadian Dollars for the Applicable Period which appears on the Telerate Page 3740 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 3740, as of 11:00 a.m. (London time) on such Applicable Index Determination Date.
- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 3740, or such page as may replace Telerate Page 3740, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to prime banks in the London interbank market for deposits in Canadian Dollars for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide such quotations, CAD-LIBOR shall equal the arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such quotations, CAD-LIBOR shall be the arithmetic mean of the rates quoted by major banks in Toronto selected by the Basis Swap Calculation Agent, at approximately 11:00 a.m. (Toronto time) are quoting on the relevant Applicable Index Determination Date for loans in Canadian Dollars for the Applicable Period in an amount determined by the Basis Swap Calculation Agent equal to an amount that is representative for a single transaction in such market at such time to leading European banks; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, CAD-LIBOR shall be CAD-LIBOR as determined on the most recent date CAD-LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.



- (c) The Basis Swap Calculation Agent shall provide CAD-LIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"Canadian Dollar", "C\$" or "CAD":** The legal currency of Canada.

**"Cash":** Such coin or currency of the United States of America, countries of the European Economic and Monetary Union who have adopted the Euro currency, Great Britain, Japan, Australia, New Zealand or Canada, as the case may be, as at the time shall be legal tender for payment of all public and private debts.

**"CDO Cashflow Securities":** Collateralized debt obligations, collateralized bond obligations or CLO Securities, including CDO Structured Product Securities, CDO Mortgage-Backed Securities and CDO Commercial Real Estate Securities, but, in each case, excluding any securities that belong to an Excluded Specified Type.

**"CDO Commercial Real Estate Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of CMBS and/or REIT Debt Securities.

**"CDO Corporate Bond Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of primarily high yield or investment grade bonds.

**"CDO Emerging Market Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of investments, of which more than 20% are issued by issuers located in Emerging Market Countries.

**"CDO Market Value Securities":** Collateralized debt obligations, whose overcollateralization is measured with reference to the market value of the collateral portfolio securing such collateralized debt obligations.

**"CDO Mortgage-Backed Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of at least 80% by principal balance of Mortgage-Backed Securities.

**"CDO Single-Tranche Synthetic Securities":** Any CDO Structured Product Security for which (i) the spread component of the interest payment related to such security is generally provided for by a tranching credit default swap with attachment and exhaustion points under which the related obligor has written credit protection and (ii) the obligor of which issues an aggregate principal amount of liabilities less than the reference portfolio notional amount under the related tranching credit default swap.

**"CDO Structured Product Securities":** CDO Cashflow Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a portfolio diversified among categories of REIT Debt Securities, Asset-Backed Securities, Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities or CDO Cashflow Securities or any combination of more than one of the foregoing, where exposure to such asset classes in the portfolio is either actual or synthetic, or solely of CDO Cashflow Securities (and which in any such case may include limited amounts of Corporate Securities), generally having the following characteristics:

- (i) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual debt securities depending on numerous factors specific to the particular issuers or obligors and upon whether, in the case of loans or securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium, and
- (ii) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans and/or debt securities.

**"CDO Trust Preferred Securities":** Collateralized debt obligations backed primarily by a pool of either (a) bank trust preferred securities, (b) insurance trust preferred securities or (c) REIT Debt Securities that are trust preferred securities.

**"Class":** All of the Notes having the same priority.

**"Class A Notes":** Collectively, the Class A-1 Notes and the Class A-2 Notes.

**"Class A-1 Notes":** The Class A-1 Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Indenture and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class A-1 Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class A-1 Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class A-2 Notes":** The Class A-2 Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Issuing and Paying Agency Agreement and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class A-2 Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class A-2 Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class B Notes":** The Class B Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Issuing and Paying Agency Agreement and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class B Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class B Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class C Notes":** The Class C Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Issuing and Paying Agency Agreement and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class C Notes issued on

the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class C Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class D Notes":** The Class D Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Issuing and Paying Agency Agreement and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class D Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class D Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class FL Notes":** The Class FL Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Issuing and Paying Agency Agreement and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class FL Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class FL Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class SS Notes":** The Class SS Variable Rate Notes, including any additional such Notes issued pursuant to the terms of the Indenture and having the applicable Series Interest Rate and Stated Maturity, in each case (with respect to any Series of Class SS Notes issued on the Closing Date) as set forth under "Summary—Notes" or (with respect to any Series of Class SS Notes issued after the Closing Date) as set forth in the related offering circular supplement.

**"Class Interest Distribution Amount":** With respect to any Class of Notes on any Payment Date, the aggregate of the Interest Distribution Amounts with respect to such Payment Date for each Series of Notes of such Class.

**"Class Notional Amount":** With respect to any Class of Notes on the Closing Date, the Initial Class Notional Amount of such Class of Notes; thereafter it will be increased or decreased as described under "Summary—Decrease in the Class Notional Amount of each Class of Notes" and "Summary—Increase in the Class Notional Amount of each Class of Notes".

**"Clearing Agencies":** Collectively, DTC, Euroclear and Clearstream.

**"Clearstream":** Clearstream Banking, société anonyme, a corporation organized under the laws of the Grand Duchy of Luxembourg.

**"CLO Securities":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from (and not the market value of) a portfolio of primarily loans.

**"Closing Date":** April 26, 2007.

**"CMBS Conduit Securities":** Commercial Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from a pool of commercial mortgage loans, generally having the following characteristics:

- (i) the commercial mortgage loans have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);

- (iii) the commercial mortgage loans are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk; and
- (iv) repayment thereof can vary substantially from the contractual payment schedule (if any), with early repayment of individual loans depending on numerous factors specific to the particular obligors; however, in the case of loans bearing interest at a fixed rate, such loans or securities typically include significant or complete prepayment protection.

**"CMBS Credit Tenant Lease Securities":** Commercial Mortgage-Backed Securities (other than CMBS Large Loan Securities and CMBS Conduit Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties leased to corporate tenants (or on the cash flow from such leases), generally have the following characteristics:

- (i) the commercial mortgage loans or leases have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the leases are secured by leasehold interests;
- (iv) the commercial mortgage loans or leases are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk;
- (v) payment thereof can vary substantially from the contractual payment schedule (if any), with prepayment of individual loans or termination of leases depending on numerous factors specific to the particular obligors or lessees and upon whether, in the case of loans bearing interest at a fixed rate, such loans include an effective prepayment premium; and
- (vi) the creditworthiness of such corporate tenants is an important factor in any decision to invest in these securities.

**"CMBS Franchise Securities":** Commercial Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from (a) a pool of franchise loans made to operators of franchises that provide oil, gasoline, restaurant or food services and provide other services related thereto and (b) leases or subleases of equipment to such operators for use in the provision of such goods and services. Such securities generally have the following characteristics:

- (i) the loans, leases or subleases have varying contractual maturities;
- (ii) the loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the obligations of the lessors or sublessors of the equipment may be secured not only by the leased equipment but also the related real estate;
- (iv) the loans, leases and subleases are obligations of a relatively limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk;

- (v) payment of the loans can vary substantially from the contractual payment schedule (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans include an effective prepayment premium;
- (vi) the repayment stream on the leases and subleases is primarily determined by a contractual payment schedule, with early termination of such leases and subleases predominantly dependent upon the disposition to a lessee, a sublessee or third party of the underlying equipment; and
- (vii) such leases and subleases typically provide for the right of the lessee or sublessee to purchase the equipment for its stated residual value.

**"CMBS Large Loan Securities":** Commercial Mortgage-Backed Securities (other than CMBS Conduit Securities and CMBS Credit Tenant Lease Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Commercial Mortgage-Backed Securities) on the cash flow from a commercial mortgage loan or a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, generally having the following characteristics:

- (i) the commercial mortgage loans have varying contractual maturities;
- (ii) the commercial mortgage loans are secured by real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were so used);
- (iii) the commercial mortgage loans are obligations of a limited number of obligors and accordingly represent a relatively undiversified pool of obligor credit risk (including in comparison to CMBS Conduit Securities);
- (iv) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium;
- (v) the valuation of individual properties securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and
- (vi) the commercial mortgage loans have relatively large average balances (including in comparison to RMBS).

**"CMBS RE-REMIC Securities":** Securities that represent an interest in a real estate mortgage investment conduit backed by CMBS.

**"Co-Issued Notes":** Collectively, the Class SS Notes and the Class A-1 Notes.

**"Collateral":** Collectively, the Collateral Securities and the Eligible Investments.

**"Collateral Account":** The segregated trust account into which the Issuer shall, from time to time, deposit Issuer Assets.

**"Collateral Administration Agreement":** The Collateral Administration Agreement, dated as of the Closing Date, between the Issuer and the Collateral Administrator.

**"Collateral Administrator":** LaSalle Bank National Association, solely in its capacity as Collateral Administrator under the Collateral Administration Agreement, until a successor Person shall have become the Collateral Administrator pursuant to the applicable provisions of the Collateral Administration Agreement, and thereafter "Collateral Administrator" shall mean such successor Person.

**"Collateral Default":** An event of default (as defined in the relevant Underlying Instruments) which has (i) occurred and is continuing with respect to any of the Collateral (other than a Collateral Security that has been purchased with Excess Disposition Proceeds only and which at the time of its acquisition did not satisfy the requirements set forth in the Collateral Security Eligibility Criteria) and (ii) if the relevant Underlying Instruments require an acceleration to occur following an event of default (as defined in the relevant Underlying Instruments) in order to liquidate the related underlying collateral, resulted in such acceleration.

**"Collateral Put Agreement Early Termination":** The occurrence of either a Collateral Put Agreement Event of Default or a Collateral Put Agreement Termination Event.

**"Collateral Put Agreement Early Termination Date":** An early termination date under the Collateral Put Agreement (other than as triggered by the Credit Default Swap or the Basis Swap).

**"Collateral Put Provider Credit Support Document":** The meaning assigned to the term "Credit Support Document" in the Collateral Put Agreement and initially, the guaranty dated as of the Closing Date by GS Group with respect to the obligations of the Collateral Put Provider under the Collateral Put Agreement.

**"Collateral Put Provider Credit Support Provider":** The meaning assigned to the term "Credit Support Provider" in the Collateral Put Agreement and initially, GS Group.

**"Collateral Security Substitution Information Notice":** A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that (i) each Proposed New BIE Collateral Security identified in the related Collateral Security Substitution Request Notice is an Eligible BIE Collateral Security and (ii) the BIE Transaction Cost and the BIE Basis Swap Payment relating to such Proposed New BIE Collateral Security.

**"Collateral Security Substitution Noteholder Refusal Notice":** A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that the Holders of a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class did not approve the Proposed New BIE Collateral Security by the BIE Notification Date.

**"Collateral Security Substitution Refusal Notice":** A notice from the Trustee or the Issuing and Paying Agent, as applicable, to an Originating Noteholder notifying such Originating Noteholder that (i) one or more Proposed New BIE Collateral Securities identified in the related Collateral Security Substitution Request Notice is not an Eligible BIE Collateral Security, (ii) the identity of each Eligible BIE Collateral Security and (iii) the identity of each Proposed New BIE Collateral Security that is not an Eligible BIE Collateral Security.

**"Collateral Security Substitution Request Notice":** A notice from an Originating Noteholder to the Trustee or the Issuing and Paying Agent, as applicable, (i) requesting the substitution of one or more Proposed New BIE Collateral Securities for one or more existing Collateral Securities, (ii) identifying each Collateral Security and the par amount to be substituted, (iii) identifying each Proposed New BIE Collateral Security and the par amount and (iv) any other information that such Originating Noteholder deems relevant.

**"Commercial Mortgage-Backed Securities" or "CMBS":** Securities that represent interests in, or enable holders thereof to receive payments that depend on the cashflow primarily from credit default swaps that reference, in each case, obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers and shall include, without limitation, CMBS Conduit Securities, CMBS Credit Tenant Lease Securities, CMBS Franchise Securities, CMBS Large Loan Securities or CMBS RE-REMIC Securities, excluding, in each case, any securities that belong to an Excluded Specified Type.

**"Common Depository":** ABN AMRO Bank N.V. (London Branch) on behalf of Euroclear.

**"Corporate Securities":** Publicly issued or privately placed debt obligations of corporate issuers which are not REIT Debt Securities or Wrapped Securities.

**"Credit Default Swap Early Termination Date":** An early termination date under the Credit Default Swap (other than as triggered by the Basis Swap or the Collateral Put Agreement).

**"Credit Default Swap Fixed Rate Payer Calculation Period":** An Interest Accrual Period.

**"Credit Event Notice":** An irrevocable notice that describes a Credit Event.

**"Currency Adjusted Aggregate Outstanding Amount":** When used with respect to any or all of the Notes, the aggregate principal amount of such Notes when issued, as expressed in its currency of denomination and thereafter adjusted as described in "Summary—Decrease in the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes" and "Summary—Increase in the Currency Adjusted Aggregate Outstanding Amount of each Series of Notes".

**"Currency Adjusted Redemption Refund Adjustment Amount":** Any Series of Notes' allocation of any Redemption Refund Adjustment Amount *divided by* the Applicable Series Foreign Exchange Rate.

**"Current Dollar Price":** For each Reference Obligation and at any time of determination, the product of (a) the Current Market Price for such Reference Obligation at such time and (b) the ICE Reference Obligation Notional Amount of such Reference Obligation at such time.

**"Current Market Price":** At any time of determination, with respect to a Reference Obligation, a percentage price determined by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator by (a) using the pricing service used by the Collateral Administrator in its normal course of business for so long as the quote obtained from such pricing service has been provided by such pricing service within two Business Days of the time of such determination or (b) (1) if subclause (a) above is not applicable, asking five Approved Dealers to quote the offered-side price (excluding accrued interest) for such Reference Obligation (in an amount equal to its Reference Obligation Notional Amount) and (2) for so long as the Collateral Administrator is able to obtain one such quote from one such Approved Dealer, taking the arithmetic average of such quotation(s).

**"Current Period Implied Writedown Amount":** For each Reference Obligation, with respect to any Reference Obligation Calculation Period for such Reference Obligation, an amount determined as of the last day of such Reference Obligation Calculation Period equal to the greater of (i) zero and (ii) the product of (A) the Implied Writedown Percentage and (B) the greater of (1) zero and (2) the lesser of (x) the Pari Passu Amount and (y) the Pari Passu Amount plus the Senior Amount minus the aggregate outstanding asset pool balance securing the payment obligations on such Reference Obligation (all such outstanding asset pool balances as obtained by the Credit Default Swap Calculation Agent from the most

recently dated Servicer Report available as of such day), calculated based on the face amount of the assets then in such pool, whether or not any such asset is performing.

**"Day Count Fraction":** With respect to Notes (x) denominated in Australian Dollars, Canadian Dollars, New Zealand Dollars and Sterling, calculations will be based on the actual number of days in the calculation period in respect of which payment is being made *divided by* 365 (or, if any portion of that calculation period falls in a leap year, the sum of (i) the actual number of days in that portion of the calculation period falling in a leap year *divided by* 366 and (ii) the actual number of days in that portion of the calculation period falling in a non-leap year *divided by* 365) and (y) denominated in Dollars, Euro, Francs, Krona and Yen, calculations will be based on the actual number of days in the calculation period in respect of which payment is being made *divided by* 360.

**"Defaulted Interest":** Any interest due and payable in respect of any Note which is not punctually paid or duly provided for on the applicable Payment Date or at the Stated Maturity, as the case may be.

**"Determination Date":** With respect to a Payment Date, the last Business Day of the immediately preceding Due Period.

**"Disposition Proceeds":** All Sale Proceeds and Put Proceeds.

**"Distribution":** Any payment of principal or interest or any dividend, premium or fee payment made on, or any other distribution in respect of, a security or obligation.

**"Dollar":** A dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for all debts, public and private.

**"DTC":** The Depository Trust Company, its nominees, and their respective successors.

**"Due Period":** With respect to any Payment Date or the Mandatory Redemption Date, the period commencing on the day immediately following the fifth Business Day prior to the preceding Payment Date (or, in the case of the Due Period relating to the first Payment Date, beginning on the Closing Date) and ending on (and including) the fifth Business Day prior to such Payment Date (or, in the case of a Due Period that is applicable to the Payment Date relating to the Stated Maturity of any Note, the Optional Redemption Date, a Partial Optional Redemption Date or the Mandatory Redemption Date, as the case may be, ending on (and including) the Business Day immediately preceding such Payment Date or Mandatory Redemption Date, as the case may be).

**"Eligible BIE Collateral Security":** A Proposed New BIE Collateral Security that satisfies the BIE Collateral Security Eligibility Criteria.

**"Eligible Country":** Any country of the European Economic and Monetary Union that has adopted the Euro currency that has long-term sovereign debt obligations rated at least "Aa2" by Moody's (or "Aa3" in the case of Italy) and for which such country has been assigned a foreign currency issuer credit rating of "AAA" by S&P.

**"Eligible Investment":** Any investment denominated in an Approved Currency that, at the time it is delivered to the Trustee, is one or more of the following obligations or securities:

- (i) direct (and, in the case of investments denominated in Dollars, Registered) obligations of, and (and, in the case of investments denominated in Dollars, Registered) obligations fully guaranteed by, the United States, any Eligible Country, Great Britain, Japan, Canada or Australia or any agency or instrumentality of the United States, any Eligible Country, Great Britain, Japan, Canada or Australia the obligations of which are expressly backed



by the full faith and credit of the United States, any Eligible Country, Great Britain, Japan, Canada or Australia, so long as the related obligor or guarantor is rated "AAA" or "A-1+" by S&P;

- (ii) demand and time deposits in, certificates of deposit of, or banker's acceptances issued by, any depository institution or trust company incorporated in the United States or any state thereof or any Eligible Country, Great Britain, Japan, Canada or Australia, which depository institution or trust company is subject to supervision and examination by federal or state authorities (or, in the case of investments denominated in Approved Currencies other than Dollars, governmental banking authorities) so long as (a) in the case of demand and time deposits, such deposits (x) are held by banks rated "P-1" by Moody's and "A-1+" by S&P (or at least "A-1" by S&P in the case of demand and time deposits in LaSalle Bank National Association for so long as it is the Trustee hereunder) and (y) are payable on demand daily without any restrictions and (b) in the case of certificates of deposit or banker's acceptances, the related depository institution or trust company is rated at least "A3" or "P-1" by Moody's and "AAA" or "A-1+" by S&P;
- (iii) repurchase obligations with respect to (a) any security described in clause (i) above or (b) any other security issued or guaranteed by an agency or instrumentality of the United States, any Eligible Country, Great Britain, Japan, Canada or Australia, entered into with a depository institution or trust company described in clause (ii) above or entered into with a corporation whose long-term senior unsecured rating is at least "A1" by Moody's and "AA-" by S&P and whose short-term credit rating is "P-1" by Moody's and "A-1+" by S&P at the time of such investment, with a term not in excess of 91 days; *provided* that if the term is greater than 30 days from the time of delivery, it has a long-term rating of "AAA" by S&P;
- (iv) commercial paper or other short-term obligations of a corporation, partnership, limited liability company or trust, or any branch or agency thereof located in the United States or any of its territories or any Eligible Country, Great Britain, Japan, Canada or Australia, such commercial paper or other short-term obligations having a credit rating of "P-1" by Moody's and "A-1+" by S&P, and that are Registered (in the case of investments denominated in Dollars) and either are interest bearing or are sold at a discount from the face amount thereof and have a maturity of not more than 91 days from their date of issuance in the case of S&P and Moody's; *provided* that if the term is greater than 30 days from the time of delivery, it has a long-term rating of "AAA" by S&P;
- (v) offshore money market funds which have a credit rating of not less than "Aaa/MR1+" by Moody's and "AAA" or "AAAm" or "AAAm-G" by S&P;
- (vi) Cash; and
- (vii) any other investments subject to satisfaction of the S&P Rating Condition and the Moody's Rating Condition;

which, in any case, (A) is acquired from a party acting in its capacity as broker-dealer in the ordinary course of business, or in an arm's length open market transaction, and if not, is approved by S&P, (B) is acquired at a price of no more than 100% of par and (C) if such obligation or security is subject to any withholding tax, the obligor of the obligation or security is required to make "gross-up" payments that cover the full amount of such withholding tax on an after-tax basis pursuant to the Underlying Instrument with respect thereto.

**"Emerging Market Country":** Any jurisdiction that is not the United States or does not have a foreign currency issuer rating of at least "AA-" by S&P and a long-term sovereign debt rating of at least "Aa3" by Moody's.

**"Enhanced Equipment Trust Certificate":** An enhanced equipment trust certificate.

**"EURIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Euros are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, EURIBOR shall equal EURIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, EURIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On the Applicable Index Determination Date, the Basis Swap Calculation Agent will determine EURIBOR, expressed per annum, for deposits in Euro for the Applicable Period by reference to offered quotation on Telerate Page 248 (or through a successor information service providing interest rates comparable thereto) as at 11:00 a.m. (Brussels time) on such Applicable Index Determination Date. In the event that the offered rate shown on the Telerate monitor is replaced by corresponding interest rates of more than one bank, the Basis Swap Calculation Agent shall determine the arithmetic mean of such interest rates (at least two) so displayed (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005% being rounded upwards). "Telerate" means the Associated Press-Dow Jones Telerate Service.
- (b) In the event that the Telerate Page 248 is not available or if no quotation appears thereon on the Applicable Index Determination Date, the Basis Swap Calculation Agent shall request the principal offices within the Euro-zone of four leading banks in the Euro-zone as selected by the Basis Swap Calculation Agent (the "Euro Reference Banks") to provide the Basis Swap Calculation Agent with its offered quotation (expressed as a percentage per annum) for deposits in Euros for the Applicable Period to leading banks in the Euro-zone interbank market at approximately 11:00 a.m. (Brussels time) on the Applicable Index Determination Date. If at least two such quotations are provided, the EURIBOR for such Interest Accrual Period shall be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005% being rounded upwards) of such offered quotations, all as determined by the Basis Swap Calculation Agent. If, on the Applicable Index Determination Date only one or none of the Euro Reference Banks provides the Basis Swap Calculation Agent with such offered quotations, the EURIBOR for the relevant Interest Accrual Period shall be the rate per annum which the Basis Swap Calculation Agent determines to be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005% being rounded upwards) of the rates, as communicated to (and at the request of) the Basis Swap Calculation Agent by leading banks in the Euro-zone as selected by the Basis Swap Calculation Agent, as at 11:00 a.m. (Brussels time) on the relevant Interest Determination Date, for loans in Euros for a period equal to the Applicable Period to leading banks in the Euro-zone; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with one of the procedures provided above, EURIBOR shall be EURIBOR as determined on the most recent date EURIBOR was available. As used herein, "Reference Banks" means four major banks in the European interbank market selected by the Basis Swap Calculation Agent.
- (c) The Basis Swap Calculation Agent shall provide EURIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest

Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"Euro", "Euros" and "€":** The currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

**"Euroclear":** The Euroclear System.

**"Exchange Act":** The U.S. Securities Exchange Act of 1934, as amended.

**"Excluded Specified Types":** Shall include: (i) ABS Aircraft Securities, (ii) ABS Future Flow Securities, (iii) ABS Health Care Receivable Securities, (iv) ABS Mutual Fund Fee Securities, (v) ABS Structured Settlement Securities, (vi) ABS Subprime Auto Securities, (vii) ABS Tax Lien Securities, (viii) ABS Timeshare Securities, (ix) CDO Corporate Bond Securities, (x) CDO Emerging Market Securities, (xi) CDO Market Value Securities, (xii) CMBS Credit Tenant Lease Securities, (xiii) CMBS Franchise Securities, (xiv) Corporate Securities, (xv) Enhanced Equipment Trust Certificates, (xvi) RMBS Manufactured Housing Securities, (xvii) CDO Trust Preferred Securities and (xviii) CDO Single-Tranche Synthetic Securities.

**"Expected Principal Amount":** With respect to any Reference Obligation and its Final Amortization Date or Legal Final Maturity Date, an amount equal to (i) the Reference Obligation Outstanding Principal Amount of such Reference Obligation payable on such day (excluding any amount representing capitalized interest that relates to the term of the Credit Default Swap) assuming for this purpose that sufficient funds are available for such payment, where such amount shall be determined in accordance with the related Underlying Instruments, minus (ii) the sum of (A) the Aggregate Implied Writedown Amount with respect to such Reference Obligation (if any) and (B) the net aggregate principal deficiency balance or realized loss amounts (however described in the related Underlying Instruments) that are attributable to such Reference Obligation. The Expected Principal Amount shall be determined without regard to the effect of any provisions (however described) of the related Underlying Instruments that permit the limitation of due payments or distributions of funds in accordance with the terms of such Reference Obligation or that provide for the extinguishing or reduction of such payments or distributions.

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

**"Fitch":** Fitch, Inc. and its subsidiaries and any successor or successors thereto.

**"GBP-LIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Sterling are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, GBP-LIBOR shall equal GBP-LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, GBP-LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, GBP-LIBOR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for Sterling deposits in Europe for the Applicable Period which appears on Telerate Page 3750 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 3750, as of 11:00 a.m. (New York time) on such Applicable Index Determination Date.
- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 3750, or such page as may replace Telerate Page 3750, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for Sterling deposits in Europe for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (New York time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide such quotations, GBP-LIBOR shall equal such arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such quotations, GBP-LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in the City of New York selected by the Basis Swap Calculation Agent are quoting on the relevant Applicable Index Determination Date for Eurodollar deposits for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, GBP-LIBOR shall be GBP-LIBOR as determined on the most recent date GBP-LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.
- (c) The Basis Swap Calculation Agent shall provide GBP-LIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"Global Notes":** Collectively, the Rule 144A Global Notes and the Regulation S Global Notes.

**"GS Group":** The Goldman Sachs Group, Inc.

**"Holder" or "Noteholder":** With respect to any Note, the Person in whose name such Note is registered in the Note Register or Issuer Note Register, as applicable.

**"ICE Aggregate USD Equivalent Outstanding Amount":** When used with respect to any or all of the Notes, initially, the Aggregate USD Equivalent Outstanding Amount of such Class on the Closing Date; thereafter, it will be:

- (a) decreased by an amount equal to:
  - (i) on the fifth Business Day following the calculation of any ICE Loss Amount, the product of (a) the related ICE Unscaled Credit Event Adjustment Amount and (b) the related Note Scaling Factor (such amount determined under this subclause (i), the **"ICE Credit Event Adjustment Amount"**);
  - (ii) on the Payment Date immediately following the Due Period in which a Reference Obligation Amortization Amount is determined by the Credit Default Swap Calculation Agent on one or more Reference Obligation(s), the Notional Principal Adjustment Amount with respect to such Class of Notes on such date;
  - (iii) on any Stated Maturity with respect to a Series of such Class, after giving effect to clauses (i) and (ii) above, the ICE Aggregate USD Equivalent Outstanding Amount of the Notes maturing on such date; and
  - (iv) on a Partial Optional Redemption Date, after giving effect to clauses (i) through (iii) above, the ICE Aggregate USD Equivalent Outstanding Amount of the Notes of such Class that are redeemed in connection with such Partial Optional Redemption; and
- (b) increased on any day on which additional Notes of such Class are issued by the principal amount of such additional issuance (or the USD Equivalent of such principal amount if issued in an Approved Currency other than Dollars).

For the avoidance of doubt, with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations made on such date pursuant to subclauses (a)(i) through (iv) above will be based on the ICE Aggregate USD Equivalent Outstanding Amount of each Series of such Class, as expressed in Dollars.

On any date of determination, decreases to the ICE Aggregate USD Equivalent Outstanding Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate related ICE Credit Event Adjustment Amount (if any) and (ii) aggregate related Notional Principal Adjustment Amount (if any).

**"ICE Aggregate USD Equivalent Outstanding Amount Differential":** An amount equal to, with respect to any Class of Notes, at any time of determination, the greater of (i) the ICE Aggregate USD Equivalent Outstanding Amount of such Class at such time *less* the Aggregate USD Equivalent Outstanding Amount of such Class at such time and (ii) zero.

**"ICE Class Notional Amount":** With respect to any Class of Notes on the Closing Date, the Initial Class Notional Amount of such Class of Notes; thereafter it will be decreased by an amount (as expressed in Dollars) equal to:

- (i) on the fifth Business Day following the calculation of any ICE Loss Amount, if greater than zero, the lesser of (a)(i) the related ICE Loss Amount *less* (ii) the ICE Class Notional Amount of all Classes of Notes that are subordinated to such Class immediately prior to such determination and (b) the ICE Class Notional Amount of such Class immediately prior to such determination (such amount, the **"ICE Unscaled Credit Event Adjustment Amount"**); and

- (ii) on the Payment Date immediately following the Due Period in which a Reference Obligation Amortization Amount is determined by the Credit Default Swap Calculation Agent on one or more Reference Obligation(s), the Unscaled Notional Principal Adjustment Amount with respect to such Class of Notes on such date.

On any date of determination, decreases to the ICE Class Notional Amount of any Class of Notes will be determined by giving effect, in the following order, to the (i) aggregate related ICE Unscaled Credit Event Adjustment Amount (if any) and (ii) aggregate related Unscaled Notional Principal Adjustment Amount (if any).

**"ICE Class Notional Amount Differential":** An amount equal to, with respect to a Class of Notes, at any time of determination, the greater of (i) the ICE Class Notional Amount of such Class at such time *less* the Class Notional Amount of such Class at such time and (ii) zero.

**"ICE Currency Adjusted Accrued Interest Amount":** With respect to any Series of Notes, an amount equal to the aggregate amount of interest accrued, at the applicable Series Interest Rate, during the related Interest Accrual Period on the average daily ICE Currency Adjusted Aggregate Outstanding Amount of such Series of Notes during the preceding Interest Accrual Period.

**"ICE Currency Adjusted Aggregate Outstanding Amount":** When used with respect to any or all of the Notes, the aggregate principal amount of such Notes when issued, as expressed in their currency of denomination and thereafter decreased:

- (i) with respect to any ICE Credit Event Adjustment Amount or Notional Principal Adjustment Amount, by an amount equal the product of (a) such Notes' allocation of any ICE Credit Event Adjustment Amount or Notional Principal Adjustment Amount, as described in the definition of "ICE Aggregate USD Equivalent Outstanding Amount", as applicable, and (b) the Applicable Series Foreign Exchange Rate;
- (ii) on the Stated Maturity with respect to a Series of Notes, after giving effect to any reductions pursuant to subclause (i) above, by the ICE Currency Adjusted Aggregate Outstanding Amount of such Notes; and
- (iii) in connection with a Partial Optional Redemption of such Notes, after giving effect to any reductions pursuant to subclauses (i) and (ii) above, by the ICE Currency Adjusted Aggregate Outstanding Amount of such Notes redeemed in connection with such Partial Optional Redemption.

**"ICE Currency Adjusted Aggregate Outstanding Amount Differential":** An amount equal to, with respect any Series of Notes, at any time of determination, the greater of (i) the ICE Currency Adjusted Aggregate Outstanding Amount of such Series at such time *less* the Currency Adjusted Aggregate Outstanding Amount of such Series at such time and (ii) zero.

**"ICE Currency Adjusted Interest Differential":** With respect to any Series of Notes of any Class, an amount equal to (i) the ICE Currency Adjusted Accrued Interest Amount *less* (ii) the Interest Distribution Amount (other than with respect to clause (d) of the definition thereof) with respect to such Series of Notes.

**"ICE Currency Adjusted Interest Reimbursement Amount":** On any Payment Date, an amount equal to the aggregate of, with respect to any Series of Notes, the products of:

- (i) the ICE Currency Adjusted Reimbursable Interest Amount relating to such Series of Notes on such Payment Date (prior to giving effect to subclause (D) in the definition thereof on such Payment Date); and

- (ii) the lesser of (a) 1 or (b) a fraction, the numerator of which is, if greater than zero, (1) the aggregate Unscaled Reinstatement Adjustment Amount of the Class related to such Series determined by the Credit Default Swap Calculation Agent during the related Due Period less (2) the aggregate Unscaled Credit Event Adjustment Amount of the Class related to such Series with respect to Credit Events determined by the Credit Default Swap Calculation Agent during the related Due Period, and the denominator of which is the ICE Class Notional Amount Differential of the Class related to such Series on the Determination Date immediately prior to the previous Payment Date; *provided, however*, that if such ICE Class Notional Amount Differential on the Determination Date immediately prior to the previous Payment Date is zero, then this subclause (ii) will be deemed to have a value of zero.

**"ICE Currency Adjusted Reimbursable Interest Amount":** On the Closing Date and with respect to any Series of Notes, zero. On any Payment Date thereafter, the ICE Currency Adjusted Reimbursable Interest Amount with respect to any Series shall equal the sum of:

- (A) the product of (i) the ICE Currency Adjusted Reimbursable Interest Amount with respect to such Series on the immediately preceding Payment Date (or, in the case of the first Payment Date, the Closing Date) (after giving effect to any adjustments on the preceding Payment Date or the Closing Date, as the case may be, in accordance with this definition) and (ii) one *plus* the product of (a) the Series Interest Rate with respect to such Series and (b) the applicable Day Count Fraction; *plus*
- (B) the ICE Currency Adjusted Interest Differential related to the immediately preceding Interest Accrual Period; *minus*
- (C) with respect to any Reference Obligation that was removed from the Reference Portfolio during the preceding Due Period (if any), any ICE Currency Adjusted Reimbursable Interest Amount corresponding to the sum of any Loss Amounts determined with respect to such Reference Obligation that have not been subsequently reimbursed; *provided* that, for the avoidance of doubt, this section (C) will only be applicable if an ICE Loss Amount with respect to such Series has been calculated in connection with such removal; *minus*
- (D) any ICE Currency Adjusted Interest Reimbursement Amount (including, for the avoidance of doubt, as a component of any Optional Redemption Reimbursement Amount) paid to such Series of Notes of such Class on such Payment Date.

**"ICE Loss Amount":** On (i) any Credit Default Swap Calculation Date, with respect to a Credit Event, the ICE Loss Amount will be zero; and (ii) any Business Day on which a Reference Obligation for which one or more Credit Events has occurred is removed from the Reference Portfolio, the sum of any Loss Amounts that have not been subsequently reimbursed with respect to such Reference Obligation prior to such removal; *provided* that, with respect to any Reference Obligation not denominated in Dollars, the ICE Loss Amount shall equal the product of (a) the ICE Loss Amount denominated in such other currency determined under subclauses (i) and (ii) above and (b) the applicable Notional Foreign Exchange Rate.

**"ICE Reference Obligation Notional Amount":** With respect to any Reference Obligation, an amount equal to the Initial Reference Obligation Notional Amount on the Closing Date and that will be decreased on each day on which a Principal Payment or a Reference Obligation Repayment Amount is determined by the Credit Default Swap Calculation Agent, by the relevant Reference Obligation Amortization Amount.

**"ICE Reference Obligation Notional Amount Differential":** With respect to any Reference Obligation, the (i) ICE Reference Obligation Notional Amount of such Reference Obligation less (ii) the Reference Obligation Notional Amount of such Reference Obligation.

**"Implied Rating":** In the case of a rating of a Reference Obligation by a Rating Agency, a rating that is determined by reference to any publicly available, fully monitored rating by another rating agency that, by its terms, addresses the full scope of the payment promise of the obligor.

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

**"Implied Writedown Percentage":** For each Reference Obligation, the ratio of (i) the related Reference Obligation Outstanding Principal Amount *divided by* (ii) the related Pari Passu Amount.

**"Implied Writedown Reimbursement Amount":** With respect to any Reference Obligation, (i) if the related Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (i) of the definition of "Writedown" to occur in respect of such Reference Obligation, on any Reference Obligation Payment Date for such Reference Obligation, an amount determined by the Credit Default Swap Calculation Agent equal to the excess, if any, of the Previous Period Implied Writedown Amount for such Reference Obligation over the Current Period Implied Writedown Amount for such Reference Obligation, in each case in respect of the related Reference Obligation Calculation Period to which such Reference Obligation Payment Date relates, and (ii) in any other case, zero; *provided* that the aggregate of all Implied Writedown Reimbursement Amounts at any time with respect to a Reference Obligation shall not exceed the Reference Obligation Outstanding Principal Amount.

**"Independent":** As to any Person, any other Person (including a firm of accountants or lawyers and any member thereof) who (i) does not have and is not committed to acquire any material direct or any material indirect financial interest in such Person or in any Affiliate of such Person, (ii) is not connected with such Person as an officer, employee, promoter, underwriter, voting trustee, partner, director or Person performing similar functions and (iii) is not Affiliated with a firm that fails to satisfy the criteria set forth in (i) and (ii). "Independent" when used with respect to any accountant may include an accountant who audits the books of any Person if in addition to satisfying the criteria set forth above the accountant is independent with respect to such Person within the meaning of Rule 101 of the Code of Ethics of the American Institute of Certified Public Accountants.

**"Initial Class Notional Amount":** With respect to: (i) the Class SS Notes, \$1,100,000,000; (ii) the Class A-1 Notes, \$200,000,000; (iii) the Class A-2 Notes, \$280,000,000; (iv) the Class B Notes, \$60,000,000; (v) the Class C Notes, \$100,000,000; (vi) the Class D Notes, \$60,000,000; and (vii) the Class FL Notes, \$200,000,000; in each case denominated in Dollars or the USD Equivalent of any Approved Currency other than Dollars.

**"Initial Face Amount":** For each Reference Obligation, an amount as specified in the Reference Obligation Registry at the time of inclusion of such Reference Obligation in the Reference Portfolio, or, if such Reference Obligation is not denominated in Dollars, the product of (i) such amount and (ii) the applicable Notional Foreign Exchange Rate.

**"Initial Factor":** For each Reference Obligation, the factor for such Reference Obligation on the Closing Date, as specified in the Reference Obligation Registry.



**"Initial Purchaser":** Goldman, Sachs & Co.

**"Initial Reference Obligation Notional Amount":** For (i) each Dollar denominated Reference Obligation, the notional amount of such Reference Obligation as recorded in the Reference Obligation Registry, and (ii) each Reference Obligation denominated in a currency other than Dollars, the product of (a) the notional amount of such Reference Obligation denominated in such other currency as recorded in the Reference Obligation Registry and (b) its Notional Foreign Exchange Rate, in each case as of the time of inclusion of such Reference Obligation in the Reference Portfolio.

**"Initial Reference Portfolio":** The portfolio of Reference Obligations on the Closing Date.

**"Initial Reference Portfolio Notional Amount":** The aggregate Reference Obligation Notional Amount of the Initial Reference Portfolio.

**"Insurer":** With respect to any Reference Obligation, the Insurer set out in Schedule A with respect to such Reference Obligation.

**"Interest Accrual Period":** The period from and including the Closing Date to but excluding the first Payment Date, and each successive period from and including each Payment Date to but excluding the following Payment Date (except with respect to the Payment Date preceding the Stated Maturity or the Mandatory Redemption Date, as the case may be, to but excluding the Stated Maturity or the Mandatory Redemption Date, as the case may be).

**"Interest Distribution Amount":** With respect to any Payment Date and with respect to any Series of Notes, the sum of:

- (a) the aggregate amount of interest accrued, at the applicable Series Interest Rate, during the related Interest Accrual Period on the average daily Currency Adjusted Aggregate Outstanding Amount of such Series of Notes during the preceding Interest Accrual Period;
- (b) the aggregate amount of interest accrued, at the applicable Series Interest Rate, during the related Interest Accrual Period, on any Defaulted Interest relating to such Series of Notes;
- (c) any Defaulted Interest relating to such Series of Notes; and
- (d) any ICE Currency Adjusted Interest Reimbursement Amount allocable to such Series.

**"Interest Proceeds":** With respect to any Payment Date (including the Optional Redemption Date or any Partial Optional Redemption Date, the Mandatory Redemption Date and/or the Stated Maturity), without duplication:

- (i) the portion of the Collateral Interest Amount actually received during the related Due Period;
- (ii) the Monthly Basis Swap Payment received on such Payment Date;
- (iii) the Fixed Payment (for the avoidance of doubt, excluding those related amounts deposited in the CDS Issuer Fixed Payment Subaccount on such Payment Date but including those related amounts released from the CDS Issuer Fixed Payment Subaccount on such Payment Date) with respect to such Payment Date;

- (iv) any ICE Currency Adjusted Interest Reimbursement Amounts received during the related Due Period;
- (v) after an event of default, as such term is defined under the Collateral Put Agreement, any interest payment received by the Issuer from the Posted Collateral during the related Due Period (but not to exceed the amount of the Collateral Put Provider's obligations owed to the Issuer); and
- (vi) all payments of principal on Eligible Investments purchased with the proceeds of any of items (i), (ii), (iii), (iv) and (v) of this definition (without duplication) received during the related Due Period;

*provided*, that, prior to an event of default, as such term is defined in the Collateral Put Agreement, any payments received by the Issuer under the Posted Collateral shall not constitute "Interest Proceeds" and such amounts shall be deposited in the Collateral Put Provider Account and be treated in accordance with the Credit Support Annex, if any.

**"Investment Company Act":** The U.S. Investment Company Act of 1940, as amended.

**"ISDA Credit Derivatives Definitions":** The 2003 Credit Derivative Definitions published by the International Swap and Derivatives Association, Inc., as supplemented by the May 2003 Supplement to the 2003 Credit Derivatives Definitions.

**"Issuer Assets":** All money (except for money, securities, investments and agreements in the Issuer's bank account in the Cayman Islands), instruments and other property and rights, including, without limitation, the Collateral and the Issuer's rights under the Credit Default Swap, the Basis Swap, the Collateral Put Agreement, the Collateral Disposal Agreement and the Portfolio Selection Agreement, subject to or intended to be subject to the lien of the Indenture for the benefit of the Secured Parties as of any particular time, including all Proceeds thereof and the rights, title and interest granted by the Issuer to the Trustee under the Indenture.

**"Issuer Note Register":** The register maintained by the Issuing and Paying Agent or any Issuer Note Registrar with respect to the Issuer Notes under the Issuing and Paying Agency Agreement.

**"Issuer Note Registrar":** The agent appointed by the Issuer under the Issuing and Paying Agency Agreement to act as note registrar for the purpose of registering and recording in the Issuer Note Register the Issuer Notes and transfers of such Notes.

**"Issuer Notes":** Collectively, the Class A-2 Notes, the Class B Notes, the Class C Note, the Class D Notes and the Class FL Notes.

**"JPY-LIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Yen are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, JPY-LIBOR shall equal JPY-LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, JPY-LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, JPY-LIBOR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for deposits in Yen for the Applicable Period which appears on Telerate Page 3750 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 3750, as of 11:00 a.m. (New York time) on such Applicable Index Determination Date.

- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 3750, or such page as may replace Telerate Page 3750, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for deposits in Yen for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (New York time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide such quotations, JPY-LIBOR shall equal such arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such quotations, JPY-LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in Tokyo selected by the Basis Swap Calculation Agent are quoting on the relevant Applicable Index Determination Date for loans in Yen for the Applicable Period in an amount determined by the Basis Swap Calculation Agent equal to an amount that is representative for a single transaction in such market at such time to leading European banks; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, JPY-LIBOR shall be JPY-LIBOR as determined on the most recent date JPY-LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.
- (c) The Basis Swap Calculation Agent shall provide JPY-LIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"Legal Final Maturity Date":** With respect to any Reference Obligation, the "Rated Final Maturity Date" set out in Schedule A with respect to such Reference Obligation (subject, for the avoidance of doubt, to any business day convention applicable to the legal final maturity date of the Reference Obligation), *provided* that if the legal final maturity date of the Reference Obligation is amended, the Legal Final Maturity Date shall be such date as amended.

**"LIBOR":** An amount determined only with respect to any Applicable Period for which Notes denominated in Dollars are Outstanding. For purposes of calculating the Series Interest Rates for each Applicable Period, LIBOR shall equal LIBOR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, LIBOR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, LIBOR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for Eurodollar deposits for the Applicable Period which appears on Telerate Page 3750 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or

such page as may replace Telerate Page 3750, as of 11:00 a.m. (New York time) on such Applicable Index Determination Date.

- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 3750, or such page as may replace Telerate Page 3750, the Basis Swap Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to leading banks in the London interbank market for Eurodollar deposits for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (New York time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in the City of New York selected by the Basis Swap Calculation Agent are quoting on the relevant Applicable Index Determination Date for Eurodollar deposits for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to the principal London offices of leading banks in the London interbank market; *provided, however,* that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, LIBOR shall be LIBOR as determined on the most recent date LIBOR was available. As used herein, "Reference Banks" means four major banks in the London interbank market selected by the Basis Swap Calculation Agent.
- (c) The Basis Swap Calculation Agent shall provide LIBOR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Series Interest Rates for the next Interest Accrual Period and the Series Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Series Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Series Interest Rates and the Series Interest Amounts, together with its reasons therefor.

**"London Banking Day":** A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

**"Majority":** With respect to the Notes or any Class thereof, the Holders of more than 50% of the Aggregate USD Equivalent Outstanding Amount of the Notes or of such Class, as the case may be.

**"Makewhole Amount":** In connection with an Optional Redemption in Whole prior to the Payment Date in April 2010, an amount calculated by the Trustee equal to the net present value of a stream of fixed payments, such fixed payments being the Portfolio Selection Fees related to the Notes being redeemed, that would have been payable to the Portfolio Selection Agent from the redemption date to the Payment Date in April 2010, discounted from and including the date of calculation to but excluding the Payment Date in April 2010, (x) at the applicable rate (the **"LIBOR Swap Rate"**) on London interbank offered rate swap agreements (**"LIBOR Swaps"**) (determined, if necessary, by interpolating linearly between the LIBOR Swap and the term closest to and greater than the time from the redemption date to

the Payment Date in April 2010 and the LIBOR Swap with the term closest to and less than the time from the redemption date to the Payment Date in April 2010 as reported on page 19901 on the Telerate Access Service (or any successor page on such service) as of 10:00 a.m. (New York time) on the tenth Business Day preceding the related redemption date or (y) if such LIBOR Swap Rates are not reported or are not ascertainable, the LIBOR Swap Rate as determined by the Calculation Agent in accordance with the calculation of LIBOR.

**"Maximum Redemption Refund Amount":** With respect to the Stated Maturity of any Series of Notes or in connection with a Mandatory Redemption caused by a termination of the Credit Default Swap as a result of a default by the Protection Buyer, a termination of the Collateral Put Agreement as a result of a default by the Collateral Put Provider or a termination of the Basis Swap as a result of a default by the Basis Swap Counterparty, if an ICE Reference Obligation Notional Amount Differential is greater than zero with respect to one or more Reference Obligations (a) that remain in the Reference Portfolio at such time of determination, (b) with respect to which the ICE Reference Obligation Notional Amount Differential was equal to zero on the day that was one calendar year prior to such time of determination, (c) that, at the time of such determination, has an Actual Rating above (1) if rated by Moody's, "Ca" or (2) if rated by S&P, "CC" and (d) with respect to which no Credit Event (other than a Writedown) has occurred at any time on or prior to such time of determination, an amount, if greater than zero, equal to the aggregate of the differences, determined for each such Reference Obligation, of (i) the ICE Reference Obligation Notional Amount Differential of such Reference Obligation and (ii) if greater than zero, the ICE Reference Obligation Notional Amount of such Reference Obligation less the related Current Dollar Price.

**"Moody's":** Moody's Investors Service, Inc. and any successor or successors thereto.

**"Moody's Rating":** The following definition of "Moody's Rating" has been provided to the Issuer by Moody's and capitalized terms used therein with respect to types of securities have the meanings ascribed thereto by Moody's. With respect to an Obligation, a rating to be determined as follows:

- (1) if such Obligation has an expressly monitored outstanding rating assigned by Moody's, which rating by its terms addresses the full scope of the payment promise of the obligor of such Obligation, the Moody's Rating shall be such rating, or if such Obligation is not rated by Moody's, but a request has been made to Moody's for a rating to such Obligation, the Moody's Rating shall be the rating so assigned by Moody's; *provided* that for purposes of this definition,
  - (i) the rating assigned by Moody's to an Obligation placed on watch for possible downgrade by Moody's will be deemed to have been downgraded by two subcategories, and
  - (ii) the rating assigned by Moody's to an Obligation placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by two subcategories; *provided* that an Obligation rated "Aa1" by Moody's that is placed on watch for possible upgrade by Moody's will be deemed to have been upgraded by one rating subcategory; and
- (2) (i) if such Obligation is not rated by Moody's but is rated by S&P, then the Moody's Rating of such Obligation may be an Implied Rating determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table ("notching"):

<b>ASSET CLASS</b>	<b>AAA to AA-</b>	<b>A+ to BBB-</b>	<b>Below BBB-</b>
<b>Asset Backed</b>			
Agricultural and Industrial Equipment loans	1	2	3
Aircraft and Auto leases	2	3	4
Arena and Stadium Financing	1	2	3
Auto loan	1	2	3
Boat, Motorcycle, RV, Truck	1	2	3
Computer, Equipment and Small-ticket item leases	1	2	3
Consumer Loans	1	3	4
Credit Card	1	2	3
Cross-border transactions	1	2	3
Entertainment Royalties	1	2	3
Floor Plan	1	2	3
Franchise Loans	1	2	4
Future Receivables	1	1	2
Health Care Receivables	1	2	3
Manufactured Housing	1	2	3
Mutual Fund Fees	1	2	4
Small Business Loans	1	2	3
Stranded Utilities	1	2	3
Structured Settlements	1	2	3
Student Loan	1	2	3
Tax Liens	1	2	3
Trade Receivables	2	3	4
	<b>AAA</b>	<b>AA+ to BBB-</b>	<b>Below BBB-</b>
<b>Residential Mortgage Related</b>			
Jumbo A	1	2	3
Alt-A or mixed pools	1	3	4
HEL (including Residential B&C)	1	2	3

- (ii) if such Obligation is dual-rated Jumbo A or Alt-A, the Moody's Rating shall be the rating determined in subclause (i) above, *plus* one-half of a subcategory;

- (iii) if such Obligation is not rated by Moody's but is rated by S&P and is a Commercial Mortgage-Backed Security, the Moody's Rating of such Obligation may be determined by subtracting the number of subcategories from the Moody's equivalent rating according to the following table:

	Tranche rated by S&P; no tranche in deal rated by Moody's	Tranche rated by S&P; at least one other tranche in deal rated by Moody's
Commercial Mortgage Backed Securities		
Conduit <sup>1</sup>	2 notches from S&P	1.5 <sup>2</sup> notches from S&P
Credit Tenant Lease	Follow corporate notching practice	Follow corporate notching practice
Large Loan	No notching permitted	

<sup>1</sup> For purposes of the "Moody's Rating", conduits are defined as fixed rate, sequential pay, multi-borrower transactions having a Herfindahl score of 40 or higher at the loan level with all collateral including conduit loans, A notes, large loans, Credit Tenant Leases and any other real estate collateral factored in.

<sup>2</sup> A 1.5 notch haircut implies, for example, that if the S&P rating were BBB, then the Moody's Rating would be halfway between the Baa3 and Ba1 rating factors.

- (iv) if such Obligation is a CDO Cashflow Security, no notching is permitted and the Moody's Rating shall be the rating so assigned by Moody's;

*provided* that (1) any ratings by S&P used to determine a Moody's Rating shall (a) address the full return of interest and principal; (b) be for the benefit of multiple investors and remain valid if the Obligation is transferred to subsequent investors; (c) be actually expressly monitored ratings rather than any "credit estimate" or "shadow rating" and (d) be monitored through the life of the Obligation and (2) no notching is permitted based upon a rating by S&P with an "r", "t" or "Pi" subscript; and *provided, further*, that the aggregate Reference Obligation Notional Amount of Reference Obligations that may be given a Moody's Rating based on Reference Obligations rated by only S&P may not exceed 7.5% of the Initial Reference Portfolio Notional Amount; and *provided, further*, that Asset-Backed Securities or Mortgage-Backed Securities, other than those listed in this paragraph (2) and any RMBS Agency Securities, shall have the rating assigned by Moody's.

**"Moody's Rating Condition":** With respect to any proposed action to be taken under the Indenture or any other document contemplated by the Indenture, a condition that is satisfied when Moody's has confirmed in writing to the Issuer and/or the Trustee that an immediate withdrawal or reduction with respect to any then-current rating by Moody's of any Class of Notes will not occur as a result of such proposed action.

**"Mortgage-Backed Securities":** Any Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

**"New Zealand Dollar", "NZD" or "NZ\$":** The official currency of New Zealand.

**"Non-U.S. Obligor":** An issuer or obligor of a Reference Obligation that (i) is not a Special Purpose Vehicle and (ii) is organized in a sovereign jurisdiction other than the United States of America.

**"Note Payment Sequence":** The application, in accordance with the Priority of Payments, of Principal Proceeds, in the following order: to the payment of principal of the Class SS Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class A-1 Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class A-2 Notes until redeemed or

otherwise paid in full, then to the payment of principal of the Class B Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class C Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class D Notes until redeemed or otherwise paid in full, then to the payment of principal of the Class FL Notes until redeemed or otherwise paid in full; *provided* that (i) with respect to any Class of Notes issued in more than one Series, allocation of principal to Notes of each related Series will be made *pro rata* based on (a) the Aggregate USD Equivalent Outstanding Amount of such Notes (other than in connection with a Mandatory Redemption) and (b) the Dollar equivalent principal amount of such Notes determined using the Spot FX Rate as of the third Business Day immediately prior to such Mandatory Redemption Date (in connection with a Mandatory Redemption) and (ii) principal will be applied to Notes in the Approved Currency in which such Notes are denominated up to the Currency Adjusted Aggregate Outstanding Amount of such Notes.

**"Note Register":** The register maintained by the Trustee or any Note Registrar with respect to the Co-Issued Notes under the Indenture.

**"Note Registrar":** The agent appointed by the Issuer under the Indenture to act as note registrar for the purpose of registering and recording in the Note Register the Co-Issued Notes and transfers of such Notes.

**"Note Scaling Factor":** On any date of determination, with respect to any Class of Notes, a fraction equal to (i) the Aggregate USD Equivalent Outstanding Amount of such Class of Notes on such Date *divided by* (ii) the Class Notional Amount of such Class of Notes on such date. For the avoidance of doubt, the Note Scaling Factor may exceed 1.

**"Noteholder":** A Holder of the Notes of any Class.

**"Noteholder Communication Notice":** A notice from an Originating Noteholder to the Trustee or the Issuing and Paying Agent, as applicable, the contents of which are to be delivered by the Trustee or the Issuing and Paying Agent, as applicable to all other Noteholders in accordance with the Indenture or the Issuing and Paying Agency Agreement, as applicable.

**"Notes":** Collectively, the Class SS Notes, the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class FL Notes.

**"Notice of Publicly Available Information":** An irrevocable notice from the Protection Buyer to the Trustee (which shall forward such notice to the Issuers, the Rating Agencies and the Collateral Disposal Agent) (which may be by telephone) that cites Publicly Available Information confirming the occurrence of a Credit Event. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information.

**"Notional Foreign Exchange Rate":** The Spot FX Rate determined as of the Closing Date.

**"Notional Principal Amount":** On any date of determination, the Reference Obligation Amortization Amounts.

**"NZD-BBR":** NZD-BBR will be an amount determined only with respect to any Applicable Period for which Notes denominated in New Zealand Dollars are Outstanding. For purposes of calculating the Issuance Interest Rates for each Applicable Period, NZD-BBR shall equal NZD-BBR as used in the calculation of the Monthly Basis Swap Payment for such Applicable Period. For purposes of calculating the Monthly Basis Swap Payment for each Applicable Period, NZD-BBR shall be calculated by the Basis Swap Calculation Agent as follows:

- (a) On each Applicable Index Determination Date, NZD-BBR shall equal the rate, as obtained by the Basis Swap Calculation Agent, for deposits in New Zealand Dollar bills of



exchange for the Applicable Period which appears on the Telerate Page 2484 (as defined in the International Swaps and Derivatives Association, Inc. 2000 Interest Rate and Currency Exchange Definitions), or such page as may replace Telerate Page 2484, as of 11:00 a.m. (Wellington time) on such Applicable Index Determination Date.

- (b) If, on any Applicable Index Determination Date, such rate does not appear on Telerate Page 2484, or such page as may replace Telerate Page 2484, the Basis Swap Calculation Agent shall determine the arithmetic mean on the basis of the bid and offered rates of the Reference Banks for New Zealand Dollar bills of exchange for the Applicable Period in an amount determined by the Basis Swap Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (Wellington time) on the Applicable Index Determination Date made by the Basis Swap Calculation Agent to the principal New Zealand office of each of the Reference Banks. If, on any Applicable Index Determination Date, at least two of the Reference Banks provide sets of bid and offered rate quotations, NZD-BBR shall equal the arithmetic mean of such quotations. If, on any Applicable Index Determination Date, only one or none of the Reference Banks provides such bid and offered rate quotations, NZD-BBR shall be the arithmetic mean of the rates quoted by major banks in New Zealand selected by the Basis Swap Calculation Agent, at approximately 11:00 a.m. (Wellington time) are quoting on the relevant Applicable Index Determination Date for New Zealand Dollar bills of exchange for the Applicable Period in an amount determined by the Basis Swap Calculation Agent equal to an amount that is representative for a single transaction in such market at such time; *provided, however*, that if the Basis Swap Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, NZD-BBR shall be NZD-BBR as determined on the most recent date NZD-BBR was available. As used herein, "Reference Banks" means four major banks in the New Zealand money market selected by the Basis Swap Calculation Agent.
- (c) The Basis Swap Calculation Agent shall provide NZD-BBR to the Note Calculation Agent as promptly as practicable following the determination thereof. As soon as possible after 11:00 a.m. (New York time) on each Applicable Index Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each Applicable Index Determination Date, the Note Calculation Agent will cause notice of the Issuance Interest Rates for the next Interest Accrual Period and the Issuance Interest Amounts (rounded to the nearest cent, with half a cent being rounded upward) on the related Payment Date to be communicated to the Issuers, the Trustee, the Issuing and Paying Agent, if applicable, Euroclear, Clearstream and the paying agents. The Note Calculation Agent will also specify to the Issuers the quotations upon which the Issuance Interest Rates are based, and in any event the Note Calculation Agent shall notify the Issuers before 5:00 p.m. (New York time) on each Applicable Index Determination Date if it has not determined and is not in the process of determining the Issuance Interest Rates and the Issuance Interest Amounts, together with its reasons therefor.

**"Obligation":** A Reference Obligation, a Collateral Security or an Eligible Investment, as the case may be.

**"Optional Redemption Date":** Any Payment Date specified for an Optional Redemption in Whole.

**"Optional Redemption Reimbursement Amount":** With respect to any Reversible Loss Series, the aggregate of the following amounts:

- (i) the ICE Currency Adjusted Aggregate Outstanding Amount Differential with respect to such Series; and

- (ii) the ICE Currency Adjusted Reimbursable Interest Amount with respect to such Series.

**"Original Principal Amount":** For each Reference Obligation, the outstanding principal balance of such Reference Obligation as of the issuance date of such Reference Obligation, as recorded in the Reference Obligation Registry.

**"Originating Noteholder":** With respect to (i) any Collateral Security Substitution Request Notice, the Noteholder(s) submitting such Collateral Security Substitution Request Notice and (ii) any Noteholder Communication Notice, the Noteholder(s) submitting such Noteholder Communication Notice.

**"Outstanding":** With respect to the principal amount of any Note of any Class, as of any time of determination, the principal amount of such Note after giving effect to (i) each reduction (if any) in the principal amount of such Note as described in "Summary—Notes—Decrease in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", (ii) each increase (if any) in the principal amount of such Note as described in "Summary—Notes—Increase in the Aggregate USD Equivalent Outstanding Amount of each Class of Notes", (iii) each payment (if any) of the principal amount of such Note and (iv) any additional Notes of such Class issued pursuant to the Indenture, in each case prior to such time of determination; except:

- (a) Notes theretofore cancelled by the Note Registrar or the Issuer Note Registrar, as applicable or delivered to the Note Registrar or the Issuer Note Registrar, as applicable, for cancellation;
- (b) Notes or, in each case, portions thereof for whose payment or redemption funds in the necessary amount have been theretofore irrevocably deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes; *provided* that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable or provision therefor satisfactory to the Trustee or the Issuing and Paying Agent, as applicable, has been made;
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture or the Issuing and Paying Agency Agreement, as applicable, unless proof satisfactory to the Trustee or the Issuing and Paying Agent, as applicable, is presented that any such original Notes are held by a holder in due course;
- (d) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided in the Indenture;
- (e) in determining whether the Holders of the requisite Aggregate USD Equivalent Outstanding Amount have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Issuer or the Co-Issuer shall be disregarded and deemed not to be Outstanding, except that in determining whether the Trustee or Issuing and Paying Agent, as applicable, shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Trust Officer of the Trustee or the Issuing and Paying Agent, as applicable, knows to be so owned shall be so disregarded;
- (f) for the avoidance of doubt, any Notes held by, or with respect to which discretionary voting rights are held by, the Initial Purchaser and/or its Affiliates or its respective employees will have voting rights with respect to all matters as to which the Holders of Notes are entitled to vote;

- (g) for the avoidance of doubt, any Notes held by, or with respect to which discretionary voting rights are held by, the Portfolio Selection Agent and/or its Affiliates or by any account or fund for which the Portfolio Selection Agent or any Affiliate has discretionary authority will have voting rights with respect to all matters as to which the Holders of Notes are entitled to vote; and
- (h) Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee or the Issuing and Paying Agent, as applicable, that the pledgee has the right so to act with respect to such Notes and the pledgee is not the Issuer, the Co-Issuer or any other obligor upon the Notes or any Affiliate of the Issuer, the Co-Issuer or such other obligor.

**"Pari Passu Amount":** For each Reference Obligation, as of any date of determination, the aggregate of the Reference Obligation Outstanding Principal Amount of such Reference Obligation and the aggregate outstanding principal balance of all obligations of the related Reference Entity secured by the Underlying Assets and ranking *pari passu* in priority with such Reference Obligation.

**"Partial Optional Redemption Date":** Any Payment Date specified for a Partial Optional Redemption.

**"Payment Date":** The 28<sup>th</sup> of each month or if such day is not a Business Day, the next succeeding Business Day, commencing May 29, 2007 and ending on the Stated Maturity.

**"Payment Default":** Any Event of Default specified in subclauses (i), (ii), (v) or (vi) of the definition of such term.

**"Person":** An individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), bank, unincorporated association or government or any agency or political subdivision thereof or any other entity of a similar nature.

**"Portfolio Selection Agreement":** An agreement dated as of the Closing Date, between the Issuer and the Portfolio Selection Agent relating to the Portfolio Selection Agent's performance on behalf of the Issuer of certain investment management duties with respect to the Reference Portfolio, as amended from time to time in accordance with its terms and the terms of the Indenture.

**"Posted Collateral":** Any collateral posted by the Collateral Put Provider to the Issuer pursuant to the Credit Support Annex, if any.

**"Previous Period Implied Writedown Amount":** For each Reference Obligation, with respect to any Reference Obligation Calculation Period, the Current Period Implied Writedown Amount, as determined in relation to the last day of the immediately preceding Reference Obligation Calculation Period.

**"Principal Payment":** With respect to any Reference Obligation, the occurrence of a payment of an amount to the holders of the Reference Obligation in respect of principal (scheduled or unscheduled) in respect of the Reference Obligation other than a payment in respect of principal representing capitalized interest that relates to the term of the Credit Default Swap, excluding, for the avoidance of doubt, any Writedown Reimbursement.

**"Principal Payment Amount":** With respect to any Reference Obligation and in connection with a Principal Payment on such Reference Obligation, an amount equal to the product of (i) the amount of any such Principal Payment on such date, (ii) the Applicable Percentage and (iii) if such Reference Obligation is not denominated in Dollars, the applicable Notional Foreign Exchange Rate.

**"Principal Proceeds":** Without duplication (in each case for so long as it has not been previously applied):

- (i) Disposition Proceeds;
- (ii) all payments of principal (including optional or mandatory redemptions or prepayments) received on the Collateral;
- (iii) all proceeds received from any additional issuance of Notes pursuant to the Indenture not previously invested in Collateral Securities;
- (iv) any termination payments paid to the Issuer under the Credit Default Swap and the Basis Swap;
- (v) any Currency Adjusted Reinstatement Adjustment Amount paid to the Issuer by the Protection Buyer (including from amounts available in the CDS Issuer Account (but not including amounts on deposit in the CDS Issuer Fixed Payment Subaccount));
- (vi) any Optional Redemption Reimbursement Amount paid to the Issuer by the Protection Buyer (including from amounts available in the CDS Issuer Account (but not including amounts on deposit in the CDS Issuer Fixed Payment Subaccount));
- (vii) any Approved Currency Collateral Payment paid to the Issuer by the Protection Buyer;
- (viii) any Redemption Writedown Refund paid to the Issuer by the Protection Buyer (including from amounts available in the CDS Issuer Account (but not including amounts on deposit in the CDS Issuer Fixed Payment Subaccount)); and
- (ix) all payments of principal on Eligible Investments purchased with the proceeds of any of items (i) through (viii) of this definition (without duplication) and not applied during the related Due Period;

*provided*, that, prior to an event of default, as such term is defined under the Collateral Put Agreement, any payment received by the Issuer under the Posted Collateral shall not constitute Principal Proceeds and such amounts shall be deposited in the Collateral Put Provider Account and be treated in accordance with the Credit Support Annex, if any.

**"Principal Shortfall Amount":** With respect to any Reference Obligation that suffered a Failure to Pay Principal Credit Event, the greater of (i) zero and (ii) the amount equal to the product of (A) the Expected Principal Amount for such Reference Obligation minus the Actual Principal Amount for such Reference Obligation, (B) the Applicable Percentage and (C) if such Reference Obligation is not denominated in Dollars, the applicable Notional Foreign Exchange Rate.

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

**"Principal Shortfall Reimbursement Amount":** With respect to any day and any Reference Obligation, the product of (i) the amount of any Principal Shortfall Reimbursement related to such Reference Obligation on such day and (ii) the related Applicable Percentage.

**"Proceeds":** (i) Any property (including but not limited to cash and securities) received as a Distribution on the Issuer Assets or any portion thereof, (ii) any property (including but not limited to cash

and securities) received in connection with the sale, liquidation, exchange or other disposition of the Issuer Assets or any portion thereof, and (iii) all proceeds (as such term is defined in the UCC) of the Issuer Assets or any portion thereof.

**"Proposed New BIE Collateral Security":** The Proposed New BIE Collateral Securities set forth in the related Collateral Security Substitution Request Notice.

**"Protection Buyer Credit Support Document":** The meaning assigned to the term "Credit Support Document" in the Credit Default Swap and initially, the Guaranty dated as of the Closing Date by GS Group in favor of the Issuer as beneficiary thereof with respect to the obligations of the Protection Buyer under the Credit Default Swap.

**"Protection Buyer Credit Support Provider":** The meaning assigned to the term "Credit Support Provider" in the Credit Default Swap and initially, GS Group.

**"Protection Buyer Default Termination Payment":** Any Credit Default Swap Termination Payment required to be made by the Issuer to the Protection Buyer pursuant to the Credit Default Swap (i) in the event of a termination of the Credit Default Swap in respect of which the Protection Buyer is the defaulting party or (ii) in which the Protection Buyer was the sole "Affected Party" (as such term is defined in the Credit Default Swap) (other than in connection with a "Tax Event" or "Illegality", in each case as defined in the Credit Default Swap).

**"Protection Buyer Notes":** Notes acquired by the Protection Buyer and/or one or more Affiliates thereof.

**"Publicly Available Information":** Any information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (i) has been published in not less than two internationally recognized published or electronically displayed news sources (it being understood that each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos or The Australian Financial Review (or successor publications) shall be deemed to be an internationally recognized published or electronically displayed news source); *provided* that if either of the parties to the Credit Default Swap or any of their respective affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation, (ii) is information received from (a) a Reference Entity, (b) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation or a Person which was a party to the offering or distribution of the related Reference Obligation or is a party to any agreement relating to the related Reference Obligation, in each case other than the Protection Buyer or any of its affiliates, (c) a master servicer, a primary servicer, a special servicer or the servicer (or any successor servicer) or any other person acting in a similar capacity for a Reference Obligation, (d) Moody's, S&P or Fitch or any successor thereto, in each case generally made available to the public, (e) Trepp, LLC, Conquest®, Intex Solutions, Inc., Realpoint<sup>sm</sup>, Wall Street Analytics or any of their respective successors and assigns or (f) any internationally recognized stock exchange on which the related Reference Obligation is listed, (iii) is information contained in any petition or filing instituting a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights against or by a Reference Entity or a petition is presented for the winding-up or liquidation of a Reference Entity, (iv) is information contained in any order, decree or notice, however described, of a court, tribunal, regulatory authority or similar administrative or judicial body, (v) is information published in Asset-Backed Alert, International Securitization and Structured Finance Report, BondWeek, Derivatives Week, Asset Securitization Report, Securitization News, Commercial Mortgage Alert, Creditflux, Euromoney or International Financing Review (or successor publications) or (vi) subject to the confirmation of the Rating Agencies, is

information contained in a certificate of the Credit Default Swap Calculation Agent signed by a Managing Director or other equivalently senior officer of the Credit Default Swap Calculation Agent specifically authorized to provide such certification.

In relation to any information of the type described in (ii), (iii), (iv) or (v), the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any affiliate thereof that would be breached by, or would prevent, the disclosure of such information to third parties.

**"Purchase Agreement":** The purchase agreement, dated as of April 10, 2007, among the Issuers and the Initial Purchaser.

**"Put Excluded Collateral":** As of any time of determination, collectively, (i) demand and time deposits that are Eligible Investments as described in clause (ii) of the definition thereof, (ii) Cash, (iii) any Collateral acquired with Excess Disposition Proceeds and/or (iv) any other Eligible Investments subject to satisfaction of the S&P Rating Condition and the Moody's Rating Condition, in each case, as of such date.

**"Put Proceeds":** All amounts received by the Issuer from the Collateral Put Provider in accordance with the Collateral Put Agreement.

**"Qualified Institutional Buyer":** Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of the Notes, is a qualified institutional buyer as defined in Rule 144A.

**"Qualified Purchaser":** Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of the Notes, is a qualified purchaser for purposes of Section 3(c)(7) of the Investment Company Act.

**"Rating Agencies":** S&P and Moody's (each, a **"Rating Agency"**) or, with respect to the Issuer Assets generally, if at any time S&P or Moody's ceases to provide rating services generally, any other nationally recognized statistical rating agency selected by the Issuer and reasonably satisfactory to a Majority of the Aggregate USD Equivalent Outstanding Amount of the Notes voting as a single class. In the event that at any time the Rating Agencies do not include S&P or Moody's, references to rating categories of S&P or Moody's in the Indenture shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and S&P or Moody's published ratings for the type of security in respect of which such alternative rating agency is used. References to Rating Agencies with respect to any Class of Notes issued on the Closing Date shall apply only to Rating Agencies that assigned a rating (public or confidential) to such Class of the Notes on the Closing Date. Reference to Rating Agencies with respect to Classes of Notes that are not issued on the Closing Date shall apply only to any nationally recognized statistical rating agency selected by the Issuer that rates such Classes of Notes, as the case may be, upon any issuance of such Notes.

**"Redemption Refund Adjustment Amount":** With respect to each Class of Notes on a Mandatory Redemption Date caused by a termination of the Credit Default Swap as a result of a default by the Protection Buyer, a termination of the Collateral Put Agreement as a result of a default by the Collateral Put Provider or a termination of the Basis Swap as a result of a default by the Basis Swap Counterparty or a Stated Maturity of any Series of such Class, the product of (i) the Unscaled Redemption Refund Adjustment Amount related to such Class and (ii) the related Note Scaling Factor immediately prior to such determination; *provided that*, for the avoidance of doubt, with respect to a Class with more than one Series Outstanding at such time of determination, any *pro rata* allocations of any Redemption Refund Adjustment Amount will be based on the Aggregate USD Equivalent Outstanding Amount of each applicable Series of such Class, as expressed in Dollars.

**"Reference Entity":** The issuer of a Reference Obligation as set forth in the Reference Obligation Registry and, as determined by the Credit Default Swap Calculation Agent, any entity that succeeds to the obligations of such Reference Entity relating to such Reference Obligation.

**"Reference Obligation":** Each obligation listed as such in the Reference Obligation Registry on the Closing Date.

**"Reference Obligation Amortization Amount":** With respect to the redemption or amortization in whole or in part, of a Reference Obligation, the sum of (i) any Principal Payment Amounts and (ii) Reference Obligation Repayment Amounts on such date.

**"Reference Obligation Calculation Period":** For each Reference Obligation, with respect to each Reference Obligation Payment Date for such Reference Obligation, a period corresponding to the interest accrual period relating to such Reference Obligation Payment Date pursuant to the Underlying Instruments.

**"Reference Obligation Notional Amount":** Initially, with respect to any Reference Obligation, the Initial Reference Obligation Notional Amount, and that in each case will be:

- (i) decreased on each day on which a Principal Payment is determined by the Credit Default Swap Calculation Agent, by the relevant Principal Payment Amount;
- (ii) decreased on the day, if any, on which a Failure to Pay Principal is determined by the Credit Default Swap Calculation Agent, by the relevant Principal Shortfall Amount;
- (iii) decreased on each day on which a Writedown is determined by the Credit Default Swap Calculation Agent, by the relevant Writedown Amount; and
- (iv) increased on each day on which a Writedown Reimbursement is determined by the Credit Default Swap Calculation Agent, by any Writedown Reimbursement Amount in respect of a Writedown Reimbursement within paragraphs (ii) or (iii) of the definition of "Writedown Reimbursement";

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

For the avoidance of doubt, the Reference Obligation Notional Amount shall not be increased by any deferral or capitalization of interest that relates to the term of the Credit Default Swap or decreased by payment of any portion of the principal balance of the Reference Obligation that is attributable to the deferral or capitalization of interest during the term of the Credit Default Swap.

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

- (i) all payments of principal;
- (ii) all writedowns or applied losses (however described in the related Underlying Instruments) resulting in a reduction in the outstanding principal balance of such Reference Obligation (other than as a result of a scheduled or unscheduled payment of principal);

- (iii) forgiveness of any amount by the holders of such Reference Obligation pursuant to an amendment to the related Underlying Instruments resulting in a reduction in the outstanding principal balance of such Reference Obligation;
- (iv) any payments reducing the amount of any reductions described in (ii) and (iii) of this definition;
- (v) any increase in the outstanding principal balance of such Reference Obligation that reflects a reversal of any prior reductions described in (ii) and (iii) of this definition; and
- (vi) any increase in the outstanding principal balance of the Reference Obligation that is attributable to the deferral or capitalization of interest prior to the Closing Date.

For the avoidance of doubt, the Reference Obligation Outstanding Principal Amount shall not include any portion of the outstanding principal balance of the Reference Obligation that is attributable to the deferral or capitalization of interest during the term of the Credit Default Swap.

**"Reference Obligation Payment Date":** For each Reference Obligation, each scheduled distribution date for such Reference Obligation occurring on or after the Closing Date.

**"Reference Obligation Registry":** A registry, maintained by the Credit Default Swap Calculation Agent in accordance with the Credit Default Swap, that records, among other things, the identity of each Reference Obligation, the related Reference Entity, the Reference Obligation Notional Amount and certain other related information, which registry will be updated by the Credit Default Swap Calculation Agent to reflect any applicable changes.

**"Reference Obligation Reimbursement":** A Principal Shortfall Reimbursement or Writedown Reimbursement.

**"Reference Obligation Reimbursement Amount":** A Principal Shortfall Reimbursement Amount or a Writedown Reimbursement Amount.

**"Reference Obligation Repayment Amount":** With respect to a Reference Obligation, an amount equal to the sum of all Writedown Reimbursement Amounts related to such Reference Obligation on that day with respect to one or more Writedown Reimbursements pursuant to clause (i) of the definition of Writedown Reimbursement and/or Principal Shortfall Reimbursements related to such Reference Obligation on that day.

**"Reference Portfolio Notional Amount":** At any time of calculation, the aggregate Reference Obligation Notional Amount of all Reference Obligations at such time.

**"Registered":** A debt obligation that is issued after July 18, 1984 and that is in registered form within the meaning of Section 881(c)(2)(B)(i) of the Code and the Treasury regulations promulgated thereunder.

**"Regulation S" or "Reg S":** Regulation S under the Securities Act.

**"Regulation S Global Notes":** One or more global notes for each Class of Notes in fully registered form without interest coupons sold in reliance on the exemption from registration under Regulation S.

**"REIT":** A real estate investment trust.



**"REIT Debt Security":** A security issued by publicly held real estate investment trusts (as defined in Section 856 of the Code or any successor provision).

**"Replacement Counterparty Rating":** With respect to a counterparty or entity guaranteeing the obligations of such counterparty, (x) a long-term senior, unsecured debt obligation rating, financial program rating or other similar rating (as the case may be, the "long-term rating") of at least "Aa3" by Moody's and (y) a long-term rating of at least "AA-" by S&P.

**"Required Basis Swap Counterparty Rating":** With respect to the Basis Swap Counterparty or any Basis Swap Counterparty Credit Support Provider, (x) if the Basis Swap Counterparty or Basis Swap Counterparty Credit Support Provider has a long-term rating by Moody's, a long-term senior, unsecured debt obligation rating, financial program rating or other similar rating (as the case may be, the "long-term rating") of at least "Aa3" by Moody's and if rated "Aa3" by Moody's is not on negative credit watch by Moody's and (y) if the Basis Swap Counterparty or Basis Swap Counterparty Credit Support Provider has a long-term rating by S&P, a long-term rating of at least "AA-" by S&P.

**"Residential Mortgage-Backed Securities" or "RMBS":** Securities that represent interests in, or enable holders thereof to receive payments that depend on the cashflow primarily from credit default swaps that reference, in each case, pools of residential mortgage loans secured by one- to four-family residential mortgage loans and shall include, without limitation, RMBS Residential A Mortgage Securities, RMBS Residential B/C Mortgage Securities, RMBS Home Equity Loan Securities or RMBS Agency Securities, excluding, in each case, any securities that belong to an Excluded Specified Type; *provided* that any RMBS whose underlying collateral does not consist of 20.0% or more of subordinate liens at the time of its issuance shall be deemed to be any of the aforementioned types of RMBS as determined by the Protection Buyer in accordance with common market practice.

**"Reversible Loss Series":** A Series of Notes for which if, at such time of determination, following the occurrence of one or more Writedowns with respect to Reference Obligations that have not subsequently been removed from the Reference Portfolio, the Aggregate USD Equivalent Outstanding Amount of such Series is less than the ICE Aggregate USD Equivalent Outstanding Amount of such Series; *provided* that, for the avoidance of doubt, the determination of whether any Series of Notes is a Reversible Loss Series will be made at the time of election to redeem such Series in connection with a Partial Optional Redemption and not at the time of issuance of such Series.

**"RMBS Agency Security":** A security issued or fully and unconditionally guaranteed by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or the Government National Mortgage Association.

**"RMBS Home Equity Loan Securities":** Residential Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from balances (including revolving balances) outstanding under lines of credit secured by a first and/or subordinate lien on residential real estate (single or multi-family properties), the proceeds of which lines of credit are not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the balances have standardized payment terms and require minimum monthly payments;
- (ii) the balances are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk;
- (iii) the repayment of such balances may be based on a fixed scheduled payment or, alternatively, may not depend upon a contractual payment schedule, with early

repayment depending primarily on interest rates, availability of credit against a maximum line of credit and general economic matters; and

- (iv) the combined loan-to-value ratios are higher than customary in the primary mortgage markets;

*provided* that any RMBS whose underlying collateral consists of 20.0% or more of subordinate liens at the time of its issuance shall be deemed to be an RMBS Home Equity Loan Security.

**"RMBS Manufactured Housing Loan Securities":** Residential Mortgage-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from manufactured housing (also known as mobile homes and prefabricated homes) installment sales contracts and installment loan agreements, generally having the following characteristics:

- (i) the contracts and loan agreements have varying, but typically lengthy contractual maturities;
- (ii) the contracts and loan agreements are secured by the manufactured homes and, in certain cases, by mortgages and/or deeds of trust on the real estate to which the manufactured homes are deemed permanently affixed;
- (iii) the contracts and/or loans are obligations of a large number of obligors and accordingly represent a relatively diversified pool of obligor credit risk;
- (iv) repayment thereof can vary substantially from the contractual payment schedule, with early prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, in the case of loans bearing interest at a fixed rate, such loans or securities include an effective prepayment premium; and
- (v) in some cases, obligations are fully or partially guaranteed by a governmental agency or instrumentality.

**"RMBS Residential A Mortgage Securities":** Residential Mortgage-Backed Securities (other than RMBS Residential B/C Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the mortgage loans have generally been underwritten to the standards of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association (without regard to the size of the loan);
- (ii) the mortgage loans have standardized payment terms and require minimum monthly payments;
- (iii) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and

- (iv) the repayment of such mortgage loans is subject to a contractual payment schedule, with early repayment depending primarily on interest rates and the sale of the mortgaged real estate and related dwelling.

**"RMBS Residential B/C Mortgage Securities":** Residential Mortgage-Backed Securities (other than RMBS Residential A Mortgage Securities) that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from subprime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which are used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics:

- (i) the mortgage loans have generally not been underwritten to the standards of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association (without regard to the size of the loan);
- (ii) the mortgage loans have standardized payment terms and require minimum monthly payments;
- (iii) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and
- (iv) the repayment of such mortgage loans is subject to a contractual payment schedule, with early repayment depending primarily on interest rates and the sale of the mortgaged real estate and related dwelling.

**"Rule 144A":** Rule 144A under the Securities Act.

**"Rule 144A Global Notes":** One or more global notes for each Class of Notes in fully registered form without interest coupons sold in reliance on exemption from registration under Rule 144A.

**"S&P":** Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor to the ratings business thereof.

**"S&P Rating":** With respect to any Obligation, a rating determined as follows:

- (a)
  - (1) if S&P has assigned a rating to such Obligation either publicly or privately, the S&P Rating shall be the rating assigned thereto by S&P; *provided, however*, that if the rating assigned to such Obligation by S&P is on the then-current credit rating watch list with negative implications, then the rating of such Obligation will be one subcategory below the rating then assigned to such Obligation by S&P and if the rating assigned to such Obligation by S&P is on the then-current credit rating watch list with positive implications, then the rating of such Obligation will be one subcategory above the rating then assigned to such Obligation by S&P;
  - (2) if such Obligation is not rated by S&P (other than an RMBS Agency Security), then an application may be made to S&P for a confidential credit estimate, which shall be the S&P Rating of such Obligation; *provided* that pending receipt from S&P of such estimate, such Obligation shall have an S&P Rating of "CCC-" if the Issuer believes that such estimate will be at least "CCC-"; or
  - (3) if such Obligation is not rated by S&P and no application has been made to obtain an S&P Rating for such Obligation pursuant to subclause (2) above, then

the S&P Rating of such Obligation may be implied only by reference to the chart set forth below so long as such referenced rating is a publicly monitored rating; *provided* that if such Obligation is not rated by S&P, and the Issuer does not obtain an S&P Rating for such Obligation pursuant to this subclause (a) then no more than 20% of the Initial Reference Portfolio Notional Amount or the aggregate principal amount of Collateral Securities, as the case may be, may imply an S&P Rating pursuant to this subclause (a)(3).

Asset classes are eligible for notching if they are not first loss tranches or combination securities. If an Obligation is publicly rated by two agencies, notch down as shown below will be based on the lowest rating. If publicly rated only by one agency, then notch down what is shown below minus one additional notch based on the public rating.

	Issued prior to 8/1/01 and the current rating is investment grade	Issued prior to 8/1/01 and the current rating is non investment grade	Issued after 8/1/01 and the current rating is investment grade	Issued after 8/1/01 and the current rating is non investment grade
1. <u>CONSUMER ABS</u>	-1	-2	-2	-3
Automobile Loan Receivable Securities				
Automobile Lease Receivable Securities				
Car Rental Receivable Securities				
Credit Card Securities				
Healthcare Securities				
Student Loan Securities				
2. <u>COMMERCIAL ABS</u>	-1	-2	-2	-3
Cargo Securities				
Equipment Leasing Securities				
Aircraft Leasing Securities				
Small Business Loan Securities				
Restaurant and Food Services Securities				
Tobacco Litigation Securities				
3. <u>Non-RE-REMIC RMBS</u>	-1	-2	-2	-3
Manufactured Housing Loan Securities				
4. <u>Non-RE-REMIC CMBS</u>	-1	-2	-2	-3
CMBS – Conduit				
CMBS – Credit Tenant Lease				
CMBS – Large Loan				
CMBS – Single Borrower				
CMBS – Single Property				

	Issued prior to 8/1/01 and the current rating is investment grade	Issued prior to 8/1/01 and the current rating is non investment grade	Issued after 8/1/01 and the current rating is investment grade	Issued after 8/1/01 and the current rating is non investment grade
5. <u>CDO/CLO CASH FLOW SECURITIES*</u>	-1	-2	-2	-3
Cash Flow CDO – at least 80% High Yield				
Cash Flow CDO – at least 80% Investment Grade				
Cash Flow CLO – at least 80% High Yield				
Cash Flow CLO – at least 80% Investment Grade				
6. <u>REITs</u>	-1	-2	-2	-3
REIT – Multifamily and Mobile Home Park				
REIT – Retail				
REIT – Hospitality				
REIT – Office				
REIT – Industrial				
REIT – Healthcare				
REIT – Warehouse				
REIT – Self Storage				
REIT – Mixed Use				
7. <u>RESIDENTIAL MORTGAGES</u>	-1	-2	-2	-3
Residential "A"				
Residential "B/C"				
Home equity loans				

\* No notching permitted with respect to CDO Cashflow Securities.

The information contained in the table above has been provided to the Issuer by S&P and the asset classes and related capitalized terms have the meanings ascribed thereto by S&P.

**"S&P Rating Condition":** With respect to any proposed action to be taken under the Indenture or any other document contemplated by the Indenture, a condition that is satisfied when S&P has confirmed in writing to the Issuer and/or the Trustee that an immediate withdrawal or reduction with respect to any then-current rating by S&P of any Class of Notes will not occur as a result of such proposed action.

**"Sale Proceeds":** All amounts representing (i) proceeds from the sale or other disposition (other than Put Proceeds) of any Collateral, excluding any Collateral Interest Amount and (ii) any proceeds from liquidating Posted Collateral after an event of default, as such term is defined under the Collateral Put Agreement, has occurred and is continuing under the Collateral Put Agreement (but not to exceed the amount of the Collateral Put Provider's obligations owed to the Issuer).

**"Secured Parties":** (i) The Trustee, (ii) the Noteholders, (iii) the Issuing and Paying Agent (iv) the Protection Buyer, (v) the Basis Swap Counterparty, (vi) the Collateral Put Provider and (vii) the Portfolio Selection Agent.

**"Securities Act":** The U.S. Securities Act of 1933, as amended.

**"Securities Intermediary":** The meaning specified in Section 8-102(a)(14) of the UCC.

**"Senior Amount":** For any Reference Obligation, as of any date of determination, the aggregate outstanding principal balance of all obligations of the related Reference Entity secured by the related Underlying Assets and ranking senior in priority to such Reference Obligation.

**"Series":** All of the Notes of a Class issued (i) in the same Approved Currency, (ii) on the same date of issuance, (iii) with the same Series Interest Rate, (iv) with the same date from which interest will accrue, (v) with the same Non-Call Period, and (vi) with the same Stated Maturity.

**"Series Interest Amount":** With respect to any Series of Notes, as to each Interest Accrual Period, the amount of interest for such Interest Accrual Period payable in respect of each \$1,000, £1,000, €1,000, ¥1,000, A\$1,000, C\$1,000 or NZ\$1,000 principal amount of such Series of Notes.

**"Series Interest Amounts":** Collectively, the Series Interest Amount for each Class of Notes.

**"Series Interest Rate":** With respect to any Series of Notes of any Class, the annual rate at which interest accrues on such Series of Notes, as specified, with respect to Notes issued on the Closing Date, in "Summary—Notes" and on the related Notes, and with respect to any Series of Notes of any Class issued after the Closing Date, at the applicable rate specified in the related offering circular supplement and on the related Notes.

**"Series Interest Rates":** Collectively, the Series Interest Rate for each Class of Notes.

**"Servicer":** For each Reference Obligation, any trustee, servicer, sub servicer, master servicer, fiscal agent, paying agent or other similar entity responsible for calculating payment amounts or providing reports pursuant to the related Underlying Instruments.

**"Servicer Reports":** For each Reference Obligation, periodic statements or reports regarding such Reference Obligation provided by the related Servicer to holders of such Reference Obligation.

**"Share Trustee":** The Administrator as the trustee pursuant to the terms of a charitable trust.

**"Spot FX Rate":** A rate of exchange determined on any measurement date by the Credit Default Swap Calculation Agent as the prevailing rate of exchange (expressed as a number rounded to four decimal places) of Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, Sterling, Yen or other Approved Currencies, as the case may be, for Dollars at such time.

**"Stated Maturity":** With respect to any security or debt obligation, including a Note, the date specified in such security or debt obligation as the fixed date on which the final payment of principal of such security or debt obligation is due and payable or, if such date is not a Business Day, the next following Business Day. The Stated Maturity of the Notes issued on the Closing Date is March 1, 2038.

**"Sterling" or "£":** The lawful currency of the United Kingdom.

**"Structured Corporate Security":** A security that represents the debt of a corporate obligor through the creation of a trust and the pledge of specific corporate assets.

**"Structured Finance Security":** Any security that is an asset-backed security, mortgage-backed security, enhanced equipment trust certificate, collateralized debt obligation, collateralized bond obligation, collateralized loan obligation or similar instrument.

**"Structured Product Security":** Any of the following types of securities: ABS Future Flow Securities not classified as an Excluded Specified Type in accordance with the definition thereof, CDO Cashflow Securities, RMBS, CMBS, Wrapped Securities, REIT Debt Securities or Asset-Backed Securities.

**"Synthetic CDO Security":** Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such Securities) on the cash flow from (and not the market value of) a portfolio of primarily credit default swaps and, if applicable, related securities.

**"TARGET Settlement Day":** Any day on which the TARGET System is open.

**"TARGET System":** The Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

**"Trustee":** LaSalle Bank National Association, solely in its capacity as Trustee for the Noteholders, unless a successor Person shall have become the Trustee pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean such successor Person.

**"Trustee Noteholder Communication Notice":** A notice from the Trustee to the Noteholders that includes the contents of a Noteholder Communication Notice that an Originating Noteholder has requested to be communicated to all other Noteholders; *provided* that the Trustee will not under any circumstances be required to include the identity of such Originating Noteholder in the related Trustee Noteholder Communication Notice.

**"U.S. Person":** The meaning specified under Regulation S.

**"U.S. Resident":** The meaning specified under the Investment Company Act.

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

**"Underlying Instruments":** The indenture and any credit agreement, assignment agreement, participation agreement, pooling and servicing agreement, trust agreement, instrument or other agreement pursuant to which an Obligation was issued and/or created and each other agreement that governs the terms of or secures such Obligation or of which holders of such Obligation are the beneficiaries, and any instrument evidencing or constituting such Obligation.

**"Unscaled Redemption Refund Adjustment Amount":** With respect to the Class Notional Amount of each Class of Notes on a Mandatory Redemption Date caused by a termination of the Credit Default Swap as a result of a default by the Protection Buyer, a termination of the Collateral Put Agreement as a result of a default by the Collateral Put Provider or a termination of the Basis Swap as a result of a default by the Basis Swap Counterparty or a Stated Maturity of any Series of such Class, the lesser of (i) the applicable Maximum Redemption Refund Amount determined on such date *less* the sum of the ICE Class Notional Amount Differentials for the Classes of Notes that are senior to such Class immediately prior to such determination and (ii) the ICE Class Notional Amount Differential of such Class immediately prior to such determination.

**"USD Equivalent":** An amount expressed in Dollars which is equal to (i) with respect to any Notes, the quotient of (a) the Currency Adjusted Aggregate Outstanding Amount of such Notes *divided by* (b) the Applicable Series Foreign Exchange Rate and (ii) with respect to any Collateral Securities, the

quotient of (a) the principal amount of such Collateral Security as expressed in its Approved Currency of denomination *divided by* (b) the Applicable Collateral Security Foreign Exchange Rate.

**"Weighted Average Life":** As of any measurement date, the number obtained by the Credit Default Swap Calculation Agent and confirmed by the Collateral Administrator with respect to the Collateral by (i) for each Collateral Security and each Eligible Investment, multiplying the USD Equivalent of each scheduled principal payment by the number of years (rounded to the nearest hundredth) from such measurement date until such scheduled principal payment is due; (ii) summing all of the products calculated pursuant to subclause (i); and (iii) dividing the sum calculated pursuant to subclause (ii) by the sum of the USD Equivalent of all scheduled principal payments due on all the Collateral Securities and Eligible Investments as of such measurement date; *provided* that for purposes of determining the Weighted Average Life of the Collateral, the number calculated under clause (i) with respect to Eligible Investments shall equal zero.

**"Wrapped Securities":** Securities (other than RMBS Agency Securities) that (i) have the benefit of a financial guarantee insurance policy or surety bond provided by a monoline or multiline insurer and (ii) are rated "AAA" by S&P or "Aaa" by Moody's, which ratings may take into consideration such financial guarantee insurance policy or surety bond.

**"Writedown Amount":** On any day, with respect to any Reference Obligation that suffered a Writedown Credit Event, the product of (i) the amount of such Writedown with respect to such Reference Obligation on such day, (ii) the Applicable Percentage with respect to such Reference Obligation and (iii) if such Reference Obligation is not denominated in Dollars, the applicable Notional Foreign Exchange Rate.

**"Writedown Reimbursement":** For any Reference Obligation, at any time on or after the Closing Date, the occurrence of:

- (i) a payment by or on behalf of the related Reference Entity of an amount in respect of the Reference Obligation in reduction of any prior Writedowns;
- (ii) (A) an increase by or on behalf of the related Reference Entity of the Reference Obligation Outstanding Principal Amount to reflect the reversal of any prior Writedowns or (B) a decrease in the principal deficiency balance or realized loss amounts (however described in the Underlying Instruments) attributable to the Reference Obligation; or
- (iii) if the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in (ii) above to occur in respect of the Reference Obligation, an Implied Writedown Reimbursement Amount being determined in respect of the Reference Obligation by the Credit Default Swap Calculation Agent.

**"Writedown Reimbursement Amount":** For any Reference Obligation, an amount equal to the product of (i) the sum of all Writedown Reimbursements related to such Reference Obligation on that day, (ii) the Applicable Percentage with respect to such Reference Obligation and (iii) if such Reference Obligation is not denominated in Dollars, the applicable Notional Foreign Exchange Rate.

**"Yen":** The lawful currency of Japan.



**EXHIBIT A: FORM OF NOTE OWNER CERTIFICATE**

LaSalle Bank National Association  
181 West Madison Street, 32<sup>nd</sup> Floor  
Chicago, Illinois 60602  
Attention: CDO Trust Services Group – ABACUS 2007-AC1, Ltd.  
as Trustee and Issuing and Paying Agent

ABACUS 2007-AC1, Ltd.  
P.O. Box 1093, GT  
Queensgate House  
South Church Street  
George Town, Grand Cayman  
Cayman Islands

ABACUS 2007-AC1, Inc.  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

Re: Reports Prepared Pursuant to the Indenture, dated as of April 26, 2007 among ABACUS 2007-AC1, Ltd., ABACUS 2007-AC1, Inc. and LaSalle Bank National Association (the "Indenture").

Ladies and Gentlemen:

The undersigned hereby certifies that it is the beneficial owner of U.S.\$\_\_\_\_\_ in principal amount of the (Please check all that apply.):

\_\_\_\_ Class SS Notes  
\_\_\_\_ Class A-1 Notes  
\_\_\_\_ Class A-2 Notes  
\_\_\_\_ Class B Notes  
\_\_\_\_ Class C Notes  
\_\_\_\_ Class D Notes  
\_\_\_\_ Class FL Notes

and hereby requests the Trustee or the Issuing and Paying Agent, as applicable, to provide to it (or its designated nominee set forth below) at the following address or with respect to certain monthly accounting reports or certain other accounting reports, grant access to such information at the Trustee's website the:

\_\_\_\_ notice after the occurrence of any Default (specified in Section 6.2 of the Indenture)  
\_\_\_\_ information with respect to certain tax matters (specified in Section 7.19 of the Indenture)  
\_\_\_\_ certain monthly accounting reports with respect to the Issuer Assets (specified in Section 10.5(a) of the Indenture)  
\_\_\_\_ certain accounting reports determined as of the Determination Date (specified in Section 10.5(b) of the Indenture).

Please return form to the Trustee.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[NAME OF NOTE OWNER]

By: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name Here

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Schedule A

Obligor	Initial Reference Obligation Notional Amount	Reference Obligation	Reference Entity	CUSIP	Type	Initial Face Amount	Original Principal Amount	Initial Factor <sup>1</sup>	Fitch Actual Rating	Moody's Actual Rating	S&P Actual Rating	Rated Final Maturity Date	Remaining Average Life	Servicer/CDO Manager	Insurer
1	22,222,222	ABFC 2006-OPT1 M8	ABFC 2006-OPT1	00075QAM4	Residential B/C Mortgage Security	22,222,222	12,445,000	1.0000000000	BBB	Baa2	BBB	9/25/2036	3.4	Option One Mortgage Corp	
2	22,222,222	ABFC 2006-OPT2 M8	ABFC 2006-OPT2	00075XAP2	Residential B/C Mortgage Security	22,222,222	10,443,000	1.0000000000	BBB	Baa2	BBB	10/25/2036	3.7	Option One Mortgage Corp	
3	22,222,222	ABSHE 2006-HE3 M7	ABSHE 2006-HE3	04541GXX3	Residential B/C Mortgage Security	22,222,222	11,585,000	1.0000000000	BBB	Baa2	BBB	3/25/2036	3.3	Option One Mortgage Corp	
4	22,222,222	ABSHE 2006-HE4 M7	ABSHE 2006-HE4	04544GAP4	Residential B/C Mortgage Security	22,222,222	6,819,000	1.0000000000	BBB	Baa2	BBB	5/25/2036	3.3	Select Portfolio Servicing, Inc	
5	22,222,222	ABSHE 2006-HE7 M9	ABSHE 2006-HE7	04544QAP2	Residential B/C Mortgage Security	22,222,222	11,891,000	1.0000000000	BBB-	Baa2	BBB-	11/25/2036	3.9	Select Portfolio Servicing, Inc	
6	22,222,222	ACE 2006-FM2 M8	ACE 2006-FM2	00442CAN9	Residential B/C Mortgage Security	22,222,222	6,582,000	1.0000000000		Baa2	BBB	8/25/2036	4.0	Wells Fargo Bank	
7	22,222,222	ACE 2006-OP2 M9	ACE 2006-OP2	00441YAP7	Residential B/C Mortgage Security	22,222,222	11,597,000	1.0000000000		Baa2	BBB-	8/25/2036	3.8	Wells Fargo Bank	
8	22,222,222	ARSI 2006-W1 M8	ARSI 2006-W1	040104R06	Residential B/C Mortgage Security	22,222,222	31,850,000	1.0000000000	BBB+	Baa2	BBB+	3/25/2036	3.3	Ameritrust Mortgage Company	
9	22,222,222	BNCMT 2007-1 M8	BNCMT 2007-1	05569GAN6	Residential B/C Mortgage Security	22,222,222	8,305,000	1.0000000000	BBB	Baa2	BBB	3/25/2037	4.3	Aurora Loan Services Inc	
10	22,222,222	CARR 2006-FRE1 M9	CARR 2006-FRE1	144538AN5	Residential B/C Mortgage Security	22,222,222	13,476,000	1.0000000000	BBB+	Baa2	A	7/25/2036	3.3	Fremont Investment And Loan	
11	22,222,222	CARR 2006-FRE2 M8	CARR 2006-FRE2	14454AAN9	Residential B/C Mortgage Security	22,222,222	12,805,000	1.0000000000		Baa2	BBB+	10/25/2036	3.6	Fremont Investment And Loan	
12	22,222,222	CARR 2006-OPT1 M8	CARR 2006-OPT1	144531FV7	Residential B/C Mortgage Security	22,222,222	12,954,000	1.0000000000	BBB+	Baa2	A-	2/25/2036	3.1	Option One Mortgage Corp	
13	22,222,222	CMLTI 2006-AMC1 M8	CMLTI 2006-AMC1	17309PAL0	Residential B/C Mortgage Security	22,222,222	9,366,000	1.0000000000		Baa2	BBB	9/25/2036	3.6	Ameritrust Mortgage Company	
14	22,222,222	CMLTI 2006-NC1 M8	CMLTI 2006-NC1	172983AN8	Residential B/C Mortgage Security	22,222,222	6,814,000	1.0000000000		Baa2	BBB	8/25/2036	3.3	Wells Fargo Bank	
15	22,222,222	CMLTI 2006-WFH2 M9	CMLTI 2006-WFH2	17309MAN3	Residential B/C Mortgage Security	22,222,222	11,666,000	1.0000000000		Baa2	BBB-	8/25/2036	3.6	Wells Fargo Bank	
16	22,222,222	CMLTI 2006-WMC1 M8	CMLTI 2006-WMC1	17307G2F4	Residential B/C Mortgage Security	22,222,222	10,313,000	1.0000000000	A-	Baa2	BBB+	12/25/2035	3.2	Wells Fargo Bank	
17	22,222,222	CMLTI 2007-AMC1 M8	CMLTI 2007-AMC1	17311BAL7	Residential B/C Mortgage Security	22,222,222	16,661,000	1.0000000000		Baa2	BBB	12/25/2036	4.2	Countrywide Home Loans, Inc	
18	22,222,222	CMLTI 2007-WFH1 M9	CMLTI 2007-WFH1	17311CAM3	Residential B/C Mortgage Security	22,222,222	4,465,000	1.0000000000		Baa2	BBB-	1/25/2037	4.0	Wells Fargo Bank	
19	22,222,222	CWL 2006-24 M8	CWL 2006-24	23243HAN1	Residential B/C Mortgage Security	22,222,222	9,408,000	1.0000000000		Baa2	BBB	5/25/2037	4.5	Countrywide Home Loans, Inc	
20	22,222,222	CWL 2007-2 M8	CWL 2007-2	12668NAN7	Residential B/C Mortgage Security	22,222,222	12,480,000	1.0000000000		Baa2	BBB	8/25/2037	4.8	Countrywide Home Loans, Inc	
21	22,222,222	FFML 2006-FF11 M8	FFML 2006-FF11	32028PAP0	Residential B/C Mortgage Security	22,222,222	20,600,000	1.0000000000	BBB	Baa2	BBB	8/25/2036	3.6	Wells Fargo Bank	
22	22,222,222	FFML 2006-FF12 M8	FFML 2006-FF12	32027GAN6	Residential B/C Mortgage Security	22,222,222	8,397,000	1.0000000000	BBB	Baa2	BBB	9/25/2036	4.1	Aurora Loan Services Inc	
23	22,222,222	FFML 2006-FF14 M8	FFML 2006-FF14	32027LAP0	Residential B/C Mortgage Security	22,222,222	7,559,000	1.0000000000	BBB	Baa2	BBB	10/25/2036	4.1	Aurora Loan Services Inc	
24	22,222,222	FFML 2006-FF15 M8	FFML 2006-FF15	32028GAP0	Residential B/C Mortgage Security	22,222,222	15,612,000	1.0000000000	BBB	Baa2	BBB	11/25/2036	4.2	Aurora Loan Services Inc	
25	22,222,222	FFML 2006-FF16 M8	FFML 2006-FF16	320275AN0	Residential B/C Mortgage Security	22,222,222	8,428,000	1.0000000000		Baa2	BBB+	12/25/2036	4.0	Home Loan Services, Inc.	
26	22,222,222	FFML 2006-FF17 M8	FFML 2006-FF17	32028KAP1	Residential B/C Mortgage Security	22,222,222	4,663,000	1.0000000000	BBB	Baa2	BBB	12/25/2036	4.2	Aurora Loan Services Inc	
27	22,222,222	FFML 2006-FF7 M8	FFML 2006-FF7	320277AP1	Residential B/C Mortgage Security	22,222,222	8,701,000	1.0000000000	BBB	Baa2	BBB	5/25/2036	3.3	Wells Fargo Bank	

<sup>1</sup> Source: Bloomberg. As of April 10, 2007.

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28	22,222,222	FFML 2006-FF9 M8	FFML 2006-FF9	320276AP3	Residential B/C Mortgage Security	22,222,222	13,478,000	1.0000000000	BBB+	Baa2	BBB+	6/25/2036	3.4	Wells Fargo Bank	
29	22,222,222	FFML 2007-FF1 B2	FFML 2007-FF1	32028TAN7	Residential B/C Mortgage Security	22,222,222	15,254,000	1.0000000000		Baa2	BBB	1/25/2038	4.4	Home Loan Services, Inc.	
30	22,222,222	FFML 2007-FF2 B2	FFML 2007-FF2	32029GAN4	Residential B/C Mortgage Security	22,222,222	19,500,000	1.0000000000		Baa2	BBB	3/25/2037	4.4	Home Loan Services, Inc.	
31	22,222,222	FHLT 2006-A M7	FHLT 2006-A	35729RAN6	Residential B/C Mortgage Security	22,222,222	13,264,000	1.0000000000	BBB+	Baa2	BBB	5/25/2036	3.4	Wells Fargo Bank	
32	22,222,222	FHLT 2006-B M8	FHLT 2006-B	35729QAN8	Residential B/C Mortgage Security	22,222,222	12,544,000	1.0000000000	BBB+	Baa2	BBB	8/25/2036	3.8	Wells Fargo Bank	
33	22,222,222	FMIC 2006-2 M8	FMIC 2006-2	31659EAM0	Residential B/C Mortgage Security	22,222,222	10,800,000	1.0000000000		Baa2	BBB+	7/25/2036	3.1	Wells Fargo Bank	
34	22,222,222	FMIC 2006-3 M8	FMIC 2006-3	316599AN9	Residential B/C Mortgage Security	22,222,222	12,026,000	1.0000000000		Baa2	BBB	11/25/2036	3.3	Wells Fargo Bank	
35	22,222,222	GSAMP 2006-FM2 M8	GSAMP 2006-FM2	36245DAN0	Residential B/C Mortgage Security	22,222,222	11,750,000	1.0000000000		Baa2	BBB+	9/25/2036	3.6	Wells Fargo Bank	
36	22,222,222	HASC 2006-HE2 M8	HASC 2006-HE2	44328BAP3	Residential B/C Mortgage Security	22,222,222	14,484,000	1.0000000000	BBB+	Baa2	BBB+	12/25/2036	5.2	CitiMortgage, Inc.	
37	22,222,222	HEAT 2006-3 M8	HEAT 2006-3	437084UZ7	Residential B/C Mortgage Security	22,222,222	14,700,000	1.0000000000	BBB+	Baa2	BBB+	7/25/2036	3.1	Select Portfolio Servicing, Inc	
38	22,222,222	HEAT 2006-5 M8	HEAT 2006-5	437096AQ3	Residential B/C Mortgage Security	22,222,222	10,625,000	1.0000000000	BBB+	Baa2	BBB+	10/25/2036	3.4	Select Portfolio Servicing, Inc	
39	22,222,222	HEAT 2006-6 M8	HEAT 2006-6	437097AP3	Residential B/C Mortgage Security	22,222,222	10,200,000	1.0000000000	A-	Baa2	A-	11/25/2036	3.5	Select Portfolio Servicing, Inc	
40	22,222,222	HEAT 2006-7 M8	HEAT 2006-7	43709NAP8	Residential B/C Mortgage Security	22,222,222	11,000,000	1.0000000000	BBB+	Baa2	BBB+	1/25/2037	3.7	Select Portfolio Servicing, Inc	
41	22,222,222	HEAT 2006-8 M8	HEAT 2006-8	43709QAP1	Residential B/C Mortgage Security	22,222,222	10,350,000	1.0000000000	BBB	Baa2	BBB+	3/25/2037	4.0	Select Portfolio Servicing, Inc	
42	22,222,222	HEAT 2007-1 M8	HEAT 2007-1	43710LAN4	Residential B/C Mortgage Security	22,222,222	10,500,000	1.0000000000	BBB	Baa2	BBB+	5/25/2037	4.0	Select Portfolio Servicing, Inc	
43	22,222,222	HEAT 2007-2 M8	HEAT 2007-2	43710KAN6	Residential B/C Mortgage Security	22,222,222	14,400,000	1.0000000000	BBB	Baa2	BBB	7/25/2037	4.3	Select Portfolio Servicing, Inc	
44	22,222,222	IXIS 2006-HE3 B2	IXIS 2006-HE3	46602UAM0	Residential B/C Mortgage Security	22,222,222	12,837,000	1.0000000000	BBB	Baa2	BBB	1/25/2037	4.3	Wells Fargo Bank	
45	22,222,222	JPMAC 2006-CW2 MV8	JPMAC 2006-CW2	46629BBA6	Residential B/C Mortgage Security	22,222,222	11,432,000	1.0000000000	BBB	Baa2	BBB	8/25/2036	3.8	Countrywide Home Loans, Inc	
46	22,222,222	JPMAC 2006-FRE1 M8	JPMAC 2006-FRE1	46626LFV7	Residential B/C Mortgage Security	22,222,222	14,174,000	1.0000000000	BBB	Baa2	BBB	5/25/2035	3.0	JPMorgan Chase Bank	
47	22,222,222	JPMAC 2006-WMC3 M8	JPMAC 2006-WMC3	46629KAP4	Residential B/C Mortgage Security	22,222,222	11,510,000	1.0000000000	BBB	Baa2	BBB	8/25/2036	3.8	JPMorgan Chase Bank	
48	22,222,222	LBMLT 2006-11 M8	LBMLT 2006-11	542512AN8	Residential B/C Mortgage Security	22,222,222	11,250,000	1.0000000000		Baa2	BBB	12/25/2036	4.2	Washington Mutual Bank, FA.	
49	22,222,222	LBMLT 2006-4 M8	LBMLT 2006-4	54251MAN4	Residential B/C Mortgage Security	22,222,222	22,111,000	1.0000000000		Baa2	A-	5/25/2036	3.4	Washington Mutual Bank, FA.	
50	22,222,222	LBMLT 2006-6 M8	LBMLT 2006-6	54251RAN3	Residential B/C Mortgage Security	22,222,222	19,413,000	1.0000000000	BBB+	Baa2	BBB+	7/25/2036	3.6	Washington Mutual Bank, FA.	
51	22,222,222	LBMLT 2006-7 M8	LBMLT 2006-7	54251TAN9	Residential B/C Mortgage Security	22,222,222	15,966,000	1.0000000000	BBB+	Baa2	A-	8/25/2036	3.7	Washington Mutual Bank, FA.	
52	22,222,222	LBMLT 2006-8 M8	LBMLT 2006-8	54251UAN6	Residential B/C Mortgage Security	22,222,222	11,046,000	1.0000000000		Baa2	A-	9/25/2036	3.9	Washington Mutual Bank, FA.	
53	22,222,222	LBMLT 2006-9 M8	LBMLT 2006-9	54251WAN2	Residential B/C Mortgage Security	22,222,222	15,961,000	1.0000000000		Baa2	BBB+	10/25/2036	4.0	Washington Mutual Bank, FA.	
54	22,222,222	LBMLT 2006-WL1 M8	LBMLT 2006-WL1	542514RD8	Residential B/C Mortgage Security	22,222,222	23,864,000	1.0000000000		Baa2	BBB	1/25/2036	3.0	Long Beach Mortgage Company	
55	22,222,222	MABS 2006-HE5 M9	MABS 2006-HE5	576455AN9	Residential B/C Mortgage Security	22,222,222	10,393,000	1.0000000000		Baa2	BBB-	11/25/2036	4.1	Wells Fargo Bank	
56	22,222,222	MABS 2006-NC2 M9	MABS 2006-NC2	55275BAP2	Residential B/C Mortgage Security	22,222,222	11,214,000	1.0000000000	BBB	Baa2	BBB-	8/25/2036	3.7	Wells Fargo Bank	
57	22,222,222	MABS 2006-WMC4 M8	MABS 2006-WMC4	57645MAP7	Residential B/C Mortgage Security	22,222,222	11,399,000	1.0000000000		Baa2	BBB+	10/25/2036	4.1	Wells Fargo Bank	

Obligor	Initial Reference Obligation Notional Amount	Reference Obligation	Reference Entity	CUSIP	Type	Initial Face Amount	Original Principal Amount	Initial Factor <sup>1</sup>	Fitch Actual Rating	Moody's Actual Rating	S&P Actual Rating	Rated Final Maturity Date	Remaining Average Life	Servicer/CDO Manager	Insurer
58	22,222,222	MLMI 2006-WMC1 B2A	MLMI 2006-WMC1	59020U4H5	Residential B/C Mortgage Security	22,222,222	13,953,000	1.0000000000		Baa2	BBB+	1/25/2037	3.1	Wilshire Credit Corp	
59	22,222,222	MSAC 2006-HE7 B2	MSAC 2006-HE7	61750MAP0	Residential B/C Mortgage Security	22,222,222	12,851,000	1.0000000000		Baa2	BBB	9/25/2036	4.5	Countrywide Home Loans, Inc	
60	22,222,222	MSAC 2006-HE8 B2	MSAC 2006-HE8	61750SAP7	Residential B/C Mortgage Security	22,222,222	17,398,000	1.0000000000		Baa2	BBB	10/25/2036	4.9	Wells Fargo Bank	
61	22,222,222	MSAC 2006-NC4 B2	MSAC 2006-NC4	61748LAN2	Residential B/C Mortgage Security	22,222,222	23,729,000	1.0000000000	BBB	Baa2	BBB	6/25/2036	4.1	Wells Fargo Bank	
62	22,222,222	MSAC 2006-NC5 B3	MSAC 2006-NC5	61749BAQ6	Residential B/C Mortgage Security	22,222,222	18,795,000	1.0000000000		Baa2	BBB-	10/25/2036	4.9	Countrywide Home Loans, Inc	
63	22,222,222	MSAC 2006-WMC1 B2	MSAC 2006-WMC1	61744CXV3	Residential B/C Mortgage Security	22,222,222	14,285,000	1.0000000000	BBB+	Baa2	A-	12/25/2035	3.6	JPMorgan Chase Bank	
64	22,222,222	MSAC 2006-WMC2 B2	MSAC 2006-WMC2	61749KAP8	Residential B/C Mortgage Security	22,222,222	27,331,000	1.0000000000	BBB	Baa2	BBB	7/25/2036	4.3	Wells Fargo Bank	
65	22,222,222	MSAC 2007-HE1 B2	MSAC 2007-HE1	617526AP3	Residential B/C Mortgage Security	22,222,222	9,779,000	1.0000000000		Baa2	BBB	11/25/2036	5.0	Saxon Mortgage	
66	22,222,222	MSAC 2007-HE2 B2	MSAC 2007-HE2	61753EAM2	Residential B/C Mortgage Security	22,222,222	9,830,000	1.0000000000		Baa2	BBB	1/25/2037	5.2	Saxon Mortgage	
67	22,222,222	MSAC 2007-NC1 B2	MSAC 2007-NC1	617505AN2	Residential B/C Mortgage Security	22,222,222	9,375,000	1.0000000000		Baa2	BBB	11/25/2036	5.1	Saxon Mortgage	
68	22,222,222	MSAC 2006-HE2 B2	MSAC 2006-HE2	617451FD6	Residential B/C Mortgage Security	22,222,222	29,469,000	1.0000000000	BBB	Baa2	BBB+	3/25/2036	4.0	Wells Fargo Bank	
69	22,222,222	MSHEL 2007-1 B2	MSHEL 2007-1	61751QAM7	Residential B/C Mortgage Security	22,222,222	8,601,000	1.0000000000		Baa2	BBB	12/25/2036	5.1	Saxon Mortgage	
70	22,222,222	MSIX 2006-2 B2	MSIX 2006-2	617463AM6	Residential B/C Mortgage Security	22,222,222	12,472,000	1.0000000000		Baa2	BBB	11/25/2036	4.9	Saxon Mortgage	
71	22,222,222	NHEL 2006-5 M8	NHEL 2006-5	66988YAN2	Residential B/C Mortgage Security	22,222,222	9,100,000	1.0000000000		Baa2	BBB+	11/25/2036	3.6	Novastar Mortgage, Inc	
72	22,222,222	NHELI 2006-FM1 M8	NHELI 2006-FM1	65536HCF3	Residential B/C Mortgage Security	22,222,222	12,139,000	1.0000000000		Baa2	BBB+	11/25/2035	2.9	Wells Fargo Bank	
73	22,222,222	NHELI 2006-FM2 M8	NHELI 2006-FM2	65537FAN1	Residential B/C Mortgage Security	22,222,222	15,964,000	1.0000000000	BBB+	Baa2	BBB+	7/25/2036	3.7	Wells Fargo Bank	
74	22,222,222	NHELI 2006-HE3 M8	NHELI 2006-HE3	65536QAN8	Residential B/C Mortgage Security	22,222,222	15,048,000	1.0000000000	BBB+	Baa2	BBB+	7/25/2036	3.5	Wells Fargo Bank	
75	22,222,222	OOMLT 2006-3 M9	OOMLT 2006-3	68389BAM5	Residential B/C Mortgage Security	22,222,222	17,250,000	1.0000000000		Baa2	BBB-	2/25/2037	3.6	Option One Mortgage Corp	
76	22,222,222	OOMLT 2007-1 M8	OOMLT 2007-1	68400DAP9	Residential B/C Mortgage Security	22,222,222	20,482,000	1.0000000000		Baa2	BBB	1/25/2037	3.9	Option One Mortgage Corp	
77	22,222,222	SABR 2006-FR1 B2	SABR 2006-FR1	81375WJY3	Residential B/C Mortgage Security	22,222,222	14,343,000	1.0000000000	BBB+	Baa2	A-	11/25/2035	3.9	Homeq Servicing Corp	
78	22,222,222	SABR 2006-FR3 B2	SABR 2006-FR3	813765AH7	Residential B/C Mortgage Security	22,222,222	12,839,000	1.0000000000	BBB+	Baa2	BBB	5/25/2036	4.3	Homeq Servicing Corp	
79	22,222,222	SABR 2006-HE2 B2	SABR 2006-HE2	81377AAM4	Residential B/C Mortgage Security	22,222,222	7,686,000	1.0000000000	BBB+	Baa2	BBB	7/25/2036	3.7	Homeq Servicing Corp	
80	22,222,222	SAIL 2006-4 M7	SAIL 2006-4	86360WAM4	Residential B/C Mortgage Security	22,222,222	19,571,000	1.0000000000	BBB	Baa2	BBB	7/25/2036	4.0	Aurora Loan Services Inc	
81	22,222,222	SASC 2006-EQ1A M8	SASC 2006-EQ1A	86360RAN3	Residential B/C Mortgage Security	22,222,222	20,587,000	1.0000000000		Baa2	BBB	7/25/2036	5.0	Aurora Loan Services Inc	
82	22,222,222	SASC 2006-OPT1 M7	SASC 2006-OPT1	86359UAN9	Residential B/C Mortgage Security	22,222,222	12,749,000	1.0000000000	BBB	Baa2	BBB	4/25/2036	3.5	Aurora Loan Services Inc	
83	22,222,222	SASC 2006-WF3 M9	SASC 2006-WF3	86361EAP6	Residential B/C Mortgage Security	22,222,222	16,901,000	1.0000000000	BBB-	Baa2	BBB-	9/25/2036	4.2	Aurora Loan Services Inc	
84	22,222,222	SURF 2007-BC1 B2	SURF 2007-BC1	84752BAQ2	Residential B/C Mortgage Security	22,222,222	8,250,000	1.0000000000		Baa2	BBB	1/25/2038	4.4	Wilshire Credit Corp	
85	22,222,222	SVHE 2006-EQ2 M8	SVHE 2006-EQ2	83611XAM6	Residential B/C Mortgage Security	22,222,222	6,262,000	1.0000000000	BBB	Baa2	BBB	1/25/2037	4.1	Wells Fargo Bank	
86	22,222,222	SVHE 2006-OPT1 M7	SVHE 2006-OPT1	83611MMF2	Residential B/C Mortgage Security	22,222,222	13,085,000	1.0000000000	BBB+	Baa2	BBB	3/25/2036	3.1	Option One Mortgage Corp	
87	22,222,222	SVHE 2006-OPT2 M7	SVHE 2006-OPT2	83611MMT2	Residential B/C Mortgage Security	22,222,222	18,400,000	1.0000000000		Baa2	A-	5/25/2036	3.1	Option One Mortgage Corp	

Obligor	Initial Reference Obligation Notional Amount	Reference Obligation	Reference Entity	CUSIP	Type	Initial Face Amount	Original Principal Amount	Initial Factor <sup>1</sup>	Fitch Actual Rating	Moody's Actual Rating	S&P Actual Rating	Rated Final Maturity Date	Remaining Average Life	Servicer/CDO Manager	Insurer
88	22,222,222	SVHE 2006-OPT3 M7	SVHE 2006-OPT3	83611MPR3	Residential B/C Mortgage Security	22,222,222	27,000,000	1.0000000000		Baa2	BBB	6/25/2036	3.2	Option One Mortgage Corp	
89	22,222,222	SVHE 2006-OPT4 M7	SVHE 2006-OPT4	83611YAM4	Residential B/C Mortgage Security	22,222,222	10,000,000	1.0000000000		Baa2	BBB+	6/25/2036	3.3	Option One Mortgage Corp	
90	22,222,222	SVHE 2006-OPT5 M8	SVHE 2006-OPT5	83612CAN9	Residential B/C Mortgage Security	22,222,222	38,750,000	1.0000000000		Baa2	BBB	7/25/2036	3.7	Option One Mortgage Corp	

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## **REGISTERED OFFICES OF THE ISSUERS**

**ABACUS 2007-AC1, Ltd.**  
P.O. Box 1093 GT  
Queensgate House  
South Church Street  
George Town, Grand Cayman  
Cayman Islands

**ABACUS 2007-AC1, Inc.**  
850 Library Avenue  
Suite 204  
Newark, Delaware 19711

## **TRUSTEE, PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

**LaSalle Bank National Association**  
181 West Madison Street, 32nd Floor  
Chicago, Illinois 60602

## **LEGAL ADVISORS**

### **To the Issuers**

#### **As to matters of United States Law**

**McKee Nelson LLP**  
One Battery Park Plaza  
New York, New York 10004

### **To the Issuer**

#### **As to matters of Cayman Islands Law**

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

### **To the Initial Purchaser**

**McKee Nelson LLP**  
One Battery Park Plaza  
New York, New York 10004

### **To the Portfolio Selection Agent**

**Schulte Roth & Zabel LLP**  
919 Third Avenue  
New York, New York 10022

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Class SS Variable Rate Notes

U.S.\$50,000,000 Class A-1  
Variable Rate Notes, Due 2038

U.S.\$142,000,000 Class A-2  
Variable Rate Notes, Due 2038

Class B Variable Rate Notes

Class C Variable Rate Notes

Class D Variable Rate Notes

Class FL Variable Rate Notes

**ABACUS 2007-AC1, LTD.**

**ABACUS 2007-AC1, INC.**

Secured Primarily by (i) the Collateral and  
(ii) the Issuer's rights under (a) the Collateral Put Agreement,  
(b) the Basis Swap and (c) as Protection Seller, the Credit  
Default Swap referencing a pool of  
Residential Mortgage-Backed Securities

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